

California
dream big

2016 China

Spring Awareness Wave

July 2016



Media Buy

- In spring 2016, VCA again invested marketing dollars in Beijing, Shanghai and Guangzhou – and added Chengdu and Shenzhen as Chinese target markets.
- With increases in OTV spending and the addition of out-of-home and social advertising, the China investment increased 5% compared to 2015.
- The table below shows the campaign elements and the media employed for each.

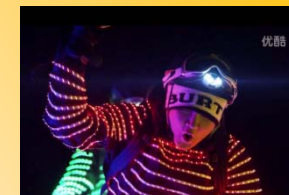
Media	2014	2015	2016	% Change
TV	\$1,492,573	\$1,678,900	\$1,432,354	-15%
OTV	\$1,016,145	\$1,602,139	\$1,961,327	22%
Digital	\$279,038	\$966,279	\$678,697	-30%
Brand USA Co-op		\$400,000	\$300,000	-25%
Out of Home			\$366,057	
Social			\$152,038	
Total	\$2,787,756	\$4,647,318	\$4,890,473	5%

Campaign Element	Media
China Dreamers Brand TV/OTV Refresh	:30 & :15 Videos
Wanda Cinema Brand USA Co-op	:30 & :15 Videos
China Dream365TV	Digital & Video Banners
OOH (Dream365TV)	OOH Video
Social Media:	
Dream365TV	KOL Posts
Dreamers	Youku Video links
Dream Eater	Youku Video links
Always in Season	Youku Video links

Dreamer Brand TV



Dreamers Youku Video



Dream365TV Banner



OOH



Impact of Economy

- Around 10% of Chinese leisure travelers indicate that they are likely to alter their upcoming travel plans. This is comparable to the incidence observed in the 2015 China research – and by way of comparison is lower than the potential negative impact of the economy in Canada, where we see between 20% and 25% of leisure travelers intending to alter their plans.

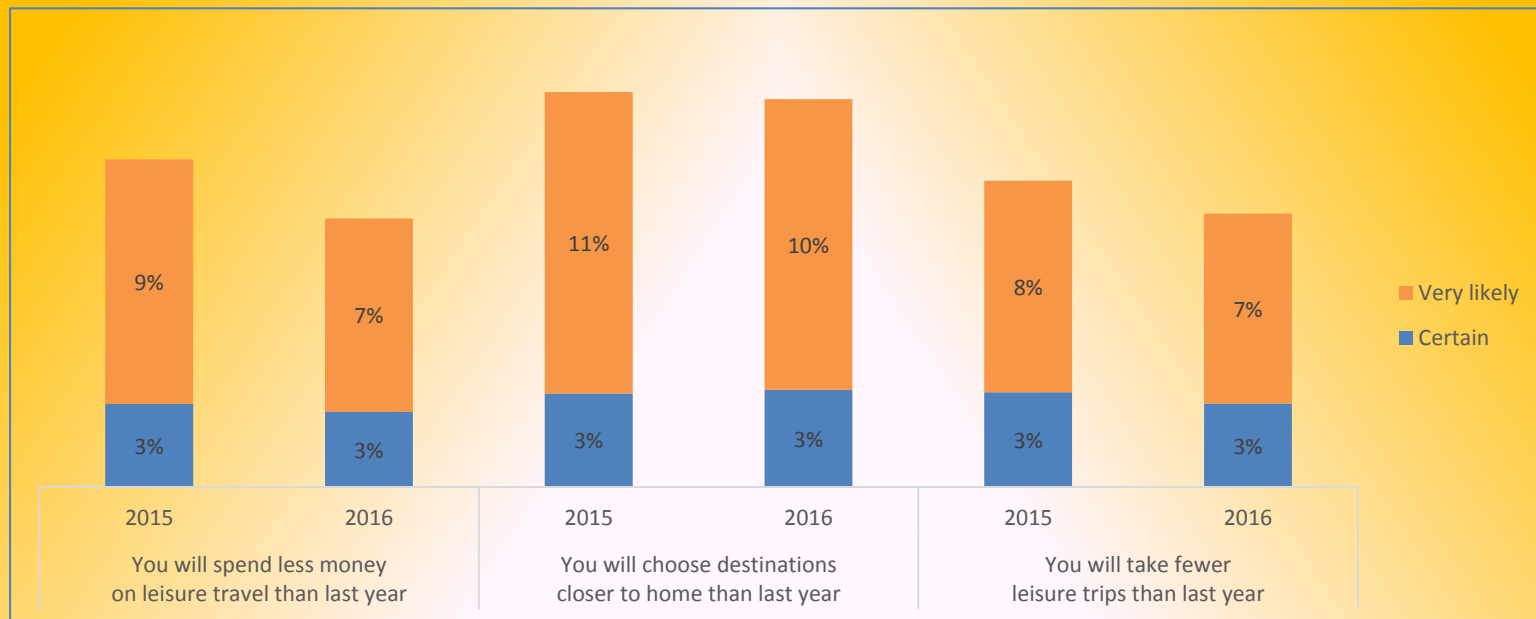
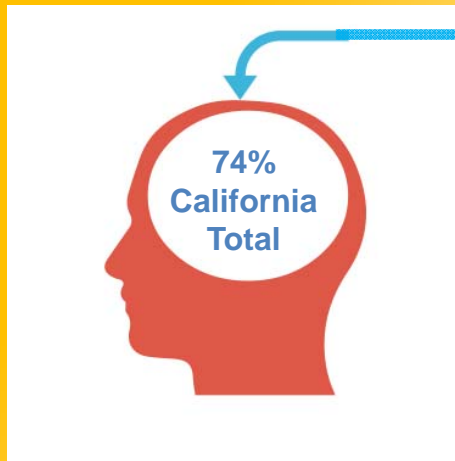


Image & Planning

Top-of-Mind Awareness

Top-of-Mind Awareness (TOMA):
Unaided recall of destinations



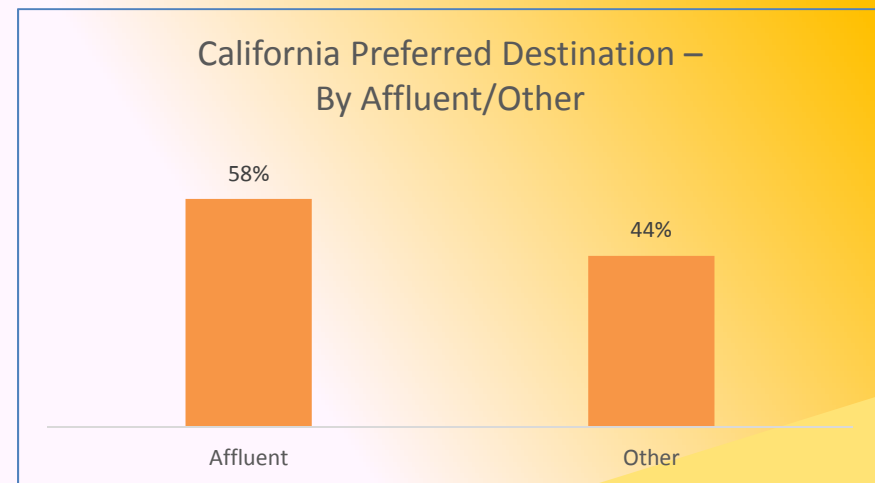
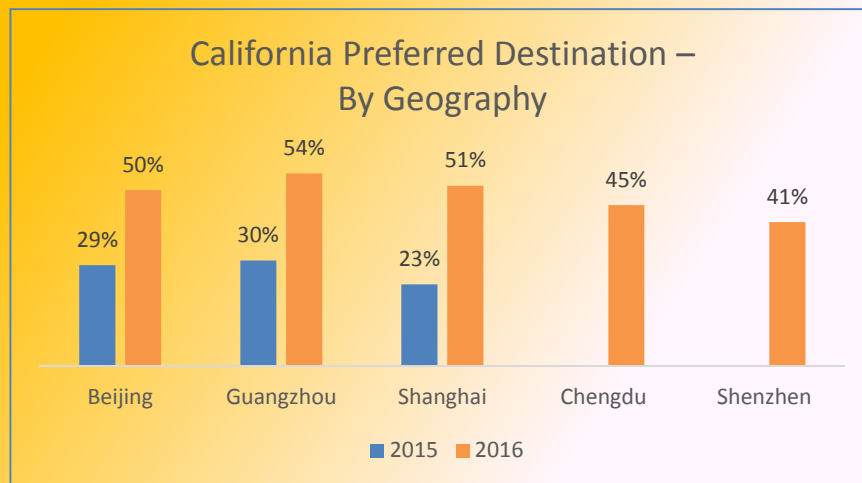
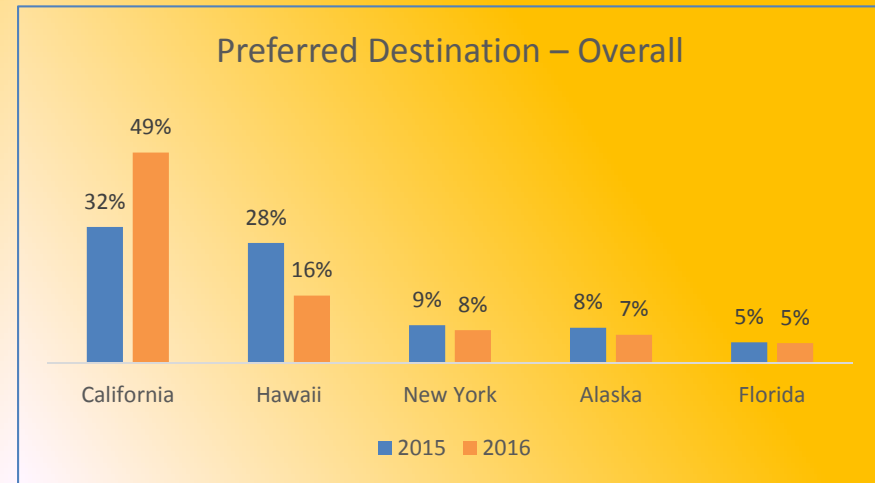
	Overall TOMA
New York	44%
<i>California</i>	<i>33%</i>
<i>Los Angeles</i>	<i>25%</i>
Washington	21%
<i>San Francisco</i>	<i>16%</i>
Hawaii	11%
Las Vegas	10%
Seattle	5%
Chicago	5%
Florida	3%
Miami	3%

- One-third of Chinese consumers mention the *state* of California as a top-of-mind U.S. leisure travel destination. When Los Angeles and San Francisco are included, nearly three-quarters mention California top-of-mind.
- Affluent consumers are more likely than the other consumers to mention California's cities.

Top-of-Mind Awareness	Affluent	Other
New York	45%	43%
<i>California</i>	<i>34%</i>	<i>33%</i>
<i>Los Angeles</i>	<i>28%</i>	<i>23%</i>
Washington	22%	21%
<i>San Francisco</i>	<i>18%</i>	<i>14%</i>
Las Vegas	13%	8%
Hawaii	10%	11%
Seattle	7%	5%
Chicago	5%	5%
Miami	5%	2%
Florida	3%	3%

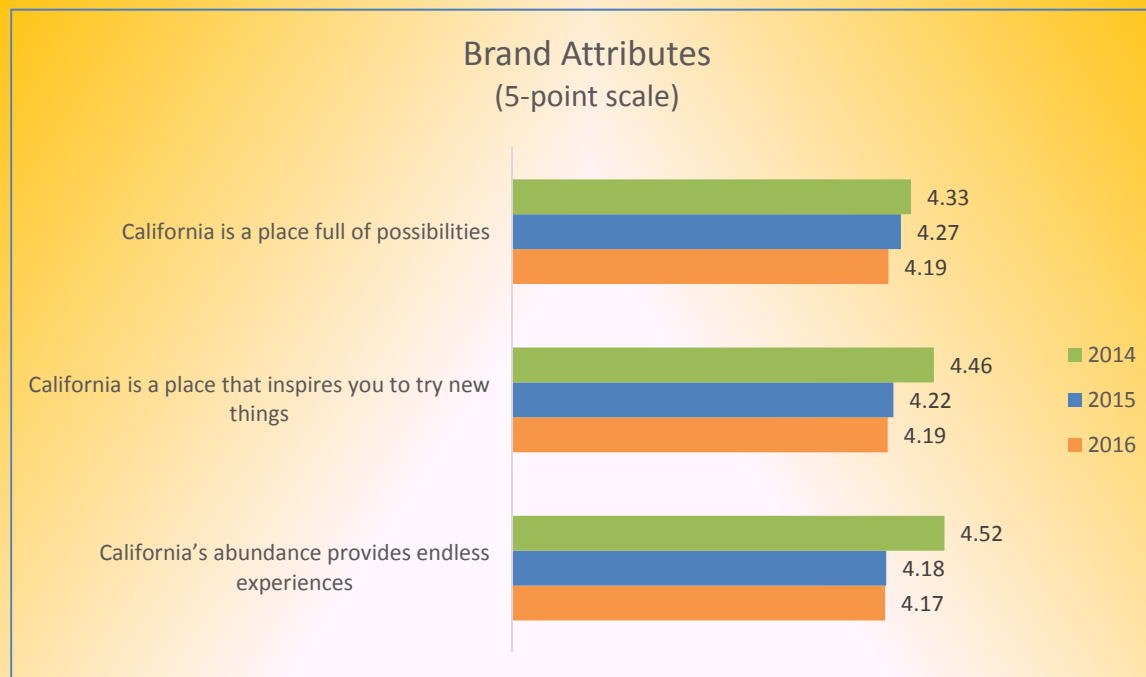
Destination Preference

- Chinese consumers are most likely to pick California as the U.S. state that they would visit if time and money were not considerations. In fact, about half picked California – up from a third in 2015.
- Affluent consumers are more likely to pick California.



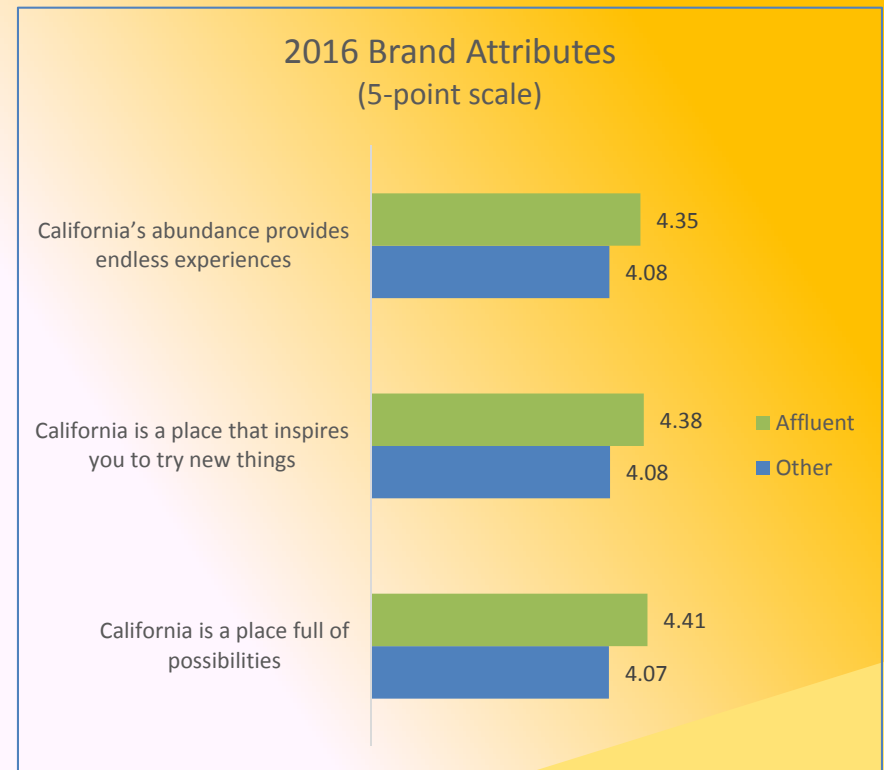
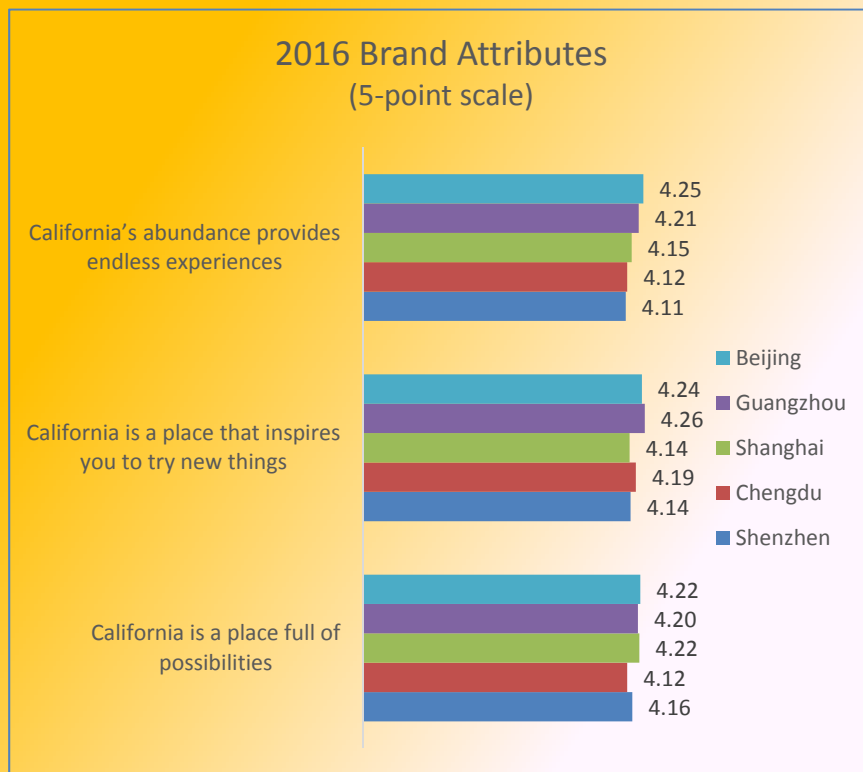
Brand Statement Trend

- While the ratings for the brand statements have declined somewhat since 2014, they are still above the 4.0 threshold, which would indicate that California has a strong brand image in China.



2016 Brand Statements

- There are no significant differences between the Chinese markets in terms of their perceptions of California, but the Affluent consumers are more positive about the state than the other consumers.



Product Statements

- In China, California's strongest images are *scenery, beaches, variety, cities, and diversity*.
- California generally rates well on the attributes with the exception of *a good place for snow sports*.
- As seen with the overall brand statements, Affluent consumers rate California higher than the other consumers.

Top 2 box California...	Overall	Affluent	Other
Is scenic and beautiful	80%	88%	76%
Has picturesque national and state parks	78%	86%	73%
Has excellent beaches	77%	84%	74%
Is a place with lots to see and do	76%	85%	71%
Has large cities with exciting urban experiences - nightlife, shopping & dining	75%	83%	71%
Has many unique vacation experiences in one	75%	84%	70%
Is culturally diverse	75%	84%	70%
Offers laid-back luxury	74%	83%	69%
Is a place where food & wine are part of the culture/lifestyle	74%	82%	69%
Has a lot of family activities & theme parks	74%	79%	71%
Has a variety of active outdoor activities - hiking/climbing/biking	73%	79%	69%
Has lakes for boating & fishing	72%	81%	68%
Provides a good value for the money	72%	83%	66%
Has interesting historical sites	70%	74%	68%
Is the ultimate family playground	70%	79%	65%
Has great professional sporting events	68%	77%	63%
Has many quaint small towns	68%	72%	66%
Is a good place for snow sports	58%	62%	55%

Attitude/Emotional Statements

- The attitude/emotional statements that the Chinese consumers feel best represent California are *inspiring, laid back, fun, and accepting*.
- Again, the Affluent consumers are more positive about the state.

Top 2 box Represents California's feeling, vibe or culture...	Overall	Affluent	Other
A place that inspires you to do new things	73%	79%	69%
Casual and laid-back	73%	80%	68%
Fun and lively	72%	81%	67%
Free spirited and accepting	72%	79%	68%
A place where people live life to the fullest	70%	78%	66%
Welcoming and friendly	70%	76%	67%
A place that inspires innovation and new trends	70%	75%	67%
Youthful	70%	78%	65%
Has a unique and desirable lifestyle	69%	77%	65%
A place that doesn't take itself too seriously	67%	74%	64%
A place to indulge myself	66%	72%	63%
A place I feel safe and secure	66%	73%	62%
A place where I can be myself	65%	73%	61%
Offers the best of everything in one place	65%	72%	61%
A place where music is a part of the lifestyle	65%	73%	60%

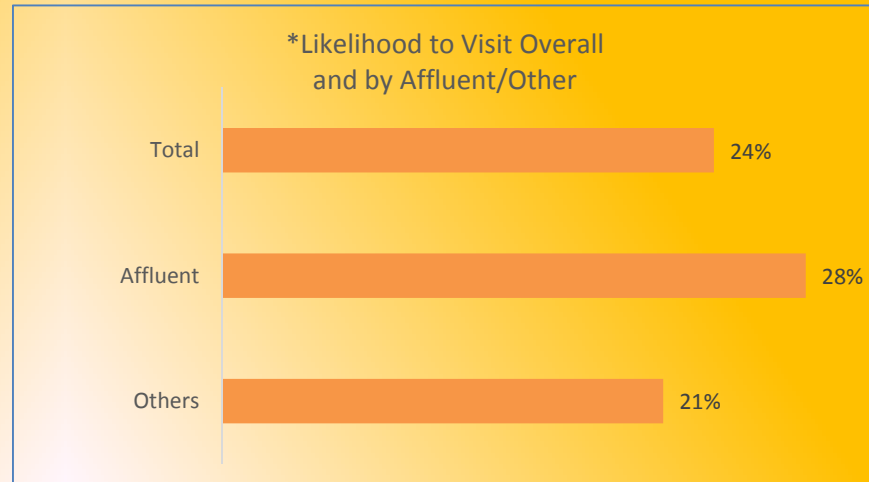
Brand Index

- The brand index shows how California compares to other brands in terms of embodying a sense of creativity, an “anything is possible” attitude, and inspiration to try new things.
- California and Disney are the leading *destinations*, followed by Las Vegas.
- California is slightly higher on the scale among the Affluent consumers, although the brand index (98) is the same among total consumers, the Affluent consumers, and the others.

Overall	Affluent	Other
Apple 100	Apple 100	Apple 100
Disney 99		Disney 100
Google 98	California 98	Google 99
California 98	Disney 98	California 98
	Google 97	Alibaba 97
Las Vegas 95	Las Vegas 95	Las Vegas 95
Alibaba 95		Tencent 94
	Tesla 93	Baidu 94
Tesla 93	Alibaba 92	New York 93
Tencent 93	Facebook 92	Tesla 93
New York 93	New York 92	Australia 93
Facebook 92	Tencent 91	Ctrip 93
Baidu 92	Ctrip 90	Facebook 92
Ctrip 92		Lenovo 92
Australia 92	Australia 89	Florida 92
Florida 91	Baidu 88	China Airlines 92
Lenovo 90	Florida 88	Italy 92
Italy 90	Marriott 88	
China Airlines 90	Italy 88	
	Lenovo 87	
Marriott 88	China Airlines 87	
Virgin Airlines 87		Virgin Airlines 89
	Virgin Airlines 84	Marriott 89
Moutai 85	Moutai 81	Moutai 88

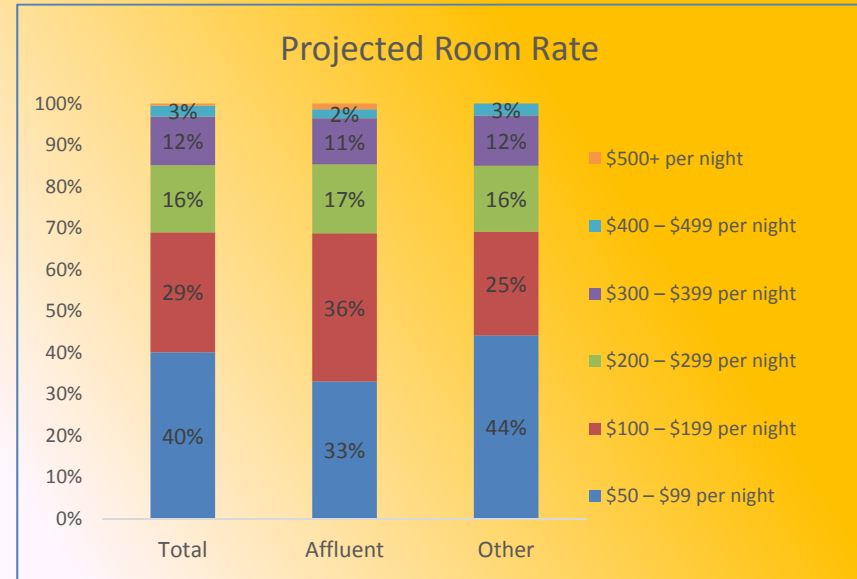
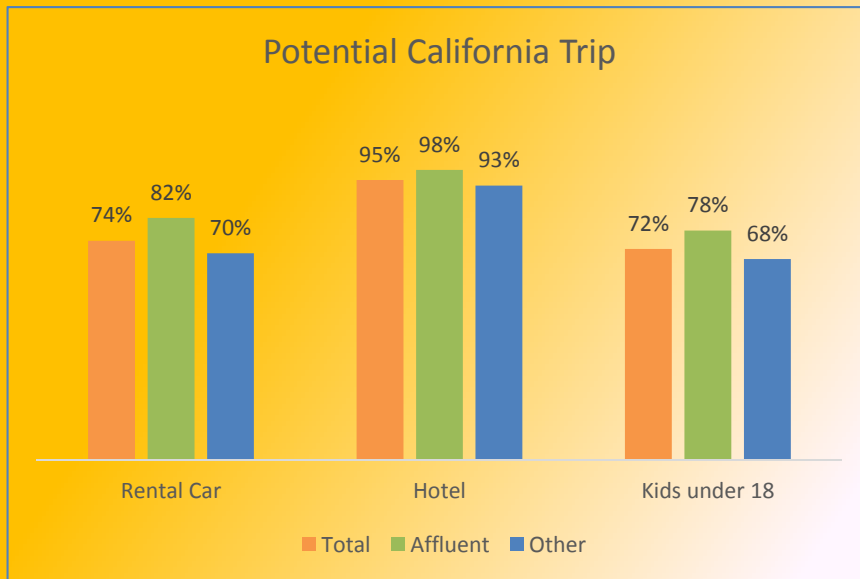
Potential Visits

- Overall, about a quarter of Chinese consumers indicate that they are likely to visit California in the next year. The percentage is higher among the Affluent consumers.
- There are some directional differences between the Chinese target markets, with Guangzhou, Beijing and Shanghai being slightly more likely to visit California than Shenzhen and Chengdu.



*Likelihood %=80% of those already planning a trip and 40% very likely used to adjust for overly positive responses

Potential Visits



Percentage = sum of “very likely” and “somewhat likely”

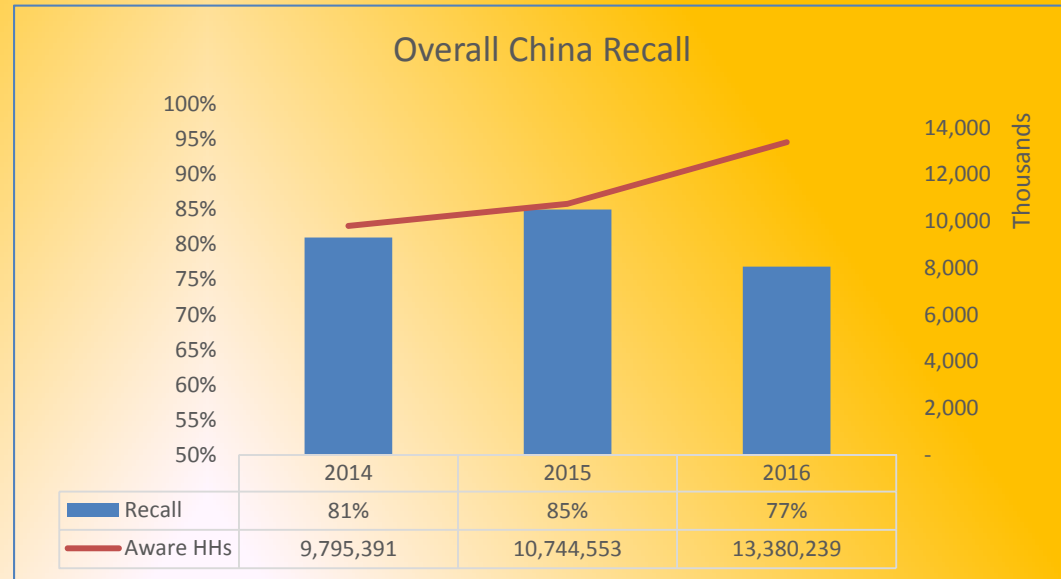
- Most potential visitors indicate that they would rent a car in California and would bring kids on their trip.
- Almost all visitors would stay in a hotel, with most of these indicating that they expect to spend between \$50 and \$200 per night on their room.

Media Recall



Overall Recall & CPH

- Overall, the China spring 2016 campaign reached 77% of consumers, or about 13.4 million households.
- The awareness percentage is down compared to 2015, but adding two target markets resulted in more households reached and a lower cost per aware household.

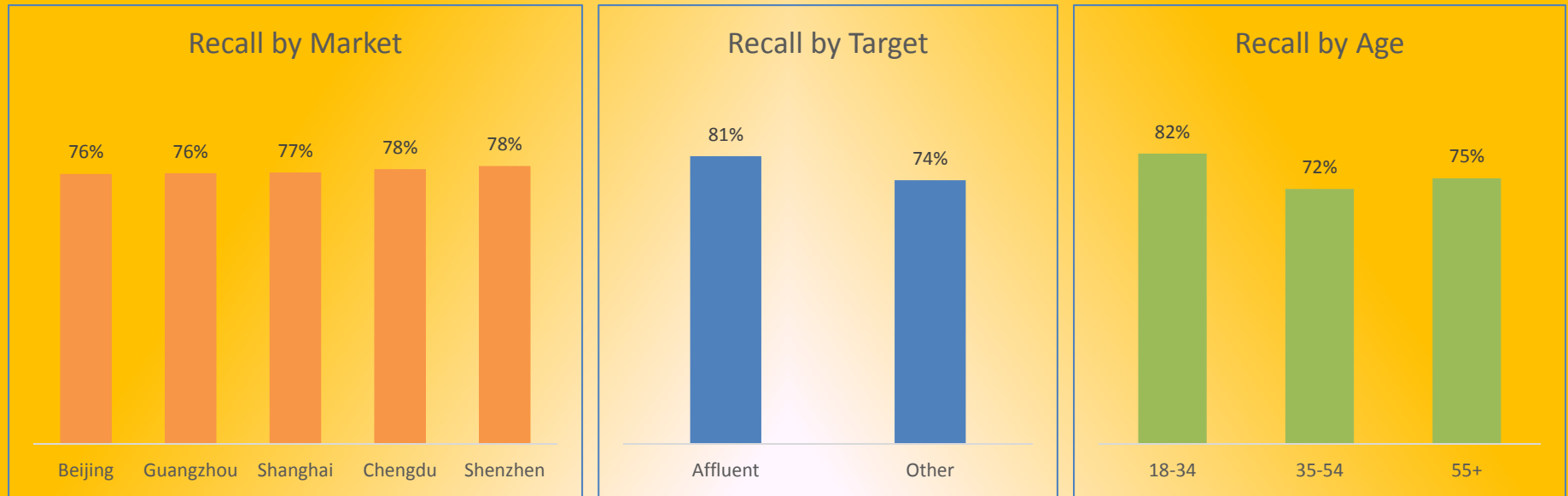


	2014	2015	2016
Awareness	81%	85%	77%
Aware HHs	9,795,391	10,744,553	13,380,239
Media Spending	\$2,787,756	\$4,647,318	\$4,890,473
Cost per Aware HH	\$0.28	\$0.43	\$0.37

**SMARInsights
benchmark:
\$0.48
per aware
household**

California
dream big

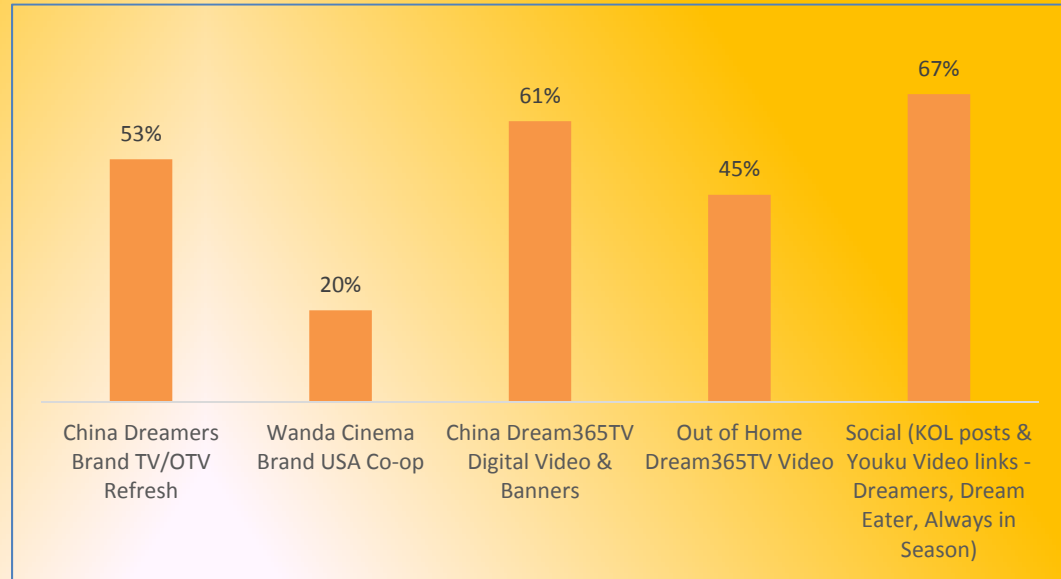
Recall by Groups



- Advertising awareness is almost identical across markets.
- There are differences in the level of ad recall between the Affluent/Others and by age – with the Affluent consumers and younger consumers having higher levels of awareness.

Recall & CPH by Initiative

- The social media initiatives, which include several posts and videos, achieved the highest awareness. The brand TV and Dream365TV digital initiatives also had relatively high awareness.
- All of these initiatives were reach-efficient compared to the benchmark.

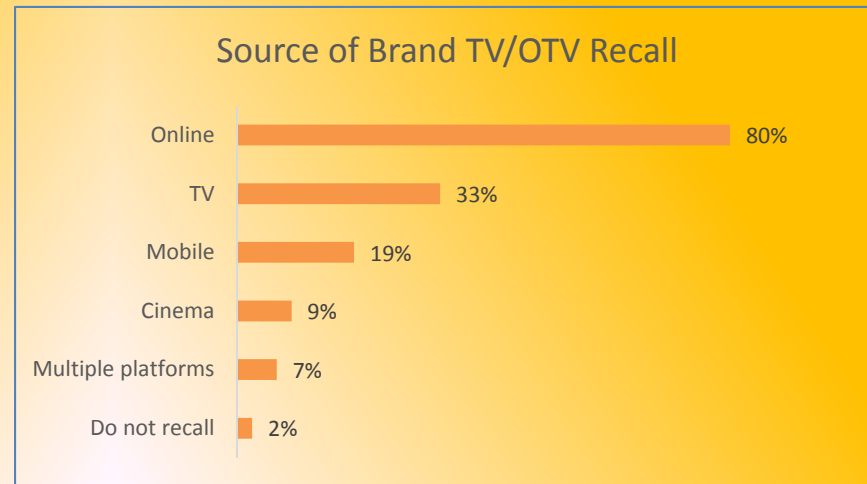


	China Dreamers Brand TV/OTV Refresh	Wanda Cinema Brand USA Co-op	China Dream365TV Digital Video & Banners	Out of Home Dream365TV Video	Social (KOL posts & Youku Video links - Dreamers, Dream Eater, Always in Season)
Awareness	53%	20%	61%	45%	67%
Aware HHs	9,177,181	3,454,195	10,621,208	7,835,074	11,647,412
Media Spending	\$3,393,681	\$300,000	\$678,697	\$366,057	\$152,038
Cost per Aware HH	\$0.37	\$0.09	\$0.06	\$0.05	\$0.01



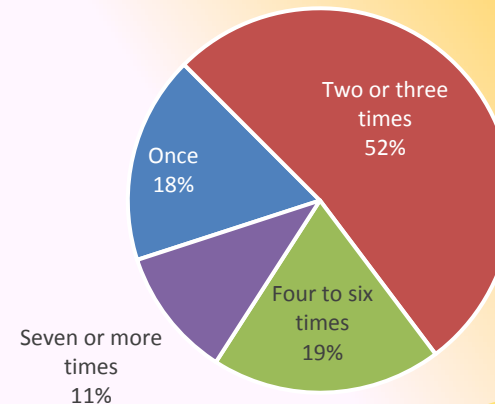
Dreamers Brand TV/OTV Recall

- Most of those aware of the brand TV/OTV ad recall seeing it online.
- Cinema advertising was added this wave – and 9% recall seeing the ad here.



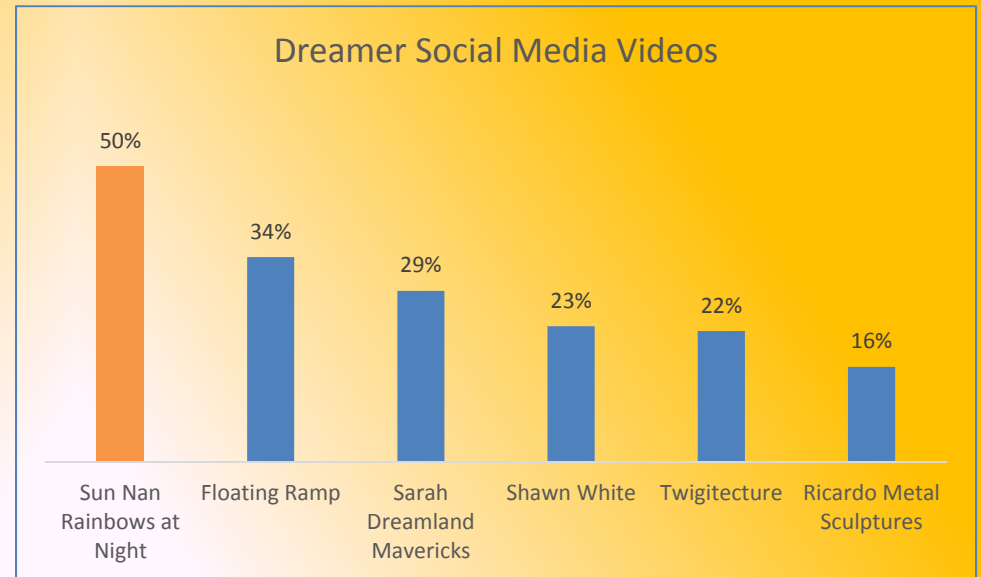
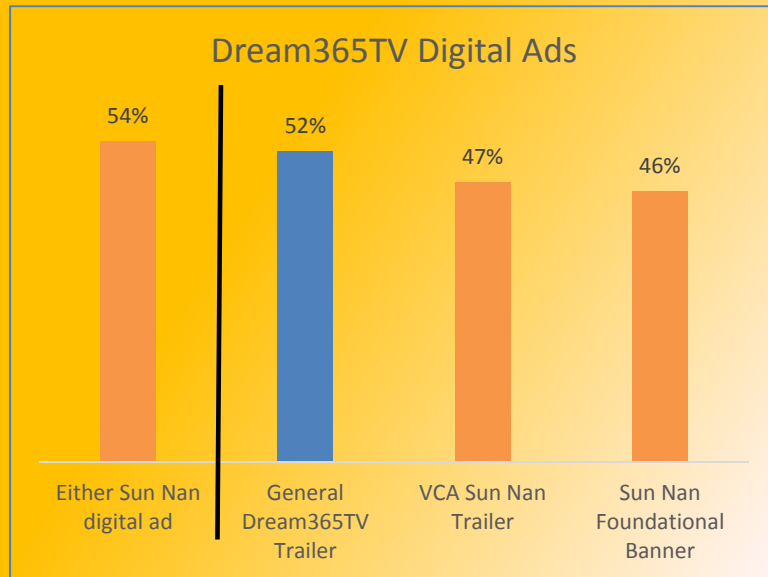
Number of Times Seen Brand TV/OTV Ad

- And most indicate that they saw it multiple times.



Sun Nan Awareness

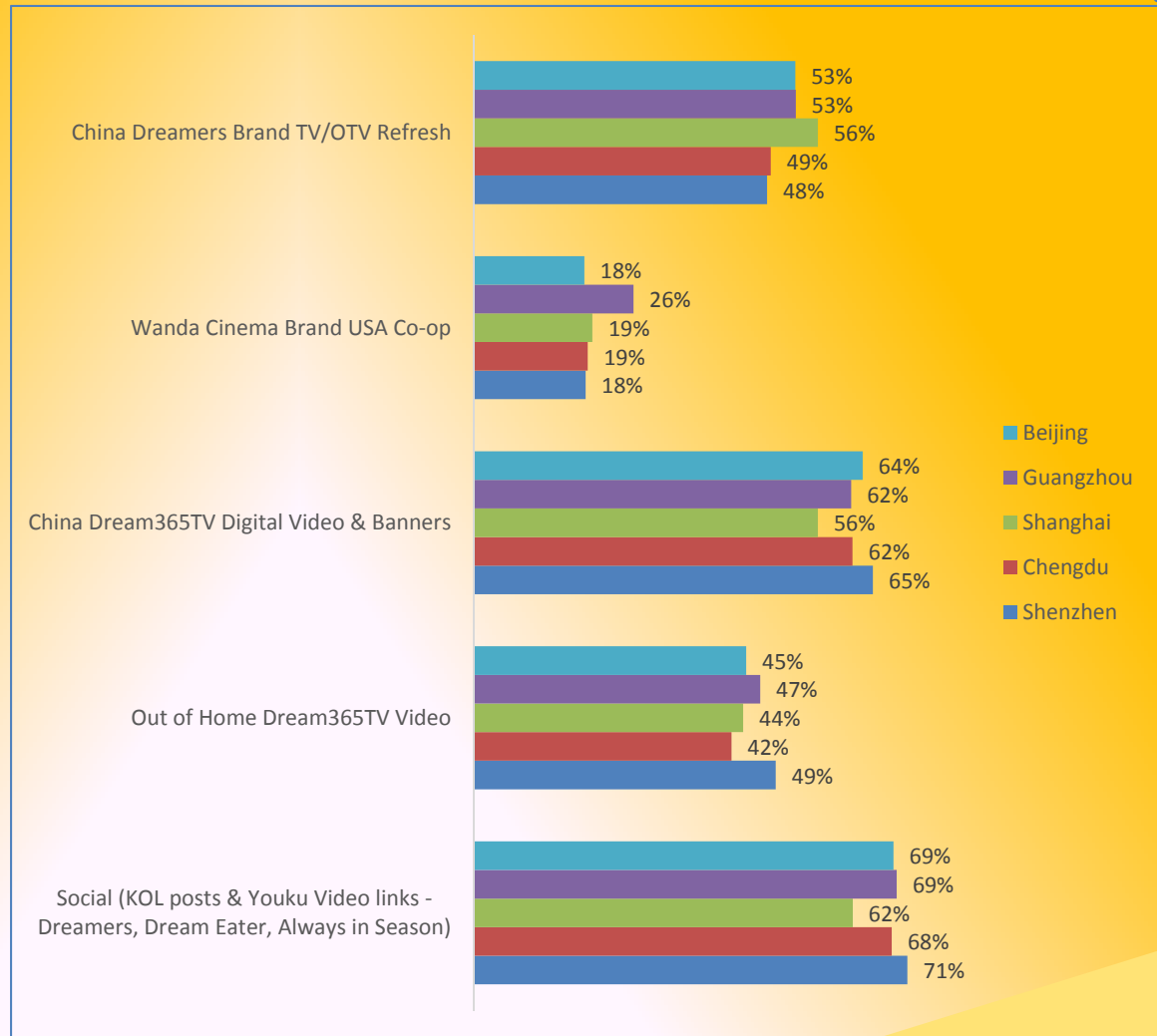
Aware of any Sun Nan content = 59%



- VCA invested heavily in the Sun Nan ads/videos (he was paid a hefty sum) – and positively, this content reached 59% of Chinese consumers.
- The Sun Nan Dream365TV digital ads reached 54% of consumers, while the Dreamer Social Media video, “Rainbows at Night,” reached exactly half of consumers. The Sun Nan “Rainbows at Night” social media video has notably higher awareness than the other social media videos, but this could be because this content also ran as digital advertising.

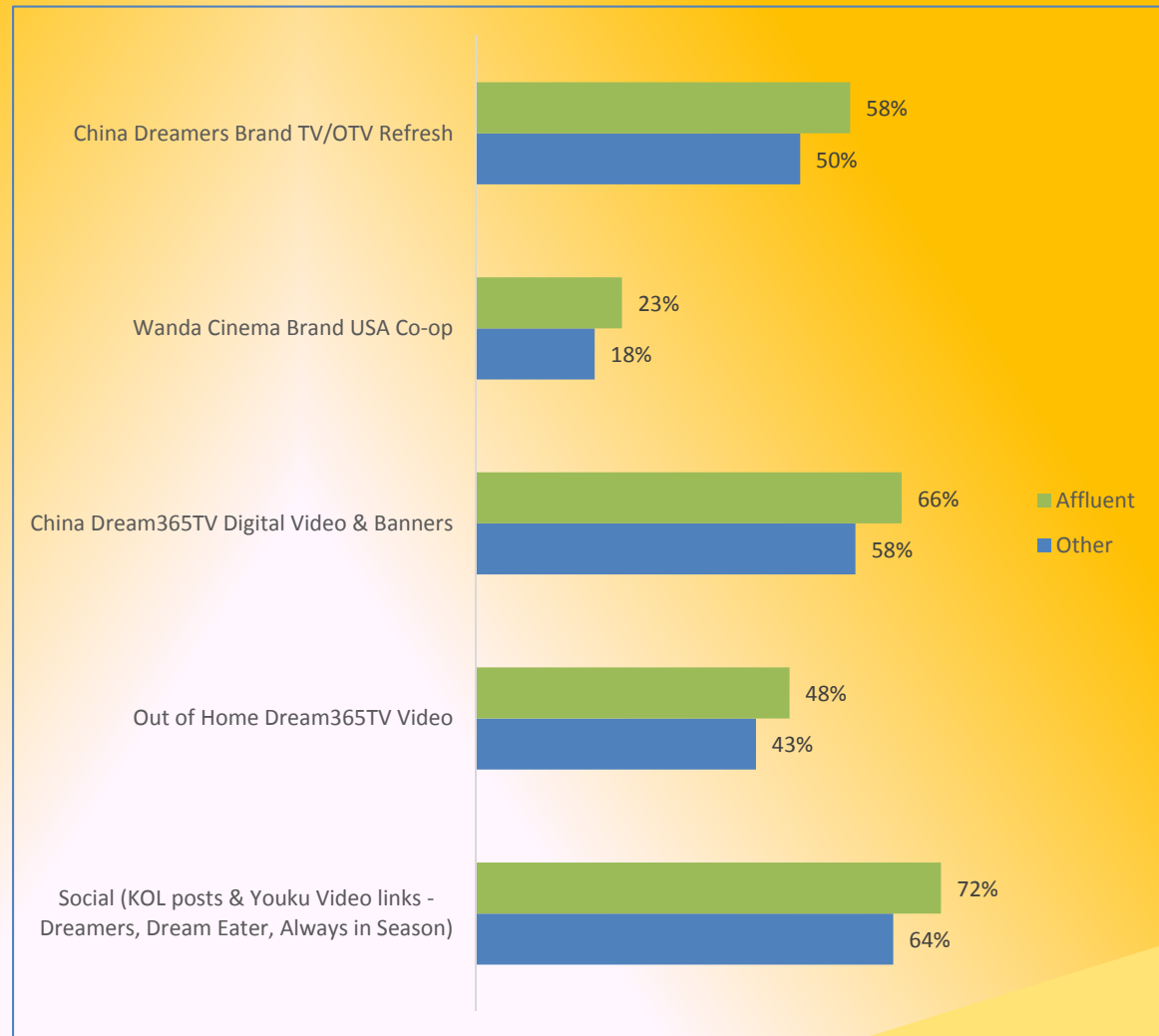
Recall by Initiative by Market

- There are no significant differences in awareness of the initiatives across markets.



Recall by Initiative by Targets

- Affluent consumers are more likely than the other consumers to recall all of the individual initiatives.



Recall by Initiative by Age

- The younger consumers are more likely than the older consumers to recall the Dream365TV digital advertising, the OOH advertising, and the social content.

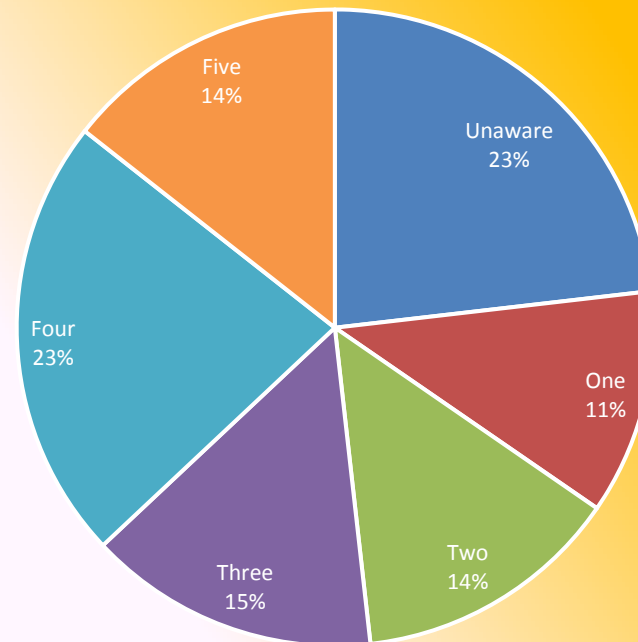


Initiative Overlap

- Nearly 40% of Chinese consumers recall seeing four or all five of the campaign initiatives. The impact of initiative overlap is reviewed later in this report.

Initiatives
China Dreamers Brand TV/OTV Refresh
Wanda Cinema Brand USA Co-op
China Dream365TV Digital Video & Banners
Out of Home Dream365TV Video
Social (KOL posts & Youku Video links - Dreamers, Dream Eater, Always in Season)

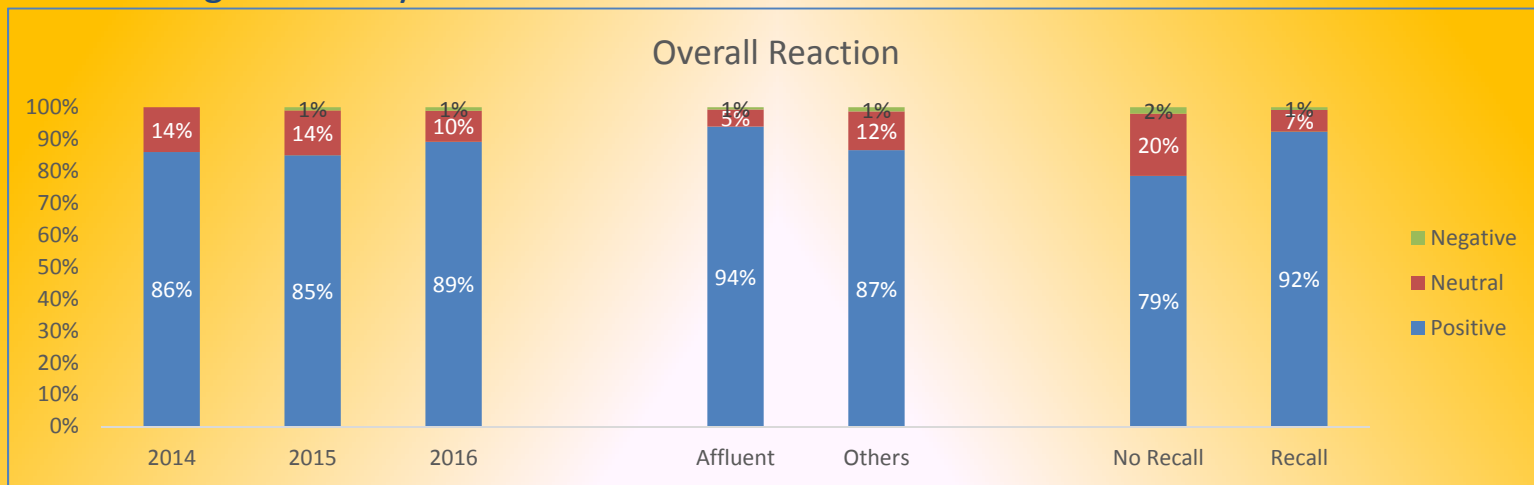
Number of Campaign Initiatives Seen



Creative Ratings

Brand TV/OTV

- The overall reaction to the 2016 brand TV spot is slightly more positive than the reaction to the 2015 brand TV spot – despite the fact that there was little room for improvement.
- The ad is also able to effectively communicate key messages.
- The Affluent consumers are more positive about the ad, as are those who had seen the ad before taking the survey.

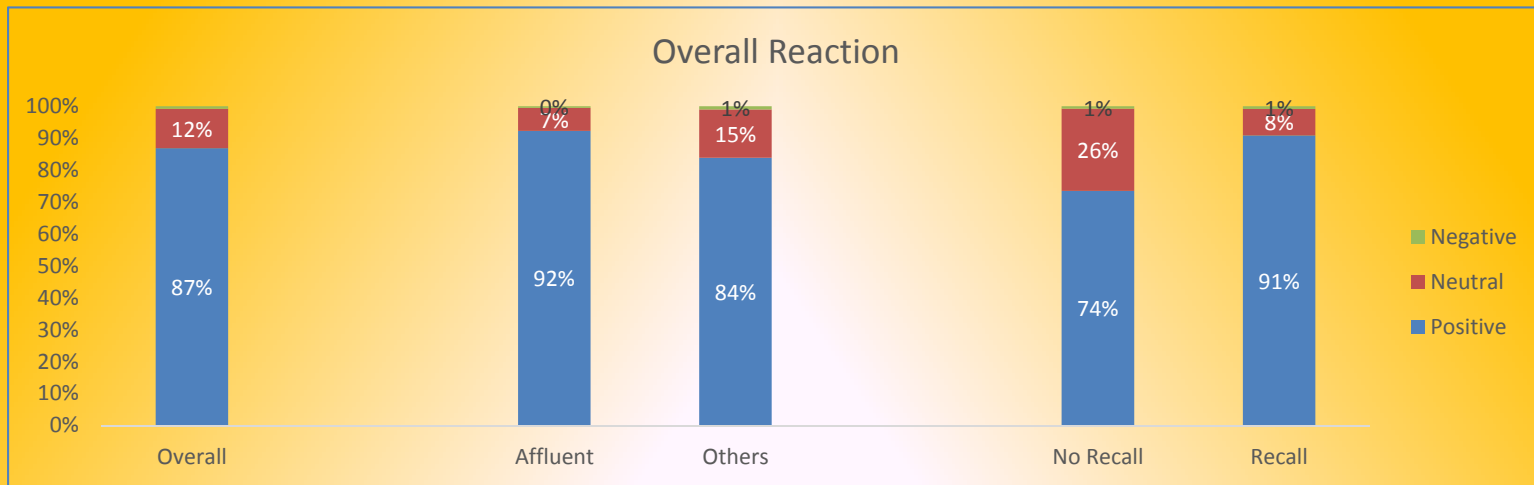


How much do you agree this ad shows...	Overall	Affluent	Others	No Recall	Recall
California is a place full of possibilities	4.1	4.3	4.0	3.8	4.2
California is a place that inspires you to try new things	4.1	4.3	4.0	3.8	4.2
California's abundance provides endless experiences	4.1	4.3	3.9	3.7	4.2

5-point scale. Top 10% or "Excellent" rating = 4.1 or higher.

Dream365TV OOH & Digital Reaction

- The Dream365TV initiatives receive a positive overall reaction and rate well for communicating key messages.
- Like the brand initiatives, the Affluent consumers and those aware of the ads are more positive.



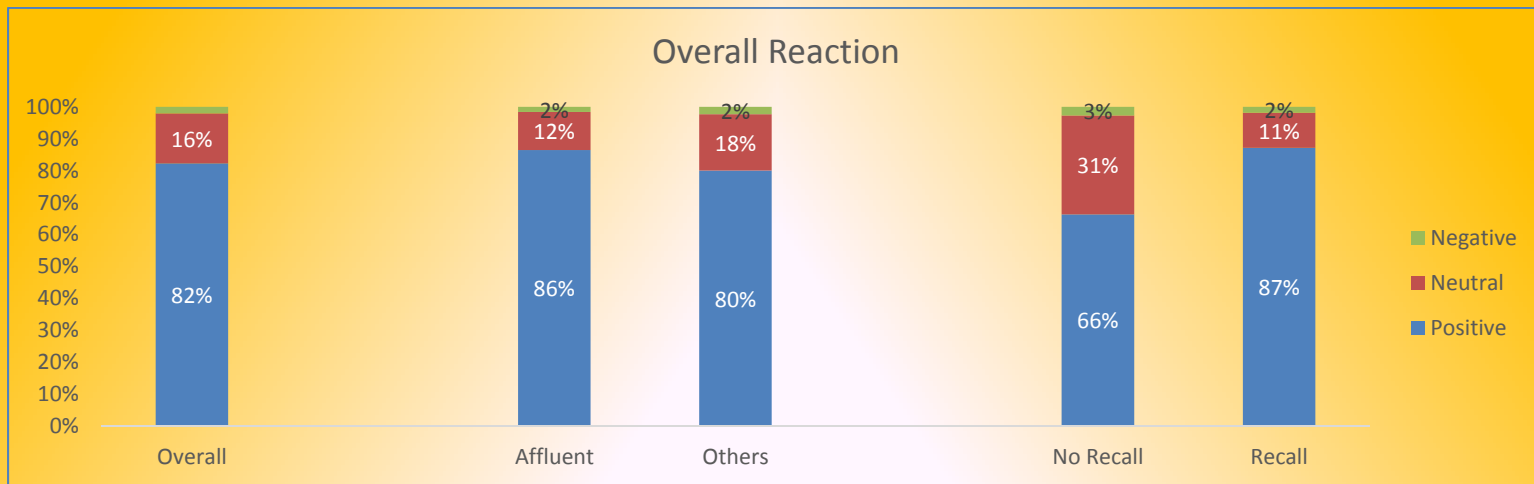
How much do you agree this ad shows...	Overall	Affluent	Others	No Recall	Recall
California is a place full of possibilities	4.2	4.4	4.1	3.8	4.3
California is a place that inspires you to try new things	4.2	4.4	4.1	3.8	4.3
California's abundance provides endless experiences	4.1	4.4	4.0	3.8	4.2

5-point scale. Top 10% or "Excellent" rating = 4.1 or higher.



Dreamers Sun Nan Reaction

- Given its large production costs, the Sun Nan Dreamers ad was tested in isolation.
- This ad receives a good overall reaction, although a slightly lower percentage gives the ad a positive rating (82%). This is likely due to the niche appeal of snowboarding/skiing.



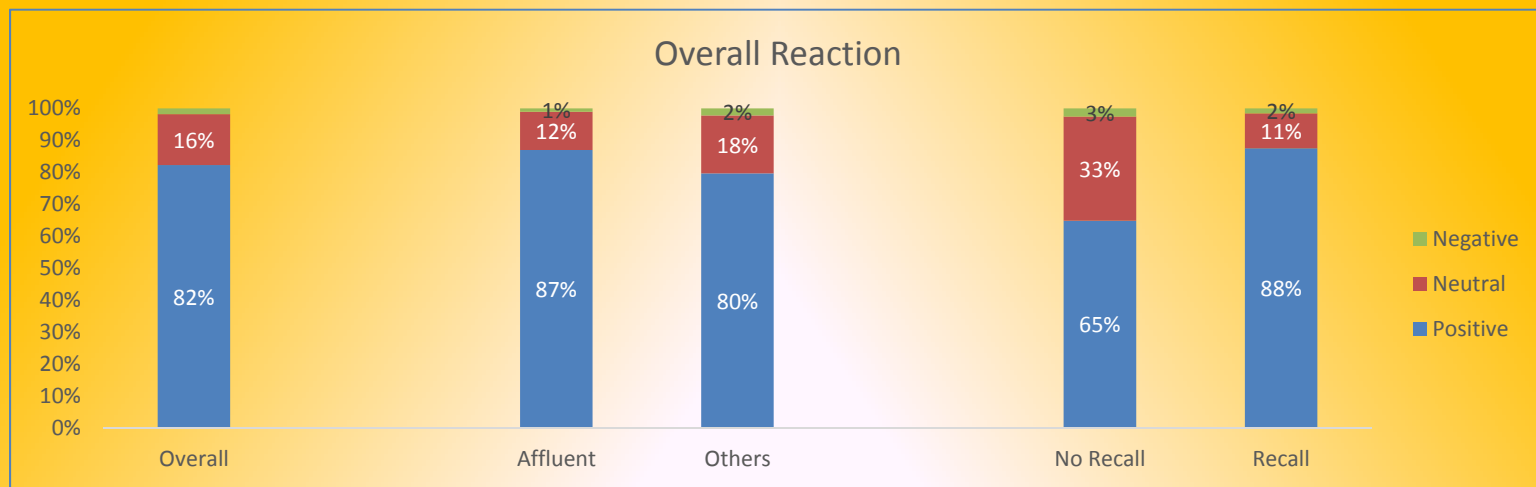
How much do you agree this ad shows...	Overall	Affluent	Others	No Recall	Recall
This video showcases California's unique attitude and vibe.	4.1	4.3	4.0	3.7	4.3
People who dream big and do things differently make the California experience unlike anyplace else	4.2	4.4	4.1	3.8	4.3
This video positively influences my perception of California	4.1	4.3	4.0	3.7	4.2

5-point scale. Top 10% or "Excellent" rating = 4.1 or higher.



Dreamers Total Reaction

- Eight out of 10 consumers react positively to the Dreamers video series. Again we see that the Affluent consumers and those aware of the videos are more positive.
- Like the other initiatives, these videos receive strong ratings for communicating key messages.



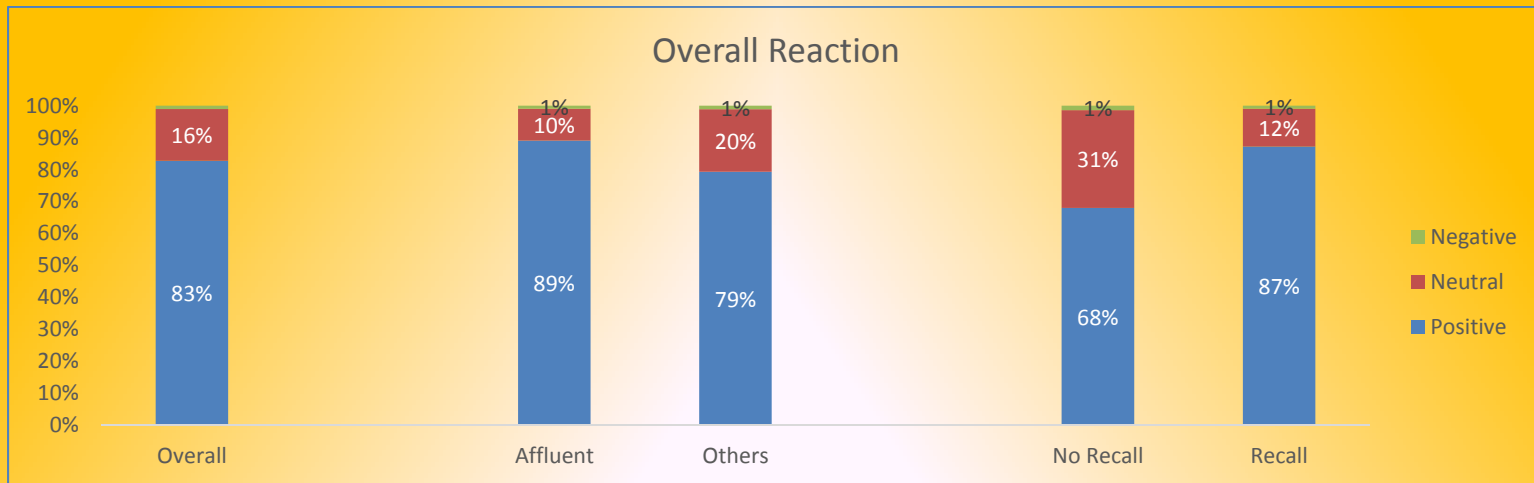
How much do you agree this ad shows...	Overall	Affluent	Others	No Recall	Recall
The California Dreamers series is a good way to showcase California's unique attitude and vibe	4.2	4.4	4.1	3.8	4.3
People who dream big and do things differently make the California experience unlike anyplace else	4.2	4.4	4.1	3.8	4.3
The California Dreamers series positively influences my perception of California	4.1	4.3	4.0	3.7	4.3

5-point scale. Top 10% or "Excellent" rating = 4.1 or higher.



Dream Eater Reaction

- The Dream Eater videos get a positive overall reaction, which was not necessarily the case in other countries where these videos proved to have more niche appeal.
- The overall ratings for communicating key messages do fall short of the top 10% benchmark level, making this China initiative different from the others.

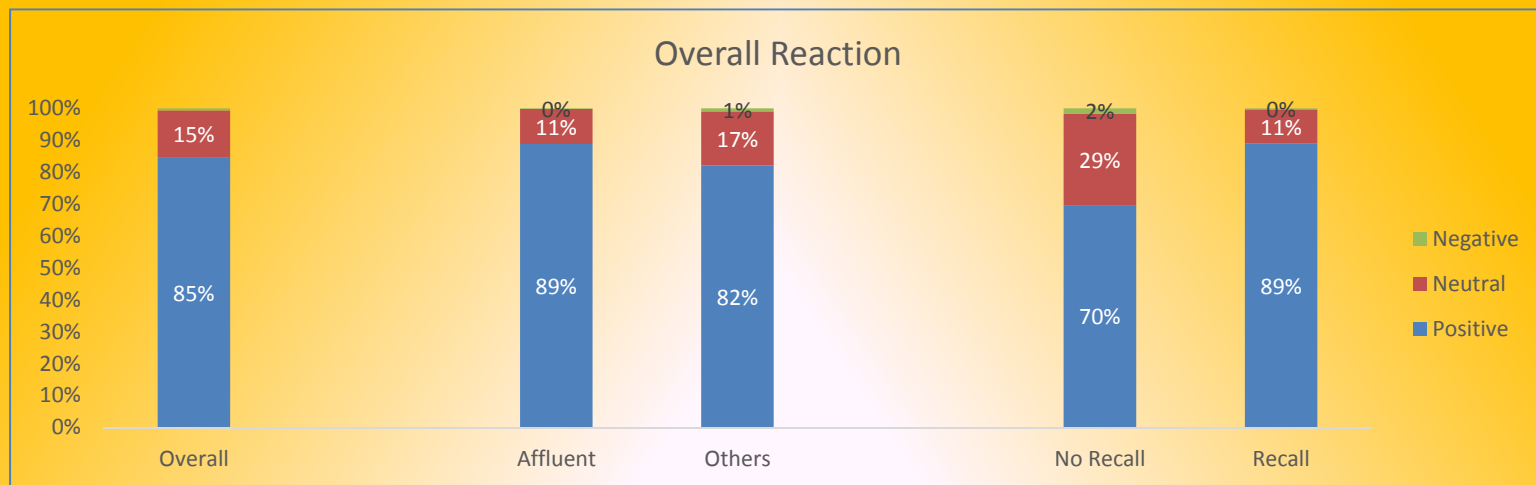


How much do you agree this ad shows...	Overall	Affluent	Others	No Recall	Recall
The Dream Eater series is a good way to learn about California restaurants and their unique offerings, from the iconic to the lesser known	3.9	4.1	3.9	3.7	4.0
The Dream Eater series positively influences my perception of California's local culinary experiences	3.9	4.1	3.8	3.7	4.0

5-point scale. Top 10% or "Excellent" rating = 4.1 or higher.

Always in Season Reaction

- When considering the overall reaction and the mean communication ratings, the Always in Season initiative is stronger than the Dream Eater initiative.



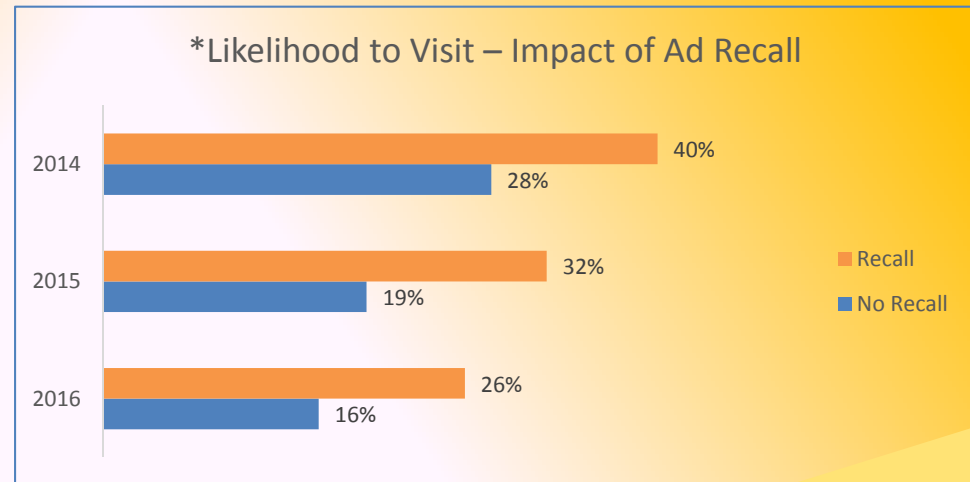
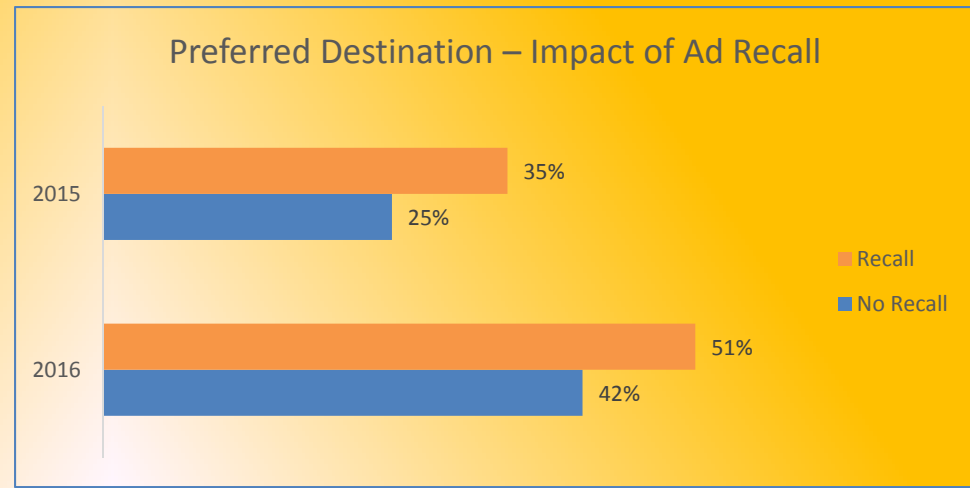
How much do you agree this ad shows...	Overall	Affluent	Others	No Recall	Recall
The Always in Season series is a good way to learn about California grown agriculture	4.1	4.3	4.0	3.8	4.2
The Always in Season series shows how much natural food is available in California	4.1	4.2	4.0	3.8	4.1
The Always in Season series positively influences my perception of California's local culinary experiences	4.1	4.3	4.0	3.8	4.2

5-point scale. Top 10% or "Excellent" rating = 4.1 or higher.

Impact of the Marketing

Overall Impact

- The spring 2016 China advertising has a positive impact on California as a preferred destination and on likelihood to visit California.
- Interestingly, overall likelihood to visit California is lower this year compared to the prior two years, likely because we are starting to see the impact of a struggling economy.



*Likelihood %=80% of those already planning a trip and 40% very likely used to adjust for overly positive responses

Overall Impact

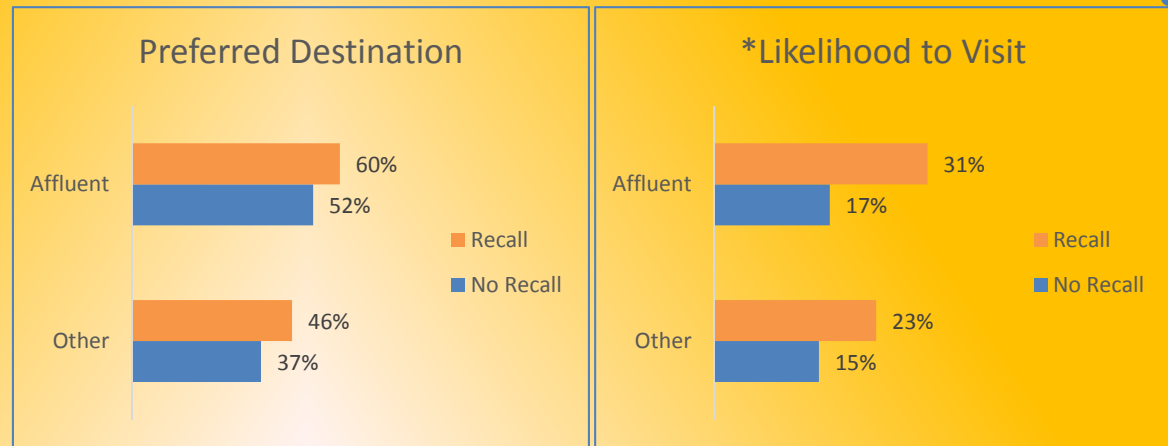
- The advertising works to build the key California brand attributes and spurs information gathering – especially website visits and Weibo follows.

Brand Attributes	No Recall	Recall	Diff.
California is a place full of possibilities	3.94	4.27	0.32
California is a place that inspires you to try new things	3.91	4.27	0.37
California's abundance provides endless experiences	3.91	4.25	0.34

Information Gathering	No Recall	Recall	Diff.
Visited the state's website, www.visitcalifornia.com/cn	15%	64%	49%
Followed state on Weibo	14%	58%	43%
Ordered a visitor's guide	19%	41%	22%
Called state travel office by phone	6%	15%	9%
Gathered any information	39%	88%	49%

Affluent Target Impact

- The advertising impact is greater among the affluent consumers, except on the brand attributes, where the Affluent consumers have a much higher baseline (and thus less opportunity for impact).



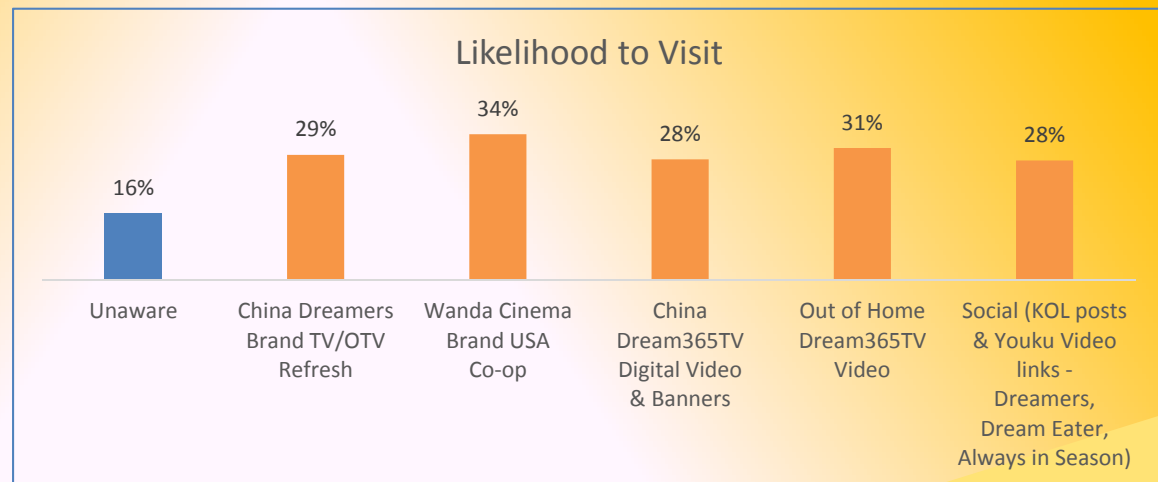
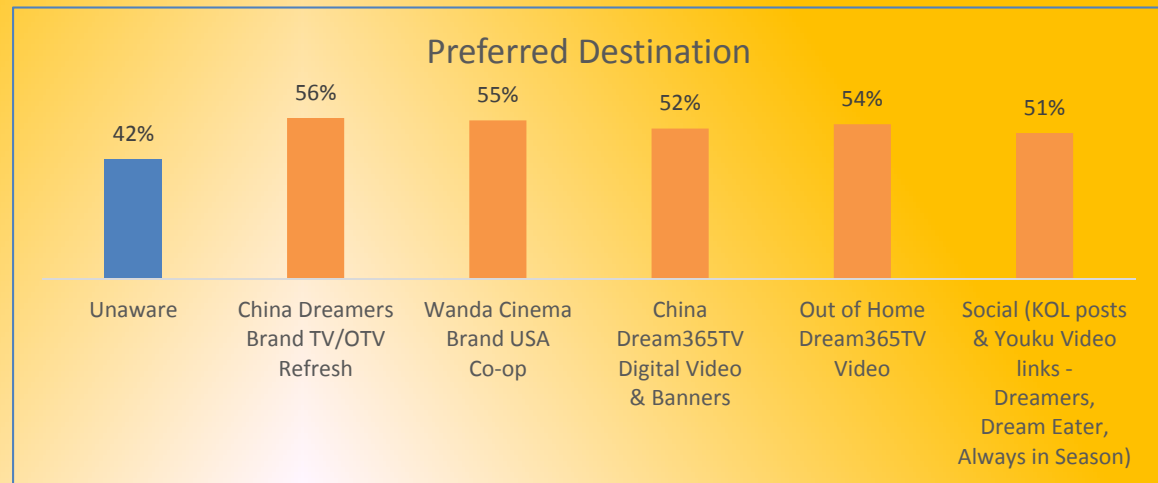
*Likelihood %=80% of those already planning a trip and 40% very likely used to adjust for overly positive responses

Affluent Brand Attribute Impact	Affluent			Other		
	No Recall	Recall	Diff.	No Recall	Recall	Diff.
California is a place full of possibilities	4.20	4.46	0.26	3.84	4.15	0.31
California is a place that inspires you to try new things	4.16	4.43	0.27	3.80	4.18	0.38
California's abundance provides endless experiences	4.16	4.39	0.23	3.81	4.17	0.35

Affluent Information Gathering	Affluent			Other		
	No Recall	Recall	Diff.	No Recall	Recall	Diff.
Visited the state's website, www.visitcalifornia.com/cn	15%	70%	55%	15%	61%	45%
Followed state on Weibo	13%	61%	48%	15%	56%	41%
Ordered a visitor's guide	22%	40%	18%	18%	41%	23%
Called state travel office by phone	8%	17%	9%	5%	14%	9%
Gathered any information	47%	90%	43%	35%	86%	51%

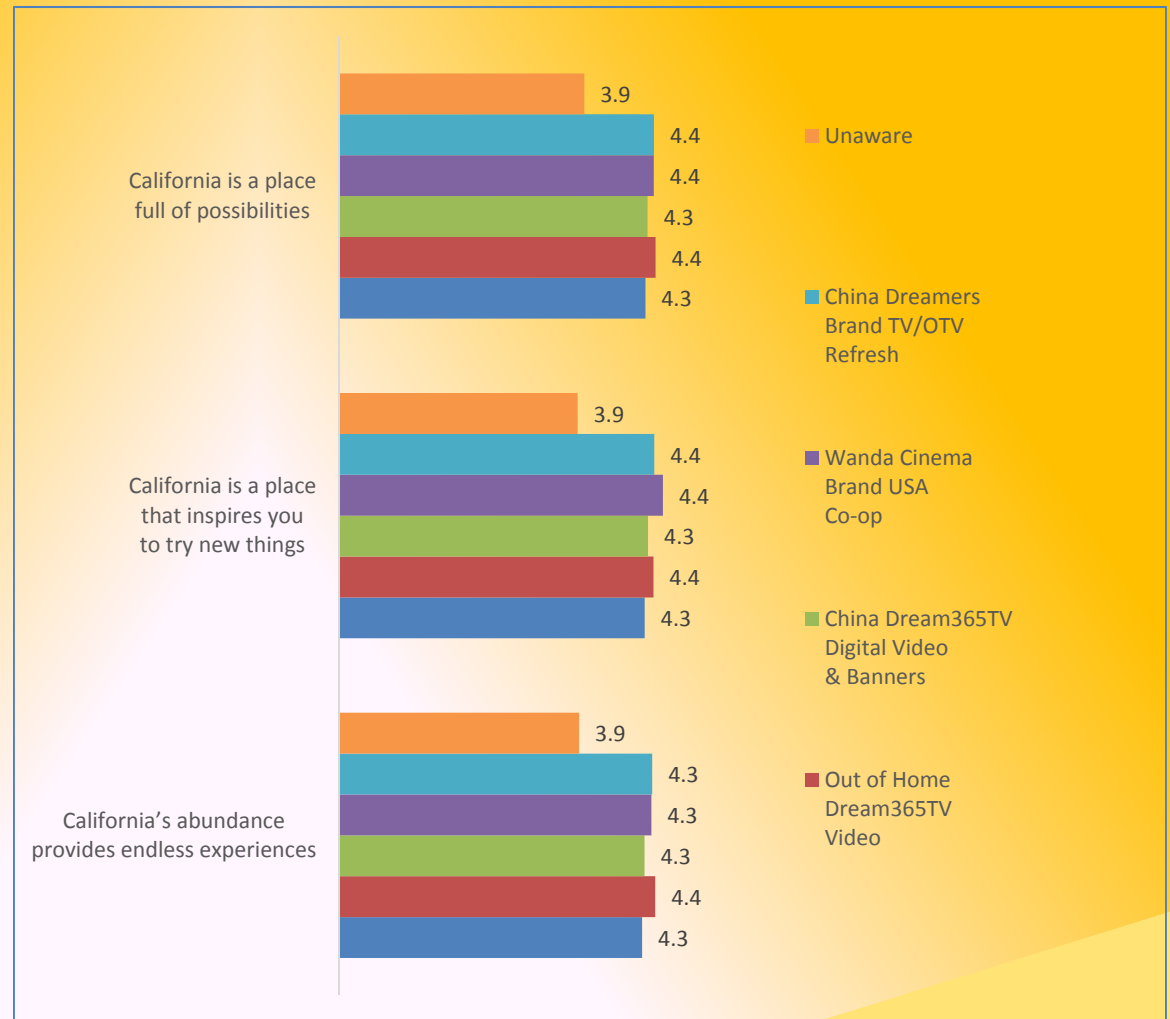
Impact by Initiative

- There is a great deal of overlap between initiatives, so the bars in these charts are not mutually exclusive.
- What these charts do say is that all of the initiatives have a positive impact on preference and likelihood to visit.



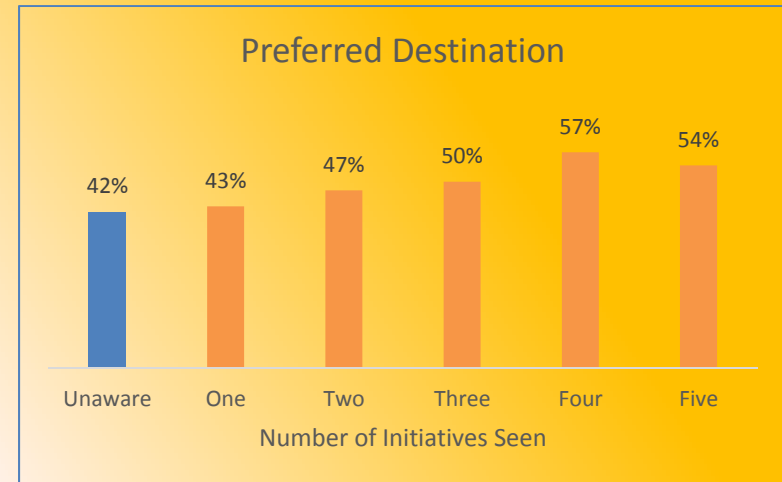
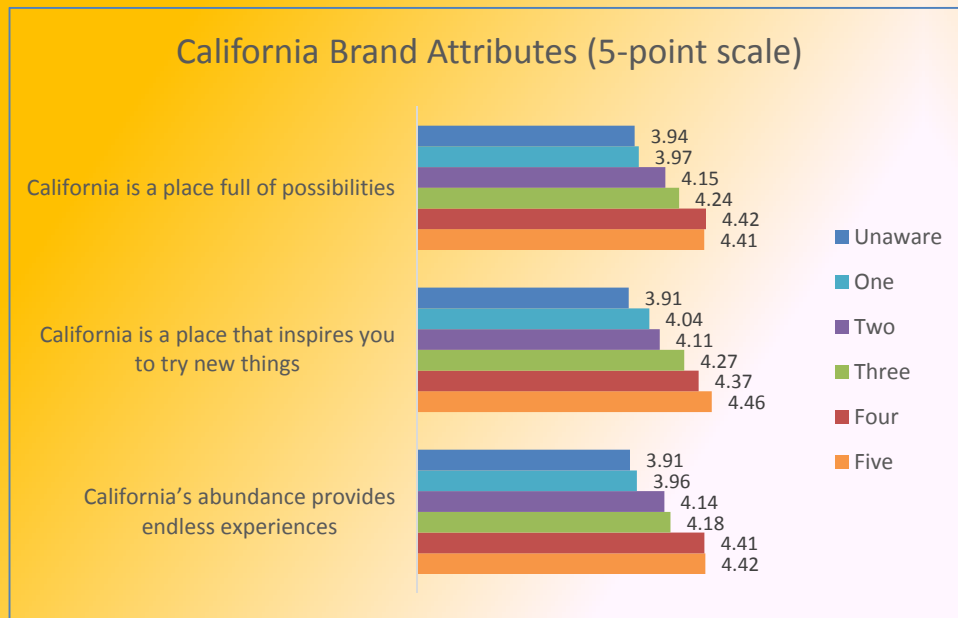
Impact by Initiative

- As seen for the measures of preference and likelihood to visit, all of the China initiatives also have a positive impact on perceptions of California.



Initiative Overlap Impact

- The advertising impact increases as the Chinese consumers are exposed to more initiatives. In fact, there is minimal impact when only one initiative is recalled.
- It is clearly important to reach consumers with multiple messages and multiple media.



*Likelihood %=80% of those already planning a trip and 40% very likely used to adjust for overly positive responses

Methodology

- SMARInsights has developed a research methodology based on how consumers make their travel decisions. The methodology evaluates the effectiveness of a destination's marketing efforts at each point in the decision-making process. The awareness wave of research evaluates the media reach, strength of the creative, and the impact on brand perceptions, information gathering, and intent to travel.
- A total of 1,500 interviews were conducted online in July 2016, with surveying by geographic area.
- Participants were screened to be the travel decision-makers who have traveled to the U.S. in the past 2 years or have some likelihood to visit in the next 2 years.
- A quota was established for Visit California's defined audience of Affluent consumers. Upon completion of data collection, the data were weighted to be representative of population.

Market	Completed Interviews
Beijing	336
Guangzhou	309
Shanghai	385
Chengdu	187
Shenzhen	283
Total	1,500

Affluent Consumers =
526 completed surveys