

**CALIFORNIA TRAVEL AND TOURISM COMMISSION  
MARKETING ADVISORY COMMITTEE  
MEETING MINUTES**

January 28, 2009

Location: St. Regis Hotel  
125 Third Street  
San Francisco, CA 94103

**PUBLIC NOTICE:** *No RSVP, notice or registration is required to attend this meeting. Members of the public may attend or speak at the Meeting without prior notice to the Commission. Signing, registering or completing an RSVP is voluntary and is not a requirement for attendance at any Commission Meeting. All persons may attend the Meeting regardless of whether he or she signs in, registers or RSVPs.*

Members present: Chair John Wagon, Rick Anderson, Claire Bilby, Brad Burlingame, Andy Chapman, David Cohn, Chip Conley, Jan Decker, Lina Fat, Mark Feary, Mike Gallagher, Jon Handlery, Marilyn Hannes, Leonard Hoops, Jay Jamison, Kerri Verbeke Kapich, Tom Klein, Patti MacJennett, Carol Martinez, Julie Maurer, Louis Meunier, Bob Muhs, Sima Patel, Kathy Paver, Woody Peek, Howard Pickett, Cody Plott, Thomas D. See, Don Skeoch, Kathy Turner, Bob Warren and Terry L. Westrope.

Members absent: Kimberly Adams, Jennie Bartlett, Emily Bird-Hrivnak, Dale E. Bonner, Jim Burba, Brian Carpenter, Jot Condie, Mary Jo Ginther, Chris Hart, Douglas Manchester, Diane Mandeville, Anastasia Mann, Reginald R. McDowell, Cormac O'Modhrain and Gillian Zucker.

Staff present: Caroline Beteta, President and Chief Executive Officer  
Damon Eberhart, CPA  
Mike Kvarme, Legal Counsel  
Matt Sabbatini, Director of Finance and Human Resources  
Lynn Carpenter Schumann, Vice President of Marketing  
Susan Wilcox, Vice President of Communications

Other appearances:

Gregg Gant, Custom Marketing Group	Jo Palmer, CTTC Australia/New Zealand
Rosita Wong, CTTC China	Yoichi Hayase, CTTC Japan
Emily Kim, CTTC South Korea	Bob Chambers, CTTC United Kingdom
Alex Pace, CTTC Mexico	Martin Walter, CTTC Germany

## **1. ROLL CALL**

Chair Wagon called the meeting to order at 10:20 a.m. After reading the Public Notice (see above), Director Sabbatini called the roll.

## **2. OPENING REMARKS**

Chair Wagnon began by reiterating the CTTC timeline: October through January is the time to reach out and gather input from the industry; February through May is when the tactical planning takes place and work begins on the final budget; and July through September is when everything is put into place for the coming year.

Committee chairs met previously to discuss how to best deal with the current economic situation. The unanimous conclusion was to stay the course in regards to CTTC's marketing efforts. It was felt that keeping the California brand out in front of the marketplace and maintaining it consistently were the most important actions from a long-term perspective. Additionally, if other destinations and competitors decrease their marketing efforts while CTTC stays the course, it gives CTTC a (relatively) bigger share of voice in the marketplace.

CTTC has implemented some creative changes to create a stronger sense of urgency, to distribute a retail-oriented message, and to look at opportunities in closer-in markets to get the message out.

The International Summit, held concurrently with the January meeting, was a fabulous success. Wednesday's forum was attended by 120 people, creating numerous networking possibilities, with incredible presentations. The new China office team has been selected from an exceptional pool of candidates, and their enthusiasm level is very high as they prepare for the official opening of their offices. Additionally, the BBC "Cutting Edge California" has come to fruition, airing internationally, while a British Airways program has also been developed.

The Amgen Tour of California cycling event will be starting in two weeks. Lance Armstrong and other well-known professional cyclists will be racing, so CTTC anticipates tremendous exposure and viewership of the event and surround festivities.

There are two new Chairs – Carol Martinez from LA INC., who will oversee the new Communications Symposium, and Marilyn Hannes from SeaWorld, who will chair the International Advisory Symposium.

## **3. REPORT OF THE CHIEF EXECUTIVE OFFICER (CEO)**

CEO Beteta began her report by recognizing the new international offices from South Korea, China and Mexico, and introducing the agenda for today's meeting.

She reiterated that the strategic objectives of the five-year plan remain essentially unchanged, although there have been some course corrections that reflect the current recessionary environment. For example, the Commission has decided that it will not participate in IMEX this year.

Prior to the Committee updates, Gregg Gant, Custom Marketing Group, gave a brief presentation on co-op marketing.

#### **4. COMMITTEE UPDATES**

CTTC Vice President of Marketing Lynn Carpenter provided a presentation detailing the economics of recent CTTC advertising, which has produced a very high level of recall, resulting in repeat visitation occurred. Total costs and ROI were also discussed.

Commissioner Handlery began the International Symposium Report by thanking CTTC and international staff for their help during his tenure as Chair of the International Symposium. He then turned the meeting over to new Chair Hannes. Chair Hannes introduced the representatives from each country, who provided a snapshot of each country's travel and tourism status and the various marketing strategies utilized.

- Rosita Wong discussed the new China offices, which are in Beijing, Shanghai and Guangzhou. The combined population of the three cities is about 50 million. Only about one percent of the people they talk to have been to California; thus, there is much room for growth.
- Emily Kim talked about CTTC South Korea, which opened in August 2008. About 1.2 million Koreans live in California, and they are utilizing that population to help them increase leisure travel to California. As of November 2008, Koreans can now travel visa-free, which will also help open up the travel market.
- Alex Pace provided a brief overview of the Mexico market, which opened in September 2008, and discussed their plans for 2009.
- Jo Palmer, CTTC Australia/New Zealand, stated that in 2007, over 430,000 people in her region visited California, spending over \$403 million. They stayed an average of 8.1 nights in California – an average of 26 nights total in the U.S. The biggest current challenge in this market is the difference in the exchange rate: six months ago, the rate was 97.9 cents per U.S. dollar; today it's around 65 cents.
- Yoichi Hayase discussed the economic outlook and trends in Japan. He commented that as Japan is a very "tech-savvy" country, online marketing is proving highly successful. They anticipate 2010 as the "comeback" year for Japanese travel and trade, with the expansion of major Japanese airports serving as the key element in that comeback.
- Bob Chambers remarked that the U.K. is still the number one market into California, with 830,000 visitors in 2007, an increase of 11% from the previous year. Ireland is the #1 country for overall market increase. In these markets, the

partnership with British Airways will help drive CTTC marketing messages, and e-marketing measures will continue to increase as well.

- Martin Walter from CTTC Germany stated that last year showed an exceptional increase in the number of German travelers coming to California and the U.S. Planning strategies for the coming year include training programs, heavy emphasis on the Internet and e-marketing, and group trips highlighting the wine and food lifestyle element.

Chair Hannes reported that much discussion occurred about how to get the international traveler beyond the gateway destinations and into California's more rural areas. CTTC is working with its international offices to better understand the cultural differences involved; for example, which visitors are most willing to drive, and how CTTC can encourage tourists to drive.

Commissioner Skeoch presented the domestic advertising co-op update. Domestic media spend has been set at \$12 million for the year, and the decision was made to stay the course on expenditures. The current multi-layered approach will continue, with greater integration of CTTC's core brand messages.

Kerri Kapich discussed CTTC's Web/interactive initiatives. CTTC has been working with Sapient for about three months, researching and analyzing the domestic and international sites and determining protocols for moving things forward in a cohesive and consistent manner. The interactive vision is "to inspire travelers to choose California and to deepen their overall California experience by delivering information and essential travel tools whenever travelers want to travel and when it's most useful." Key metrics include time spent on the site, site traffic and abandonment rates. These metrics can be used to meaningfully track the key component – time spent on planning travel.

One key finding of Sapient's research is that while CTTC's Web site content reaches very deep, it's buried and difficult for consumers to find the information they need. Therefore, CTTC's first step will be to modify the home page to better surface that content, making it more accessible.

Bob Warren discussed the new *California Visitor's Guide* publication. He described it as the best visitor's guide in America. This year's guide has all-new photography, while the *Official State Map* inside has trip ideas and must-see destinations. Additionally, 500,000 *California Road Trips* guides will be bound into the June issue of *Sunset* magazine.

CTTC Vice President of Communications Susan Wilcox reported on CTTC's endeavors to spread the California message. CTTC's Public Affairs program is growing rapidly – staff is working with various trade associations to refine and define the CTTC message across industry segments. CTTC will also be rolling out a 100-photo digital database to domestic and media stakeholders. New Chair Carol Martinez discussed the recent Communications Symposium.

Andy Chapman stressed the importance of promoting rural tourism to the visitors of the state, stating that the depth of the rural product needs to be better understood. Additionally, CTTC is gathering information about sustainability efforts of rural communities. The California Cultural and Heritage Tourism Symposium was held in Ventura in mid-January, and was very successful despite the current economic climate.

Bob Warren discussed the Airstream mobile Welcome Center, which will be traveling to various California events and festivals, beginning with the Amgen Tour of California.

Jan Decker talked about the new California Welcome Centers (CWCs) that will potentially be opening in the near future. A new CWC survey is being developed and will be introduced in spring 2009. Additionally, CalTrans and the CWCs are working together to create maps and brochures highlighting CWC services and locations, which will be posted at CalTrans Rest Areas, with brochures distributed through the CWCs. Jupiter Bay Touch-for-Info has been awarded the interactive kiosk project, with a goal of making CWC services available 24/7. A CWC online toolbox on Sharepoint was launched in October to publish resource information that CWC personnel need to run their CWCs. The Santa Ana Welcome Center will be closing at the end of the month.

### **Commissioner Comments**

Commissioner Kurzweil stated that everyone needs to take note of how to talk to the country over the next 12 months, as the concept of “conspicuous consumption” is no longer in favor. He urged extreme sensitivity to the message and branding as CTTC moves forward. Commissioner Plott commented that, as California is a place that people aspire to be, CTTC needs to leverage that. Although the message may need to be altered, we must not lose sight of California’s prominence as a vacation location. Chair Wagnon responded that both issues need to be sensitively addressed in the messaging presented. CEO Beteta stated that CTTC is attempting to achieve that balance point with all print and interactive media.

Commissioner Anderson asked about the economic health of the CWCs. CEO Beteta responded that all the CWCs are voluntary organizations created from community members and local leadership. They operate on their own budget and have a franchise partnership alliance with CTTC. She stated that the CWCs are experiencing the same economic reality as the other businesses in the room and need our continued support. They are an important network, and CTTC wants them to grow.

Commissioner Cohn asked if it would be possible to look at total spending versus California’s competitors to see how the current economy is affecting spending in Florida, Arizona, Las Vegas, etc. CEO Beteta replied that it would be made available at the next meeting.

Commissioner Grier commented on the relative ease of air travel from particular countries, especially Korea. In addition, he stated that Japan is a tough market right now. The timing of advertising in those countries and remaining flexible in planning will be

very important because of these volatile times. Commissioner Kurzweil stated that airline run rates should also be looked at.

Chapman encouraged the Commission to consider altering the \$5,000 annual fee paid annually by each Welcome Center. Additionally, he stated that as the \$30,000 paid to each Rural Regional Marketing Group is very well leveraged, further consideration should be given regarding the amount.

Kapich encouraged discussion about continual increases to the Web/interactive investment due to its ability to reach such a large audience and to grow databases that will provide continual communication with travelers.

## **5. BUDGET UPDATE**

CEO Beteta presented an overview and comparison of the 08-09 budget, the provisional 09-10 budget, and the previously approved three-year budget planning document.

**Upon motion by Commissioner Gregory, seconded by Chapman, the provisional Fiscal Year 09-10 budget was unanimously approved.**

## **6. FUTURE AGENDA ITEMS/PUBLIC COMMENT/ADJOURNMENT**

Commissioner Anderson asked that the situation with the Welcome Centers and rural tourism generally be agendized and discussed in depth.

Seeing no public comment, Chair Wagon asked for a motion to adjourn the Meeting.

**Upon motion by Commissioner Anderson, seconded by Commissioner Gregory, the Marketing Advisory Committee Meeting adjourned at 12:50 p.m.**