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MEMORANDUM

To: N.C. General Assembly – Joint Legislative Economic Development and Global Engagement Oversight Committee
N.C. General Assembly – Fiscal Research Division

From: Beth Gargan, Assistant Secretary for Communications & External Affairs
Susan Fleetwood, Executive Director of Economic Development

Date: October 2, 2017

Re: Final Report on Business Marketing and Advertising

PURPOSE

As part of S.L. 2016-94, the N.C. General Assembly appropriated \$3.75 million to the Department of Commerce for marketing and advertising of the State designed to promote economic development, business development and job recruitment. This is the first time since the FY 09-11 budget that funds have been provided to the Department specifically targeted to marketing the state as a business destination.

EDPNC MARKETING CAMPAIGN

As the Department of Commerce contracts with the Economic Development Partnership of North Carolina (EDPNC) for business recruitment services, the Department requested that EDPNC submit a proposal to the Department for the expenditure of \$2.25 million for a targeted marketing campaign focused on both domestic and international audiences.

The EDPNC prepared a proposal and presented it to the Department's leadership in September 2016 and the EDPNC was approved to proceed with implementing the program to focus on both building awareness and industry-specific targeting efforts.

A report prepared by the EDPNC is attached and provides details about the total overall budget for each programmatic item, as well as expenditures and results.

COMMERCE WEBSITE REDEVELOPMENT

An additional \$1.5 million was retained by the Department, as several additional business marketing efforts were considered. As a follow up to the report submitted in March, 2017, the Department has moved forward with its plans to better integrate the its website and the EDPNC website. Despite the dramatic changes to the state's economic development structure in recent years, there have been no

updates to the Department's website. This is most often the first website that businesses and site consultants visit when considering states for location and expansion and it is expected that it will include the latest advancements in website design and capabilities. At a minimum, the website must reflect the state's national rankings as a top state for business. Overall, an updated communications strategy with fresh evaluation, messaging and refinement is important to meet the needs of those considering the state as a business location. As part of this website update and integration, the Department will also be expanding the NC Works website to develop a new website targeted to businesses and the services that NC Works and various partners offer. The business services that NC Works provides are critical for companies needing to expand their workforce.

A final plan has been developed which estimates completion of the discovery and strategy phase in February 2018. This includes the development of the content and messaging as well as visual design. The web development project which includes the build out and final launch of the website will be completed in October 2018.

In addition, the Department is developing a significant outreach program on behalf of the state's workforce development system, NCWorks. The program requires highly-professional and polished materials to reposition and convey the necessary professional image for the NCWorks Career Centers and their services, so the Department will use a third-party advertising or marketing firm to produce materials for the campaign. A RFP is under development to procure this firm now, and the Department anticipates launching a very visible public outreach drive in 2018. The aim of the campaign will be to raise awareness of NCWorks' solutions for both jobseekers and businesses.

BUSINESS MARKETING AND ADVERTISING CAMPAIGN REPORT

The Current Operations and Capital Improvements Appropriations Act of 2016 (S.L. 2016-94) appropriated \$3,750,000 of nonrecurring funds for the 2016-2017 fiscal year to the Department of Commerce “for marketing and advertising of the State designed to promote economic development, business development, and job recruitment.” The Department contracted with the Economic Development Partnership of North Carolina (EDPNC) for the deployment of \$2,250,000 of those funds, including \$1,000,000 for domestic marketing and advertising and the full \$1,250,000 allocated to international marketing and advertising. The remaining \$1,500,000 was retained by the Department for additional marketing efforts.

This report, as required by S.L. 2016-94, details funds spent on marketing and advertising during FY2016-17 and the results generated from those activities.

MARKETING CAMPAIGN OVERVIEW

Utilizing the \$2.25mm of funds made available to it for business marketing and advertising, the Economic Development Partnership of North Carolina developed and implemented a targeted marketing campaign to drive awareness of North Carolina’s exceptional business climate among both domestic and international audiences.

- **Marketing Objective:** increase the number of businesses considering relocating or expanding in North Carolina in both rural and urban areas
- **Target Audience:** C-suite executives with site selection responsibilities and/or influence
- **Target Industries:** aerospace & aviation, automotive, food processing & manufacturing, and plastics and chemicals
- **Target Geographies:** Domestic priorities included the Northeast U.S., Illinois, Oregon and California due to their poor business climates (taxes, regulation, cost of living, etc.). International priorities included Canada, South Korea and Japan due to growth in foreign-direct investment opportunities and EDPNC’s existing on-the-ground presence in those markets.

The campaign was constructed to reach the very specific and challenging C-suite audience through a two-pronged approach:

- **Awareness Building:** In all markets, with an increased prioritization in Asia where awareness of North Carolina is lower, use of broader messaging opportunities to tell the North Carolina story through engaging, brand-building tactics that drive awareness and positive associations.
- **Industry-Specific Targeting:** Primarily in the U.S. and Canada, where awareness of North Carolina is higher, use highly relevant and industry-specific thought leadership content to showcase the benefits of North Carolina, delivered through hyper-targeted tactics and outlets.

NORTH CAROLINA

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Initial elements of the campaign began October 1, 2016 and extended throughout the summer of 2017. This marketing and advertising funding has enabled EDPNC to add or strengthen a variety of effective marketing tactics including to date:

- Predictive modeling research to expand target prospect lists in key industry sectors
- Business and trade media relations
- Digital advertising
- Search engine marketing
- Website development and maintenance
- Web-to-Leads program
- Direct print marketing
- Video development

BUDGET OVERVIEW

EDPNC 2016-17 Marketing Communications Budget Recap		Total Budget
STRATEGIC PLANNING / PROGRAM MANAGEMENT	Strategic planning, predictive modeling and Web-to-Leads research, project management, public relations services, reporting and net direct expenses.	\$311,662.00
	<i>International</i>	\$116,375.00
	<i>Domestic</i>	\$195,287.00
CREATIVE / MEDIA SERVICES	Creative development, production and net out-of-pocket expenses for digital, video and print materials; thought leadership/case study content development; and media strategy, planning and tracking services.	\$390,813.00
	<i>International</i>	\$208,750.00
	<i>Domestic</i>	\$184,063.00
DIGITAL	Development and maintenance for EDPNC.com; megasites web development; and paid search campaign management.	\$68,250.00
	<i>International</i>	\$1,250.00
	<i>Domestic</i>	\$65,000.00
MEDIA INVESTMENT	Net investment in digital, print and paid search advertising.	\$1,339,075.00
	<i>International</i>	\$848,425.00
	<i>Domestic</i>	\$490,650.00
OTHER	Buildings & sites database development and maintenance, collateral printing, translation expenses, and photography.	\$140,200.00
	<i>International</i>	\$75,200.00
	<i>Domestic</i>	\$65,000.00
GRAND TOTAL		\$2,250,000.00
	<i>International</i>	\$1,250,000.00
	<i>Domestic</i>	\$1,000,000.00

CAMPAIGN RESULTS

The FY16-17 campaign was a success in raising awareness of North Carolina's business climate, robust transportation infrastructure, and skilled workforce. The campaign generated millions of impressions across multiple platforms; earned media coverage in domestic trade publications and major international newspapers; and provided valuable insights into website performance and hundreds of potential relocation and expansion prospects. Results generated from each of the major campaign tactics are listed below.

Public Relations

Proactive public relations efforts focused primarily on trade media within four priority industry sectors: aerospace & aviation, automotive, food & beverage manufacturing, and plastics and chemicals. The effort has expanded EDPNC's outreach to key audiences, and generated:

- 2,923,665 impressions
- Placements in *Chem.Info*, *Aerospace Manufacturing & Design*, *Quality Assurance Magazine*, *ProFood World*, *IndustryWeek*, *AgriView*, *3D Printing Creative*, *Food Engineering*, *The New Food Economy*, *Food Processing*, *Expansion Solutions*, *Saving US Manufacturing*, *National Provisioner*, and *Automotive News*

Additional public relations efforts around international earned media generated several stories in leading Korean and Japanese publications, including:

- *Seoul Shinmun* (Seoul Daily News) article focused on revival of textile industry in North Carolina; print circulation of 780,000.
- Five Japanese-language business-focused media outlets with a combined 3.655 million print circulation. During the 2017 Automotive Engineering Exposition in Yokohama, Japan, an event that drew more than 560 companies including automakers and parts manufacturers, the EDPNC arranged interviews of its chief executive officer, Christopher Chung, by four Japanese-language dailies and an automotive industry monthly report. Resulting articles were published in:
 - *The Nikkei*, the world's largest financial newspaper with a circulation of over 3 million.
 - *Nikkan Kogyo Shimbun*, specializing in business and industrial affairs and circulating to roughly 420,000 readers.
 - *Nikkan Jidosha Shimbun*, a 125,000-circulation daily dedicated to the automotive industry.
 - *Kagaku Kogyo Nippo*, covering the chemical industry and reaching over 100,000 print readers.
 - FOURIN Inc.'s *Monthly Report on the Global Automotive Industry*, reaching 10,000 readers.

Search Engine Marketing (Paid Search)

Paid search efforts – targeted at domestic audiences (U.S. and Canada) – were split between a broader “Why NC?” campaign that focused on business in North Carolina as a whole (business climate, infrastructure, workforce, incentives, etc.) and campaigns tailored to specific priority industry sectors. Results include:

- 1,305,116 impressions
- 23,749 click-throughs from ads to EDPNC.com
- 1.82% average click-thru-rate (CTR)

Digital Display Advertising

Display advertising placed domestically and internationally (Canada, Japan and South Korea) has promoted North Carolina’s attractive tax climate, and specifically focused on the reduction of the corporate income tax rate to 3% at the beginning of 2017. Ads also focused on the state’s transportation infrastructure and manufacturing workforce. Display advertising generated:

- 100,327,510 impressions
- 166,827 click-throughs to EDPNC.com
- 0.17% average click-through-rate (CTR), compared to the 0.10% category benchmark

Native Advertising

Native advertising to C-suite audiences in key domestic industry sectors distributed through SmartBrief promotes the appeal of North Carolina’s business climate, the 3% corporate income tax rate effective January 2017, and overall quality life. Results generated from these efforts include:

- 2,255,260 impressions
- 10,360 click-throughs to EDPNC.com
- 0.46% average click-thru-rate (CTR), compared to the 0.35% industry benchmark

Paid Social Advertising: LinkedIn

Paid social advertising – including a combination of native content and InMail distributed through LinkedIn – targeted C-suite audiences in the key industry sectors domestically and internationally. Content primarily showcased profiles of prominent North Carolina company successes, and also touted North Carolina’s attributes for each of the key industries. Results generated include:

- 4,895,370 impressions
- 1.89% average click-through-rate (CTR)
- 32,083 clicks to EDPNC.com from sponsored content placements
- 60,669 opens of InMail placements
- Over 2,300 new LinkedIn followers, an increase of over 200%

Web-to-Leads

EDPNC has implemented a Web-to-Leads software on EDPNC.com in an effort to identify specific companies exhibiting a genuine interest in investment in North Carolina. The software allows the study of user behavior through click paths on the site among visitors to EDPNC.com to identify and qualify promising leads for follow up by EDPNC's business development and regional industry teams. Over the course of the campaign, Web-to-Leads identified:

- 361 potential company prospects (161 out-of-state relocation prospects, and 200 in-state expansion prospects)

EDPNC.com

The EDPNC launched a new mobile responsive website, EDPNC.com, in late April 2016 replacing the North Carolina Department of Commerce's ThriveNC.com. In July 2016, Commerce redirected all Business Link North Carolina (BLNC) web activity to EDPNC.com. BLNC is a division within EDPNC. With the enhanced content and user experience of the new site combined with the new marketing activities driving traffic and engagement, the EDPNC.com website has seen tremendous growth in site traffic.

Site updates completed during the campaign include, but were not limited to, adding a new section to promote the four available megasites, upgrading the events page and enhancing the ability for small businesses and entrepreneurs to connect with the BLNC team.

Notable performance metrics for EDPNC.com, beginning Oct 1, 2016, are included below.

- 553,052 sessions, a 255.65% year-over-year increase
- 144,747 returning visitors, a 295.66% year-over-year increase
- 1,119,826 page views, a 211.98% year-over-year increase
- 15.53% conversion rate generated from the following conversion metrics:
 - 74,351 downstream referrals
 - 5,881 contact us inquiries (click-to-call or click-to-email)
 - 4,233 eNewsletter sign-ups

Fortune Magazine Cover Wrap Program

The EDPNC invested in a six-month (March-August 2017) subscription program with *Fortune* magazine showcasing North Carolina to 3,500 C-level corporate leaders. A custom produced cover wrap on each issue provided a highly-targeted vehicle for directly reaching top executives in key industries across the U.S., Canada, Japan and Korea, and the high-profile space on the cover negates the risk of being lost within the cluttered environment of the publication. Four pages of advertising real estate within the six issues of *Fortune* provided a strong forum for conveying detailed messaging, including examples of well-known companies who have relocated or expanded their businesses to North Carolina. In addition, the cover wrap program enabled the EDPNC to offer North Carolina local and regional economic development offices and organizations co-op advertising placement to cost-effectively expand their own efforts. Partners running full page ads within the cover wrap included the Carolinas Gateway Partnership representing Edgecombe and Nash Counties, Greenville/Greenville Utilities/Pitt County Development Commission, North Carolina Railroad, Duke Energy, Charlotte Regional Partnership, and Orange County Economic Development.