

Marketing Advisory Committee Meeting
Hyatt Regency - Sacramento
April 28, 2009

The Marketing Advisory Committee meeting was called to order at 12:45 p.m.

Motion by Commissioner Anderson to approve minutes. Second by Commissioner Maurer. Motion unanimously approved.

Motion by Commissioner Anderson to approve agenda. Second by Commissioner Maurer. Motion unanimously approved.

Roll was called. The following Marketing Committee members and Commissioners were present: Rick Anderson, Jim Burba, Brad Burlingame, Andy Chapman, Jot Condie, Joe D'Alessandro, Jan Decker, Andrew Fichthorn, Rusty Gregory, Marilyn Hannes, Leonard Hoops, Kerri Kapich, Jay Jamison, Mark Liberman, Patti MacJennett, Diane Mandeville, Carol Martinez, Julie Maurer, Louis Meunier, Bob Muhs, Cormac O'Modhrain, Sima Patel, Woody Peek, Howard Pickett, Roy Ritenour, Thomas See, Don Skeoch, Kathy Turner, John Wagon, Bob Warren, Terry Westrope and Gillian Zucker. Staff and others present: Caroline Beteta, Jim Magill, Brooke Byrd, Troy Cantrell, Lynn Carpenter, Damon Eberhart, Antonette Eckert, Amanda Font, Heather Hudson, Jennifer Jasper, Mike Kvarme, Tim Lowery, Amber Luiz, Cris McLucas, Dan Mishell, Leona Reed, Matt Sabbatini, Gwynne Spann, Jonelle Tannahill and Susan Wilcox.

Vice Chair Wagon reported that the past three months have been busy, thanks to all Committee members and staff. The Advertising Co-op Symposium discussed the media plan and creative issues brought up at the last Commission meeting. The Communications Symposium met to hire a new media relations firm. The Welcome Center Symposium and Rural Tourism Symposium have also met.

There are some minor adjustments to the plan; staff has developed a 20% contingency plan in case revenue falls shorts. There have been numerous marketing programs and events over the last three months. CTTC is focusing on international marketing, and this meeting is focused on the approval of the marketing plan. Across the board, including all the committees and symposia, everyone is focused on the current economic situation, and all meetings have been about efficiency. Everything is on plan and going according to strategy. CTTC is very much focused on the target audience in both California's

domestic and international markets. He stated that CTTC is moving forward to market California, and that last three weeks have been very positive for the Commission.

CEO Beteta discussed action items from the last meeting that will be covered during this meeting. She reviewed the new 2009 *Road Trips* publication and discussed the 2009-2010 Marketing Plan. She also reported on how the frequency of CTTC's TV spots is driving visitation to California. The Southwest co-op is working well, with many cities reporting an increase of 6-9%. Overall, brand advertising in an ROI of \$263, and a tax ROI of \$17. CTTC is also working on integrating its Web interactive programs, with strong results being seen - 70% of Web users have seen the commercial.

Dan Mishell presented results from CTTC's international research. In terms of international brand advertising, the goal in Japan was to drive traffic to California. The brand had to be revamped to fit the market, with a target audience of office ladies ages 20-69 and baby boomers. The brand advertising campaign began in April 2008. So far, research shows that it corresponds to 12-15% of all travel from Japan - a great deal of increased spending from Japan. The Japanese market has been depressed, with an 8% decline over the past year; however, there is good growth within the U.K. CTTC has seen an increase in intent to travel over the previous year, which shows that brand advertising in the U.K. is doing the job.

Dave Mering of MeringCarson presented as a meeting sponsor.

Advertising

Don Skeoch, Chair of the Advertising Co-op Symposium, reported on domestic advertising. He noted that California is in the top three in market share. The effective reach of CTTC's brand advertising is at 49%; the public sees it a minimum of three times. He presented the domestic flow spend chart, noting that CTTC is covering different types of media coverage, with spots on air about 30 weeks out of the year.

The "Work" spot will expire next month, so different options were discussed. In the first option, the "Work" spot would be refreshed and re-sequenced. The second is to keep iconic attractions, but have less celebrity representation. The second option could include replacing the spot. This would incur costs of approximately \$750,000. Research has shown that 70% of viewers still have a positive reaction to the advertisements; only 4% had a negative feeling toward

the celebrities, and 25% to the luxury portion of the advertisement. The creative recommendation is to refresh the “Work” spot. CTTC will have equal weight on all three TV spots, and more airtime across multiple media channels. The breakdown of domestic media spend was presented.

Jim Magill of Sapient presented as a meeting sponsor.

Web Interactive

Kerri Kapich reported on the recent developments of the interactive program, noting that CTTC has been focused on building the foundation. She noted that in the consumer lifecycle, there is a discovery phase, as well as an active planning phase. People like to do things on their own while preparing to travel. CTTC is staying very active in the booking stage to win share from competitors. It is critical to ensure the Web site provides the tools that people want; we need content, and lots of it. Regarding social media, there are some innovative ways that California can become involved. Sapient has set up online tracking tools and is working with research and performance dashboards to ensure all programs and tracking are being managed and optimized. CTTC also creatively redesigned the deals section of the Web site, which has been well received.

CTTC also redesigned the home page of visitcalifornia.com, with visual elements being the key. The redesign will also be used for the international sites, part of Sapient’s audit to ensure all international sites have continuity. Newly launched this month is My Trips, a custom trip planner for travelers. It provides consumers a way to create their own trip based on elements from CTTC’s Web site. The next step is to examine CTTC’s databases of over 300,000 names to ensure all opt-in and opt-out rules are followed. With databases, names can be segmented to key groups.

Another key promotion in development is “California Fives,” where users can nominate their top five favorite things about California. This promotion will be launching in July, and CTTC is reaching out to partners to engage everyone. An additional promotion under consideration is the “California Engagement Council,” where people can vote for themselves as part of a new California “consumer council.” These are all ways to develop content. Finally, CTTC is also launching a new program with travel portals such as Travelocity and Expedia. Total Web and interactive spend for 09-10 is budgeted for \$2.8

million. Questions and comments regarding the Web and interactive program were discussed.

Rural Tourism

Andy Chapman reported on CTTC's past rural tourism efforts, and noted that there is a recognition that rural tourism is well supported throughout a variety of CTTC's programs and events. He noted that the group should consider how rural tourism assets are identified, and how to review the direct promotion of funding to each region. He noted that there had been discussion about combining regional funds, but the Rural Tourism Symposium had decided to keep the funds in each individual regional program. He also reviewed the funding procedures for rural organizations. The group decided to review communications procedures, as well as California's rural assets. The administration of the program is also being reviewed, while Webinars are being used with rural stakeholders to ensure easier collaboration.

He noted that the group is also developing a tool kit to assist rural stakeholders in developing their assets. The Symposium conducted surveys of how CTTC was fulfilling the five-year plan: 64% percent said that the funds were being used effectively, and 44% percent said the program was easy to use. He noted that rural destinations are now paying more attention to the program; as a result, interest is increasing. Bob Warren stated that CTTC's publications have significant sections that focus solely on rural California. There was also a discussion about renaming the term "rural," as it is not always understood around the world.

Vice President of Communications Susan Wilcox reported on CTTC's cultural partners and potential ways to develop and use those assets to promote California. She also noted that two very successful roundtables had been held to discuss sustainable tourism, with 50-65 people at each meeting. Welcome Centers were discussed at a previous meeting, but Wilcox noted that they are used to help keep consumers in the local area or region. The California Welcome Centers operate as franchises based on the official code that created them - CTTC is only able to offer limited funds for administration. This program was instituted by the government - all other costs are born by the franchisee.

Jan Decker reported on the proposals for new Welcome Centers, and stated that three different sites around the state were visited for evaluation as

proposed Welcome Centers. Although not all are qualified, Welcome Centers in Truckee and Tulare will be opening soon. Another request for proposal has gone out, with possibilities being considered in Mammoth and West Hollywood. Commissioner Anderson asked how the Welcome Centers are doing in this economy. Unfortunately, some of them are struggling. The Orange County and Anaheim Welcome Centers are trying to get back on track.

Communications

Carol Martinez reported on the new Communications Symposium. She reviewed CTTC's public relations work, and noted that there have been hundreds of articles. She reported on the Los Angeles Media Reception, where 68 media delegates and journalists from all over Southern California and Canada had the chance to discuss California activities and destinations. She also discussed the upcoming Pow Wow trade show and the San Francisco Media Reception. The biggest news on the PR front, however, is the recent extensive review process concerning the selection of a new public relations firm. Development Counselors International (DCI), based in New York and Los Angeles, will be coming on board in July. Andy Levine of DCI presented to the Commission.

Vice Chair Wagnon reported that CTTC has had an interesting transition over the past few years to its \$50 million budget. He emphasized that CTTC needs to ensure it has the best in class on its side to market California and steal market share from our competitors.

International Report

In terms of international visitation, 2008 was a good year for California. And, even though there has been a struggle in 2009, some of the international markets are holding up. Visitation from South Korea and China will both be picking up speed in the coming months as well. And, the only dip in Mexico is due to the air travel market.

Marilyn Hannes reported on international planning for 09-10. CTTC is looking at an international marketing matrix that will be a great tool in the future. CTTC is also developing a marketing maturity matrix, and will be looking for input.

Seasonality of travel is another component of CTTC's planning. Above all, CTTC is looking at barriers to travel, and how those barriers can be removed.

Two waves of TV brand advertising have hit in the U.K. The average stay for U.K. visitors is 9.3 nights, making them the perfect audience to explore California's depth and breadth of activities and destinations. CTTC has begun the request for proposal process in the U.K., with oral interviews slated for May 7. This summer, "Cutting Edge California" will also be returning to TV. In Germany, CTTC is focusing on public relations to deepen its efforts. In Australia, CTTC has 50% of the market share, and is focusing on the culinary market.

In Mexico, CTTC's challenge is to directly influence consumers. It's necessary to balance promotions with the travel trade and consumers. South America is treated as a secondary market. Soon, Tokyo airports are going to increase lift. Additionally, Japan is moving toward more technology usage, so CTTC is launching a mobile site in that market. A video on the China office opening was shown. The importance of government relations in China has to be the first priority. Woody Peek then reported on the charity golf tournament.

The budget was passed out and discussed.

Motion to approve budget by Commissioner Anderson. Second by Vice Chair Meunier. Motion unanimously approved.

There were comments that the budget was heavy in the U.K. We have the opportunity to run brand advertising in three international markets. Joe D'Alessandro stated that CTTC should look at Germany to reinvest going forward. There is potential that CTTC will have resources going into the program next year.

CTTC is looking at maximizing impact in California, and is heavily buying in California, along with national buys. Mark Liberman recommended caution when comparing statistics from 2008 with the fourth quarter of 2008 and 2009. He urged the group to examine issues the industry is facing today versus in 2008, and to find people with the greatest propensity to travel. It was noted that CTTC is contracting with three separate research entities to look directly at travel behaviors.

No public comment.

The meeting was adjourned at 3:13 p.m.