



2016-17 Marketing & Sales Plan **DRAFT**

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The Future Destination of Morro Bay

In this document you will find thoughts, ideas, trends, sections of articles, facts and figures for the direction of the destination of Morro Bay. It is my intent that you as a reader get the opportunity to view this culmination of information into one document. Feel free to question, comment and even debate the information that is in front of you. It is questioning that can bring out the best action plan for this destination.

Marketing for Morro Bay as a destination is fluid. The market could change dramatically tomorrow and the proposed plan would be required to change along with it. This is why working on an ongoing execution plan with an agency is important as the market and climate can change rapidly. It is important to review this document as a map to direct us where the organization is going and why.

There are multiple ways and vehicles to consider when drafting a marketing & sales plan, plus providing direction for the overall destination. The plan must tie into the overall goals and objectives set for the organization approved by the advisory board, city council and the lodging stakeholders paying into the assessment.

Lastly, we as representatives for the destination of Morro Bay have a responsibility to manage and use our resources to further the positive economic impact and growth of the city and its stakeholders. In the end, we are one of many keepers of Morro Bay's future—let's work together and create a positive tomorrow.

Best,

Brent Haugen
Executive Director
Morro Bay Tourism Bureau

INTRODUCTION

The Morro Bay Tourism Bureau, a non-profit 501(C)(6) is the destination marketing organization contracted with the City of Morro Bay with oversight by Morro Bay Tourism Business Improvement District (TBID) Advisory Board, Morro Bay City Council and city staff to execute the sales and marketing activities on behalf of the payers into the assessment in the city limits of Morro Bay.

Morro Bay Visitor Statistics & Impact

Morro Bay, California is a popular destination on the Central Coast of California. Individuals and groups visit for various reasons, but how many people actually visit Morro Bay annually? What type of impact does it make on Morro Bay as a whole?

Based off of a formula created by the Executive Director of the Morro Bay Tourism Bureau, the organization can estimate the number of overnight and day visitors to the city. With the data already collected by the City of Morro Bay, the formula to estimate the number of overnight visitors is simple.

Take the total receipts in the category and divide it by the average daily rate (ADR) to get the total estimated room nights. To get the total estimated number of overnight guests (conservatively), take the total estimated room nights and multiply it by the estimated occupancy number two (the multiplier could be three -- see the numbers below).

		ADR	Est Room Nights	Est # Guests
2014-15 Hotel/Motel Receipts	\$24,346,339.00	\$112	217,378	434,756
2014-15 Trailer Park Receipts	\$ 2,005,805.00	\$40	50,145	100,290
2014-15 Vacation Rental Receipts	\$ 2,652,772.00	\$100	26,528	53,055
			Total Est Overnight Guests	588,102
			Total Est Day Visitors	882,162
			Total Est Visitors	1,470,270

It is estimated that the average of overnight guests represents 40% of the visitors in a typical destination, where the number of day visitors is estimated at 60% of the total. When calculating the numbers, the number of overnight guests is estimated over 588,000 while the number of day visitors equates over an estimated 822,100 people. These numbers are definitely data that is useful for all stakeholders and residents of Morro Bay. Not only do these numbers equate into visitors, but also into dollars spent in the city.

In addition to this number, it is estimated that an overnight guest in a hotel or motel will spend an estimated \$225.00 per total room consumed above the cost of lodging in Morro Bay. With the estimates given above, the economic impact to sales tax businesses and the City of Morro Bay is estimated at \$48,910,050.

The funding mechanism for the Morro Bay Tourism Bureau is the process through a 3 percent self-assessment with the Morro Bay hotels and motels. This system is made possible by the formation of the Morro Bay Tourism Business Improvement District (TBID) through the City of Morro Bay. The contract exists between the Morro Bay Tourism Bureau and the City of Morro Bay to utilize the revenue below and translate it into sales and marketing activities to fulfill annual goals and objectives.

Budget Overview

Revenues

Estimated 2016-17 Hotel/Motel Assessment	\$831,606.00
Alternative Revenue Sources	\$20,000.00
Carry Over Balance from 2015-16	<u>\$44,500.00</u>

\$896,106.00

Financial Reserve

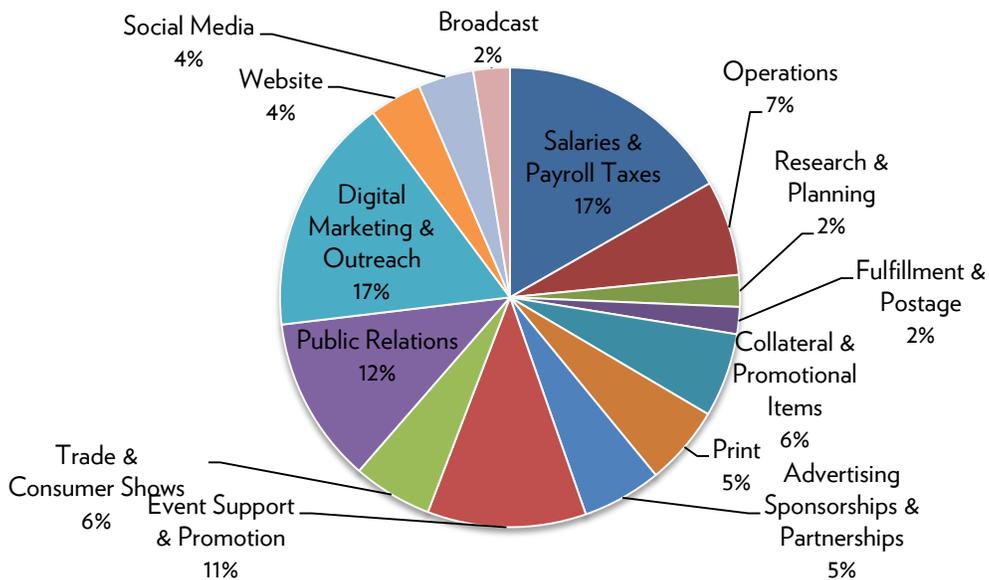
\$40,280.00

Expenses

Salaries & Payroll Taxes	\$150,000.00
Operations	\$60,000.00
Research & Planning	\$20,000.00
Fulfillment & Postage	\$17,106.00
Collateral & Promotional Items	\$53,000.00
Print	\$50,000.00
Advertising Sponsorships & Partnerships	\$50,000.00
Event Support & Promotion	\$100,000.00
Trade & Consumer Shows	\$50,000.00
Public Relations	\$105,000.00
Digital Marketing & Outreach	\$150,000.00
Website	\$33,000.00
Social Media	\$35,000.00
Broadcast	<u>\$23,000.00</u>

Total \$ 896,106.00

2016-17 Budget Breakdown



It is important to point out that it is a goal of the organization to keep administrative and operational costs around 25% of the total budget. This is less than most organizations our size, according to the statistics from Destination Marketing Association International. The goal is to focus resources on sales and marketing activities to attain the goals and objectives detailed out in this document.

Morro Bay Tourism Bureau & the Morro Bay Tourism Business Improvement District

Morro Bay's Tourism Business Improvement district (TBID) is defined by the city limits of Morro Bay. This specific TBID is where the hotel, motel, inns and B&B owners self-assess themselves annually to fund sales and marketing activities to reach the following goals & objectives:

- Increase overall occupancy & hotel/motel revenues, especially during mid-week and shoulder season
- Extend the number of average hotel/motel room nights beyond 1.5
- Help incrementally increase the hotel/motel Average Daily Rate (ADR)
- Bring exposure to Morro Bay as a viable domestic and international destination for individuals and groups
- Assist with the development and growth of competitions and events that attract overnight guests
- Create opportunities to positively impact sales tax businesses & drive economic development in the City of Morro Bay
- Positively impact transient occupancy tax (TOT) for the City of Morro Bay

CLOSER LOOK AT GOALS & OBJECTIVES

The goal to increase overall occupancy & hotel/motel revenues, especially during mid-week and shoulder season was carried over from the previous fiscal year. With assessment dollars being stretched further, the expectation to influence more business during the mid-week and shoulder season is even stronger this fiscal verses last. By looking at the historical data and taking into consideration the differing weather patterns, the bureau must look closer at the biggest opportunities to bring in business during the shoulder season. September, November and December-March are the times when both the lodging and the sales tax business community is thirsting for more business.

The goal to increase the average number of hotel/motel room nights beyond 1.5 is more of a long-term goal for the organization. It will take time and strategy to accomplish this goal. It also appears to be very lodging-centric, but in actuality, overnights in a destination increases the amount spent within that destination. Figures from Destination Marketing Association International used to express between a 20-25% more spend within a community when an overnight is incurred. This being a national average, the amount spent in addition to the overnight accommodation is estimated between 15-18% in the community. In addition to these statistics, it is estimated that an overnight guest in a hotel or motel will spend an estimated \$225.00 per total room consumed above the cost of lodging in Morro Bay.

In May of 2015, the bureau launched the Morro Bay Adventure Pass as a product to extend the overnight stay average as well as bring revenue to sales tax businesses. Of the 46 passes sold, 95% of the individuals sold to (less than 5% stayed at a campground or vacation rental), stayed in a Morro Bay hotel or motel. Of the 95%, 85% stayed 2 nights in Morro Bay where the other 15% were divided between 1 and 3+ overnights.

Through the 2015 public relations outreach, releases have been geared to encourage longer stays in Morro Bay. The bureau has also been encouraging this through the promotions throughout the year and continues to

create content on the MorroBay.org website, giving travelers more reasons to stay longer through uncovering more experiences. This has also been shown through partnerships and the creation of different walking tours to capitalize on what already exists in Morro Bay. A prime example of this is our partnership with Morro Bay in Bloom and the development of the Morro Bay Mural Mile Walking Tour. It takes visitors on a journey of discovery of the murals around the city and gives them additional reasons to stay longer in the city.

Lastly, through the sales efforts of the bureau, the organization is also encouraging adding a vacation component to groups when participating in a tournament or competition. The bureau is including additional services to provide Visitor Guides prior to arrival, providing discounts on the Morro Bay Adventure Pass and other area group discounts. Again, by increasing the number of nights relates to a positive economic impact on sales tax businesses. It is worth repeating that an estimated \$225.00 per total room consumed above the cost of lodging in Morro Bay goes back into the Morro Bay economy and helps with many of the overall goals and objectives set in this plan.

No one can predict the future, especially when it comes to the economy and rate. The organization's goal to help incrementally increase the hotel/motel Average Daily Rate (ADR) is also a carry-over goal from the previous fiscal year. In reviewing the numbers and ADR from the past few years, the organization has been able to influence the incremental increase of ADR in Morro Bay. At the end of the 2014-15 fiscal year, ADR was estimated at \$112.83. This is a \$6.71 increase over the previous fiscal. The goal for the organization would be to see this increase to at least \$119.00 by the end of the 2016-17 fiscal year. The organization can help accomplish this goal by maintaining rate integrity for Morro Bay lodging. This can happen by not discounting lodging, but finding alternative ways to provide value to overnight guests through other promotions with perceived value.

In 2014, the bureau began capitalizing on the group market for Morro Bay through shows and other outreach. The goal to add a sales manager was fulfilled mid-2015. By having a dedicated staff person to reach out and manage the different markets of group tour, sports, events and advertising sales, allows for better customer service, tracking and follow up. In July 2015, Visit San Luis Obispo County's role changed to the county-wide tourism marketing district (TMD). With this change was the additional assessment passed along to the consumer through hotels, motels, campgrounds and RV parks to create a revenue stream for the organization to further assist with marketing the county as a viable destination for individuals and groups; both domestically and internationally.

In October 2015, Visit San Luis Obispo County added a Director of Travel Trade to assist in enticing more groups to the county and giving all the destinations within the county the opportunity to gain more group business. Combining that and the ability to partner with Visit California to better reach out to international markets, there is an opportunity to combine the county's efforts with ours to bring exposure to Morro Bay as a viable domestic and international destination for individuals and groups. This will not just benefit the lodging community in Morro Bay, but the sales tax businesses and the city.

The Morro Bay Tourism Bureau along with the City of Morro Bay has been active and supportive partners for events in Morro Bay. From waiving city fees, providing grant dollars and providing promotional support, the bureau wants to continue on this trajectory to accomplish the goal by assisting with the development and growth of competitions and events that attract overnight guests. Since the economic impact of overnight guests are greater than ones that are just here for the day, the organization wants to focus on the events that drive room nights for the lodging community, which will directly impact TOT and the economic vitality for sales tax businesses as well as for the City of Morro Bay as a whole.

If one or all the above goals can be accomplished, this will directly impact the goals to create opportunities to positively impact sales tax businesses & drive economic development in the City of Morro Bay and positively impact transient occupancy tax (TOT) for the City of Morro Bay.

KEY CALIFORNIA TRENDS

When setting out to create or update an existing plan, it is important to look at the key trends and statistics that may impact your business. For Morro Bay, there are a series of resources to use when looking and indicators, trends and statistical information. Entities like Visit California, Destination Marketing Association International and many reputable research companies and publications that provide professional insight on the current status of the market as well as forecasting what is to come for the industry.

California Travel Forecast Overview

Although the overall numbers differs throughout the state, the data from Visit California cannot be overlooked, especially in planning for the 2016-17 season. As the trends from 2015 are reviewed, Morro Bay can gather the strategy and plan on how to move forward into the future with these numbers as well as the area numbers.

- The total number of visitors to California grew an estimated 2.1% in 2015, slowing from a stronger rate of 3.5% in 2014. This is a bit weaker than previously forecasted.
- Overseas visitation to California in 2015 slowed considerably from its robust 9.9% growth rate the previous year. The number of visitors to California from overseas grew by 2.2% in 2015.
- Domestic visitation expanded 2.1% in 2015 –slower than in previous years. In 2014, domestic room demand grew by 2.9% on strong growth in overnight trips spent in paid accommodations, while trips spent in non-paid accommodations (primarily visiting friends & relative) declined slightly.
- The overall visitor volume had slower growth in 2015 on a stronger US dollar and the continuation of stymied growth in domestic wages. Growth in international arrivals will rebound into 2016 as currency fluctuations calm, while gains in domestic arrivals will be moderate amidst domestic employment and wage growth.
- Overseas markets were on-par with the overall visitation market in 2015, though Mexico and Canada did lag due to currency weakness versus the dollar.
- The forecast for 2016 is an increase of 2.3% in total visits, with domestic travel forecast to increase by 2.1% and international by 4.2% (source: Tourism Economics)
- The forecast for 2016 spending is an increase of 5.5%, with a domestic increase of 4.9% and an international increase of 7.7% (source: Tourism Economics)

California Economic overview

- The global economy still looks lackluster. For some parts of the world, indicators of growth suggest recessionary or near-recessionary conditions, and the Asian slowdown persists. The positive news continues to come mostly from the US and UK.
- In the US, we foresee a supportive labor market with strong payroll gains going into 2016. Underemployment and depressed wage gains will begin to relax, loosening slack and improving demand.
- We expect that increased labor compensation will boost income growth and support stronger household spending and housing activity. We see consumer spending advancing 2.8% in 2015 and 2016.
- US GDP should maintain a 2.3% annual growth rate into 2015, accelerating to 2.8% in 2016. World GDP growth should remain modest.

KEY 2016 TRAVEL TRENDS, MARKETS & MORRO BAY IMPLICATIONS

It is no secret that a destination is seeking “the magic 8 ball”, a crystal ball or some sort of look into the future and how to successfully plan and execute a plan that is going to exceed expectations of all stakeholders and bring abundant prosperity to the destination. The bureau would be remiss if we didn’t recognize the travel trends for 2016. As the research began in 2015 to learn of the indicators for a successful destination marketing organization to look for in 2016, an article in Luxury Travel Magazine not only was intriguing, but aligned with the basic definition of Morro Bay and the strategy the organization began with its agencies in 2015.

Continuing in this section, there will be elements of the article from Luxury Travel Magazine, the implications to Morro Bay and the inclusion of these trends that began in 2015. It is important to understand the desire and need to maintain the loyal following to Morro Bay, but also the sales and marketing outreach to different lifestyle groups who will bring a different type of economic impact to the city.

Neo-Tribalism

This new marketing term has been identified as the fracturing of communities into smaller groups. Neo-tribalism is the desire to seek out others with shared interests, sensibilities and passions. For Morro Bay, this is ideal within the scope of outreach planned for 2016-17.

This type of outreach to specialized groups began in the 2015-16 year with moderate success. The establishment of lists and contacts of these groups and the ability to reach out regularly, plus the ability to monitor their activities and events as a way to bring their groups to Morro Bay has been a definite asset. As the organization identifies the opportunities to reach out to specialized groups such as car, biking, sailing, kayak and paddleboard clubs, it will also research the ability to convert these niche groups into individual and group business for Morro Bay.

Although the term was not used in the context of planning in 2015-16, neo-tribalism breaks down the barriers of demographics and identifies customers and potential customers by their interest areas, verses their age group. This lends to bring Millennials to Baby Boomers and all the age groups in between to come together for a common cause: travel to Morro Bay. This was a direction for the bureau this last fiscal year, to focus more on lifestyle than age in marketing Morro Bay as a destination.

Since neo-tribalism is a fairly new term and there isn’t much historical data specific to Morro Bay, the bureau will also derive important demographic information related to how and why specific age groups travel into the planning process. A prime example of this comes from AARP and Boomer travel.

The Baby Boomer market has been critical for Morro Bay as well as the travel industry as a whole. As the bureau looked closer at the top 2016 Boomer travel trends, it shows that almost all of this age group will travel for leisure with about half traveling domestically only. Let’s take a closer look at the key findings for 2016 from AARP:

- Practically all Baby Boomers (99%) anticipate traveling for leisure in 2016, with approximately 4 or 5 trips in the works.
- Many are planning both domestic and international trips (45%), with 5% planning international travel exclusively.
- The desire to travel (aka vacation) comes down to three primary motivators:
 - To spend time with family and friends
 - To relax and rejuvenate
 - To get away from normal everyday life

- Although many trips are anticipated for 2016, approximately one in ten (12%) are completely booked by September 2015, leaving opportunity to provide resources and guidance, specifically to the 48% for whom it is “still just an idea.”
- Baby Boomers do not appear to be overly concerned about budgeting for personal travel, nor are they hindered by the higher airfares (approximately two-thirds claim it has had no impact on their travel plans).
- Among those with pets, few (5%) will travel with them ‘All the time.’ What they do tend to take with them on all trips are their medications, a comfortable pair of shoes, a camera, and sunglasses. And different than the younger generations, Baby Boomers will also take a good book and emergency numbers.
- And there is no surprise why personal travel is so prevalent, as travelers say that when they are on vacation they smile and laugh more, are more likely to learn something new, and have more time to spend with those they love.
- Of the 95% who will travel domestically in 2016, Summer Vacations, Multi-Generational trips, and Weekend Getaways are the primary impetus behind such plans.
- Popular domestic destinations are either a city/town or a beach, with Florida, Las Vegas, California, New York and Hawaii being mentioned the most.

While demographics can still be an effective tool in destination planning, it’s giving way to psychographic marketing or why they buy. Going back to lifestyle interests plays a key role in creating more specific, micro-niche markets to reach ideal clients. Mature industries, such as travel and lifestyle have led the way.

Lifestyle Immersion, New Experiences

According to Luxury Travel Magazine, since 2008, the majority of consumers had to tighten their belts, but in the process, discovered they could live without so much “stuff”. So when they do venture out to buy, they want a retail experience, an outing that’s about more than a purchase. The bureau could assist more in connecting offerings that entertain, educate and transform for special interest groups - from learning holidays that go beyond the regular vacation like the newly established partnership with Nature Corps and their volutour program.

For Morro Bay, this trend provides much opportunity to be able to deliver those types of experiences to visitors, plus capitalize on the growing the existing business clientele. The creation and execution of the Morro Bay Adventure Pass in 2015 was one way the bureau wanted to leverage this growing trend and create a product to help grow the businesses as well as the number of overnight rooms for the lodging community. The organization will continue to cultivate the opportunities within the city to grow business in 2016 and beyond for both individuals and groups. The extension of the Morro Bay Adventure Pass has now been developed for groups. This will be another product to sell Morro Bay as a group destination.

The bureau is taking these cues more seriously as Fortune Magazine is indicating that segmentation is more sophisticated than ever for 2016. The ability to move marketers closer to the coveted one-to-one marketing is the new holy grail. According to the December 2015 article in Luxury Travel Magazine, experiential marketing not only helps brands become more personal, but it also lets them stand out. Hawaiian Airlines has hosted hula-dancing shows in New York City, built artificial beaches in the middle of bustling Beijing, and produced other pop-up performances in unexpected places. According to Avi Mannis, SVP of marketing at Hawaiian Airlines, these initiatives have helped the company cut through the noise and compete with bigger airlines. It’s more than creating a message. It’s about crafting an authentic experience that leaves people wanting more.

Morro Bay will be looking at ways on how to create the destination feel at trade shows and consumer shows. Through the new sales model infused into the organization in 2015, the bureau staff will bring the Morro Bay experience live through sales missions and outreach in 2016-17. The organization will also explore more unique ways to present Morro Bay to audiences to influence and impact their travels to the city, especially during the shoulder season months.

Authenticity, Localism

All of these new trends that Luxury Travel Magazine published in December 2015, really speaks to the audiences that have been and will continue attract to Morro Bay. According to the magazine, travelers desire authentic experiences; the chance to interact in local neighborhoods by living, eating and paying local, non-tourist prices. It's about uniqueness and escaping homogeneity. Prior to and during their stay, hotel guests look to the hotel's social media channels for this hyper-localized, insider information. "Localism" is the new moniker, not only in travel but also in food and socialization. Connecting this trend to a specific travel group of Millennials, they want unique hotel experiences, according to a 2015 article in the Huffington Post. The article went on stating that a representative from Marriott International stated that Millennial travelers prefer unique experiences over cookie-cutter hotels. With the majority of lodging options in Morro Bay being unique and non-chain, this provides a great opportunity to attract this emerging travel group to the destination. Also, in the launch of the new MorroBay.org website, the bureau will use this tool to enable more "insider" content to be displayed and used by incoming visitors.

The trend of authenticity and localism continues to attract and be important to media, especially to their audiences. The art of capitalizing on the uniqueness of a destination continues to be on trend for 2016 for travelers, versus a more streamlined approach of attractions and other corporate chains that can be found almost everywhere in the United States.

The bureau saw this firsthand at IPW in Orlando in 2015. Professional tour companies from around the globe were asking for unique & boutique lodging properties to have both individuals and groups stay. In addition to that request were opportunities including culinary, site seeing experiences and unique festivals & events their customers wouldn't receive elsewhere in the world. Morro Bay continues to see this as well as the county to market and promote the authentic experiences found here as well as throughout the Central Coast of California.

Hunt for Value: Entertain and Engage

The search for value became a necessity borne from a weak economy in the mid to late 2000's. This learned behavior has continued today and has created more savvy consumers in the marketplace. Sometimes the situation can be to find the best deal, but for some of these experienced travelers, it is about the hunt: deal hunting for amusement. An example from a 2015 Huffington Post article states that Millennial travelers are both high budget and low budget. Whether traveling for business or pleasure, Millennial travelers represent diverse economic preferences. They may stay at an expensive, trendy hotel during one trip, but then opt for a near-budget property on the next. But their demand for technology and design remains the same.

Experts are encouraging destinations and destination-related business to incorporate gamification marketing to create brand awareness, drive user engagement and build brand loyalty. Contests, mayorships, scavenger hunts and mystery trips are recommended to add elements of excitement and engagement to a buying experience.

The loyal following and generations of travelers to Morro Bay creates an ideal opportunity to capitalize on this trend for 2016. In reviewing responses and replies in social media, it is evident that Morro Bay is more than just a city to them, but a part of their history and future. Posts often times will inspire a memory that a follower is

willing to share. To many, Morro Bay feels more like a person and has a persona that resembles a friend or a family member they can trust.

In 2015, the bureau hosted a series of different contests from Visitor Guide Cover Contest to All About That Bay. There was a positive response to these contests on social media, through our email marketing and digital advertising. The findings weren't so much in the winning of the actual prize, it spurred discussion and additional engagement from the loyal following.

Crowdsourcing, Crowdpleasing

We are living in a world where people want to be the star. Retailers are tapping into consumers' creativity and inspiration to create and market products – baby shoes, wallpaper, fabrics, and more. In marketing, both Vermont and the city of Detroit had citizens choose a winning ad campaign, and most recently, the Swedish Tourist Board launched a highly innovative social campaign where citizens take turns as the official tweeter. In Morro Bay, the bureau is looking at ways on how to leverage the ability to raise the “engagement bar”. One of the ways the organization has begun testing this new way of engagement is through a guest blogger program. With the launch of the new MorroBay.org website in late 2015, there is an opportunity to create custom content on the site through the blogging system.

Because this trend is expected to boom as social referrals (recommendations from social communities) become increasingly important to generate new customers and sales, the bureau and its agency will try and implement more programs in 2016-17 to assure both engagement and return on investment is monitored. This is true when it comes to the new and upcoming travel market of Millennials. According to a 2015 article in the Huffington Post, Millennial travelers believe their peers. They're less likely to listen to a straightforward advertisement for a hotel, but they will follow the comments and recommendations of their friends and colleagues via social media (likewise, they'll pay attention to negative comments, too). Once considered by many as risky business, the bureau and its agency will monitor and respond appropriately to websites allowing online reviews of Morro Bay. We will then take that information and try and utilize it to better marketing and sales efforts.

Family and Friends are a Priority

A lot has been written about family travel since it has consistently been one of the fastest growth areas since 9/11, fueled by a backlash dominated by 24/7 work schedules and dehumanizing technology. Since then, this mature category has given way to subsets such as gay/lesbian parents, single parents, father/son and mother/daughter trips, grandparents, multi-cultural families, and more. Then, there's the whole divorce market. With over 50% of the marriages in the US ending in divorce, think about the potential. Anything that helps foster friendships is a growing market – from ladies nights at top restaurants and communal dining tables to girlfriend getaways and lobbies that foster social interaction will continue to be much in demand.

The “Modern Family”

As the definition of family continues to change in this country, Morro Bay cannot deny the opportunity to attract and reach out to the Lesbian, Gay, Bisexual and Transgender (LGBT) market. When looking at the trends happening for travel, it is not so unusual to look at this sub-culture and define it as a type of neo-tribe.

According to D.K. Shifflet and Associates, LGBT travelers not only take more leisure trips, but they spend more money than their non-LGBT counterparts, according to a national study by the company. Despite smaller “family” travel party sizes and comparable incomes, the study found that LGBT leisure travelers spend about 15% more per person per day than non-LGBT travelers. Furthermore, almost half of LGBT leisure travelers stay in luxury accommodations compared to one-third of non-LGBT travelers, which for the smaller boutique properties in Morro Bay, could be a benefit and bring in a higher TOT.

“The fact that this group is more frequent, higher spending travelers while not having larger incomes is an indication of the priority this group puts on travel,” notes Cheryl Schutz, Vice President at D.K. Shifflet & Associates.

This new effort in making Morro Bay an all-inclusive destination began in early 2015 with the Morro Bay Bear Weekend event in March. With a moderate start and small numbers, the weekend itself didn't appear to be a success, but the visibility to the market and the response from the local LGBT community was astounding. It provided a new way that the local community was able to look at Morro Bay differently. The bureau continued with outreach by partnering with GayTravel.com and hosting one of their travel writers. The organization also participated in the 2015 San Luis Obispo Pride event by having a booth and promoting Morro Bay. All-in-all, the destination is making strides to attract this audience to Morro Bay. Through information gathering and local partnerships, the bureau will look to partner to offer a LGBT event versus a bear weekend to leverage the prevalent lesbian community that exists in Morro Bay/Los Osos as well as San Luis Obispo County.

Group Business for Morro Bay

Throughout the trends, there is one word that keeps rising to the top: groups. Whether smaller neo-tribal groups or your typical tour and sports group, Morro Bay cannot deny that this is a great and growing opportunity for the overall destination. With the infusion of the lead process in 2014 and the sales model in mid-2015, the bureau has successfully begun creating the foundation for more group business in 2016-17. The partnerships with Morro Bay Recreation, Cuesta College and Morro Bay High School and working with all the tournaments and sports competitions begged for the creation of a Sales Manager's position in the organization. Adding the management of relationships with domestic and international travel companies who can influence individual and group travel to Morro Bay, this position was necessary for the growth of the organization as well as the business to Morro Bay.

The bureau will also maximize its partnership with Visit San Luis Obispo County and the Director of Travel Trade to further the growth of group business to Morro Bay. There will be opportunities to utilize the leads and business sent from the county organization. There will also be an opportunity to coordinate sales missions to feeder cities too. For Morro Bay and the county, it is important for the organization to leverage all of its resources to influence group rooms for the lodging community to strengthen the local economy.

According to Destination Marketing Association International (DMAI), the following analysis is based on a massive collection of data from more than 100 destination marketing organizations (DMOs) representing three-quarters of the total market. It was determined that DMOs influence 1 in 5 group rooms that occur in the U.S. annually.

- In 2012, DMOs collectively influenced 39 million room nights for future events, growing by 4.9% from the previous year, representing 20.1% of all group room demand
- 38.3 million group room nights actually occurred in 2012 as a result of DMO sales and marketing efforts

Although the average number of rooms in Morro Bay is estimated at 25 rooms, the diversity of groups the bureau is trying to attract may want to stay in one property with 15-20 rooms, but the organization is making a concerted effort to establish partnerships with groups that will bring business to smaller properties as well. This type of partnership is evident within many of the sports leads sent out in 2015 as well as the partnership with the Nature Corps and their “voluntours” to Morro Bay.

The Morro Bay Tourism Bureau also partnered with the Central Coast Tourism Council on the 2015 IPW International Tradeshow in Orlando, Florida. The goal was to influence more international travel to Morro Bay and to partner with other destinations to bring global visibility to the destination. The findings at the show fit more of what international tour companies wanted and what Morro Bay could offer to future groups and individual flexible independent travelers (FIT). Since FIT has been on the rise, this provides an ideal opportunity for Morro Bay to capitalize on two things: small unique and boutique lodging options and the ability for a tour operator to prearranged blocks of rooms in Morro Bay for use by individual travelers. These travelers travel independently, not in a group, usually by rental car. This type of professional prearranged travel has the potential impact to bring future visitors in during mid-week and shoulder season.

For Morro Bay, the bureau is trying to secure future business for the destination. Sometimes the time and resources investment does not see a return until 1-3 years later. Similarly, the DMAI report quantifies the impact of the DMO sales and marketing channel from 2009 through 2012 based on booked room nights for future events, occurred event room, and the number of events that occurred and were booked. The analysis is based on a massive collection of data from 116 DMOs representing over 40% of DMOs with sales professionals dedicated to promoting their destinations, and over 70% of the total rooms booked and occurred.

Encouragingly, DMO group room bookings continue to exceed the levels of group room demand from prior DMO sales efforts in each year of the analysis. This indicates that the group room nights trajectory for future years, due to DMO sales and marketing efforts, will increase in the coming years. The bureau is hoping the same type of investment and impact will happen for Morro Bay. Attending shows like IPW, the American Buses Association and the partnership on shows with Visit San Luis Obispo County, the sales team at the bureau will help secure the business needed and influence the business to be realized mid-week or shoulder season.

What is interesting in infusing this sales model into the plan, Morro Bay was the first in the county to capitalize on the group opportunities inside and outside of the region. There is much education and outreach the bureau has to continue to provide to help the local area understand the services the organization can provide in helping groups more easily find and reserve overnight accommodations.

MARKETS & REACH

Tier 1 Markets

Morro Bay will continue reaching out to these primary markets throughout the year, taking into consideration the key trends and lifestyle of the audience the destination is trying to attract. Overall, the bureau will work with the agency and establish the media plan to reach these audiences to leverage business to reach the overall goals and objectives set in this document to the following feeder cities and areas:

- Los Angeles, California
- Central Valley of California
- San Francisco, California
- San Jose, California
- San Diego, California

There will be a slight hiatus of the marketing to the Tier 1 Markets during the summer season (June-August), however continue outreach though in the areas of social media, email marketing and public relations. The bureau wants to continue to evaluate where the best opportunities may be during the summer season, but also leverage the higher traffic to influence fall and winter travel. Although there is a hiatus with the Tier 1 Markets,

this gives the bureau and its agency an opportunity to expand their focus on the Tier 2 Markets and influence travel to Morro Bay.

Tier 2 Markets

These markets have been identified through data collected from Morro Bay retail, restaurants and lodging. The bureau has also evaluated digital analytics and the indicators of travel patterns found from historical data. The following seasonal markets will be addressed during the warmer times of year in their regions to increase travel and expand into markets further and outside of California. These seasonal markets include:

April-October

- Sacramento, California
- Phoenix, Arizona

May-August

- Reno, Nevada
- Las Vegas, Nevada
- Houston, Texas

The purpose of reaching out to these warmer markets is to appeal to the audiences to escape to a beach setting with cooler climates. To escape the heat is one way to leverage the moderate climates of the Central Coast, plus with most of these markets being a considerable distance from Morro Bay, it helps fulfill the goals of increasing the overall room nights consumed, influencing mid-week business in Morro Bay and positively impacting the economy for sales tax businesses and the City of Morro Bay.

Tier 3 Markets

In reviewing the statistics and forecast from Visit California, plus incorporating our own analytics and tracking, it is determined that the countries Morro Bay would be most interested in are currently ones traveling to the area or have the potential in higher frequency in the future. Time and resource investment in these markets are crucial to stay competitive in the marketplace.

- United Kingdom
 - England
 - London
- Canada
 - Ontario
 - British Columbia
- Germany
 - North Rhine-Westphalia
 - Bavaria
 - Baden-Wurttemberg
- Brazil
 - State of Sao Paulo
- Australia
 - New South Whales
- China

These international markets and emerging markets are ones that we cannot do outreach on our own as the costs will be prohibitive. These will be more attainable in regards to our working partnerships with Visit California, the Central Coast Tourism Council and Visit San Luis Obispo County.

Becoming China Ready

According to the data from Visit California, the number of Chinese visitors to California continued to outpace all other overseas source markets in 2014, growing by 21.6 percent to a record 996,000, making China the No. 1 source of overseas visitors for California.

Chinese buying power also surged by 32.7 percent in 2014, with visitors spending \$2.24 billion in California or three times the spending of visitors from the United Kingdom and Japan – the No. 2 and No. 3 overseas markets for California.

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

Morro Bay has been seeing an increase in Chinese travelers via groups in motor coaches, sourced from the California gateways of San Francisco, San Jose and Los Angeles. The shift from the group aspect to Flexible Independent Travelers (FIT) will bring these travelers out of the gateways and further exploring the state of California. The benefit to this trend will be the travel that will happen between the gateways. Perfectly positioned halfway in between the gateways is San Luis Obispo County and Morro Bay. According to Visit California and its survey findings, Chinese travelers have a 75 percent likelihood to visit and 37 percent interest in the area. Why is this trend happening?

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

In response to the rapid growth in arrivals from China, Chinese and international airlines increased flights to California by 6.9 percent in 2014 and further expansion is planned in 2015. In addition to airlift increases from the traditional gateway cities of Shanghai, Beijing and Guangzhou, new services were added from two new China gateways in 2014 – Chengdu and Wuhan. Greater flight capacity will allow Visit California China to expand its efforts in developing second-tier markets and ultimately reach the entire China market with an emphasis on establishing a foothold in West China centered on Chengdu.

Travel Trends

- China is expected to overtake the United States as the No. 1 business travel market in the world in 2016 and generate 20 percent of global business travel spending.
- The Chinese traveler's is rapidly evolving with growth in the FIT and semi-FIT markets. The changing profile of Chinese group travelers is expected to continue to take shape over the coming several years.

- Leisure travel has soared to 63 percent of China's total outbound travel market while government travel is decreasing as a result of the central government's anti-corruption policy, which is limiting official overseas travel.
- Package tours still account for 70 percent of leisure travel and, as the core business of Chinese travel agencies, are expected to dominate for the next decade, though the percentage of FIT and semi-FIT travel will continue to soar.
- Due to the new U.S. visa policy and the rapidly developing sophistication of Chinese travelers, the shift away from package tours is accelerating as Chinese long-haul travelers embrace fly-and-drive FIT products, which have shown a remarkable year-on-year increase of 30 percent.
- The demographic of Chinese outbound travelers is also rapidly changing. Younger travelers, ages 24 to 40, are choosing long-haul destinations, with 82 percent of such travelers holding undergraduate degrees. The exploding market segment accounts for 75 percent of China's FIT market and 73 percent of its luxury market. Fifty-five percent of Chinese travelers are likely to spend seven to 13 nights in the United States on their next trip. Thirty-three percent are likely to spend 14 to 20 nights in the United States.
- In terms of seasonality, 29 percent of Chinese travelers to the United States choose October, 23 percent opt for August, 22 percent select July and 18 percent prefer May. These trends also are reflected in airline bookings. The booking window for Chinese travelers buying pre-packaged holidays and guided tour packages is still very close to departure. Twenty-eight percent are most likely to make their booking just one or two weeks before departure, 25 percent will book three to four weeks before departure and 23 percent book one to two months out.
- Among Chinese destination selection drivers, affordability (61 percent), quality of food (58 percent) and safety (57 percent) are the top three desired attributes. Preferred activities for Chinese visiting the U.S. rank in order from shopping (85 percent) to sightseeing (78 percent), fine dining (48 percent), natural parks (37 percent) and amusement/theme parks (34 percent).

Strategically, the City of Morro Bay, business community and community organizations will need to come together with other destinations within San Luis Obispo County and begin a program to educate and be prepared for the influx of Chinese travelers within the area. This comes at an ideal time with the potential recession predicted for 2017.

EXECUTION OF PLAN

The Morro Bay Tourism Bureau will work in concert with the selected marketing and public relations agency to develop an executable plan to reach the overall goals and objectives in this document. The areas of marketing will include, but not limited to public relations, digital marketing and outreach, social media, broadcast, print, direct mail, and shows. There will be goals established in all of these areas to assure the investment of the stakeholders will be reach through a return on investment while staying in budget.

PUBLIC RELATIONS

The goal of any outreach is the ability to reach established goals and objectives. In the area of public relations, Morro Bay has been fortunate to attract the right type of media to further the visibility of the destination. In the last fiscal year, a goal of hosting (18) eighteen media to Morro Bay was reached in March 2016. There are also other opportunities presented to Morro Bay through partnerships with Visit California, Central Coast Tourism Council, Visit San Luis Obispo County and the Bay Area Travel Writers. Although these goals exist, media requests that weren't a good match were rejected, due to revisiting the overall goals for the destination.

In addition to this goal, was the desire to create and distribute original press releases for additional visibility and media coverage. As the destination marketing organization for Morro Bay, the organization and agency will

continue the diversity and coverage of business and events in Morro Bay through visiting media as well as through press releases. In the 2015-16 year, a multi-channel, multi-lifestyle media plan was established and executed with great success. This will continue into this next fiscal year to assure the equality of coverage.

The bureau will work directly with the agency to establish goals for the 2016-17 year in the area of public relations. The organization will also work on ways to reduce the overall hosting costs. There were strides in reducing costs by establishing a media rate policy with Morro Bay lodging. The bureau also was successful in utilizing the Morro Bay Adventure Pass to bring visibility to this product, but also to reduce costs. The public relations agency worked with this last fiscal year also helped in reducing costs with connecting us and sharing costs with other destinations on the central coast. In maximizing the needs and wants of visiting journalists, plus the desire to reduce costs for destinations, enabled the bureau to extend the public relations budget.

In January 2016, Visit California launched the Gold Pass program designed to help destination partners collaborate in bringing domestic journalists to the Golden State. For Morro Bay, Visit California can provide airfare and car rental or mileage assistance for editorial research trips through an application process. This new program will assist in helping reduce overall costs to the budget.

A goal to attract major media coverage has flowed over from the last fiscal year to this one. An example of the impact of major media coverage happened over 5 years ago with a timeless article, "Road Trip: California's Pacific Coast Highway". This article continues to be one of the top ten domestic and international referrals to the MorroBay.org website. The organization wants to continue with these types of timeless articles to include Morro Bay with increasing impacts to the stakeholders of the city.

Lastly, the plan, execution and results must positively impact the overall goals and objectives set for the organization and the destination. It is important to continue connecting the goals with the execution of the plans.

To assure oversight and accountability, all of these goals will be presented and approved by the advisory board.

DIGITAL MARKETING & OUTREACH

This area of marketing continues to change as technology changes. It is necessary for the organization to outsource the management of digital marketing to assure the performance of advertising and to keep up with the changes in algorithms of the digital space.

Mobile First Will Become the Norm

Mobile marketing was an add-on in the marketing mix less than a decade ago. The bulk of budgets focused in on print and direct mail. While these mediums still have a place in the overall mix, Morro Bay will incorporate 17% of the budget to dedicate to digital marketing. Within this space, mobile marketing is at the center of this program.

According to Social Media Week, the number of smartphone users in the United States in 2016 is estimated to reach 198.5 million. What does this mean for the overall marketing mix for Morro Bay?

Until recently, content, app, and web development strategy has focused primarily on the needs of the desktop user with mobile being an afterthought. In 2015, there was a noticeable shift in this line of thinking with many companies moving towards a mobile first mindset. For the MorroBay.org website, the organization saw an estimated 200%+ increase in mobile users over desktop visits. This shift was largely due in part to the sharp

increase in the number of mobile users, and the increasing amount of mobile visitors to websites. More mobile users than ever, are using their devices to:

- Browse Social Media
- Access News and Entertainment
- Research Products and Make Purchases
- Use Navigational Apps
- Communicate with Others
- View Visual Content Including Videos
- Post Comments and Reviews

This will only increase in 2016, making it a near impossibility for Morro Bay to avoid focusing on mobile this fiscal year, especially looking at touchscreen technology in the future to connect to all the current tourism outreach for visitors in the city.

There Will be a Focus Shift in SEO to Social Media

Continuing with Social Media Week, the online magazine claims there is a slowly developing change in user behavior when it comes to searching out information on products and services. While using search engines to find information is still the most common behavior, there are many users who are skipping the search engine and performing their searches directly on social media.

There are a couple of different reasons that this happening. First, consumers know that they are more likely to find visual content if they search on social media, and to them, this content is far more trustworthy than text heavy content.

The other reason is that consumers value feedback from others, and they know they are more likely to find reviews and comments on social media content than they will in other places, which ties back to the crowdsourcing trend indicated earlier in this document. This means that marketing strategy must move beyond “How can I get found on Google?” to “How can I get found on Google and social?”

This trend ties back to the crowdsourcing or crowd pleasing trend found earlier in this document. The new travel expert is the actual travelers sharing their experience within a destination. How do we capitalize on the reviews and comments on Morro Bay? For Morro Bay, the bureau is interested in working with the chamber, city and other organizations to influence or engage a quality assurance system or program with Morro Bay businesses.

Facebook will Dominate However Their Audience Will be Older

Search Engine Journal continues to state as long as Facebook continues adding new functionality and tightening up security, it will remain the dominant social media platform. In fact, one of Facebook’s innovations is the driving factor behind the social media marketing trends now and into the future.

This online magazine acknowledges that younger consumers are tending to use other social media platforms to interact with one another and consume content. Will this knowledge have an impact on our marketing strategies? Or could be a deciding in factor in whether or not we should focus on other social media platforms, especially those focused on a younger audience?

For Morro Bay, it will continue be an influencing factor on the decision makers in the household. The bureau doesn’t want to ignore the influencers in the household that may be of the younger generation. The

organization will work with the agency on strategies on how to influence the younger demographic, especially when it comes to the lifestyle marketing initiative the bureau will continue using this new fiscal year.

Speaking of Facebook, it is also understood that the numbers continue to grow for this social media platform. In January 2015, the number of followers on the organization's page was estimated at 35,750. This is expected a continual growth pattern of 20% as the bureau works with the agency on strategies using social media ads to drive traffic, plus gain likes as well.

Digital Marketing Efforts will Increase on Newer Social Media Sites

As mentioned above, the aging of the Facebook audience is one factor driving this change. However, it is not the only factor. Until recently, Snapchat and Instagram have been regarded as mediums for users to communicate with one another and to share personal content, according to the Search Engine Journal. Most marketers and agencies didn't see either platform as a viable place for their content marketing efforts, especially when it has been so lucrative to focus on more established platforms such as YouTube and Facebook. Luckily the organization has had an established Instagram and Pinterest accounts for over 2 years, which has been effective in our outreach.

Instagram is now providing advertising opportunities to a wider circle of brands, and the Snapchat Story is already proving to be a great branding tool. Snapchat was discussed in 2015, but due to budgetary and management logistics, it was tabled for future consideration. The future may be here if the bureau wants to influence the younger generation to come and experience Morro Bay with their families or in other neo-tribal groups.

In the area of Instagram, the organization current has over 3,200+ followers and 260+ followers for Pinterest. The bureau would love to see these platforms grow at least 15% this fiscal year. With most social media platforms, it can be difficult to find the right content or formula right away as the needs, wants and desires change so rapidly for this audience. The organization will work with the agency and create a healthy and manageable strategy for this growth.

New Options for Publishing Content Online Will Open up Thanks to Instant Articles

Public relations will encounter a new phase to reach out with articles in 2016. According to Search Engine Journal, Facebook launched Instant Articles the first quarter of 2016. This technology allows publishers to instantly and constantly publish streaming content to Facebook. Essentially, the company's content management system interfaces directly with Facebook and can seamlessly publish new content as it is ready for release.

When Instant Articles launched, it was limited to nine major publishers including the New York Times, NBC News, and BuzzFeed. Since that time, other big publishing houses have been invited into the fold. Now, Facebook appears to be opening up Instant Articles even more by inviting publishers to contact them for information about becoming Instant Articles publishers. The possibility is very real that Instant Articles will be even more accessible by end of year 2016.

This is exciting to bring a new dimension to public relations and the ability to share the authentic and local experiences through a social media channel that has been successful for Morro Bay.

Social Ads

Online advertising has been rapidly on the rise this year, and in 2017 digital advertising (ad) spend is predicted to finally surpass TV! According to Interpublic Group's Magna Global, in 2015 digital ad spend will have grown 17.2% (to \$160 billion), and 13.5% in 2016, surpassing TV as the biggest advertising platform in 2017.

With a large amount of this digital spend being allocated to social advertising, this is a trend marketers cannot ignore in 2016. For instance, eMarketer predicts social network ad spending will reach \$35.98 billion in 2017, which will make up 16% of all global digital ad spend.

For Morro Bay, about 17% of the overall budget will be utilized to focus in on digital marketing and the ability to use social ads to drive traffic to Morro Bay. The ability to execute, modify and change based on what is happening in the market provides the biggest appeal to the bureau and the agency.

So how should Morro Bay best leverage social to gain traction on their competitors? Here's what Search Engine Journal states for marketers to consider:

- Start by deciding which platforms are worth investing in for your audience. Are you selling beautifully crafted handmade blankets? Then visual platforms like Instagram and Pinterest may be the way to go. Are you in the B2B space? Facebook's sophisticated targeting options could be a good option to hone in on your target audience.
- Test your posts organically and promote the winners. Don't just randomly allocated budgets to blog posts that your teammate authored. Instead, promote the organic winners to up the performance even more.
- Utilize action-oriented ad formats. Think Twitter Lead Generation ads and Facebook Click to Website ads with call-to-action buttons. Encouraging people to do something instead of just promoting your social account will be a better use of your ad spend.

So how has Morro Bay been able to measure up to the social ad trends? When the strategy and plan in the digital space was presented from the marketing agency, there was an emphasis on maximizing the social media platforms to bring awareness to Morro Bay. There has also been a big emphasis on testing posts in the 2015-16 year and tracking the success. With the information in hand, the discussion between the bureau and the agency allowed for a more comprehensive social media calendar developed from month to month. Lastly, Facebook advertising has been used and modified to assure it reach the goals set out for them.

All of these actions will be infused into the execution program for digital marketing.

Podcasts & Online Radio

Approximately 46 million Americans listen to podcasts monthly, and the average listener listens to six a week, according to Edison. Clearly, podcasts and online radio programs are on the rise, but how can Morro Bay leverage these in 2016?

According to Search Engine Journal, one way is to pay to play with ads. Starting your own podcast series might seem overwhelming, and rightfully so, but companies like Squarespace and Casper have leveraged ad space during breaks in programming on the most popular podcast programs like TED Radio Hour and "Wait Wait...Don't Tell Me." The marketing agency the bureau worked with in 2015-16 provided the first opportunity for Morro Bay to participate in placing ads geographically with Pandora.

The online magazine continues to state that larger brands like GE and Netflix have recently launched their own podcast productions, and people are actually listening! Umpqua Bank launched a podcast series with MTV

correspondent SuChin Pak that provides financial guidance, and the first three episodes have been downloaded over 70,000 times. The organization is also seeing a growth in podcasts from destinations and especially from travel media.

“Creating podcasts takes more work for small-business owners, but experts say they can be a powerful way to build customer loyalty,” says Dennis Nishi in the Wall Street Journal.

Could Morro Bay create a regular podcast? Of course. It would be worthwhile to work in concert with the agency to develop a manageable program for the bureau. This would also be an opportunity for the organization to engage the community of Morro Bay and partner with the local radio station in making this possibility a reality.

Personalized Pay Per Click (PPC) & Email Marketing

One-third of marketers see personalization as the most important capability to the future of marketing, according to an Adobe study. We also just happen to live a world where the Internet knows more about you than the coworker sitting two feet away from you.

For the last several years, paid search has been all about targeting the right set of keywords to find people who may or may not be in-market for your products or solutions, but this strategy has a lot of flaws. From generating irrelevant clicks and site visits, PPC can become quite expensive if your keyword strategy isn't flawless. Even if you're targeting the most relevant set of keywords, your volume might be so low that you're not reaching nearly enough searchers to generate new business.

If Google knows so much about each and every searcher, why is it so hard for advertisers to find the right audience? For one, Google prides itself on protecting searcher information, but it also knows what advertisers want, which is why Google introduced Customer Match in September 2015. Customer Match allows you to upload a list of contacts you already have and target them through search. This feature is also available on Facebook and Twitter, and is essentially making search and social become more like email marketing by serving ads to people who are within a certain stage of your purchase funnel.

For instance, let's say we captured a list of emails from a recent webinar on healthcare travel. We can then target these people on Google, Twitter, or Facebook with relevant offers. In 2016, PPC will likely become more and more personal, which is why marketers must start utilizing these new features, like Customer Match, to connect with their prospects and customers at the right time with messages catered to them.

The bureau will work through the agency to use Customer Match and upload existing and future email lists to capitalize on an interested audience. When these individuals are signed into Google Search, YouTube, or Gmail, the organization can work with the agency to create and present them with more personalized ads to drive their attention to Morro Bay.

While focusing in on email marketing lists, the goal is to continue to grow the lists, especially in the feeder cities we have identified in this document. It is also a goal to clean up and provide more segmentation of the existing email lists the bureau owns. By going through this process, the bureau and agency can better use this tool for a higher open and click through rates, plus use them to impact future travel for Morro Bay.

The bureau has been using the existing lists to reach out to stakeholders as well as consumers. In October 2015, the bureau began a weekly email outreach program of the Morro Bay Weekender to increase the awareness and influence more travel during the shoulder season. In conjunction with this program, the bureau has been

evaluated and tracking the activity with what consumers has been responding to within the message. The top areas of interest are food, wine, beer and shopping events top the list. Gathering this data will be helpful in creating more successful consumer email marketing messages in the future.

Video Content

With the improvements of video technology on phones, tablets and other devices, there is an increased ability to provide authentic video content of Morro Bay. As authenticity is one of the biggest trends that will continue through 2016 and the ability to now host video content on the newly launched MorroBay.org website, the bureau will work with the agency on a manageable program to enable this type of content to drive traffic to the website and to influence the activities a visitor can experience within the destination.

According to the Search Engine Journal, videos help businesses entertain and engage their audiences through visuals, colors, sounds and/or music. More importantly, videos often humanize a faceless business, in turn building brand loyalty and trust. This is true with the strategy of the newly launched MorroBay.org website. By using more photos and visuals (and the onset of using more video content), the site serves as a more user-friendly, experience-based portal to browsers.

“Marketers have learned that video is good for more than attracting attention,” says Tyler Lessard, CMO of Vidyard. “It enriched the customer journey at all stages, and it is more effective than other content at converting buyers.”

According to the Search Engine Journal, as the popularity of inbound marketing increases, so does the amount of content available to consumers. This availability will continue to result in high expectations when it comes to quality and when it comes to the variety of content offerings. Smart content creators will factor in users’ preference for video and image over text, their preference for informative and useful content over blatant sales efforts, and their preference for custom content over shared content. It is important to note that these preferences exist in the business to business (B2B) sector as well as the business to consumer (B2C) sector. According to a study by the Web Video Marketing Council, 96 percent of B2B marketers are using video in their content strategy.

The marketing agency in 2015-16 used video content within digital advertising for the organization with much success. There was encouragement for the bureau to use more of this type of marketing, but there was an issue with the existing website at the time that couldn’t support video content. Now that the new site has been launched and there is more working knowledge of the content management system, the bureau will work with the agency to enhance the site with more video content in 2016 and beyond.

Buy Buttons

Sometimes you need to direct a browser on what you want them to do. In the new MorroBay.org website, the bureau has incorporated a “Book Now” button to give a call to action when looking in this section. According to Search Engine Journal, buy buttons have slowly been appearing on social sites like Pinterest and Twitter. In July 2015, Google also confirmed its testing its own buy button. The ability to buy directly from a social site or search engine is going to explode in 2016. The buy button serves as another means of increasing conversions, specifically those on mobile. With the new responsive MorroBay.org website, the organization and agency will monitor the activity on the mobile site to see if conversions into business will increase for Morro Bay.

“While mobile commerce grew more than three times as quickly as commerce on desktop websites in the first quarter, the percentage of people who go on to buy something after clicking an ad is lower on phones than on desktops,” says Re/code’s Joshua Del Ray. “But if you let someone buy a product directly from the ad on

Twitter, Facebook, Pinterest or Google – through, say, a Buy button – the thinking is that conversion rate will improve. And when conversion rates improve, advertisers buy more ads.”

Digital Marketing Automation

Marketing automation is nothing new. As a \$5.5 billion industry, marketers have clearly come to understand the importance of utilizing automation to save time and improve productivity. Search Engine Journal provided an example that at WordStream, they would need to double the size of our team if they didn't have automation in place. From scheduling emails, segmenting contacts, automating social media, and managing content, automation has allowed us to grow, reach, and exceed our goals quarter after quarter.

Since switching agencies in 2014, the bureau has been working in concert with the agencies to implement a robust marketing automation system that actually works for the organization. As a part of the management of the organization, the bureau will continue to identify gaps in our sales and marketing funnels, and form an automation strategy to make our jobs easier and our goals more attainable.

Website

As we sprint into the new fiscal year, the MorroBay.org website has been running a marathon. With production of the new site that began in August 2015 and launched mid-December 2015, the website provides some powerful tools to make it easier to do business in Morro Bay and inspire travel to the destination. This 24-hour online billboard is just that, a billboard. It is to capture attention with more visuals and concise, but descriptive text. The new trend in a more visual and less is more with text is the direction the organization went with the site.

Overall, the analytics kept indicating to the organization that mobile was the rise. The reports established a 200%+ increase over the previous fiscal and the bureau was losing that audience, due to an unresponsive site. A responsive site is one that modifies its format, depending on what type of device a browser is using to view it. With the launch of the new site, it provides a better and more consistent look and feel, plus eliminates the need of having two separate content management systems to maintain. It is the hope of the bureau, with the launch, there will be an increased engagement in the smartphone and tablet space. There are indicators the new site is fulfilling that goal. For the first month (December 10, 2015-January 10, 2016) after its launch, the following breakdown of visitors per device shows that mobile devices exceed the user experience by 14.3% over traditional desktop computers.

- Desktop 9,011
- Mobile 7,587
- Tablet 2,716

How will we use this data? As the data continues to be collected, the bureau will work with the agency in capitalizing on its findings. Knowing the trend from desktop to mobile was the primary reason of updating the MorroBay.org website. It will also be used to create a better mobile strategy and the sharing of the data with the business community to further the growth of the community is important. First, the bureau must monitor and understand patterns in behavior, the origin of the user and identify the seasonality of this digital neo-tribe. Better yet, the segmentation of this audience and the use of data will help better reach the goals and objectives outlined in this document, plus further the growth, visibility and conversion of this audience.

Email Marketing

If you're like most, you probably think of email marketing as an out-of-date, overly spammed strategy close to extinction. Newer technologies like social media and mobile marketing are taking their place, enticing to pour all the budget into these emerging technologies.

Yet despite its age and lack of shine, email marketing is still considered the strongest return on investment (ROI) channel by marketers. With the inundation of email marketing messages, email marketing experts beg the question, "Why is your inbox full of different marketing messages daily?"

In a 2014 Econsultancy survey, marketers ranked email as the top ROI channel, just above search engine optimization (SEO) and far above less mature channels like social and mobile. 68% of respondents considered email marketing ROI "excellent" or "good" compared to just 32% for social and 35% for mobile.

According to email experts, here are the trends to consider for 2016 and effective email marketing campaigns.

Focus on the journey, not the click

The e-mail is part of a series of interactions with the Morro Bay brand and we are more cognizant about where our emails are sending the user. The bureau is spending less time sending a user to a generic home page, but to the actual usable resource itself. The organization has also been using more custom landing pages—which send the user directly to the item or offer featured in the e-mail which can increase conversion rates by more than 25 percent.

Also, with nearly 45 percent (usually 50 percent for Morro Bay) of all marketing e-mails today are opened on a mobile device. With the new responsive site, there will be time dedicated to optimize landing pages for the mobile platform. According to Google, they state that 61 percent of users are unlikely to return to a mobile site they had trouble accessing. And, even worse, 40 percent visit a competitor's site instead.

Share the lessons

The best marketing organizations view every e-mail as an opportunity to learn more about their consumer. The bureau identifies clear learning objectives for each campaign, capture data, and use the information for future success. The bureau continues to evaluate the positive responses within each consumer email marketing message, day of week and time of day, then tracks that information within the system. It is then evaluated and used to the advantage of the organization. Prime example: the weekly email message to hotels goes out consistently on Wednesdays between 12:30-1:00pm. The purpose of this consistent time was the test to see the highest open and click through rate. When looking at the time, it is after guests check out and prior to guests checking in. If we capture the attention of the Morro Bay lodging community during their lunch break, the bureau has seen a higher engagement from this audience.

Get personal

Standing out certainly has become more difficult, especially in the tour and travel industry. While e-mail usage has declined, the volume of messages continues to rise: the number of marketing e-mails reached a record 838 billion in the United States in 2013, according to Forrester. It's no wonder relevancy should be a priority for every marketer. The best e-mails feel personal and that is an area of development and fine tuning for the organization in 2017.

According to Gilt Groupe, they send more than 3,000 variations of its daily e-mail, for example, each tailored based on past user click-throughs, browsing history, and purchase history. Of course, building true customization and targeting abilities is a transformative process that requires specific capabilities and

supporting infrastructure. Customer information often lives in different parts of the organization and must be aggregated to create a single view of each consumer. For the bureau, Constant Contact is that tool and the ability to segment this list and use A/B testing in emails is a possibility.

A targeting engine must be built to guide the right message to the right person. And operations need to be ready for the change; creating and sending 3,000 e-mails a day is very different from sending one mass e-mail blast as Morro Bay has been doing since its inception. Although it's a lot of work, it is known to drive real returns, especially mid-week and the shoulder season in Morro Bay. One financial institution increased revenue from target segments by 20 percent by using life-cycle events to trigger personalized e-mails to existing customers; home-goods retailer Williams-Sonoma reported a tenfold improvement in response rates by adopting personalized e-mail offerings based on individuals' on-site and catalog shopping behavior. If they can do it, why can't we use this knowledge to help reach the goals?

PRINT

Most marketers would say print is dead. Print is not dead, but it doesn't have the same flexibility as in the online environment. Although the organization has retreated in the usage of print publications over the last year-and-a-half, it is acknowledged that each of our customers are unique and take in information differently. For some of the lifestyle marketing, it is appropriate to focus solely in the digital space, but for other groups, the touch and the feel of magazines, plus the ability to flag pages, use post it notes or a highlighter is preferred. The evolution of print created a revolution where publications cross over all marketing vehicles, blurring the lines of physical print and online formats.

Direct Mail

The document addressed email marketing, but the question remains, should you solely use email marketing as a way to communicate your brand and message? Most seasoned marketers would say, "No.", but it is an easy and inexpensive vehicle to use to almost instantly reach thousands of inboxes around the globe. With that ease of use, is the ability to become numb from the messaging and disregard its content.

In today's world, how many emails do you ignore or trash each day? Without getting into all those stats and logistics, it is reality that the effectiveness of email marketing has been declining without the recommendation of experts detailed in the document. What do you replace this outreach to give you a return on investment you would hope? The answer is, direct mail. With inboxes filling up, direct mail has made a comeback over the past two years. In regards to destination marketing, it can be a highly effective tool to use to bring awareness and drive traffic with a compelling call to action message.

The bureau began introducing direct mail through a USPS program recommended by a Morro Bay print vendor. The organization used the Every Door Direct Mail program to promote events in January and August 2015 with positive results. The organization also utilized this means of communications to market and promote a mid-week partnership package program with Yosemite in February 2016. Results from this program have not been yet determined, but will use the direct mail as a way to track the results.

Leveraging direct mail to impact business for both mid-week and shoulder season can be more easily tracked through this marketing vehicle. The utilization of promotional codes or use a redeemable portion of a direct mail piece can track the success of the campaign. Combining direct mail in more of a comprehensive marketing and communication program just emphasizes the need for diversity in the marketing mix. It goes back to the idea that people take in information differently, hence diversity is a key to a successful campaign.

Print Publications

There are opportunities to use print publications within key market areas throughout the fiscal year. There is also an opportunity to use this vehicle as a partnership opportunity as seen with the cooperative marketing program with Visit San Luis Obispo County and the Visit California Travel Guide. Often times print can be a cost prohibitive method of marketing, but with these types of cooperatives, it makes it more feasible for the organization to participate and expand its visibility in larger markets. Print can also be inflexible in the way of lead and execution time in major print publications focused on travel, but at the same time effective, depending on the shelf life of the publication.

When it comes to print publications, there are two opportunities the bureau has and will take advantage of as the plans unfold this fiscal year. One, the review the editorial calendars of the print publications and match up the theme of that edition with print advertising. Second, leverage the editorial calendar and seize the opportunity to submit a story idea to the publication again that matches the theme of the publication. Lastly, the idea of identifying lifestyle publications that better pair with the Morro Bay profile like kayaking, hiking, biking, paddle boarding, etc are ones that the organization will review with the agency and find a good mix of both print and online publications to fold into the campaigns for 2016-17.

Any and all of these print publications have to tie back to the goals and objectives established for marketing the destination. In February 2015 and January 2016, the bureau purchased an advertorial package and was featured in three major print publications (plus other perks) in the Los Angeles area, focusing on travel. This fits within the goal to drive traffic during the shoulder season, but also to increase the visibility as well as credibility of the destination.

Collateral

The bureau has set out to manage and maintain three printed collateral pieces for Morro Bay. The first is the Official Visitor Guide to Morro Bay. This comprehensive magazine-style guide provides much inspiration and dedication to the visitor serving businesses in Morro Bay. This advertising supported piece is used to distribute locally through the Visitor Center as well as at shows and other distribution points throughout California. The updated format was initiated in 2014 and then again in 2015. The goal to offset the cost of the guide is established at 40 percent. The reason for this percentage is to assure the guide provides content the reader is expecting, verses being inundated with advertising that sometimes will turn off the reader.

The second piece is the Morro Bay Bike Map. This pocket guide was initiated by the City of Morro Bay, the SLO Bike Clubs and the Morro Bay Tourism Bureau in 2013. As the map has evolved and the lack of funds from the other partners, the bureau saw this was a sought after piece through distribution points at the Morro Bay State Park, Visitor Center and other campgrounds. The organization updates and prints this piece twice a year to assure updated information relating to the biking is included. This map is available through the stated distribution channels, but also is available for download on the MorroBay.org website.

The third piece is the pet-friendly brochure. The evolution of the pet-friendly brochure has turned into the Morro Bay Pet-Friendly Trail map. Understanding the use and the need of this information evolved the brochure into a usable map, indicating pet-friendly businesses and areas around Morro Bay. In February 2016, the bureau used this new format to distribute at the Amazing Pet Expo in San Diego. It also provides this map as a downloadable piece on the MorroBay.org website too.

SHOWS

Identifying the geographic regions and the understanding the types of lifestyles that fit the Morro Bay profile helps establish the ideal show line up. In researching the characteristics of the destination and taking into

consideration and success of the show history, the bureau will evaluate and create a show calendar. This list and calendar of shows not only needs to fit within the regions we are targeting, but needs to fit seasonally and connect with the overall goals and objectives outlined in this document.

There are two types of shows the bureau will participate in for this fiscal year. Consumer shows will serve as a way to inspire and reach visitors directly, while educating them on the aspects and activities of the destination. The areas of outreach for consumer shows must involve household decision makers. The types of shows considered involve travel, outdoor adventure, family activities, women, social events, pets and the LGBT community. The investment of time and resources, history, and tie back to the goals, plus the timing and location of the show will dictate the selection of shows for this next fiscal year.

The bureau will then evaluate the goals established to continue with the outreach to the group market through professional tradeshow. These shows hold a higher price tag, but at the same time, offers an opportunity for partnership. IPW is a professional tradeshow, focusing on international travel companies. In 2015, the bureau partnered with the Central Coast Tourism Council on a booth to share costs and bring a higher level of visibility to Morro Bay by connecting it with other major internationally-known destinations in the state (Carmel, Solvang, etc). In 2016, an opportunity opened up with the new tourism marketing district and Morro Bay will be partnering with Visit San Luis Obispo County on this tradeshow in May.

The second major tradeshow the bureau participates in annually is the American Buses Association (ABA) conference. This is another example of a travel tradeshow where organizational representatives meet with professional tour operators and companies during set appointments to inspire them to bring their groups and individual customers to Morro Bay. The bureau approaches this show with a planned list of itineraries and products to “sell” to this audience. It is also a time to listen in during the appointment time on what tour operators are seeking and how Morro Bay can provide solutions for their group.

Both shows require time and investment before a return on investment is seen. Typically it takes an estimated 2-3 year cycle before travel companies start making a destination a regular stop for their groups or FIT customers. For IPW, Morro Bay is already seeing business happen from this show. For ABA, there are tour companies that have used Morro Bay as a day and overnight stop, but nothing regular in their tour schedules. This is one of the biggest opportunities for the destination to continue reaching out to this market segment and help secure more bus tours and FIT for Morro Bay.

Sales Goals

When the group lead process began in 2014, it set the pace with the addition of a sales manager for the organization. In sales, it was recognized that goals needed to be established to benchmark the success and return on investment for the organization. In 2015, the bureau established the following goals to be reached by the sales team by the end of fiscal 2015-16:

- 40 leads
- 2,000 estimated room nights (averages 50 room nights per lead)
- \$224,000 lodging economic impact (# rooms x current ADR of \$112)

At the half year point, the number of leads sent out to the Morro Bay lodging community equaled 53 percent and the number of estimated room nights and economic impact exceeded the initial goal by 25 percent. The bureau found that the estimated number of rooms per lead was more than double and adjustment is being made for this next fiscal year. There was also an addition to these goals on the overall economic impact to the

business community in Morro Bay as reflected below. In adjusting these numbers for 2016, it is proposed that the numbers are modified to reflect history as well as a goal to increase group business for Morro Bay.

- 45 leads
- 5,000 room nights (averages 112 room nights per lead)
- \$595,000 lodging economic impact (# rooms x estimated ADR of \$119)
- \$1,125,000 economic impact (# rooms x \$225)

In addition to these goals, organizing two sales missions in 2016-17 and partnering with the Visit San Luis Obispo County sales team will be expected to further grow this market segment for Morro Bay.

REPORTING

This area of the document is probably the most important piece in the overall success of marketing Morro Bay as a destination. Currently there are reports the organization receives from the agency on performance. This next fiscal year is to take that information and perform ongoing evaluations of all our marketing endeavors. This will better help us prepare for existing and future marketing and communications.

The organization will employ a comprehensive reporting matrix of the following to measure overall success. These will include but not limited to:

- City TOT Reports
- Cost per Click (or acquisition)
- Enewsletter Sign Ups
- Google Analytics
- Lead Generation
- Open Rates
- Referrals
- Redemptions
- Reservations (JackRabbit)
- Room Nights
- Sales Tax Reports
- Social Media Sign Ups
- Sweepstakes Sign Ups
- Website Traffic

All or portions of this information will be summarized and shared regularly with the advisory board, the City of Morro Bay and its stakeholders and partners through meetings and written reports. The executive director will report each month at board meetings and quarterly at city council meetings. The executive director will use his discretion on whether or not to share information and statistics at other meetings outside of this realm (Chamber, Merchant's Association, Visit San Luis Obispo Board Meetings, etc). The agency will provide monthly reports to the executive director and attend the board meetings and report on a quarterly basis.