Marketing Advisory Committee
October 24, 2007
Newport Beach

Commissioner Bilby called the meeting to order at 10:35 a.m. Roll was taken and the following Marketing Committee Members were present: Commissioner Anderson, Brian Baker, Commissioner Bilby, Brad Burlingame, Andy Chapman, Commissioner Dow, Jerry Easley, Commissioner Erskine, Mark Feary, Marilyn Hannes, Christopher Hart, Leonard Hoops, Commissioner Jamison, Shozo Kagashima, Nancy Light, Patti MacJennett, Diane Mandeville, Mo McElroy, John McMahon, Mark Mears and Commissioner Meinhold.

Others present included Commissioner Fichthorn, Ann Gallagher, Barbara Steinberg, Bob Amano, Chris Hart, Cynthia Reynolds, Damon Eberhart, Dave Mering, Doug Traub, Elizabeth Hansel, Executive Director Caroline Beteta, Greg Carson, James Harris, Janice Simoni, Jean Johnstone, Jennifer Jasper, Kathy Anderson, Kathy Smith, Leona Reed, Lori Bartle, Lynn Carpenter, Matt Sabbatini, Matthew Boone, Tracy Garrett, Mike Kvarme, Maureen Garrett, Ross Hutchings, Sandy Lyon, Shana Nunez, Sommer McCormick, Sue Coyle, Susan Wilcox, Terri Toohey, Thomas See and Tom Ross.

Motion by Commissioner Meunier to approve meeting minutes of October 24, 2007. Second by Commissioner Dow. Motion unanimously approved.

Commissioner Bilby reported that the Commission is looking at $75,000 immediately for PR funds for wildfire relief. She reported that the committee would also like to set aside an additional $250,000 (with matching funds from the affected areas) for a coordinated effort with the local CVBs. She reported that she and staff held a conference call that morning with key members from the affected areas and have come up with a three-phase approach. Staff has been working on updating the www.visitcalifornia.com site daily with factual information regarding the fires. It was decided by the Committee to keep the additional $250,000 as a whole and not parse this out to each region.

Executive Director Beteta reported that she has also been on numerous calls with Governor Schwarzenegger's office in the past few days to get the message out that "California is open for business." She also reported that the Governor would be traveling the San Diego area on Thursday with President Bush.

Motion by Commissioner Anderson to allocate $250,000 to the recovery effort of the Southern California wildfires, as well as $75,000 for public relations efforts. Second by Commissioner Dow. Motion unanimously approved.

Executive Director Report

Executive Director Beteta reported that staff has been working diligently on the recent Southern California wildfire crisis and that staff will be holding a conference call the following day to discuss the recovery efforts. She reported that Secretary

Dale Bonner has been in contact and will be attending the reception this evening and will address the Commission.

She reported that at this meeting staff would be reporting heavily on referendum efforts. Executive Director Beteta recognized Terri Toohey for her dedicated service to the Division of Tourism and welcomed Sandy Lyon to the team.

She also reported that California travel market share is now at levels anticipated in 2010 and only 0.1 percent away from 2011 goals.

Executive Director Beteta reported that staff has been working vigilantly on a new 30-second Wine and Food spot that the wine industry (through the Wine Institute) has put forth an initial $750,000 for production.

Domestic Advertising Update

Commissioner Bilby reported that CTTC had a $13 million campaign last year and stated that SMARI will be reporting on some research of the campaign. Denise Miller of SMARI reported they measured domestic and western Canada in the research this year. She reported that domestic is up to 61% awareness and Canada is up to 73%.

Dave Mering of MeringCarson presented the creative for the new Wine and Food spot. He stated that this spot is intended to highlight California's wine and food. The spot will start running in February 2008.

Lori Bartle of MeringCarson reviewed the schedule for the upcoming domestic media campaign. Greg Carson of MeringCarson reviewed the new *Vanity Fair* insert and reported that this will be extended into online and print. He stated that the insert would run twice in the *Vanity Fair* magazine. He reported that new creative for a magazine print ad is being developed and CTTC also has a year-round Internet presence. He reported that they are looking to start banner advertising through Google.

Cooperative Marketing Activities

Lynn Carpenter reported that the California Snow Campaign is under way, working on retooling the creative and creating a new 30-second spot. She reported that the Treasure Hunt program and Fun Spots have secured research, which will advise participants on how to move forward with the programs.

International Report

Commissioner Handlery reported that the International Committee met in October and was focused on emerging markets. He reported that Asia is a huge market for California right now and the Committee has looked at how to be involved.

Executive Director Beteta reported that staff has developed benchmarks for international, and while funding is at $22 million this fiscal year, it is divided into three tiers.

It was reported that Smith Research completed the international research with a goal to establish the brand and develop booking patterns. Staff learned that the brand

positioning held true internationally with a few exceptions. She reported that the 30-second spot is suitable for U.K. and Germany, but was not suitable for Japan. She reported that during the research they found that California had very positive recognition and was often referred to as "the land of extreme."

Secondary Markets

Lynn Carpenter reported that staff is recommending 10 secondary markets and has decided to reallocate South Korea to a primary market. She reported that staff would be going out to RFP for an office in South Korea.

Executive Director Beteta reported that staff is looking to reallocate some budget lines to elevate South Korea to a primary market. Staff has been able to open a new office in Mexico, package extended promotion and launched the first consumer promotion in Japan.

Motion by Leonard Hoops to approve the reallocation of spending in order to elevate South Korea to a primary market. Second by Diane Mandeville. Motion unanimously approved.

Technology/Web Site

Lynn Carpenter reported on the launch of the new 2.0 Web site. She reported that the new site will be launched in November and will contain much deeper content and will also be translated into seven international sites.

Communications Update

Jennifer Jasper reported that the upcoming October 30, 2007, media event is sold out. Staff will be attending NTA and WTM in November, and staff has been developing a new high-definition photo library. She also reported that the *What's New* publication will be greatly expanded in future issues.

Welcome Center Status

Janice Simoni reported that there are currently 13 open California Welcome Centers in the state and that the Oceanside Welcome Center would be closed for two days due to smoke and ash from the wildfires. She reported that the Welcome Center Committee has been out to bid for a Mendocino County Welcome Center, and the state is still in need of Los Angeles and High Sierra Welcome Centers. Janice reported that staff has engaged Carl Ribaudo to develop a strategic plan that is integrated with rural tourism.

Other Business

Commissioner Bilby reported that the Commission and Marketing Committee members have in the past recommended that staff focus on consumer and travel trade. She reported that staff has received proposals that have requested the partnership of the Commission in an area that is not consumer or travel trade. She reported that if the Commission and Marketing Committee recommend supporting this partnership, CTTC would need to add additional staff resources to support this partnership. In addition, she reported that another request for partnership has been made by Monterey CVB and was rejected due to the focus being on incentive travel.

It was reported that the focus of the Commission right now is not on convention and incentive markets, and to accept these proposals the Commission would need to change the policy and focus. Commissioner Bilby reported that the Commission needs to clearly define incentive travel and if there are any other organizations that could be better suited to support incentive travel.

Motion by Brian Baker for staff to approve the Monterey proposal to support SITE as long as it meets third party guidelines. Staff will also form a task force to develop a policy on incentive travel and current proposal for IMEX. Second by Commissioner Anderson. Motion unanimously approved.

Commissioner Bilby reported after FY 06-07 there was a rollover of $5.3 million, and proposed the following expenditures: Increase to Marketing Reserve to $1 million; add $500,000 in to domestic advertising; increase agency public relations to $115,000; and contribute an initial $325,000 to the wildfire crisis effort. There would be an additional $2.1 million in rollover funds that can be allocated at a later time.

Motion by Commissioner Anderson to approve the spending of the above recommendation. Second by John McMahon. Motion unanimously approved.

Public Comment
None.

Adjournment
Meeting adjourned at 2:04 p.m.