Marketing Advisory Committee Meeting
May 15, 2007
9:00 a.m. to 4:00 p.m.

Call to Order/Roll Call/Opening Remarks

Commissioner Bilby called the meeting to order. Roll was taken and the following Commissioners were present: Commissioners Anderson, Bilby, Bonner, Cohn, Conley, Dow, Erskine, Fujiwara, Handlery, Jamison, Klein, Koeberer, Lawrance, MacRae, McDowell, Meunier, Netting, O'Modhrain, Patel (J.P.), Wagnon, Westrope and Zucker. Others present included: Brian Baker, Executive Director Caroline Beteta, Lynn Carpenter, Andy Chapman, Sue Coyle, Damon Eberhart, Andy Fichthorn, Bric Haley, Marilyn Hannes, Chris Hart, Jennifer Jasper, Shozo Kagoshima, Kerri Kapich, Mike Kvarme, Anastasia Mann, Mo McElroy, John McMahon, Mark Mears, Greg Murtha, Kathy Paver, Janice Simoni and Bob Warren.

Motion by Bob Warren to approve meeting minutes of February 27, 2007. Second by Anastasia Mann. Motion unanimously approved.

Strategic Plan

Commissioner Bilby reviewed the new CTTC Strategic Plan. She reported that staff is in the process of completing the international work plans and continue to refine the CTTC committee structure. She reviewed the guiding principles of the Strategic Plan, which has the goal of acting as a catalyst to increase spending, as well as tourism employment.

It was reported that this year California went from 31st to 6th in total budget, at $25 million, and will be 2nd at the $50 million level. Lynn Carpenter reported that the CTTC will be spending $18 million in domestic brand advertising, $870,000 in co-op programs, $1.9 million in technology, $1 million on publications and fulfillment, $1.5 million on communications, and $495,000 on research.

Lynn reported that internationally, California has lost 2 million visitors since September 11, 2001. Staff looked at each primary market and re-determined why we chose these markets. In the United Kingdom, the CTTC will be spending $6.3 million – 32 percent of the international budget. The potential revenue is $591 million from the United Kingdom. In Japan, the CTTC will spend $6.1 million, or 31 percent of the budget. The CTTC is also allocating 11 percent of the budget into Canada, for total of $2.2 million. In Mexico, the proposed budget is $1 million, and staff has proposed to do brand advertising. In Australia, CTTC will be spending $740,000, or 3.7 percent of the budget.

Domestic Advertising Co-op

Tami Haughey of MeringCarson reported on research, new creative expectations and the 2007-2008 plan. She reported that the new TV spot is on the air and will run through the end of June.

Rich and Sue Smith of Smith and Company reported on research findings from the focus group. They reported that while conducting this year's research, they employed the same methodology as in 1997. There are two phases of research. Phase One featured "in-the-moment" interviews. Phase Two was a compilation of 12 focus groups. They reported that the focus groups showed that key differences from 1997 were in regard to their perceptions of California. Hollywood and the entertainment industry are a determining factor in the perception of California.

Phase One – They reported that the research was focused on the weather, number of things to do, culture, food, accommodations, friendliness and whether visitors seem to be happy. They

reported that a limitation they found was that the size of the state can be daunting for some travelers. The traffic, congestion and smog were some other concerns of visitors. They reported on four recurring themes – abundance, opportunity/discovery, freedom and unique lifestyle.

Phase Two – They reported that they used a number of techniques to get to the emotional aspects of the visitors and asked respondents to name competitive destinations. Those identified were Florida, Hawaii and Las Vegas.

Dave Mering reported that MeringCarson is working on two new 30-second spots for the fall season. He reported that the committees have decided to move forward with the "Work" spot, which will help to strengthen the California brand. He stated that staff is working with the wine and food industry to create a second 30-second spot to focus on the wine ad food lifestyle.

Lori Richards of MeringCarson reported that television is the foundation of the entire domestic media plan. She reported that Southwest Airlines is purchasing additional buys in select cities in addition to the national cable buy.

Co-op Marketing

Susan Wilcox reported that staff is continuing to work on multiple cooperative programs. She reviewed a number of cooperative programs with companies such as Longs Drugs and Southwest Airlines. She stated that the Treasure Hunt program has become very successful, and Southwest Airlines is promoting the program on all e-tickets coming through California. She reported that the HATS, BAGS and EATS program is continuing to grow, with more than 120 participating partners.

Technology/Web site

Bob Warren, Marketing Advisory Committee member, reported that the CTTC launched a new Web site in December 2006 with the goal of selling the California brand. The launch of this new Web site has been very time-consuming for staff due to the changing nature of the content on the site, as well as the scope of the project. He stated that the main focus now is to have international Web sites tied into the existing visitcalifornia.com Web site.

International Advisory Update

Commissioner Handlery reported that two years ago, the CTTC formed the International Advisory Committee due to the increase in CTTC international funding. He stated that the U.S. dollar is the lowest it has ever been, although visitors still want to come to the United States.

Executive Director Beteta reported on the International Pow Wow and stated that it was a huge endeavor. The Commission partnered with the industry to have more than 5,000 delegates for Pow Wow, full staff and 200 appointments. CTTC repositioned with the new logo, and created a huge California branded section.

Lynn Carpenter and CTTC staff will be announcing the Mexico contract within the next few days. The CTTC is in the process of establishing six international Web sites in respective countries' languages, which will link back to the main visitcalifornia.com Web site.

Domestic Communications

Jennifer Jasper reported that the goal of the communications team is to make sure the CTTC represents all of California and to be a resource to all DMOs within the state. She stated that staff was in Miami for a media luncheon. She reported that the New York culinary event is in the planning stages and will include a California chef at the Culinary Loft. On the international side, staff will be holding a U.K. media event as well.

Welcome Center Status

Janice Simoni reported that the CTTC has designated three new Welcome Centers. Two of the Welcome Centers will be located on the Central Coast, with one in the Inland Empire. These Welcome Centers are serving approximately 16-20 visitors a month. She reported that the Oxnard Welcome Center would be opening this month as well. It was reported that the San Bernardino Welcome Center has chosen a "Route 66" theme and has been successful in getting partnerships and sponsorships.

Research Update

Executive Director Beteta reported that the CTTC currently has a research manager position open.

Other Business

Executive Director Beteta reported that the Governor's Canada Trade and Tourism-Mission will be at the end of May.

Commissioner Bilby reviewed the budget as handed out. She stated that increases in the operations budget required staff to reduce some marketing line items; however, she stated these line items will be backfilled at the end of the year with carryover funds.

Motion by Commissioner Anderson to approve the marketing budget for fiscal year 2007-2008 as reviewed for full Commission approval. Second by Anastasia Mann. Motion unanimously approved.

Motion by Bob Warren to authorize the Executive Director to spend up to $10,000 for local disaster relief grants and additional resources at a matching level that would come from carryover funds, with an amount of $50,000 from rollover funds to be used for seed funding of this line item. Second by Brian Baker. Motion unanimously approved.

Motion by Commissioner Anderson to allow staff to fund the items that were reduced and noted on the budget with the use of carryover funds. Second by Commissioner Meunier. Motion unanimously approved.

Public Comment

No public comment.

Adjournment

Motion by Commissioner Anderson to adjourn Marketing Advisory Committee meeting at 2:24 p.m. Second by Commissioner Dow. Meeting adjourned.