

UK Market Return on Investment Topline Summary

December 2008

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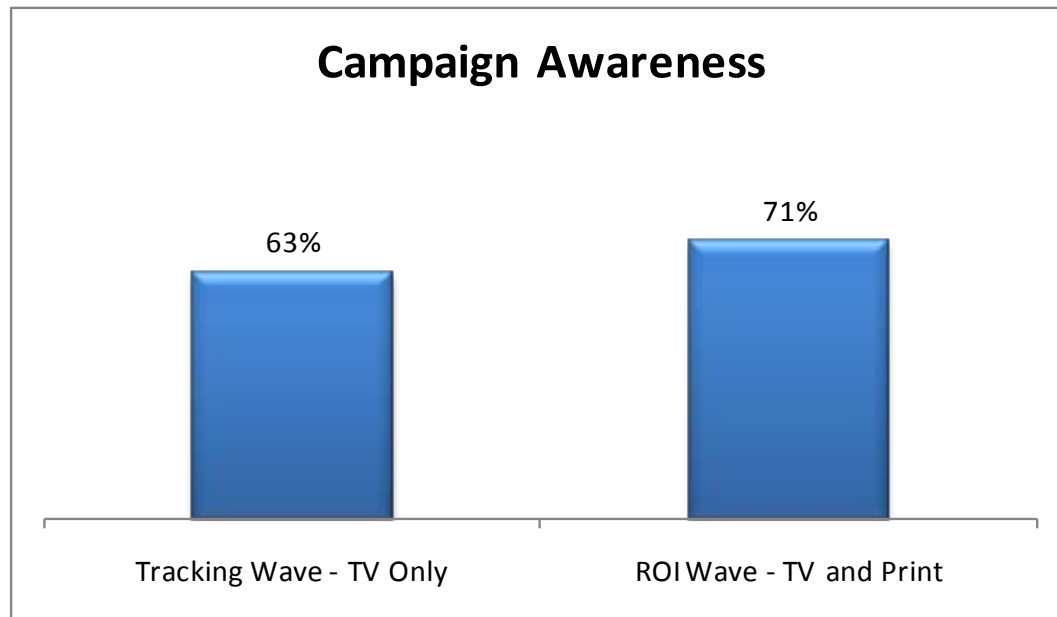
The California Travel & Tourism Commission (CTTC) is dedicated to persuading the traveling public to visit California by promoting the state's recreational, cultural, entertainment and scenic attractions with the goal of attracting visitors who would otherwise not visit California. Recently the CTTC expanded advertising efforts into the UK.

After entering the UK market with television advertising, the CTTC needed to assess the reach of the campaign, the strength of the creative and perceptions of the state as a leisure destination. Thus, the CTTC teamed with Strategic Marketing and Research, Inc (SMARI) to gather baseline tracking data that would help to answer these questions. The results of the baseline tracking data were delivered in March 2008. Since the baseline measurement, the CTTC introduced print advertising into the UK market and continued television advertising.

The next step in assessing the campaign impact in the UK market was to measure incremental travel and return on investment. Incremental travel is the amount of travel that would not have occurred without the advertising; return on investment is the amount of money generated by the campaign for every dollar invested in advertising.

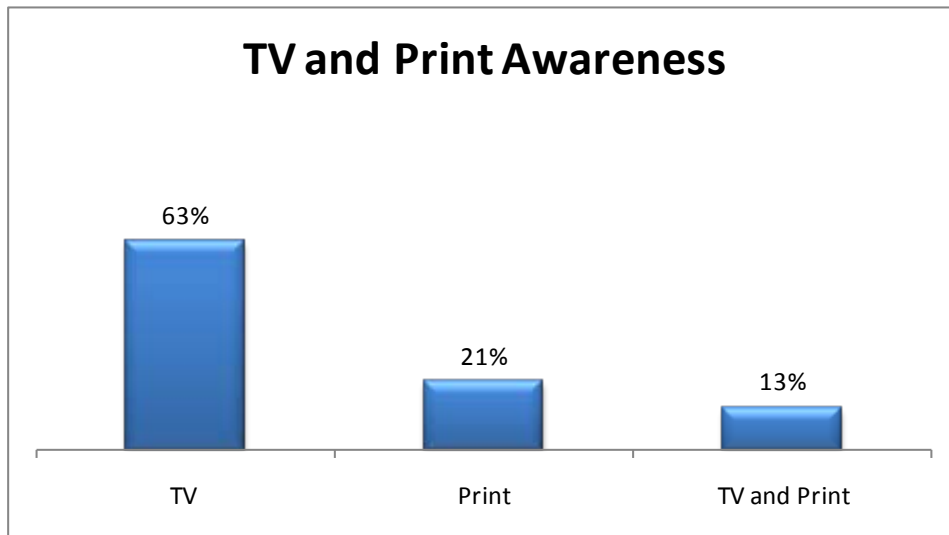
Data for the ROI wave were collected in late November, after people who were influenced by the campaign had time to travel to California. The ROI analysis process is currently underway – what follows are topline results and accompanying interpretation of these findings. A full report with conclusions and specific recommendations will follow.

The addition of the print ads helped to boost the California UK campaign awareness to 71%, up from 63% during the tracking wave. It should be noted that this campaign awareness is strong compared to other campaigns that SMARI has tested and is close to levels achieved with the 2008 domestic campaign (74.2%).



Awareness

- Overall, 21% of respondents were aware of one or more print ads. Individually, the “California Dreamin” ads and the “Get Your Kicks” ad achieved the strongest awareness. Although print awareness is notably lower than TV awareness, this was expected due to significantly lower print spending. Consideration in this regard should be given to cost to reach an aware household with each media.



Individual Print Ads	Awareness
California Dreamin'	7.3%
Get your kicks	6.7%
California Dreaming 1	5.7%
Totally	4.9%
Getting away from it all	4.9%
State of the arts	4.7%
Relax	4.7%
Golf	4.5%
Events	3.1%
Road Trip	3.0%
Surprising	2.3%
Taste	2.3%
Gourmet heaven	2.1%

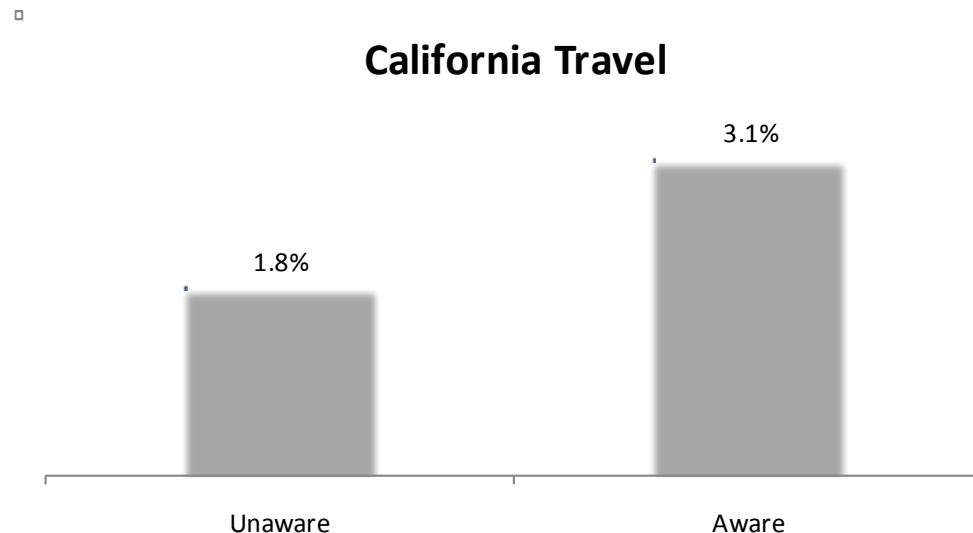
Cost per Aware



- While the print ads reached fewer households than the TV ads, significantly lower print spending ultimately yielded a cost per aware notably lower than that realized for television advertising – print cost \$.12 to reach a household, while TV cost \$.38. Additional television spending during stages 2 and 3 of advertising did not increase awareness, thus the cost per TV aware increased considerably from \$.19 during the tracking wave to \$.38 during the ROI wave.
- As previously established, adding the print ads to the campaign increased overall awareness to 71% - and the relatively low cost of the print ads resulted in a campaign cost per aware slightly lower than the TV cost per aware – which suggests adding an inexpensive medium such as print is a cost-efficient way to boost awareness.

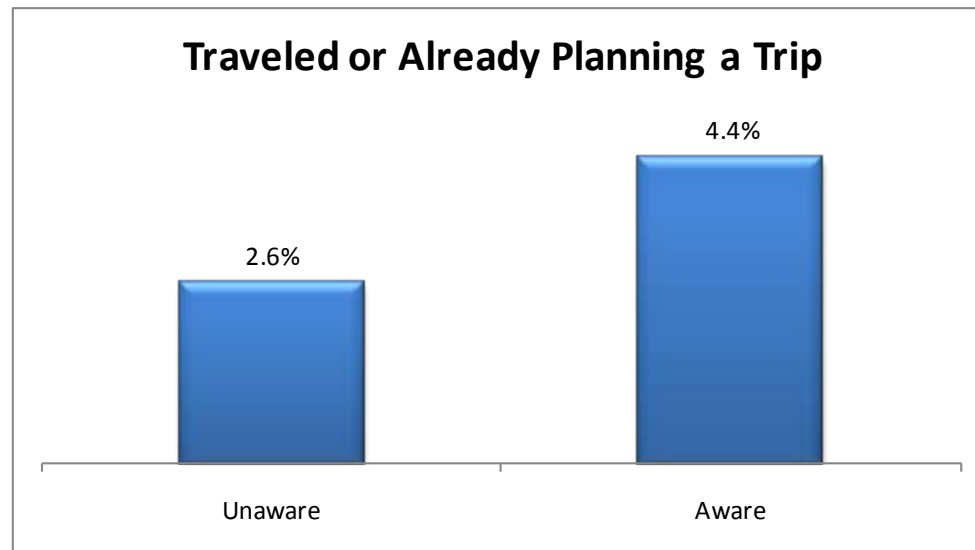
Media	Total Traveling HHs	Aware %	Aware HHs	Expenditures	Cost per Aware HH	Tracking Wave Cost per Aware (TV Only)	% Increase
TV	14,985,749	63%	9,485,979	\$3,560,000	\$0.38	\$0.19	98%
Print	14,985,749	21%	3,093,649	\$356,000	\$0.12	-	-
Campaign	14,985,749	71%	10,699,825	\$3,916,000	\$0.37	\$0.19	93%

- The ultimate measure of campaign effectiveness is its ability to generate incremental travel, or the amount of travel directly attributable to the advertising efforts. The assessment of incremental travel is determined as follows. The level of travel of those unaware of the advertising is the rate of California visitation that would have occurred without any marketing efforts. The extra travel generated from those aware of the advertising represents incremental travel that the advertising generated.
- The base rate of California travel by those unaware of the advertising was 1.8%. Considering 3.1% of those aware of the advertising visited California, the incremental travel generated is 1.3%. This is the more conservative incremental travel measure, as it accounts for only those who have already visited California, not those who plan to visit in the future.



Incremental Travel

- Another way to assess incremental travel is to include those who indicated that they are already planning a trip to California. While they had not traveled at the time of the study, they plan to and thus should be included when assessing the economic impact of the campaign. Consideration from this standpoint reveals an incremental travel rate of 1.8%.



Economic Impact



- Average trip expenditures must be considered before assessing the economic impact of the campaign. The table below reveals that on average, a California visitor from the UK spent \$3,775 – with the bulk of spending on transportation, lodging, food and shopping.

Lodging/Accommodations	\$995
Meals/Food/Groceries	\$582
Entertainment/Attractions	\$317
Shopping	\$571
Entertainment such as shows, theater or concerts	\$134
Transportation such as gasoline, auto rental or flight costs	\$1,116
Other	\$60
Total	\$3,775

Economic Impact



- The quantity of incremental trips resulting from advertising efforts can be calculated by applying the rate of incremental travel to the number of aware households. Then, economic impact, or the amount of travel revenue that is directly attributable to the advertising campaign, is determined by applying average trip expenditures.
- Like with incremental travel, economic impact is analyzed in two ways: the first includes only those who have already traveled and the second includes those who are planning a trip to California but have not visited yet in addition to those who already traveled. Only 80% of these “already planned” trips are counted, as some are likely to not follow through with plans.
- Of those who already visited California, over \$500 million in travel revenue is directly attributable to the advertising. When including those who are planning to travel to California, the advertising is responsible for \$670 million in travel revenue for the state.

	Only those who already traveled	With already planned
Aware HHs	10,699,825	10,699,825
Incremental Travel %	1.3%	1.8%
Incremental Trips	135,261	177,440
Average Trip Expenditures	\$3,775	\$3,775
Economic Impact	\$510,640,569	\$669,874,023

Return on Investment



- The ultimate measure of advertising effectiveness is return on investment, or the amount of money generated for every dollar spent on marketing efforts. The California Travel & Tourism Commission spent \$3,916,000 on the UK advertising campaign, resulting in an ROI of \$130 when including only those who already visited and an ROI of \$171 when considering those who are planning a trip. SMARI estimates the average ROI for a travel campaign at \$50, so in this consideration the California UK campaign produced a very strong return on investment.

	Only those who already traveled	With already planned
Economic Impact	\$510,640,569	\$669,874,952
Media Expenditures	\$3,916,000	\$3,916,000
ROI	\$130	\$171

Return on Investment



- Taxes generated are also an important consideration for the CTTC. Every dollar spent on advertising returned \$8 in tax revenue for the state from those who already visited. Including those planning to visit, the campaign generated \$11 in tax revenue for every dollar spent.

	Only those who already traveled	With already planned
Taxes Generated	\$33,038,445	\$43,340,909
Media Expenditures	\$3,916,000	\$3,916,000
Return on Taxes	\$8	\$11

Visitor and Trip Specifics



- Essential to interpreting the overall results of this study and implementing future campaigns is an understanding of who visited California, why they came and when they came. Understanding these specifics can help the CTTC with future targeting and message development.
- First, uncovering notable demographic differences between visitors and non-visitors helps guide both media placement and creative execution. It turns out that UK California visitors are less likely to have children at home, are more likely to be retired, more educated and more affluent than non-visitors.

	Visitor	Non-Visitor
Have Children in Household	13%	32%
Bachelors Degree or Higher	57%	33%
£35,000 or more	46%	33%
Executive/upper management	14%	6%
Retired	36%	27%

Visitor and Trip Specifics



- Recognizing why people visit California and leveraging this knowledge can help to optimize the persuasive power of future creative executions. It seems that most UK visitors have not visited California before, as three-quarters of those who traveled note seeing something new or different was important when deciding to visit. Better weather and specific attractions or events were also important deciding factors.

	% Very or Somewhat Important
Seeing something new and different	75%
Visiting a specific attraction or event	71%
Going somewhere with better weather	71%
Returning to somewhere familiar that you enjoy	46%
Visiting friends and relatives	39%

Visitor and Trip Specifics



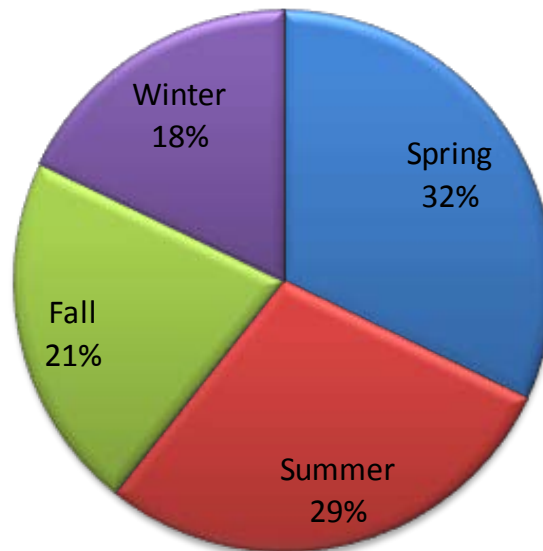
- In addition to the broad deciding factors, more specific trip motivators can also be put to use in future campaigns. The most notable motivator is viewing natural scenery, followed by scenic drives, wineries, Hollywood and unique cultures – suggesting that the CTTC is on the right track with the current UK campaign considering the TV ad portrays California’s scenery and laid-back culture and the print ads exemplify scenic drives, wineries and Hollywood.

	% Motivated
Viewing and enjoying natural scenery such as mountains, oceans, etc.	29%
Driving on scenic byways or roads	21%
Visiting a winery	18%
Visited Hollywood	18%
Experiencing the unique culture of the area	18%
Visiting a theme or amusement park	14%
Shopping	14%
Go sightseeing or take tours	14%
Entertainment and nightlife	11%
Visiting a national or state park	11%
Fine dining or eating at a unique local restaurant	11%
Arts activities such as museums, theater performances	7%
Visiting small towns and rural areas	7%
Visit historical sites	7%
Going to the beach	4%

Visitor and Trip Specifics

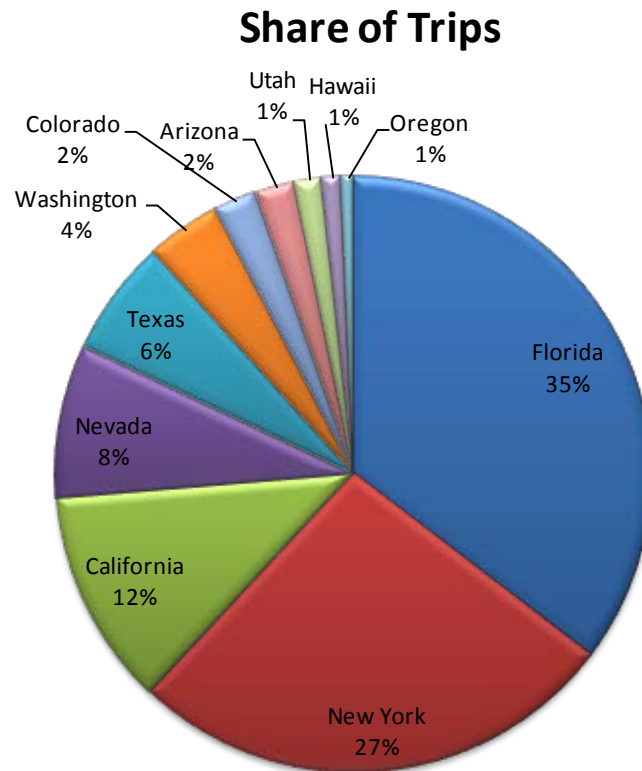
- As far as when UK travelers visit California, spring and summer are certainly the most popular seasons, although a considerable amount of travel occurs in fall and winter as well – perhaps indicating an opportunity to target the UK with fall and winter advertising in addition to the summer campaign.

Season Visited California



Visitor and Trip Specifics

- Similar to results from the tracking wave research, California resides in third position behind the more proximate states of Florida and New York on share of trips during 2008. It will be very difficult to generate travel equal to these two eastern U.S. states, but California does get the most travel of any of the western U.S. competitors.



Summary of Key Findings



- Overall, the 2008 California **UK campaign achieved 71% awareness** – a very strong result compared to other campaigns tested and close to awareness levels achieved by the 2008 domestic campaign.
- **63% of respondents were aware of the TV ad, 21% were aware of one or more print ads and 13% were aware of both TV and print.** Print awareness is notable lower than TV, but this was expected due to significantly lower print spending.
- The print ads reached traveling households more cost-efficiently than TV, with a cost per aware household of \$.12 compared to \$.38 for TV. **Adding print to the campaign resulted in the overall campaign costing \$.37 per aware household** - slightly less than the TV cost per aware – which suggests adding an inexpensive medium such as print is a cost-efficient way to boost awareness.
- When considering only those who already visited California, the UK campaign **produced 1.3% incremental travel.** When factoring in those who are already planning a trip to California, the campaign produced 1.8% incremental travel.
- With average trip expenditures of \$3,775, **the advertising campaign generated over \$500 million dollars in travel revenue already and will ultimately produce nearly \$670 million** after those who are planning to visit do so.

Summary of Key Findings



- **The UK campaign returned \$130 for every dollar spent** when accounting for only those who already visited. Considering those planning to visit, the campaign will eventually return \$171 for every dollar spent. These figures are much stronger than the average travel campaign ROI of \$50.
- **Every dollar spent on advertising returned \$8 in tax revenue** for the state from those who already visited. Including those planning to visit, the campaign generated \$11 in tax revenue for every dollar spent.
- California visitors from the UK are less likely to have children at home, are more likely to be retired, and are more educated and affluent than non-visitors.
- Most travelers site seeing something new and different, going somewhere with better weather and visiting a specific attraction or event as the reason for picking California as their travel destination. More specifically, **the things that tended to motivate visitation were scenery and scenic drives, wineries, Hollywood and California's unique culture.**
- Nearly two-thirds of California visitors came during spring or summer, indicating the warm seasons are more appealing for UK visitors. That said the one-third who came during winter and fall still represent a significant portion of travelers.
- California received the third-highest share of trips, behind the more proximate states of New York and Florida. This is consistent with results from the tracking wave. It will be difficult to compete with these two eastern states, **but California does appear to be on top of the western U.S. destinations.**