

visit
California

Around the World in 60 Minutes



Lynn Carpenter
Vice President of
Marketing
Visit California



Leona Reed
Associate Vice
President of
Global Marketing
Visit California

Australia

Jo Palmer

Managing Director
Visit California Australia





Market Profile

Total Population	24 million
Visitors to California (2017P)	591,000
Visitor Spending (2017P)	\$929 million
Average Length of Stay	8.5 nights
2021 Visitation Forecast	\$1.039 billion

The Challenge

Declining Market Share: 44%

Repeat Travel:

- **California: 66%**
- **U.S.: 73%**



Travel Drivers: Accessibility



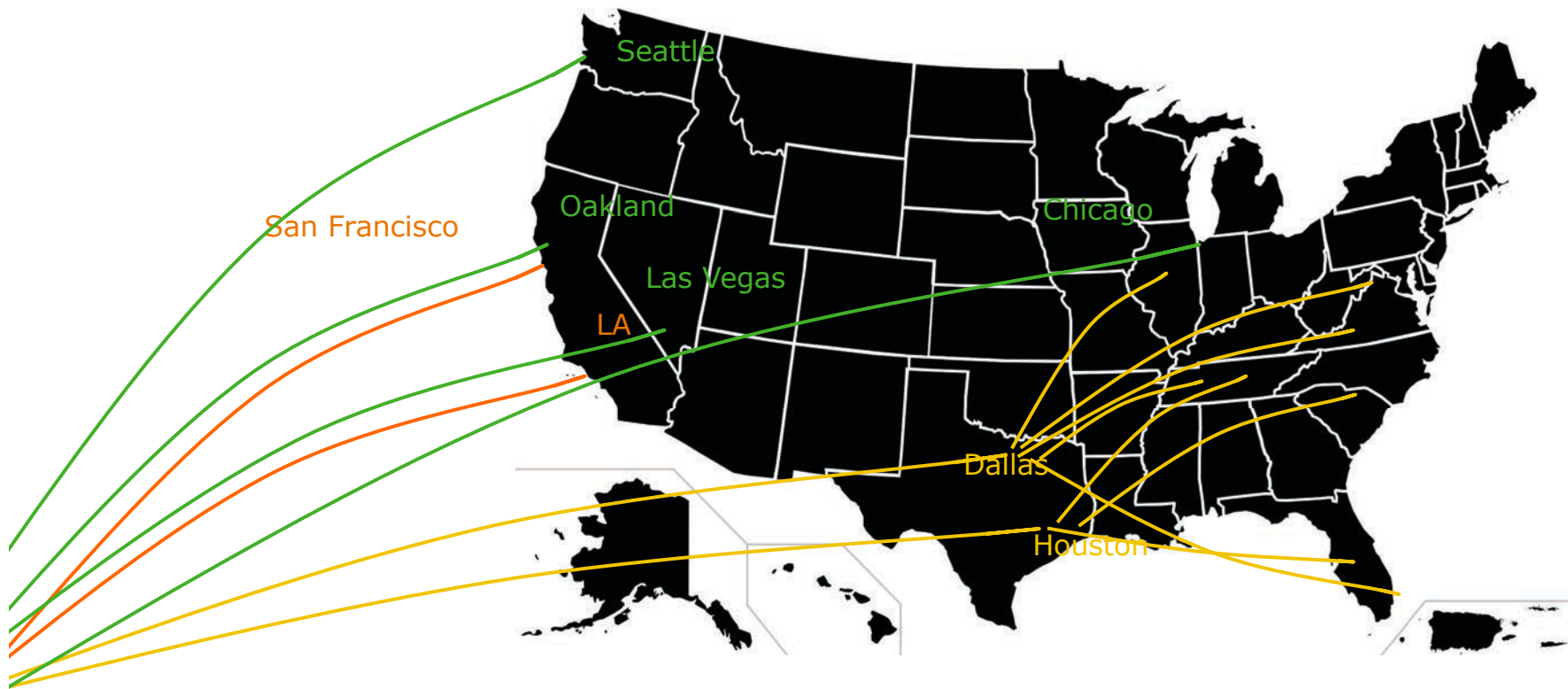
The diagram consists of three light orange circles arranged horizontally. Each circle contains a travel driver in bold orange text. The circles are separated by small gaps.

Air Access

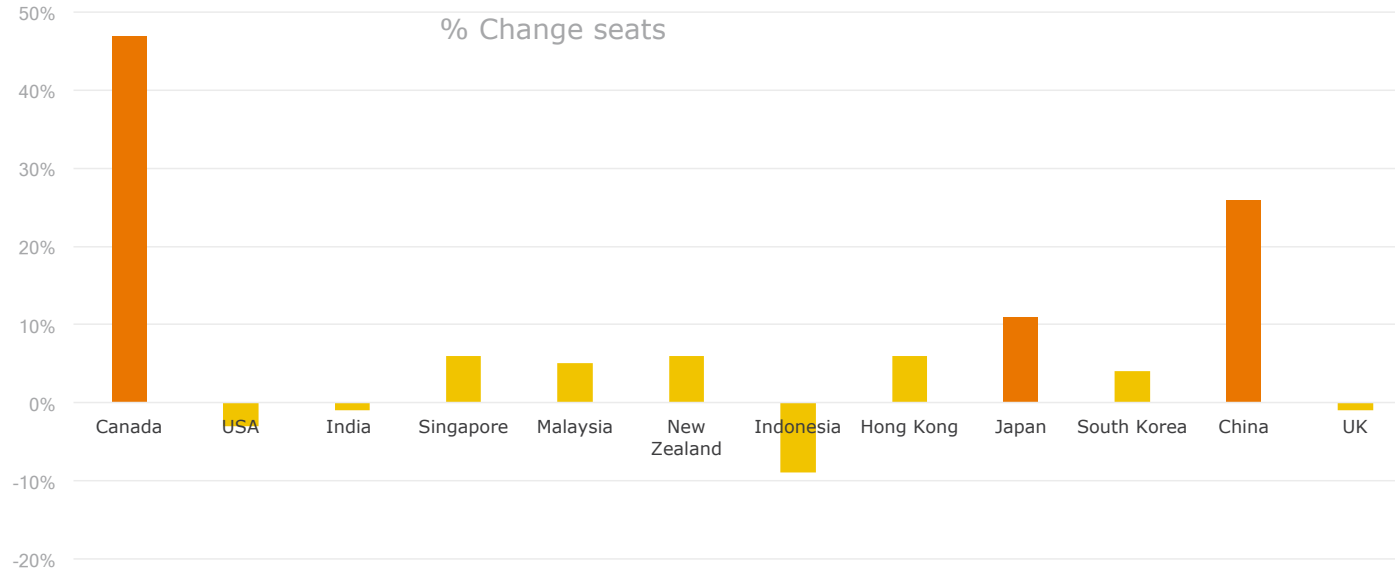
Affordability

Familiarity

U.S. Entry Points



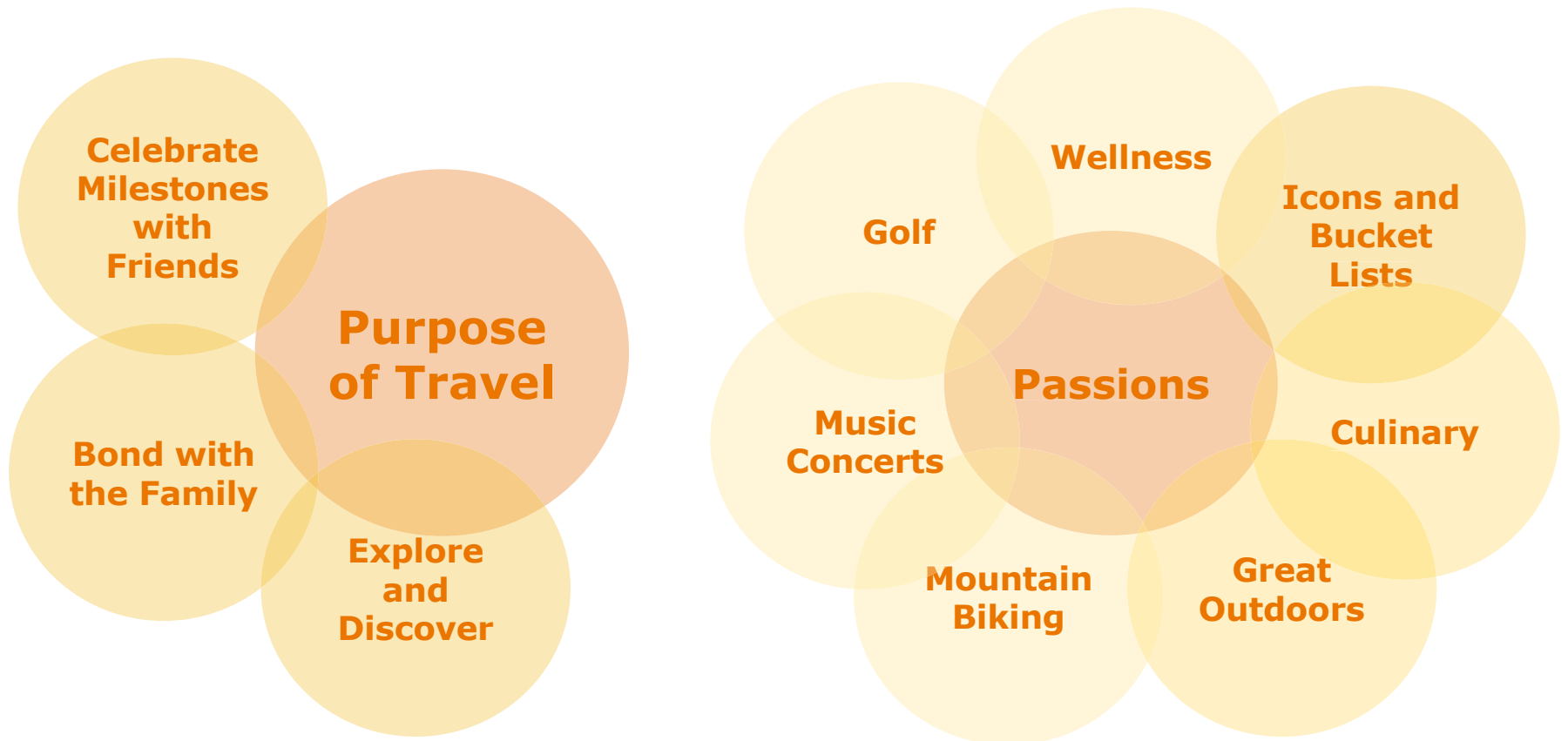
Global Capacity Changes



Competition



Travel Drivers: Wants & Needs



Speak to my Passions



Brazil

Daniela Schmitz

Managing Director
Visit California Brazil





MARKET OVERVIEW

TRAVEL PATTERNS





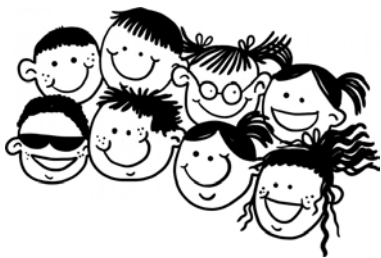
CALIFORNIA

THE GOLDEN STATE OF LUXURY

A scenic photograph of a lake surrounded by forested mountains. In the foreground, a woman with blonde hair is floating on a blue inflatable ring, reading a book. In the background, a man is jumping into the water with his arms outstretched. A white speedboat is also visible on the lake. The text "ALWAYS CONNECTED" is overlaid in the center.

ALWAYS CONNECTED

Travel Trends



Multigenerational Generation X

Looking for good price offers. Travels with kids or parents. Usually traveling on school breaks and values the time spent with the family.



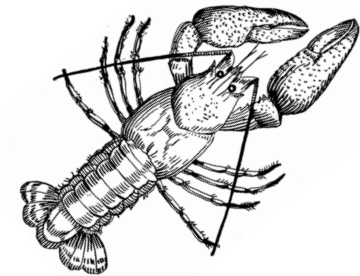
Wellness

Disconnect from the day-to-day life and combine travel with relaxation. Restore body and mind.



Millennials

Looking for new, local, authentic experiences. Millennials who have kids want to keep the same kind of travels.



Eaterainment

New concept, immersive experience mixing gastronomy, pop culture and brands (tech or fashion) generating high engagement on social media.

Source: WGSN

A person is walking on a beach at sunset. They are wearing a dark bikini top and a patterned sarong. The background shows a Ferris wheel and a pier. The text "OPPORTUNITIES & CHALLENGES" is overlaid in white.

OPPORTUNITIES & CHALLENGES



Andrew Levine

Managing Director
Visit California Canada



THE FOUR THINGS YOU NEED TO KNOW ABOUT CANADA

1. Canadian visitor arrivals to the U.S. and California are up.

International Visitors to the USA

(January - June 2017)

Country	Visitor Arrivals	Change
Canada	9,498,815	+4.8%
Mexico	8,007,710	-9.4%
All Other Countries	16,357,892	-5.7%
TOTAL	33,864,417	-3.9%

Source: National Travel & Tourism Office

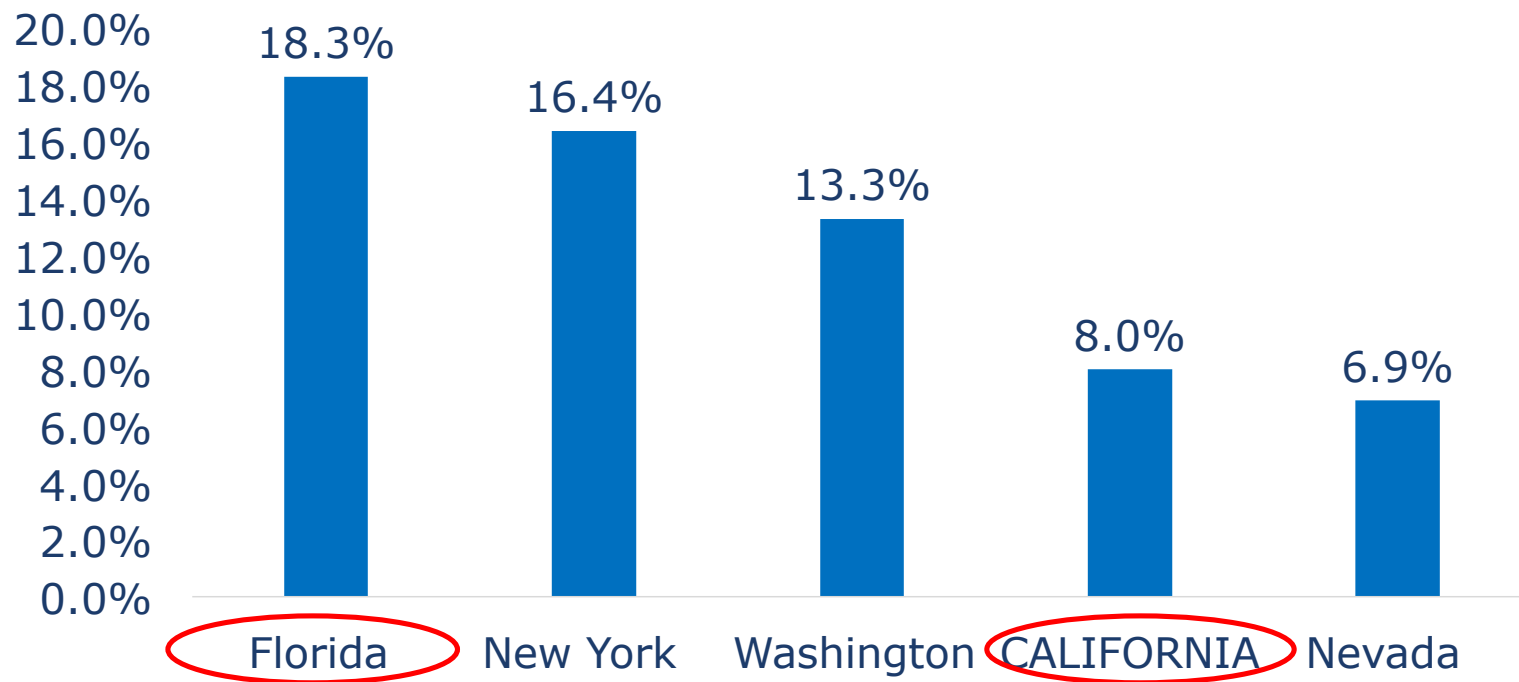
Canadian Visitors to California

Year	Visitor Arrivals	Change
2016	1,542,000	--
2017	1,627,000	+5.5%

Source: Tourism Economics

**2. In attracting Canadian visitors,
Florida is the lead dog.**

Top Five States for Canadian Travelers by Market Share



Source: Statistics Canada

Opportunity: Convincing More Travelers to “Go West” Rather Than “Go South”

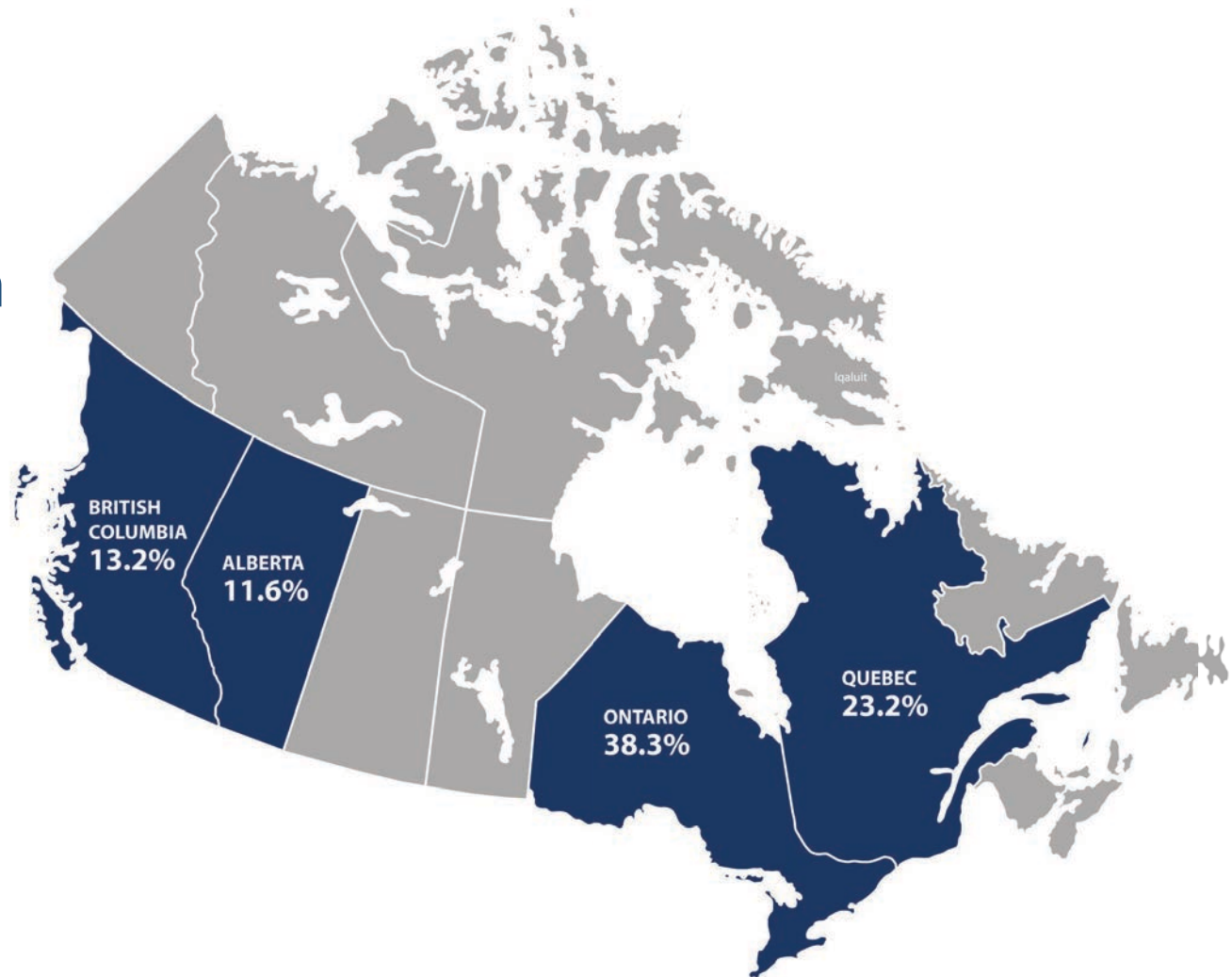
"We're kind of like migratory birds. We're programmed to travel from North to South."

ANTONY KARRABUS
HRC Retail Advisory



3. The population is heavily concentrated in four provinces.

**Canada
Population:
36.3 Million**



A Tale of Two Canadas

- Market profiles and proximity are dramatically different for Eastern Canada and Western Canada.
- Visit California will adopt separate marketing strategies for each region.

4. California's "laid back luxury" product is a strong match for Canada and its "super affluent" market segment.

Canada is the world's eighth-largest HNWI (High Net Worth Individuals) market

- Nearly 1 million households earning \$200K or more annually
- Concentrated in Toronto, Montreal, Calgary and Vancouver.

Four Things You Need To Know About Canada

1. Visitor arrivals to the U.S. are up (4.8%). Visitor arrivals to California are up (5.5%).
2. In attracting Canadian visitors, Florida is the lead dog.
3. The population is heavily concentrated in four provinces.
4. California's "laid back luxury" product is a strong match for Canada and its super-affluent market segment.

A world map with a dark blue background. The landmasses are outlined in white. China is highlighted in a solid orange color. The word "China" is written in a large, white, sans-serif font across the center of the map, overlapping the Asian continent.

China

Michael Merner

Managing Director
Visit California China

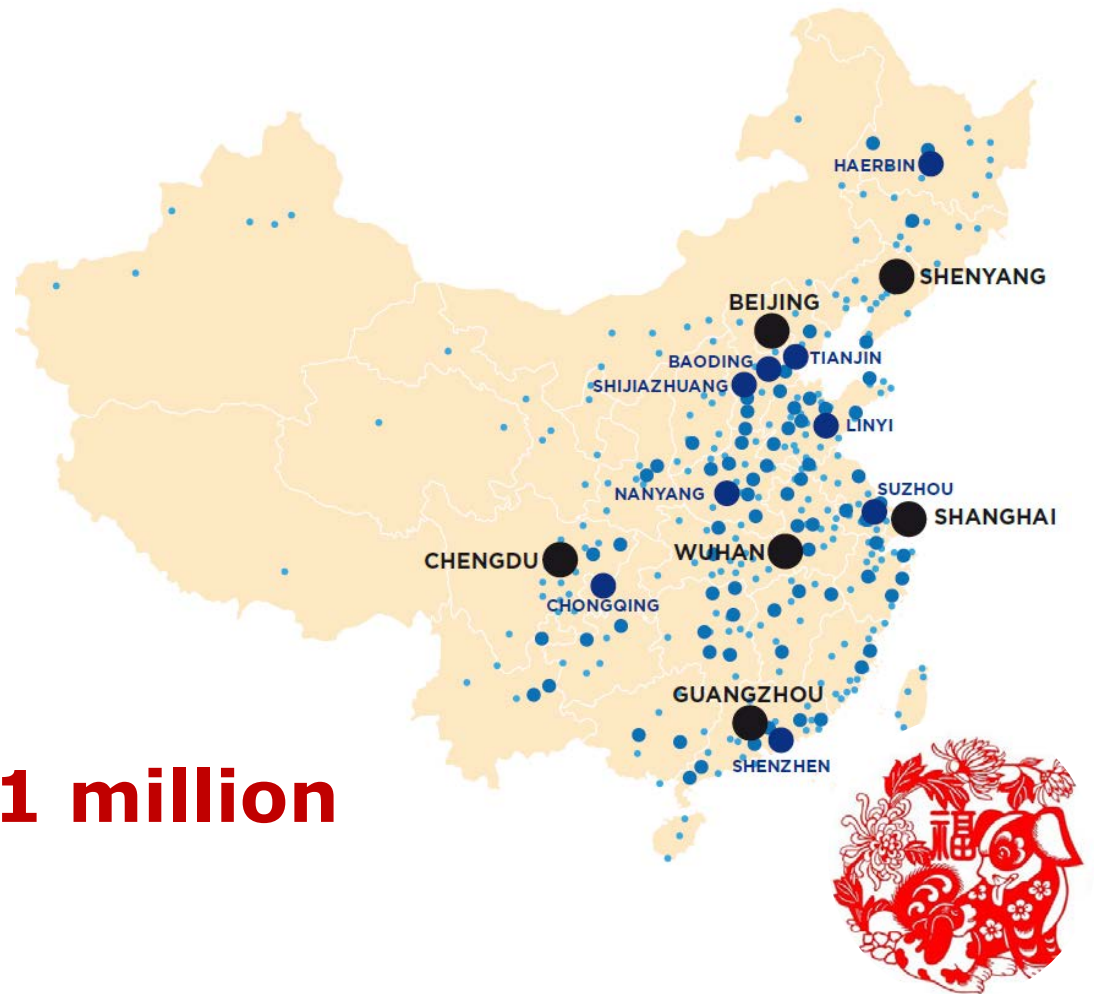


Opportunity #1

Massive China Market Size

Population of
1.38 billion

100 cities
with population of over **1 million**



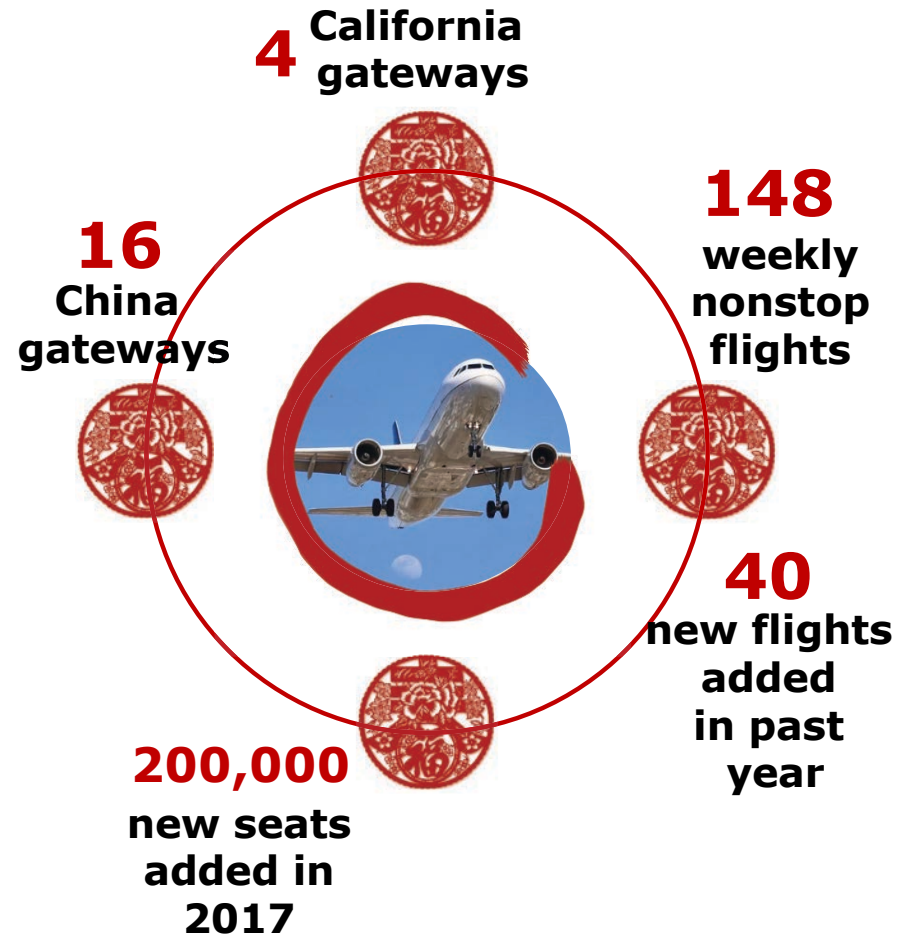
Opportunity #2

*Number of Chinese visitors
vs. spend by Chinese visitors*



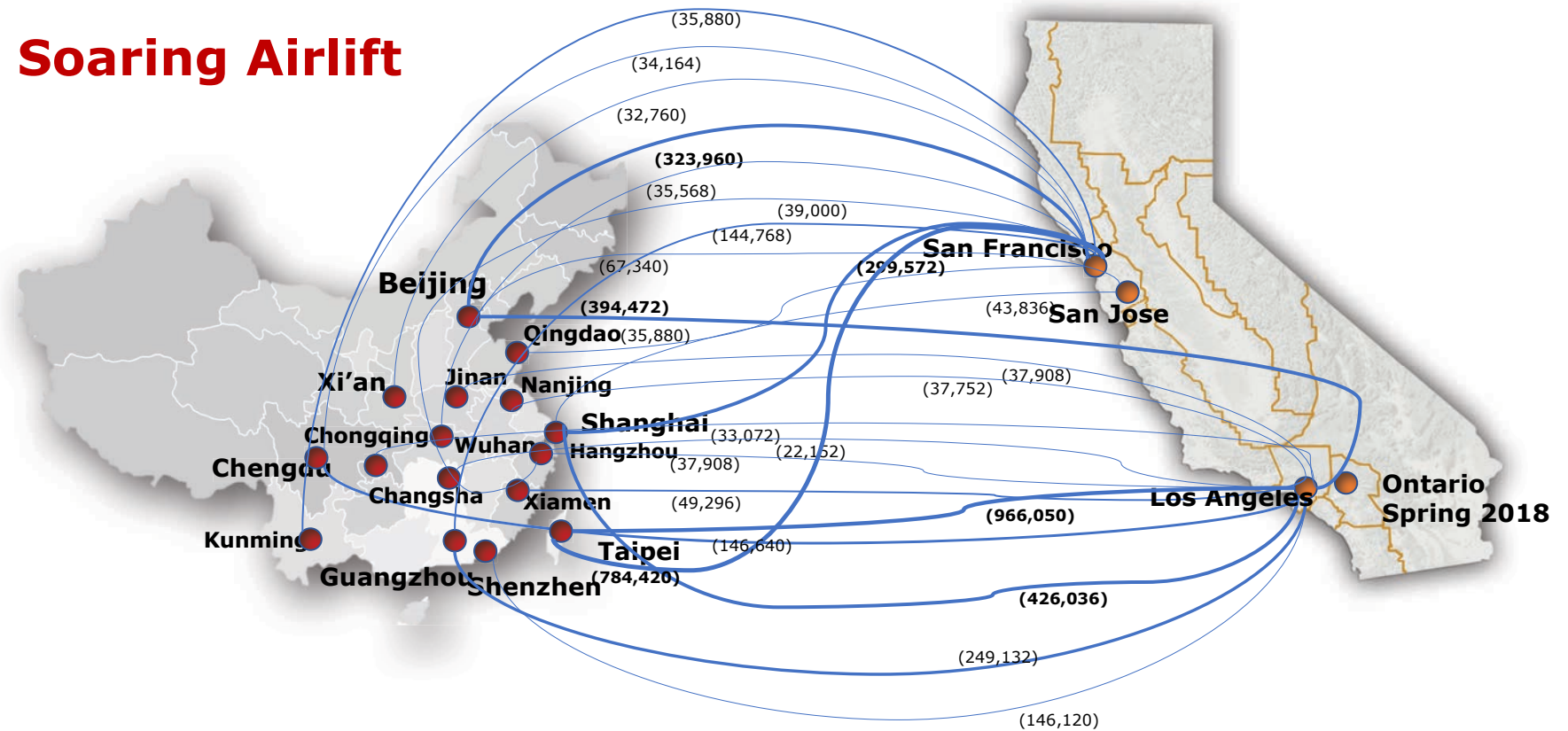
Opportunity #3

Soaring Airlift



Opportunity #3

!!! Soaring Airlift



3 CHINA CHALLENGES



**Softening outbound
travel market**



Growing visa rejection rate



Intensifying competition



2018 China Approach



 **10th anniversary in China**

 **Secondary city development**

 **Family campaign development**

 **Digital/Social media focus - WeChat**

 **OTA campaigns**

 **Zuzuche.com fly & drive promotion**

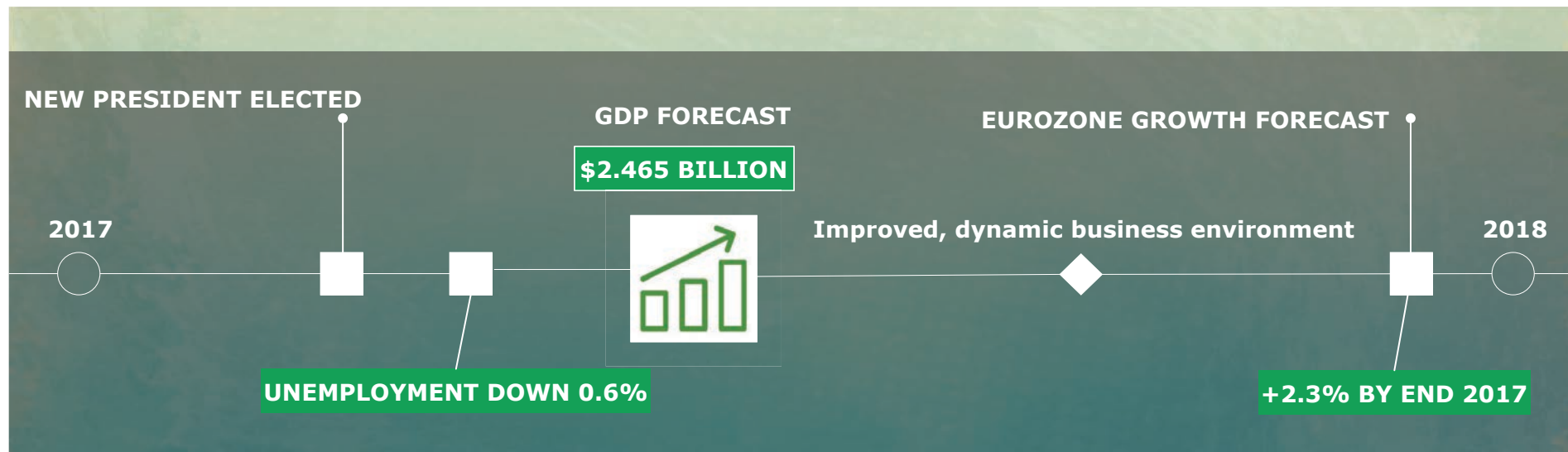
A world map with a dark blue background. The landmasses are outlined in white. France is highlighted in a solid yellow color. The word "France" is written in a large, white, sans-serif font across the center of the map, overlapping the highlighted area of France.

France

Murielle Nouchy

Managing Director
Visit California France





French are feeling great again

Macron won on May 7, 2017. At the age of 39, he became the youngest president in the history of France. Reuters reports that France should see its best growth since 2011. The OECD has revised up its outlook in its first in-depth look at the French economy since Macron became president.

INCREASED ACCESSIBILITY

Paris nonstop to
San Francisco, Los Angeles and now
Oakland too ...

Up to 58 flights per week



NEW

 **DELTA**

NEW

 **Frenchblue**

NEW

 **norwegian**

AIRFRANCE 

XL
airways 

UNITED 

 **AirTahitiNui**

FRENCH MARKET TRENDS



COMPETITORS

France (staycations), Canada & Thailand – these are our main competitors



THE FRENCH SEEK ...

Ecotourism, slow travel, immersive travel, luxury travel ... golden opportunities for us!



BOOKING PLATFORMS

Airbnb, Booking.com and Evaneos – agencies are becoming more interested in building their own packages (out of escorted tours)

FRENCH TRAVELERS ARE ...

#1

Curious about and excited by California

#2

Affluent and time-rich

#3

Accessible to airlines and routes that are evolving and developing new products and increased capacity

#4

Sensitive to a fare base becoming more competitive

A world map is centered on the Atlantic Ocean, with the continents of North America, South America, Europe, Africa, Asia, and Australia visible. The map is set against a dark red background. The landmasses are white, and the oceans are a dark red color. The German flag is superimposed over the map of Germany, which is highlighted in yellow. The word "Germany" is written in a large, white, sans-serif font across the center of the map, overlapping the German flag.

Germany

Martin Walter
Managing Director
Visit California Germany



MARKET UPDATE

GERMANY IS THE LARGEST NATIONAL ECONOMY IN EUROPE

GDP GROWTH FOR 2018 IS FORECASTED AT 2%

LOWEST UNEMPLOYMENT SINCE DECADES 3.6%

EURO GAINED 10% IN 1 YEAR

NEW GOVERNMENT ?

68.7 MILLION TOTAL TRIPS IN 2016

GERMANS TO CALIFORNIA UP 4% IN 2017

The background of the slide is a photograph of several surfboards standing upright against a blue sky with white clouds. The surfboards are primarily blue and white, with some showing signs of wear and tear. The word "CHALLENGES" is centered at the top in a large, white, serif font with a thin underline.

CHALLENGES

EXCHANGE RATE

HIGHWAY 1

AIR BERLIN BANKRUPTCY AND LACK OF COMPETITION

WORLDWIDE COMPETITION



OPPORTUNITIES

GERMAN'S TRAVEL EVERYWHERE – EVEN TO THE DESERT IN SUMMER

NEW LUFTHANSA FLIGHT TO SAN DIEGO AS OF MARCH

CURRENTLY 70 WEEKLY FLIGHTS PER WEEK

FORECAST OF 930,000 NONSTOP SEATS PER YEAR IN 2018

TOUR OPERATORS FORECAST INCREASE FOR 2018

30 DAYS PAID VACATION AND VACATION BONUS IN JUNE

A world map with a dark blue background. The landmasses are outlined in white. India is highlighted in a solid orange color. The word "India" is written in a large, white, sans-serif font across the center of the map, partially overlapping the Indian subcontinent and the surrounding oceans.

India

Sheema Vohra

Managing Director
Visit California India



INDIA

Growth Engines & Opportunities

Booming
OUTBOUND

Aviation
ADVANTAGE

Gen Z &
MILLENNIALS

Buoyant
ECONOMY

Demographic
DIVIDEND

Upgraded
LIFESTYLE



**1.3 Billion
Population**

Over 60 cities with 1 million+ population

GAME CHANGERS

Government Reforms



Demonetization & GST

GDP Growth Projections

- 7.4% in 2018
- 7.8% in 2019

Fastest-Growing Large Economy in the World ~ Third-Largest Economy by 2025

GAME CHANGERS

Changing Consumer Profile



Shift in Family Structure



Urbanization

GAME CHANGERS

Changing Consumer Profile



Largest YOUNG Population

- 2020 Median Age – 29 Years (Millennials and Gen Z)
- New Experiences, Living like a Local
- Digitally Connected - Mobile, E-Commerce



Rising AFFLUENCE

- Wealth Growth @ 9.9% (Global Average 6%)
- Share of 18.5 Billion in the Global Luxury Market;
- Expected to grow to 100 billion by 2024



Growing SEGMENTS

- FIT
- Special Interest (Outdoor & Adventure)
- MICE
- Bleisure



Market Forecast

368,000 2018 Visits (+1.8%)

449,000 2021 Visits (+7%)

\$1.043 Billion 2021 Spending

Growth Potential

26.2% California Market Share (2016)

California accounted for 19.6% of the India-US airline market in 2017

Fastest Growth ~ higher than the national average

SFO ~ Second-most-popular gateway to the U.S.

Visit California – Way Forward

Refreshed Product Development



PR & Media Collaboration



Digital Influencers & Shareable Content



**Enhanced
CONSUMER
INSPIRATION**





CALIFORNIA
Home to Indian
Dreamers!

A world map with a dark red background. The landmasses are outlined in white. Italy is highlighted in a bright yellow color. The word "Italy" is written in white, bold, sans-serif font over the highlighted area.

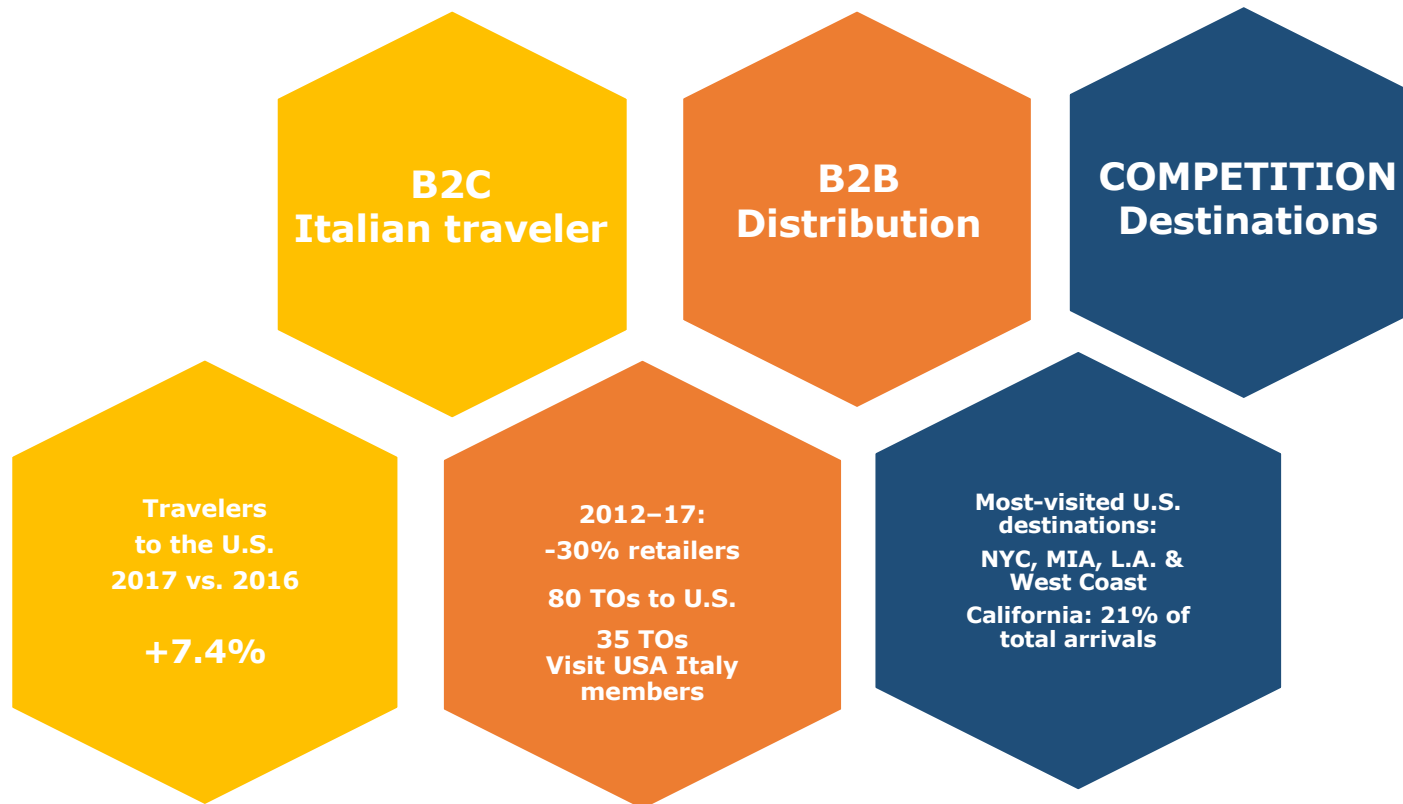
Italy

Giulio Santoro

Managing Director
Visit California Italy



MARKET UPDATE





#1
OPPORTUNITY
**DISCERNING
EXPLORER**

Type of vacation
75% culture tour
29% active holiday
11% eco-tourism

Change the perception
Make CA diversity
a value

**NICHE TOUR
OPERATORS
PRESS
DIGITAL
INFLUENCERS**



#2
OPPORTUNITY
**NEW DIRECT
AIRLIFT**

+1.461
weekly seats
from Nov. 17

Increase:
Visitation
Spending
Market share

**AIRLINES
CA INDUSTRY
TRADE**



#3
OPPORTUNITY
OFF-PEAK
TRAVEL

Increase
arrivals during
MAR, APR, OCT

Create desire for
California
Aim at new
segments
Develop year-round
new products

AIRLINES
CA INDUSTRY
TRADE
NICHE
TRAVELERS

CHALLENGES

A hiker with a backpack is standing on a rocky mountain trail, looking out over a vast mountain range. The sun is shining brightly in the sky, creating a warm, golden light. The hiker is wearing a light-colored shirt, shorts, and a backpack. The trail is made of rocks and is surrounded by green vegetation. The mountains in the background are covered in green grass and some snow-capped peaks are visible in the distance.

#1 CHALLENGE
California clichés

#2 CHALLENGE
Growing fragmentation

#3 CHALLENGE
Intensified competition

#4 CHALLENGE
Travelers' behavior affected by
new restrictions to enter U.S.

A world map is centered on the Atlantic Ocean, with the Americas on the left and Europe, Africa, and Asia on the right. The map is set against a dark red background with a subtle diamond-shaped pattern. Japan is highlighted in a bright yellow color. The word "Japan" is written in a large, white, sans-serif font across the center of the map, partially overlapping the Asian continent.

Japan

Marjorie Dewey

Managing Director
Visit California Japan



Japan Market Update



GDP Up 1.7% in 2017

Unemployment Lowest in 20 Years

Consumer Confidence Highest in 4 Years

Outbound Travel Up 4.5% in 2017

559,000 Visits to California

**120 Weekly Flights; New Third
Daily Flight to LAX by ANA**

Japan Challenges Minimal

Safety/Security

Language Fears

Strong Competition from Hawaii, Australia



Opportunity: Return of Young Women



Opportunity: Solo Travelers

HAVE A NICE HITORI-TABI!

STWで行くひとり旅

見たかったあの景色。食べたかったアレやコレ。

ひとり旅なら、思うがままに旅できる！

エス・ティー・ワールドで Have a nice HITORI-TABI!

STWの一人旅はココが違う！

- 01 一人参加追加代金を含めてこの料金！
- 02 他社に比べ、ひとり旅ツアーのバリエーションが豊富
- 03 ひとり旅でも送迎の手配が出来る！
- 04 オプションツアーやホテルアレンジ自由自在！

ヨーロッパ ▶

アジア ▶

インド洋
アフリカ ▶
中近東

ハワイ
ミクロネシア ▶

南太平洋
オセアニア ▶

アメリカ大陸 ▶



カリフォルニア
dreamkids
ドリームキッズ

A world map with a dark blue background. The landmasses are outlined in white. Mexico is highlighted in a solid orange color. The word "Mexico" is written in a large, white, sans-serif font across the center of the map, overlapping the Atlantic Ocean and parts of North and South America.

Mexico

Alex Pace
Managing Director
Visit California Mexico



Where We Are

1

International Market

7.71 million

In-person trips, 2017

\$3.1 billion

Visitor spending, 2017

580,000

2018 Visitation forecast

AIR TRAVEL ONLY

623,000

2021 Visitation forecast

\$694 million

2021 Spending forecast

\$984

Average spend per trip

LEISURE TRAVEL PROFILE

7.6

Nights, average length of stay

76%

Vacation/Holiday

Travel Planning



AIRLINES

51%



TRAVEL AGENT

14%



OTA

44%



**PERSONAL
RECOMMENDATION**

21%

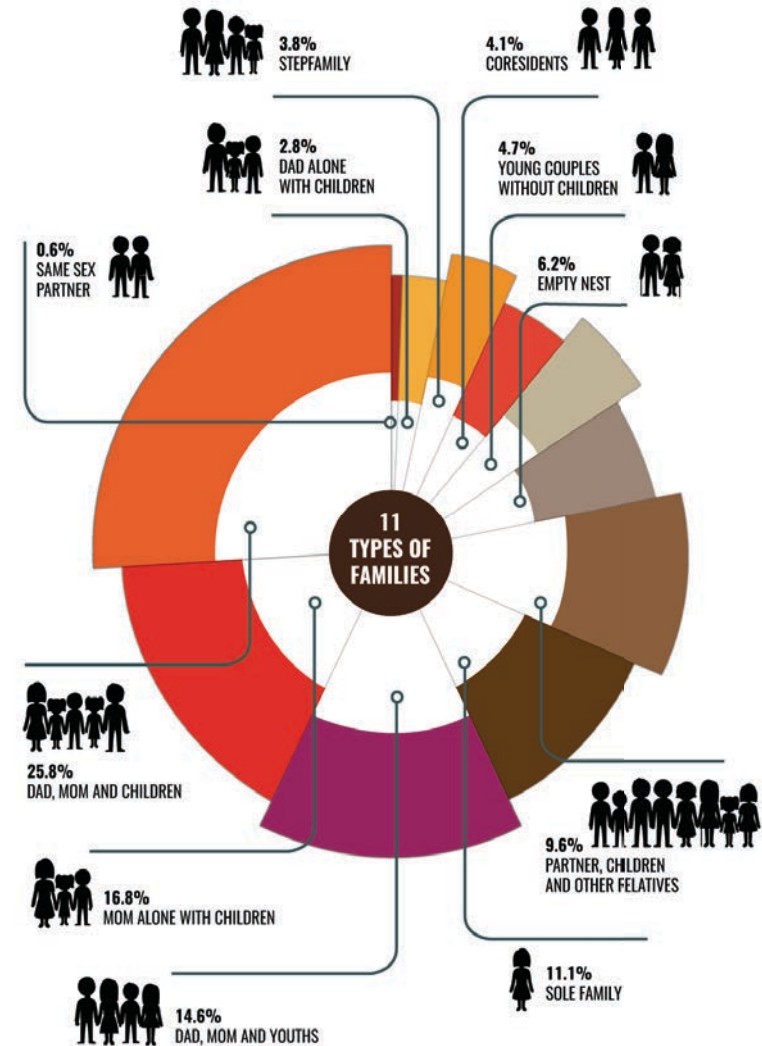


**TRAVEL
GUIDES**

10%

Mexican Family

- 11 types of families in Mexico – influence in types of experiences and consumer journey
- Opportunity for California to showcase the diversity of family experiences



Threats

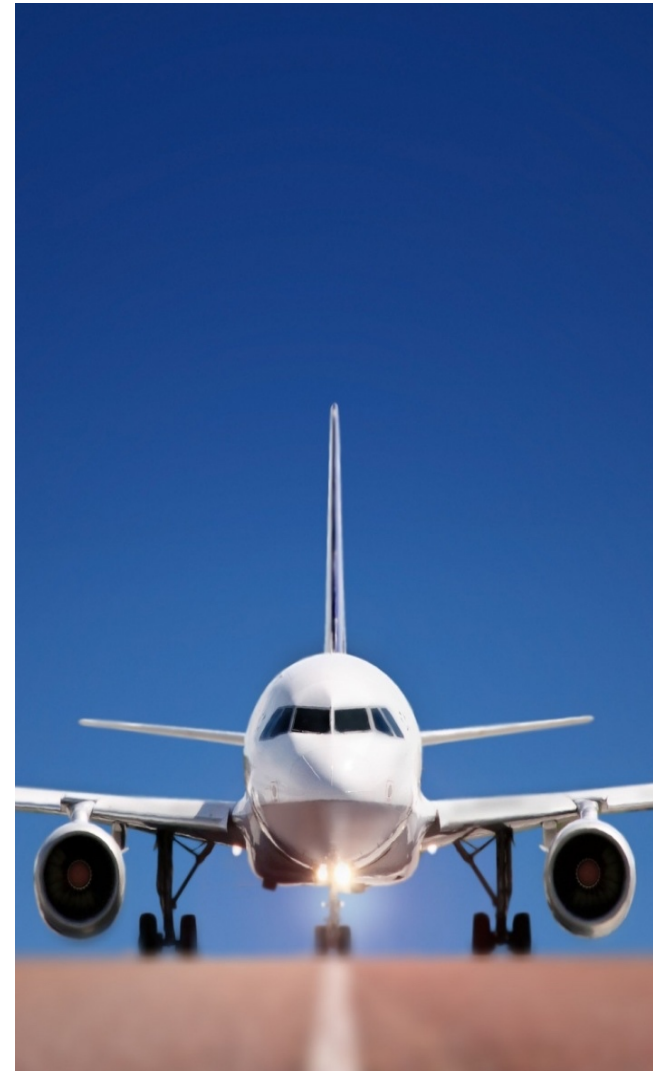
Canada

55% increase of Mexican passengers traveling to Canada (2017-2016).

Aggressive Competition Marketing

U.S. Politics

Currency



CBX Opportunity

- Tijuana is the fifth-largest airport in Mexico, massive growth capacity
- TIJ airport allows airlines to be more competitive and offer low prices; approx. \$150 USD savings per air ticket
- CBX users mainly come from Mexico City, Guadalajara, Bajío (Mex), Monterrey
- High potential to increase airlift from Central America through Volaris and Copa Airlines
- Volaris current routes: Tijuana-Guatemala, Tijuana-San Salvador

Source: CBX Dec 2017

+41.9%

Mexican Air Passengers
CBX Northbound 2017

= 1,066,628



Scandinavia

Karin Gert Nielsen

Managing Director
Visit California
Scandinavia



SCANDINAVIA & FINLAND



6 weeks paid
vacation + **12**
national holidays



Our region:
4 countries
4 currencies
4 languages



Spend per trip to
California: **\$1,164**



Length of stay in
the U.S.: **14.9**
nights

*(Length of stay in
California: **12**
nights)*



Internet penetration
96%

SCANDINAVIA AT A GLANCE



POPULATION
26.9 MILLION



GDP 2.5 %
INFLATION 2.1 %
UNEMPLOYMENT 5.2 %

**FREE
HEALTH
CARE**

6 WEEKS PAID VACATION
12 PAID HOLIDAYS



\$ 94,779
AVERAGE HOUSEHOLD
INCOME

4 COUNTRIES
LANGUAGES
CURRENCIES

2 YEARS
MATERNITY
LEAVE



INTERNET
PENETRATION
96%

TRAVEL
MULTIPLE
TIMES PER YEAR

**COPENHAGEN &
SOUTHERN SWEDEN**
MOST DENSELY
POPULATED AREAS



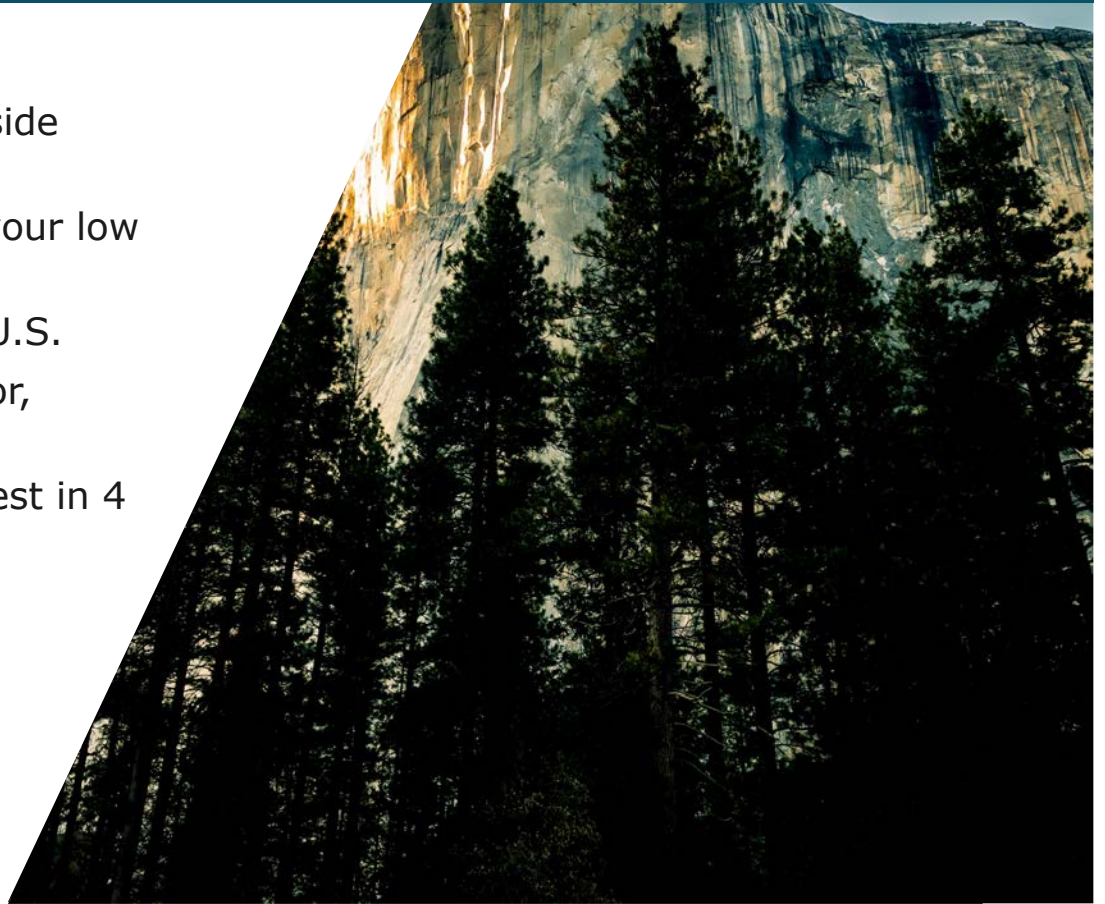
FREE
EDUCATION

TOTAL AREA
1,492,211 SQUARE KILOMETRES
576,145 SQUARE MILES



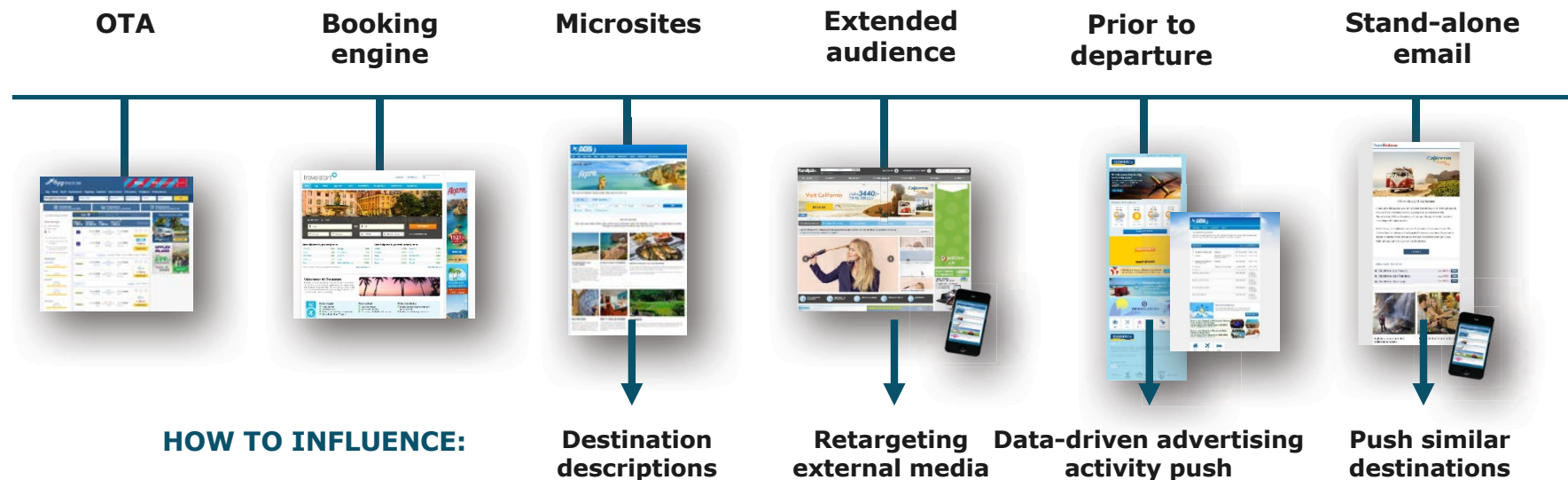
OPPORTUNITY #1 OFFSEASON FAMILY TRAVEL

- More common to travel with kids outside school holidays
- Opportunity to increase visitation in your low season (winter, fall, Easter)
- Scandinavians stay 14.9 days in the U.S.
- Scandinavians are looking for: outdoor, adventure, authentic experiences
- Weak dollar against the “Krone” (lowest in 4 years)



OPPORTUNITY #2 OTA PARTNERSHIPS

- OTAs are the No. 1 channel for booking and popular information sources for trip planning
- Establish Pan-Scandinavia California Advisory Board
- Through partnerships with OTAs we can influence the consumer and create simple call to action



OPPORTUNITY #3 DIRECT AIRLIFT & GATEWAYS

- Airlines are No. 1 source of information for trip planning
- Airlines are becoming the first touch point for consumers in the decision-making process, more important partners in destination marketing

Information Sources Used (multiple responses)	2015	2016	Change
Airlines	48	48	0.3
Online Travel Agency	47	46	-1.2
Personal Recommendation	22	27	5.1
Travel Agency Office	15	15	-0.2
Travel Guides	14	13	-1.0

OPPORTUNITY #3 DIRECT AIRLIFT & GATEWAYS

TACTICS

Icelandair (SFO, June 2018)

SoMe, influencer programs and launch program

SAS (LAX and SFO)

Co-op marketing program, owned channels and frequent flyer program

Norwegian (LAX & OAK)

Millennials, influencer programs and agent FAM trips



COMPLEX TRAVEL TRADE LANDSCAPE

**Global
OTAs**

**TTAs &
TTOs**

DMCs

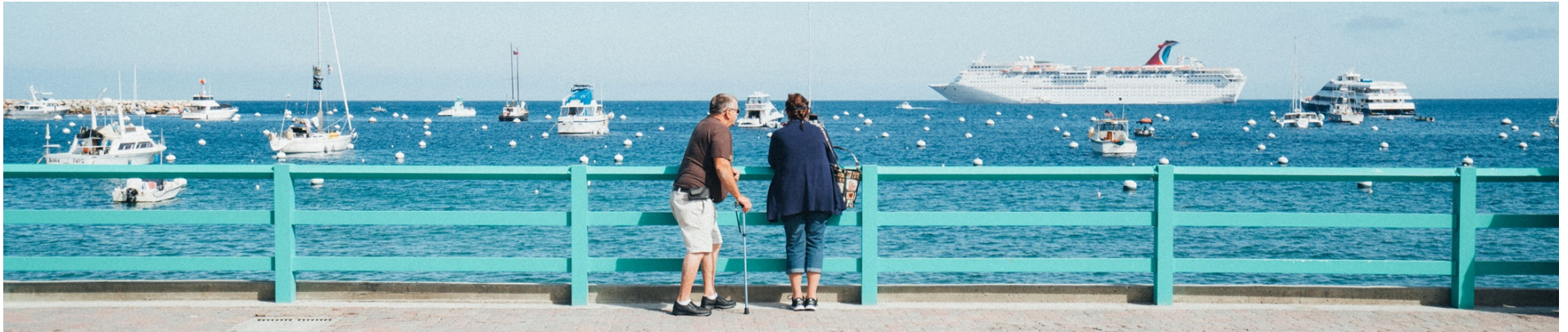
**Local
OTAs**



South Korea

Irene Lee
Managing Director
Visit California
South Korea





Exploding Outbound Travels

- 01** Fourth-largest overseas source country for the U.S.
 - 02** Average growth of 12%+ every year since 1988
 - 03** 26M+ outbound trips in 2017 (18%↑)
 - 04** Disappearance of “slow season”
Only “regular-high-high-peak season”
-



Extended Holidays

- 01** Increased holidays (68 “red” days)
 - 02** Average growth of 12%+ every year since 1988
 - 03** 62%↑ outbound travels during Chuseok (Korean Thanksgiving) period, with average of 90% flight reservation ratio
 - 04** Spending in U.S. ranked no. 1 during Chuseok
-



5 Opportunities



**01 Significant
Contribution
of TV in
Tourism**



02 #INSTA-SURGE



**03 Post-2018
Winter
Olympics**



04 New Terminal
at Incheon
Airport (33%↑)



05 Delta + Korean
Air Joint
Venture

A world map with a dark red background. The United Kingdom is highlighted in yellow. The map is overlaid on a diamond-shaped pattern of lighter red and orange. The text "United Kingdom" is written in white across the map.

United Kingdom

Guy Chambers

Managing Director
Visit California
United Kingdom



UK ECONOMY



UK ECONOMY

◆ UNEMPLOYMENT 4.2%

◆ STOCK MARKET 35%

◆ GDP 3%

◆ INTEREST RATES 0.5%

◆ HOUSE PRICES 8%

◆ STERLING/DOLLAR 15%

FLIGHT CAPACITY

180 FLIGHTS PER WEEK

500,000+ ADDITIONAL SEATS
PER YEAR



ICELANDAIR 

UNITED
AIRLINES 

virgin atlantic 

norwegian 

AIR NEW ZEALAND 

wow 

American Airlines 

BRITISH AIRWAYS 

Aer Lingus 

 Thomas Cook Airlines

KEY OPPORTUNITIES



UNTAPPED MILLENNIAL AUDIENCE

PERCEIVED CHALLENGE



2018 VISIT CALIFORNIA
Outlook
FORUM

All *Dreams*
Welcome