

CTTC Spring 2008 Domestic Ad ROI- Preliminary

December 18, 2008

Prepared by Strategic Marketing & Research, Inc.

2008 Advertising Strategy & Campaign

- Total budget of \$15.2 million (not including the snow campaign)
- Three linked efforts were used during 2007/2008:
 - **California Attitude:** continuation of the brand-building program with new television commercial.
 - **California Insider:** a print campaign aimed at primary domestic markets, providing real, timely reasons to visit California,
 - **Culinary California:** a campaign that focused on the trend of food and wine as a driver of destination choice and highlighted California's assets in this area using a combination of television, print, and online advertising.
- The budget allocation for these efforts was:

<u>California Attitude</u>	<u>\$ 10.3 million</u>
<u>California Insider</u>	<u>\$ 1.2 million</u>
<u>Culinary California</u>	<u>\$ 3.7 million</u>

Overview – Incremental Travel

Incremental travel depends upon:

1. The ability of the advertising to reach a broad audience;
2. The effectiveness of the marketing message(s); and
3. The differences in visitation between those who saw advertising and those who did not.

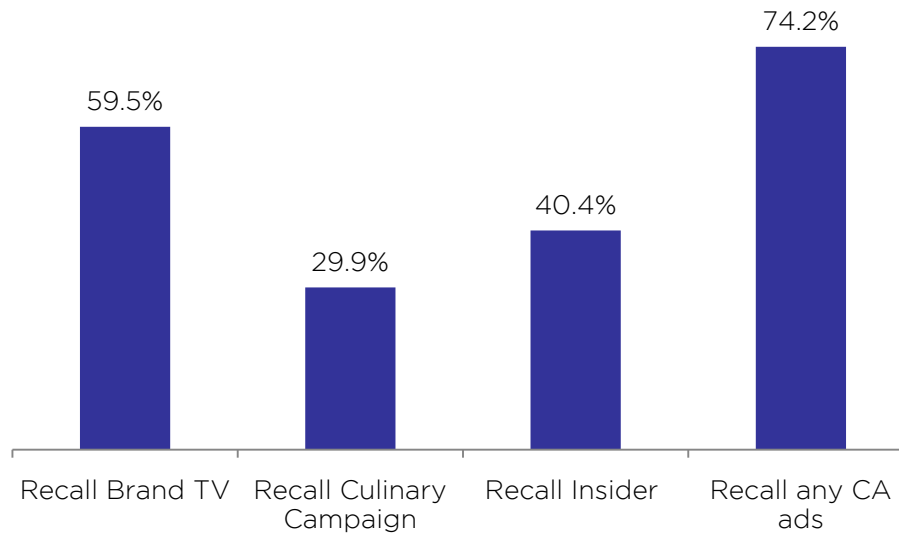
Thus incremental travel can increase – even when overall travel decreases – if the advertising is effective.

Conservative measure and does not measure the impact of the brand in terms of creating loyal customers and maintaining travel.

Preliminary measure of ROI – timing of the measure for ROI was changed to address changes in Fall Campaign strategy. A final ROI measure will be conducted in early 2009 for the total 2008 advertising efforts.

Advertising Recall

- Overall recall rose from 61.1% to 74.2%.
- This is an extremely high level of recall and indicates that CTTC has effectively saturated the market with its advertising efforts.

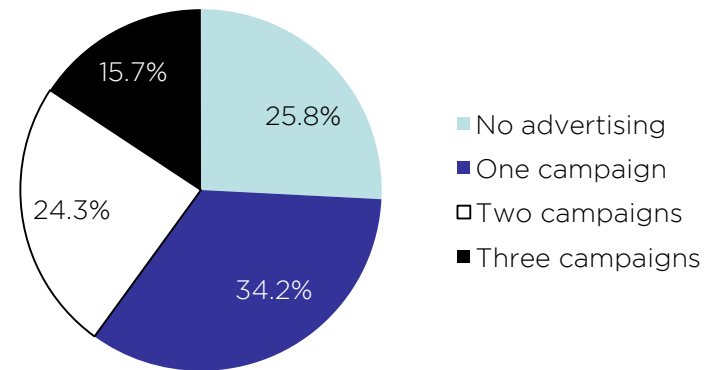
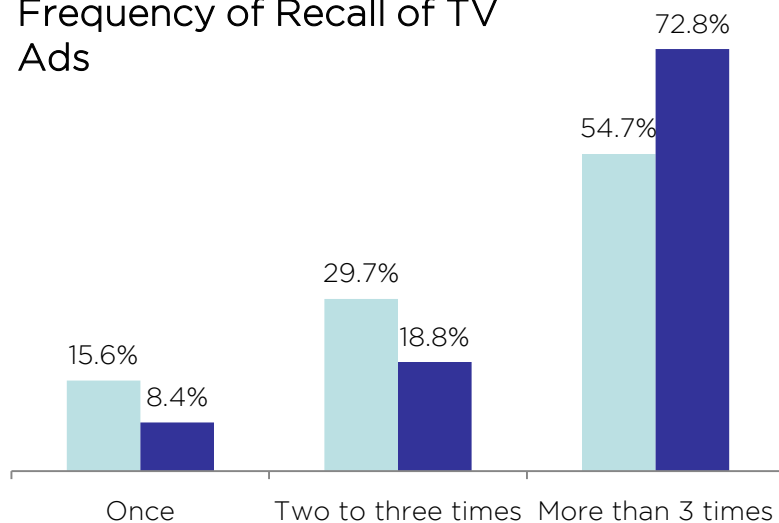


Recall of Insider is only within Western Markets

Frequency of Recall

- What the advertising did achieve was much greater frequency of exposure.
- Almost three-quarters of the consumers recalled seeing the television ads more than 3 times. In past efforts, increased frequency was linked to stronger impact, in terms of generating interest in visiting.
- Additionally, about half of the consumers saw more than one of CTTC's advertising efforts.

Frequency of Recall of TV Ads

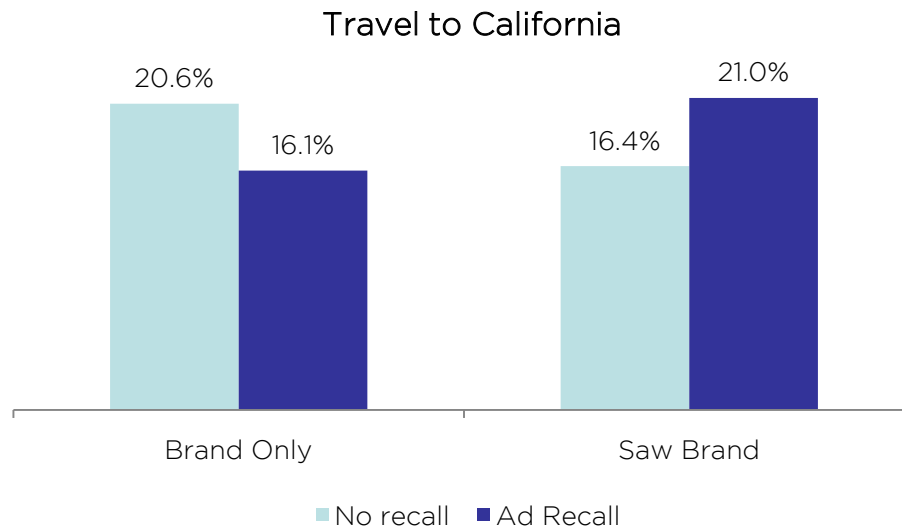


Evaluation of Creative

- The brand campaign continued to receive strong positive ratings, and was linked to an increase in interest in visiting the state.
- The two new campaigns – the Culinary and Insider campaigns – had a more targeted appeal. The most positive finding was that there was synergy between the brand campaign and the more targeted efforts.
- Those who saw more campaigns had a stronger image of the state.
- Recall of multiple campaigns also was linked to a higher likelihood to visit.
- These findings indicate that the combination of three strong messages was an effective way to position California as the best place for a leisure vacation.

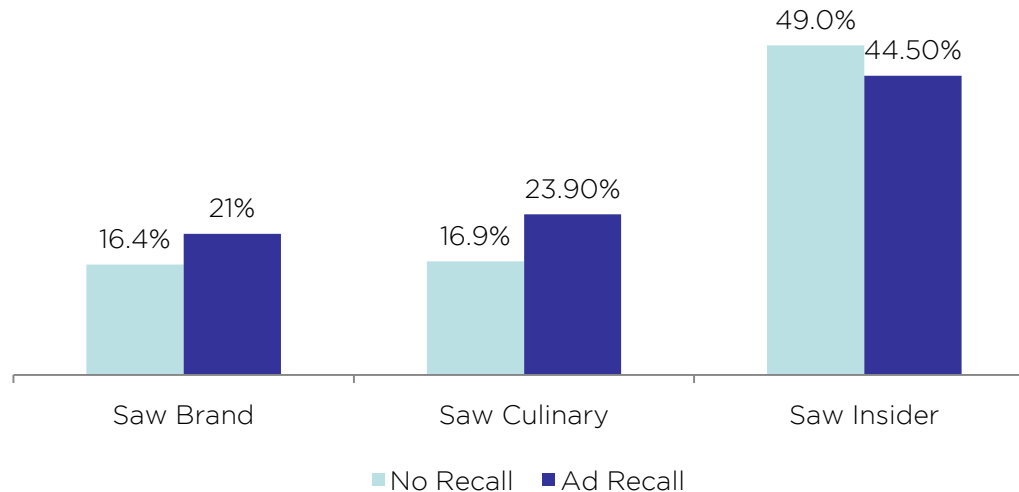
Brand Campaign

- If this year's campaign had included only the Brand advertising, there would not have been incremental travel. Those who only saw the Brand campaign did not visit at a higher level. When everyone who saw the Brand campaign are included (this includes people who saw other CTTC advertising), there was a positive impact.



Impact of Campaigns

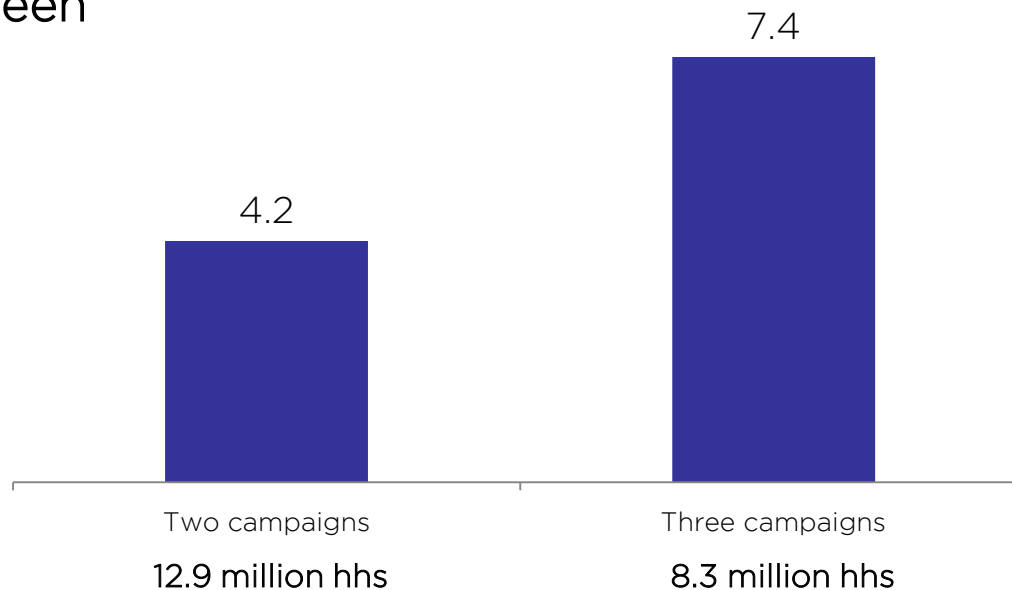
- There was no incremental travel among any groups who saw a single campaign.
- But, as shown, among those who saw the Brand or Culinary campaigns, there was more travel, although most of these people saw some other CTTC advertising.
- There was no impact among those who had seen the Insider campaign. Of course, there is overlap among recall for the various campaigns, and therefore it is critical to assess the synergy between campaigns.



Impact of Multiple Campaigns

- In fact the synergy between the campaigns is evident in terms of the impact on incremental travel. The more campaigns that consumers are exposed to, the stronger the impact of the advertising efforts. The layered approach had a major impact on travel and provided a good way for CTTC to attract additional visitation.

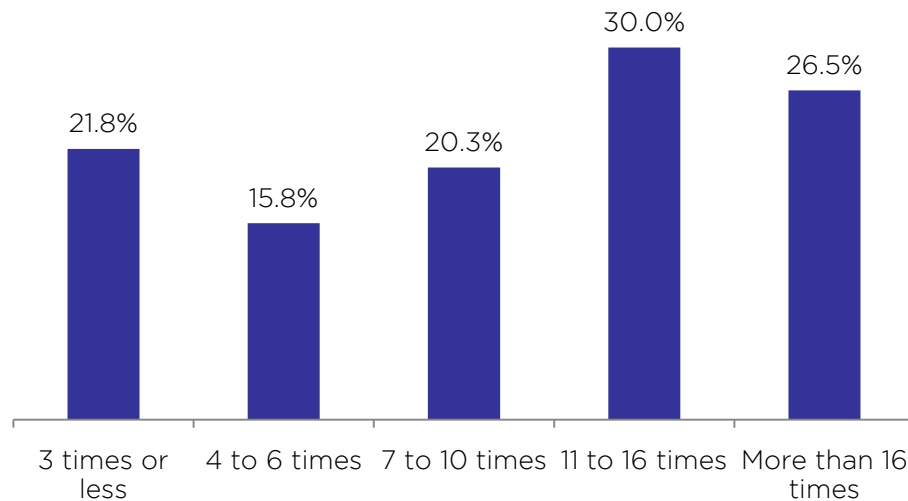
Increased Travel by Number of Campaigns Seen



Impact of Frequency

- One thing that has less influence on visitation is seeing the California television spots multiple times. While a very high degree of frequency makes a difference, the impact on visitation is not strong until consumers recall seeing the spots more than 10 times. This suggests that aiming for more overlap between the campaigns is more critical than additional frequency for television.

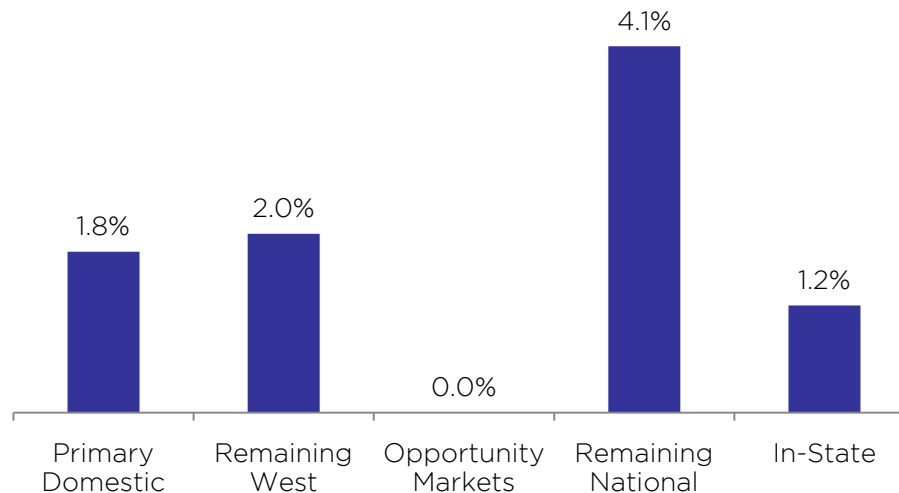
Visitation to California by Frequency of Television Recall



Impact by Market

- Incremental impact varied by geographic area - with strongest among the remaining national markets, and no impact in the Opportunity markets
- It is also critical to consider the size of the markets, as this influences the actual impact.

Incremental Increase in Visitation to California



Incremental Trips

- The increments vary from none to 4.1%, but the number of trips varies much more significantly. Almost all of the incremental trips were generated from the National market – once the targeted areas are excluded. The Primary Domestic markets were the next highest source of additional trips.
- The importance of the remaining National market is basically due to the size of the population base. The national cable advertising allows CTTC to reach a broad audience and promote visitation to the state.

	Primary	Remaining West	Opportunity	Other Nat	In-state	Total
Aware Households	2.7 million	1.9 million	4.1 million	24.9 million	5.6 million	39.3 million
Incremental Travel	2.90%	2%	0	4.10%	1.20%	3.1%
Incremental Travel	80,985	38,670	0	1,022,251	67,364	1,209,270

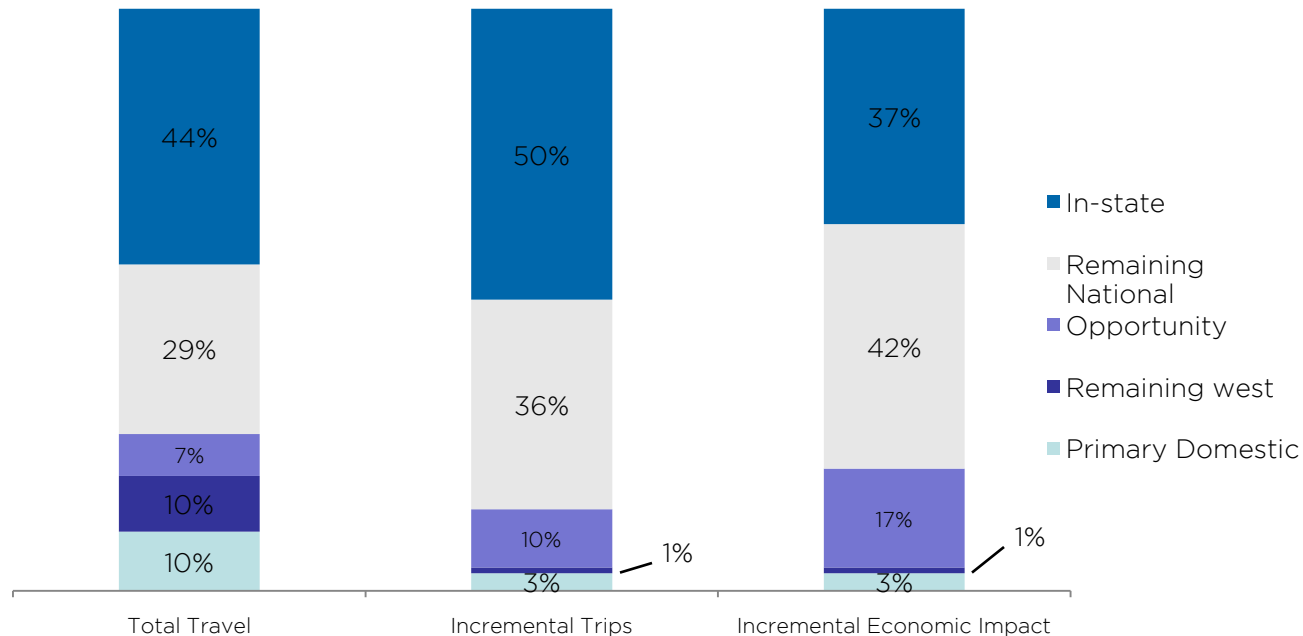
Repeat Visitation

- Additional impact comes when those who saw the ads reported a higher level of repeat visitation to the state.

	Primary	Remaining West	Opportunity	Other National	In-state	Total
Incremental Travel	80,985	38,670	0	1,022,251	67,364	1,209,270
Repeat Visitation	0	0	0.07	0	0.5	
Additional trips	0	0	288,244	0	1,375,342	1,663,586
Total Trips	80,985	38,670	288,244	1,022,251	1,442,706	2,872,855

Geographic Markets

- One way to consider the importance of the various geographic markets is to look at how they perform in contributing to overall travel, incremental trips, and incremental economic impact. The Primary Domestic and Western markets each account for 10% of the trips to the state – but they account for much less of the incremental impact. The importance of the Opportunity and Remaining National markets is their incremental impact, while residents generate a lot of trips, but less economic impact.



Incremental Travel Comparisons

- Comparisons to 2007 show that there were increases in incremental travel in the Primary Domestic, Remaining National, and In-state markets. There were decreases in incremental travel among the Other Western and Opportunity markets.

	Primary Domestic	Other Western	Opportunity	Other National	In-State
2007	20,577	53,394	573,424	850,353	1,097,799
2008	80,985	38,670	288,244	1,022,251	1,375,342

Economic Impact

- Overall, the campaign generated more than \$4.7 billion in additional spending in the state. The majority of the economic impact was generated via trips from either the Remaining National markets, or In-state residents.

	Primary	Remaining West	Opportunity	Other National	In-state	Total
Total Trips	80,985	38,670	288,244	1,022,251	1,442,706	2,841,501
Average Trip Expenditures	\$1,577	\$1,782	\$2,715	\$1,948	\$1,212	\$1,643
Economic Impact	\$127.7 million	\$68.9 million	\$782.5 million	\$1.99 billion	\$1.75 billion	\$4.7 billion

Year-to-Year Comparisons

- The results for 2008 are quite similar to 2007 – even though the results for 2008 are **only preliminary**. This indicates that the effectiveness of the 2008 spring campaign was strong, and it is very likely that the overall effectiveness – including the ROI and Tax ROI – will surpass 2007.

	2006	2007	Preliminary 2008
Trips	1,543,325	2,595,547	2,872,855
Average Expenditures	\$1,268	\$1,126	\$1,643
Economic Impact	\$1.96 billion	\$2.92 billion	\$4.7 billion
Tax Revenue	\$126,659,176	\$189,077,364	\$305,326,362
Campaign Expenditures	\$4.4 million	\$9.03 million	\$15.2 million
ROI	\$445	\$323	\$310
General Fund ROI	\$29	\$21	\$20

Conclusions

- The layered messaging used in 2008, which included the Umbrella Brand, Culinary, and Insider campaigns, worked well to reach a large target audience, and synergy between the messages generated a strong impact in terms of travel. CTTC should continue to use multiple messages and campaigns that create synergy.
- The use of multiple media also worked well this year, and the print efforts supported the major television campaign. The use of inserts such as the Insider effort was especially strong in attracting readership and extending reach.
- The impact of multiple viewings of the television was not as clear, especially with fewer than 10 viewings (across multiple ads). At this point the layered approach and ensuring that consumers see multiple messages is more important than increased television frequency.
- There was a major increase in per trip spending this year also, which indicates the efforts are also attracting higher quality visitors.
- In terms of markets, the national market is critical and generated the largest share of incremental trips and economic impact.