



**Memorandum**

**Date:** September 25, 2015

**To:** Sandy Evans Hall

**From:** JT Thompson

**RE:** Marketing Suggestions & Scope of Work for FY 14-15 Fund Balance

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The following is a Scope of Work for the attached proposed budget for the Fund Balance.

**Mexico Marketing      \$35,000.00      Nov-June**

With Direct air service on Volaris from Guadalajara, Mexico into Reno International we are seeing an increase of Mexican visitors to North Lake Tahoe. With additional resources invested in this market we would be able to develop a broader marketing strategy and grow our exposure in the travel trade and travel media. We would partner with Visit California and/or Travel Nevada, and request local resorts to join us to boost the value to each of these items. (If we are unable to gain any paying partners for the Mexico City event we will attend the NCOT and Visit CA Sales Missions).

Travel Trade Representation	\$18,000
Tour Operator Brochure Support	\$8,000
Travel & Media Event in Mexico City	<u>\$9,000</u>
<b>Total</b>	<b>\$35,000</b>

With 521,000 air travelers from Mexico to California in 2014, Mexico is one of California's Top 5 international markets.

Mexican visitors arriving by air spent approximately \$519 million collectively; with an 8.2-night average stay and \$998 average spend per visitor. Mexican air arrivals to California have steadily increased for the past five years from 335,000 in 2009, to 521,000 in 2014.

The Mexican market will continue to be interested in California and, as the data show, that interest is only growing, with a forecasted increase of 9.6 percent expected through 2018. California's proximity to Mexico is a distinct advantage, while the challenge is keeping California fresh as a destination with limitless opportunities and experiences across the target market segments.

While travel agencies continue to be critical market influencers, the Mexican booking pattern also has shifted recently with the country offering tremendous opportunity online. The travel trade program has

been a staple in the market with additional funding and efforts geared toward programs to provide further education and drive consumer demand.

Over the past 18 months, Visit California executed a digital advertising campaign and a recent spring television spot to highlight the vast travel offerings in California. A strategic layered consumer campaign is anticipated in the coming fiscal year, which will include digital and television.

## Market Overview

		Yr/Yr % Chg
Total Visitors to California (2014)	7,577,000	1.3%
Visitors by Air (2014)	521,000	1.1%
Total Visitor Spending (2014)	\$3,047 million	1.7%
Visitor Spend by Air Travelers (2014)	\$519 million	1.4%
Market Share of Air Travelers (2013)	23.2%	2.4%
Average Length of Stay - nights - by Air Travelers (2013)	8.2	
Weekly Non-Stop Flights (2015)	423	3.4%
Weekly Non-Stop Seats (2015)	62,516	1.6%
2015 Visitation Forecast (% change vs. 2014)	7,900,000	4.3%
2015 Visitation Forecast by Air (% change vs. 2014)	532,000	2.1%
2018 Visitation Forecast (% change vs. 2014)	9,400,000	24.1%
2018 Visitation Forecast by Air (% change vs. 2014)	571,000	9.6%

**Source:** Office of Travel and Tourism Industries, CIC Research, Tourism Economics, OAG

## Visitor Spending by Category 2013

	% spending	\$ Category Spending
Accommodations	32.3%	\$165 million
Entertainment/Recreation	10.0%	\$51 million
Food & Beverage	17.2%	\$88 million
Ground Transportation	3.5%	\$18 million
Shopping	23.8%	\$122 million
U.S. Air Transportation	9.5%	\$49 million
Other	3.1%	\$16 million
<b>Total</b>	<b>100.0%</b>	<b>\$512 million</b>

**Source:** U.S. Dept. of Commerce; CIC Research, Inc.; U.S. BEA; Tourism Economics

**China Marketing      \$10,000      Jan-June**

Chinese are starting to venture away from the gateways of LAX and SFO. California is the largest market for the inbound Chinese traveler. We need to make sure we are a part of this! We will work with Visit CA with some initial digital marketing and see how much return we get on it for six months.

Our staff will focus on meeting with Chinese Inbound Receptive Tour Operators in the Bay Area and Los Angeles on desk side sales calls prior to launching any In-market digital advertizing. We will need to make sure we have some hotel packaged product in their portfolios.

Staff will also have to educate some of the hotel partners on this market in order to make sure we are ready for this traveler.

Co-op Digital Advertizing with VCA	\$7,500
Tour Operator Brochure Support	<u>\$2,500</u>
<b>Total</b>	<b>\$10,000</b>

The number of Chinese visitors to California continued to outpace all other overseas source markets in 2014, growing by 24.8 percent to a record 1,022,000, making China the No. 1 source of overseas visitors for California.

Chinese buying power also surged by 32.7 percent in 2014, with visitors spending \$2.5 billion in California or three times the spending of visitors from the United Kingdom and Japan – the No. 2 and No. 3 overseas markets for California.

China outbound visitation hit a record high of 114 million in 2014, a 20 percent year-on-year increase. Chinese spent more than \$140 billion on overseas trips in 2014, up 20.7 percent year-on-year and making Chinese the No. 1 spenders on travel in the world.

The U.S. government extended the validity of Chinese business and tourist visas to 10 years and student visas to five years, which will result in even more rapid growth in visitation to the United States and consequently to California, which enjoys more than 45 percent market share of all Chinese travel to the United States. The new policy will drive significant numbers of repeat visitors to California – a trend already evident among Flexible Independent Travel (FIT) and semi-FIT travelers – and will stimulate in-depth tours to just California. As a result, growth in beyond-the-gateway travel across California will benefit a wider range of California partners. The policy also is expected to shorten the length of Chinese shoulder seasons and extend peak season periods. With continuing strong growth in the China market, the Chinese travel trade is eager to develop new California tour packages, and major tour operators are hungry for destination information to develop new products to cater to the different needs of group and FIT travelers.

In response to the rapid growth in arrivals from China, Chinese and international airlines increased flights to California by 6.9 percent in 2014 and further expansion is planned in 2015. In addition to airlift increases from the traditional gateway cities of Shanghai, Beijing and Guangzhou, new services were added from two new China gateways in 2014 – Chengdu and Wuhan. Greater flight capacity will allow

Visit California China to expand its efforts in developing second-tier markets and ultimately reach the entire China market with an emphasis on establishing a foothold in West China centered on Chengdu.

## Market Overview

		Yr/Yr % Chg
Visitors to California (2014)	1,022,000	24.8%
Visitor Spending (2014)	\$2,583 million	32.7%
Market Share (2013)	45.3%	-0.4%
Average Length of Stay - nights (2013)	9.5	
Weekly Non-Stop Flights (2015)	77	6.9%
Weekly Non-Stop Seats (2015)	24,071	6.1%
2015 Visitation Forecast (% change vs. 2014)	1,165,000	14%
2018 Visitation Forecast (% change vs. 2014)	1,820,000	78.1%

Source: Office of Travel and Tourism Industries, CIC Research, Tourism Economics, OAG

## Visitor Spending by Category 2013

	% spending	\$ Category Spending
Accommodations	19.7%	\$384 million
Entertainment/Recreation	12.1%	\$236 million
Food & Beverage	8.8%	\$171 million
Ground Transportation	11.5%	\$224 million
Shopping	7.3%	\$142 million
U.S. Air Transportation	38.2%	\$744 million
Other	2.3%	\$45 million
<b>Total</b>	<b>100%</b>	<b>\$1,947 million</b>

Source: U.S. Dept. of Commerce; CIC Research, Inc.; U.S. BEA; Tourism Economics

**Bike Tahoe                      \$4,000                      Oct.**

Unbudgeted sponsorship opportunity that aligns with our core HPS mission. A GPS enabled guide (app) that we would be able to utilize and boost on our website for the biking enthusiast. Package also includes video that highlights our bike trails.

Exclusive Regional Partner Sponsorship                      \$4,000

**Regional Partner - Brand Exclusivity**

**The BikeTahoe.org Regional Partner receives the following Rights and Privileges:**

**Designation.** The Regional representative shall receive the designation, “Bike Tahoe Regional Partner”, and may use this designation for their promotional purposes.

**Exclusivity.** Regional representative shall receive brand exclusivity (name/logo/click-through link) on their region’s landing page for a period of two years from date of initial publishing.

**Regional Branding.** Regional representative’s brand (logo/name/click-through link) shall exclusively appear at the top of their regional landing page, and on the Sponsor’s page.

**Page Branding.** Regional representative’s brand (name/logo/click-through link) shall prominently appear on the top of the right side bar (300 x 250) of each ride page within their region.

**Greeting.** Regional representative shall receive a greeting phrase on their landing page that welcomes visitors to their page. Regional representative may offer a greeting suggestion for consideration. (i.e. Welcome, Brought to you by, etc.)

**Grant of Use.** Regional representative is granted use of Bike Tahoe logo for their promotional purposes.

**Reciprocal Link.** Regional representative is granted use of Bike Tahoe.org URL link for its web site.

**Publicity.** Regional representative shall be mentioned in news releases sent to print and digital media. When possible, radio and television interviews shall be scheduled with representative.

**Analytics.** Regional representative shall receive annual web-based visitor analytics from their region and results from visitor surveys.

**First Right of Renewal.** Regional representative shall receive “First Right of Renewal” 60 days prior to the sunset of their exclusivity period.

**CRM Upgrade 2.0                      \$10,000                      Oct-Dec**

We currently have budgeted funds for the initial upgrade of our CRM Database, but these additional funds will allow us to get where we need to be out of the gate, instead of waiting for additional training and custom reports until the next budget cycle.

Simpleview.com

Customer Relationship Management only scratches the surface of our web-based destination management system.

Combining meeting sales, industry partner management, consumer marketing, forecasting, business analysis, reporting, and more, Simpleview CRM is the most widely used tool in destination marketing. For many of our customers it comes down to four great reasons:

- **It's fully integrated with Simpleview CMS**  
Your website and relationships don't exist in separate worlds, and neither should the tools you

use to manage them. Simpleview CRM and CMS were designed to work together, letting you do more in less time.

- **It offers peace of mind**  
By consolidating data and tools that are split up in a dozen different places today, it gives you one solid foundation for everyone to work from.
- **It's designed for DMOs and best practices**  
That makes Simpleview CRM more intuitive right out of the box. At the same time, it can be customized and configured to your needs.
- **There are no surprises when it comes to cost**  
Upgrades are always free, so there's no need to budget for the latest and greatest. And annual licensing includes big bundles of support.

Underlying all four reasons is one more factor: We pour tons of time and money into R&D. For you, that means always having the most advanced solution on the market.

**Computer Hardware Equipment** **\$2,000** **Oct.**

This is for unbudgeted computer hardware that is needed, and alleviates the need to wait for another budget cycle.

**Domestic FAM's** **\$2,500** **Jan-June**

This will allow us to add 1-2 additional domestic FAM's for Travel Agents in this FY.

**International FAM's** **\$5,000** **Nov-June**

This will allow us to add 3-5 additional international FAM's from China and/or Mexico.

**Email Marketing Initiative** **\$10,000** **Oct-June**

This will allow us to maximize our email database further with professionally designed custom templates, website integration, international translation and market specific messaging. This would be a onetime set up fee. In future years we would just pay for the email send and sporadic design changes.

**Add on to Destination Video** **\$15,000** **Oct-Dec**

These funds would allow us to supplement our destination video with a more professional look and give us the opportunity to pay for local celebrities to be in the video. This will also allow for translation into Spanish and possibly Mandarin.

**Conference Sales Calls** **\$20,000** **Oct-June**

These funds will allow Conference Sales Staff to conduct 3-4 additional desk-side sales calls into key feeder markets; New York City, Boston, Washington D.C. and Atlanta.

**Leisure Sales Coop with VCA and NCOT      \$20,000      Oct-June**

These funds will allow Leisure Sales Staff to conduct 2-3 additional sales missions into Mexico, Canada and possibly China. Traveling with Visit CA or NCOT as a group has huge advantages over going on our own. These missions include sales calls, training seminars to travel agents and evening events for high level travel industry executives and media.

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