



Asheville/Buncombe County

Strategic Destination Development Plan

A Ten Year Direction

Buncombe County Tourism
Development Authority (BCTDA)

September 2006

FINAL DRAFT

Introduction

Purpose, Benefits and Uses

The Buncombe County Tourism Development Authority, the governing body for tourism marketing and development of the Asheville area and, its Tourism Product Development Fund (TPDF) Committee, recognized in 2005 the need to develop an updated product development plan that would extend into the next decade. The aim was to create an updated assessment that detailed investment opportunities that would lead to sustainable tourism growth, yet maintain the integrity of the community. The following Buncombe County Tourism Development Authority (BCTDA) *Strategic Destination Development Plan* was prepared between April and August 2006 and is based on:

- Input from three public charrette workshops
- Two reporting sessions with Authority members and the Asheville Convention & Visitors Bureau (ACVB) management team
- A review of existing research
- Advisory reports from 11 tourism experts
- Survey of more than 500 travelers on tourism product motivators

Of key importance was the convening and completion of the aforementioned charrette public planning process, May 16-19, which included more than 140 invited participants who shared their views regarding the sustainable future of tourism in the Asheville area and provided input on potential visitor product development opportunities. The charrette was guided by a customized destination product development workbook and covered eight plenary visitor product sessions. These sessions incorporated breakout discussions that covered:

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|-------------------------------|--------------------------------------|
| ☞ visitor attractions | ☞ lifelong learning travel |
| ☞ sports and adventure travel | ☞ visual and performing arts tourism |
| ☞ meetings and conventions | ☞ health and wellness tourism |
| ☞ cultural heritage tourism | ☞ amenity retirement tourism |

These visitor experiences were of prime interest due to possible growth potential for Asheville and Buncombe County. To assist in the charrette planning, 11 nationally recognized visitor industry experts, as well as a coordinating and planning advisor/facilitator, were contracted. The aim of this inclusive community and visitor industry planning approach was three-fold:

1. To thoroughly understand the Asheville area's optimal visitor development opportunities and related challenges.
2. To formulate an Asheville area destination vision with associated best development sectors and projects identified.
3. To prepare an Asheville/Buncombe County strategic destination development plan that would serve as a guide by BCTDA as it determines new visitor product investment initiatives and assessed visitor product funding proposals.

The *Strategic Destination Development Plan* will serve as a directional and guideline document as the BCTDA moves forward in managing sustainable tourism growth for the future. It is the intent of this document to provide a focused, consistent approach for the development of the destination over the next ten years.

Asheville/Buncombe County Visitor Destination Situation

Destination Development Historical Context

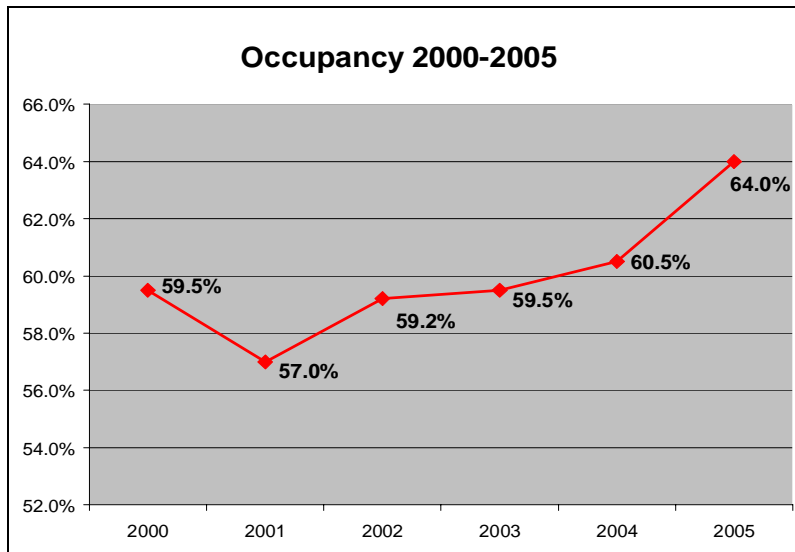
In 1997, Arthur Anderson LLP (now Accenture) developed a Tourism Product Development Assessment for the community outlining specific product recommendations. The plan was the impetus for legislation that ultimately created the Tourism Product Development Fund (TPDF) in 2001. That legislation amended the three percent room occupancy tax (dedicated to tourism marketing efforts) by adding an additional one percent specifically earmarked for development of bricks and mortar tourism projects that would generate a significant increase in room nights. This one percent addition now generates approximately \$1.3 million annually (2005 dollars). Although not a primary source of funding for any one project, the monies are intended to be complementary leverage funding or serve as the project catalyst for viable development. It may only be used for capital expenses associated with the building and construction of new tourism projects, not administrative, operating or marketing expenses.

The BCTDA is the oversight body which administers proceeds from the total four percent room occupancy tax. It, in turn, contracts with the Asheville Convention & Visitors Bureau, a department of the Asheville Area Chamber of Commerce, to execute the annual tourism program of work. It also designates members to serve on the Tourism Product Development Fund Committee. This sub-committee reviews and evaluates proposals from applicants for tourism capital projects and makes recommendations to BCTDA regarding use and disposition of funds derived from the Tourism Product Development Fund. BCTDA may award funds to qualified projects only upon recommendation of the Tourism Product Development Committee.

This funding mechanism is considered innovative and typically not part of a TDA/CVB repertoire. During the past four years, the TPDF Committee has effectively managed the funding process through a grant application and detailed evaluation procedures with subsequent recommendations to the BCTDA for approval. Since its inception, the TPDF fund has provided \$3.8 million in assistance to six tourism projects in the county.

TPDF PROJECT FUNDED	AMOUNT FUNDED	RESULTS TO DATE
The John B. Lewis Soccer Complex	\$800,000	2006 will see the beginning of the anticipated \$1.1 million annual economic impact of the soccer complex via three to four soccer tournaments per year. Each tournament is expected to draw more than 16,000 people, of which approximately 13,600 will be out-of-town visitors making use of lodging.
The Grove Arcade Public Market	\$500,000	Approximately 16% of those surveyed extended their visit due to the Arcade. Nearly 70% of patrons were visitors to the area versus residents.
The Bonsai Garden at the NC Arboretum	\$750,000	Approximately 10,000 visitors viewed the Bonsai Garden in October and there has been a 6% increase in overall visitation since the new facility opened.
Asheville Visitor Center	\$750,000	Since January more than 95,000 persons have been assisted at the new visitor center compared to 81,000 the previous year – an 18% increase.
Pack Square Renaissance project	\$500,000	Construction underway
The Health Adventure	\$500,000	Fundraising still in progress

The completion of several of the funded projects coincides with an increase in destination demand. Growth in occupancy rates also correlates with recent research that indicates visitor volume is growing once again. Demand also has a direct bearing on average daily rate and the overall economic impact from visitor expenditures. The Buncombe County Finance Office estimates at least one third of retail sales can be attributed to visitors. Revenues from the sales tax along with property taxes paid by tourism entities account for significant dollars in county and city budgets.



With the understanding that an update to the Anderson report was needed, knowing a clear investment strategy in product development will reap a return on the investment for the community, and the desire to be more proactive, the BCTDA and its TPDF committee determined a need to create a new strategic development plan that would also:

- Ensure that capital tourism projects support the Asheville area destination brand while retaining the integrity of the community.
- Take advantage of the newly enacted North Carolina Tax Increment Financing (TIF) funding vehicle as part of tourism project investment opportunities.
- Provide a foundation for implementation of a proactive approach to tourism product development in order to create maximum return on investment for the community.

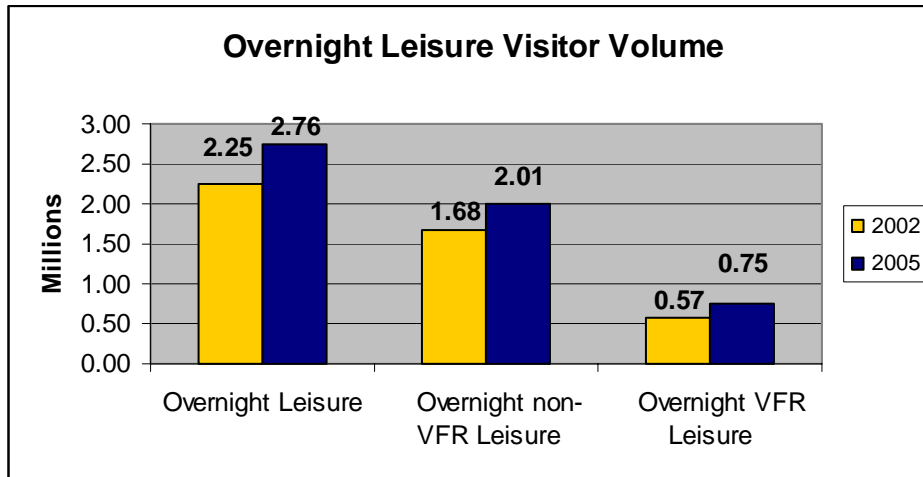
Nearly a decade later, many of the original product & programming recommendations from the Anderson report are complete, either with the help of TPDF funding, private enterprise or public/private partnerships. Keeping in mind legislative mandates, as well as the underpinning of the destination brand, it is expected that new product offerings would deliver the following benefits:

- substantially extend overnight lodging stays, thereby enhancing economic impact for all residents
- generate new tourism project employment; during both the construction phase as well as after operations commence
- increase overall visitor spending
- strongly support the Asheville area brand platform

Market Demand Analysis

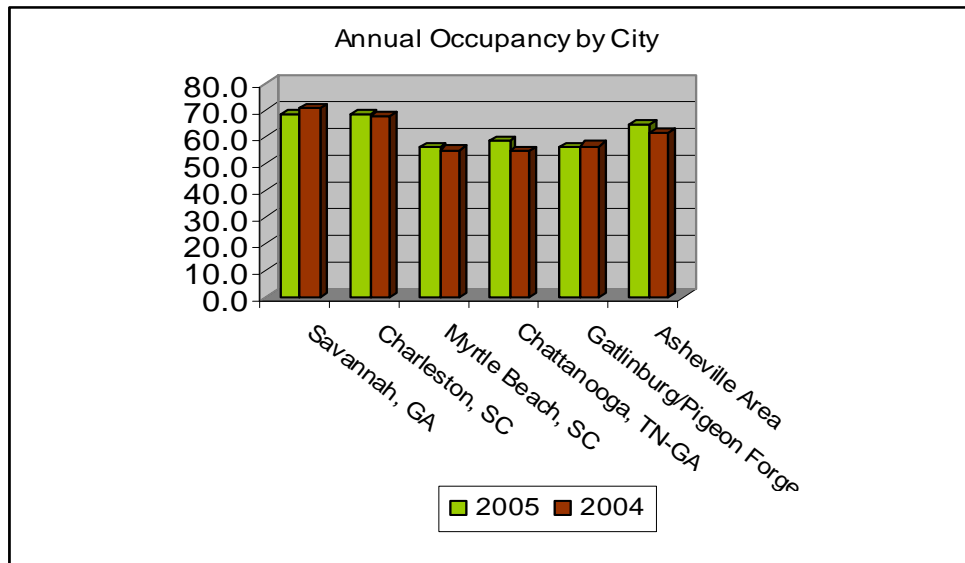
Visitor Volume

Visitor volume has grown nearly 23 percent in three years, according to D.K. Shifflet & Associates. Overall visitation increased from 6.43 to 8.42 million. Leisure visitation continues to be the main demand driver with business travel making up just 21% of overnight business.



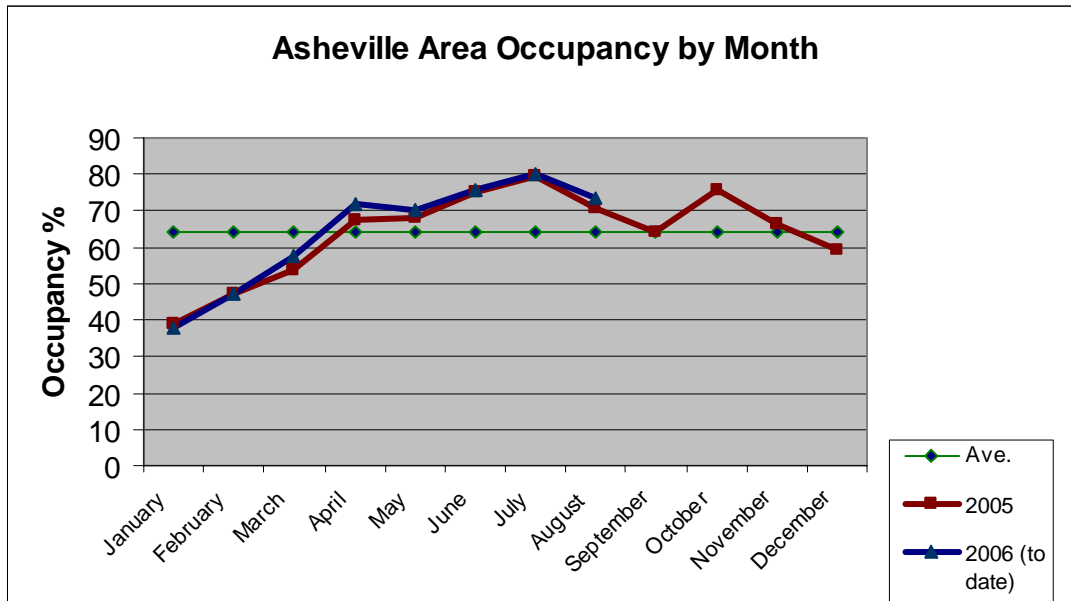
Lodging Trends

A review of annual occupancy rates for the past two years shows Asheville ranking right in the middle among some competitive destinations in the Southeast.



- The lodging base in Buncombe County stands at approximately 6,500 rooms. Additional hotel investment during the next 24 months should see this number climb to nearly 7,000.
- Average occupancy for the Asheville area was 64% in 2005, up from 60.3 percent the previous year. Seasonal fluctuations persist as demonstrated by figures from the Smith Travel Research (STR) reports.

- Peak season continues to be between April and October with softening during August and September. Despite increases in occupancy, this pattern has not altered significantly during the past ten years.
- Anecdotal information cited by lodging owners indicated that mid-week business continues to be an issue. Achieving demand throughout the week is critical to improving occupancy year-round. North Carolina's major metropolitan areas enjoy stronger annual occupancies due to mid-week business.



Visitor Profile

The Typical Asheville Visitor

- Between the ages of 36-65
- Travels as a couple
- Household income of \$75,000+
- Attended college
- Stays an average of three days
- Spends more than \$157 per person, per day



Key Tourism Development Challenges

Based on the public charrette, related BCTDA/ACVB meeting discussions and a review of past documentation, a number of major issues were identified as affecting the overall tourism development and subsequent marketing of Asheville/Buncombe County.

Issues

High Seasonality

While the Asheville area, including the surrounding communities of Black Mountain and Weaverville has become much more of a year-round destination, there are still significant peaks and valleys that occur during the year. Weekends in October and July traditionally produce the greatest room demand, followed closely by the months of June and August. However, at least four months out of the year, the area records occupancy rates below 60 percent. While weekends during the busiest months of the year show strong demand, mid-week business is considerably weaker.

Visitor Infrastructure

During a mini-assessment funded jointly by the City, BCTDA and several other community organizations, significant weaknesses were pointed out by Roger Brooks, a destination consultant who specializes in destination infrastructure. Of particular note was the lack of wayfinding signage, making it difficult for visitors, as well as new residents, to easily navigate throughout the community. This is of particular concern given the hub and spoke nature of many of the area's attractions which are spread out. Other items noted were the lack of welcoming gateways, the need for restrooms downtown and gateway beautification.

Restrictive Development Process

With passage of tax increment financing, North Carolina now has a development tool that most other states have had for some time. The process, however, for securing TIF financing is lengthy and requires approval of the Local Government Commission in Raleigh. Other barriers to development include an onerous local permit process as well as land challenges presented by local topography.

Development Funding

While nearby cities such as Greenville, SC have benefited from corporate sponsorship and substantial funding from private donors in the community, the Asheville area does not see the same level of philanthropic support dedicated toward bricks and mortar community development. Limited capital resources require the number and range of new initiatives be prioritized to maximize opportunities.

Qualified Workforce

As the hospitality industry grows, continued pressure will be placed on employers seeking personnel and, in some cases, uniquely qualified employees to handle the expanding job base. Simultaneously, affordable housing issues could place additional constraints on developing qualified workforce.

Destination Integrity

Maintaining the integrity and authenticity of the destination is seen as a significant concern. The ability to create sustainable growth while maintaining the charm and ambiance that has drawn visitors for more than a century should be a consideration in terms of both development itself and the advocacy of policies and measures that will promote authenticity.

Lack of Unified Destination Planning Approach

A shared vision of destination development is an important factor to success. Cited as an obstacle in the 1997 Anderson report, diverse groups often approach growth singularly. This “silo” approach as it was called in the Anderson report inhibits development efforts.

Overview of Tourism Development Potential

To add specifics to these preceding challenges, an opportunities and constraints analysis was conducted by the eight identified visitor experiences. This information was gathered through the public charrette workshops and identified, in part, through background research prepared and presented by the national experts as part of their specific visitor experience sessions which touched on issues, trends, innovations and best practices.

The overall tourism opportunities and constraints for Asheville/Buncombe County are as follows:

Opportunities

- Integration of visitor product ‘immersion’ programming and packaging – Identify unique experiences that allow a consumer that goes beyond the ordinary, making the happening extraordinary.
- Natural/outdoor recreation experiences potential – Make the endless outdoor opportunities in the area more accessible to visitors.
- Destination brand interpretation, alignment and adoption – Continued brand culturalization in the community and alignment in development process can solidify positioning of the destination.
- Amateur sports event potential – Amateur sports tournaments could bring additional business during shoulder seasons.
- Expanded partnerships and collaborations – Look for non-traditional partners and provide linkages through the community that allow for further collaborative opportunities that can add to the destination experience.
- Professional host training investment – Provide specialized training to ensure knowledgeable, certified tourism ambassadors capable of “selling” more overnight stays.
- Specialized conference opportunity – Combine Asheville’s distinctive, unique attributes with niche conferences that would provide enriching, educational opportunities.
- Visitor/cultural entertainment district development – Identify and develop specific “visitor districts’ in the area in a manner that showcases the distinctive attributes of each area.
- Visitor information kiosk network – An opportunity to link various destination districts and better guide visitors throughout the County.
- Retiree lifestyle potential – An influx of retirees to the area could mean an expanded visitor base with visitation from friends and relatives, including grandchildren.

Constraints

- Limited air carriers and connections leading to higher airfares
- Dispersed visitor products, capacity limits and, in some cases, accessibility
- Insufficient capital funding and lack of project prioritization
- Absence of evening entertainment choices
- No official sports local organizing committee or commission and inadequate sports funding
- No consolidation or packager for adventure travel i.e. no one-stop shopping
- Civic Center issue draining community energy and spirit
- Competing capital campaigns vying for same dollars
- Outdoor resource sustainability

From this development analysis, common areas for immediate attention include visitor destination infrastructure, nature/outdoor recreation potential, partnership formations, development of special interest immersion/brand programming and adequacy of capital funding.

Critical Factors for Tourism Development Success

Ten critical factors that need to be recognized and adhered to for Asheville/Buncombe County tourism destination development future success were identified to be the following:

1. Continuing to endorse 'livable lifestyle' community values
2. Engaged and focused community/visitor industry leadership over the long-term
3. Agreed-upon destination vision, strategic development plan and product development goal in place
4. Agreement on an integrated sustainable development approach with emphasis on conservation and preservation
5. Priority visitor development projects identified, financially supported and accountable
6. Product development tied to visitor research needs and wants
7. Visitor development aligned to destination brand
8. Economically viable attraction development
9. New development and communications partnerships incentivized and/or formed
10. Proactive and effective use of the Tourism Product Development Fund capital

As indicated above, a destination vision and product development goal have been prepared as follows to give a context and direction to the various tourism development initiatives being identified and evaluated (refer to appendices for details).

Destination Vision

We aspire to provide innovative, accessible and authentic visitor experiences that enrich the lives of Asheville area guests daily.

Product Development Goal

To enhance the visitor experience through proactive facilitation and financial assistance to new and/or expanded investments in tourism capital projects that will achieve the greatest return for the community while retaining its integrity.

Asheville/Buncombe County Visitor Destination Development Strategy

Main Tourism Development Initiatives

Based on the charrette workshops, more than 25 existing and proposed tourism product and market development projects were identified for consideration. The marketing-related opportunities were referred directly to ACVB for further investigation. The remaining tourism product projects were analyzed and grouped where applicable into seven main strategic initiatives as follows.

1. Improve Asheville/Buncombe County area gateways and wayfinding signage
 - welcoming and directional signage and gateways
 - Public restrooms
 - information kiosk network
2. Define a framework for cultural entertainment districts
 - enhanced visitor experience development
 - Partnerships/collaboration within districts to develop market positioning and promotion
 - district signage tie-in
3. Continue to develop downtown Asheville's Pack Square park
 - reinforce vibrant city center with connecting corridors to other districts
 - park and visitors plaza development
 - adjacent cultural attractions
4. Invest in the French Broad riverfront district
 - existing art studios and galleries
 - allied cultural and recreational attraction opportunities
 - greenways
5. Develop new attraction/event 'immersion' experiences
 - best partner identification
 - programming and packaging opportunities
 - lifelong learning institute formations and "mini-campus" concept
6. Investigate the outdoor recreation development potential
 - existing facility audit
 - Make more accessible
 - sports and adventure travel alternatives
7. Align to the destination brand platform
 - partner branding interpretation and investment

In order to fairly evaluate these strategic tourism product initiatives for best returns, the charrette planning experts were asked to offer their opinion on the best opportunities for investment. Simultaneously, intercept surveys conducted at the Visitor Center along with an online poll yielded feedback from more than 500 travelers which yielded additional insight.

Tourism Advisor Feedback

Given the requirements to increase overnight leisure visits, to minimize both seasonality and lower lodging occupancy periods and to contribute significantly to a sustainable destination, the eleven experts chose the following tourism products in order of best potential to deliver expected returns:

Tourism Product	Percentage of Responses (Number of Responses)*
Outdoor recreation center with adventure activity concierge	90.9 (10)
Wayfinding signage	72.7 (8)
Pack Square Park development	63.6(7)
Craft orientation center	45.5 (5)
Indoor/outdoor amateur sports facility	36.4 (4)
Weather interpretive and climatic interactive attraction	36.4 (4)
New health adventure/children's science attraction	36.4 (4)
Asheville Art Museum expansion	36.4 (4)
North Carolina Arboretum expansion including amphitheater	27.3 (3)
New performing arts facility	18.2 (2)
Expanded agriculture center	18.2 (2)
Aquatics center	9.1 (1)

* Figures total more than 100% due to multiple responses being allowed.

In addition, the experts indicated that from a long-range standpoint that the following major tourism product directions be pursued:

Tourism Product Direction	Percentage of Responses (Number of Responses)*
Wayfinding hub integration	72.7 (8)
Riverfront development	72.7 (8)
Cultural districts development	45.5 (5)
Improved airline service	36.4 (4)
City center development	27.3 (3)
Family focused attractions	18.2 (2)
Amateur sports	9.1 (1)

* Figures total more than 100% due to multiple responses being allowed.

Visitor Response Research

Additional input on the concepts was provided by 575 visitors and potential visitors (of which 72% had been to Asheville) gathered through intercept surveys at the Asheville Visitor Center and through an online poll sent to subscribers of the Asheville Traveler e-newsletter. The survey instrument, designed with the assistance of Magellan Strategy Group, asked for feedback on the concepts discussed at the charrette as well as several other tourism product ideas to provide additional perspective.

The questionnaire asked respondents to rate the personal appeal of each potential visitor experience below using the following possible responses:

1. I would be very likely to visit Asheville or spend an extra night if this were added
2. I would be somewhat likely to visit Asheville or spend an extra night if this were added
3. I would not plan a special trip to Asheville or plan to spend an extra night because of this, but I would probably visit it the next time I'm in Asheville
4. This would make Asheville a more appealing destination, but I may or may not visit it the next time I'm in Asheville
5. This idea doesn't interest me at all

Ranked according to "very likely to visit or spend an extra night in Asheville," the following highest mentioned tourism product concepts were:

Product Concept	Very likely to visit or spend an extra night	Somewhat likely to visit or spend an extra night	Total of Very Likely & Somewhat Likely
Crafts orientation center	34%	26%	60%
Renovated Pack Square Park	32%	27%	59%
Appalachian wildlife center	30%	26%	56%
Expanded Arboretum	28%	30%	58%
Performing arts facility	26%	27%	53%
Culinary center	25%	21%	46%
Expanded Art Musuem	24%	24%	48%
Upscale outlet mall	24%	13%	37%
Better wayfinding	22%	18%	40%
Outdoor adventure center	19%	23%	42%
IMAX	15%	17%	32%
Interactive weather attraction	12%	10%	22%
Indoor water park	12%	13%	25%
Children's science center	11%	14%	25%
Expanded Ag Center	9%	11%	20%
Aquatics center	8%	9%	17%
Amateur sports facility	5%	10%	15%

* Figures total more than 100% due to multiple responses being allowed.

In addition, other responses received showed an interest in more festivals, hiking/biking trails and garden/house tours.

New Tourism Development Directions

Capital Project Recommendations

The tourism experts agree that future product development efforts must build on the differentiating aspects that define the Asheville area brand. A more in-depth analysis of the customer-based research provides further leverage for synergistic efforts. By cross-tabbing results, some complementary product possibilities also emerged. When combining results from the tourism advisory experts and consumer response, it can be preliminarily concluded that Asheville/Buncombe County's 'best returns' tourism product opportunities are as follows:

- Wayfinding signage, hub/district integration and gateway beautification
- Continued Pack Square Park development
- New attraction development centered on a crafts orientation facility and an outdoor recreation/ adventure travel center to be located along the riverfront or in other appropriate cultural districts
- Asheville Art Museum and North Carolina Arboretum expansions.

Programming Recommendations

The charrette also provided an opportunity for broad-based community discussions and ideas on programming possibilities. While these could not be funded through the Tourism Product Development Fund, they can be explored further by the Asheville Convention & Visitors Bureau.

- Create immersion experiences with existing that are more appealing to the baby boomer and small groups that want advanced, educational, high-end offerings. Opportunity to create special access, personal or behind-the-scenes type of access to expand existing offerings and add texture to the brand.
- More fully utilize technology to create linkages, textures and stories through the Web site.
- Development of new partnership and packaging opportunities with existing spa/health & wellness providers.
- Hire a Tourism Product Development manager who also could serve as a liaison to the community.
- Provide a forum for collaboration that encourages heritage groups to work together (along with lodging properties and restaurants) to make it easier to provide experiential packages.
- Convene a Destination Development and Branding Summit/Conference in Asheville.
- Use existing facilities as mini-campus for a variety of immersion experiences for lifelong learning travelers
- Partner with Center for Creative Retirement Center.

Tourism Development Project Assessment

The existing Tourism Product Development Fund grant program has been operating since 2002. The existing application package includes cover letter, application for funding details, funding criteria principles and weighting, and frequently asked questions. Generally, the application process, procedures and related materials are found to be well constructed and in good order. The only improvement was the addition of seven new funding criteria as follows to the existing evaluative listing:

- Destination brand alignment
- Destination vision compliance
- Seasonality reduction
- Project sustainability
- Operating and capital endorsement
- Quality control
- Past grant accountability.

The *Strategic Destination Development Plan* is to be reviewed and updated on a regular basis, and used in preparing the BCTDA Tourism Product Development Fund Committee's annual program of work, including project evaluation and corresponding capital budget allocations.