To: Charlotte Region Stakeholders

Re: Fiscal Year 2011 Visit Charlotte Sales and Marketing Plan

---

With the recession behind us, opportunity knocks. And the Charlotte region is poised to answer thanks to new assets and strategic vision in Fiscal Year 2011. Our hospitality community finds itself in a fortunate position as the economy steadily picks up speed. Investments made in the past five years are already serving us all well with the successful unveilings of the Levine Center for the Arts, the NASCAR Hall of Fame, a vastly updated Discovery Place, the Intimidator roller coaster at Carowinds, a third runway at Charlotte Douglas International Airport, and inviting dining and nightlife venues. Our city is no longer just a great place to live; it's a captivating place to visit. And our destination brand rings true now more than ever …"Charlotte's got a lot."

This year's sales and marketing plan will capitalize on these new assets, giving previous visitors and meeting planners reasons to rediscover Charlotte all over again. As always, customer focus is a hallmark of how we do business. So fittingly, a renewed commitment to our customer advisory board will guide our initiatives. We'll pursue groups who can improve our convention center's business levels as well as groups who can deliver room nights where hotels need them the most. We'll tap priority resources to ensure continued growth in our national association and sports markets. And we'll target local and regional industry organizations drilling for new customer relationships, and consequently, new business.

In the group leisure market, experiential tours, regional cooperation, and packaging will be primary areas of focus for our tourism sales team. For individual leisure, we'll capitalize on exciting research that points to a significant trend of GenXers and Millennials with disposable incomes who are willing to spend it on travel. Not to mention a tried and true demographic consisting of female head of households who are planning travel, ages 25 – 54. These individuals will be targeted for innovative campaigns touting our unique, authentic, and affordable indulgences. Because of its proven effectiveness, we will increase our spending in electronic marketing with additional investments in Search Engine Optimization, Search Engine Marketing and Social Marketing, and will engage our consumers searching for travel information through a mobile platform.

These and all strategies written into the following sales and marketing plan are the result of research and community input. Use this plan as you develop your own plans for this next year's success. And if you don't find what you are looking for in here, don't hesitate to contact us and we will work to provide what you need for your own planning.

Best Regards,

Mike

Mike Butts, CDME
Executive Director, Visit Charlotte

Sales and Marketing Plan
Fiscal Year 2011

Global Organization Goals

- Attain a customer satisfaction index of 4.75 or higher
- Consume 6.3 million occupied rooms
- Track and host 230 motorcoach groups
- Book meetings and events to support 345,000 group room nights
- Position the Charlotte Convention Center for long term success by booking 29 convention/tradeshow events with 34,201,385 square feet of exhibit space into fiscal years 2012, 2013 and 2014

Leisure Travel Theme, Developments and Trends

State of North Carolina

As the 6th most visited state in the US, the North Carolina tourism industry is among the state's largest business segments. Tourism revenues statewide have grown 50% in just the last decade and through 2009 stand at $15.57 billion per year. North Carolina tourism is responsible for 182,900 jobs in the state with a total payroll exceeding $4 billion. The state's tourism industry is responsible for $1.4 billion annually in state and local taxes, which reduce each household's tax burden by an average of $340 annually.

Approximately 83% of North Carolina's visitation originates in 10 states: North Carolina, South Carolina, Florida, Georgia, Virginia, Ohio, New York, Tennessee, Pennsylvania and New Jersey. Here in the Charlotte region, we experience a similar pattern.

Top 10 States of Visitor Origin – Charlotte MSA

STATE	PERCENTAGE OF ANNUAL CHARLOTTE VISITORS
1. North Carolina	22.6%
2. South Carolina	11.5%
3. Florida	8.5%
4. Georgia	7.9%
5. Virginia	7.0%
6. Ohio	5.2%
7. New York	3.9%
8. Tennessee	3.5%
9. Pennsylvania	2.7%
10. New Jersey	1.8%
TOTAL FROM TOP 10	74.6%

Source: *TNS TravelsAmerica, 2009*

In the coming year, the state will focus its marketing messaging to these core geographic areas using the themes of escape, rest, and relaxation. As the Division promotes our state's unique, authentic and affordable indulgences, the urban environment generally and Charlotte in particular are slated for strong inclusion. Most notably, the NASCAR Hall of Fame and the Levine Center for the Arts will receive a great deal of promotion by the state which will serve to expand and magnify efforts undertaken by the Charlotte Regional Visitors Authority (CRVA).

Urban Tourism

2010 is the year of exciting urban tourism developments in Center City Charlotte. With the opening of the NASCAR Hall of Fame, as well as the completion of the Levine Center for the Arts, Charlotte will add to its already tourist attraction rich urban core.

Upon completion, the Levine Center for the Arts will boast four brand new facilities: the Bechtler Museum of Modern Art (opened January 2010), the Harvey B. Gantt Center for African American Arts + Culture (opened October 2009), the Knight Theater (opened January 2010), and the Mint Museum Uptown (opening October 2010). The Levine Center for the Arts will also feature vibrant plazas, retail, public art and 2,200 parking spaces… but the centerpieces of the development include the 48 story LEED Gold certified Duke Energy Center, and the aforementioned cultural facilities.

In a recent ***Travel Wire*** article it was said that "the spirit of our cities inspires travel and tourism. They are centers of arts, entertainment and food. They are also gateways to traditional customs of modern society, as well as focal points for commerce, industry and finance. They give us a chance to experience – diversity and creativity, icons and architecture, uniqueness and unity; culture and people." This was true of Charlotte, even before these great new additions, as shown in these tables about Charlotte leisure travel purpose and activities.

Primary Purpose of Trip - Leisure Segment – 2008 TNS

Leisure	Charlotte	Competitive Set	United States
Visit Friends/Relatives	47.2%	41.0%	40.4%
Outdoor Recreation	4.8	4.1	6.9
Entertainment/Sightseeing	6.7	7.1	12.0
Other Personal/Pleasure	9.5	11.1	15.7
Leisure Subtotal	*68.2%*	*63.3%*	*74.9%*

Urban Activities and Attractions Visited – 2008 TNS

	Charlotte	Competitive Set	United States
Shopping	18.9%	19.8%	19.9%
Fine Dining	13.1	14.6	14.1
Nightclubs/Dancing	9.0	6.7	5.2
Urban Sightseeing	7.4	10.0	10.3

NASCAR

The NASCAR Hall of Fame, which opens May11, 2010, provides a unique expansion to the Charlotte Convention Center as well as a one-of-a-kind attraction in and of itself with nearly 40,000 square feet of exhibit space showcasing the sport. The 150,000-square-foot NASCAR Hall of Fame is an interactive, entertainment attraction honoring the history and heritage of NASCAR. The high-tech venue, designed to educate and entertain race fans and non-fans alike, includes artifacts, interactive exhibits, a 275-person state-of-the-art theater, Hall of Honor, Buffalo Wild Wings restaurant, Sports Avenue retail outlet and NASCAR Media Group-operated broadcast studio. The five-acre site also includes a privately developed 19-story office tower and 102,000-square-foot expansion to the Charlotte Convention Center, highlighted by a 40,000 square-foot ballroom. The NASCAR Hall of Fame is owned by the City of Charlotte, licensed by NASCAR and operated by the Charlotte Regional Visitors Authority.

Family

Past research has shown Charlotte to be a family friendly place and that reputation will be bolstered in the coming year given our new facilities. This year, the State's focus is on communicating with women, who tend to plan and book the vast majority of family travel. Family is yet another worthwhile and effective theme in which the CRVA can stretch its marketing communication dollars by capitalizing on North Carolina's broader efforts.

A recent TripAdvisor survey shows that 92% of US travelers are taking family trips in the coming year, up 4% from last year. The following lists show what these families plan on doing and what they are planning on spending. According to the survey, 28% of travelers with children plan to spend more in the coming year than they did last year, while 47% expect to spend the same amount.

Family Vacation Activities - TripAdvisor US

- Relaxing at the beach 69%
- Visiting historic sites 62%
- Visiting museums 50%
- Visiting national park 46%
- Visiting theme park 41%

Family Vacation Spending - TripAdvisor US

- Between $1,000 & $3,000 30%
- Between $3,000 & $5,000 22%
- Between $5,000 & $8,000 19%
- More than $10,000 10%

Charlotte tends to draw a substantial amount of family related travel, through the youth amateur sporting events we book and host and through our collection of family-friendly attractions. In looking at the demographics of the Charlotte visitor, a higher percentage of our visitors tend to have children under 18 living in their household than either our competitive set (Atlanta, Greenville, SC, Raleigh, Richmond, VA, and Norfolk, VA) or the US.

Children Under the Age of 18 Residing in Household

	Charlotte	Competitive Set	United States
Under 18	38.8%	36.9%	35.0%

GenX and Millennials Driving Recovery

According to a report from PricewaterhouseCoopers and Retail Forward, entitled The New Consumer Behavior Paradigm: Permanent or Fleeting?, for the first time in the last three recessions, it will not be Baby Boomers at the heart of the economic recovery, as the recession has taken a bite of their savings and retirement accounts. This time it is the Gen Xers and Millennials who will be driving the recovery.

The report notes shoppers will be more deliberate and purposeful in their spending, as conspicuous consumption will give way to more conscious or practical consumerism. Rampant deal-seeking will be replaced by more purchase selectivity and the use of shopping techniques and tools discovered during the recession. The source of consumer spending also will radically change. Baby Boomers, who have fueled consumer consumption over the years and who also have helped lead us out of the most recent previous recessions, will not be in position to lead the way out of this recession as they near retirement and conserve savings. Instead, the affluent segment of Generation X (aged 29–45) and the leading edge of the young Generation Y (aged 10–28) will lead the recovery.

Among Gen Y consumers, just 25% say the economy has significantly changed their spending behavior, while 36% of Gen Xers say it has, and 37% of Boomers say they have significantly changed shopping habits.

In the past two recessions, Baby Boomers quickly led the recovery. However, this group has been hit hard by the recession at a point in life when their financial commitments loom large and retirement is on the horizon. Marketers will need to look to the smaller Gen X generation and large Gen Y population to fuel growth in the initial stages of the post-recession recovery. Among Gen X, one segment that will have a meaningful positive impact on spending is "up-market affluents" given their life stage needs and above-average spending potential.

Online Travel

In 2010, US online travel sales are expected to reach over $105 billion, 10.5% over 2009. The 2009 economy affected all consumer spending, including online travel sales, which were flat year-over-year. However, experts now believe the stumbling blocks are behind us and growth will continue through 2012 and beyond. Now is the time to engage our consumers where they are searching for travel information: on the Internet using their computers and their mobile phones. Over 62% of internet users are age 25-64, with the largest group of users in the 35-44 age group. *(Source: eMarketer 2010)*

Online travel planners and bookers are using the internet. A survey from Destination Analysts showed that travelers used the internet to help them select lodging (46.5%), learn about destinations (39.7%), find attractions (34.4%) and read about local culture, arts, heritage or events (31.8%).

Search Marketing

Search engines still top the list of how consumers search for travel information, with 66% of Internet users going to Google, Yahoo!, Bing and AOL to do their research. Destination Web sites are also very popular, with 46% of online travel planners going to these important sources of official destination information. *(Sources: 2009 US Travel "Travelers' Use of the Internet" and eMarketer)*

Stated within the March 25, 2010 sixth annual "State of Search Engine Marketing Report" Search Engine Marketing Professionals (SEMPO) estimate the value of search engine marketing industry in North America will rise 14% this year. Spending is up too. On average, the companies surveyed said they expect to spend 43% more on SEO in 2010 than in 2009, and 37% more on paid. Most of the investment is coming from print budgets. *(Sources: eMarketer)*

Social Marketing

62% of Internet users have created a social profile. Consumers' use of social Web sites such as Facebook and Twitter continue to rise and gain ground when it comes to influencing travel decisions. 23% of US Internet users say their travel/vacation decisions are influenced by social media. Within Facebook alone, 11% of US Facebook users ask advice about a destination. *(Source: eMarketer)*

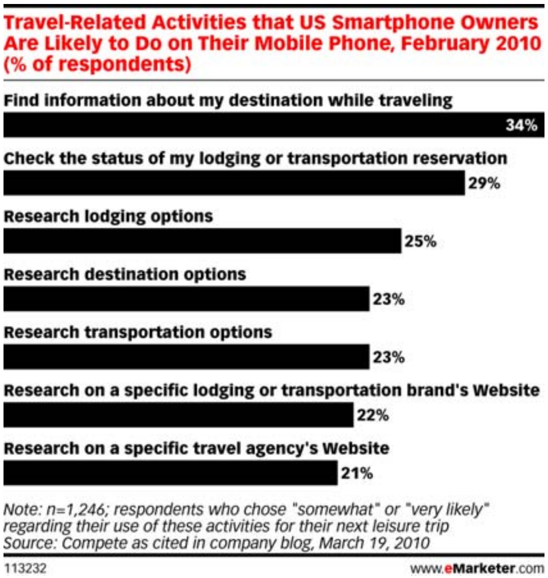
US social network advertising spending will rise to $1.3 billion in 2010. 64% of US internet users will interact with some form of user-generated content, and 26 million US adults will use Twitter on a monthly basis. Globally, 223 million people will use mobile and social networking in 2010. To compete, social media marketing and mobile marketing budgets are increasing across all industry sectors. *(Sources: 2009 US Travel "Travelers' Use of the Internet" and eMarketer)*

Another important use of technology in the coming year will be our access through USDM.net to Nielsen BuzzMetrics which will better enable us to listen to the online conversation consumers are having about Charlotte and thus monitor our overall brand health. Nielsen Digital Strategic Services focus on building consumer advocacy, which they state is "the single most important gauge of a brand's growth potential. Harnessing that advocacy is critical to the health and lifespan of any brand." Over the past two decades, much research has been done connecting the share of voice to share of market. Using BuzzMetrics we will have additional insights, beyond our own internal surveying efforts, into what that conversation is, how widespread it is and how that is related to Charlotte's share of market and how it drives future visitation and destination perception.

Mobile

The US mobile user population is nearing 78%, or some 242 million people. Baby Boomers make up about 30% of that total, about 71 million subscribers. With the mobile internet ramping up faster than desktop internet did years ago, it is believed more users may connect to the internet via mobile devices than desktop PCs within five years. This trend is also fueled by the low penetration of fixed-line phones and the vibrant mobile value-added services.

According to an eMarketer mobile travel-related activities survey, 34% of US Smartphone Owners use their mobile phone to find out more information about a destination while traveling.



In November of 2009, the US Travel Association released its latest *Traveler's Use of the Internet Report* covering the latest trend in how people search for tourism related information and purchase travel. This year's report focused on how things have changed since the previous report done in 2007.

The number of American adults using the Internet was largely stable between 2005 and 2007 suggesting that perhaps the Internet had reached its maximum penetration in the United States based on the current demographics of the adult population. However, the percentage of American adults using the Internet increased from 73% in 2007 to 79% in 2009, resulting in an estimated 182 million Internet users or an increase of 10 million in less than 2 years. The increase in the number of US adults using the Internet is due to a combination of general population growth and the percentage of adults reportedly using the Internet. The more widespread adoption of the Internet indicates that the "gap" in coverage is becoming increasingly narrow.

The percentage of US adult Internet users who took a trip of 50 miles or more, one-way from home or that included an overnight stay in the past year increased from 71% in 2007 to 74% in 2009. This translates into a market of approximately 135 million online business and leisure travelers.

The recession and perhaps other factors, as well as the addition of many new people to the online traveler population, appear to have altered the Internet marketplace between the 2007 and 2009 surveys.

Among other findings,

- The percentage of online travelers employed full-time declined, while the percentage who were not employed at the time of the 2009 survey increased; access to the Internet from work or school fell by 8 points; the percentage of online planners with incomes of $100,000 or more dropped by 5 points; and the amount of information taken on trips, the amount of time spent on travel planning, and the likelihood of purchasing travel guide books and maps all declined between 2007 and 2009.

- Online Traveler Activity Scores declined among *pleasure travel only* online planners in terms of money spent on travel, number of information sources used for planning, amount of information (print-outs) taken on trips; stops at visitor information centers at the destination, and the number of brochures ordered.

- Those using the Internet to plan both business and pleasure trips reported reductions in the amount of information taken on the trip, amount of advance planning and, use of advertisements on TV, radio or the press for travel ideas.

The largest segment of online travelers continues to be those between 30 and 49 years of age, and slightly more than half of all online travelers live in households with annual incomes of $50,000 or more.

Almost all online travelers have access to the Internet at home and frequency of usage is high and gradually increasing.

A growing percentage of online travelers indicate that the Internet gives them <u>more</u> control over their lives and they are becoming increasingly confident in their ability to navigate the Internet. The percentage of those who plan both business and pleasure trips expressing more control over their lives due to technology increased by 10 points between 2007 and 2009.

The technologies owned by online travelers shifted somewhat between 2007 and 2009 with substantial increases reported in ownership of laptop computers, MP3/iPod players and navigation systems, an indication of greater access to mobile technologies.

Over 105 million American adults used the Internet to plan travel during the past year – up from 90 million in 2007. More than 3/4ths of all online travelers reported planning pleasure trips online in the past 12 months.

Comparison between those planning pleasure trips online and those planning both pleasure and business trips indicates that the latter group travels much more and is significantly more involved in the travel planning process.

The primary online tools for travel planning among online travel planners include: online travel agency websites, search engines, company websites and destination websites.

Online travel planners appear to be more “open” to receiving promotional materials via email, registering to receive special access to travel information and to sign up to receive newsletters compared to 2007. The percentage of online business and pleasure travel planners who responded to advertiser emails jumped 11 points between 2007 and 2009, perhaps indicating an important shift in travel promotion strategies and/or consumer acceptance of such approaches.

Online booking is now common among online travel planners, with 81% of the 105 million online travel planners making travel purchases online in the past year, translating into 85 million online travel bookers. The percentage of online travelers purchasing travel products in the past 12 months remained unchanged from 2007.

Online bookers and non-bookers are equally likely to use the Internet for destination information. However online bookers are substantially more likely than those who do not book online to use the Internet for information on hotel prices, airline schedules and fares, dining, travel packages and for printable coupons and travel brochures.

Destination Branding

In fiscal year 2009, the Charlotte Regional Visitors Authority (CRVA) recognized, with the help of their strategic partners, that a unified brand for the destination was not only lucrative business, it was imperative to draw all messaging and marketing points together and to define the uniqueness of the Charlotte region, thus the launch of Charlotte’s first destination brand “Charlotte’s got a lot”.

“Charlotte’s got a lot” was created with three strategies in mind:

1. To create a common and unified message among all communities, marketing groups and tourism/hospitality partners in the region;
2. To develop a future reference point to invest and measure all current and future marketing initiatives from both the public and private sectors; and
3. To strengthen the overall marketing effort for the city and region of Charlotte by clearly defining what makes it unique and distinctive to the visitor and related trade groups.

The Charlotte Regional Visitors Authority (CRVA) remains committed to continuing forward with the important and all-encompassing steps of bringing this impressive campaign to all audiences. Destination branding will continue to include the support of the Brand Promise, Brand Blueprint and Culturalization Plan to the community through the fiscal year 2011 and beyond.

Charlotte’s Travel Image Profile - Metropoll

Even in this very competitive environment, Charlotte has made progress in defining its brand and differentiating itself from the competition, as illustrated in Metropoll a biennial survey of national meeting planners, which identifies the attributes most appealing in choosing meeting locations. In the brief period of time passing between Metropoll’s past two surveys, during which the CRVA revamped its branding profile, the destination has already enjoyed substantial improvements in several key consideration categories.

Overall, Charlotte has experienced a **9.1%** rise in total image between the 2007 (pre branding) and the 2009 (post branding) surveys on areas important to meeting planners in site selection. Asterisks in the table below denote specific themes of focus in Charlotte's branding initiative and sales efforts.

Consideration	2007 Metropoll Charlotte Index Score	2009 Metropoll Charlotte Index Score	Difference
Environmental			
Friendly Residents*	132	130	-2*
Low Crime Rate, Safe*	117	128	11*
Clean, Attractive Place*	103	115	12*
Wonderful Climate*	94	138	44*
Good Family Destination*	94	109	15*
Romantic Place	73	30	-43
Popular Place	65	42	-23
Different, Unique	39	40	1
Prestigious	29	8	-21
Environmental Subtotal	*746*	*740*	*-6*
07/09 Environmental % Change			*-0.8%*
Logistical			
Good Value for the Money*	133	136	3*
Moderate Food & Lodging Costs*	115	132	17*
Inexpensive to Get to*	73	141	68*
Convenient Airline Service	66	87	21
Good Local Transportation	63	66	3
Good Hotels	63	67	4
Easy to Get to	63	80	17
Logistical Subtotal	*576*	*509*	*133*
07/09 Logistical % Change			*23.1%*
Recreational			
Good Outdoor Recreation*	78	68	-10*
Variety of Things to do	62	55	-7
Culture, History, Museums*	56	61	5*
Good Restaurants*	54	62	8*
Good Sightseeing	49	57	8
Good Shopping*	44	64	20*
Good Nightlife*	32	36	4*
Recreational Subtotal	*375*	*403*	*28*
07/09 Recreational % Change			*7.5%*
Total Index Score	*1,697*	*1,852*	*155*
07/09 Total Index Score % Change			*9.1%*

**focus theme of CRVA/Charlotte destination branding initiative and group sales efforts*

Leisure Marketing Strategies

- Build off of the state's strategic direction to promote unique, authentic and affordable indulgences in Charlotte

- Position NASCAR, the NASCAR Hall of Fame and the assets of the new Levine Center for the Arts campus to retain and increase market share

- Communicate with women who tend to plan and book the vast majority of family travel; continue emphasis on amateur sporting events, etc. to attract family travel

- Listen to online conversations consumers are having about Charlotte to monitor our overall brand health

- Pay attention to destination satisfaction conversations to ensure we are keeping with the themes outlined in our brand promise and organizational mission statement

- Engage our consumers searching for travel information through a mobile platform

- Brand goals include providing consistent, clear direction for utilizing the brand to market Charlotte for the benefit of our visitors, residents, customers, partners, etc.; to manage brand marketing for short-term imperatives so as to be proactive instead of reactive; and to work together to support and champion the branding process for maximum effectiveness

- Brand initiatives (including media buys: print and online) will continue to be based on research, and targeted demographics to attract the most dialogue, focusing on primary targets and segments that represent our greatest potential for customer growth

- Develop a comprehensive media schedule designed to maximize reach and frequency to target audiences based on research; advertising features "Charlotte's got a lot" brand and key selling attributes of the Charlotte region to drive inquiries and traffic to the charlottesgotalot.com website and toll free number

- Media schedule to include cooperative partnership opportunities. Encourage partners to leverage off of media buys and take advantage of marketing programs (*Southern Living, Our State, NC Travel Guide*, etc.) where costs have been underwritten by Visit Charlotte to allow promotion participation levels lower than partners could achieve on their own

- Continue to build Charlottesgotalot.com, the Official Travel Resource for Charlotte, further incorporating video, trip planning and many other interactive elements, catering to travelers

- Dedicated site optimization; continue to strengthen both our organic (natural) and paid search campaign efforts as part of our Search Engine Optimization (SEO), to increase "book" and "look-to-book" ratios; shift budget dollars to strengthen search marketing efforts and increase social media marketing and mobile marketing efforts

- Drive conversion, not just traffic. Our goal is conversion – to get people on our site to book their accommodations, flight and/or car rental, sign up for CHARLOTTE eNews, visit our Facebook, and YouTube channels or follow us on Twitter, and request a copy of the Official Visitors Guide, or access electronic publications

- Continue to develop online packages and create opportunities for website content enhancements to align with the online strategy for charlottesgotalot.com.; Package area accommodations, attractions and other partner amenities focusing on special events (NASCAR, etc.) and areas of interest (culinary, family fun, shopping, etc.) Solicit partner participation to create packages and track for measurability

- Encourage visitors to *"stay longer", "do more" and "spend more".* Cross-sell and promote the diverse array of activities in the Charlotte region; promote packages via charlottesgotalot.com, advertising, promotion and through the Visitor Info Center call center.

- Continue to educate the community through expanded marketing efforts to capture and inform local residents; and create visiting friends and relatives (VFR) champions for selling the city of Charlotte as a destination

Leisure Public Relations Strategies

- Increase awareness of Charlotte and its amenities to leisure audiences by proactively communicating in trade and consumer media locally, nationally and internationally

- Proactively pitch to family-oriented publications and other media resources to capitalize on the opening of NASCAR Hall of Fame, Levine Center for the Arts cultural campus, Carowinds' new coaster and attraction assets, Discovery Place renovation and more

- Continue to create opportunities for story ideas, including area events, festivals and sporting events that would attract travel writers/freelance writers and the family audiences

- Continue leading the synergy for all PR and communications colleagues in the Charlotte area to solidify and further efforts for greater awareness of Charlotte amenities locally, regionally and nationally

- Identify opportunities through extensive media relations outreach for Visit Charlotte partners, promoting their hotels, restaurants, attractions, and services and showcasing Charlotte as a well-rounded, vibrant visitor destination

- Utilize cutting edge technology via communications/media software, media inquiry services, and wire service providers to communicate extensive openings, happenings, and events in Charlotte on a daily basis; identify opportunities to creatively highlight Charlotte's latest and greatest media-worthy draws

- Target top-tier freelance and travel writers who pen for national outlets and continue to build extensive relationships to get them to Charlotte for a first-hand look

Group Leisure Situation Analysis

Regionalism continues to play an important role in the group leisure strategy. The Charlotte Regional Trails Project "Pure Carolina" has been rolled out with the development of a website and distribution of regional trail guides at area visitor info centers. This unique cooperative program is a partnership between the Arts & Science Council, Charlotte Regional Partnership and the CRVA to enhance visitation within the sixteen county region. The recently formed Carolina Student Travel Connection (CSTC) in conjunction with other regional Destination Marketing Organizations (DMO) has also gained momentum with a website in development, cooperative media placements, and exposure at student tradeshows.

In light of the current economic climate, value remains King. Tourism efforts will focus on generating group and individual leisure travel business by increasing the number of Charlotte packages and tours available for purchase by consumers, both domestic and international. The priority is to sell packaged travel through domestic and international tour operators, wholesalers, group travel leaders, travel agents, auto club offices, travel planners and online.

Charlotte is emerging as one of the fastest growing group destinations in the east if not the entire country. Fiscal Year 2010 marked a banner year for the region with the opening of several group friendly attractions such as the Levine Center for the Arts, the NASCAR Hall of Fame and major renovations to area attractions like Discovery Place and Carowinds. The tourism department will continue to promote these assets to the group tour market through participation in key industry tradeshows, sales calls and missions, familiarization tours and training of industry professionals.

To reach the growing number of group tour operators that are utilizing the internet to research destinations, we plan to enhance the Group Tour section of charlottesgotalot.com. This section will be easy to navigate and include information to assist group tour operators with developing unforgettable, dynamic and wide-ranging programs. Additional sample itineraries will be added to the site highlighting Charlotte's best things to see and do and inspire ideas on how to take a group tour to the next level.

The goal of the tourism department is to educate qualified tour operators, travel agents and group leaders so they can make informed decisions about booking a trip to the Charlotte region. Servicing the customer and anticipating their needs will continue to be the focus by building relationships through Southern Hospitality and World-Class Customer Service.

Group Leisure Sales Strategies

- Continue to have a strong presence at key tradeshows such as American Bus Association (ABA), Student Youth Travel Association (SYTA), Travel South Showcase and TAP Dance, working closely with group friendly partners to encourage a larger presence at these shows

- Market to the student and youth travel market through participation in "Carolina Student Travel Connection" and by attending the Student Youth Travel Association tradeshow

- Educate tour operators, travel agents and other industry professionals on existing and new group friendly assets in the region

- Focus on Cultural Tourism with the recent additions of the Harvey B. Gantt Center for African American Art + Culture, Bechtler Museum of Art and Mint Museum Uptown

- Promote the regions substantial auto-racing roots and the NASCAR Hall of Fame with motorsport themed itineraries and FAMs

- Partner with the NC Division of Tourism on cooperative initiatives in the international market, such as International Pow Wow and the UK Sales Mission

- Strengthen the active database of travel and tourism trade contacts through high visibility at tradeshows and through industry databases.

- Utilize EBMS to achieve highest efficiency and effectiveness in all sales, marketing and administrative activities.

- Continue to place an emphasis on site visits and familiarization (FAM) trip opportunities by partnering with not only regional Destination Marketing Organizations (DMOs) but other State DMOs as well as the NC Division of Tourism

- Enhance content in the Group Tour section of charlottesgotalot.com to help tour operators, travel agents and group leaders make educated decisions about booking a trip to Charlotte and the region

- Proactively communicate to all group tour, consumer magazines and leisure tour publications, so they are aware of Charlotte as a growing group tour destination

- Provide local partners – accommodations, attractions, dining, nightlife and services- with the highest level of group travel business leads and business generation through packaging opportunities, familiarization trips, tradeshows and sales missions

- Educate the group planner through the quarterly newsletter *Tour Charlotte*; focused on information pertinent to group tour professionals, student travel coordinators and motorcoach operators

- Collaborate with the NASCAR Hall of Fame sales team in sales activities to maximize results.

<u>Group Leisure Public Relations Strategies</u>

- Create PR and communications opportunities with group tour with consistent information regarding Charlotte amenities, renovations and upgrades for this audience, including NASCAR Hall of Fame

- Continue working with the State Division of Commerce/ Division of Tourism, Film and Sports Development in co-hosting international media FAM and travel writer visits

Convention and Visitor Services

Fiscal Year 2011 brings exciting opportunities for our visitor services operations. The main Visitor Info Center on Tryon Street has already been impacted by the opening of the Bechtler Museum of Modern Art, Harvey B. Gantt Center for African American Arts + Culture and the Knight Theater, part of the Levine Center for the Arts. When the third and largest facility, the Mint Museum Uptown, opens in October, we anticipate the need to add Sunday afternoon to our hours of operation. In addition to the increased traffic from the museums, our new initiative to promote our partner wineries, Childress Vineyards and the Swan Creek vineyards, will further increase our traffic, both from visitors to the city and residents.

We also continue to provide training and provide visitor materials for our satellite visitor center at the Levine Museum of the New South.

The newly opened Visitor Info Center at the Charlotte Douglas International Airport also has increased the number of visitors we serve. An average of 11,000 visitors a month had been served by the former desk. We anticipate a 20% increase next year. Three large plasma screens provide an excellent awareness for our attractions and advertisers. This increased visibility will provide more opportunity for our visitor specialists to relay information on our region to more visitors. To accommodate this, we will increase the number of specialists working during peak times to accommodate this. We continue to educate the Airport's employees and volunteers through offering major attraction tours and through special employee promotions.

The Convention Services team continues to find new and innovative ways to service our convention planners and guests. We market our services to the meeting planners by listening to their needs and then tailoring our services accordingly. We also continue to promote the use of our housing system to the meeting planners. We have had some success with using the housing service in other cities and will continue to promote that aspect of the program.

Fiscal Year 2011 provides us an excellent opportunity to reach the regional market through a variety of large sporting events: the National Softball Association's Girls World Series; the Atlantic Coast Conference Football Championship; the Meineke Car Care Bowl; and the National Collegiate Athletic Association's Men's Regional Basketball Tournament. These are in addition to the annual CIAA Basketball Tournament and the Spirit of Hope Cheerleading Competition. Our services team will have a large visitor information presence at each of these events as well as at the major conventions during the year.

Convention Situation Analysis

National Group Business Outlook

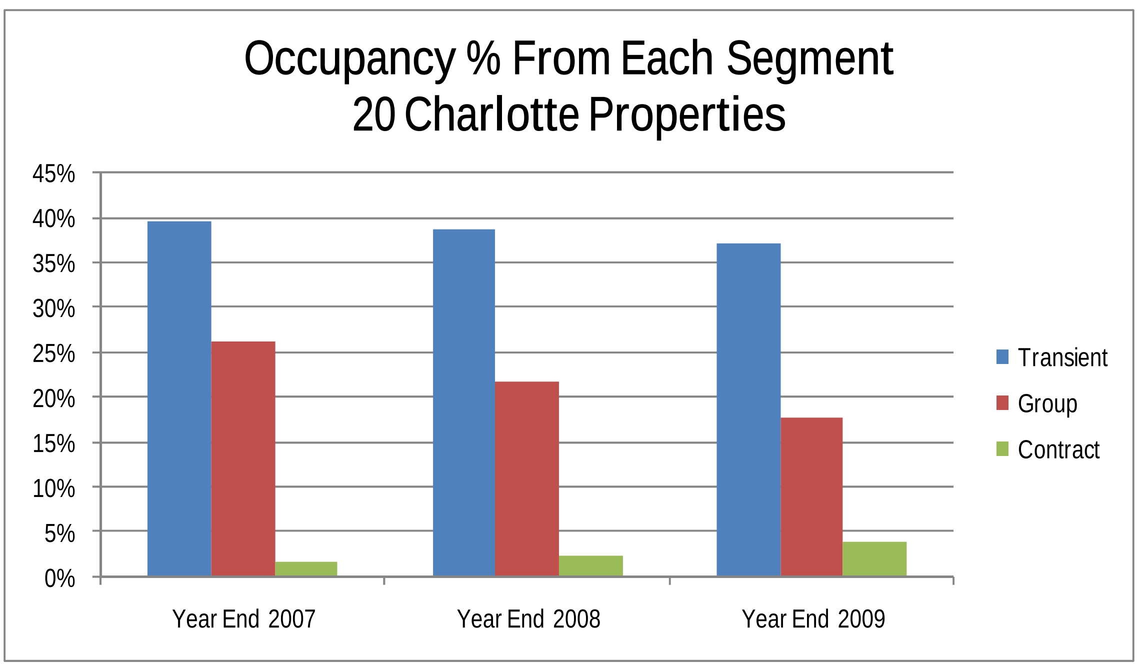
PricewaterhouseCoopers' latest ***Hospitality Directions US*** states that economic contraction ended this past summer and companies are cautiously adjusting. At present, the economy is making a successful transition to recovery with GDP growth firming, job losses slowing, stabilizing housing markets and improving financial markets. However, though the recovery has begun at a solid pace, it falls short of being considered a sharp rebound. Preliminary estimates of fourth quarter 2009 GDP put growth at an annualized rate of 5.9%. Macroeconomic Advisors sees 2010 GDP growth continuing at a 3.5% to 4.5% clip. Unemployment is expected to average 9.9% in 2010 then decreasing to 8.7% in 2011.

The aforementioned positive factors have already led to rising lodging demand as witnessed in the last half of 2009, but it is forecast that pricing will continue to deteriorate in 2010. With growing demand being at least partially absorbed by new supply, any increase in occupancy rates will be slight. Low occupancy, along with lower levels of advanced group bookings, and strict adherence to corporate travel policies, will ensure continued pressure on rates in the coming year. Through 2009, the contribution of group demand to occupancy rates at higher priced properties nationally ran 23.1% behind 2007 levels compared to just a 6.1% decline for the transient segment. With business leaders emphasizing cost containment in a post-recessionary environment, the setting for a recovery in group demand remains weak in the coming year.

Competitive Set Full Service Hotel RevPar

A comparison of full service hotel revenue per available room (RevPAR) % change for the calendar year ending December 2009 shows just how competitive the landscape is for group business. With such pronounced demand declines in the group and transient segments over the past 18-24 months, urban locations are aggressively pursuing group rooms, frequently at steeply discounted rates, to fill the void. On average competitive set year over year RevPAR was down 14.2%. Not one destination showed an increase. Charlotte RevPAR was down 21.6%.

The graph below assesses the changing market over the past few years by comparing the percentage change of RevPAR coming from the transient, group and contract business market segments at Charlotte's larger hotels.



Charlotte's Destination Attractiveness

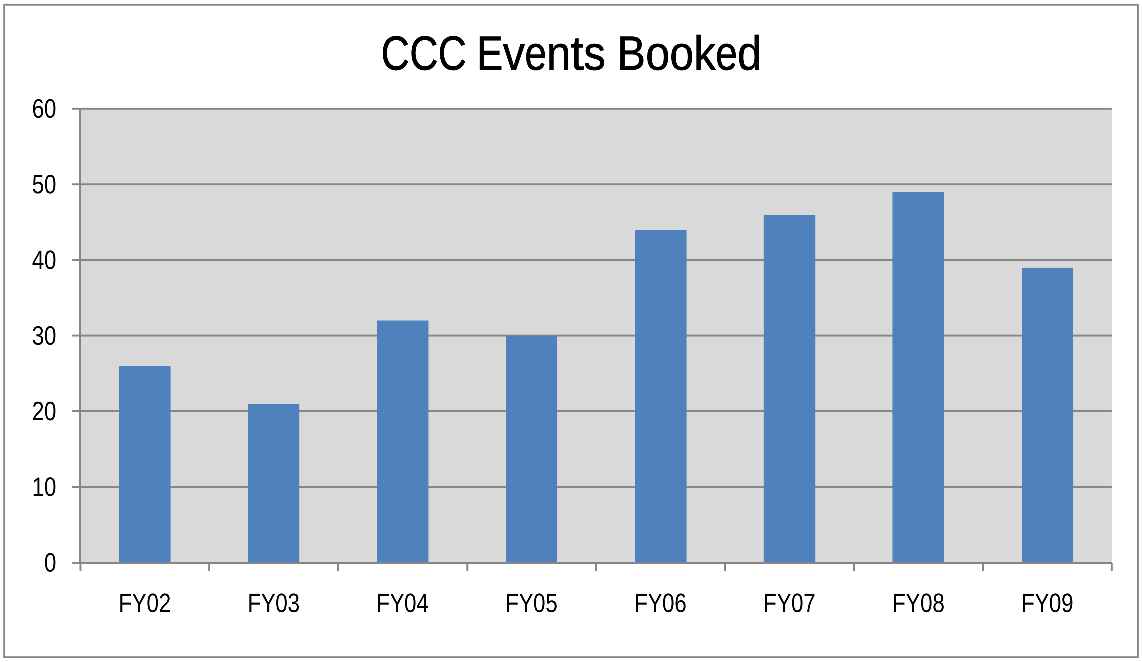
Fenich & Associates updated Charlotte's attractiveness through their evaluation of Charlotte's established and future destination assets, comparing our city to 140 national metro areas as well as Charlotte's competitive set. From both this study and the previously mentioned Metropoll study, we can better decipher Charlotte's strengths and weaknesses in its appeal to meeting planners and visitors and thus properly establish Visit Charlotte room night bookings goals and supporting marketing efforts. Assessing our percentile rankings from the Fenich study, two themes are immediately apparent: accessibility and affordability.

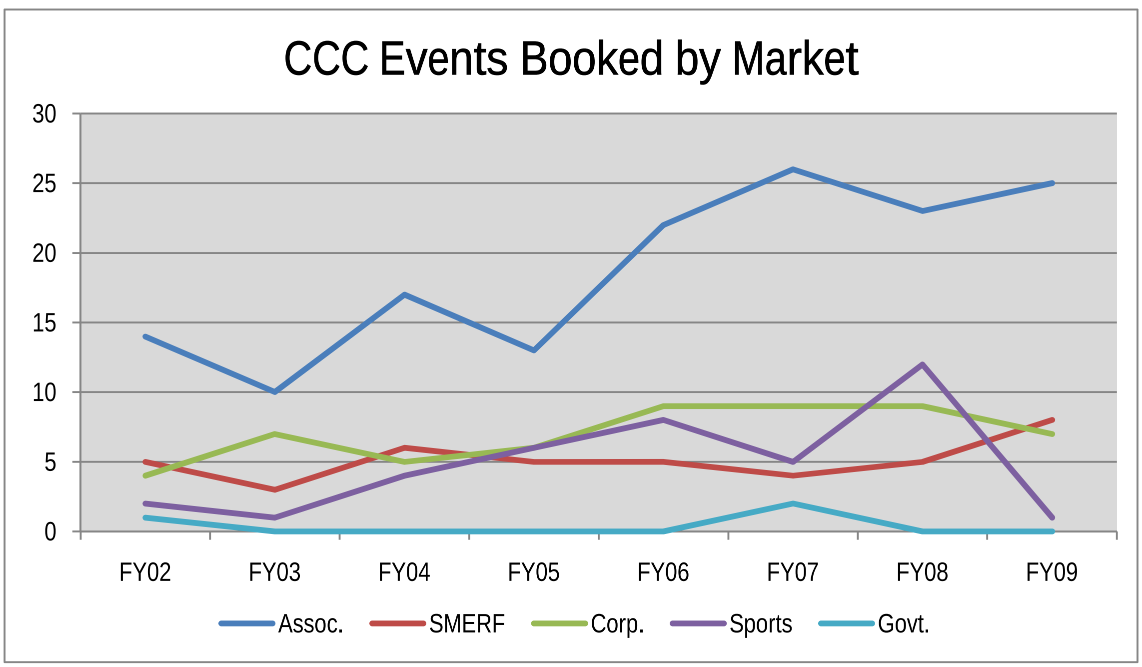
Using these destination attractors as variables in his regression model, Fenich then mathematically predicted Charlotte's group room night goals, based on how room nights correlate to the destination attractiveness categories studied. The Fenich regression model output suggests a city with Charlotte's attributes, prior to any 2009 changes, should have been consuming 282,210 total annual group room nights booked by Visit Charlotte, approximately 45% of which should be touching the Convention Center (PricewaterhouseCoopers, 2009).

With the attractions and hotel rooms that opened in 2009 and those that will open in 2010, the Fenich model ups our room night production goal to 308,000, a 9.2% increase in attractiveness. Considering both the asset improvements and improving economic conditions, Fenich's Destination Attractiveness Model sets Charlotte's future room nights goals in the next three years as follows:

Fiscal Year	Total Room Nights	CCC Room Nights (45%)	% Change
FY2011	326,480	146,916	6%
FY2012	336,274	151,323	3%
FY2013	342,999	154,350	2%

Visit Charlotte Convention Center Sales Trends



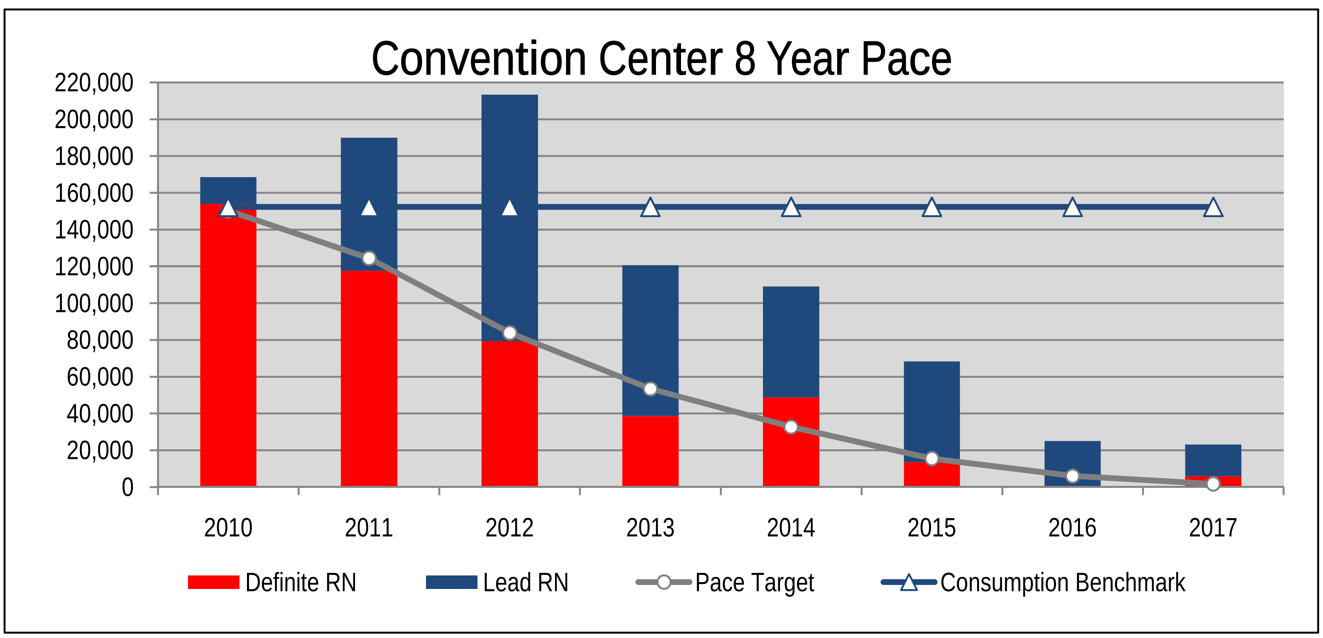


Convention Center- Number of Room Nights Booked Into Each Timeframe

	12 months		24 months		36 months		48 months		48+ months	
	All Events	Exhibit Space	All Events	Exhibit Space	All Events	Exhibit Space	All Events	Exhibit Space	All Events	Exhibit Space
FY02	3,483	1,483	37,085	33,965	29,204	29,204	11,540	11,540	43,810	43,810
FY03	7,600	7,600	12,900	6,300	16,110	16,110	32,280	32,280	7,790	7,790
FY04	30,516	27,871	41,471	38,301	7,642	7,282	26,040	26,040	6,894	6,894
FY05	15,262	14,737	72,991	71,781	37,254	32,424	25,887	25,887	10,685	10,685
FY06	31,180	28,552	30,264	29,904	45,042	41,660	5,545	5,540	11,858	8,508
FY07	47,262	46,005	19,796	16,521	34,509	34,509	24,106	24,106	50,706	50,706
FY08	85,141	83,483	79,009	78,649	49,326	49,326	13,085	10,385	46,884	46,884
FY09	12,588	8,461	47,699	46,134	17,222	14,871	26,805	24,250	62,601	62,601
Average	29,129	27,274	42,652	40,194	29,539	28,173	20,661	20,004	30,154	29,735

Charlotte Convention Center TAP Report
Visit Charlotte Convention Center Bookings Pace - TAP Report as of May 1, 2010

	2010	2011	2012	2013	2014	2015	2016	2017	Total
Definite Room Nights	154,049	117,580	79,291	38,705	48,833	13,483	0	5,937	457,878
Pace Target	150,221	124,488	83,801	53,408	32,662	15,445	5,974	1,706	467,705
Variance	3,828	(6,908)	(4,510)	(14,703)	16,171	(1,962)	(5,974)	4,231	(9,827)
Pace %	103%	94%	95%	72%	150%	87%	0%	348%	98%
Lead Room Nights	14,507	72,487	134,099	81,817	60,209	54,755	24,967	17,114	459,955
Consumption Benchmark	152,386	152,386	152,386	152,386	152,386	152,386	152,386	152,386	1,219,088



Visit Charlotte / Charlotte Convention Center FY10 Year-to-Date

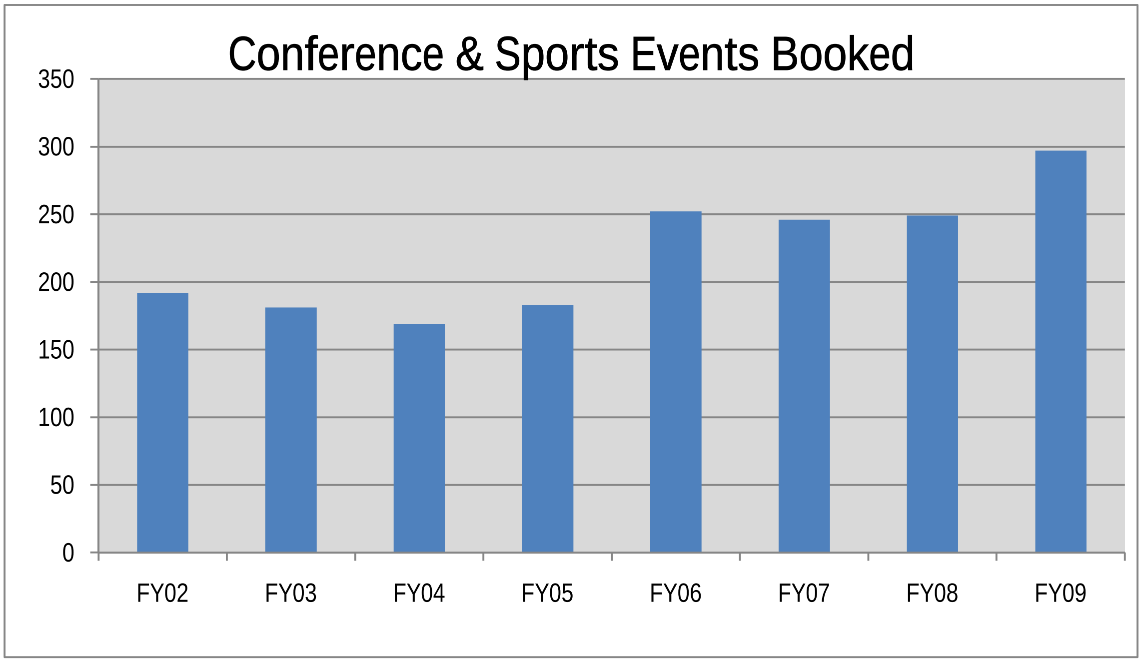
While overall convention center related room night pace is presently on track, production during our current fiscal year is for the most part well below goal. The same is true of convention center gross square footage booking efforts. Given the short term needs during the down economic cycle, many of the room nights associated with recently booked center events don't impact the floor in any substantial way. The chart shows activity relative to goal for fiscal year 2010 through February.

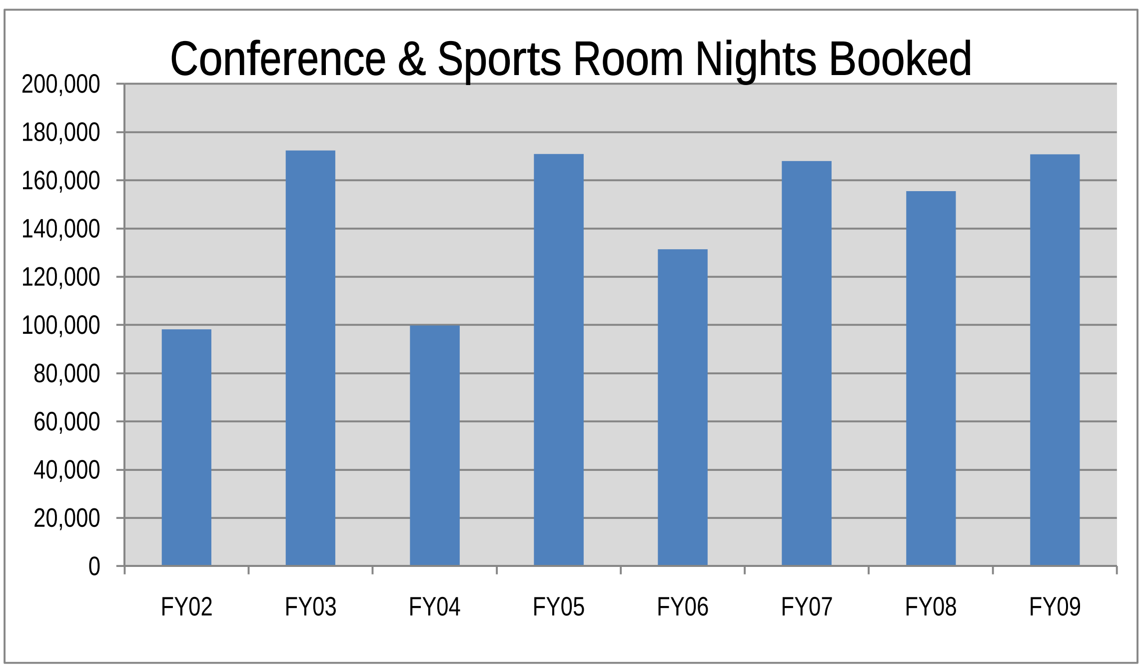
Convention Center Lost Business by Reason

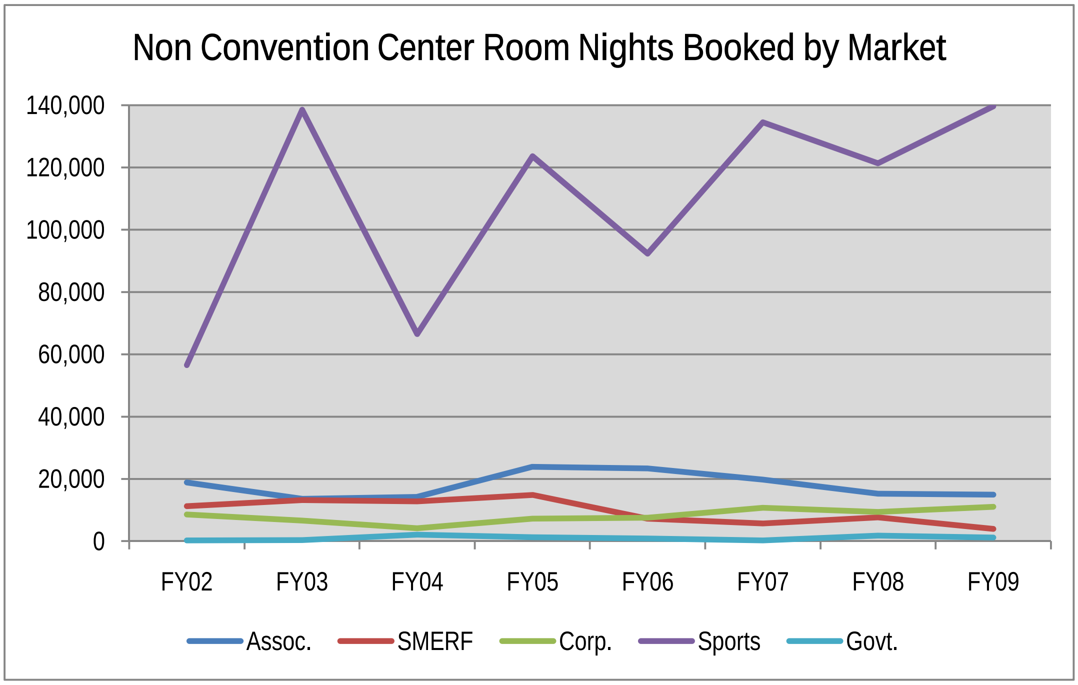
The chart below contains the top reasons and the number of Convention Center room nights lost during each fiscal year. Hotel Rates wasn't tracked as a reason until 2007. So far this year, Convention Center Cost is showing up as the third most frequently cited reason (43,818 total room nights) planners give when asked why the did not choose Charlotte. However, given the high satisfaction with the quality of service they receive, there is definitely a perceived value and benefit in contracting the convention center. With hotel rates being as they are at this point in the business cycle, they are not preventing any groups from booking this year.

Reason	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Location	119,517	180,667	226,970	122,110	21,288
Hotel Package	87,303	208,438	186,736	105,892	80,999
Hotel Rates	Not Tracked	Not Tracked	173,323	72,754	43,638
Group Org/Politics	79,439	65,663	45,790	10,105	40,351
Space Issues	30,025	78,839	36,736	58,511	34,278
Preferred Dates	27,617	87,784	78,210	53,326	44,843
Geographic Rotation					36,420

Conference and Sports Sales Trends





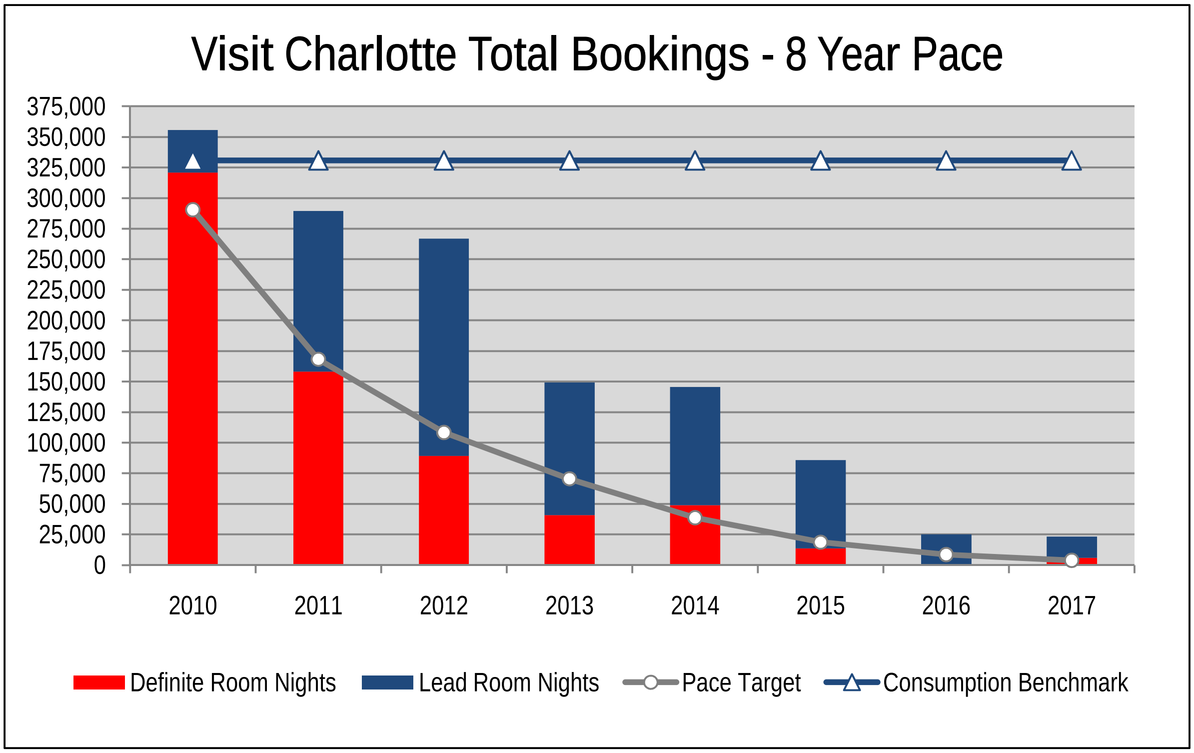


Total Charlotte Market 8-year Room Night Bookings Pace

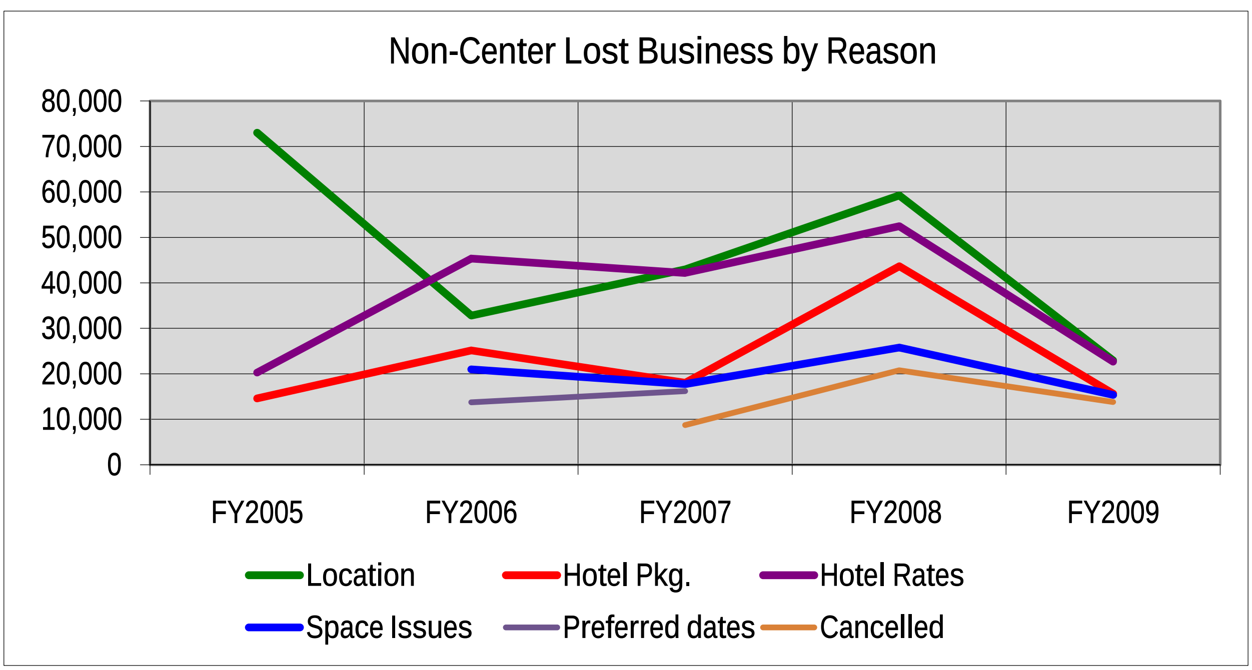
For the most part, our room night booking pace is on track throughout the eight year window with a total pace percentage of 95%, in large part due to a booking already for 2017. The most challenging years at this point are 2013, 2015 and 2016, but a good amount of time remains to close the gap and achieve the targeted consumption numbers.

Visit Charlotte Bookings Pace - TAP Report as of May 1, 2010

	2010	2011	2012	2013	2014	2015	2016	2017	Total
Definite Room Nights	320,755	158,203	89,215	40,780	48,833	13,483	0	5,937	677,206
Pace Target	290,518	168,208	108,331	70,465	38,705	18,616	8,564	3,868	707,275
Variance	30,273	(10,005)	(19,116)	(29,685)	10,128	(5,133)	(8,564)	2,069	(30,069)
Pace %	110%	94%	82%	58%	126%	72%	0%	153%	96%
Lead Room Nights	34,853	131,275	177,692	108,419	96,769	72,444	24,967	17,114	666,533
Consumption Benchmark	330,805	330,805	330,805	330,805	330,805	330,805	330,805	330,805	2,646,440



Conference & Sports Lost Business by Reason



Convention & Tradeshow, Group, and Sports Overview

Much of the growth has been in the one hotel size bookings which are predominantly corporate and social events. This market segment has started to see some growth in the recent months with 2010 business picking up since January. Charlotte's momentum as a leisure destination has been helpful in supporting our positioning as a meeting location. This has been very valuable at this time of hyper-competitiveness with not only our traditional competitors but even first tier cities which have focused on our target market due to the economy. Low ball pricing and meeting planners taking advantage of the market are affecting business in years beyond the typical booking cycle. Charlotte's new assets could not be coming online at a more important time. These will help with our positioning of Charlotte as a city that has bravado and truly does …"got a lot" to back up the marketing and communications messages.

Charlotte has definitely benefited from its ability to perform for the group segment. The proof is in the many repeat clients such as National Softball Association, Central Intercollegiate Athletic Association, American Legion, Meineke Car Care Bowl, National Technical Investigators Association, American Coatings Show, National Rifle Association, and many others. These and others are prestigious groups that have high expectations which they have found are delivered in Charlotte. While we may not be enjoying all the business we want in this aren the room night productivity has shown we have outperformed the expectations as outlined by the TAP Attractiveness Model. The sports segment has been an especially big producer (53% of all room nights last year) and we will continue to vigorously pursue this market by taking advantage of our partnerships, hosting the TEAMS conference in October 2010, maximizing our existing sports venues.

The supporting strategies will take advantage of our strengths and shore up those areas of need to provide the maximum impact for the destination.

Convention & Tradeshow, Group, and Sports Strategies

- Visit Charlotte and CCC sales managers will work closely together to focus on their identified citywide target accounts. These target accounts will include a new focus on demand based booking parameters that will include; smaller peak room night events over higher hotel occupancy dates and larger groups during high occupancy periods that are willing to pay premium rates. Additionally the target accounts will include larger room blocks over slower occupancy periods. These "supertanker" conventions will provide a base of business around which to book higher rated business. This allows the hotels and convention center to maximize their revenue opportunities better aligning the needs of both. The convention center will be able to be more proactive in finding profitable trade show related business during the peak occupancy periods for hotels. Convention center target groups should include 100,000 square feet of exhibit space.

- Shared commitment by hospitality through the Power Dates Lead initiative. By the primary convention hotels taking an equally shared percentage of the room block for key groups that meet over particularly slow dates we will position ourselves for assembling proposals that are more attractive to convention planners.

- Give meeting planners a reason to consider Charlotte capitalizing on our new arsenal of assets by promoting our newest venues such as the NASCAR Hall of Fame with the 40,000 square Crown Ballroom, Bechtler Museum of Modern Art, the Harvey B. Gantt Center for African American Arts + Culture, the Knight Theater, NC Music Factory, and the EpiCentre just to name a few.

- Promote the enhanced Uptown hotel package product with the newly opened Ritz-Carlton Charlotte, Aloft Hotel, and soon to be opened Sierra Lodge Hotel.

- Promote Charlotte as the "Green" Destination of Choice through inclusion in presentations and all sales processes taking advantage of the industry's growing requirements for environmentally and socially responsible practices.

- We will use business development funds in a manner that will provide the highest return on investment. These dollars will be used to influence as much business as possible into the highest need periods for the hotels, convention center, and destination.

- Pursue and capture additional industry events to host in Charlotte such as Professional Conference Management Association, Collinson Publishing tradeshows, and third party organizations such as Conference Direct and Experient. A new effort will be to pursue more regional events as well as the national meetings.

- The success of the sports market especially requires the support of the Mecklenburg County Parks and Recreation Department and the use of their facilities. We will continue to support their efforts for additional athletic fields and the access of amateur and youth sports in those facilities.

- A strong partnership with the Charlotte Regional Sports Commission will continue to provide a great team as we pursue groups that require support in sponsorship, event management, and account development. Activities will include working tradeshows together and maximizing impact at events such as the TEAMS Conference which will be held in Charlotte in September 2010 and NASC Spring Symposium in Greensboro in 2011.

- We will continue to support our mission statement by providing Southern Hospitality, World Class Customer Service to distinguish Charlotte as a preferred destination to do business and encourage repeat business. The research department and our Customer Advisory Board will be primary sources of input for continual improvement areas.

- Protecting and taking advantage of our "Charlotte's got a lot" brand though strict use of properly executed marketing materials, communication materials and sales presentations. This includes the highest form of professionalism in every opportunity of interaction with planners, visitors, partners, and fellow associates.

- Continue to focus on short term business that generates need period revenues through the Bureau Express sales team with a focus on individual hotel pieces of business at 300 rooms or less on peak night. A shift in resources to more regional and localized meeting planner groups will provide results for this market.

- Collaborate with the NASCAR Hall of Fame sports and marketing efforts taking advantage of sponsorship relationships to bring new corporate business to Charlotte.

- Knowing that people do business with people they know and trust our sales team will aggressively use tradeshows, sales missions, special events for entertaining such as NASCAR races, site visits, and all other supporting tactics that create loyal relationships with our key targeted accounts.

- We will continue to use EBMS software technology to maximize our effectiveness in tracking and maintaining accounts and event information. An enhancement in this next year will provide additional efficiencies in communicating with our partner hotels for events.

Convention & Tradeshow, Group, and Sports Public Relations Strategies

- Maximize public relations opportunities by proactively communicating the top meeting amenities in trade and consumer media locally, nationally and internationally
- Proactively demonstrate the value of meeting in Charlotte to regional and localized groups, as well as art and architecture audiences
- Proactively pitch story ideas, editorial content and provide advertorials to trade publications as to the meeting amenities in Charlotte
- Proactively convey the experience of “what’s new” and “what is to come” to all media
- Continue to advocate and assist in amateur sports PR and communications (CIAA, ACC Football Championship and others)
- Target top-tier freelance and travel writers who pen for national outlets and continue to build extensive relationships to get them to Charlotte for a first-hand look
- Proactively pitch to sports-related print and broadcast of the amenities Charlotte has to offer amateur sports (i.e., new Matthews Sports Complex, others)