

insights

YEAR IN REVIEW

JULY 1, 2007 - JUNE 30, 2008

CREATING A STRONG FOUNDATION

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VISITCALIFORNIA.COM/YEARINREVIEW





find yourself here

The California Travel and Tourism Commission (CTTC) is a not-for-profit corporation that operates as a joint partnership with the State of California's Division of Tourism. It is the official marketing organization to promote the entire state of California as a premier travel destination. CTTC targets domestic and

international markets to position the state as the top leisure destination of choice. CTTC additionally serves industry partners by providing outreach opportunities to maximize funds that may otherwise be restricted to local and regional marketing efforts. CTTC serves the state by supporting, maintaining and

increasing domestic and international inbound travel to California for the purpose of increasing visitor spending, tax revenues and employment opportunities.

california
FIND YOURSELF HERE

PRESIDENT & CEO'S MESSAGE

Creating a Strong Foundation

It's been an amazing year for California and the tourism industry, with incredible opportunities and its fair share of challenges. We saw the Tourism Marketing Act renewed with a 91 percent approval vote, a 3.6 percent increase in total direct travel spending and a 12.4 percent increase in overseas visits to California. Despite an economic slowdown, much has been accomplished, and there is plenty more to come.

This was the first year the California Travel and Tourism Commission (CTTC) has operated with a \$50 million budget, and I am so proud to share with you our results from the past fiscal year. With these increased resources, we have made enormous strides that benefit all of California by developing programs to support individual travel and tourism businesses and keep them informed of opportunities and events throughout the year.

On the domestic front, we continued to focus on brand advertising with the fun, star-studded "Work" spot, and launched a groundbreaking new partnership with the Wine Institute based on extensive consumer research—The Land of Wine and Food. Our Travel Trade, Communications and Publications departments continued to spread the California message, and we encouraged our rural partners to work together and offered them the necessary resources to do so. We also presented a revamped version of visitcalifornia.com, designed to entice visitors from across the world to make California their destination of choice.

Internationally, we dedicated \$20 million to promoting California to overseas visitors—twice as much as in 2006/2007. We launched

new programs in our primary markets, including "Work" in Canada and the U.K. and revitalized branding in Japan. California was reintroduced through sales and media missions to the U.K., Germany, Japan, Australia and New Zealand, allowing California delegates to leverage CTTC's investment in these markets.

As you look through these pages and explore our activities through the year, keep in mind that our work has been about laying a foundation. With our 5-year strategic plan in place and the successes of year one to build on, we expect to see even more results and opportunities for you in the future.

Additionally, in my role as Travel Industry Association (TIA) National Chair, I have made it my goal to focus on public affairs on the national level, including supporting DiscoverAmerica.com and the Travel Promotion Act. These national initiatives will pave the way for the entire industry.

Ultimately, CTTC is a member organization that acts to serve all of California's travel and tourism businesses. I encourage all of you to visit tourism.visitcalifornia.com to learn about all the available industry opportunities.

Thanks to all our partners throughout the year who made our events so successful, to our staff for all their hard work, and to the Commissioners for providing the necessary vision and deep-rooted industry expertise necessary to move us forward. We have some great things in store for next year—I look forward to working with you to keep our state at the top!



Caroline Beteta

Caroline Beteta

**President & CEO, California
Travel & Tourism Commission**

**Deputy Secretary for Tourism, Business,
Transportation & Housing Agency**

National Chair, Travel Industry Association



THE YEAR AT A GLANCE

2007

JULY
The California Travel and Tourism Commission (CTTC) begins operating with a historic \$50 million budget.

AUGUST
The Wine Institute and CTTC form a groundbreaking strategic alliance to promote California as The Land of Wine and Food.

SEPTEMBER
Industry partners and California Congressional members gather in Washington, D.C., to celebrate tourism's contribution to the national economy.

OCTOBER
"Work," CTTC's new TV spot starring celebrities, Governor Arnold Schwarzenegger and first lady Maria Shriver, premieres to audiences nationwide.

NOVEMBER
CTTC showcases California to international audiences at the World Travel Market (WTM), including an exclusive VIP film event.

DECEMBER
"Work" launches in the United Kingdom, marking California's first ever international brand advertising.



forward thinking





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\$50 MILLION

PAGE 4



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2008

JANUARY

The Land of Wine and Food campaign launches with "You'll Be Back," the new TV spot, and a fantastic event for top-notch media in New York City.

FEBRUARY

International efforts switch into high gear with sales and media missions to Japan and Australia/New Zealand.

Version 2.0 of visitcalifornia.com launches with new content and a fresh look.

MARCH

Vanity Fair's Oscars issue contains an eight-page insider's look at California, featuring celebrities such as Jimmy Smits, Katharine McPhee and Barry Zito.

APRIL

CTTC leads delegates on a sales and media mission to the U.K. and Germany. Domestically, the highly successful San Francisco Media Reception takes place with a record 97 journalists attending.

MAY

California partners are featured in "Inside the Golden State's Wine & Food Culture," a new co-op insert included in *Gourmet* and *Bon Appetit* magazines.

CEO Beteta is elected National Chair of TIA.

JUNE

International Pow Wow results in 225 appointments with travel industry professionals, as well as meetings with dozens of international journalists.

CTTC launches Marketing Program Planner to connect with partners.

VISITCALIFORNIA.COM

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PAGE 14



Strong Industry Support

CTTC GUIDING PRINCIPLES

Do what the industry cannot do for itself

CTTC will provide a statewide marketing platform to promote the California brand.

Leverage cooperative programs and focus on international and new market development

CTTC will introduce the California brand to far-reaching audiences and establish strategic alliances with trusted in-market brands.

Evaluate programs' return on investment (ROI) and measures on major programs

CTTC will track and evaluate market penetration and program impact on attracting leisure travelers.

Focus on out-of-state and international audiences

CTTC marketing programs will serve to attract new consumers to California, while providing industry partners with opportunities to reach new markets that are otherwise cost-prohibitive.

Support assessed businesses

CTTC will be a resource to assessed tourism businesses by providing marketing opportunities, a technology link to reach mass consumers, and tourism research material vital to the success of their operation.

Establish a technology link for all programs

CTTC will use technology and innovation to create targeted, timely and cost-effective brand messages for the industry, including assessed businesses, travel trade, media and consumers.

Align with key California Convention and Visitor Bureaus (CVBs)

CTTC will coordinate resources based on high-impact programs and initiatives.

CORE STRATEGIES

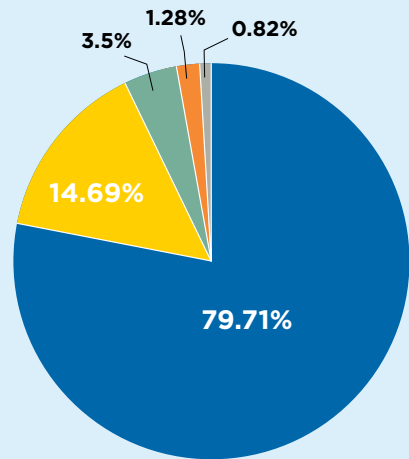
1.

Protect and maintain volume in primary domestic markets.

2.

Reach visitors within national opportunity markets through awareness-building brand programs.

CONTRIBUTIONS BY INDUSTRY SEGMENT



- RENTAL CAR AGENCIES
- ACCOMMODATIONS
- RESTAURANTS AND RETAIL
- ATTRACTIONS AND RECREATION
- TRANSPORTATION AND TRAVEL SERVICES

SOURCE: CALIFORNIA DIVISION OF TOURISM, 2008

“WE ARE FORTUNATE THAT THE INDUSTRY UNDERSTANDS THE BENEFITS OF THE CTTC AND HAS CONTINUED TO VOTE YES.”

—CAROLINE BETETA

By the Numbers

91%
Yes votes

6.5%
More than 2001

3.

Expand marketing beyond seasonal coverage to drive year-round visitation.

4.

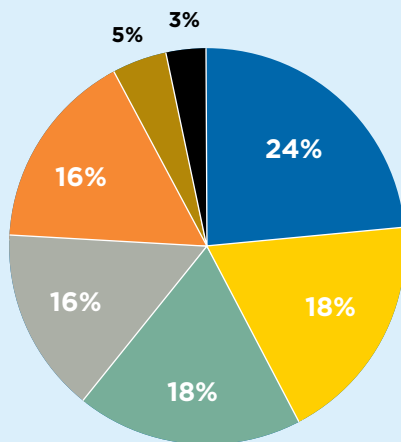
Deepen efforts in primary international markets through multi-tiered audience approach.

5.

Create a technology platform to leverage the California brand character and provide additional avenues for consumer reach.

IN NOVEMBER 2007, 91 PERCENT OF ASSESSED BUSINESSES VOTED TO RENEW THE TOURISM MARKETING ACT—6.5 PERCENT MORE THAN THE PREVIOUS REFERENDUM. WITH A CLEAR MANDATE FROM THE INDUSTRY TO MOVE FORWARD, CTTC IS ANTICIPATING SIX MORE YEARS OF DOING WHAT THE INDUSTRY CAN'T DO FOR ITSELF—PROMOTING ALL OF CALIFORNIA.

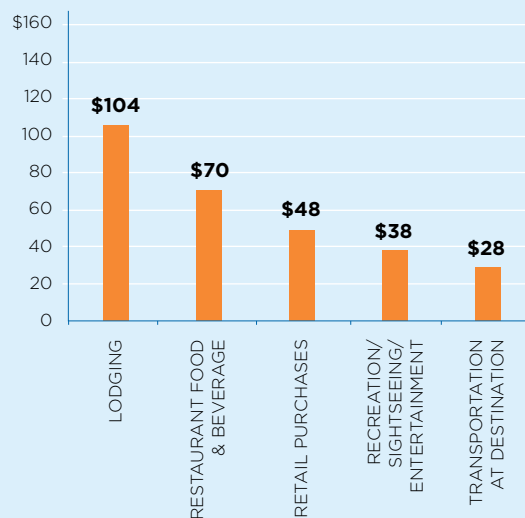
CALIFORNIA VISITOR SPENDING BY SEGMENT



- FOOD & BEVERAGE SERVICES
- GROUND TRANSPORTATION & MOTOR FUEL
- LODGING
- ARTS, ENTERTAINMENT & RECREATION
- RETAIL SALES
- AIR TRANSPORTATION
- FOOD STORES

SOURCE: DEAN RUNYAN ASSOCIATES, 2008

AVERAGE PER PERSON EXPENDITURES ON OVERNIGHT TRIPS (DOMESTIC)



SOURCE: LONGWOODS TRAVEL USA, 2007

Achieving Real Results

RESEARCH IS CRITICAL IN ANALYZING CONSUMER BEHAVIOR AND MARKET TRENDS TO STRENGTHEN AND EXPAND CTTC MARKETING PROGRAMS. ADDITIONALLY, CTTC RESEARCH PROVIDES MARKET INTELLIGENCE TO FUEL INDUSTRY MARKETING PLANS.

The CTTC Research Program works with national and international partners to obtain a variety of research about California's role as a travel destination and how the travel industry benefits the state economy. CTTC produces monthly newsletters featuring these results and keeps visitcalifornia.com/research updated with the latest reports.

\$5.8 billion

Travel spending in 2007 generated \$2.2 billion in local taxes and \$3.6 billion in state taxes—a total of \$5.8 billion.

\$96.7 BILLION

Total direct travel spending in California was \$96.7 billion in 2007.

dream big

SOURCE: U.S. OFFICE OF TRAVEL AND TOURISM INDUSTRIES; CIC RESEARCH, INC.; CALIFORNIA TOURISM RESEARCH; LONGWOODS INTERNATIONAL; STRATEGIC MARKETING AND RESEARCH, INC.



7.5%

Overseas arrivals at Los Angeles and San Francisco increased by 7.5 percent (3.6 million arrivals) from 2006 to 2007. Over 17 percent of all travel spending in the state in 2007 was attributable to international travel.

\$30 BILLION

During 2007, travel spending in California directly supported 924,100 jobs with earnings of \$30 billion. Travel spending generated the greatest number of jobs in arts, entertainment and recreation (226,500), and accommodation and food services (534,000).

3.6%

Travel spending increased by 3.6 percent over the preceding year.

63%

When the California ad "Work" aired in the U.K. in January, CTTC's first-ever overseas ad launch, it was the 15th most recalled TV commercial running in the U.K. at that period (according to TNS Global's Adwatch survey), with a recall of 63%.

12.4%

Overseas travel to California shot up 12.4 percent in 2007, and grew in U.S. market share from 21.3 percent to 21.7 percent.

64.3%

Awareness of CTTC advertising reached a record high in February 2008, at 64.3 percent, and has been consistently tracking above the prior year for the past 12 months.

3.5%

Air travel on domestic flights increased by 3.5 percent over 2006. In 2007, 31.9 million visitors traveled to and through California on U.S. carriers.

Bringing “A Taste of California” to Washington, D.C.

CTTC and the California Restaurant Association hosted the second annual “A Taste of California” reception in Washington, D.C., in conjunction with the Travel Industry Association’s (TIA) Travel Leadership Summit. With a breathtaking view of the Capitol as the backdrop for the night, CTTC introduced the new 30-second “Work” TV spot to nearly 100 travel leaders, restaurateurs and legislative staffers, and 17 members of the Congressional delegation. Special guest Senator Dianne Feinstein addressed the group, speaking to the crucial role tourism plays in California’s economy. Reinforcing California’s importance to the national economy, Caroline Beteta stated that more than \$93.8 billion in direct travel expenditures were generated in 2006.

1 Louis Meunier, CTTC Vice Chair, Macy’s West; and Mariann Costello, Scoma’s Restaurant, enjoy the premiere of “Work” in the nation’s capital.

2 Senator Dianne Feinstein, California, greets Dan Carter, Yosemite Sierra Visitors Bureau, while Caroline Beteta, CTTC, and Mark Liberman, LA INC. The Los Angeles Convention and Visitors Bureau, look on.

3 Sima Patel, Holiday Inn Express Hotel and Suites; and Terry Westrope, CTTC CFO, Ocean Park Hotels, Inc., enjoy the view in D.C.

4 John Koeberer, California Parks Company; and Bob Muhs, Avis Budget Group, Inc., show their support for California tourism.

5 Congresswoman Loretta Sanchez, California; Caroline Beteta, CTTC; and Congressman Sam Farr, California, enjoy “A Taste of California” in Washington.

6 John Robinson, California Attractions & Parks Association; John Koeberer, California Parks Company; Bob Warren, Chair of the National Council of Destination Organizations and Tourism Bureau Manager, Redding Convention and Visitors Bureau; Mike Gallagher, CityPass Inc.; Ross Hutchings, CalTIA; (front row) Karen Whitaker, City of Redding/Shasta Cascade Wonderland Association; Marilyn Hannes, SeaWorld San Diego; and Kathy Janega-Dykes, Santa Barbara Conference & Visitors Bureau & Film Commission, mingle with travel industry leaders and restaurateurs.

7 Jot Condie, California Restaurant Association; and Bobby Koch, Wine Institute, sample delectable California wines.

By the Numbers

17

Members of Congressional Delegation

100

Travel leaders, restaurateurs and legislative staffers

“A TASTE OF CALIFORNIA” ALLOWS THE CALIFORNIA CONGRESSIONAL DELEGATION TO MEET AND HEAR FIRSTHAND FROM CALIFORNIA’S TOURISM LEADERS ON ISSUES OF IMPORTANCE BOTH FEDERALLY AND STATEWIDE, AS WELL AS BUILD LONG-LASTING PARTNERSHIPS.







In its third year, the Amgen Tour of California drew over a million fans to the sidelines of one of the world's best cycling contests. Californian (and star of CTTC's "Work" spot) Levi Leipheimer (and star of CTTC's "Work" spot) Levi Leipheimer took home the title for the second consecutive year. Scott Nydam received the overall California Travel and Tourism King of the Mountain Jersey (beautifully emblazoned with "visitcalifornia.com").

As a founding sponsor, CTTC received enormous exposure for the "Winter in California" spot during primetime race coverage on the Versus network; through signage along the race; and through repeated showings of the "Work" and "Winter in California" spots to more than 750,000 spectators at the Lifestyle Festival. In total, this coverage added up to 3 million impressions in only eight days.



8
DAYS

IMPRESSIVE RESULTS FROM WORLD-CLASS RACE



By the Numbers

1.6 MILLION
Spectators

750,000
At lifestyle festival

3 MILLION
CTTC impressions

136
Riders

17
Countries

15 HOURS
TV coverage

1 BILLION
Impressions worldwide



Abundant
Spontaneous

Savory
Fresh

Innovative
Breathtaking

Adventurous
youthful
exuberant
chill
free-spirited

BRAND ADVERTISING

The California Dream at “Work”

CTTC’s newest TV spot, “Work,” a tongue-in-cheek play on words, premiered on national cable television October 2007. With a target audience of adults ages 25 to 54, “Work” promotes California’s special brand of fun, excitement and relaxation. Playing off the notion that for Californians, all work is play, the spot starred Governor Schwarzenegger and first lady Maria Shriver, Vanessa Williams, Rob Lowe, Phil Mickelson, Vanessa Marcil and Chris Isaak, among others. “Work” continues to reinforce the “California Attitude” and differentiate the state as a place where people put pleasure first and live life to the fullest.

The media schedule emphasis was on prime programming on top-rated networks, including Bravo, Comedy Central, Discovery Channel, E!, Food Network, TLC, TNT and Travel Channel, as well as early morning and late night programming on both the NBC and ABC networks. Different from past years, “Work” reached outside the west and covered major metropolitan areas such as New York, Chicago and Dallas.

“Work” ran in two flights—October 8 through December 23, 2007, and February 4 through May 12, 2008—twice as much airtime as previous years. A Southwest Airlines version of the ad (:20 California brand bed with a :10 Southwest Airlines tag)

ran in key spot markets throughout the U.S., adding a strong call to action by promoting airfares to California.

Research on the campaign has yet to be conducted. Key research objectives include assessing the effectiveness of the campaign on generating incremental travel to California; determining how well the campaign sparks consumer interest to act and learn more about California as a premier travel destination; determining California’s share of voice against its key competitors; assessing consumers’ reaction to California ads as well as those of its key competitors; and gauging the impact of the advertising on attitudes about California as a travel destination.



“WHEN CAN YOU START?”

— GOVERNOR ARNOLD SCHWARZENEGGER, APPEARING WITH FIRST LADY MARIA SHRIVER IN “WORK”

california inside

Step off the beaten path, explore the Golden State you didn't know existed better to give an all-access tour of some of California's best and brightest from experiencing the perfect sunset you need to know to make California bred native, a dyed-in-the-wool non-California offers something for you.

By the Numbers

210,404

Vanity Fair
Western circulation

40,000

Sweeps entries

6

Celebrity insiders



INSIDE CALIFORNIA WITH VANITY FAIR

In 2007, CTTC returned to print advertising to spread the California message. Kicking off this endeavor was an eight-page spread in Vanity Fair magazine's November issue, featured in Washington, Oregon, Utah, Colorado, Arizona and Texas markets. Showcasing the "California Insider," the ads were shot by famous fashion and lifestyle photographer Peggy Sirota and featured celebrities such as Katharine McPhee, Barry Zito and Jimmy Smits giving insight into "their" California. Each photo was accompanied by a short interview, along with a link to visitcalifornia.com/vanityfair for further information and juicy details. Individual celebrity pages ran in issues throughout the fall and spring, and the entire eight-page spread was again featured in the March Oscars issue. An exclusive sweepstakes offer accompanied each ad, giving readers the chance to experience celebrities' favorites first-hand.

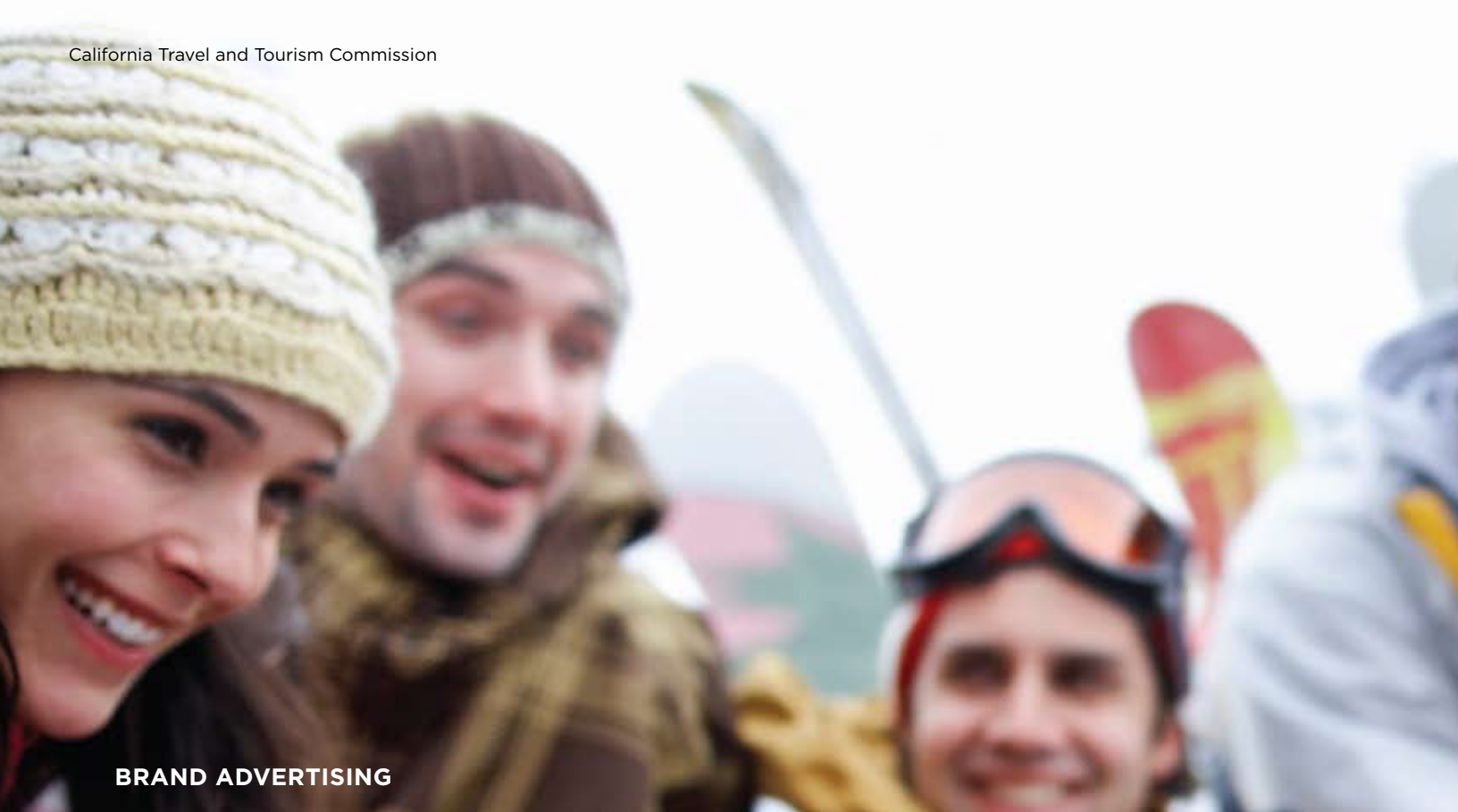
The Vanity Fair spread used household names to appeal to repeat visitors, while offering them new tourism opportunities at the same time. This new program extended California's celebrity cachet to print and the Web, capitalizing on would-be travelers' voyeuristic desires and providing an inside look at California through the eyes of celebrities from a variety of industries—entertainment, music, sports, fashion and restaurant.

RESULTS FROM THE "FAST LANE" 2007 NATIONAL CAMPAIGN

"Fast Lane," CTTC's spring/summer 2007 advertising campaign, was an overwhelming success, with a return on investment of \$21. The 30-second spot, starring Governor Schwarzenegger and first lady Maria Shriver, Clint Eastwood, Teri Hatcher, Jeff Gordon, Wolfgang Puck, Misty May and Tony Hawk, premiered during the Oscars. The \$9 million spot produced \$2.92 billion in incremental travel spending, 2.6 million incremental trips and \$189 million in tax revenues. Out of approximately 53 million households targeted by the campaign, 56 percent recalled seeing the advertising. Of those residing in California's primary markets, the recall rate reached 74.6 percent. Comparing total statewide spending to campaign cost yields a return on investment of \$323.

TELEVISION IS THE MEDIUM BEST EQUIPPED TO EFFECTIVELY DELIVER AND CONVEY CALIFORNIA'S KEY MESSAGE PLATFORM—THE UNIQUE AND DESIRABLE CALIFORNIA LIFESTYLE AND ATTITUDE TOWARD LIFE.

CTTC ADVERTISING RESULTS			
	2006	2007	% INCREASE
OVERALL AWARENESS	41%	61%	39%
INCREMENTAL TRIPS	1,543,325	2,595,547	68%
ECONOMIC IMPACT	\$1.96 BILLION	\$2.92 BILLION	49%
TAX REVENUE	\$127 MILLION	\$189 MILLION	49%



BRAND ADVERTISING

Showing California's Snowy Side

The 2007/2008 season marked the third year of the California Snow Campaign, created to support CTTC's year-round campaign initiative and showcase California as a four-season destination. The 30-second "Winter in California" creative spot was reinstated and aired October 8 through December 23, 2007, leveraging our fall national cable buy at a 25% rotation (a \$787,503 media value). The cable buy included network programming such as "The Sopranos" and "Dog the Bounty Hunter" on A&E, Discovery Channel, Comedy Central, and male-targeted movies on TBS and TNT.

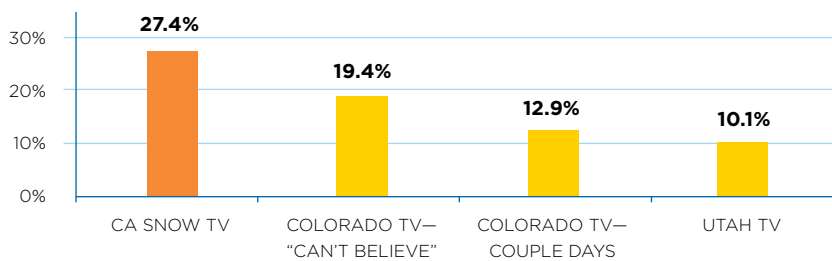
In addition, the spot benefited from the media purchase through our partnership with Southwest Airlines, who aired a :20/:10 version in their key spot markets. The spot was also broadcast during the Amgen Tour of California bike race in February 2008 on the Versus Network, and additionally at the lifestyle festivals in four finishing cities along the tour. The average attendance at the lifestyle festivals was 750,000.

Research by Strategic Marketing & Research Inc. (SMARI) measured any increase in California's market share of the destination skier market by increasing awareness of the state as a one-of-a-kind winter and snow

sports destination, thus encouraging the target markets to choose California over Rocky Mountain destinations. This year, a larger budget allowed CTTC to expand its broadcast media buy to a national level, thus dramatically increasing the number of potential visitors who could be reached with a marketing message. Phase I of the study (623 surveys) was completed in January 2008. Recall of the California ad was much higher than competitors, with 27% claiming recall of the ad. Nearly 75% claimed to see the ad more than twice.

AWARENESS OF WINTER ADVERTISING

SOURCE: SMARI





By the Numbers

35,000

Web site visits from November to April

200%

Increase in traffic in December

85%

Traffic generated through paid search and promos

ONLINE EFFORTS

CTTC dedicated great effort to driving potential snowbirds to the visitcaliforniasnow.com Web site. New this year, a photo contest encouraged visitors to share their favorite California snowy memory. Votes by more than 1,860 site visitors culminated in 14 pairs of lift tickets and two Gold Passes awarded to the best shutterbugs. The Web site also included the popular Rider Soundtrack feature, which encouraged visitors to share their favorite tunes to ski or snowboard by; engaging interactive maps for California's three main winter sports regions; and news and specials pages for the best steals and deals on California's slopes.

The "Winter in California" TV spot directed visitors to the site for more information, and people listened. Snow-lovers were also influenced by a search engine marketing (SEM) buy from November to January. Visits to visitcaliforniasnow.com went up greatly in December and January, growing from 4,982 in November to 11,262 and 8,794 in December and January, respectively.



By the Numbers

\$3.375 MILLION

Media investment (TV & print)

107,510

Visits to Web site in
5 months since launch

83,965

Unique visitors

2:25

Average time on site



BRAND ADVERTISING

Welcome to The Land of Wine and Food!

Building on California's allure as a major wine and food destination, CTTC entered into a groundbreaking five-year partnership with the California Wine Institute to promote the state's wine and cuisine offerings to the fast-growing travel segment of culinary connoisseurs. The cornerstone of the partnership is a national TV campaign promoting California's rich bounty of wine and food. "You'll Be Back," starring Governor Arnold Schwarzenegger, first lady Maria Shriver and a host of other wine and food celebrities, premiered on cable networks nationwide February 4. The TV spot relays the message that California is truly The Land of Wine and Food, and that Californians care deeply about what they eat and where it comes from. The spot appeared on Bravo, Fine Living, The Food Network, The Learning Channel and The Travel Channel, and constituted 25 percent of CTTC's national buy.

ADVENTURES IN THE LAND OF WINE AND FOOD

LandofWineandFood.com provides information intended to move site visitors toward a trip or extend a planned stay. By providing detailed information about wine and food destinations, trip ideas, and fresh and seasonal perspectives from culinary talent and ordinary Californians across the state, its goal is to inspire action. Launched January 28, the site averaged 26,878 visitors monthly prior to any online promotion. In April, search engine key word campaigns, interactive banner campaigns and online newsletters began.

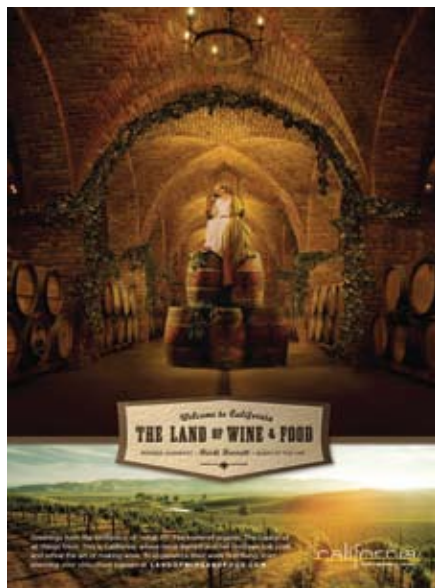
The "You'll Be Back" spot appeared to affect awareness—31.5% of all visitors typed the URL in directly (per Google Analytics), which means they were seeing or hearing the URL from somewhere. Additionally, engagement on the site was good—80% of visitors who came to the site stayed and spent an average of 3 minutes. Top content draws

were the sweepstakes, videos, Wine Finder application and blogs. The sweepstakes, with a new getaway offered each month, is a regional effort to promote wine and food across the state.

CONVERSION OF SITE VISITORS TO QUALIFIED LEADS IS MORE THAN DOUBLE INDUSTRY AVERAGE, WITH A 26.5% CONVERSION RATE OF VISITOR TO SWEEPSTAKES SIGN-UP; 16.6% OPT-IN TO LEARN MORE ABOUT CALIFORNIA'S REGIONS.



The new "You'll Be Back" spot featured winemaker Pat Kuleto, among other wine and food celebrities.



ARTISTIC EXTRAVAGANZAS

The first of CTTC's mouthwatering new print ads premiered in the March issues of *Gourmet*, *Bon Appetit*, *Saveur*, *Wine Spectator* and *Wine Enthusiast* magazines. These award-winning print ads ran 19 times in the following magazines, and a special co-op piece was produced for the May issues of *Gourmet* and *Bon Appetit*.

MAGAZINE CIRCULATION

- Gourmet: **969,308 (3x)**
- Bon Appetit: **1,367,478 (3x)**
- Saveur: **377,271 (3x)**
- Wine Spectator: **403,745 (5x)**
- Wine Enthusiast: **71,768 (3x)**
- Conde Nast Traveler: **787,947 (2x)**



LAUNCHING THE WINE AND FOOD CAMPAIGN

Several of the most influential wine, food and lifestyle journalists were CTTC's guests at a lavish introduction to The Land of Wine and Food in New York City. New York's hot new culinary event space, Astor Center, was transformed into a rustic California vineyard, including eye-popping visuals, wines from across the state and lush California produce.

With the assistance of wine and food celebrities such as "First Lady of Wine" Heidi Barrett of La Sirena wines, Guy Fieri of the Food Network and Tex Wasabi's, Andrew Firestone of Curtis Winery, and Duskie Estes and John Stewart of Zazu and Bovolo restaurants, the team presented a wide range of California wines from various regions, as well as mouth-watering dishes featuring California ingredients. Over an intimate communal table lit by harvest sunset hues, journalists had the chance to interact with these celebrities, as well as key CTTC and Wine Institute officials, and to learn more about California's unique wine- and food-oriented products, attractions, events and itineraries. Commissioner Tom Klein of Rodney Strong Vineyards, chair of the CTTC Wine and Food Subcommittee, was also on hand to share his insights into California's special wine and food offerings.



COOPERATIVE PROMOTIONS

Creating Partner Opportunities

CTTC's cooperative programs were created over the years to provide industry support through marketing opportunities that extend the reach and exposure of assessed and non-assessed partners in the travel industry. With the influx of funding, CTTC is now in a better position to take cooperative marketing programs to the next level, by making these programs more efficient, more cost-effective and more cohesive with the California brand.

TREASURE HUNT

During May 15 through September 30, 2007, the California Treasure Hunt Sweepstakes program awarded travelers with prizes and savings at numerous California partner destinations. With an overall value of \$488,180 and 131 partners, Treasure Hunt received 10 million exposures in over 400 Longs Drugs locations.

INSIDE SCOOP

The largest co-op to date, "Inside Scoop" was published in fall issues of Travel + Leisure, Food & Wine and National Geographic Traveler. With CTTC-directed content, this special advertising section showed potential visitors how to live it up like locals—California insiders—and directed them to visitcalifornia.com for more inside scoops.

INSIDE THE GOLDEN STATE'S WINE & FOOD CULTURE

Carefully tailored for the wine and food market and anchored by the California brand, "Inside the Golden State's Wine & Food Culture" was featured in the May issues of *Gourmet* and *Bon Appetit*, distributed to the Western market. Featuring fabulous imagery, interviews with local wine and food stars, and exclusive tips and inside scoops, this co-op piece allowed participants targeted exposure to a high-level audience.

FUN SPOTS

New opportunities were created for California's attractions in March, including enhanced Web listings on visitcalifornia.com, including a photo or logo, as well as downloadable coupons in the "Deals" section of the Web site. In addition, a dedicated SEM keyword buy was included. Fun Spots also received feature placement in the California Road Trips publication.

SHOP CALIFORNIA

CTTC joined with Shop America Alliance to promote California's huge array of shopping destinations and activities, offering a menu of opportunities including co-op booth space at Pow Wow and a variety of other travel trade, media and public relations opportunities.

By the Numbers

INSIDE SCOOP INSERT



850,000
Distribution

39
Industry partners

24
Pages

\$720,000
Overall value

WINE & FOOD INSERT



700,000
Distribution

8
Industry partners

12
Pages

\$360,000
Overall value

FUN SPOTS



1 MILLION
Ad distribution in
Road Trips

9,448
Coupon downloads,
April through June

86,726
Deals page views

47,403
Fun Spots page views

SHOP CALIFORNIA



200,000
Ad distribution
in Shop America
publication

39
Partners

275
Cultural tourism
and shopping
packages sold

COMMUNICATIONS

Spreading the Message

The Communications team works to reach targeted media in key domestic and international markets by building personal relationships through familiarization tours and media events, developing and coordinating public relations efforts, and addressing niche markets through press contacts and media outreach. CTTC also focuses on communicating with its industry partners, sharing the news of opportunities and events.

MEDIA OUTREACH

CTTC contracts with public relations firms and specialty writers to collaborate with in-house media relations staff on a variety of projects. Working with a diverse team of experts allows CTTC to maximize outreach efforts and execute expansive media relations campaigns. For the first time in 2007/2008, CTTC began tracking secondary media coverage with the goal of increasing ROI and better assisting CTTC's placements in travel media.

NOTABLE NEWSLETTERS

To help spread the California brand message, CTTC developed a new electronic newsletter dedicated to keeping in touch with the media on a monthly basis. Introduced in early October, the newsletter is produced in two formats. A short-lead newsletter appeals to those in the newspaper, online and broadcast sectors, while a long-lead version is sent to magazines and trade publications. This e-newsletter is distributed to more than 1,300

media domestically, while the international version is customized and distributed similarly. This new outlet contains a variety of information from press releases and *What's New in California*, as well as facts, statistics, story ideas and more. All newsletters draw media attention to the CTTC online press room for more information and images.

In addition, nearly 3,000 national and international media receive *What's New in California*, a quarterly publication highlighting new developments in California tourism. This seasonal round-up of new travel developments was redesigned to align itself with CTTC brand standards and give it a fresh look. The publication is now printed with full-color covers featuring striking images of California's landscape, and is also printed on Forest Stewardship Council (FSC) certified paper—part of CTTC's ongoing efforts to support more green and sustainable business solutions.

CRISIS COMMUNICATIONS

CTTC provides a crucial service to the travel and tourism industry by coordinating crisis communications. There were a number of challenges in 2007/2008, from fires throughout the state, and damages to Universal Studios. To combat public perception and negative media coverage during the Southern California wildfires, CTTC organized an extensive campaign including daily or twice-daily Web updates, a full-page newspaper ad, and a press release and recovery tour.

By the Numbers

44
Press releases/
referendum
advisories

\$35,649,259
Return on
investment

137,650,580
Media impressions

34 MILLION
Measurable crisis
impressions

\$8.5 MILLION
Crisis media ROI



MEDIA EVENTS



MEETING THE MEDIA

Each year, CTC creates fun and professional media events that draw top-notch California and out-of-state journalists and freelancers. Each event provides the opportunity for scores of California destination and attraction representatives to present their product and pitch story ideas, while meeting media face-to-face. Media receptions were held in Los Angeles, New York and San Francisco, with record-breaking attendance in both New York and San Francisco. In conjunction with the events, CTC also organized familiarization tours for numerous out-of-state and international media.

2007/2008 MEDIA EVENTS				
	CALIFORNIA DELEGATES	TOTAL MEDIA	OUT-OF-STATE MEDIA	CANADIAN MEDIA
LOS ANGELES MEDIA RECEPTION OCTOBER 30, 2007	56	60	6	4
NEW YORK MEDIA RECEPTION JANUARY 29, 2008	53	114	110	2
SAN FRANCISCO MEDIA RECEPTION APRIL 22, 2008	66	97	2	1



NEW PRESS KIT UNVEILED

Distributed to media across the world, CTTC's California Press Kit is an invaluable resource. Containing story ideas, TV spots, press releases, the *California Official Visitor's Guide and Travel Planner* and other California goodies, the press kit is used by the Communications Department throughout the year to keep California top-of-mind. A redesigned press kit, split into two parts for California in general and the Wine and Food Campaign, made its debut at the New York Media Reception.

INDUSTRY INSIGHTS

In 2007/2008, CTTC increased efforts to communicate with more than 10,000 travel and tourism partners through its industry newsletter, *Insights Online*. More articles about CTTC programs, events and opportunities were featured, including new recurring columns on the Research, Rural Tourism, California Welcome Center and Assessment programs. CTTC also produced the 2006/2007 *Insights Year in Review*, recapping CTTC activities throughout the year.



THE "TODAY" SHOW

CTTC worked closely with NBC's "Today" show in summer 2007 as part of the show's "America the Beautiful" series, highlighting the Pacific Coast Highway. Statewide location suggestions, B-roll and photography, Web site content, special Web banner ads and local experts for pre-taped segments and interviews were provided to the producers. In addition, CTTC has worked throughout the year to start creating a comprehensive digital asset library highlighting the California travel product. This library will not only support marketing needs, but will establish CTTC as a valuable resource, complementing and enhancing paid advertising efforts through public relations programs and other promotional opportunities.

CTTC COMMUNICATION EFFORTS HAVE RESULTED IN A 200 PERCENT INCREASE IN ROI FROM THE 2006/2007 FISCAL YEAR.

WILDFIRE RECOVERY TOUR & CRISIS COMMUNICATIONS





TECHNOLOGY

Unveiling visitcalifornia.com 2.0

On February 20, CTTC rolled out version 2.0 of visitcalifornia.com (VCA), offering a bright, fun tool that will help visitors plan their vacations and fall in love with California all over again. New content sections were added for activities and attractions, and more drop-down menus allow one-click accessibility to deeper site content. Google maps were integrated into regions, recommendations and search results, bringing a level of real-world visibility to many locations.

For our industry partners, the site redesign allows for improved ad placement throughout, with two easy-to-see spots above the fold. In addition, the search widget was integrated into the page design. By searching for a city, all local CVBs and DMOs are now available to the consumer. The “Top Picks” function highlights the largest cities or areas in a region, delivering search results showing all local CVBs and DMOs. Finally, links to California Welcome Center locations were added throughout the site in relevant locations.

CTTC’S WEB SITES ARE COMPREHENSIVE COMMUNICATION TOOLS THAT ADDRESS THE NEEDS OF CONSUMERS, ASSESSED BUSINESSES, MEDIA AND TRAVEL TRADE. AS SUCH, THE WEB SITES NEED TO REPRESENT THE BRAND IMAGE OF CALIFORNIA AS WELL AS PROVIDE A COMPREHENSIVE SERVICE OF TOOLS TO END USERS.

CONTENT SUBMISSION

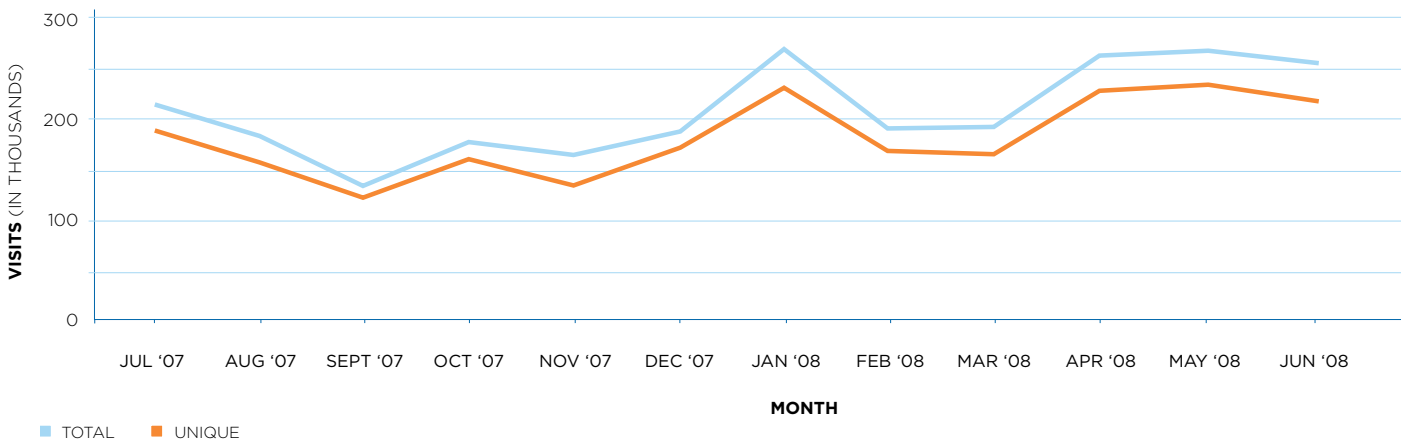
In order to organize and present the depth and breadth of California offerings, CTTC created a new content submission program. This new tool, located at visitcalifornia.com/content, centralizes the collection and presentation of editorial content, tourism information and details for visitors to California. Providing opportunities to increase coverage of niche tourism segments, the tool also allows for greater access for rural tourism markets. Events, destinations, editorial recommendations, and news and press releases are all available for CTTC to use at a moment’s notice. This has been a great year to test the system—new standards were established for publishing timelines, and methods of improvement were noted for future versions.

MARKETING PROGRAM PLANNER

In June, CTTC unveiled Phase 1 of the Marketing Program Planner (MPP), available at tourism.visitcalifornia.com, which will ultimately be part of the larger Business Partner Portal. The MPP provides an easy-to-use interface for assessed businesses and industry stakeholders to find, manage, and participate in CTTC marketing programs. Including an 18-month planning calendar, the MPP places the most current information on CTTC marketing and travel trade opportunities at partners’ fingertips.

THE REDESIGN OF VCA PUTS CTTC IN THE FOREFRONT OF INTERNET MARKETING WHILE MAINTAINING CALIFORNIA’S BRAND IMAGE.

07-08 VISITATION TRENDS BY MONTH



20



TRANSLATIONS WELCOME INTERNATIONAL VISITORS

As an added bonus, VCA 2.0 made possible the launch of several international sites. In addition to in-depth content for the U.K. and Japan sites, CTTC translated the VCA home page into German, Spanish, French, Italian, Portuguese, Chinese (traditional and simplified) and Korean. The first stage includes basic information in the native language of some of California's top international markets. Future updates will include more in-depth information and new designs, all incorporating the latest research on each market.

TOP 5 COUNTRIES BY SITE VISITS

Canada	116,750
U.K.	50,065
Germany	17,779
Italy	13,730
France	7,567

By the Numbers

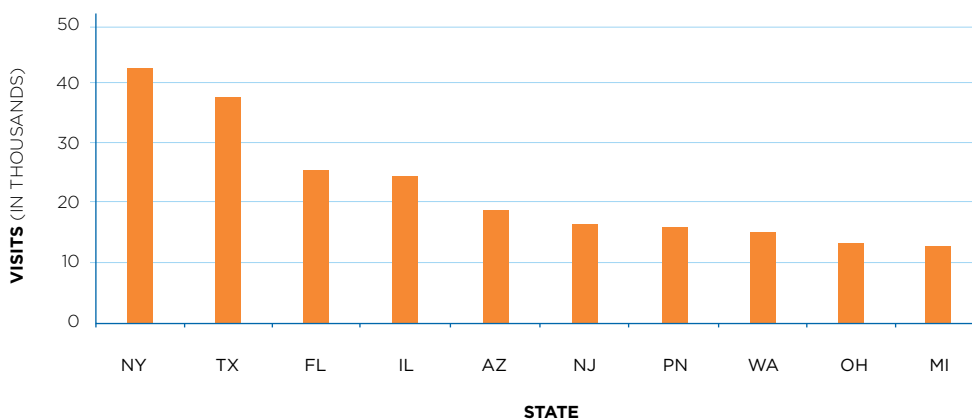
2,517,607
Site visits

2,206,456
Unique visitors

11,285,706
Page views

3:46
Average time spent
on site

TOP 10 STATES CONTRIBUTING VISITORS TO VISITCALIFORNIA.COM



PUBLICATIONS & FULFILLMENT

Inspiration at Their Fingertips

CTTC uses publications to touch consumers through rich visual elements and engaging content that allow them to envision the type of experiences they might have while on vacation in California. CTTC publications also work in concert with electronic media to provide greater depth of content.

LIVE THE CALIFORNIA LIFESTYLE

The *California Official Visitor's Guide and Travel Planner* (CVG) is an inspiration to California visitors worldwide. As California's premier tourism publication, the CVG is a beautiful, magazine-style informative guide for visitors and a chance for industry partners to showcase their destinations in a well-distributed format. Created through a partnership with Sunset Custom

Communications, the CVG is also sold on newsstands throughout California and neighboring states.

The CVG's primary goal is to provide inspiration to potential tourists, moving them from simply considering California as a potential vacation destination to making the commitment to come. The 2008 CVG featured some notable updates from previous years, including a cover in line with CTTC's new Wine and Food Campaign, use of large photos for dramatic impact, 47 new maps and itineraries to make planning easy, and first-time use of keywords in the text that link to specific, expanded content on visitcalifornia.com. An entirely digital version of the CVG is also available online.

RELIABLE RESOURCE

Included with the CVG is the *California Official State Map* (OSM), which provides an overview of the entire state, as well as nine new "must sees" and six new trip ideas. The official tourism map of the state of California, this full-size map is produced by a cartographer, and serves as a planning resource for potential visitors prior to their trip. It is also utilized by tourists traveling during their stay.

"I WOULD HAVE PAID FOR THIS GUIDE IF I HAD KNOWN HOW GOOD IT IS."

—POTENTIAL TOURIST, QUALITATIVE RESEARCH STUDY



By the Numbers

CALIFORNIA VISITOR'S GUIDE

500,000 Total distribution

75,000 Sold on newsstands

100,000 Online distribution

By the Numbers

OFFICIAL STATE MAP

1,000,000 Total distribution

500,000 Included in CVG

AN INTERNATIONAL INTRODUCTION

The international version of the *California Visitor's Guide* was released to coincide with the World Travel Market (WTM) in November. The guide, which sees a total international distribution of 130,000, was translated into German, Japanese and Spanish and highlighted all of California's 12 regions. Featuring the myriad outdoor activities that take place in the Golden State, the guide also spotlighted the "good life" found in California through wine and food, spas and shopping. The 2008 international CVG was redesigned to more closely align to the domestic CVG. The end was a cleaner, more legible guide that received high praise from CTTC's in-market international staff.

CALIFORNIA ROAD TRIPS

CTTC produced *California Road Trips*, formerly *California Drives*, in May. The new name better reflects the active lifestyle exuded in California. The guide continues to address the misperception that California cannot be fully enjoyed in just a few days due to its size. By highlighting the varied and unique experiences that one can have throughout the state over a period of a few days, the publication reassures consumers that a two- to three-day California getaway can be just as fulfilling as a longer vacation. The 2008 guide focused on creating a logical drive route and incorporating the activity icons used on visitcalifornia.com. This also allows for easier reading by consumers—allowing them to quickly find the stops that will most address their needs and interests.

WORTH EVERY PENNY

CTTC, in conjunction with Sunset Custom Communications, conducted a Qualitative Research Study of the CVG and OSM through Mayeri Research. The purpose of this research was to understand travel planning behavior of potential California tourists and how the CVG fits into their process, evaluate the usefulness of the guide, given the needs of potential tourists, and gauge reaction to proposed changes for the 2008 CVG. The result of this study was that consumers are extremely pleased with and surprised by the quality of the guide. No one participating in the study felt disappointment or dissatisfaction with it, and many said that it was the best guide that they had seen.

General comments included a consensus that consumers appreciated how the guide highlights some of California's lesser known areas, as well as providing detailed information on already popular spots. In comparison to similar guides, the CVG's gorgeous imagery and design were clearly noticed and preferred. Finally, consumers appreciated the connection between the hard copy planning piece and Web site, and in fact expressed a desire for a larger Web component. Several noted they would use the Web for the backbone of their planning.

CALIFORNIA ROAD TRIPS



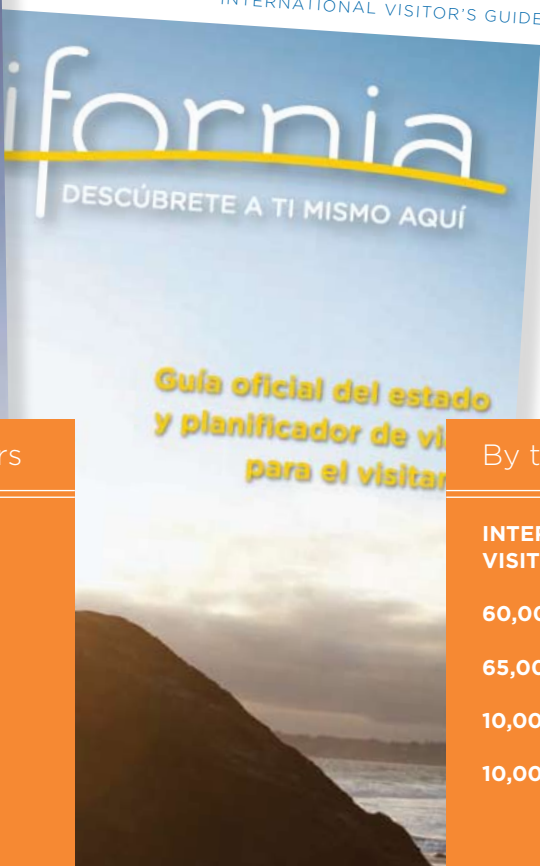
By the Numbers

CALIFORNIA ROAD TRIPS

1,000,000
Total distribution

500,000
Distributed in June *Sunset*

INTERNATIONAL VISITOR'S GUIDE



By the Numbers

INTERNATIONAL VISITOR'S GUIDE

60,000—U.K.

65,000—Germany

10,000—Japan

10,000—Mexico

RURAL TOURISM

Building Coalitions

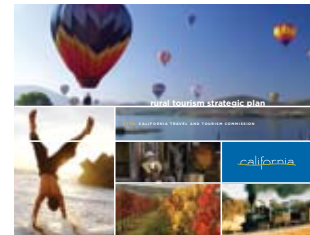
The Rural Regional Program is a cooperative marketing effort between California Tourism and regional DMOs throughout rural California. By participating in this program, destinations of all sizes can stretch their marketing dollars while partnering with successful state-branded promotions in domestic and international markets. The rural program helps leverage scarce local resources, and acts as a catalyst to encourage regionwide partnership. CTTC has allocated funding in each of the eight designated rural tourism regions to accomplish a specific scope of work. These rural regions utilize the funds to participate in myriad opportunities, including but not limited to domestic and

international travel trade shows, regional visitor's guides, and regional Web sites. In 2007/2008, two previously inactive regions were revived, and for the first time, more than 90% of the matching funds were spent.

Also in 2008, CTTC rolled out an exciting Rural Tourism Strategic Plan. The plan, developed in partnership with The Strategic Marketing Group, focuses on extending awareness to California's eight rural tourism marketing regions and increasing the partnerships among rural tourism stakeholders, the California Welcome Centers and the California Cultural and Heritage Tourism Council (CCHTC).

The 8 rural regions:

- Shasta Cascade
- Deserts
- North Coast
- Inland Empire
- Gold Country
- High Sierra
- Central Coast
- Central Valley



RURAL
TOURISM
MEANS >

By the Numbers

357,400
Jobs

39%
Of total tourism employment

\$27 BILLION
In travel spending

31%
Of total tax receipts

\$1.6 BILLION
In state and local taxes

SHOWCASING CALIFORNIA'S DESERTS

California's desert destinations were spotlighted at the Travel Media Showcase (TMS) in November, held in Palm Springs. CTTC and the California Desert Region Visitors Association sponsored an opening reception to greet 90-plus top-notch media from across the country. After a video reel highlighting desert beauty, leading print and broadcast media mingled with more than two dozen desert representatives showcasing their travel products.

CELEBRATING CULTURE AND HERITAGE

The California Cultural and Heritage Tourism Council (CCHTC), supported by CTTC, brings together federal, state, tribal, local, nonprofit, corporate and private organizations and interests to promote and enhance the joint benefits of cultural and heritage resource preservation and tourism promotion. CCHTC and CTTC work together throughout the year to create the annual Cultural and Heritage Tourism Symposium. The 2008 Symposium in historic Monterey was a hit, with more than 140 speakers and attendees gathering to network, share knowledge and work together to promote California as a top cultural and heritage tourism destination. A special appearance by California Representative Sam Farr was a highlight of the event.

CWC SUMMER RESEARCH

California Tourism worked with Lauren Schlau Consulting to conduct research in July 2007 regarding the 13 CWCs.

- 62%** were attracted to a CWC by the highway signage
- 70%** stopped at a CWC to pick up maps, brochures or publications
- 49%** stopped for information on local activities and directions
- 41%** stopped to use the restroom
- 77%** were traveling for pleasure
- 80%** were from the U.S.
- 17%** were international visitors
- 33%** were from California
- 47.2** average age
- \$93,920** average income

CALIFORNIA WELCOME CENTERS

California's Front Door

There are 13 California Welcome CentersSM (CWCs) providing travelers with information, resources, collateral materials and personal concierge services, encouraging them to extend their stay in the Golden State. CWCs represent a unique national model of a public-private partnership—each CWC pays \$5,000 in annual fees to the state and in turn receives CTTC's marketing support. This strategic alliance helps provide in-state continuity to CTTC's overall branding while highlighting destinations and communities statewide.

In 2008, CTTC created an integrated Strategic Plan for the California Welcome Center Program, providing a clear vision of the specific role the CWC network plays

within CTTC's overall marketing and industry outreach efforts. To fully leverage the opportunities set forth in the Strategic Plan, key California Tourism staff realignments were made to elevate and integrate the role the CWCs have within the scope of CTTC's long-term vision. The Strategic Plan contains core strategies in the areas of branding, education and promotion, as well as action steps for each.



CWC VISITORS BY REGION

LOCATION	TOTAL VISITORS
CWC Anderson	24,410
CWC Arcata	15,322
CWC Auburn	13,764
CWC Barstow	272,239
CWC Merced	43,907
CWC Oceanside	62,470
CWC Oxnard	24,342
CWC Pismo Beach	301,682
CWC San Bernardino	27,636
CWC San Francisco	280,427
CWC Santa Ana	96,188
CWC Santa Rosa	67,498
CWC Yucca Valley	22,242
Total Visitors	1,252,127

July 2007-June 2008

ANDERSON CWC TURNS 10

The Anderson CWC celebrated its 10th anniversary in October, having served 402,255 visitors since opening. Unique amenities include a trout pond and waterfall, a three-dimensional topographic map of Northern California, a Native American display, cultural history of each of the counties located in the Shasta Cascade region and a stunning bronze sculpture of the California grizzly bear. Anderson serves the largest area of any CWC, covering more than 30,000 square miles in eight counties.



OVERALL CWC VISITATION INCREASED 20.7% OVER THE PREVIOUS FISCAL YEAR.

ONE MILLION AND COUNTING

The Oceanside CWC welcomed its one millionth visitor in January. A couple from Nebraska was welcomed by community leaders, CWC staff and volunteers, and tourism professionals and received a fantastic stay in Oceanside. Every visitor that day received a special gift provided by CTTC and branded with the California logo. CWC guests also had the chance to win destination prizes. The Oceanside CWC has been open since July 2000 and serves as the gateway to San Diego County.



NATIONAL TOUR ASSOCIATION CONVENTION

CTTC and 128 California delegates attended the National Tour Association (NTA) Convention in Kansas City, Mo., November 2-6. The NTA Convention offers delegates the opportunity to network and build relationships with the more than 550 tour operators in attendance. In addition to one-on-one appointments, a designated California Destination booth allowed tour operators access to state DMOs on Friday. Also on Friday, a popular California wine reception, open to all Convention delegates, was co-sponsored by CTTC and 10 DMO partners. The entire event was a masterpiece of California branding, and a hospitality booth sponsored by Shop California featured beautiful California imagery, giving tour operators a glimpse of the California lifestyle.

By the Numbers

- 550** Tour operators
- 50** Meetings
- 128** Delegates
- 44** Leads
- 44** Appointments



NEW TRAVEL TRADE KIT

CTTC debuted a new Travel Trade kit at the NTA Convention that included new driving itineraries, among other information. The tool was meant to give detailed information about California, and put travel trade in touch with CTTC staff.

WORKING THE TRADE

Domestic and international trade shows and promotions provide CTTC and industry partners with the opportunity to introduce California products and marketing campaigns to travel trade markets in the U.S. and internationally. The travel trade program is charged with building and maintaining relationships with key tour operators and generating leads for the California travel industry. Additionally, CTTC facilitates a unified California presence, allowing a broad range of partner participation while presenting a single brand image.



DOMESTIC TRADE SHOWS

LUXURY TRAVEL EXPO

LAS VEGAS, NEV.
DECEMBER 4-6, 2007

600 EXHIBITORS
18 DELEGATES
3,275 LUXURY TRAVEL PROFESSIONALS ATTENDED

GO WEST SUMMIT

COLORADO SPRINGS, COLO.
JANUARY 20-24, 2008

32 TOUR OPERATORS & MEDIA APPOINTMENTS
20 DELEGATES
35 LEADS
37 APPOINTMENTS

AMERICAN BUS ASSOCIATION

(**ABA**) MARKETPLACE,
VIRGINIA BEACH, VA.
FEBRUARY 2-7, 2008

21 TOUR OPERATOR MEETINGS
20 LEADS
60 DELEGATES
650 BUYERS

NATIONAL TOUR ASSOCIATION

(**NTA**) SPRING MEET, MOHEGAN
SUN, CONN.
APRIL 2-4, 2008

150 TOUR OPERATORS
5 CO-SPONSORS

INTERNATIONAL TRADE SHOW

LA CUMBRE

FORT LAUDERDALE, FLA.
SEPTEMBER 5-7, 2007

72 JOURNALISTS FROM TOP MEDIA IN LATIN AMERICA
30 COMPUTER-MATCHED APPOINTMENTS
GROUP OF 500 PERSUADED TO REDIRECT CLIENTS TO CA

600 BUYERS
10 DELEGATES
5 LEADS

SHOWCASE USA

ITALY, FLORENCE
NOVEMBER 15-17, 2007

20 TOUR OPERATOR MEETINGS
35 TRAVEL AGENT MEETINGS
3 LEADS
50 CVGS
20 TT KITS

FIT ARGENTINA

BUENOS AIRES
NOVEMBER 17-20, 2007

1,800 SUPPLIERS
30,000 TRAVEL TRADE PROFESSIONALS
50,000 CONSUMERS
3 DELEGATES

VISIT USA ARGENTINA

BUENOS AIRES
APRIL 10, 2008

258 EXHIBITORS
100 TRAVEL TRADE
1,900 VISITORS/AGENTS
2 DELEGATES

POW WOW

California Tourism was in full force at the TIA 40th Annual International Pow Wow in Las Vegas, Nev., May 31 through June 4. Fielding 20 staff members and representatives from all our international offices (Australia/New Zealand, Germany, Japan, Mexico, United Kingdom and Scandinavia), CTTC conducted numerous appointments with travel industry professionals and met with international tour operators, dozens of international journalists, media, airline officials and California travel industry companies. In her role as TIA National Chair, CTTC President and CEO Caroline Beteta opened TIA's press conference with TIA President and CEO Roger Dow and delivered the keynote address Tuesday to the record 5,500 suppliers, buyers and journalists (325 domestic and international press) attending this year's Pow Wow.

Pow Wow is the travel industry's premier international marketplace and the largest generator of U.S. travel—not just a typical trade show. In just three days of intensive pre-scheduled, computer-generated business appointments, more than 1,000 travel organizations from every region of the U.S., representing all industry category components, and close to 1,500 international and domestic buyers from more than 70 countries conduct business negotiations that result in the generation of over \$3.5 billion in future U.S. travel. At Pow Wow, buyers and sellers are able to conduct business that would otherwise be generated only through an exhaustive number of around-the-world trips.



By the Numbers

- 20** CTTC Staff
- 225** Travel industry appointments
- 5,500** Attendance
- 325** Domestic & Int'l press
- 70** Countries



CEO CAROLINE BETETA
ADDRESSED OVER 5,000
TRAVEL INDUSTRY
REPRESENTATIVES AT THE 2008
INTERNATIONAL POW WOW.



FAMILIARIZATION FOCUS

CTTC works with its in-country offices and the industry to set up familiarization tours across the state. In 2007/2008, California welcomed groups from across the world, including all primary markets, Norway and Brazil. These always-popular fams result in hundreds of thousands of dollars worth of coverage in brochures, sales packages and other exposure. Fams are an excellent way to expose international audiences to all of California's regions and destinations.



Out in the Field

By the Numbers

- 1,318 Calls
- 137 E-mails
- 112 Events
- 950 On-site visits
- 14 Presentations, field reps

CTTC realizes how crucial our industry partners are to our success and the overall success of California. As a direct result of the findings determined during the 2001 California Tourism Marketing Act Referendum, CTTC has contracted with six consultants to meet with the assessed businesses within their respective regions. The Marketing Representatives educate the assessed businesses within the region on cooperative programs, participation in trade shows, publications, upcoming

conferences, and other marketing programs. The regional representative directs all billing/assessment calls to designated assessment personnel.

In addition, President and CEO Caroline Beteta, as well as other staff members speak to industry organizations and meetings across the state year-round, sharing the latest news about CTTC's programming and listening to public opinion. Throughout the year, CTTC staff gave over 100 presentations.

AT THE HELM



CEO Caroline Beteta & Sir Richard Branson, Virgin founder, at TIA's TravelCom.

CTTC President and CEO Caroline Beteta began her term as the National Chair of the Travel Industry Association (TIA) April 1. TIA is the national, nonprofit organization representing the \$740 billion travel industry, based in Washington, D.C. Its mission is to promote and facilitate increased travel to and within the U.S., while serving as an advocate of the travel industry with the U.S. government. **Priority items include** the Travel Promotion Act, which would create a nationally coordinated, public-private partnership to promote travel and tourism across the entire U.S.

In her new role, Beteta plans to focus her term on three main areas:

- 1) Expanding TIA's public affairs focus;
- 2) Successfully launching DiscoverAmerica.com, the official travel and tourism Web site of the United States; and
- 3) Becoming the champion of travel and the traveler, while continuing to position travel and tourism as an economic engine for local, state and national economies.

CTTC REGIONAL MARKETING REPS

CTTC regional marketing representatives reported thousands of meetings with assessed businesses throughout California. The six representatives attend industry events and meet with travel industry partners on a regular basis to communicate CTTC's various marketing programs and cooperative opportunities.

BOB AMANO

LOS ANGELES COUNTY
BAMANO@VISITCALIFORNIA.COM

KATHY ANDERSON

SAN DIEGO COUNTY, INLAND EMPIRE AND DESERTS
KANDERSON@VISITCALIFORNIA.COM

SHELLIE COOK

CENTRAL VALLEY, GOLD COUNTRY, NORTH COAST AND SHASTA CASCADE
SCOOK@VISITCALIFORNIA.COM

PETTIT GILWEE

HIGH SIERRA
PGILWEE@VISITCALIFORNIA.COM

JEAN JOHNSTONE

SAN FRANCISCO BAY AREA/CENTRAL COAST
JJOHNSTONE@VISITCALIFORNIA.COM

CYNTHIA REYNOLDS

ORANGE COUNTY
CREYNOLDS@VISITCALIFORNIA.COM

CALIFORNIA TOURISM MARKETING EXCELLENCE AWARDS

THE 14TH ANNUAL CALIFORNIA TOURISM MARKETING EXCELLENCE AWARDS WERE PRESENTED TO:

BEST VISITOR'S GUIDE OR BROCHURE

Santa Monica Convention & Visitors Bureau
"The 2008 Official Santa Monica Visitors Guide"

Mammoth Lakes Tourism
"2008 Vacation Planner"

BEST PUBLIC RELATIONS CAMPAIGN

Santa Cruz Beach Boardwalk
"100 Years, Millions of Memories: The Santa Cruz Beach Boardwalk's Centennial Celebration"

BEST PRINT PIECE

Temecula Valley Convention & Visitors Bureau
"Temecula Valley International Film and Music Festival"

BEST OVERALL MARKETING CAMPAIGN BY TRAVEL INDUSTRY ENTITY

The Zoological Society of San Diego
"Journey to Africa"

BEST BROADCAST ADVERTISEMENT—RADIO

The Zoological Society of San Diego
"Zebra Secrets"

BEST OVERALL MARKETING CAMPAIGN BY A DESTINATION

North Lake Tahoe Resort Association
"N is for North"

BEST WEB SITE

Truckee Tahoe Airport
"www.truckeetahoeairport.com"

BEST E-MARKETING STRATEGY

Santa Rosa Convention & Visitors Bureau
"Travel Zoo Internet Marketing Campaign"

BEST COOPERATIVE MARKETING CAMPAIGN

San Francisco Convention & Visitors Bureau
"San Francisco Lesbian, Gay, Bisexual, and Transgender (LGBT)"

BEST BROADCAST ADVERTISEMENT—TV

The Zoological Society of San Diego
"Masai"

BEST OF SHOW

The Zoological Society of San Diego for TV and Best Overall Marketing Campaign



CALIFORNIA TOURISM ORGANIZATIONS WERE HONORED IN JUNE AT THE CALIFORNIA CONFERENCE ON TOURISM FOR OUTSTANDING MARKETING, ADVERTISING AND PUBLIC RELATIONS CAMPAIGNS.

78%

of overseas visitors to California stayed in hotels or motels.

International Marketing Efforts

5.2

**MILLION
OVERSEAS
VISITORS**

to California in 2007.

2 OF THE 4

most visited U.S. cities by overseas travelers are in California—Los Angeles (#2) and San Francisco (#4).

36%

of overseas travelers to California used rental cars during their trips.

765,000

U.K. travelers visited California in 2007, making it California's top overseas market.

\$14.6 BILLION

in total spending by visitors from Mexico, Canada and overseas.

NANDEMO ALI-FORNIA!

"California has it all!"



UNITED KINGDOM/IRELAND

THE UNITED KINGDOM AND IRELAND ARE CALIFORNIA'S NUMBER ONE OVERSEAS MARKET. WITH THE INCREASED VALUE OF THE EURO VERSUS THE U.S. DOLLAR, CALIFORNIA HAS BENEFITED FROM INCREASED TOURISM. THESE COUNTRIES ARE RESPONSIBLE FOR:

765,000 VISITORS FROM U.K. ALONE (UP 1.7% FROM 2006)
830,000 TOTAL VISITORS
\$875 MILLION (U.K. ONLY)
\$1,144 PER-TRIP SPEND (U.K. ONLY)
78.5 MILLION OUTBOUND (15 MILLION LONG-HAUL)

CALIFORNIA TOURISM IS REPRESENTED IN THE U.K. AND IRELAND MARKETS BY BLACK DIAMOND. AT RIGHT ARE RESULTS FROM THROUGHOUT THE YEAR.

747 ARTICLES
473,443,581 CIRCULATION
\$23,328,819 AD VALUE
\$69,986,457 PR VALUE
3 BROADCAST PROJECTS
15,028 U.K. CVGs DISTRIBUTED

Back in the Swing of Things

HARD "WORK" PAYS OFF

Exciting new marketing efforts were launched in the U.K. on December 26. California entered the U.K. market with "Work"—CTTC's first foray into U.K. advertising. The spot was featured on major terrestrial and cable channels to create widespread awareness within the target audience that California is a viable travel destination, and to inspire the U.K. consumer to experience the California lifestyle.

CTTC also partnered with *The Times*, producing seven full-page color advertorials informing U.K. readers about California. Additionally, a dedicated microsite produced over 2 million page impressions.

NAVIGATING CALIFORNIA

CTTC U.K. worked with Nissan to create special editions of the Nissan Pathfinder and promote them in line with the California brand. A national press campaign featured California imagery, and media, consumer and trade show partnerships created even more exposure in the U.K. A beautiful 44-page, full-color guide, *Navigate: Great Routes of California*, was produced, positioning California as the perfect driving and biking destination. In addition, a 32-page supplement ran nationally in *Independent on Sunday*.

SEEING STARS

CTTC joined with Vue Cinemas, a major theater chain in the U.K., for more than

60 high-end screenings of the latest films each month, with monthly California holiday giveaways. Movies premiered with "Work" airing beforehand. Hugely popular movies such as *Iron Man* and *Mamma Mia* were included in the special promotion, with the "Work" spot also shown in foyers. Movie theaters provide the perfect opportunity to reach the U.K. consumer, since cinema advertising has the highest recall rates of any U.K. media space.

REACHING THE U.K. ONLINE

In conjunction with launching "Work," CTTC also launched a country-specific in-depth Web site, visitcalifornia.co.uk. It carries pertinent travel information for these specific markets, and serves as

"WORK"

5 WEEK HEAVY MEDIA BURST
90% OF TARGET AUDIENCE SHOULD SEE 8 TIMES
5 WEEKS INTO CAMPAIGN, UNPROMPTED RECALL TRIPLED
63% RECALLED SPOT
50% OF THOSE RECALLED SEEING IT MORE THAN 3 TIMES
10,000 COMPETITION ENTRIES ON TIME MICROSITE

NAVIGATING CALIFORNIA

\$2.75 MILLION COMBINED MEDIA VALUE
799,000 *INDEPENDENT ON SUNDAY* CIRCULATION
1.3 MILLION IMPACTS IN MAGAZINE AND PRESS ADVERTISING
960,000 ATTENDED MOUNTAIN BIKING EVENTS
150,000 *NAVIGATE* GUIDES DISTRIBUTED

SEEING STARS

6 MOVIES OVER 6 MONTHS
60 SCREENINGS EACH MONTH
11.2 MILLION REACHED
270,000 ON E-MAIL BLAST LIST
2.25 MILLION PEOPLE IN FIRST MONTH ALONE

REACHING THE U.K. ONLINE

287,574 SITE VISITS
1.6 MILLION PAGE VIEWS
3:39 MINUTES AVERAGE STAYING TIME
1,000 CONSUMER REQUESTS FOR U.K. CVG IN FIRST 10 DAYS



ADVERTISING IN IRELAND

CTTC also ran the “Work” spot in Ireland for three weeks starting April 28 across all main terrestrial and digital channels. The media blast was timed to coincide with a promotion with Tour America throughout the month of May, which offered

California-branded shops and great holiday packages to California. After the media burst, Tour America recorded a 45 percent increase in California bookings, supplanting Florida as its number 1 destination.

a great call to action for all advertising and marketing efforts. Further updates are planned to personalize content for specific market interests.

GLAMOROUS PAPERBACK PROMOTION

In September, the bestselling novel *Glamour* was released in paperback. CTTC was able to piggyback on the publicity surrounding its release for only the cost of a California vacation. CTTC’s logo and details of the promotion were included on a full-page ad in *Glamour* magazine, advertising in U.K. shopping malls and branded on-book stickers. The promotion was hosted online through December.

UNLOCKING CALIFORNIA

CTTC was the star of the ever-popular World Travel Market (WTM), with a full

contingent of California delegates. WTM is a unique chance to bring together members of the travel industry from across the globe. Media and consumers also attend, making this the perfect opportunity to market California as a major international destination. Reflecting CTTC’s branding, the California booth featured increased space and daily wine receptions. The high point of the event was CTTC’s annual VIP movie premiere and reception. Top travel trade and media enjoyed *The Jane Austen Book Club*. Reception attendees were each invited to “unlock California.” Several won cases of California wine, and three won California travel adventures worth \$10,000 each.

EUROPEAN SUCCESSES

CTTC conducted a Sales and Media Mission in April to provide delegates

representing key destinations, hotels and attractions in California with the opportunity to visit London and network with key travel trade and media contacts. Two marketplace environments offering interaction on an individual basis attracted travel agents, tour operator selling staff and product managers. A trade and media event at a hot London club drew representatives from airline partners, operators, media and other trade associations and companies. Oz Clarke, of “Oz and James’s Big Wine Adventure” (a popular BBC series), spoke to the group about his experience with California wines. A media breakfast the next morning drew key freelance and staff journalists representing travel trade and consumer print, TV, radio and online media.

GLAMOROUS PROMOTION

- 544,563 GLAMOUR CIRCULATION
- \$40,340 ADVERTISING VALUE
- 6 MILLION REACHED THROUGH MALLS
- 8,000 WEB ENTRIES
- 6 MILLION IN-STORE POSTERS
- 3 MILLION ON-BOOK STICKERS

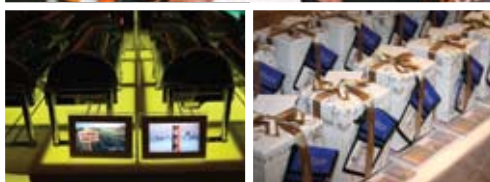
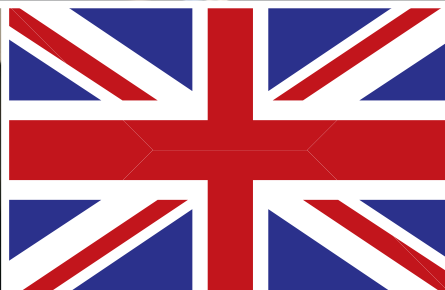
UNLOCKING CALIFORNIA

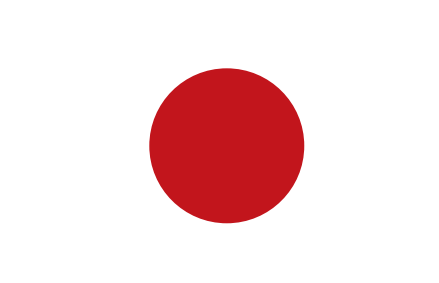
- 48,111 TRAVEL INDUSTRY PROFESSIONALS ATTENDED
- 14 DELEGATES
- 70 LEADS
- 70 APPOINTMENTS
- 161 ATTENDANCE AT FILM PREMIERE

EUROPEAN SUCCESSES

- 20 DELEGATES
- 15 BUSINESSES
- 41 TRAVEL AGENTS
- 39 PRODUCT MANAGERS
- 130 KEY TRADE AND MEDIA AT EVENING EVENT
- 28 MEDIA AT BREAKFAST







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visitcalifornia.jp





JAPAN

CTTC'S CHALLENGE IN JAPAN IS TO SECURE GROWING MARKET SHARE IN A RELATIVELY FLAT OUTBOUND TRAVEL MARKET. JAPAN WAS RESPONSIBLE FOR:

675,000 CALIFORNIA VISITORS (UP 4.5% FROM 2006)
 \$842 MILLION
 \$1,247 PER-TRIP SPEND
 17.5 MILLION OUTBOUND

CALIFORNIA IS REPRESENTED IN JAPAN BY AVIAREPS MARKETING GARDEN. THROUGHOUT THE YEAR, THEY HAVE BEEN RESPONSIBLE FOR:

\$128,697,688 AD VALUE
 914 MEDIA INQUIRIES
 8,637 JAPAN CVGS DISTRIBUTED



California's Compelling Story

In 2008, CTTC unveiled its first-ever consumer-directed marketing initiative in Japan. To kick off the campaign, CTTC introduced 10 experiential themes and itineraries and the slogan of “Nandemo Ali-fornia!” or “California has it all!” In early April, CTTC started brand advertising in Japan. Targeting a Japanese audience, Phase 1 of the TV ad campaign featured established California famous icons and experiences as well as lesser known but equally compelling new California icons and experiences. In addition, print advertising, posters in transit areas and online marketing formed important parts of the campaign. Phase 2 of the TV campaign launched June 20, showing the Governor giving a mock press conference about all the destinations and activities available in California. In addition, an ending featuring the Governor was tagged onto the existing Japan TV spot. The brand campaign was kicked off by substantial free publicity, and California was also featured in 225 pages through 21 publications, resulting in \$3.196 million ad value. Pre-campaign publicity reached 19.7 million households, with a \$713,000 earned media equivalency value.





10 EXPERIENTIAL THEMES

- 1. **Wine & Food**
- 2. **LOHAS (Lifestyles of Healing & Sustainability) & Spas**
- 3. **National Parks & World Heritage Sites**
- 4. **Theme Parks**
- 5. **Fly & Drive**
- 6. **Shopping**
- 7. **Entertainment & Nightlife**
- 8. **Sports & Recreation**
- 9. **Art & Culture**
- 10. **Luxury**

REACHING OUT ONLINE

CTTC Japan developed three online promotions with Yahoo!, MSN and all about.com. Entertaining Web content that allows viewers to familiarize themselves with California was created, and sweepstakes offering trips to California and links to California travel package content were featured.

Part of CTTC’s strategy to carry out an aggressive online marketing campaign to raise brand awareness of California, these online promotions build on awareness of visitcalifornia.jp. Launched in December, the site is filled with new content geared and written specifically for the Japanese market. With overall goals of freshening California’s brand image in Japan and establishing an online presence, the Web site contains new consumer-friendly

destination descriptions for all of California’s regions, as well as 27 new itineraries.

INTRODUCING CALIFORNIA

CTTC led 13 industry partners on an exciting venture to Japan with the goals of driving visitation, encouraging international partnerships and giving California travel products crucial exposure abroad. Activities included market briefings, media roundtables and receptions, seminars and workshops for travel trade, sales calls, and other ways of mingling with the Japanese travel and tourism market.

CTTC also unveiled the refreshed California brand to Japanese media through a unique evening event in Tokyo that attracted close to 100 consumer and lifestyle media, including 20 of Japan’s hottest bloggers.

The highlight of the event was a cooking demonstration of California cuisine. With wine pairings and tasting provided by the Wine Institute, guests were treated to a true California culinary experience. Press coverage was immediate—90 percent of bloggers wrote substantial features, and interviews generated articles in leading trade and travel publications.

DISCOVER CALIFORNIA WITH DODGE

In summer 2007, CTTC partnered with Dodge and MTV in Japan for an exciting “Discover California” promotion. With Dodge dealers nationwide promoting California through posters, giveaway tickets and other collateral; newspaper, magazine and Web advertising; and a hugely popular music video filmed in California, this campaign was a great way to reach CTTC’s target audience in Japan.

By the Numbers

REACHING OUT ONLINE

- 10 NEW THEMES
- 27 NEW ITINERARIES
- 552,676 PAGE VIEWS (SINCE DEC. LAUNCH)
- 95,289 UNIQUE VISITORS
- 3:50 MINUTES ON SITE

INTRODUCING CALIFORNIA

- 13 DELEGATES
- 177 TRAVEL TRADE CONTACTS IN TOKYO
- 357 TRAVEL TRADE THROUGHOUT MISSION
- 100 CONSUMER/LIFESTYLE MEDIA AT TOKYO EVENT
- 20 OF JAPAN’S HOTTEST BLOGGERS—90% COVERAGE
- 39,000 UNIQUE USERS VIEWING BLOGS
- 57,000 PAGE VIEWS
- \$60,000 EARNED MEDIA VALUE

DISCOVER CALIFORNIA

- 68 DEALERS
- 20,000 CA TICKETS
- \$120,000 WORTH OF PROMOTIONS
- \$35,000 IN ONLINE PROMOTIONS
- 6,612,900 MTV HOUSEHOLDS
- 3,000 TIMES VIDEO SHOWN
- 456 TIMES AD SHOWN
- \$2 MILLION EQUIVALENT ADVERTISING VALUE



CANADA

CANADA REMAINS AN IMPORTANT INTERNATIONAL MARKET FOR CALIFORNIA, WITH ITS CLOSE PROXIMITY, INCREASE IN AIRLIFT, VALUE OF THE DOLLAR/EXCHANGE RATE AND SOPHISTICATION OF THE CANADIAN TRAVELER.

CANADA PRODUCES:

1,037,000 VISITORS
\$773 MILLION
\$746 PER-TRIP SPEND
15,993,000 OUTBOUND TO U.S.

CTTC'S CANADIAN PUBLIC RELATIONS EFFORTS HAVE RESULTED IN:

70 ARTICLES (21 WINE & FOOD)
23,743,443 CIRCULATION (4,649,761 WINE & FOOD)
\$.00177 COST PER CONTACT

Our Northward Neighbors

RAISING BRAND AWARENESS

In 2007, California Tourism, for the first time, expanded domestic advertising to Eastern and Western Canada, featuring the TV ad "Fast Lane." Strategic Marketing and Research Inc. (SMARI) analyzed survey responses from 467 households in three Western Canadian markets, focusing on households with previous travel to the U.S. or those likely to visit in the next two years. Out of approximately 2.1 million households targeted by the campaign, 73.2 percent recalled seeing the advertising.

By the Numbers

39,000 incremental trips
\$99.5 million in incremental travel spending
\$8.2 tax revenue ROI
\$126 total campaign ROI

CONNECTING IN CANADA

The travel trade in Canada is still very active and accounts for over \$3 billion in outbound revenue. CTTC does not have a representation office in Canada, so travel trade is crucial within this market, providing a platform to showcase new and existing travel product. CTTC took part in Addison Travel Marketing travel trade shows in Eastern Canada February 18-20. Held in Montreal, Ottawa and Toronto, many new agents from north of Toronto attended the shows, paving the way for a great California impact in Canada.

By the Numbers

1,000 travel trade
125 exhibitors

WINE AND FOOD IN CANADA

The Wine Institute's partnership with the Canadian Liquor Board (LCBO) provided the perfect launching platform for a California wine promotion in May. The California lifestyle, vacation, and wine and food were featured in national advertisements and promotions, as well as transforming the LCBO Web site.

A consumer and press event was held in downtown Toronto, and CTTC also attended the Sante California Cruisin' event. Showcasing all things California, guests were treated to wine tastings and local foods prepared by celebrity chefs. These events inspired great media coverage in national publications.

By the Numbers

225 Visitor's Guides distributed
235 event attendees
1,897,300 reached through traditional press
1,565,625 reached online



MEXICO



MEXICO IS THE LEADING SOURCE OF CALIFORNIA'S INTERNATIONAL VISITORS. VISITORS FROM BOTH SEGMENTS, THE FLY MARKET AND THOSE THAT DRIVE, CONTRIBUTE HEAVILY TO THE TOURISM ECONOMY. THE DRIVE MARKET, PREDOMINANT TO SOUTHERN CALIFORNIA, COMES FROM

MOSTLY MEXICAN BORDER STATES. IN ALL, MEXICO (AIR) IS RESPONSIBLE FOR:

428,000 VISITORS
\$389 MILLION
\$909 PER-TRIP SPEND

CTTC's MEXICO OFFICE PRODUCED:

83 ARTICLES
8,112,554 CIRCULATION
\$229,985 AD VALUE
\$689,955 PR VALUE
5,000 MEXICO CVGS DISTRIBUTED

Leading Visitation

INTRODUCING MARKETING IN MEXICO

In November, CTTC announced its marketing presence in Mexico with a media launch event. More than 90 people from 70 different media outlets attended and conducted numerous interviews, propelling California tourism into the spotlight. Event attendees enjoyed California wines and learned about CTTC's new marketing presence and future activities in Mexico. CTTC's Mexico office will continue the positive relationship with journalists and travel trade professionals, and increase California's appeal as a travel destination in the Mexico travel market.

By the Numbers

- 90 people
- 70 media outlets
- 40 interviews
- 12 media requests

GATEWAYS TO SUCCESS

CTTC worked with specialized wholesalers and airlines to position California as the top travel destination for Mexican travelers. The ongoing goal is to formulate a strong advertising co-op campaign with wholesalers and top retailers to regain market share lost to competition. The best way to do this is through trade shows open to the travel industry, media and consumers, as well as fam tours.

Expo Vacaciones

February
8 delegates
260 exhibitors
59 wholesalers
176 media
650 buyers

Expo Mayoristas

April
260 exhibitors
176 press
35 at media day
8 cities
2,000 total buyers

Outlet Viajes

May
65,000 visitors
6 delegates
30 media

Arlag

May
250 attendees
775 buyers

SuperFam

May
6 media
93 travel trade
2.5 days





GERMANY/SWITZERLAND/AUSTRIA

GERMANY, SWITZERLAND AND AUSTRIA CONSTITUTE CALIFORNIA'S FIFTH-LARGEST OVERSEAS MARKET. CALIFORNIA'S GERMAN VISITATION SAW A HUGE LEAP IN 2007/2008, UP AN INCREDIBLE 33.6%. THIS MARKET REPRESENTS:

404,000 VISITORS
\$355 MILLION (GERMANY ONLY)
\$1,102 PER-TRIP SPEND (GERMANY ONLY)
1.52 MILLION U.S. OUTBOUND

MARKETING SERVICES INTERNATIONAL (MSI) REPRESENTS CALIFORNIA IN THE GERMAN, SWISS AND AUSTRIAN MARKETS. IN 2007/2008, MSI PRODUCED:

1,133 ARTICLES
63,793,678 CIRCULATION
\$12,350,000 AD VALUE
\$31,000,000 PR VALUE
22,000 GERMANY CVGS DISTRIBUTED

Trending Upward

PORTRAITS OF CALIFORNIA

"Service Reisen" is a 30-minute travel television program, with each show portraying a region or an area that is popular among German tourists. An "info" section after each program lists information about transportation, accommodations, attractions, events and festivals in the covered region. Besides the "info" section, a "news" section with recent tourism industry news and interesting travel facts is part of each show. In 2007, HR TV created two shows on California—San Francisco/wine country and North Lake Tahoe/Sacramento.

BUSINESS IN BERLIN

CTTC staff attended the 2008 ITB in Berlin, March 5–9. Along with 17 California delegates, CTTC manned a large booth, offering plenty of opportunities to meet with key tour operators, airlines and media. CTTC also participated in numerous appointments with groups such as DERTour and Amerika Reisen, and CTTC media staff participated in 18 appointments with top media such as *FVW*, a major travel trade publication, and *Freie Presse*, a major regional newspaper in Germany. CTTC also distributed 70 press kits during the show, with several follow-up requests for press kits and more information.

DESTINATION GERMANY

CTTC led 20 delegates to Hamburg and Frankfurt on a Sales and Media Mission in April to network with key travel trade and media contacts. Events in Frankfurt included a German market overview, reservation staff training, tour operators and media appointments, and an evening event that drew trade and media. In Hamburg, delegates had the opportunity to participate in media and trade sales calls, reservations staff training, and an evening event with a live cooking demonstration. Chefs Duskie Estes and John Stewart of Zazu restaurant (and stars of CTTC's "You'll Be Back" spot) cooked California cuisine for 59 attendees.

PORTRAITS OF CALIFORNIA

30+ AGE RANGE
500,000 VIEWERS PER SHOW

BUSINESS IN BERLIN

17 DELEGATES
200 APPOINTMENTS
70 PRESS KITS
8,000 JOURNALISTS
180,000 VISITORS (108,000 TRAVEL TRADE)

DESTINATION GERMANY

20 DELEGATES
15 BUSINESSES
35 TRADE & MEDIA AT EVENING EVENT (FRANKFURT)
150 TRAVEL TRADE & MEDIA THROUGHOUT WEEK
59 EVENING EVENT W/COOKING DEMO (HAMBURG)

INCENTIVE INITIATIVE

14 DELEGATES
7 DESTINATIONS
5 APPOINTMENTS PER DAY PER DESTINATION
8,751 VISITORS
100 LEADS



CALIFORNIA'S GERMAN VISITATION SAW A HUGE LEAP IN 2007/2008, UP AN INCREDIBLE 33.6%.

INCENTIVE INITIATIVE

CTTC, along with 14 delegates from seven destinations and attractions, represented California at the 2008 IMEX, one of the leading exhibitions for travel, meeting and event organizers. Held April 22-24 at Messe Frankfurt in Germany, IMEX is annually attended by meeting planners and marketing managers from national and international corporate companies, associations, agencies and incentive houses, as well as decision makers and organizers of congresses, meetings, travel incentives and events.

CALIFORNIA REPORTERS

Because brand advertising through print or TV is quite expensive in Germany, CTTC Germany works to develop cooperative promotions and non-traditional partnerships to effectively spread the California message. One ongoing promotion is the California Reporter partnership with VOX TV. Through a selective process, "California Reporters" are brought to California and engaged in unique experiences. In return, the Reporters re-create their experiences in virtual format on a California-branded Web site to inspire consumers. The target audience is men and women ages 25-45, with a high level of income and education, who like to travel and enjoy new experiences.

REACHING MILLIONS

In May, CTTC Germany launched a four-week co-op with TOOM grocery stores. There are 81 TOOM grocery stores in Germany, reaching approximately 5.3 million consumers each month. All 81 stores participated in the promotion, with 25 top stores featuring a manned booth. Each store featured three California branded displays, and a six-page California-branded travel brochure was produced. At the manned booths, California wine and food products sold in Germany were featured, and all stores encouraged consumers to enter to win one of 10 California vacations. The promotion was also advertised in TOOM's weekly flyer, reaching 4.5 million households. Additionally, a series of posters were produced and displayed in 2,500 DER travel agencies.

CALIFORNIA REPORTERS

1,159,382 PAGE VIEWS
16.41 MINUTES ON SITE
4 WINNERS
87,345,845 IMPRESSIONS

REACHING MILLIONS

4 WEEKS
81 STORES
5.3 MILLION CONSUMERS EACH MONTH
25 STORES WITH A BOOTH
4.5 MILLION HOUSEHOLDS WITH THE TOOM FLYER

2,500 DER TRAVEL AGENCIES SHOWING POSTERS
104 CA RADIO SPOTS
7,500 UNIQUE VISITORS TO SITE
5,000 SWEEPSTAKES ENTRIES





AUSTRALIA/NEW ZEALAND

CTTC'S PLAN FOR AUSTRALIA/NEW ZEALAND HAS BEEN TO PROTECT AND GROW MARKET SHARE, CREATE AWARENESS OF THE CALIFORNIA BRAND, PROMOTE AREAS BEYOND THE GATEWAYS, AND CREATE MORE OF A PROPENSITY FOR THE MARKET TO TRAVEL TO AND EXTEND STAYS IN CALIFORNIA.

333,000 VISITORS FROM AUSTRALIA (16.4% MORE THAN 2006)
427,000 TOTAL VOLUME
\$321 MILLION (AUSTRALIA ONLY)
\$964 PER-TRIP SPEND (AUSTRALIA ONLY)

GATE 7 HAS LED CALIFORNIA'S AUSTRALIA/NEW ZEALAND OPERATIONS SINCE EARLY 2006. IN THIS FISCAL YEAR, THE TEAM AT GATE 7 PRODUCED:

70 ARTICLES
14 BROADCAST
30,227,127 CIRCULATION
\$4,376,636 AD VALUE

Marketing In the Pacific

DISCOVERIES IN THE PACIFIC

CTTC, including in-country representatives from Gate 7, led five California delegates to New Zealand and Australia February 21-28 for a series of Discover America Expos. The program included travel seminars in Christchurch and Auckland (New Zealand), and Brisbane, Sydney and Melbourne (Australia). In Sydney, CTTC participated in a series of media events including a marketplace, press conference, lunch and B2B sessions. The media marketplace enabled media representatives to visit California's booth, learn about new travel and tourism developments, and receive promotional and press materials. In addition, California and San Francisco co-sponsored a Trade Appreciation Event that was held alongside Sydney Harbour. The party was well attended, and the entertainment was memorable—giving everyone a chance to meet and mingle.

By the Numbers

- 423** agents in NZ
- 746** agents in Australia
- 117** media lunch

NOTABLE OPPORTUNITIES

CTTC Australia coordinated and hosted a range of familiarization tours, including a ski wholesalers trip. Currently, California snow product receives little space in ski brochures, so CTTC Australia brought representatives from three ski wholesalers to North Lake Tahoe in March, where they experienced the range of accommodation types and activities. In addition, CTTC Australia worked with *Travel + Leisure* magazine (Australia's leading travel magazine, with a circulation of 78,980) to produce a road-trip style look at Highway One advertorial. The project included "ownership" of *Travel + Leisure's* "Hot Deals" newsletter—the electronic version of the "Best Deals" section from the magazine. The e-newsletter was e-mailed to a database of 17,000 people. Usually these are five deals from featured destinations around the world, but California was the sole featured destination for a week.

By the Numbers

- 78,980** *Travel + Leisure* circulation
- 17,000** received e-newsletter



EMERGING MARKETS

SOUTH KOREA IS ALREADY ONE OF CTTC'S TOP INTERNATIONAL MARKETS, AS WELL AS ONE OF THE WORLD'S MOST INTERNET-ACCESSIBLE COUNTRIES. SOUTH KOREA IS RESPONSIBLE FOR:

331,000 VISITORS
(6.4% MORE THAN 2006)

\$405 MILLION

\$1,222 PER-TRIP SPEND

13 MILLION OUTBOUND

THE PEOPLE'S REPUBLIC OF CHINA CONSTITUTES THE NUMBER ONE SPENDERS AMONG THE PRIMARY AND SECONDARY MARKETS. ALMOST 88% ALL OUTBOUND TRAVEL COMES FROM THREE MARKETS: SHANGHAI (39%), BEIJING (27%) AND GUANGZHOU (23%). CHINA PRODUCES:

227,000 VISITORS FROM CHINA
(15.2% MORE THAN 2006)

201,000 VISITORS FROM TAIWAN
(12.9% MORE THAN 2006)

\$327 MILLION (CHINA)

\$1,440 PER-TRIP SPEND (CHINA)

34 MILLION OUTBOUND



EXPANDING EFFORTS

With the 2007-2008 international plan released in January, South Korea was elevated to a primary international market. Our goal is to establish early entrance to the market to build a strong infrastructure, as well as refreshing the California brand, developing a technology-based market infrastructure, promoting activities highlighting travel to gateway cities and beyond, leveraging expanding airline infrastructure, and educating and motivating travel trade.



FIRST-YEAR FUNDING

Since long-haul outbound travel is still relatively new to most Chinese, the travel trade plays an important role in promoting overseas destinations. In November, CTTC participated in the China International Travel Mart (CITM) in one of California's first trade show appearances in that country. By distributing California information and showcasing California branding, this was the first of many efforts to educate people in China about California as a destination.

By the Numbers

- 3,880** exhibitors
- 4** partners
- 45,000** travel trade
- 35,000** consumers
- 600** brochures
- 10** appointments

FROM BRAZIL TO SCANDINAVIA

CTTC focuses on secondary markets by promoting an accurate image of the California brand; focusing on core segments such as fly-drive and niche markets (ski, food and wine, students); heightening awareness and knowledge of the California brand to consumers via trade and press; and creating and leveraging CTTC's technology platform to reach consumers, media and travel trade.

South Marketing has served as CTTC's representative in Brazil since 2007. Brazil is the leading source of South America travelers to California. CTTC participated

in Visit USA Brazil and ABAV, both important travel trade shows. In addition, CTTC identified Scandinavia as a secondary and emerging market based on total California visitation of 129,000 visitors in 2006 spending \$234 million. Since October 2007, CTTC has contracted with Atlantic Link to provide limited representation services in Sweden, Norway, Denmark and Finland. Atlantic Link furthered CTTC's focus on travel trade by attending Vacation for Everyone and Ferie, both in Denmark, and TUR in Sweden.

NORDIC LINK

In April, CTTC Scandinavia rolled out a promotion with Travellink, the leading Internet retail agency in the Nordic region. They offer both corporate travel as well as leisure travel. With links to CTTC's official site and partner sites, the special online promotion featured profiles of California throughout April, as well as newsletters sent to Travellink's client base in four countries.

By the Numbers

- 115,000** Sweden
- 40,000** Denmark
- 56,000** Norway
- 30,000** Finland

IN THE WORKS

AMBITIOUS

In 2008, CTTC will premiere a new winter-oriented television spot titled "Ambitious," featuring a blend of on-hill and off-hill experiences, showcasing everything from skiing and snowboarding to tubing, dog-sledding, dining and more. Starring Governor Arnold Schwarzenegger, along with a range of athletes and celebrities, "Ambitious" will air nationally on top-rated cable TV networks, with flighting during the fall/winter shoulder season. CTTC will continue to partner with Southwest Airlines to bolster the "winter in California" message in key spot markets.





BOTTLE SHOCK

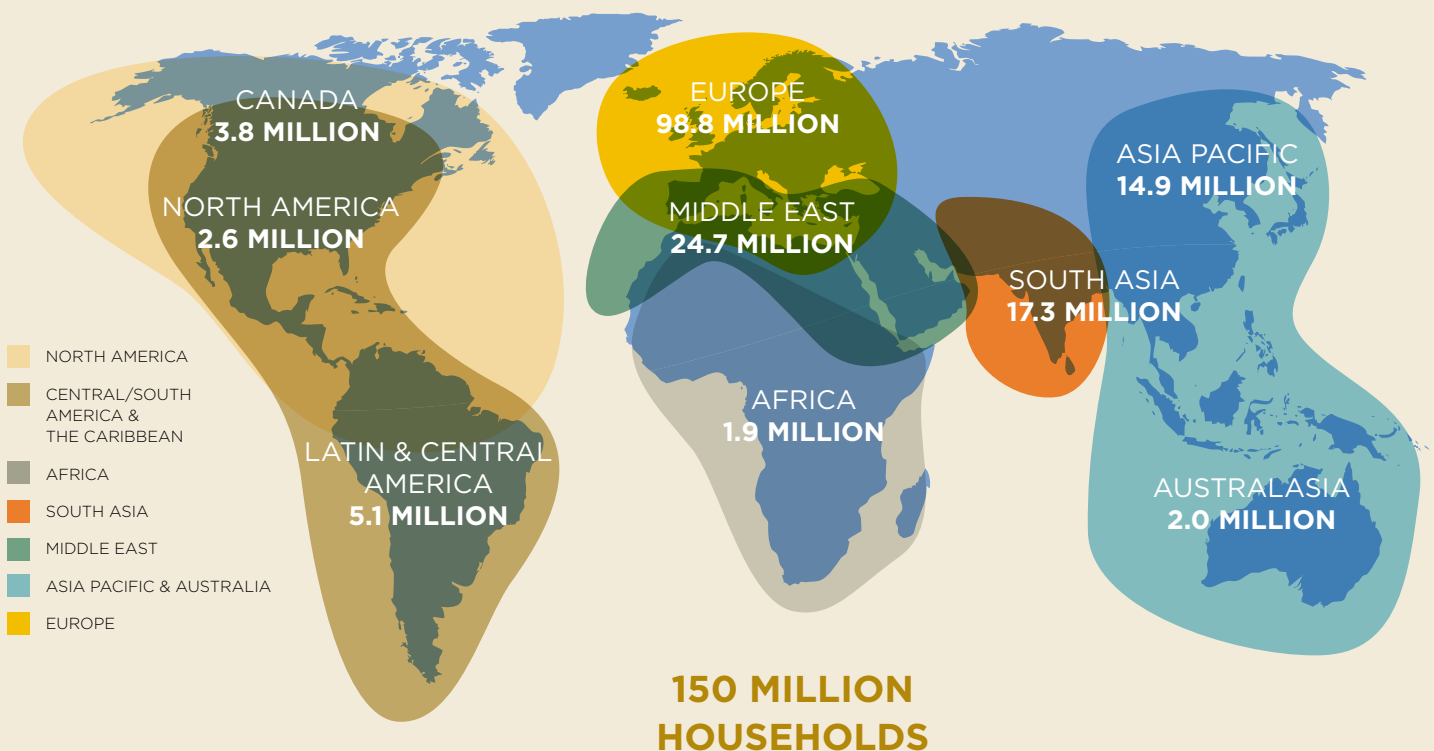
Bottle Shock is a fun new independent movie starring California wine. With Alan Rickman, Bill Pullman and other celebrities, the movie portrays the historic moment when a bottle of California chardonnay beat out French vintages for a top wine prize. CTTC will be promoting *Bottle Shock* as part of its Wine and Food Campaign, including features on LandofWineandFood.com and an industry-only screening.

BBC WORLD

CTTC is partnering with BBC World on a major project in 2008/2009—a high-definition TV and multi-platform series dedicated to California. This represents the first-ever co-op campaign for any brand with

BBC World, and has the potential to reach 150 million homes. The project includes six 30-minute features that get straight to the heart of the Golden State and beyond. “Cutting Edge California” will probe and

seek the most dynamic stories that will portray California to a global audience using themes such as the environment, arts, wine and food, diversity, natural heritage and industry.



CTTC Commissioners Work Together to Benefit Industry

CHAIR	PRESIDENT & CEO		GOVERNOR APPOINTED BY REGION			
						
<p>DALE BONNER SECRETARY, CALIFORNIA BUSINESS, TRANSPORTATION AND HOUSING AGENCY</p>	<p>CAROLINE BETETA CTTC PRESIDENT & CEO, DEPUTY SECRETARY FOR TOURISM, CALIFORNIA BUSINESS, TRANSPORTATION AND HOUSING AGENCY</p>	<p>CENTRAL COAST CODY PLOTT PEBBLE BEACH COMPANY</p>	<p>CENTRAL COAST TED BALESTRERI CANNERY ROW COMPANY (RETIRED)</p>	<p>GOLD COUNTRY LINA FAT FRANK FAT INC.</p>	<p>GOLD COUNTRY RICK LAWRENCE CALIFORNIA LODGING INDUSTRY ASSOCIATION (RETIRED)</p>	<p>HIGH SIERRA RUSTY GREGORY MAMMOTH MOUNTAIN SKI AREA</p>
GOVERNOR APPOINTED BY REGION CONT.						
						
<p>INLAND EMPIRE GILLIAN ZUCKER CALIFORNIA SPEEDWAY</p>	<p>LOS ANGELES COUNTY MARK LIBERMAN LA INC. THE CONVENTION & VISITORS BUREAU</p>	<p>NORTH COAST TOM KLEIN RODNEY STRONG VINEYARDS</p>	<p>ORANGE COUNTY JIM BURBA BURBA HOTEL NETWORK</p>	<p>SAN DIEGO DOUGLAS MANCHESTER MANCHESTER FINANCIAL GROUP, INC.</p>	<p>SAN DIEGO CHUCK HANSEN VIEJAS ENTERPRISES (RETIRED)</p>	<p>SAN FRANCISCO BAY AREA JOE D'ALESSANDRO SAN FRANCISCO CONVENTION & VISITORS BUREAU</p>
NOT PICTURED						
	<p>LOS ANGELES COUNTY TADAO FUJIWARA, M.D. (RETIRED)</p> <p>SAN FRANCISCO BAY AREA JACK GRIBBON HOTEL EMPLOYEES & RETIREMENT EMPLOYEES INTL. UNION (RETIRED)</p>	<p>CENTRAL VALLEY VACANT</p> <p>DESERTS VACANT</p> <p>SHASTA CASCADE VACANT</p>	<p>THE 37-MEMBER CTTC COMPRISES COMMISSIONERS FROM CALIFORNIA'S 12 TOURISM REGIONS. MEMBERS REPRESENT FIVE INDUSTRY SECTORS: ACCOMMODATIONS, RESTAURANTS AND RETAIL, ATTRACTIONS AND RECREATION, TRANSPORTATION AND TRAVEL SERVICES AND PASSENGER CAR RENTAL. TWENTY FOUR OF THE COMMISSIONERS ARE ELECTED BY ASSESSED CALIFORNIA BUSINESSES; 12 ARE GOVERNOR-APPOINTED; AND THE 37TH IS THE CALIFORNIA BUSINESS, TRANSPORTATION AND HOUSING AGENCY SECRETARY, WHO ALSO SERVES AS THE CTTC CHAIR.</p>			
<p>SHASTA CASCADE JOHN KOEBERER CALIFORNIA PARKS COMPANY (RETIRED)</p>						

ELECTED COMMISSIONERS BY INDUSTRY

ACCOMMODATIONS



RICK ANDERSON
CASA TROPICANA,
A BOUTIQUE
BEACHFRONT INN



CLAIRE BILBY
DISNEYLAND
RESORT
(RETIRED)



CHIP CONLEY
JOIE DE VIVRE
HOSPITALITY



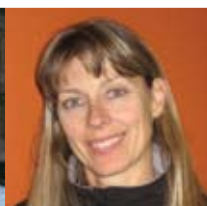
ED GRIER
DISNEYLAND
RESORT



JON HANDLERY
HANDLERY UNION
SQUARE HOTEL



JAY JAMISON
PISMO COAST
VILLAGE



JULIE MAURER
BOOTH CREEK
RESORTS



REGGIE MCDOWELL
INSTERSTATE
HOTELS/MERISTAR



CORMAC O'MODHRAIN
CIM GROUP



J.P. PATEL
BEST WESTERN
COLONY INN
(RETIRED)



SIMA PATEL
HOLIDAY INN
EXPRESS
HOTEL AND SUITES



JOHN WAGNON
CTTC VICE CHAIR
HEAVENLY
MOUNTAIN RESORT



TERRY WESTROPE
CTTC CFO
JAMES M. FLAGG
ASSET MANAGEMENT

NOT PICTURED

MARK ERSKINE
SAN DIEGO
MARRIOTT HOTEL
& MARINA
(RETIRED)

JOHN MAZZONI
HILTON HOTELS
CORPORATION
(RETIRED)

RESTAURANTS AND RETAIL



DAVID COHN
COHN RESTAURANT
GROUP



LOUIS MEUNIER
CTTC VICE CHAIR
MACY'S WEST



MARK RUNNING
ROY'S
RESTAURANTS
(RETIRED)



ANDY FICHTHORN
SEAWORLD OF
CALIFORNIA



LARRY KURZWEIL
UNIVERSAL STUDIOS



TERRY MACRAE
HORNBLOWER
CRUISES & EVENTS
(RETIRED)



DIANA MEINHOLD
AUTOMOBILE CLUB
OF SOUTHERN CA
(AAA) (RETIRED)

ATTRACTIONS AND RECREATION

TRANSPORTATION AND TRAVEL SERVICES

PASSENGER CAR RENTAL



BRIAN CARPENTER
DOLLAR THRIFTY
AUTOMOTIVE
GROUP, INC.



JERRY DOW
VANGUARD CAR
RENTAL USA, INC.
(RETIRED)



BRIAN KENNEDY
THE HERTZ
CORPORATION



BOB MUHS
AVIS BUDGET
GROUP, INC.



KATHY TURNER
ENTERPRISE
RENT A CAR



CTTC MOURNS THE LOSS OF FORMER COMMISSIONER ED LITRENTA, WHO HELPED POSITION SEAWORLD SAN DIEGO AS ONE OF CALIFORNIA'S TOP ATTRACTIONS. HE MADE A HUGE IMPACT ON CALIFORNIA'S TOURISM INDUSTRY, AND WILL BE GREATLY MISSED.

COMING SOON**2008**

AUGUST TBD	CTTC SOUTH KOREA OFFICE OPENING	SOUTH KOREA
SEPT 3-8, 29	ADDISON WESTERN CANADA, ADDISON EASTERN CANADA	VANCOUVER, VICTORIA, CALGARY, EDMONTON, ONTARIO
SEPT 19-21	JATA—JAPAN ASSOCIATION OF TRAVEL AGENTS	JAPAN
SEPT 23	"SAVOR THE FLAVOR OF CALIFORNIA" CONGRESSIONAL RECEPTION	WASHINGTON, D.C.
OCT 7-8	CTTC COMMISSION MEETING	SAN DIEGO, CA
OCT 22-24	ABAV—BRAZILIAN ASSOCIATION OF TRAVEL AGENCIES	RIO DE JANEIRO, BRAZIL
NOV 10-13	WORLD TRAVEL MARKET (WTM), VIP FILM PREMIERE. BBC LAUNCH	LONDON, UNITED KINGDOM
NOV 15-19	NTA - NATIONAL TOUR ASSOCIATION—ANNUAL CONVENTION	PITTSBURGH, PA
NOV 18	CTTC TRAVEL TRADE & MEDIA RECEPTION	SEOUL, KOREA

2009

JAN 7-12	ABA—AMERICAN BUSINESS ASSOCIATION	CHARLOTTE, NC
JAN 25-28	CTTC INTERNATIONAL SUMMIT	SAN FRANCISCO, CA
JAN 26-29	GO WEST SUMMIT	ALBUQUERQUE, NM
JAN 28	CTTC COMMISSION MEETING	SAN FRANCISCO, CA
FEB 3	CTTC NEW YORK MEDIA RECEPTION	NEW YORK, NEW YORK
FEB 14-22	AMGEN TOUR OF CALIFORNIA	CALIFORNIA
FEB 16-18	EXPO VACACIONES	MEXICO CITY, MEXICO
FEB 19-27	DISCOVER AMERICA EXPOS	AUSTRALIA & NEW ZEALAND
MAR 9	UK SALES CALLS/MEDIA EVENT	LONDON, ENGLAND
MAR 11-15	ITB—INTERNATIONAL TOURISMUS BOERSE	BERLIN, GERMANY
APR TBD	LOS ANGELES MEDIA RECEPTION	LOS ANGELES, CA
APR TBD	CTTC COMMISSION MEETING	SACRAMENTO, CA
MAY 16-20	POW WOW	MIAMI, FL
MAY TBD	SACRAMENTO LEGISLATIVE RECEPTION	SACRAMENTO, CA
JUNE 1-9	NTA SPRING MEET AND FAMS	MONTEREY, CA

GO TO TOURISM.VISITCALIFORNIA.COM FOR AN UP-TO-DATE CALENDAR AND INFORMATION

Insights Year In Review

STATE OF CALIFORNIA

Arnold Schwarzenegger, Governor

Dale Bonner, Secretary,
California Business, Transportation and
Housing Agency and Chair, CTTC

CTTC

Caroline Beteta
President & CEO

Susan Wilcox
Vice President of Communications &
Industry Relations

Brooke Byrd
Insights Year In Review Editor

Insights Year In Review is an annual publication of the California Travel and Tourism Commission (CTTC). Articles contained in *Insights Year In Review* may be reproduced without permission; however, acknowledgement is appreciated. Direct all inquiries and correspondence to:

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