



Roadmap for Tourism & Craft



**APPALACHIAN
REGIONAL
COMMISSION**

*Presented by the ARC Tourism Council
July 2003*

OVERVIEW

The ARC Tourism Council convened initially to address opportunities related to the 2002 “Year of Appalachia” designation. The regional showcase, at the Smithsonian Folklife Festival, became a catalyst to identify key needs



and partnership opportunities for Appalachia’s travel industry. The 13 state representatives quickly agreed that the combined tourism and craft industries offer a far greater potential for positive economic and social growth in Appalachia. To maximize

regional success for these industries, the Tourism Council engaged in a facilitated eight-month strategic planning process to determine how individual states can benefit through multi-state collaborations. Extensive research and analysis helped the Tourism Council to adopt the following mission:

The mission of the Tourism Council is to leverage ARC assets into greater economic prosperity by attracting and hosting more tourists, and selling more craft/products in the Appalachia region.

To satisfy this mission, the Tourism Council and ARC staff determined that all goals, objectives and recommended activities needed to accomplish the following:

- Add value to Appalachian counties/states
- Focus on strategies requiring and attracting multiple partners
- Measure impact in terms of jobs, economic growth and sustainability

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I. THE CREATIVE ECONOMY – THE NEW GLOBAL MODEL

In this dynamic information age, knowledge-based economies are thriving and changing to meet new consumer desires and local needs. Competition in the 21st century demands that individuals/organizations redefine prosperity, reengineer strategic processes, and reinvent success models to learn new ways of doing business. As communities move from extractive industries to more service and information-based industries, a competitive edge based on intuition and innovation is paramount for sustainability. The result is the emergence of creative economies.

According to author John Howkins, creative economy is “the idea business. Turning ideas into products. Buying and selling.” Howkins reports, “worldwide creative endeavors are now worth \$22 trillion and growing at five percent per annum, and in some countries much faster.” Britain, Scotland, Canada, Singapore, and New Zealand have designed specific policies to help their creative economies achieve full potential.

“We live in a time when cultural heritage and undeveloped landscapes have become valuable resources. In today’s economy, wealth is no longer limited to those who possess mineral or other specific natural resources or to those who can manufacture goods. In other words, the world has finally discovered that the definition of wealth is broader than what extractive resources you possess or what you can make. It now extends to who you are and the place you have the privilege to call home.”

*William S. Norman, President & CEO, Travel Industry Association of America (TIA)
Peace and Prosperity through Tourism
UN Foundation: World Heritage Event, June 2003*

The defining asset of a creative economy is *intellectual property*. Britain’s Department for Culture, Media and Sport further defines its assets as “those industries which have their origin in individual creativity, skill and talent, and which have a potential for wealth and job creation through the generation and exploitation of intellectual property. This includes advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer games, television and radio.”



*Tourism is defined and measured by household trip—traveling 50 miles or more, one way, from home to include one or more overnights.
(Source: TIA)*

II. GROWING APPALACHIA THROUGH CREATIVE ECONOMIES

Tourism and craft are established and significant industries in the U.S. and around the world. They are key demonstrations of creative economies. The potential of these two sustainable industries to drive overall economic growth is substantial, especially in Appalachia.

Although other businesses, such as manufacturing, mining and other extractive industries, may have once provided the economic engines for the region, tourism and craft present the best direction for the future. No other industries offer such flexibility for growth in all levels of employment, from entry level to professional to part-time, post retirement. Tourism and craft rely upon unique, indigenous resources and people to sustain local economies. They are not subject to industrial moves across borders or oceans.

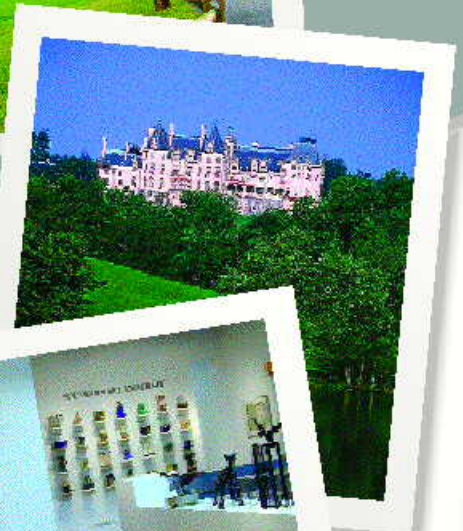
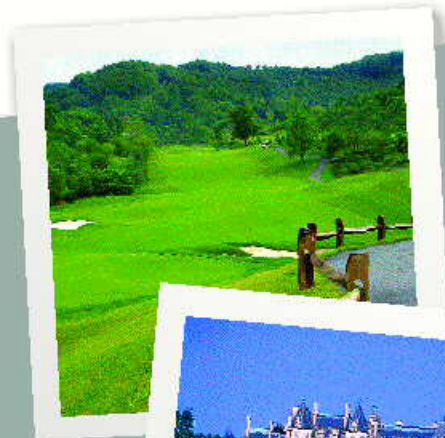
TOURISM IN APPALACHIA

Tourism is one of the largest industries in the U.S. Generating \$174 billion in payroll, travel and tourism directly employs 7.9 million individuals and accounts for one in seven U.S. jobs. There is a strong future in tourism, especially for destinations offering a consistently compelling, distinctive and diverse experience. Despite current economic and industry challenges, domestic person-trips are expected to grow an average of 2.1% annually over the next three years. Travel and tourism expenditures are anticipated to grow in the U.S. by 4.75% annually through 2005. In comparison, GDP is projected to grow 2.5% in 2003, 3.6% in 2004 and 3.4% in 2005. (Source: TIA Travel Forecast Facts 2001).

"Asheville, North Carolina is a wonderful example of how productive creative workers can bolster local economies and enrich community life."

*Eileen B. Mason, Senior Deputy Chairman,
National Endowment for the Arts (NEA)*

In Appalachia, tourist spending contributed more than \$29 billion to the region's economy in 2001. Visitors staying in hotels, resorts and bed and breakfasts, shopping in retail centers, purchasing locally-made crafts, dining in restaurants, engaging in outdoor recreation and golf, touring historic sites and attending cultural events provided job opportunities for more than 600,000 residents of Appalachia in 2001.



THE TARGET MARKET POTENTIAL

The Appalachian travel and tourism product exists in various forms and appeals to various audiences. Packaging the appropriate collection of assets and activities into multi-state experiences will strengthen the opportunity to increase the economic impact from tourism, increase employment in tourism and craft, and increase visitation to the region. The audiences that represent highest market potential are as follows:

Niche Markets

Specialty, niche audiences will contribute the greatest opportunity for growth in multi-state travel. TIA research shows that:

- 98 million U.S. adults have taken an **Adventure** trip in the past five years.
- 65% of Americans include a **Cultural Heritage** component in their vacation.
- 30.2 million adults have taken an **Education**-focused trip to learn or improve a skill or activity.
- 10 million U.S. adults participated in **Garden**-related activity while traveling last year.
- 55 million Americans embrace **Geotourism**, travel experiences that “sustain or enhance the geographical character of the place being visited.”
- **Group Tour** or packaged travelers spent \$99 billion in the U.S. in 2001.

Domestic Origin Markets

The domestic U.S. travel market can be divided into three key categories.

- **Urban Gateways** of Atlanta, Baltimore, Charlotte, Chicago, Cincinnati, Cleveland, Memphis, Philadelphia, New York, and Washington are strong domestic markets (and international gateways) within a 500-mile radius of some or all of Appalachia.
- Residents living outside the ARC region but in the **ARC states** provide the greatest opportunity for Appalachia. Research indicates that most member states already market to these audiences, and that a segment of this audience already travels to the region.
- Travelers from states located **outside the ARC states** represent potential new tourism revenues. Short-haul origin markets such as the Mid-West, Southwest, New England and long-haul (California, Pacific Northwest) origin markets currently travel to one or more of the ARC states. These markets offer fly-drive, group tour and loop tour potential for various regions of Appalachia.

International Origin Markets

45.5 million overseas travelers visited the U.S. in 2001. Although the number of overseas visitors to the U.S. has declined recently, international visitors remain significant because they stay longer and spend more. North American markets remain strong. U.S. Department of Commerce research shows that in 2001:

- 59.6 million **Canadians** traveled to the U.S.
- 9.6 million **Mexicans** visited the U.S.
- 4.2 million travelers arrived from the **UK**.
- Over 4 million international arrivals were from **Japan**.
- The U.S. hosted 1.2 million **German** visitors.

Economic Impact of Tourism in The Region

State	Appalachian Counties Only		Source
	Economic Impact	Employment	
Alabama	\$ 2,940,432,395	64,630	Economic Impact Alabama Travel Industry 2001
Georgia	\$ 2,876,254,388	39,844	Economic Impact of Expenditures By Tourists FY 2001
Kentucky	\$ 1,139,251,083	26,711	Economic Impact of Expenditures, FY 2001
Maryland	\$ 208,600,104	3,910	Impact of Travel on Maryland Counties 2000
Mississippi	\$ 546,447,493	8,582	FY 2002 Economic Impact for Tourism and Recreation in MS
New York	Not available	38,865	NY State Div. of Tourism Master Plan 2000 - 2004
N. Carolina	\$ 2,216,580,000	33,370	www.nctourism.com, 2001 county statistics
Ohio	\$ 2,316,600,000	58,800	Exec. Summary Economic Impact OH Tr. and Tourism Industry 2001
Pennsylvania	\$ 8,383,807,400	181,209	Economic Impact of Travel in Pennsylvania 1999 - 2000
S. Carolina	\$ 1,134,900,000	18,220	The Economic Impact of Travel on South Carolina Counties 2001
Tennessee	\$ 3,480,760,000	48,290	The Economic Impact of Travel on Tennessee Counties In 2000
Virginia	\$ 796,242,000	Not available	www.vatc.org - tourism statistics (2000)
W. Virginia	\$ 3,100,000,000	79,000	WV Dept of Tourism, 2001 Economic Impact Study
TOTAL	\$ 29,139,874,863	601,431	

Craft is defined as a “(three dimensional) object made primarily by hand in Appalachia, distinguished by the materials used in their creation. These objects can be contemporary, traditional and/or decorative.”

(Source: HandMade in America)



Craft Income Comparisons By State

State	Median Household Income	Median Craft Household Income
Alabama	\$35,478	N/A
Georgia	\$39,003	\$60,000
Kentucky	\$35,226	\$45,000
Maryland	\$50,630	\$75,000
Mississippi	\$30,628	N/A
New York	\$38,479	\$58,450
N. Carolina	\$37,057	\$42,000
Ohio	\$38,970	\$50,000
Pennsylvania	\$38,938	\$52,000
S. Carolina	\$35,376	\$53,000
Tennessee	\$34,393	\$48,000
Virginia	\$44,844	\$55,000
W. Virginia	\$28,420	\$40,000
National Average	\$39,657	\$50,000

Source: The CODA Survey: The Impact of Crafts on the National Economy

CRAFT: APPALACHIA'S ADVANTAGE

The U.S. craft industry continues to grow and is now recognized as a vibrant economic sector. While a myriad of small businesses, the industry is a large network of guilds and membership organizations, schools, suppliers, shops, galleries, and publications fostering the artistry and economic sustainability of craft. A national economic impact study of 80,000 craftspeople in 2001, by the Craft Organization Directors Association (CODA), revealed that national craft sales are approximately \$13 billion per year. The study showed that the medium household income of full-time craftspeople is \$50,000 per year, 26% above the national median of \$39,657. A demographic profile from the study revealed that 79% of craftspeople work in a studio located on or in their residential property, reflecting a major home-based business component.

Craft is a major element of Appalachia's cultural tradition and a significant community asset connecting all 13 Appalachian states. The impact of this “invisible industry” has been recognized and documented in several Appalachian states. Building upon CODA findings, a June 2003 Marshall University study on the *Craft Industry in West Virginia* reports that 2,539 craftspeople in the state generated a *direct* economic impact of \$54 million, with a total economic impact (including the wholesale sector) of over \$81 million in 2002. A University of Kentucky study, recently released by the Commonwealth of Kentucky, estimates total annual sales of Kentucky craft producers in 2000 at \$252.4 million with out-of-state sales of \$148.7 million. The study also reports that the state's craft industry is responsible for 3,200 full-time and part-time jobs. A 1996 HandMade In America economic impact study found that craft contributes \$122 million to Western North Carolina's economy on an annual basis.

Craft is an important motivator for visitors to Appalachia and is vitally important to the region's tourism industry. However, craft is also an industry on its own, contributing to Appalachia's economic and social prosperity in a different manner than tourism. As a result, the craft community has development and marketing needs that differ from those of the tourism community and must be addressed separately.



Benefits of Developing & Sustaining Tourism and Craft

Tourism

- Increased hotel occupancy
- Seasonal travel extended to year round
- Increased sales tax revenues
- Increased visitation

Craft

- New entrepreneurial opportunities for workforce
- Brand recognition for quality products
- Increased sales tax revenues
- Replaces lost manufacturing, agriculture and traditional industry jobs

It is important that regional strategies complement and leverage individual state development and marketing programs, build on stakeholder activities, and meet specific tourism/craft needs. A regional approach – offering seamless experiences for traveling Appalachia – is a strategy that will pay dividends, present and future, if done right.

WHO BUYS LOCALLY-MADE CRAFT?

Shopping is recognized as the number one activity of U.S. travelers today. TIA reports that 91 million people, or 63% of adult travelers, included shopping as a leisure activity on a trip in 2000. Packaging Appalachia's assets of natural beauty, culture and craft creates a major draw for the tourism economy. Research by North Central Regional Extensions Publications profiles two types of buyers of locally made craft:

“History and Parks” tourists devote time to planning trips and then spend time enjoying scenery, contemplating a sense of place, and photographing the experience. They visit historic sites and museums, gardens, and state and national parks. They buy crafts, postcards, area history books, local food products, and collectibles.

Craft buyers in urban destinations are typically **“Ethnic, Arts and People”** travelers who tour ethnic communities, enjoy community festivals, attend concerts and theatre, visit art galleries and museums, and like to interact with local residents. They prefer to buy ethnic crafts, folk art, designer craft, and traditional crafts of the region.

III: ARC OPPORTUNITY FOR TOURISM & CRAFT

The New Regionalism

Appalachia is a region defined by far more than state lines. In the travel and tourism industry, this is a distinct advantage. As budgets tighten and performance measures are more critical, regional tourism organizations have emerged as cost effective ways to leverage resources for the long term. More than 20 regional tourism organizations currently operate in the U.S., and ARC states are already members of several of these organizations. Travel South USA, Capital Region USA, Southeast Tourism Society, and Great Lakes of North America have demonstrated how marketing collectively can enhance regional success and sustainability. Understanding what these organizations do well and how they produce measurable results can help ARC identify its appropriate role in the region for building Appalachia's creative economies.

Travelers buy *experiences* rather than destinations, and Appalachia can appeal to potential customers in ways that satisfy their intent, motivation and desire for specific experiences. The Tourism Council determined that three categories – marketing, product development and training/education – will allow the region to enhance consumer experiences and community benefits through the availability of Appalachian tourism and craft. The Tourism Council recommends that the ARC focus initially on *product development* enhanced by training and education, and marketing. With a coordinated and long-term commitment, the ARC can:

- Increase the **quality** and quantity of tour product available;
- **Educate** influencers/ stakeholders about Appalachia's positive assets and identity;
- Create **sustainable** economies through year-round travel experiences.

An integrated, comprehensive strategy will maximize ARC's return on its investment in tourism and craft, resulting in more jobs, higher traveler spending and increased visitation. Local communities and stakeholders will benefit from a regionally coordinated strategy that is championed by member states.



"As goods and services become commoditized, the customer experiences that companies create will matter most."

B. Joseph Pine II and James H. Gilmore, Welcome to the Experience Economy, Harvard Business Review, 1998

THE ARC ADVANTAGE



Over the past 30 years, ARC has funded a total of 234 tourism or craft-related projects with an investment of over \$28.3 million: 153 tourism projects funded at over \$15.6 million and 81 craft projects funded at \$12.6 million. Projects supported both individual state and regional efforts, and ranged from a region-wide training and research center, to producing a *Battlefields and Backroads Georgia* travel publication, to the construction of a state arts and craft center.

The ARC is already implementing a number of programs that significantly impact the growth and sustainability of tourism and craft. ARC offers three key advantages that can immediately benefit each member state, and position Appalachia as a leader in tourism and craft over the long term.

1. Decades of Experience

Collected over the past 30 years, the ARC's base of information, case studies and experience provides an invaluable institutional history and reference about issues, needs and challenges specific to tourism and craft in Appalachia. The success of the ARC in other areas of economic and human development, entrepreneurship, export and education can easily be transferred to the tourism and craft industries. With this foundation of knowledge, ARC can jumpstart many of the strategies identified by the Tourism Council and regional stakeholders.

2. Regional Delivery System

Providing the critical mass to attract and sustain visitors – and their spending – is a constant challenge for communities. By banding together, rural and urban areas can strengthen their product offering to provide diverse tour experiences. The ARC can assist with multi-state initiatives by coordinating elements so that the traveler can experience the region easily. The region needs established standards and quality initiatives to ensure that deliverables meet desired consumer expectations. The ARC can work with member states to ensure that the appropriate and complementary messages are communicated to the desired target markets.

3. Partnership Magnet

The investment required to sustain a successful tourism program in today's market is significant and requires a steady infusion of resources. The ARC has a strong base of established relationships with many federal agencies, national associations and foundations. It has a proven track record that demonstrates performance to potential new partners and an experienced staff that can manage collaborative efforts. The ARC can demonstrate the "power in numbers" by bringing a more robust inventory and package of partnership opportunities to potential federal and state government agencies, as well as private businesses. National companies will be drawn to the deliverables and market association offered by a quality regional program.

THE PARTNERSHIP POTENTIAL

The ARC's emphasis on regionalism can attract public and private partnerships through innovative initiatives. For tourism and craft, these public and private partnerships can result in financial investments as well as in-kind contributions such as airline tickets, product alliances and marketing. These partnerships complement regional support from specific tourism industry companies – resorts, attractions, tourism development authorities/destination marketing organizations, guide services and tour operators – as well as retail outlets, artists, private and community colleges, and private foundations in Appalachia. A sampling of partnership opportunities include:

- **Federal agencies and affiliates** offer partnership opportunities, either in the form of cooperative agreements, memorandums of understanding or grants.
- Several **national associations and companies** focus on tourism, craft, education and community development. National tourism industry corporations, credit card service companies, related product manufacturers, and service providers create partnership opportunities through in-kind contributions, human and capital investment, and marketing.
- **National/private foundations** often provide the base funding to create or launch new initiatives. These funds allow organizations to leverage additional financing from private investors or entities.
- **Appalachian partners** may include major corporations and foundations, headquartered in the region, as well as state, public and private sector entities engaged in travel and tourism-related programs and services. Individual artists and craftspeople are also key contributors to successful partnerships and sustainable growth. The ARC can establish an innovative partners program, creating a win-win benefit for all involved.



IV: THE FIVE-YEAR STRATEGY FOR SUCCESS

Four principles form the basis for developing an integrated, comprehensive and successful strategy for Appalachian tourism and craft.

Principle 1: Quality products yield quality travel experiences.

A key concern of the Tourism Council and stakeholders is the perceived lack of available quality product. The ARC can establish criteria and mentor key audiences within the region to help raise the bar and elevate the level of products and services for both visitors and residents. With incentives and awards, the ARC can also motivate the public and private sector to increase quality of deliverables and recognize existing products of excellence.

In some areas of Appalachia, the lack of “tour product” (items and places for travelers to spend money) hampers tourism growth opportunities. The addition of restaurants and hotels was ranked as one of the top needs for the Appalachian tourism community. Developing new venues to sell crafts, as well as enhancing marketing and business skills, ranked as top needs of the Appalachian craft community. Identifying, cultivating and rewarding quality product development is crucial to attracting and hosting visitors in Appalachia. While establishing the critical mass to attract and sustain tourism is vital, quality products provide greater return on investments. Local residents net the economic gain, through employment or sales, and visitors receive valued experiences worthy of their time and money.

Principle 2: The residents, land and traditions define Appalachia’s identity.

Establishing a desirable “brand” for Appalachia is a top priority for stakeholders, Tourism Council members and ARC staff. How is a positive identity developed?

- By countering myths or preconceived notions built on former assumptions or marginal views rather than fact.
- By showcasing ready-to-visit distinctive, unique or authentic assets that personally connect the visitor to the place.
- By celebrating the Appalachian values and cultural traditions handed down from generation to generation.
- By identifying rich, untapped or undiscovered assets – built and natural – that can enhance or contribute to the authentic travel experience.
- By understanding the value of working together for a common goal rather than competing against each other.
- By building respect from visitors through strong community values.

Regional craft and tourism stakeholders reported a vital need for coordinated advertising and promotion. But communicating an image is only one component of attracting and servicing visitors. Hospitality-trained communities and personnel are highly important to stakeholders. To capture desired visitation and target audience spending, Appalachia’s identity must be linked to on-site experiences that exceed consumer expectations and reinforce positive messaging.

A successful, integrated tourism strategy, based on quality, identity and sustainability, does not need, nor should be, a stand-alone effort within the ARC. Instead, many elements and programs can be incorporated into existing programs already identified as priorities for the organization.



Principle 3: Craft, an important component of tourism, is a separate industry with different needs and assets.

During the strategic planning process, the Tourism Council determined that the development and marketing needs of craft are significantly different than those of tourism. Craft has already proved its value as a key component of the region's travel experience. The Council identified numerous other ways that craft contributes to the economic and social prosperity of Appalachia. To ensure continued growth in product quality and quantity, as well as skills and business acumen, the unique needs of the craft community must be addressed separately.

While the private sector may provide economic development opportunities for craftspeople through the establishment of shops, galleries, publishing firms and tourism venues, the ARC can help by establishing an economic support system that enhances growth and expansion of craft as a regional industry.

Principle 4: Sustainability is based, in part, on year-round diverse experiences and products that enhance community vitality.

To ensure a sustainable quality of life, the region must provide good, year-round job opportunities, plus those activities and amenities that enhance community vitality. The economic impact generated from travel and tourism helps pay for safety and public services, infrastructure improvements, and other capital projects such as new museums, performing art and civic centers, and parks. Local residents benefit from new events and attractions, which provide entertainment or recreation opportunities subsidized by travelers.

Because of seasonality and demand, it is difficult for some areas of Appalachia to support accommodations or restaurants year round. By creating an action plan to address unique needs and opportunities, each community can design its contribution to the travel experience and determine its potential return on investment. For example, establishing retail outlets for locally-made products throughout the region stimulates the need for artists and craftspeople. Developing year-round outdoor recreation/sports programs increases the need for outfitters and qualified guides.

Tourism and craft have been an integral part of several past ARC programs. The ARC can continue its support of these industries in a variety of ways, including working with local colleges and universities, adding tourism to existing (or proposed) regional measurement models, and enhancing grant programs to include tourism and craft initiatives.

To maximize the long-term benefit of tourism and craft – through growth in jobs, economic impact and visitation – the ARC Tourism Council must lead and leverage regional initiatives.

Top Needs of Appalachia's Tourism and Craft Communities

Need	Percentage
Tourism:	
• Coordination throughout the region on initiatives	19%
• Additional restaurants/hotels	19%
• Advertising/promotion/exposure/visibility	19%
• Hospitality trained communities/personnel	18%
Craft:	
• Marketing and business skills/expertise	25%
• Development of new venues/outlets to sell crafts (including internet)	25%
• Marketing/product marketing and packaging	21%
• Advertising/promotion/increased consumer awareness	18%

Source: Stakeholder Survey

MEASUREMENT OF SUCCESS

The following goals and objectives have been defined to measure the effectiveness of the five-year plan:

Goal 1: Increase visitation to the region.

Objective A: Enhance awareness and recognition of Appalachia as a *desirable* and *diverse* travel destination among residents and travelers visiting friends/relatives to result in year round visitation.

Objective B: Upgrade the *quality* of tour and craft product available in Appalachia to attract high-end niche markets such as nature-based travelers, cultural heritage travelers, and specialty/educational tours.

Goal 2: Increase economic impact through tourism.

Objective C: Grow tourism expenditures in region by extending visitors' length of stay throughout the year with diverse and enhanced travel products and events.

Goal 3: Increase economic impact through craft.

Objective D: Increase retail sales of locally made products by enhancing the quality, diversity and availability of crafts in the ARC region.

Objective E: Expand the quantity of craft available through apprenticeships, training and merchant incentives that result in more expert craftspeople producing and distributing more quality items through retail establishments, wholesale outlets and direct sell.

Goal 4: Create and retain jobs in tourism and craft.

Objective F: Offer training that enhances the expertise and business capabilities of local entrepreneurs to provide key services and products for visitors.

Objective G: Establish and expand training programs in local private and community colleges and universities to provide the skills and education required for quality tourism and craft industry jobs.



BENCHMARKING PERFORMANCE

Performance is critical to all programs. Travel and tourism contribute to the region's economy through jobs, payroll taxes, sales taxes, tolls, user fees and licenses, purchases of food, gasoline, attraction tickets and tours, retail products and accommodations. The region is challenged to provide a systematic, comprehensive approach to measure *direct* visitor spending and size of the craft and tourism industries across state lines. Current methodology used by several states does not accurately represent rural areas. Demonstrating how ARC directly *contributes* to the total impact through programming, grants, partnerships and other activities is another challenge.

To implement a region-wide measurement system for tourism and craft, showing the relationship between these two industries and to other economic development efforts in Appalachia, ARC grantees will need to establish a qualified baseline and then track data on a regular basis.

Short-term: Creative Economy and Experience Cluster Model

A cluster measurement model is required to capture desired qualitative and quantitative data related to tourism and craft. Regional Technology Strategies offers a proven cluster model for tracking creative and experience-based industries. The Tourism Council and ARC will investigate this model and others for building a credible baseline of regional data. In FY 05, a pilot project will be available to several states so that the selected methodology can be tested. If proven appropriate, the model can be launched regionally in the future. A short-term alternative for compiling Appalachian tourism statistics (only) is contracting with TIA for a custom study inclusive of all ARC counties to ensure a consistent region-wide methodology.

Long Term: NAICS Code for Craft and Tourism Industries

Ideally, the establishment of a NAICS (formerly called SIC) code for craft and tourism will validate them as credible industries. The current lack of an NAICS code prevents craftspeople and tourism entrepreneurs from qualifying for workers compensation and other benefits. A more accurate NAICS code system would enable the federal government to recognize the contribution of small craft and tourism businesses as a major source of new job creation. The ARC can spearhead the necessary steps – initial research, continuous communication and lobbying between the U.S. Treasury and the U.S. Department of Labor – required to establish these codes when the next cycle is introduced in 2010.

Other measurement tools, such as focus groups, exit interviews and direct-mail surveys, may be required to track specific projects implemented over the next five years. Specific projected outputs and outcomes will dictate the type of research required for quality and objective evaluation.

Benefits of Measurement

States

- Leverage resources
- Expand national, international exposure
- Greater return on investment
- New tax revenues generated from increased spending
- Identify strengths, opportunities/areas of improvement
- Understand market motivation and trends

ARC

- Track new jobs and revenues in region
- Increase accountability for programs
- Consistent baseline for comparison
- Demonstrate value of craft and tourism to region
- Attribution for management, implementation of programs
- Recognition as national leader

V. BUILDING SUCCESS: INITIAL RECOMMENDATIONS

After reviewing more than 100 project ideas, the ARC Tourism Council selected three major projects to satisfy specific stakeholder needs and create the greatest impact for Appalachia in FY 04-05.

1. New Appalachian Trails

A new series of “Appalachian Trails” leverages the well-known Appalachian Trail by linking assets to create multi-state *cultural corridors* and *recreational routes* through the region. Initially, the project will showcase an existing cultural collection – linking music, craft, literature, film, outdoor drama, public art exhibits, or events together – to form a corridor experience. A series of nature-based and recreational activities – hiking, canoeing, rafting, biking, rock climbing – will be linked to form another multi-state travel experience. A trail map, produced with coupons or other consumer response vehicles, will promote the corridors and facilitate tracking of visitation. The program provides many exciting partnership opportunities for the region including the National Geographic Society; the National Endowment for the Arts; National Association of State Arts Agencies; Southern Arts Federation; Mid-Atlantic Arts Foundation; Outdoor Drama Association; and Outdoor America.

Budget Estimates: \$300,000 total over five years

ARC investment: \$55,000 FY 04; \$30,000 annually for additional trail development/maps

Matching Funds: \$25,000 advertisers/sponsors for map

Expected Impact:

- Attendance increased 25% at sites along the trail; revenues generated from sale of products, craft, coupon redemption, lodging and meals related to multi-state touring
- Demographic profiles and other important feedback is secured from trail map surveys.
- Tour developers and marketers benefit from the availability of new product; more opportunity for on-site visitor services and businesses to accommodate increased visitation along trail routes.
- New public and private partners to leverage ARC investment.

2. Discover Appalachia Website

A website – www.discoverappalachia.org – offers consumers and the travel trade a dedicated, timely tour product with trip planning information on Appalachia. Linked to the 13 state sites, the ARC website (www.arc.gov), and other relevant regional travel and craft web pages, the Discover Appalachia website offers a regional portal for trip planning, tour packages and other related information. As appropriate, and in tandem with other programs, the site’s content will expand from information on the diverse and quality tour product available in the region, to multi-state tour packages and salable items. The site will use craft, as well as the region’s natural beauty, recreation, music and heritage, to showcase the assets of Appalachia. According to stakeholders, there is also a need for coordinating existing marketing messages and promotional efforts, which can easily be focused and repackaged. Using the word



“Appalachia” does not conflict with the marketing programs and messages of any ARC state, and helps begin establishing a positive brand for the region.

Budget Estimates: \$150,000 over five years

ARC investment: \$20,000 FY 04; \$15,000 FY 05, 06, 07 and 08

Matching Funds: \$10,000 FY 04; \$15,000 FY 05, 06, 07 and 08

Expected Impact:

- Downloadable coupons track increased spending at lodging, attractions, restaurants and outfitters.
- E-commerce sales benefit 50 tour operators, craftspeople and retail outlets.
- Downloadable incentives track increased visitation to attractions, guide services and events.
- Response mechanisms will be installed on each program description to track feedback.
- Monthly reports outlining usage of the website will be prepared and distributed by an ARC grantee to record page/document views, origin of users, leads generated, and average time on site.
- New public and private partners leverage ARC investment.

3. Regional Communication/Promotion of Tourism & Craft

Stakeholder survey responses indicate a strong need for region-wide coordination and communication of tourism and craft related activities. The Tourism Council members echoed this desire for a way to communicate with stakeholders about regional efforts.

Expanding the ARC Website

A new section on tourism and craft can be added to the ARC website, www.arc.gov, to share important news and resources with regional stakeholders. This website section will provide tourism resources and technical assistance for Appalachia. The site will educate stakeholders, including tourism industry representatives, the craft community, residents and other leaders engaged or interested in tourism and craft, about Appalachia. The website section can also provide timely updates on the ARC Tourism Council’s programs, provide contact information, relay trends and market profile data, and include a calendar of related travel and craft events.

Tourism and Craft Showcased at ARC Conferences

The ARC can include sessions on the tourism and craft industries at various ARC conferences, Council meetings and Commission events by focusing on program updates, trends and best practices. Dedicating an entire theme of an annual conference on tourism one year, and craft the next, platforms these industries with educational sessions, successful initiatives, and the ARC’s involvement in specific projects to demonstrate how other economic development and export programs interface with these creative economies.

Expected Impact:

- Information on tourism and craft shared at annual conference generates regional support and participation in projects.
- Tourism section on website leads to increased monthly usage on website.
- One article on craft and one article on tourism in *Appalachian Life* magazine enhances image and identity of creative economies as important contributors to prosperity/vitality of region.
- ARC presentation at member state or regional tourism and/or craft conference increases stakeholder awareness/education of Tourism Council projects and partnership opportunities.
- ARC website receives more requests for tourism and craft information from travel industry professionals and potential travelers.
- Campaign helps break down preconceived ideas about tourism and craft (and Appalachia).
- New public and private partners secured to leverage ARC investment.

VI. FUTURE PROJECTS FOR CONSIDERATION

In choosing the following initiatives from more than 100 potential projects, the Tourism Council was mindful of its goals of creating quality jobs, increasing visitation and tourism spending in the region, and enhancing the quality of life for residents.

The projects are divided into three categories – product development, training and education and marketing – to create an integrated, comprehensive scope of work for sustainability. Each of these projects could be implemented over the next five years either as regional initiatives, as state-initiated projects, or expansion of existing ARC programs.

Product Development Projects

Product development includes infrastructure improvements – signage, roads, environmental and building preservation, protection and conservation – plus creation of new travel products, enhancements of existing products (such as interpretation, tours, exhibits), retail merchandise, retail establishments, visitor readiness, preparedness and accessibility, and visitor services including lodging, restaurants, entertainment, attractions, events and museums.

1. Quality Town/Preserve America Designation

The enhancement program will reward communities that demonstrate their commitment to hosting visitors by offering quality experiences. Initially, the program can build on Preserve America designations (through the Advisory Council on Historic Preservation) with technical and financial assistance provided by EDA and U.S. Dept. of Interior for improvements, training, and beautification that directly impact quality tourism experiences and spending. To sustain the prestige of the designation, a partnership with JD Power & Associates or other national corporations can be established.

2. Appalachian Cultural & Craft Centers

Ideally, each state will have a dedicated interpretive center at a gateway or primary destination in Appalachia. The centers – modeled after existing programs in North Carolina, West Virginia, Kentucky and Pennsylvania – will serve as gateways for introducing and interpreting the region to visitors. Locally *Made in Appalachia* tagged crafts and products, an educational film, and trip-planning information will assist and encourage visitors to experience the region often.

3. Informational/Interpretive Signage

Welcome to Appalachia signs attached to existing county signs will indicate the boundaries of the region. The signage can also help interpret key assets in the region and provide valuable insight to Appalachia.





4. “My Appalachia” Tour Program

The “My Appalachia” Tour Program creates a signature itinerary based on input from local celebrities to showcase their preferred or special places and sites. A complementary guidebook, featuring celebrity tour itineraries, profiles and destination information will be produced for travelers.

5. References for Growing Tourism and Craft in Appalachia

Building on its *Information Age Appalachia* initiative, the ARC can utilize technology to create and manage a database that will provide the foundation for developing, marketing, and managing creative economies in Appalachia. Designed to support both craft and tourism stakeholders, the database will house information for three key references – a **Resource Guide**, a **Regional Craft Registry**, and a **Tourism Asset Inventory**.

6. Building Entrepreneurship through Craft Studio Incubators

Effective craft studio incubators will provide craftspeople the opportunity to develop well-designed objects, as well as access to skills and tools needed to develop viable, successful businesses. Craft schools and community colleges, located throughout the region, can be utilized for development and management of a studio incubator system.

7. Revolving Load Fund for Tourism & Craft

Expand the existing revolving loan fund managed by the ARC entrepreneur team so loans can be used for new construction, to rehabilitate historic structures into viable hospitality industry facilities, or to enhance existing visitor services. The establishment of a tourism and craft component in the revolving loan fund will allow the ARC to annually create new products and keep tourism industry developers/managers accountable.

8. Exporting Appalachian Craft and Tourism

An export bank for handmade objects can be established in response to the demand for these products. These companies could oversee marketing, export, regulation, tariff constraints, exchange of monies, etc. As Appalachia develops and markets its unique collection of travel experiences, the region can maximize its potential for economic and job growth through inbound international visitation.



Training & Education Projects

Training and education includes apprenticeships, arts incubators, skill development, education, hospitality training and grants.

1. Trade Apprenticeships

The first regional program will establish a prototype for a national crafts apprenticeship system in the United States and help preserve Appalachia's rich crafts tradition by ensuring that skills are passed on to future generations. Craft schools and community colleges located in the region will be tapped to offer curriculum and apprenticeships as a way to provide residents quality and meaningful employment options within the region.

2. Best Practices

"Best Practices" is a recognition program for tourism and craft businesses. It will elevate the quality and quantity of tourism practices in the region. Through a financial reward tied to technical assistance, recipients will benefit from past efforts and can leverage their success into new initiatives.

Marketing Projects

Marketing includes advertising, brochures/maps, cooperative programs, fulfillment distribution, promotion, publicity, regional branding, sales and Internet/E-commerce.

1. Regional Awareness Campaign

The Regional Awareness Campaign, which includes an annual *Friend of Appalachia Award*, a yearly *State of the Tourism/Craft Industry in Appalachia Report*, speakers' bureau and reference tools, will help build interest in and enthusiasm for ARC tourism and craft initiatives.

2. See America's Appalachia

This tourism promotion campaign will be conducted in partnership with TIA using their portal brand www.seeamerica.org to attract international visitors to the Appalachian region. See America's Appalachia will electronically market and offer a series of regional, multi-state itineraries to highlight destinations and events most attractive to targeted travelers. Printed collateral will complement and market the electronic product deliverables.

3. "My Appalachia" Exhibits at Wholesale Shows

As a forum for exhibitors at wholesale and retail markets/shows, the program will include an incentive plan for building participation in the shows. An ARC Grantee will also research and develop programs to help artists expand traditional retail sales through targeted non-traditional retail and wholesale outlets such as state parks, museum shop associations, and trade shows held at building/interior design expos.



VII: MANAGEMENT FOR SUCCESS

Successful implementation of this strategic plan requires a broad, interrelated scope of work, rather than a collection of stand-alone projects. The results-driven mission dictates the need for an ongoing entity to pro-actively plan for growth, leverage partnerships, and recognize opportunities for the region.

The Role of the Tourism Council

In an on-going role as travel industry experts, the Tourism Council must continue to act as advisor, monitor, communicator and evaluator. Specifically, the responsibility of each ARC Tourism Council member is to:

- Champion ARC projects in their Appalachian counties.
- Interact with stakeholders in their Appalachian counties.
- Engage other state agencies and entities relevant to implementation, management and measurement.
- Maintain close communication with respective ARC state officers (Commission member, alternate, and program manager).
- Provide feedback on initiatives.
- Share issues or trends potentially impacting the scope of work.
- Recommend potential partners for ARC projects.
- Identify ways for their state to participate in and leverage ARC projects.



The Council will convene three or four times annually to conduct its business. Meetings will enable the Council to address regional/individual state needs, provide insight on timely issues, advise on current projects, share information, and confirm the course of action for the future.

A committee for each of the priority projects should be formed to oversee the implementation of the recommended activities (in FY 04/05: new Trail Development and Website). A chairperson will be selected for each committee to guide its work and report to the full Council.

At its West Virginia Retreat in March 2003, the Tourism Council recommended continued exploration of ways to ensure that the needs of craft industry are met. As several strategies for stimulating craft sales, deepening the skills of craftspeople, and cultivating new artists in the region are included in the scope of work, a convening of qualified arts and crafts industry professionals is suggested to discuss next steps and recommendations. This group can also share other issues/needs with the Tourism Council for consideration and communication to the ARC.

To accomplish the desired, measurable results, it is imperative that Tourism Council members liaise frequently with their ARC state officials to engage support for proposed projects and upcoming tourism/ craft opportunities, inform about news and events, share trends, and secure feedback on critical issues impacting the successful launch, implementation and measurement of key regional and state tourism and craft projects.

THE ROLE OF THE ARC

The ARC currently and capably acts as fiscal manager, oversight coordinator and convener for the Council, and internal champion for tourism and craft. To administer this scope of work, it must continue its leadership role to provide the regional infrastructure, overarching policies, and to leverage the federal and private sector partnerships required for successful implementation.

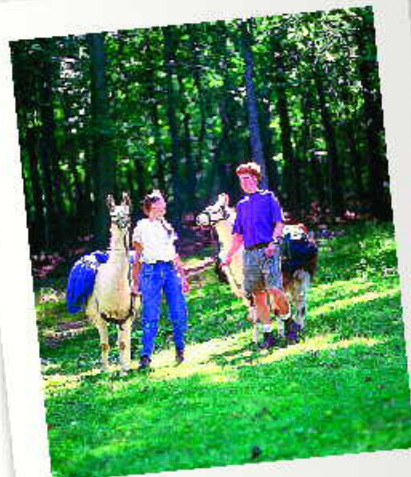
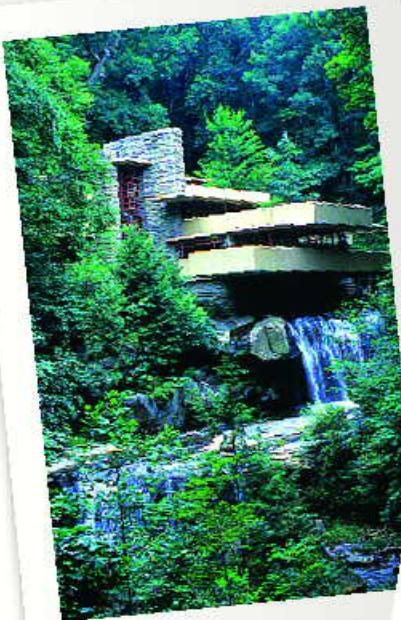
The ARC will serve the region by:

- Continuing support of state-initiated programs.
- Serving as a central data source for inventories, measurement, and research.
- Championing tourism and craft throughout the region with presentations, Appalachian magazine articles, industry recognition at ARC functions, and increased resources for tourism and craft programs.
- Leveraging its regional clout to attract public and private sector partners for programs to expand investment.
- Communicating with other regional organizations involved in tourism and craft to ensure that programs complement rather than compete.

During this process, the Tourism Council requested that the ARC:

- Enhance its existing website to include a tourism and craft section with information on ARC grants, programs and other services available to member states, stakeholders, and potential partners.
- Expand and promote the revolving loan fund to include tourism and craft.
- Explore the broadening of the job-training program through vocational and educational institutions to include tourism and craft curriculum and apprenticeships.

The staff liaison will be responsible for coordinating logistics of all Tourism Council meetings, corresponding with the members, and providing program updates and announcements on upcoming project deadlines via the ARC website and e-mail.



APPALACHIA'S OPPORTUNITY FOR GROWTH

The ARC Tourism Council recommends an integrated regional strategy focusing on Appalachia's creative economies of tourism and craft. The Tourism Council asks the Appalachian Regional Commission to:

- Recognize and support these industries with an investment of human and financial resources that can leverage other partners for sustainable product development and management.
- Endorse the creation of new Appalachian Trails and a dedicated regional tourism website during the next two years.
- Provide ongoing leadership and collaboration with states and partners to help develop and offer dynamic, diverse and desirable experiences for domestic and international visitors to Appalachia.
- Identify and deliver specific services and training to cultivate and maintain quality jobs for creative economies in Appalachia.



Successful implementation will result in new employment, a positive impact on local economies through increased visitation and spending, and enhanced profile for Appalachia as a desirable destination.

Appalachian Assets

Item	In Appalachia
Population	20,345,017
Square miles	167,890
Sites on National Register	6753
Counties	410
National Parks*	36
Scenic Byways/ All-American Roads	20
National Heritage Areas	5
Multi-state National Parks	4

Source: ARC; National Park Service,
National Register of Historic Places,
Federal Highway Administration

* includes parks, monuments and landmarks

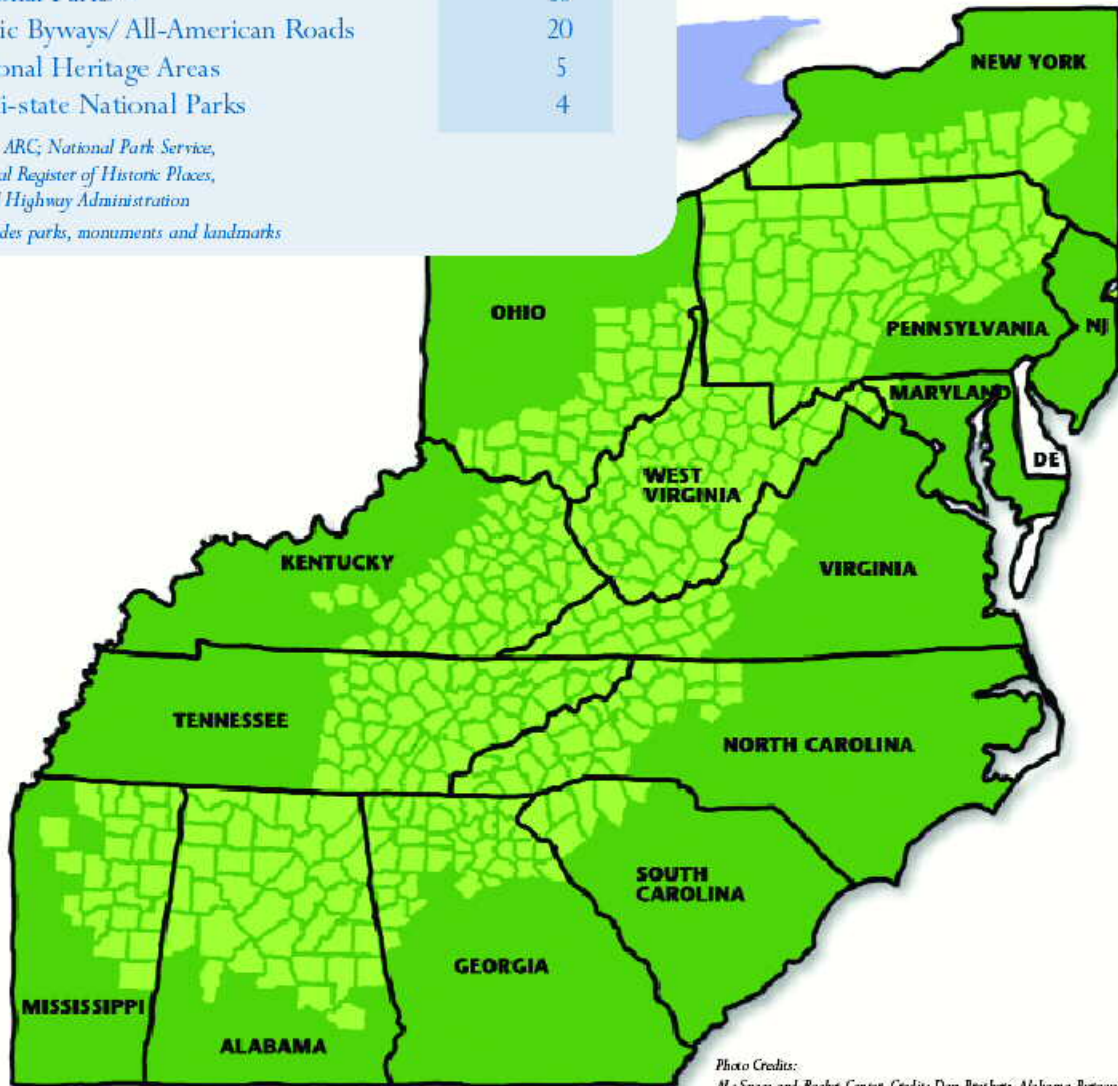


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