

CTTC Marketing Advisory Committee
Omni Hotel
Los Angeles, CA
May 20, 2008

The meeting was called to order at 12:26 pm. Roll was taken and the following Marketing Committee members were present: Commissioner Wagnon, Kathy Anderson, Commissioner Anderson, Emily Bird-Hrivnak, Andy Chapman, Mark Feary, Leonard Hoops, Commissioner Jamison, Kerri Verbeke Kapich, Patti MacJennett, Diane Mandeville, Anastasia Mann, Mo McElroy, John McMahon, Mark Mears, Kathy Paver and Bob Warren.

Others present included: Secretary Dale Bonner, Bob Amano, Kim Baker, Robert Baracz, Lori Bartle, Caroline Beteta, Claire Bilby, Tammy Billings, Matthew Boone, Commissioner Burba, Brad Burlingame, Kat Burnside, Lynn Carpenter, Guy Chambers, Pamela Coffey, Commissioner D'Alessandro, Mary De Horos, Damon Eberhart, Antonette Eckert, Commissioner Fat, Tracy Garrett, Pettit Gilwee, Kari Gleeson, Commissioner Gregory, Commissioner Grier, Commissioner Handlery, Tammy Haughey, Philip Horowitz, Ross Hutchings, Zak James, Jennifer Jasper, Jean Johnstone, Kerri Kapich, Rob Kazmierski, Commissioner Klein, Mike Kvarme, Commissioner Kurzweil, Commissioner Liberman, Sandy Lyon, Commissioner Maurer, Sommer McCormick, Diana Meinhold, John Mergen, Dave Mering, Commissioner Meunier, Denise Miller, Commissioner Muhs, Greg Murtha, Commissioner O'Modhrain, Commissioner Sima Patel, Marcine Perry, Richard Peterson, Jeff Phillips, Commissioner Plott, Deborah Polte, Leona Reed, Cynthia Reynolds, Howard Richards, Lauren Schlau, Thomas See, Don Skeoch, Cathy Smith, Gwynne Spann, Martin Stoll, Glenda Taylor, Jon Trumbull, Commissioner Turner, Tiffany Urness, Commissioner Westrope, Karen Whitaker and Susan Wilcox.

Motion by Bob Warren to approve minutes of January 24, 2008. Second by Andy Chapman. Motion unanimously approved.

Vice Chair Wagnon stated that the Marketing Advisory Committee structure will be reviewed with staff, and changes will be proposed to the Committee. Commissioner Wagnon has asked staff to report back to the Commission on recommendations of how to define and create a structured environment and make formal appointments, as well as creating an attendance policy. He reported that the Executive Committee will be reviewing the recommendations by July 1, and will make a formal announcement. Marketing Committee members will need to reach out to CEO Beteta or Vice President Lynn Carpenter to continue or participate in the Marketing Advisory Committee.

CEO Report

CEO Beteta reported on the planned Commission operations for year two of the \$50 million marketing plan. She reported that CTTC has completed hiring for most staffing needs, and is now looking ahead in a planning process. Staff has asked for feedback for length of meetings, etc., and is looking for committee recommendations. Staff is also in the process of undergoing three major RFPs: South Korea and China representation offices, as well as an interactive agency. CEO Beteta reported that a new snow brand spot, called "Ambitious," just finished

filming. On the international front, CTTC is excited to be working on strategic long-term goals.

She reported that action items from the January Marketing Committee Meeting were reviewed. CEO Beteta also reviewed the 08/09 Strategic Plan and Milestones, as well as the Guiding Principles and Benchmarks. CTTC has ramped up to national cable advertising that can be measured in a year-to-year competitive analysis. It was reported that last year, brand advertising influenced almost 5 million visitors. She reported that there is a year-to-year correlation on spending with market share, and CTTC is continuously looking for ways to deliver these metrics.

Key factors for the upcoming year are economic climate and international issues. International visitation is up, and the industry is waiting on visa waiver - with that, Korean travel is expected to triple. CTTC will run programs in China to help open up the market. CEO Beteta stated that staff continues to evaluate CTTC's role in destination marketing. With the introduction of Web-based media, CTTC is looking closer at converting prospects into buyers, but is also working to determine the appropriate balance point between macro and micro media. CTTC is continually working on Web-based content, and is looking to expand seasonal coverage.

Domestic Advertising/Co-op Update

Commissioner Wagnon stated the need to look at additional ways to increase marketing dollars, such as a year over year program, as well as a status-quo refinement. CTTC is looking to beef up the retail aspect of the brand ads to avoid missing a call to action. There are many new effective programs, including an impressive opportunity with the forthcoming U.K. program.

Committee Chair Claire Bilby reported that the Ad/Co-op Committee has met, as well as the Wine and Food Committee. The Wine and Food Campaign is generating a lot of momentum, which will be reported on at the next Commission meeting.

Tammy Haughy of MeringCarson reported on the FY 08/09 domestic advertising plan. Research shows that CTTC programs have increased significantly since 2006, introducing two new brand ad components. It is important to gauge the economy when planning for the advertising buy, as all of the indicators show consumers are downsizing vacations and staying closer to home.

Staff is examining key feeder markets into California, as well as adding time-sensitive information into the program. On television, CTTC is looking to follow the Southwest model and create a 20/10 spot that will bolster the key feeder markets. The goal is to focus on the consumer, as the consumer-driven approach will help drive interest. Two strategies were developed to identify the people who want to embrace the California attitude. CTTC also wants to ensure that it responds to economic conditions by creating differentiation from competitors. Focus targets and the domestic media plans were reviewed, and the Southwest Airlines partnership will continue. A Wine and Food co-op will run in the spring, with a budget of \$15 million for advertising. It was also reported that print advertising is increasing significantly.

The Committee discussed the issue of West coast versus national advertising. Mike Kvarme noted that a 2/3 Commission vote is required for budget approval if more than 15% of the budget is spent in California.

Vice President of Marketing Lynn Carpenter reported on the new co-op structure and how CTTC will move forward with co-ops. Co-ops have been broken into strategic alliances and marketing partnerships. The policy for strategic alliances is to have a \$500,000-per-year commitment to participate. For marketing partnerships, a 3-1 ratio is necessary, and they would be integrated programs.

Vice President Carpenter reported on a new opportunity with BBC to create a co-op campaign. BBC will create a documentary of California and distribute throughout the world into 150 million homes. She reported that this started as a U.K. program and has grown to a cross platform worldwide. Deliverables include the 150 million households, with CTTC underwriting the cost of six 30-minute segments. CTTC would receive online usage of the material, and there would also be in-flight syndication. Michael Atwell was introduced and reviewed the program, "Cutting-Edge California," in depth.

International Report

The Committee received a report from the International Committee. The Commission is focused on specific key markets, and this year CTTC is spending approximately \$21 million internationally. CTTC now has an 18-month calendar for cooperative opportunities. CTTC staff is conducting oral interviews for South Korea representation, and should have a choice by June.

Vice President Carpenter stated that staff put together a matrix to review international programs, and market spending was reviewed. She also reported that CTTC is conducting research for Mexico to look at the drive market to California. Vice President Carpenter reported that the plan is to not have any brand advertising in South Korea/China at this point, but to set up office representation. The Committee discussed the merits and priorities of China versus South Korea. CEO Beteta stated that the International and Ad/Co-op committees will be reconvened to look at the spending plans for each country.

Vice President Carpenter reported that in Canada, CTTC is working on a co-op with the Wine Institute. In the U.K., CTTC will continue to move forward with media. In Japan, CTTC has created new brand advertising creative.

Technology/Web Site/Publications/Fulfillment

Kerri Kapich reported that CTTC has been building a platform that is scalable for the future, resulting in the launch of the new Web site. She reported that CTTC has been working on finding an interactive agency, with the RFP receiving 12 proposals. All proposals will be reviewed by the end of June. The purpose of the interactive agency is to drive more traffic to the Web site, building on the 40% increase to the site since the launch of Web 2.0.

Welcome Center/Rural Update

Vice President of Communications and Industry Relations Susan Wilcox reported that the Welcome Center and Rural programs have created a new, in-depth

strategic plan. The new Committee chair, Andy Chapman, reported that this plan, introduced in January, will be incorporated in the new B2B Web site. The overall goals of the plan are to support marketing efforts and increase awareness in the rural regions, in addition to supporting and synchronizing with the California Welcome Centers. CTTC has launched the plan to help leverage the Rural Tourism Program, California Welcome Centers and California Cultural and Heritage Tourism Council. There will be a statewide RFP on the Web site to invite new regions to apply for Welcome Center locations.

FY08-09 Marketing Budget Approval

Commissioner Wagnon reviewed the marketing budget as presented. The Committee discussed use of \$2 million in funds carried over from last year's budget. The proposal was to set aside \$1.5 million for domestic spot markets, \$120,000 for digital assets, \$500,000 for South Korea, \$117,000 for industry events and an additional \$30,000 for fairs.

Motion to approve the Marketing Plan for FY 08-09 as presented, with the allocation of international office spending within the total international budget to be re-reviewed by committees, as well as setting aside the allocation of carryover funds for Commission approval. Second by Patti MacJennett. Motion unanimously approved.

Other Business

A task force was convened to review incentive travel. The task force is to consider creating a \$20,000 budget line item to participate in one incentive program each year.

Public Comment.

None

Adjournment

Motion by Commissioner Wagnon to adjourn. Motion unanimously approved.
Meeting adjourned at 2:30 p.m.