

City of San Luis Obispo



Experience the SLO Life!

2008-09 Tourism Marketing Plan



This Marketing Plan contains certain information regarding the current and planned tourism marketing efforts for the City of San Luis Obispo. It has been provided to the recipient solely for the purpose of assisting with the implementation of this marketing plan in accordance with procedures established by the City of San Luis Obispo.

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Any questions regarding the City of San Luis Obispo's tourism marketing and promotional efforts should be directed to the following representatives named below.

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The City of San Luis Obispo is a municipal corporation located on the Central Coast of California. To help keep the local lodging industry attractive and competitive the City of San Luis Obispo engages in tourism marketing in order to enrich the quality of life and to improve the social, cultural and economic aspects of the City of San Luis Obispo.

The research herein referenced, is based on a comparison and effectiveness study conducted in 2000, Travel Industry Association of America data from 2005 and updated competitive outlooks for the immediate region. It is assumed that the data from the comparison study is still accurate, however the competitive outlook is changing rapidly. The wine industry in the North of the County of San Luis Obispo is coming on strongly and provides the cities in that region a competitive edge.

Mission Statement

The City of San Luis Obispo's tourism promotion mission is to enrich the quality of life and to improve the social, cultural, and economic aspects of San Luis Obispo by generating travel, vacation stays, and visits to San Luis Obispo as the center and premier travel destination of the Central Coast.

The objectives of this marketing plan are to:

1. Promote the City of San Luis Obispo as a travel destination for stays of two days and longer;
2. Attract visitors to stay in the City of San Luis Obispo as the center of the County;
3. Capitalize from the unique cultural offerings to capture new visitors and entice return visits;
4. Develop an image to build name recognition and increase repeat visitors.

This marketing plan outlines the reasoning behind selecting these objectives and the strategies that will be implemented to meet them.

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History and Goals

In June 1970, the San Luis Obispo City Council established the seven-member Promotional Coordinating Committee (PCC) as a standing City advisory body.

PCC Goals
1. Enhance the quality of life for all residents and visitors to San Luis Obispo.
2. Promote, in a manner consistent with long-range community goals, the development of San Luis Obispo as the cultural and tourist center on the Central Coast.
3. Promote San Luis Obispo as a travel destination to increase transient occupancy tax.

The PCC is responsible for a comprehensive promotional program that includes oversight of the development of advertising and public relations campaign as well as promotional publications, including maps and informational brochures. The PCC also makes recommendations to Council regarding grants to organizations that encourage and provide for cultural, recreational, and economic improvements for San Luis Obispo and its citizens under the Cultural Activities grants-in-aid program.

Transient Occupancy Tax

The City’s community promotions program focuses on promoting the City as a tourist destination for stays of two days plus. The program therefore builds the foundation for a strong and reliable tourism component to the City’s economic base.

The City’s Transient Occupancy Tax (TOT) remains the third largest revenue source to its general fund.

In 1964, the City passed its first TOT ordinance, obligating the lodging industry to collect the then 5% tax on its behalf. Increases in the tax subsequently occurred in 1976 and 1991 and finally reached its 10% assessment in 1993. This rate is currently below the national rate of 12%. However, the City’s TOT is unlikely to change in an era post California voter approval of Proposition 218. Proposition 218 would require any modifications to the City’s TOT to be taken before the voters.

During the 1990s, the importance and predictability of TOT as a revenue stream became evident to the City. At that time, the collection increased on average 10% per year. The growth came without any significant promotional efforts. However, beginning with the nationwide economic downturn in 2001, revenue growth in TOT became less predicable, starting with a drastic downturn followed by a rollercoaster trend that was difficult to forecast. It also became clear that the TOT was a deceiving factor to estimate tourism and travel stays. Increasing room rates often made up for the lack of actual room occupancy. While the tax income was again increasing in 2005 ever so slightly, the actual occupancy was still falling behind.

Local Trends

After experiencing many years of constant growth in TOT without much investment or tourism promotion, revenues fell off sharply in 2001 and are slowly recovering after several years of erratic up and downturns.

However, certain trends appear consistent:

- ◆ Occupancy is traditional lower during mid-week and increases from Thursday through Sunday.
- ◆ Visits to San Luis Obispo continue to follow seasonal highs and lows with a steep increase during the summer months.
- ◆ The market now shares its tolerance for rate increases and revenues have become unpredictable.

Monthly TOT Report *September 2007*

November 7, 2007

This report covers the City's transient occupancy tax (TOT) revenues for July through September 2007 compared with the two prior years. As reflected below, revenues for September are up by 7.5 % from last year and 7.9% year-to-date.

What's This Mean? One quarter is not a long-term trend; however, the first quarter of the year—reflecting most of the summer tourist months—is typically our largest and most important. The first three months of this fiscal year show steady increases in TOT revenues. We hope that this positive trend continues, and that we will see continued growth in TOT revenues into the winter season.

We are above our projection for 2007-08 of 6% (including receipts from the newly-opened Marriott Courtyard, which are reflected in this report). We will continue to monitor our monthly results in 2007-08 and, if appropriate, update our 2007-09 projections at the mid-year budget review.

	Year-to-Date TOT Revenues			Increase (Decrease) Last Year Vs This Year	
	Prior Year 2005-06	Last Year 2006-07	This Year 2007-08	Amount	Percent
July	\$506,594	\$ 521,789	\$ 565,386	\$ 43,597	8.4%
August	507,539	531,727	573,057	41,330	7.8%
September	394,771	432,587	465,179	32,592	7.5%
Year-to-Date Total	1,409,004	1,486,103	1,603,621	117,518	7.9%
October	372,192	406,204			
November	337,503	334,227			
December	275,336	282,198			
January	253,445	251,347			
February	280,870	310,345			
March	335,664	365,634			
April	418,359	441,234			
May	395,019	426,111			
June	468,147	490,498			
TOTAL	4,545,539	4,793,901	1,603,621		

Note: Revenues for 2006-07 reflect audited results and have been revised slightly upward from prior reports.

For More Information. Please call Sallie McAndrew, Revenue Supervisor, at (805) 781-7129.

Visitor Information and Conversion Studies

While numbers have fallen off, San Luis Obispo continues to be a popular place. The City's promotional efforts drove:

	<u>2006</u>	<u>2007</u>
Walk-In to Visitor Center	52,419	57,912
Visits to VisitSLO.com	208,471	332,644
Email Requests	1,950	1,426
Phone Requests	14,500	8,612

During this period, the San Luis Obispo County Visitors and Conference Bureau (SLOVCB) distributed travel guides to 40,000 potential visitors. The SLOVCB's website generated 840,000 click-thrus, 400,000 of which went directly to the lodging reservation pages.

In 2000, the City completed an Advertising Conversion Study that profiled the type of visitors to San Luis Obispo. According to Campbell Research, the "typical visitor" to San Luis Obispo is a well-educated adult couple who travels by car and takes at least three leisure trips a year. They stay for a day or a weekend to shop and sightsee in San Luis Obispo and other cities in the County, spending about \$400 to \$500. About half consider San Luis Obispo as their primary destination.

2006 Tourism Survey

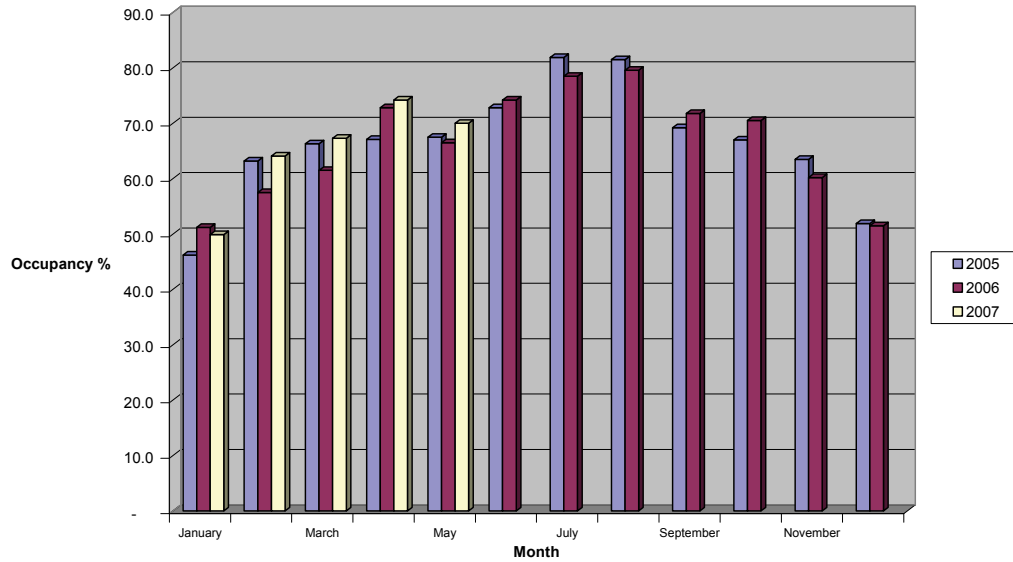
The 2006 Tourism Survey conducted by the Chamber of Commerce found that 63% of the visitors come from California, 18% from out of state and 13% from overseas. 72% stay between one and three nights. These visitors mainly travel as a party of two (53%) and visit for a leisure trip (89%). They are middle aged and travel without children. 83% stay in hotels and 55% planned their trip through the internet.

The following areas of interest attracted visitors most to San Luis Obispo:

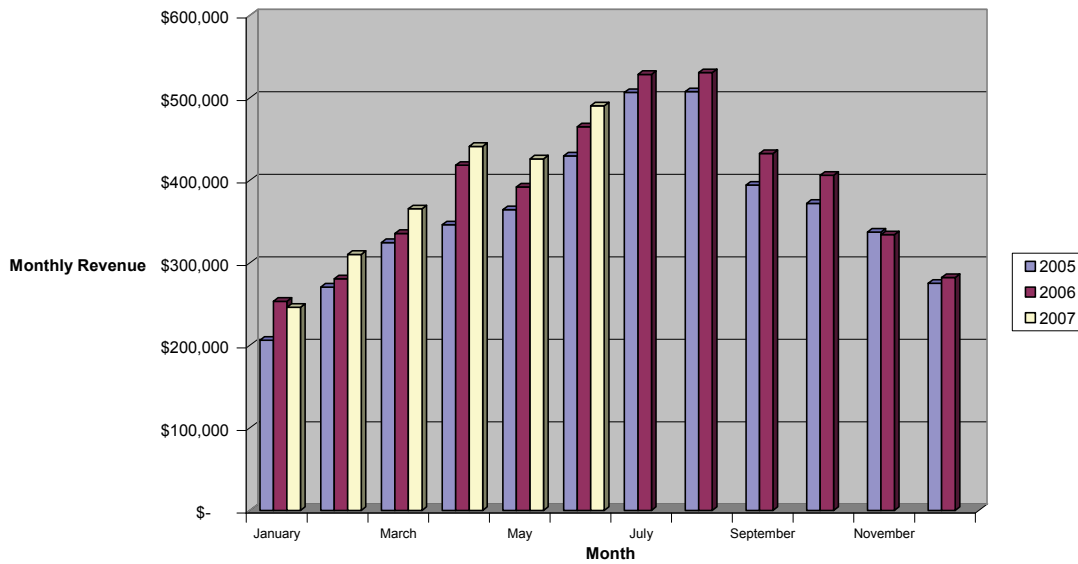
Relaxation	28%
Small Town	24%
Wine Tasting	24%
Shopping	23%
Downtown	22%
Hearst Castle	12%
Family & Friends	12%
History	10%
Cal Poly	9%
Biking	9%

TOT and Room Occupancy Trends

Room Occupancy 2005-07



TOT 2005-2007



Market & Competitive Analysis

	San Luis Obispo	Pismo Beach	Paso Robles	Santa Barbara	Monterey Bay Area
# of Properties	35	32 hotels 3 RV parks 2 campgrounds	16 hotels 1 RV park	165	276
# of Rooms	2,038	1,944 rooms 725 RV spaces 335 camp spaces	1128 rooms 166 RV spaces	9,449	12,728
Total Budget	\$375,000	\$473,000		\$1.8 million	\$4.2 million
Funding from City	\$375,000	\$473,000	\$248,000	\$1,485,000	\$1,065,700
Funding from County				\$106,000	\$895,000
Funding from BID					\$2 million
Membership Dues				\$88,000	\$200,000



Monterey Bay Area

The Monterey Bay Conference Visitors Bureau (Monterey VCB) contracts with the County of Monterey, the City of Monterey, and other area municipalities. They have three contracts for funding from the municipalities, including discretionary and non-discretionary contracts. They are a membership-based organization with private source revenue in the form of membership dues.

The City of Monterey owns the Visitors Center building. The City funds the Monterey VCB to operate the Visitor Center. Other cities in turn pay the City of Monterey to display their information at the Visitors Center. The Monterey VCB has 14 staff members and they are considered a full-service organization. They provide convention services, sales services, cultural tourism information and have a public relations and Community Promotion department. The web design work of the Monterey VCB is done internally with an outside portal style web provider. The Public Relations and Communication department is responsible for updating the website.

In November 2006, the Monterey County VCB established a countywide tourism improvement district (TID). The district includes the County and eight cities. In January 2007, the lodging industry through the TID will collect \$2 million while the public sector will continue to fund the tourism promotion efforts with \$1,960,700.

City of Santa Barbara

The Santa Barbara Conference and Visitors Bureau and Film commission (SBCVB and FC), is an independent, non-profit corporation comprised of marketing professionals. They have a contract with the City of Santa Barbara (\$1,485,000) and a contract with the County of Santa Barbara (\$106,000) to provide external marketing including advertising, public relations, lead generation and web marketing.

The Santa Barbara Visitors Center is run by the Santa Barbara Chamber of Commerce with funding from the City (\$60,000 per year). The Visitors Center's main function is to answer questions from visitors once they are in the city and to distribute brochures such as the County Visitors Guide.

The SBCVB and FC has 12 staff members. They are a membership-based organization with 230 hospitality partners from the private sector. They also serve as the Film Commission for Santa Barbara County.

The SBCVB and FC focus on marketing that promotes corporate and leisure tourism. They are responsible for branding and marketing the community to potential visitors. Once the visitors arrive, they are serviced by the Chamber via the Visitors Center. The Film commission is part of the SBCVB because its mission is to promote Santa Barbara County as a destination for the film industry. Both components bring external dollars into the community and are marketed with a unified message. They work with web designers to develop their visitor-friendly site that is consistent with their branding.

City of Paso Robles

The City of Paso Robles began focusing on tourism as a key industry in 1995. At that time, the City and the Paso Robles Chamber of Commerce entered into a services agreement whereby the Chamber would provide promotional services to the city through the Paso Robles visitors and conference Bureau (Paso VCB).

The City of Paso Robles has a contract with the Paso Robles Chamber of Commerce for promotions. The base amount of \$218,300 plus an incentive is based on the amount of TOT the City receives. The 2007 contract amount should total \$248,000. The Paso Robles VCB normally has a full-time director and various part-time assistants.

The Paso Chamber's President/CEO and Board of Directors help to provide guidance to the Paso VCB. The Paso VCB provides a wide variety of services in its promotional efforts. It maintains Visitors Centers in downtown Paso Robles at the train station and another one at the airport. They create and place ads as well as developing and maintaining a website. They partner regionally, with the San Luis Obispo County VCB on cooperative advertising and support of region marketing efforts.

They engage in extensive public relations with press releases each week describing events and happenings in and around Paso Robles. They also maintain a calendar of events. The staff focuses on individualized visitors with travel writers and their personal touch has resulted in articles in Forbes and Via Magazines. They also are working closely with the Central Coast AG Tourism Council and the City's Barney Schwartz Park, providing staff support and coordination.

City of Pismo Beach

The Pismo Beach Visitors and Conference Bureau (Pismo Beach VCB) is a department of the City of Pismo Beach. The employees work for the City and the City funds the promotional efforts. Because the Pismo Beach VCB is a City department, all local properties are "members" as the program is not membership-based.

Through a contract with the Pismo Beach Chamber of Commerce, for \$77,000 per year, the City maintains a visitors' center in downtown Pismo Beach. Funding of the Visitors' Center covers an 800-phone number for travel guide requests as well as postage costs for fulfillment. The City owns the building where the Visitors Center is presently located and the Chamber pays for its maintenance and use. The City employs two people to manage the Pismo Beach VCB. They are responsible for all marketing activities, including advertising, public relations, website maintenance, and special promotions. The Pismo Beach VCB has a Board of Directors who determines the specific allocations of their budget. Their annual budget for 2006-07 is \$473,000.

They presently do not have a relationship with the countywide VCB having opted to do only direct advertising. The Pismo Beach VCB defines its target market as the "driving from" market as far away as five to seven hours. To capture this market, they actively advertise in the San Francisco and Sacramento markets. Pismo Beach VCB does what they refer to as "maintenance marketing" in Los Angeles and the Central Valley; they feel that people in the Central Valley know Pismo Beach better than its residents as it is often referred to as "Fresno West".

Industry Trends

In reviewing the latest Travel Industry Association of America's (TIA) top travel trends data for 2005, several findings are worth pointing out in support of the assumptions made in this report.

Leisure versus Business Travel

While business travel has sharply declined since 2000, in 2005 it accounted for a quarter of all U.S. domestic travel with more than 500 million trips taken. However, it seems to concentrate on consulting and client service related travel and trips combining business with leisure account for a mere 9% of all trips accounted for. Thus business travel remains a stagnant sector, but continued monitoring should be applied in order to address potential shifts.

Leisure travel accounts for 75% of the 1,992 million domestic trips taken in the U.S. in 2005. 85% of these trips were taken by car, truck, or RV and only 9% account for airplane travel.

The top activities for domestic travelers once at their destination were dining, shopping, and entertainment.

In looking at the seasonality of travel, summer still remains the most popular time for Americans to travel. However, the other three seasons appear fairly even in popularity.

<i>Top Leisure Activities</i>	
Shopping	30%
Social/Family Events	27%
Outdoor Activities	11%
City/Urban Sightseeing	10%
Beach Activities	9%
Historic Places/Museums	8%

The same tendencies can be found within the monthly share of annual U.S. travel with July and August representing 20.5% of all travel activities. The slowest travel month is January followed by February and October. Interesting is the fact that November and December show the same level of travel activities as September with 8.9% and 8.7% respectively.

These trends are clearly reflected in the City of San Luis Obispo local travel activities; however the Winter months seem to trail behind the national average and yield lower travel numbers.

Conclusion

Leisure travel remains the strongest travel segment within the U.S. This includes visiting family and friends as well as historical and natural sightseeing.

Outdoor and activity driven destinations are still very attractive, but culinary tourism and package vacations are on the rise. The internet has become the premier travel service and most travelers are booking directly through online providers.

II. PEST & SWOT Analysis

The following PEST (Political, Economic, Social, Technological) and SWOT (Strength, Weakness, Opportunity, Threat) analysis established by the PCC evaluate where San Luis Obispo's competitive advantages and disadvantages lie and compares them with opportunities and threats in the external environment. However, in order to weigh them correctly, we need to consider the influence of political, economical, social, and technological influences on the SWOT. The analysis below summarizes the information contained in both situational analyses.

Political

- ◆ constant balance between businesses and environmental groups
- ◆ increased interest in status-quo and no growth
- ◆ historical preservation
- ◆ government politics driven by open information, feedback driven, outreach, and community buy-in
- ◆ strong lobbying groups in Chamber of Commerce, EVC, Downtown merchants, and environmental groups

Technology

- ◆ Smaller, more entrepreneurial opportunity driven segment
- ◆ Cal Poly influence
- ◆ Niche market opportunities

Social

- ◆ leisure and culture driven lifestyle
- ◆ 55+ age group expected to grow exponentially – families in decline
- ◆ very California compatible
- ◆ creative, affluent and innovative community that embraces technology
- ◆ strong ties to community events and cultural activities

Economic

- ◆ sales tax initiative
- ◆ no seasonal influences due to stable weather year round
- ◆ two very diverse populations with students and seniors representing the core
- ◆ high purchasing power reflected in the stores selection currently present
- ◆ airport expansion



SWOT Analysis

Considering these influences, the City of San Luis Obispo has strengths and weaknesses which have a significant impact on the way it approaches its tourism marketing. It is important to take advantage of the strengths to create competitive advantages. The City of San Luis Obispo's strengths and weaknesses can be described as follows:

Weakness

- ◆ We have a brand, but no true image.
- ◆ The City lacks a comprehensive signage to facilitate visits to the cultural and historical sights.
- ◆ The marketing budget is limited due to competitive needs within the City.
- ◆ We lack the knowledge of Return of Investment (ROI).
- ◆ We have yet to attract group business. We lack collaboration and therefore have not capitalized from outreach synergies with local cultural organizations.
- ◆ The City's official website is government driven and lacks any tourism angle or relevant information for visitors.

Opportunities

- ◆ There is a tremendous potential for marketing collaborations with cultural organizations.
- ◆ We need to build on image alongside the well established brand.
- ◆ Research to gain better data is imperative.
- ◆ Market the City of San Luis Obispo destination as the cultural center of the Central Coast.
- ◆ Capitalize from the marketing efforts for the new hotel inventory.

Strengths

- ◆ The 2003 Marketing Plan defined marketing goals and objectives.
- ◆ The established target audience is in line with local cultural organizations which enhance the offering and incentive for extended stays.
- ◆ We have an established a distinctive brand with proven name recognition.
- ◆ The City offers a central location and is positioned perfectly as the "hub" to the Central Coast.
- ◆ We offer diverse, high-end shopping and food and wine offerings.
- ◆ Accessibility is constantly improving with the airport expansion and additional airlines serving the area.
- ◆ The City offers historical sightseeing and is well equipped for outdoor activities.
- ◆ 40% of the City's tourism business is based on return visitors.

Threats

- ◆ Increasing competition from within and from without the County.
- ◆ San Luis Obispo lacks popular attractions.
- ◆ The San Luis Obispo wine industry remains unorganized.
- ◆ Budgetary limitations.
- ◆ The City needs improved ground transportation.
- ◆ Unpredictability of gasoline prices continues to drive travel decisions.

SWOT Action Plan

Overcome weaknesses to pursue opportunities

<p style="text-align: center;"><i>Strengths</i></p> <ul style="list-style-type: none"> ◆ Distinctive Brand ◆ Repeat Business ◆ New Hotel Inventory ◆ Ideal Location within County ◆ Proximity of Airport ◆ Established use of technology and new media 	<p style="text-align: center;"><i>Weaknesses</i></p> <ul style="list-style-type: none"> ◆ Lack of Image ◆ Lack of Signage ◆ Limited Budget ◆ Lack of Ground Transportation ◆ Lack of Group Business ◆ Lack of Research ◆ Limited Target Audience
<p style="text-align: center;"><i>Opportunities</i></p> <ul style="list-style-type: none"> ◆ Targeted Research ◆ Create Image ◆ GIA marketing partnerships ◆ New Airlines ◆ Cultural Offering ◆ Build on online presence ◆ Increase reach by incorporating different segments of population (target audience) 	<p style="text-align: center;"><i>Threats</i></p> <ul style="list-style-type: none"> ◆ Lack of Beach ◆ Lack of Immediate Attractions ◆ Local and Statewide Competition ◆ Increased Inventory Countywide ◆ Gas Prices

Minimize vulnerability to threats using strengths

III. Marketing Objectives & Issues

Based on the analysis of the City’s target market, its competition, and the opportunities available, the following marketing objectives will guide the marketing strategy and efforts. In the end, all efforts shall support the City promotional Mission Statement:

The City of San Luis Obispo’s tourism promotion mission is to enrich the quality of life and to improve the social, cultural, and economic aspects of San Luis Obispo by generating travel, vacation stays, and visits to San Luis Obispo as the center and premier travel destination of the Central Coast.

This section includes the objectives for the City’s marketing plan, along with the keys to success and critical issues that are associated with these objectives.

Financial Objectives

Sales Tax and Transient Occupancy Tax (TOT) are important revenue sources for the City. The City Council recognizes this importance yearly with the allocation of budget to support these revenue streams. As part of Economic Development, the objectives for tourism are clearly stated and an important goal for City Council.

- ◆ Strengthen support for tourism promotion (Financial Plan 2007-09)
- ◆ Encourage and promote projects and programs that will increase sales tax and transient occupancy tax (Financial Plan 2005-07)

The need to increase TOT and Sales Tax revenues remains critically important to the continued fiscal health of the City. In order to achieve this objective it is important that the City’s marketing strategy seeks to:

1. Encourage visitors to stay a minimum of 2 days.
2. Converts “travel through” visitors to overnight stays.
3. Capitalizes from the unique cultural and food and wine offerings including the local wine region to capture new and return visitors.
4. Continue to increase the number of repeat visitors.



The following marketing objectives are essential in the development of the marketing strategy and deployment of the marketing mix.

Target Market Objectives

The target audience for the City of San Luis Obispo is generally defined as an affluent, middle aged couple, traveling without children, highly educated professionals with a disposable income. Within this target, the following objectives should be addressed:

1. Culture oriented travelers
2. Travelers interested in food and wine trips
3. Outdoor oriented traveler

The immediate geographic target markets are Orange County, Los Angeles, the greater Bay Area including San Jose, and Central Valley cities such as Fresno and Bakersfield. However, the objective is also to explore the new markets available through airline connections such as Delta into Salt Lake City, Phoenix, etc. As international travel regains strength, a close look to the California Tourism efforts to find potential opportunities will be imperative.

Promotion and Advertising Objectives

1. Create an image to supplement the existing brand.
2. Position San Luis Obispo as the place to stay for all visits to the County.
3. Position San Luis Obispo as the cultural center of the Central Coast.
4. Drive all traffic and interest to the website and create a one-stop solution.
5. Target the defined geographical and demographical markets.

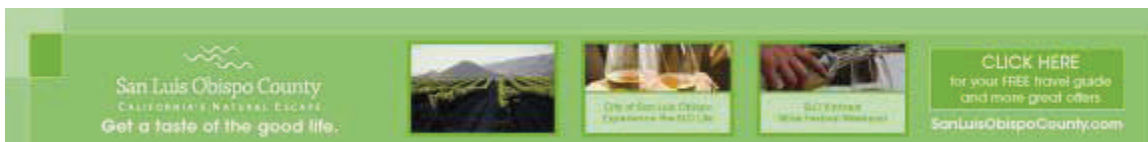
Market Research Objectives

1. Gain knowledge of the overall tourism industry in the County.
2. Gain knowledge of the effectiveness of promotional efforts.

Critical Issues

The following critical issues need to be kept in mind while working to obtain the above objectives:

- ◆ *Rapidly growing inventory in the entire county.*
- ◆ *Tremendous untapped wealth of cultural organizations to work with.*



Marketing Strategy

The City of San Luis Obispo is committed to remaining the center of the County and to invite visitors to the Central Coast to make it their main stay for all activities and events they plan. The goals of the City of San Luis Obispo's marketing strategy are to:

1. Create an image to support the brand;
2. Encourage visitors to stay a minimum of 2 days;
3. Converts "travel through" visitors to overnight stays;
4. Capitalizes from the unique cultural, wine and food and outdoor offerings to capture new visitors;
5. Continue to increase the number of repeat visitors.

Positioning

The City of San Luis Obispo is ideally located to be the center for all travel and visit oriented stays within the County. Its cultural offering is unique and presents an advantage over the local and regional competitors. The City of San Luis Obispo is able to provide a unique experience through proximity to a vast variety of day adventure trips and attractions.

1. Create an image

Over the past years, San Luis Obispo has successfully introduced its tourism logo. However, it is currently missing an image that the logo should evoke. It will be essential to utilize the marketing efforts to create an image behind:



2. San Luis Obispo should be the center for any visit to the County

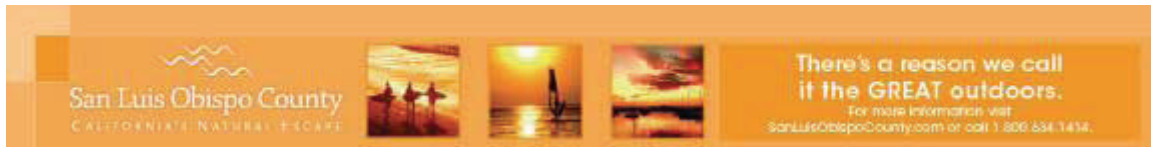
San Luis Obispo is uniquely positioned within the County and presents itself as the natural place to stay and conveniently reach all destinations within the County. Its tremendous cultural and food and wine offering builds the focal point for evening activities. Farmers' Market, Mission Plaza, Downtown shopping and its cultural organizations are all features that make San Luis Obispo special. The promotional message needs to portray this niche within the County and the convenience factor a stay in San Luis Obispo offers.

3. San Luis Obispo is the cultural center of the Central Coast

San Luis Obispo is home to a vast array of cultural organizations that offer high quality music festivals, nationally recognized art festivals, a "state of the art" performing art center, and many other organizations that cater to niche interests such as poetry and creative writing. All of the festivals that draw visitors from outside the County pursue the same target audience the City seeks to attract. It is imperative that the promotional efforts utilize these synergies and strive for collaboration with these organizations.

Numbers from the latest Economic Impact study of America's Nonprofit Arts and Culture Industry found that travelers who include arts and culture events in their trips differ significantly from other domestic travelers in a number of ways:

- ◆ They spend more (\$623 vs. \$457).
- ◆ They are more likely to stay in a hotel (62% vs. 55%).
- ◆ They travel for a longer period (5.2 nights vs. 3.4 nights).



Marketing Mix

To accomplish its main marketing objectives, the City applies a strategy of diversified promotional effort in collaboration with local organizations and an advertising agency. All contractors assist in the implementation of the overall community promotions program. The City's diversified approach to marketing has provided a means to leverage limited funds through direct and regional marketing efforts, visitor services and access to specialists in the local tourism industry. Four contracts govern this diversified approach for 2007-08 in the following areas: public relations, visitor services, regional marketing and advertising.

1. Public Relations (PR)

The objective of the PR contract is to promote the advantages of San Luis Obispo as a destination for tourists, disseminate visitor information, and properly respond to inquiries about activities and events taking place in the City. It should strive to obtain favorable media coverage about the City in traditional and new media and various entertainment outlets.

More specific services and goals include: the maintenance and development of relationships with travel writers and editors, writing and distributing press releases about the City, "What's New in San Luis Obispo" releases, and maintenance of the existing "press room" on the **visitslo.com** website. All media placements and coverage for the year is expected to meet a total value of one million dollars in advertising equivalent, and a broadcast coverage to approximately two million people.

2. Visitor and Electronic Information Services

The Visitor and Electronic Information Services Agreement shall provide specific services such as a public office in a central location for visitor information with a high level of customer service to visitors and providing information about the City's sights and attractions. The maintenance of the City's tourism website **visitslo.com** is also part of the work scope for this contract as is the enhancement of the website per PCC recommendation.

3. Regional Marketing Services

The regional marketing concentrates on promoting the advantages of San Luis Obispo County as a destination for tourists seeking to visit the Central Coast. The City's tourist amenities become more attractive when they are marketed as the central location for all county-wide destinations. The San Luis Obispo Visitors and Conference Bureau (SLOVCB) is in a position to accomplish this aim in an efficient and economical manner for the City. The SLOVCB plans to undertake several niche marketing initiatives in 2007-08 and will introduce its new website in July 2007. The SLOVCB will work closely with the other contractors and the PCC to include the City in those initiatives and highlight its unique offerings.

Specific services to be provided by the SLOVCB for regional marketing include: the maintenance and development of information that suits the needs of visitors and conference attendees, developing group business and conferences, coordinating with the City to create and implement a marketing campaign, acting as a city-wide film commission, maintaining electronic information about the City, disseminating and promoting the City's brand developed for community promotions.

4. Advertising Services

The advertising contractor develops and places a comprehensive advertising campaign on behalf of the City. This contract also includes the provision of advertising "fulfillment" services by responding to requests for visitors' information, and continued outreach to the local lodging industry.

5. Enhanced Promotions

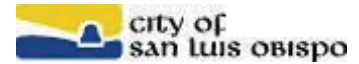
The Enhanced Promotions program will allow the Promotional Coordinating Committee (PCC) to take advantage of unique marketing opportunities as they arise. These opportunities could present themselves as use of new technology, cultural programs, partnership opportunities, niche marketing, etc. It is a competitive program that allows the committee to dedicate the funding where they see best fit. All contractors, as well as outside organizations, are able to apply and compete for the funding and based on presentation and uniqueness of the marketing opportunity the PCC will decide which program to sponsor.

6. Grants-in-Aid Program

Each year, City Council funds a Grants-in-Aid program that is administered through the PCC. The program supports local cultural, social and educational organizations that bring tourism to the City and enhance the life of its citizens. This competitive grant provides funding to 30 to 40 organizations each year.



IV. Marketing Research



In 2007-08 the Economic Vitality Corporation (EVC) plans to commission a tourism study to evaluate the overall impact of tourism on the county's economy. This study should provide a thorough overview on the industry, its benefits, its needs and current position. The City of San Luis Obispo will participate in this study and hopes to gain a good understanding of the current state, the importance of tourism and the tendencies that drive this vital industry in San Luis Obispo County.

This study will be followed by an independent ad effectiveness study in 2008-09 to evaluate the City's Return of Investment and to update the information gained during the last study in 2000. It should provide a better understanding as to the effectiveness of the current approach and the steps to be undertaken to keep the City's promotional efforts effective and successful.

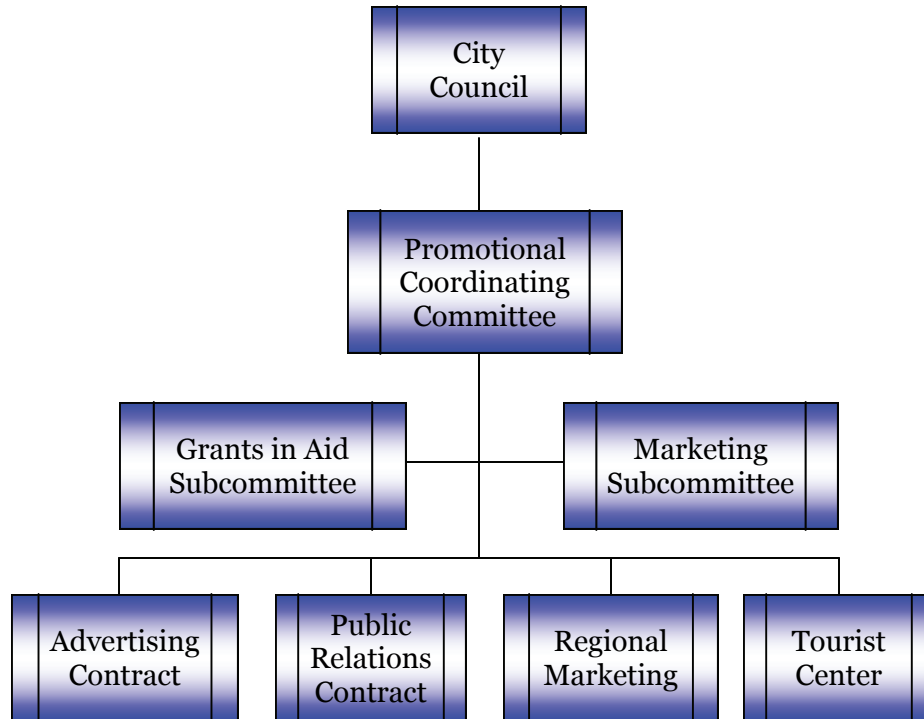
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The graphic features a collage of images: a violinist playing, a person reading a book, a person painting, a person singing into a microphone, and a person working with pottery. The text is overlaid on a dark red background.



2008-09 Promotional Coordinating Committee Members

- Cate Norton, Chair
- John Conner, Vice Chair
- Debbie Nicklas
- Terry Conner
- Jeanne Kinney
- Cathie Babb
- Sarah Maggelet



Community Promotion Program

The San Luis Obispo City Council fully recognizes the importance of its community promotion program and places emphasis on supporting the goal to make the City the central tourist destination within the County. It has therefore increased the amounts dedicated to this program and plans on spending the following amounts for tourism promotion:

Activity Cost Summary	2007-08	2008-09
Advertising Contract	\$187,500	\$197,000
Chamber Promotional Services	\$43,500	\$44,800
Chamber Visitors Center	\$88,900	\$91,500
Visitors and Conference Bureau	\$72,200	\$73,400
Enhanced Promotions	\$25,000	\$25,000
Advertising Effectiveness Study	\$5,000	\$10,000
Support Costs	\$1,000	\$1,000
Total	\$423,100	\$442,700

Staffing Summary

Staff assistance is provided by the Principal Administrative Analyst and supported by the Administration Department’s Administrative Assistant.

Significant Program Changes

- 2007-08 Adjust Advertising Budget to reflect increase in media costs since 2003 will cost \$13,500 in 2007-08 and \$23,000 in 2008-09.
- 2007-08 Re-introduce an enhanced promotion budget to support promotional opportunities not scheduled for will cost \$25,000 per year.
- 2007-08 Re-introduce much needed research and study budget to verify program effectiveness will cost \$5,000 in 2007-08 and \$10,000 in 2008-09.

All promotional efforts are directly tied to the City Council’s Major City Goals.

2007-09 Downtown Improvements. Strengthen support for the Downtown in multiple areas, such as maintenance, economic development, public safety, parking, **tourism promotion**, progress on the installation of pedestrian lighting and comprehensive directional sign program, and other improvements as resources allow.

In addition to the budget for promotional efforts, the PCC oversees a Cultural Grants program to support cultural, social and educational organizations in promoting their tourism generating activities and events.

Activity Cost Summary	2007-08	2008-09
Cultural Activity Grants	\$100,000	\$100,000

VII. Performance Monitoring

The PCC, in collaboration with City staff, monitors the different programs and contracts supported by the Community Promotion program. Each contract contains a well-defined work scope that governs the expected accomplishments by the contractors. Each month, the contractors submit a written report specifying their work and achievements as it relates to the specified goals in the work scope. The reports therefore include:

- ◆ Summary of activities and achievements relating to work scope as outlined in Appendix A
- ◆ Summary of monthly website information
- ◆ Summary of public relations efforts with travel writers, editors, radio journalists and television producers including press releases, contacts and media placements. Discussion of any travel writer trips hosted or planned.
- ◆ Summary of advertising placements.
- ◆ A discussion of City specific Public Relations and advertising efforts.
- ◆ Media placement reports tracked through a clipping service.

In addition, each contractor is expected to present a quarterly oral report to the PCC. This report shall contain a summary of all work, programs, placements and achievements over the past quarter and a 60-day outlook on upcoming plans and efforts.

