



Marketing & Business Plan

2008-2009



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Coastal Connections
Newport Harbor Nautical Museum
The Island Hotel Newport Beach
Newport Beach Marriott Bayview
The Newport Beachwalk Hotel



NEWPORT BEACH BRAND PROMISE

Objective: To define what makes the Newport Beach travel destination distinctive and unique among other beach and comparable destinations. The idea is to capture the distinctive essence of Newport Beach for the visitor and use this Promise as the guiding star and focal point for all community decision-making and tourism marketing.

Brand Promise

Newport Beach is an opulent Orange County coastal fantasyland that represents a “taste of the perfect life,” a place where visitors can experience a friendly, sophisticated, aspirational lifestyle that permits them to escape from daily reality. Comprised of a collection of unique islands and neighborhoods that form their own distinct character, the destination offers a combination of affluence, quaintness, casual glamour and attention to detail. Coupled with the manmade and natural beauty of the destination, this is the place that allows the visitor to relax and recreate and dream of what can be.

NEWPORT BEACH CVB VISION

As a brand-driven and entrepreneurial destination leadership organization, the Newport Beach CVB is innovative and professional in securing new visitor business to the city. It does for its stakeholders what they cannot do for themselves in telling the compelling Newport Beach story.

MISSION STATEMENT

As the City of Newport Beach’s official destination marketing organization, the mission of the Newport Beach CVB is to partner with the tourism and hospitality industry by protecting and nurturing the destination brand and to deliver additional spending by leisure and conference visitors leading to enhanced community economic vitality and quality of life.

I. Introduction

The start of the Fiscal Year 2008-09 begins with some uncertainty in terms of the nation's economic health and its impact specifically on the tourism industry. Economists are still not unified as to whether, or not the country is in a full blown recession or if there is a recession underway, it will be a shallow one. At best, most economists see the nation's economy shrinking somewhat in 2008 with a recovery possible in 2009.

As to Newport Beach, there does not appear to be any panic from industry partners as of this writing. While there is a slow down underway, the luxury market, which has always been a somewhat self-contained bubble, does seem to be shouldering through at this point. Retail sales are slowing, but buyers of luxury autos do not appear to be fleeing at great numbers. Thanks to strong group business booked into area hotels through 2008, Newport Beach hotel occupancy appears to be relatively solid, although the leisure market for summer 2008 is still in question. Hotels report needing more business for 2009, but given the short term booking window now in place within the industry, there is still plenty of time to fill these rooms.

As in all economic slowdowns, marketing and sales turn more regional with leisure visitors in drive markets expected to help cushion the blow of fewer inbound air visitors. Meetings will continue to a large degree but they will be smaller with regional companies holding their functions closer to home. The Newport Beach Conference & Visitors Bureau will focus both its group and leisure business to capitalize on this trend.

Newport Beach continues to possess a vibrant visitor market, with upgrades and renovations at nearly all of its hotel properties within the last year as well as adding its newest hotel, the Resort at Pelican Hill in early 2009. This new ultra-premium property will allow Newport Beach to market itself to an even more upscale visitor. Additionally, this property will be a major destination resort internationally, which is why the Newport Beach CVB will be making its first sustained international marketing effort by adding a representative to market the community in London. This new international initiative will permit the community to capitalize on the weak dollar as well as provide a great story to promote overseas with a fresh dynamic new visitor product.

The Newport Beach Conference & Visitors Bureau has been repositioning the city's messaging by creating and refining the city's brand as an aspirational, luxury destination. Instead of selling features and benefits, the CVB is focusing on the lifestyle and emotional connection visitors see when they visit the community. A new brand strategy is in place and a recently completed advertising program is launching that will build greater awareness of the destination among both leisure and group customers.

This Destination Brand Marketing and Business Plan follows in the steps of the CVB's Strategic Marketing Plan which was completed this year and sets a five year vision for the CVB and the city's hospitality industry. Specific programs were broken out and phased into this plan of action, including opening the new Fashion Island Visitors Center and expanding the potential of the CVB's online strategy. Additionally this year, the CVB will be renegotiating its contract with the City of Newport Beach, which expires in 2009. Following the findings of the Strategic Plan, a new funding formula will be explored that allows the CVB to be more competitive in the marketplace, especially against major competitors such as San Diego and Palm Springs which are increasing their marketing presence.

One thing that doesn't change is the CVB's partnership oriented approach to selling and marketing the destination. Thanks to its partners in the hospitality industry as well as within the city and business community, the CVB can be more effective in generating opportunities that significantly improve the economic climate locally, even with a gloomy economic environment around the country.

II. Situation Analysis / Executive Summary

The CVB will introduce several new initiatives for the 2008/2009 Fiscal year. Many of these initiatives will build on the success begun in the 2007/2008 Marketing Plan, and will emphasize strategic programs and partnerships throughout all sales and marketing efforts on behalf of and within the community. Additionally, the Newport Beach Conference & Visitors Bureau will renegotiate its service contract with the City of Newport Beach, so that it can increase its competitive position in the marketplace.

a. Major Initiatives

Direct Sales Initiatives

- Continue with direct sales approach that emphasizes person-to-person selling. Partner participation in tradeshow, sales trips and sales missions are requested and welcomed by the CVB
- Host four sales missions during the year, held in four key regional feeder cities to Newport Beach. Missions will consist of at least two full days of sales calls and an evening reception and dinner for local meeting planners

Public Relations/Special Events

- Continue to increase awareness of the tent pole events such as the 100th Anniversary of the Newport Beach Christmas Boat Parade and the Newport Beach Film Festival, on a national level, and align with the Resort at Pelican Hill to compliment their media outreach effort as they prepare to launch the grand opening of the resort

Brand Development

- Expand the Newport Beach Brand Development Program within the community which will align all efforts between the CVB and the partners, creating a consistency of delivering on the Brand Promise to all who visit Newport Beach.

Online Marketing

- Complete website redesign and enhancement, incorporating new Newport Beach Brand ID through color, copy and photography, along with new Web 2.0 capabilities and landing pages geared to measure return on investment (ROI) via tracking mechanisms for upcoming marketing and sales campaigns
- Launch of eBrains internet marketing campaign, guaranteed to result in an additional 40,000 qualified consumer leads for the community, and a 75 to 1 return on investment of subsequent visitors to Newport Beach

Partnership Development

- Meet the growing need of the marketplace by publishing the first ever Newport Beach Wedding Guide that will highlight the best practices of conducting a Newport Beach wedding along with related CVB categorical partner listings
- Develop additional industry-related networking events for Newport Beach Conference & Visitors Bureau partners, staff and city officials to continue building strategic alliances and partnerships throughout the community
- Introduce quantitative partnership reporting to more effectively communicate visitor referrals by reporting visitor/meeting planner inquiries by category, CVB publication distribution numbers and website statistics
- Conduct research for restructuring of the partnership Program for 2009-10 to better implement sponsorships, cooperative advertising and sales/media missions for CVB partners

International Marketing

- Contract an International Marketing Representative to oversee the sales and media effort on behalf of the CVB to high end tour operators and luxury trade groups in the UK and Ireland

Visitor Services

- Newport Beach Conference & Visitors Bureau and Irvine Company Retail Properties will introduce a co-operated Visitor Concierge desk within Fashion Island and hire a full-time staff person to handle visitor inquiries at that location
- Continue to work with and leverage the programming offered by the State of California's Travel and Tourism office and its \$50 million marketing budget

Advertising

- Hire a new full-service advertising agency that will continue to expand on current creative and also provide strategic direction for both group and consumer media spend and cooperative advertising opportunities

b. Situation Analysis

Newport Beach Market Hotel Product Review

Hotel Supply

<u>Property</u>	<u>Rooms</u>
The Balboa Bay Club & Resort	161 rooms
Balboa Inn The Resort	45 rooms
Bay Shores Peninsula Hotel	25 rooms
Best Western Newport Beach Inn	49 rooms
Crystal Cove Beach Cottages	13 rooms
Doryman's Oceanfront Inn	11 rooms
Fairmont Newport Beach	444 rooms
Hyatt Regency Newport Beach	403 rooms
Holiday Inn Express Newport Beach	54 rooms
The Island Hotel Newport Beach	295 rooms
Little Inn by the Bay	18 rooms
Newport Beach Marriott Hotel & Spa	532 rooms
Newport Beach Marriott Bayview	254 rooms
The Newport Beachwalk Hotel	15 rooms
Newport Channel Inn	30 rooms
Newport Dunes Waterfront Resort & Marina	24 rooms
Radisson Hotel Newport Beach	335 rooms
The Resort at Pelican Hill	332 rooms (New Property)

Balboa Inn “The Resort” (formerly named Balboa Inn) has just completed an addition that includes a brand new modern executive building which offers 11 ocean view suites with private balconies and VIP amenities such as flat screens TVs, Jacuzzi tubs, hardwood floors, and upscale modern furnishings.

Bay Shores Peninsula Hotel has renovated all guest rooms with new furnishings and fixtures.

Best Western Newport Beach Inn has just completed a total renovation including guest rooms, public space, pool area and exterior. In addition, they have added a complimentary business center and fitness center for guest use.

Doryman's Oceanfront Inn has added LCD plasma screens to all the guest rooms.

Holiday Inn Express Newport Beach added 10 rooms in September. The hotel is being re-carpeted this summer and will be adding 19 more rooms in December.

The Hyatt Regency Newport Beach has added 37 inch flat screen panel televisions to every guest room and a granite top entertainment center to accommodate them. In addition, all outdoor furnishings are being replaced including guest room patio furniture. Finally, the hotel is putting the Hyatt "Grand Bed" in every guest room. This is a deluxe mattress set on a pedestal frame.

Newport Beach Marriott Bayview will begin a \$9 million dollar renovation to their guest rooms in November 2008 to be completed by the end of the first quarter. The look of the guestrooms will have a very coastal and boutique-style feeling. In addition, they will be adding floor to ceiling windows in their fitness center to capture views of Newport's Upper Back Bay.

Newport Beach Marriott Hotel & Spa has added a million dollar first impression with the addition of a 20 X 20 water feature and new outdoor landscaping, and is also acquiring new outdoor furnishings and fixtures. In the guestrooms, new Hi-definition plasma screens with a HD signal have been added.

Newport Dunes Waterfront Resort & Marina will complete a total restaurant renovation in June 2008. The "Back Bay Bistro" restaurant offers waterfront indoor/outdoor dining with the capability of hosting 120 guests for a private catered event.

The Newport Beachwalk Hotel (formerly known as Newport Beach Hotel) added central AC and heat to each room on individual thermostats.

Newport Channel Inn added wide screen Hi-definition televisions and granite bathroom countertops to guest rooms and upgraded the exterior landscaping.

Radisson Newport Beach is continuing their guest room renovations with an expected completion date of December 2008.

The Resort at Pelican Hill, the ultra-luxurious resort property located on Newport Coast is slated to open in late fall 2008 and reservations are currently being taken for arrivals January 2009. Perched on 504 acres of coastland in the hills of Newport Coast and adjacent to acres of preserved, natural wilderness, the resort will have 204 bungalows and bungalow suites, all with panoramic ocean views. There will be four pools including a Coliseum shaped pool, a twenty-two room spa that will feature warm Roman-soaking pools, a full service salon, and an elite fitness center. The Hotel will also be home to five restaurants, which include the signature restaurant Andrea, Pelican Grill, Caffe, Caffe II, and the Coliseum Bar & Grill. The resort will also include 20,000 square feet of meeting and event space and the majority will feature outdoor terraces and expansive ocean views.

c. Newport Beach Community Infrastructure Review

The New Back Bay Science Center

This multifunctional facility, which will complement the Peter and Mary Muth Interpretive Center at the north end of Upper Newport Backbay (UNB), will include:

- A state-of-the-art water quality testing laboratory
- Teaching/research laboratories for middle/high-school and college students and others
- Office space for UNB Ecological Reserve, BBSC and other staff and volunteers
- Associated outdoor interpretive stations, aquaria, docks, etc.

The roughly 13,000 square feet building will replace the current temporary structures that fulfill the same function on a limited scale. As part of this project the saltmarsh on the south side of Shellmaker Island will be restored and expanded creating a wetlands rehabilitation demonstration project. Buildings and the previous parking area paving will transform the barren central area of Shellmaker Island created by the deposition of dredge materials several decades ago.

The current design of the BBSC teaching laboratory is the end-product of more than seven years of planning that has involved numerous groups and individuals with diverse education backgrounds. The current layout includes wet-labs for two 30-student classes, with the classrooms overlooking UNB, as well as various outdoor learning stations. The BBSC will be celebrating its grand opening on May 31, 2008.

Back Bay Bistro – Newport Dunes Waterfront Resort & Marina

All is golden this year, including the giant whale mascot that resides in the middle of its lagoon, as Newport Dunes Waterfront Resort celebrates 50 years as a premiere California beachfront locale. The resort also made the list as the 50th Marina to be certified by the Clean Marinas California Program. In 1958, what is now known as Newport Dunes Waterfront Resort opened under its original name, the Harry Welsh Memorial Aquatic Park. 2008 will see an even larger project this year as the resort's Back Bay Café undergoes an extensive renovation. The new and improved Back Bay Bistro will be more of an upscale waterfront dining establishment, featuring a retractable roof on the patio that will allow the restaurant to stay open every day, all year. The Back Bay Bistro is due to open in July 2008.

Fashion Island

Fashion Island has recently undergone many significant developments including the opening of a new three-level parking structure. The former Macy's building was demolished in 2007 and will be replaced with a building that will be occupied by Nordstrom's in Spring of 2010. Construction is currently being conducted on an 80,000 square foot, two-level structure which will be located adjacent to the Atrium Court. This new addition will feature Canaletto Ristorante Veneto, a fine Italian restaurant concept of Il Fornaio, which plans to open in fall 2008 as well as the popular Dean & DeLuca in fall 2009.

Mariner's Mile

A Restaurant & A Market

A new restaurant has opened after extensive renovations in April 2008, as the A Restaurant & A Market, formerly home of the famous "The Arches". The menu consists of classic contemporary cuisine and is owned by the popular Sugar Ray front man, and "Extra" Entertainment TV Host Mark McGrath, and Charlie's Angels director McG; and will be operated by popular Southern California Restaurateurs Tim & Liza Goodell.

Bel Maré

Bel Maré, which means "beautiful sea" in Italian is a two level, high end destination lifestyle center. The 80 million dollar project will include many high profile tenants including LA based AG Adriano Goldschmied, Lisa Kline, Lisa Kline Men, New York based Nancy Koltes at Home, and Arizona based Maria Martin. The developers are also currently negotiating leases with a host of other boutiques, fashion designers, and signature sit-down restaurants. The 56,000 square foot project spans 17 lots at the corner of PCH and Dover Drive. The completion date is uncertain.

Banning Ranch

Banning Ranch is located along the Santa Ana River and Pacific Coast Highway, and is 412 acres of wetlands and adjacent bluffs and mesa. This property has escaped the residential development that is characteristic of much of Newport Beach and Huntington Beach due to its use for oil production. Banning Ranch is the largest piece of privately held open space in the West Newport Beach area.

John Wayne Airport

New airport construction is slated to begin in August 2008. A third terminal with six gates and two new parking structures are designed to help John Wayne Airport deal with an increase in passenger traffic over the next few years. Under a settlement agreement between the airport and the community, John Wayne is allowed to serve 10.8 million passengers per year until the agreement expires in 2015.

Last year, the airport served about 10 million travelers. It could have served more, but the lack of parking and terminals kept that number down, according to airport officials.

Summer travelers planning on flying out of John Wayne may find it difficult to park at the airport after construction begins because a 1,200-space structure will be demolished and replaced with a smaller temporary lot. Airport funds will cover the majority of the project, which is expected to cost \$572 million and see completion sometime in 2011. Once construction is finished, passengers will have more parking, less traffic and shorter wait times on the tarmac.

McFadden Square

McFadden Square, considered the birthplace of Newport Beach, is currently undergoing an urban beautification and public art initiative that will recognize the importance of the City's beginnings and honor the generous Centennial donors. The "McFadden Square Centennial Legacy Project" will commemorate the City's Centennial in 2006 with a bronze sculpture representative of the Newport Beach community and a circular walking path and granite benches marked with significant dates from the City's history. Construction on the legacy project began on March 18, 2008 and is slated to be completed by the end of June 2008.

Newport Harbor Nautical Museum

The Newport Harbor Nautical Museum is a non-profit organization devoted to preserving and promoting the nautical heritage of Newport Harbor, Southern California and the Pacific through stimulating interactive and multi-media exhibitions, and inspiring education programs focused on nautical arts, artifacts, events and customs.

The Nautical Museum has proven itself as a major community asset by providing public programs, special events, insightful educational programming and engaging interactive exhibits to local residents, students and visitors of all ages. The museum is in phase 3 of its Museum facility expansion. The goal of the expansion is to become a world-class showcase for regional, national and international nautical and maritime history, becoming the cornerstone of a sought-after visitor destination. After the completion of Phase 3 of the Visionary Program, the Nautical Museum will build out the balance of the Museum and relocate the remaining articles. This should be completed by 2010.

The Resort at Pelican Hill

The ultra-luxurious resort property located on Newport Coast is slated to open in late fall 2008 and reservations are currently being taken for arrivals January 2009. Perched on 504 acres of coastland in the hills of Newport Coast and adjacent to acres of preserved, natural wilderness, the resort will have 204 bungalows and bungalow suites, all with panoramic ocean views.

There will be four pools including a Coliseum shaped pool, a twenty-two room spa that will feature warm Roman-soaking pools, a full service salon, and an elite fitness center. The Hotel will also be home to five restaurants, which include the signature restaurant Andrea, Pelican Grill, Caffe, Caffe II, and the Coliseum Bar & Grill. The resort will also include 20,000 square feet of meeting and event space and the majority will feature outdoor terraces and expansive ocean views.

Citywide Wayfinding and Directional Signage Program

The City wrapped up the first phase of the program as part of the 2007-2008 capital program. The first phase involved the completed design and placement of nine new monument signs at prominent City and district gateway entrances. These beautiful new monument signs have replaced the old wooden signs at the City's gateways. City Council has approved the second phase of implementation of the program. The second phase will include the programming, construction, document production, fabrication, and installation of approximately 60 vehicular and pedestrian wayfinding signs throughout the City. The 60 or so vehicular and pedestrian wayfinding signs will point visitors to the City's various Villages and attractions, as well as provide pertinent information regarding public parking and beach access. The City expects the bulk of the wayfinding signs to be installed by the end of the calendar year. In addition, there will be 3 new monument entry signs similar to those already installed at Newport Coast Drive near Gas Recovery, East Newport Drive near Reef Point, and Irvine Boulevard at the City limits. Depending on the procurement of various easements and the satisfaction of other engineering conditions, the remaining monumental entry signs should be completed and installed 12 to 15 months from now.

d. Newport Beach Visitor Profile Summary

Visitors traveling to Orange County for recreation and business generate revenue and jobs for the local economy. Tourism is one of the leading industries in Orange County; accounting for 10% of the county's employment in 2007. Hotels, shops, restaurants, and entertainment venues rely on the tourism market for a significant percentage of their business. Moreover, the county benefits from tax revenue generated by visitor spending. TOT or Transient Occupancy Tax, is the third largest revenue source for Newport Beach. In 2008-09 the City of Newport Beach is projecting over \$15 million in TOT revenues.

The Newport Conference & Visitors Bureau has a demonstrated commitment to understanding its customers and its market through its ongoing market research program. In 2007, with new leadership to provide guidance to support its emerging brand development program, the CVB hired Lauren Schlau Consulting, a professional market research/consulting firm that specializes in the tourism industry, to conduct a year-long study. The study had a twofold purpose; one to develop a visitor profile documenting a range of visitors' key characteristics of their Newport Beach trips and their demographics; and second, to determine a credible estimate of annual visitor volume and visitor economic impacts to the City in terms of visitor direct expenditures in the destination and the resultant taxes generated by the spending. These impacts were developed by CIC Research, Inc, a noted econometric consultancy.

The methodology consisted of quarterly on-site visitor intercepts at various sites frequented by visitors around Newport Beach, a telephone survey of households to measure the incidence of hosting visitors by local residents, and a survey of lodging facilities to determine performance (average seasonal and annual occupancy and rooms rate) and annual hotel room demand (total seasonal and annual occupied rooms).

The visitor profile results were presented to the CVB on a quarterly basis with a detailed report and formal board presentation documenting the total annual results in November 2008. A few highlights of the research are as follows:

Visitor Residence

- 60% were Californians; 30% from other U.S. states; 10% were non-U.S. residents. Most, 90%, were U.S residents.
- Of the Californians, 85% were from Southern, 11% from Northern and 4% from Central/other parts of the state.
- Thus, Southern Californians were 52% of ALL visitors

Top 5 Domestic Origination Markets

- California, Arizona, Utah, Colorado, Nevada

Top 5 International Markets

- Eastern Canada, Western Canada, Europe, Mexico, Asia

Satisfaction with Destination

- Almost all, 92%, were “Extremely” or “Very satisfied” with Newport Beach as a destination
- Newport Beach rated 4.33 (of 5.00) overall
- Main reasons for high satisfaction included:
 - good beaches 54%
 - many things to see and do 38%
 - great weather 35%
 - great environment/ambiance 25%
 - great location 21%
 - Pedestrian friendly/pleasant 20%

Purpose of Visit

- Main purpose for being in NB:
 - 76% vacation/to visit
 - 5% combining business and pleasure
 - 4% visit relatives/friends
- Other purposes:
 - 52% outdoor recreation
 - 34% sightsee/entertainment
 - 22% visiting relatives/friends/personal visit

Transportation into Orange County

- 66% of Newport Beach visitors arrived in Orange County by personal vehicle
- 27% arrived by commercial airline
- 91% of Californians arrived by personal vehicle, as did 76% of summer visitors
- 38% of hotel guests came by air, as did 40% of fall visitors, 68% of Int'l visitors and 50% of Other U.S. visitors

Overnight/Lodging

- More than one-half, 53%, spent at least one night away from home on this trip.
 - Those who did averaged 6.0 nights away.
- One-tenth of all visitors, 10.5%, stayed overnight in Newport Beach; they averaged 4.1 nights here.
- Of Newport Beach overnight visitors
 - 49% stayed in a local hotel or inn for 3.4 nights
 - 30% in a private residence of friends/family (unpaid) or other paid lodgings for 4.9 nights
 - 9% in an RV park

- 53% of hotel/inn guests reserved on the Internet
 - 63% of <\$100k income households. Used the Internet vs. 46% of >\$100k households.
- 44% called the hotel directly or used its toll-free reservation number.
 - Twice as many >\$100k households. 28% vs. 12% of <\$100k income households. called the hotel or its 800#
- Overall, guests reserved 2.7 weeks in advance. 9% made no advance reservation.

Traveler Demographics

- Average age was 38 years
 - 50% were traveling in a family group
 - 19% traveled as a couple
 - 11% were alone
 - 10% were in a mixed group of family and friends
 - 9% were in a group of friends or co-workers
- Visitors traveling with others averaged 3.0 people/group
 - 48% were in a group with someone under age 18
 - 69% married/domestic partner; 35% single adults
 - 50% have children at home, with an average 2.1 children
 - 52% of the respondents were female, 48% male
 - 2006 household income averaged \$119,100

Newport Beach Visitor Volume by Segment

- Total 6.9 million visitors in 2007
 - 90% or 6.2 were day visitors
 - 5% or 361,700 were Newport Beach hotel guests
 - 5% or 365,300 were guests staying in local private homes or other lodging

Newport Beach Visitor Spending by Segment

- Total direct visitor spending of \$1.04 billion
 - \$404.7 million or 39% spent by hotel guests
 - \$343.4 million or 33% spent by day visitors
 - \$295.1 million or 28% spent by private residence guests

Fiscal/Tax Impacts

- Visitor spending generates tax revenue to Newport Beach
 - 10% transient occupancy tax on lodging:
 - 1% of 7.75% of sales tax
- \$736.2 million (of \$1.04 bill.) visitor sales taxable

- Estimated \$18.2 million in TOT and Retail taxes to City from visitor spending:
 - \$12.1 million or 66% from lodging
 - \$ 2.8 million or 16% from shopping/gifts/incidentals
 - \$ 2.3 million or 13% from meals & beverages

Conclusions

- Newport Beach's tourism industry is vibrant in terms of volume.
 - 6.9 million annual visitors support 10,700 jobs or 15% workforce
 - Visitors contribute \$1.04 Billion of direct spending to local economy; \$1.3 billion with multiplier
 - \$18 million in tax revenue to City from direct spending
- Most visitors: from California; drive to Newport Beach; are repeaters.
- Only 10% of all Newport Beach visitors stay overnight in Newport Beach
 - Of those, 49% stay in City hotels
- Day visitors are driving Newport Beach tourism industry; secondary support from other lodging and hotel guests.
- Visitor mix reflects both ends of spectrum; high per-capita spending by hotel guests but few of them; low per-capita spending by day visitors but huge volume.

Challenges/Opportunities

- Somewhat weak hotel occupancy except for summer, esp. in lower priced properties
- Marked seasonality in hotel market
- Convert vast day visitor market to Newport Beach hotel guests; generally, there is hotel availability.
 - Want more hotel guests because they do more things related to spending
- Attract more new visitors from outside So. Cal. who will fly and stay in hotels.
 - Want more long-haul visitors because they do more things related to spending
- Consider market performance relative to "luxury" brand positioning

e. Travel Research Insights

According to the 2008 National Leisure MonitorSM, one out of six leisure travelers (16%) plans to take fewer trips this year compared to last. The most frequently cited reason for this expectation last year (in 2007) was the inability to get away from work, mentioned by one out of every four consumers who expressed this sentiment. And although the demands of work continue to interfere with the leisure travel plans of many Americans, emerging pressures on the household budget now reign as the primary culprit. This comes as no surprise given consumers' anxiety about the rising cost of gasoline and food, as well as their growing concern about job security.

The data also cites that current economic conditions are the primary reason leisure travelers plan to take fewer leisure trips in the year ahead. A significant decline has been noted in the two most frequently mentioned reasons last year in the 2007 National Leisure MonitorSM, both of which were attributable to “Time Poverty,” a term coined several years ago to characterize the sense of compression felt by increasingly overworked Americans. The two most frequently mentioned reasons include: 1) Can’t get time off from job and 2) Have household projects to do. Today, however, one out of eight adults who plans to take fewer trips feels that the “overall cost of travel is too high” and a comparable proportion state “there are other things they would like to do with their spare time than travel.” The data also revealed a significant increase in the percentage of travelers who are planning fewer trips because “the price of gasoline is too high.” This data is summarized below:

Reasons for Taking Fewer Leisure Trips:	2007	2008
Current economic conditions make it difficult for me to travel	16%	19%
Have projects/things I need to do at home	22%	15%†
Not able to get away from my job/work/less vacation time	24%	12%†
The overall cost of leisure travel is too high	NA	12%
There are other things I'd rather do with my leisure time than travel	NA	11%
Price of gasoline is too high	5%	9%†
Air travel is too big of a hassle	3%	4%
I believe it is not safe to travel	1%	4%†

† Denotes statistically significant difference from prior year.
 NA Not asked in 2007.

Orange County Community Indicators Report

Description of Indicator

This indicator measures visitor spending on travel arrangements, accommodations, food, recreation and retail products as well as tax revenue generated within the county by visitor spending. This indicator also tracks travel industry employment trends.

Why is it important?

Visitors traveling to Orange County for recreation and business generate revenue and jobs for the local economy. Tourism is one of the leading industries in Orange County, accounting for 10% of the county’s employment. Hotels, shops, restaurants, and entertainment venues rely on the tourism market for a significant percentage of their business. Moreover, the county benefits from tax revenue generated by visitor spending.

How is Orange County Doing?

While daily visitor spending continues to fall, total annual spending and tax receipts are growing:

- After a jump in 2004 to \$107.70 per day, Orange County's average visitor spending fell for the second year in a row to \$100.10 in 2006.
- While still among California's top counties for tourism, Orange County dropped from second to third highest daily visitor spending, behind San Francisco and San Diego.
- Despite the decline in daily visitor spending, Orange County continues to lead peers in total visitor spending, with an average annual growth rate of 4.9% between 2001 and 2005.
- In 2005, Orange County tourism generated \$506 million in tax receipts compared with \$462 million in 2004.

Tourism-related jobs increase:

- According to California Division of Tourism's definition, the average number of tourism-related jobs in Orange County rose to 86,300 in 2005.
- This increase makes Orange County the third largest market for tourism-related employment in the state behind Los Angeles and San Diego Counties.
- Although tourism-related employment is growing, these workers remain among the lowest paid in Orange County with an average annual salary of \$19,000.

Upscale Hotels Show No Sign of a Downturn

When bank accounts and stock portfolios are draining, the high-end hotel business might be expected to be experiencing a downturn. While occupancy is down slightly, as room count rises, rates and room revenues are actually up. New luxury lodgings continue to be built.

Lower-cost quarters at upscale hotels are being booked less frequently, say hoteliers, in part because of reduced business-travel budgets. But suites and rooms with a view are selling, as the industry woos younger guests in addition to older upscale clientele, high-tech bells and whistles, haute and happening lounges and VIP insider experiences, are being added to hotel guest portfolios.

In March, U.S. luxury hotel occupancy averaged 72.2%, the best in any hotel category; average daily rate was \$323.80 (up 5.6% from March 2007) and revenue per available room rose 1.5% over last March — more than any other hotel segment.

Customers "want to pay up and buy the best room," Paul McManus, president and CEO of The Leading Hotels of the World, told an April media roundtable in Washington, D.C. His global consortium of about 450 hotels, which had its best year ever in 2007, is booking lots of the "new wealthy," including Russians, Chinese, millionaires from India and self-made U.S. moguls.

"Time is luxury for a lot of customers, and that's why they'll pay more," says Jim FitzGibbon, president of worldwide operations for Four Seasons Hotels and Resorts, an industry leader. But now, "you have to create an experience for the customer and not just put them through a (cookie-cutter) system."

Guests want to take classes, get insider tours of museums and more, says McManus, echoing other hotel executives. "They want to go home and say, 'I learned to cook pasta' " in Italy.

Meetings / Groups / Incentives / Hotels

The National Business Travel Association (NBTA) provides its membership with an annual U.S. Business Travel Overview & Cost Forecast report to assist with their planning and budgeting for the next year. The report is based primarily on data from a survey of 215 NBTA member travel buyers.

Some of the key findings of the report are as follows:

- Business travel will continue growing in 2008, although the rate of growth will level off somewhat.
- Published airfares will increase 6 – 10% over 2007
- Published hotel rates will increase 5 – 7% over 2007
- Published car rental spend will increase 5 – 7% over 2007
- Overall travel costs will increase by 6 – 8 % over 2007

Meeting Professionals International and American Express surveyed 1,643 meeting and event professionals and suppliers from around the world and has compiled the sixth annual FutureWatch 2008 report.

Some of the key findings of the report are as follows:

- Overall, meeting and event professionals expect a 19% increase in meeting attendance. This finding was matched by a prediction that interest in web casts and other compliments to live meetings will also rise, but clearly will not displace the strategic value of face to face meetings.
- All respondents expressed concern about an economic downturn in 2008. Despite this perception, corporate planners remain bullish on budget expectations, predicting a 27% increase in 2008.
- Less than one-fifth of meetings business is expected to be outsourced in 2008; this still represents a 14% increase in volume.
- 19% of the respondents list conservation and environmental concerns among the top three trends affecting their work.

Bad Dollar Good for Hotels

With exchange rates tipped in their favor, international tourists are flying to the U.S. and prepared to splurge on luxuries that less and less Americans can afford. The dollar's weakness is expected to float the U.S. hotel industry through the economic slowdown that has stymied domestic travelers, according to an annual U.S. Lodging Report released from Ernst & Young's Global Real Estate Center. Sales declines seen across U.S. industries as a result of tightfisted American consumers aren't expected to hit the hotel industry, thanks to foreigners with euros and loonies to burn.

According to the U.S. Department of Commerce, foreign visitors spent \$111.6 billion in the first 11 months of 2007, an increase of 13% from the previous year. And not just any motel will do, according to the report. International tourists are taking advantage of their strengthened currencies to splurge on room upgrades or luxury-brand hotels.

Michael Fishbin, Ernst & Young's U.S. Director of Hospitality and Leisure said hotel companies with strong brands will benefit since they are more recognized globally. "We're seeing more and more emphasis on branding because of increased international tourism," Fishbin said. "From an international perspective, popular U.S. brands would be Hilton Hotels, Marriott, Starwood, InterContinental, Fairmont, The Four Seasons and Mandarin Oriental."

Branding has taken on new significance as hotels compete for increasingly limited resources from investors hesitant to make risky bets as a result of the subprime mortgage-fueled credit crunch.

Established hotels are launching new brands to cater to emerging trends in the industry, such as traveler's increased interest in environmentally-friendly hotels and so-called stylish "lifestyle" lodgings, which feature amenities that blur the lines between work and leisure.

Sure It's Frustrating and Expensive, but Travelers Just Have to Travel

Despite the many flight cancellations, the slowing economy, rising gas prices and the weak dollar, Americans appear to be sticking to their summer vacation plans and business travelers are still being sent around the globe. The only change from last summer is the new emphasis on finding ways to cut costs.

By many measures, the number of people traveling set records in 2007, and those figures are holding steady so far this year. Travel agents and industry analysts report robust bookings for domestic, international and business travel. That is even true for trips to Europe, but some people are opting for destinations where the dollar goes further, like Portugal instead of Britain. And foreigners, flush with strong currencies, are traveling in record numbers to the United States.

As for business travel, companies have cut back so much since 2000 that there is not much fat left to trim, but they are enforcing travel policies more strictly to control costs. And full flights may affect business travel in a different way: no room on the plane for executives who make last-minute plans.

It turns out that demand for travel is less influenced by the overall economy and airport struggles than all kinds of factors not easily measured — like how much snow is on the ground, where grandpa and grandma live, and even whether a favorite football team is doing well.

Although the airlines are struggling with skyrocketing fuel prices, aging planes and calls for tighter regulation, one bright spot for the industry is that passengers are still filling up seats and booking flights.

Hotels are doing well too. Room rates in the United States were up 6 percent in 2007, to an average of \$104 a night, and increased 5 percent in the first quarter of this year, according to Smith Travel Research.

Despite higher prices, especially in cities like New York, where the average rate is \$270, the number of rooms sold increased 1.2 percent last year and is forecast to increase about 1.4 percent in 2008.

One factor bolstering this demand is the influx of foreign travelers. In 2007, some 57 million foreigners traveled to the United States, spending \$123 billion — a record on both counts, according to the Department of Commerce.

Over all, airlines based in the United States carried 769 million passengers last year, an annual record.

What is surprising travel agents is that Americans are still going to Europe in record numbers, even though a cappuccino can cost up to \$10 when they get there.

In 2007, 13.25 million Americans visited Europe, a 2.7 percent increase over 2006, and some industry analysts expect that number will at least remain flat, if not increase slightly, this year.

Americans Keeping Summer Travel Plans, For Now

A faltering economy, record-high gas prices and upheaval in the airline industry seem like good reasons to stay home, but AAA spokesman Mike Pina expects the steady increase in summer travel to continue this year.

Pina said Americans may stay closer to home or choose a local amusement park over one of the resort destinations in Florida or California.

The vast majority of summer travelers will be driving to their vacation destinations, and regular gasoline prices are projected to average \$3.54 per gallon for the summer driving season, up from an average of \$2.93 per gallon last summer, according to the U.S. Department of Energy.

Compared with last summer, increases in gas prices probably will add less than \$40 to the overall cost of a vacation, according to a Travel Industry Association spokeswoman.

For Americans, the average overnight trip lasts three nights and costs an average of \$557, excluding transportation, according to the association.

Travelers may stay closer to home or trim a day or an expensive meal or activity off their trips, the association says, but economic and industry woes likely won't keep these Americans at home this summer.

TripAdvisor Names Top 10 Family-Friendly Bargain Hotels with an Average \$123 Nightly Rate

TripAdvisor conducted a family travel survey of more than 2,400 respondents worldwide, and discovered that more than half of travelers surveyed (51 percent) said money is the biggest barrier when it comes to taking family vacations. The hardest part of taking a family vacation is staying on budget, according to nearly one-third (30 percent) of respondents who take trips with their children. Forty percent of travelers said they sometimes include the grandparents on a family vacation and 10 percent of those travelers said it's so they can pay part or the entire tab (beyond their own expenses).

Sixty-three percent of respondents with children sometimes leave the kids behind when it comes to leisure trips. Forty percent of travelers surveyed said they are willing to leave their children at a kids' program while on vacation.

Twenty-two percent of travelers plan to take more family vacations in the next 12 months than in the last 12 months, while 63 percent plan to take the same amount of vacations this year. Twenty-nine percent said they will spend more on their family vacations this year than last.

Search Engines Corner Hotel Research

Search engines are dominating how consumers look for hotels despite the best efforts of suppliers to grow their online presence. Almost three out of five consumers used a search engine to find a hotel, according to a study by the BDRC, overshadowing the 36% who browse direct on an accommodation provider's website.

The British Hotel Guest Survey 2008 also revealed city destination websites outperformed travel intermediaries such as online travel agencies, grabbing a 24% share over the 19% for third parties. The BDRC said bookings are increasingly being carried out on hotel sites but third parties such as Expedia (40%), Lastminute.com (36%) and Ebookers (22%) continue to feature prominently during the research stage.

The top four hotel chains for the internet bookings in 2007 were Travelodge, Premier Inn, Holiday Inn and Hilton.

Overall the total number of leisure bookings made over the internet has continued to increase rapidly, growing from just 11% in 2000 to 70% in 2007.

More Gray, More Affluent, More Internet Shopping

In the more than 80 metropolitan markets surveyed by The Media Audit, a recent study shows that those who are over age 50 with incomes of \$50,000 or more (the "graying and affluent") have increased from 17.0 million in 2004 to 22.3 million during the past five years. Collectively, the markets surveyed have an adult population of approximately 142 million.

In the prior survey, 50.2 percent had made at least one purchase on the internet during the previous 12 months. In the latest survey, that 50.2 percent increased to 65.6 percent.

Currently, 62.4 percent of the "graying and affluent" households have incomes of \$75,000 or more says the survey, compared to 57.5 percent in 2004.

- Thirty-eight percent had incomes of \$100,000 or more compared to 32.9 percent in 2004
- Eighteen percent had incomes of \$150,000 or more compared to 13.6 percent in 2004
 - According to Jordan, "The baby-boomers, born between 1946 and 1964, began impacting this segment of the population in 1996, and their impact will continue to be felt through 2014"
 - Within the gray and affluent group there were important changes in family size
- In 2004, 61.6 percent of "gray" households had one or two persons. That increased to 63.5 in the most recent survey

f. Travel Trends

Girlfriends' Getaways a Booming Trend in Travel

Girlfriends' getaways — where women travel with other women — are booming. And the phenomenon is not just about bachelorette parties or 20-somethings on spring break.

Women are taking knitting trips, adventure trips and spa trips. The Fine Living Network is launching a series on April 24 called "All-Girl Getaways," hosted by Stephanie Oswald, editor-in-chief of travelgirl magazine. And Marybeth Bond, the author of "50 Best Girlfriends Getaways in North America," has just written a sequel — "50 Best Girlfriends Getaways Worldwide." Bond, who has been tracking data since 1993, said there has been a 230 percent increase in the number of women-only travel companies in the past seven years. And many women who are taking girlfriends' getaways are married — but leaving their husbands at home. There is also more multigenerational travel — Baby Boomers traveling with their daughters or their mothers. The phenomenon of girlfriends' getaways and women traveling alone represents a cultural shift, and the travel industry has responded to the demand. Top rated travel company, Abercrombie & Kent announced last week new "women's only" trips to places like India, China, the Bordeaux region of France, and Argentina. Fairmont Hotels & Resorts, along with several other hotel chains, are catering to women with amenities and special vacation packages. "The industry has rolled out the red carpet," said Oswald. "Everyone is coming up with girlfriend getaway programs. I think that's a great sign that this is a phenomenon and not a trend. It's here to stay." Here are some of the types of trips women are taking:

- Special Interest
- Learning Trips
- Pampering
- Adventure
- Eco-Travel

New Hotel Brands Target Next-Gen Business Travelers

The hotel industry continues to reinvent itself to accommodate the ever-changing face of the business traveler. These days, the revamp is targeting younger travelers for whom technology is indispensable. During the past 38 months, a total of 38 hotel brands have been introduced, according to PricewaterhouseCoopers hotel analyst Bjorn Hansen. Of those brands, 20 are in the luxury segment, 12 upscale, three extended stay and three midscale.

When making choices, younger business travelers want brands that pamper, fit their lifestyles and offer a unique hotel experience--rather than seeking comfort in traditionally familiar brands. Therefore, hotel companies are creating new brands that offer guest amenities uncommon in most big-named brands, including sleek flat-screen desktop computers located at the bar.

"This generation lives in loft-type accommodations, drinks Starbucks and flies on JetBlue," said John Russell, CEO of NYLO Hotels, a new brand that opened its first doors in December in Plano, Texas. "They want a new experience. They like design-driven, high-tech environments for a good price. It is a product void and a price-point void."

NYLO plans to build 52 new hotels around the United States--including the metropolitan areas of Denver, Dallas and Providence, R.I.--each incorporating local aesthetics and, therefore, avoiding complete uniformity within the brand. A typical night at one of the properties would cost between \$120 and \$220. The NYLO Hotels XP brand extension, according to the company, "caters to business travelers looking for midprice lodgings with unique design and enhanced amenities," with nightly room rates ranging between \$90 and \$110.

Earlier this year, Marriott International and boutique hotel guru Ian Schrager partnered to launch a new luxury brand named Edition. The boutique brand will debut in 2010 with properties in Arizona, Chicago, Costa Rica, Los Angeles, Madrid, Miami, Paris and Washington, D.C. The partners expect as many as 30 development deals by year-end.

The new generation of traveler is concerned not only with staying at a hip, new location, but also with what effect their stay may have on the environment. Reducing a business traveler's carbon footprint has been a major concern, and travel managers have responded to that by including environmental questions in the requests for proposals they send to lodging companies.

Starwood Hotels and Resorts Worldwide in 2006 introduced Element, which the company this year said would be the first brand built exclusively with properties certified by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program.

Personalized Experience

Baby boomers are big spenders, but high-end hotels also are trying to lure travelers in their 30s and even late 20s who are prolific travelers. Some are as able as their elders to indulge but don't want to do it in stuffy, formal surroundings. Even grande-dame brands such as Four Seasons and Ritz-Carlton are giving hotels a less formal and more individual feel.

"Personalization is what it's all about," says Jason Pomeranc, co-owner of Thompson Hotels, which offer hip guests what it calls "effectively sophisticated and classically cool" lodgings.

An Influx of Luxe Brands

More than a dozen have been announced or opened in the past couple of years, from former Ritz-Carlton president Horst Schulze's Capella Hotels & Resorts to ex-Starwood honcho Barry Sternlicht's in-the-works Baccarat and 1 brands. Big names such as Hyatt and Ritz-Carlton launched heir own high-end boutique chains, Andaz and Reserve, respectively. Marriott is partnering with boutique hotelier Ian Schrager on a new project. Boutique-style brands, including W Hotels, Thompson and the Gansevoort Hotel Group are expanding.

High-Tech Toys

Now that even budget lodgings have big-screen TVs and cushy beds, luxury lodgings — which have become leaders for trends in home décor — continue to raise the bar.

One of the ways is with cutting-edge furnishings and gadgetry (from TVs embedded in bathroom mirrors to remote controls that control temperature, TVs and curtains with a flick, to fingerprints or eye scans serving as room keys). The new Hotel Sax Chicago has a techno-lounge called The Studio, in partnership with Microsoft. Guests can play with the latest laptops and compete against each other in trendy games such as *Guitar Hero III*, under the eye of a helpful technology butler.

As guests' homes get more electronically sophisticated, "we'll see a lot more demand for technology," says Ross Klein, president of Starwood's Luxury Brands Group, which includes the expanding roster of W hotels.

Targeting the Young, Rich and Restless

Brands viewed by some as staid — such as Ritz-Carlton — are targeting younger, hipper customers in addition to their older client base.

"The line has blurred between luxury, boutique, trendy and lifestyle" hotels — "we're competing for the same customer," says Pomeranc, who at 37 is one of the hotel industry's wunderkinds. Pomeranc believes in "taking even your basic (hotel) room and turning it into a jewel box" — hence the gray leather canopies over beds and cocoon-like showers at D.C.'s newly opened Donovan House. He also likes to create buzz with rooftop bars and lively nightspots, such as Teddy's in the Roosevelt and the Bond Street sushi lounge in the new Thompson Beverly Hills.

Influenced by coverage of star partying and TV series such as *Entourage* and *Sex and the City*, hip hotel-goers demand velvet-rope "ultralounges," poolside cabanas and quarters such as \$1,500-and-up "Rock Star Suites" at 6-month-old Hard Rock Hotel San Diego. With heated competition and the cooling economy, guests' expectations are more acute.

American Express: How to Save on Meeting and Travel Cost

The American Express annual Global Business Travel Forecast reports that demand for business travel services will again outweigh supply in 2008, driving continued increases in rates across air, hotel, car rental and corporate meetings and events. However, opportunities still exist to further control costs without curtailing business travel.

2008 Trends to Watch:

- Lowering use of refundable airfares.
- Optimizing use of advance purchase fares.
- Define more narrowly when first / business class fares can be used.
- Driving online bookings.
- Improving use of preferred suppliers, especially hotels where compliance has historically hovered around 50%.
- Out of policy monitoring tools are expected to be implementing more widely generating greater policy compliance.

International Travel on the Rise

The Ernst & Young annual lodging report indicates non-US travelers may hold the key to performance of the hospitality sector. A weak dollar may be the primary factor in the ongoing solid performance of the U.S. hospitality sector in 2008. International tourists are looking to the U.S. as a prime vacation spot and are spending more money, often upgrading to higher-end and even luxury accommodations because their local currency now buys, in some cases, more than twice what it did just a few years ago. Total arrivals in the U.S have witnessed 18 months of successive growth since April 2006 according to the US Department of Commerce, and in the first 11 months of 2007 international visitors have spent \$111.6 billion, up 13 percent from the first 11 months of 2006.

Highlights of 2007 International Arrivals to the United States

- Canadian visitation totaled 17.7 million, up 11 percent for the year.
- Mexican visitation totaled 15.1 million, up 13 percent for the year.
- Visitation from Western Europe, accounted for almost 46 percent of overseas travel, and was up 13 percent in 2007 with 10.9 million visitors. Travelers from the United Kingdom were up 8 percent in 2007 to 4.5 million.
- Eastern European arrivals were up 12 percent in 2007. Visitation from Russia accounted for 22 percent of arrivals from Eastern Europe and registered a 21 percent increase in 2007.
- Visitation from Asia increased 4 percent in 2007 and accounted for 27 percent of overseas arrival. Growth was driven by record visitation from both India and the People's Republic of China.
- Arrivals from South America increased 18 percent in 2007 with double digit growth in the number of visitors from Brazil, Venezuela, Columbia and Argentina.
- Central American arrivals were up 13 percent in 2007.
- Visitation from the Caribbean increased 10 percent in 2007.
- Middle Eastern arrivals increased by 12 percent in 2007. Israel accounted for 51 percent of arrivals from the Middle East and was up 10 percent for the year.
- African visitation increased by 10 percent for the year.

Social Media Becoming Mainstream

They might not be direct response vehicles, but direct marketers should ignore social media and the user-generated content they contain at their own peril.

In addition to enormous reach (Forrester Research reports nearly half of U.S. online adults now use them), social media offers a treasure trove of information—information that can be mined using monitoring and analysis technologies to uncover insights about things like customer satisfaction with a company's direct marketing tactics, campaign performance and the viral spread of marketing messages.

“Social media monitoring gives direct marketers an opportunity to keep their fingers on the pulse of how consumers are responding—to what extent current campaigns are successful, how they need to refine campaigns over time and, ultimately, the business outcomes.”

Chrysler Corp. uses social media monitoring and analysis technologies to refine its advertising and marketing campaigns. “We receive reports every day ... that highlight top stories on the Web regarding Chrysler and the auto industry. We also have the capability of monitoring in real time what's being said about the company, brands and products,” said Ed Garsten, the company's manager of electronic media communications. “Monitoring is especially useful in determining whether or not the campaigns are being well-received or if they've missed the mark.”

Universal McCann: U.S. Trails World in Social Media Growth

The country that gave the Web both MySpace and Facebook turns out to be a world-class laggard when it comes to social media growth. The U.S. trails emerging markets such as China, Brazil and Russia in the adoption of activities including blogging, social networking and video-sharing. China, for instance, has already surpassed the U.S. in the number of people starting their own blogs, at 43 million compared to 26.4 million.

Meanwhile, online social network membership in countries such as Brazil, Russia, Taiwan and Mexico is growing at more than 70% compared to less than 49% in the U.S. “We tend to think of ourselves (in the U.S.) as leaders, but we're just catching up with the rest of the world,” said Graeme Hutton, senior vice president and director of consumer insights at Universal McCann.

Universal McCann is researching social media consumption in 29 countries and 17,000 respondents in its latest phase. Besides comparing usage by region, the ongoing study also tracks social media uptake according to demographic factors such as age and gender, and by social media format.

While the U.S. as social media also-ran may seem surprising, it's partly a result of it's being a mature media market. The markets that are leading don't have the same panoply of media, so they leapfrog ahead. “Social media is the new form of

expression; it's a new way of doing things." A higher percentage of people globally have done things like watched a video clip, created a profile page, and downloaded a podcast, at least once, compared to people in the U.S. Nevertheless, the U.S. remains a dynamic market for social media. Among the fastest-growing categories since the start of 2008 are watching online video (more than 70% have done so at least once), downloading a podcast (30%), and subscribing to an RSS feed (almost 20%).

In the U.S., social media is a long way yet from saturation. The full impact of the first generation of social media won't be realized for another three years or so. Among other global trends is a gradual shift to greater participation in social media. People typically move from more passive to active types of engagement. While 83% have watched a video clip, 64% have now also shared a clip with a friend and 38% have uploaded a clip. Likewise, 73% have read blogs, but 58% have also left a comment and 38% have started their own blog.

Age differences were more pronounced in attitudes toward social media, with younger people predictably more enthusiastic. So, 65% of 16- to-24-year-olds said blogging is a good way to express yourself, compared to less than 35% of those ages 45 to 54. Similarly, while men and women participate in social media about equally, women attached greater importance to online social platforms.

g. Competitive Update

Huntington Beach

The Strand

The Strand is a large mixed-use development downtown. Bounded by Pacific Coast Highway, Walnut Avenue, Sixth Street and the alley between Fifth and Main Street. The Strand will include retail, restaurants, offices and a 157 room hotel. The anticipated opening date is summer 2008.

The new Shorebreak Hotel will feature 157 guestrooms including 37 suites, 8,000 square feet of meeting space and a restaurant and lounge featuring seasonal California cuisine. The hotel will be managed by the Joie de Vivre Hospitality Company and will open for business in the fall of 2008.

Pacific City

Pacific City is a large mixed-use development on a 31.5 acre site along Pacific Coast Highway between Huntington Street and First Street. Pacific City will include retail, offices, restaurants, cultural and entertainment venues, and a 250 room W Hotel.

Scheduled to open in 2010, W Huntington Beach and The Residences at W Huntington Beach will offer guests a pristine beachfront sanctuary. Owned by an affiliate of Makar Properties LLC, the new W Huntington Beach will feature 250 luxurious guest rooms, approximately 92 full-service residences, a world class signature restaurant, a spectacular bar and destination spa.

The Village at Bella Terra

The proposed Village at Bella Terra is located in the northern part of the city. The owner is proposing to develop a multi-level mixed use retail office and residential development. A hotel component is being considered as well, with up to 200 rooms.

San Diego

Almost 2,000 new rooms will enter the market in late 2007 and on through mid-2008. These include the:

Hard Rock Hotel	393 rooms
The Diegan	185 rooms
Homewood Suites	200 rooms
Courtyard by Marriott	150 rooms
Hilton Garden Inn	80 rooms
Grand Del Mar Resort & Spa	261 rooms
The Sheraton Grande – Carlsbad	250 rooms
The Hampton Inn – Carlsbad	94 rooms
Homewood Suites – Carlsbad	145 rooms
The Hampton Inn – Poway	111 rooms

This represents only half of the planned room additions to San Diego. The most significant of these additions is the San Diego Hilton Convention Center. This will bring an additional 1,190 rooms into the market by late 2008.

The San Diego Convention and Visitors Bureau (ConVis) reports that 31.4 million people visited San Diego County in 2007, down 2.1% from 2006. These visitors spent an estimated \$7.8 billion. ConVis estimates that San Diego will attract 32 million people in 2008. These visitors will spend approximately \$8.1 billion throughout the county.

San Diego has implemented a new Tourism Marketing District. The TMD began operation on January 1, 2008 and will be in effect for five years. Lodging businesses with 70 or more sleeping rooms will contribute an annual 2% of gross room revenue to the TMD. This funding will provide the TMD the ability to enhance tourism activity in the City through improved destination marketing efforts.

The San Diego Convention Center estimates that 960,385 attend events at the Convention Center, or more than half, 612,475 are overnight guests attending conventions and tradeshow; 347,910 are local attendees. The Convention Center forecasts approximately 686,029 hotel room nights in the 2008 calendar year. This number under-reports actual hotel room usage due to the increasing number of attendees who secure rooms outside of the traditional hotel room block arranged by the meeting planner.

Los Angeles

L.A. Live

L.A. Live is a multi-faceted entertainment destination that will feature an exciting mix of entertainment venues, restaurants, retail, commercial and residential spaces, television and broadcast studios, concert spaces, condominiums and hotels. AEG is developing this 4 million square foot development adjoining STAPLES Center and The Los Angeles Convention Center. L.A. Live will open in three phases. The first phase opened October 18, 2007 with the NOKIA Theatre and NOKIA Plaza. The second phase which will open in October 2008 and includes 12 restaurants, The GRAMMY Museum, Club Nokia , Lucky Strikes Bowling and the ESPN West Coast broadcasting headquarters. The third phase which will open in 2010 is a 54 story, 1,000 room convention “headquarters” hotel that will combine the JW Marriott and Ritz Carlton brands.

Los Angeles County had nine new hotels with a total of 1,001 rooms open in 2007, while 4,352 rooms were under construction.

Tustin Legacy Park

A trio of hotels, including Orange County’s first Kimpton boutique hotel, are scheduled to be built at Tustin’s Legacy Park, the 820 acre redevelopment of part of the city’s former Marine base. Along with the 180 room Kimpton, Legacy Park has also secured a 160 room Hilton Garden Inn and a 140 room Homewood Suites by Hilton Hospitality Inc. The three hotels are expected to be completed by the end of 2010. A fourth hotel is being considered and could be announced by the end of 2008.

Anaheim

Anaheim GardenWalk

Anaheim GardenWalk is an outdoor shopping and dining experience set among beautifully manicured garden walkways within walking distance of the Anaheim Convention Center and the Disneyland Resort. The first phase of restaurants opened in November of 2008. The second phase opened in Mid-March of 2008 and the entire 440,000 square foot retail, dining and entertainment center opened on May 16, 2008. There are proposals for more than 800 new hotel rooms and 400 new timeshares to be added to the complex. Two of these hotels will be operated by the Walt Disney Company.

The Sheraton Garden Grove – Anaheim South Hotel will be opening in spring 2008, providing 285 guest rooms and 9,000 square feet of meeting space. The Worldmark Anaheim Resort by Wyndham will be opening in the fourth quarter of 2008. The resort will feature 253 one, two and three bedroom condominiums along with 12 luxury Presidential Suites. Disney's Grand Californian Hotel & Spa will be adding an additional 200 guest rooms and 50 Disney Vacation Club villas. These additional rooms should be completed by June 2009. A new Toy Story Mania attraction will be opening in the summer of 2008 as the first part of a retooling of Disney's California Adventure Park.

The Anaheim / Orange County Visitor & Convention Bureau fully expects that 2008 will be another strong year in terms of the number of citywide conventions. As of February 20, 2008, there were 37 citywide conventions on the 2008 calendar. This is coming off of a very strong 2007 that had 41 citywide conventions and 980,236 total room nights from all groups tracked.

Orange County

The Doubletree Guest Suites in Dana Point added a 5,000 square foot conference center.

The Laguna Cliffs Marriott added almost 5,000 square feet by converting a downstairs area into meeting space.

The Ritz Carlton Laguna Niguel remodeled its meeting space last fall as the second phase of its hotel makeover. The changes include new colors, drapes, carpet and artwork to conform to the new California coastal look.

h. Convention Sales Challenges

Perceptions of Newport Beach

Rate Concerns

There is a perception among the Newport Beach Conference & Visitors Bureau target client base that Newport Beach is unaffordable to many groups. This idea has been reinforced by reality television programs and the perception that Newport Beach is highly affluent and therefore expensive. The sales team challenge is to be able to sell the dream of living the luxurious Newport Beach lifestyle and at a price that represents a great value to the client.

Oceanfront Properties

Many clients that are considering Newport Beach are looking for an oceanfront resort property. The Newport Beach destination name leads them to an expectation of having a selection of true beachfront, ocean-view property.

Infrastructure

No Convention Center

Newport Beach is a single hotel group market and is not able to accommodate a multiple hotel, city-wide group because of limitations due to the amount of meeting space available.

No Downtown Central Entertainment District

Many competitive destinations have a downtown center or entertainment district that offers numerous restaurants and nightlife options accessible to meeting attendees on foot, or within walking distance.

Lack of On-Site Golf Options

The Resort at Pelican Hill provides a tremendous golf experience and is a great asset for Newport Beach. While there are a variety of off site alternative courses, meeting planners and their clients desire more on site or nearby golf course choices.

Parking

Parking in Newport Beach is a challenge, especially during the busy summer months. There is a lack of parking inventory on the Peninsula and on Balboa Island. The parking issue helps contribute to the traffic congestion during peak season.

Lack of Transportation within the Destination

One of Newport Beach's greatest strengths is the diversity of its many neighborhoods. A concern is being able to transport attendees and being to take advantage of the entire Newport Beach experience.

Lack of Signature Events

While Newport Beach is a host to a number of wonderful events; the Toshiba Classic, A Taste of Newport, and the Newport to Ensenada Yacht race, these events are mainly attended by the local area residents and do not generate significant overnight guest room nights. The CVB is working with community leaders to expand events such as the Newport Beach Film Festival into more national events.

John Wayne Airport

There are many strengths associated with having John Wayne Airport as the region's main source for air travel. However, when dealing with group business with attendees coming from around the country and the world, the CVB deals with the following issues:

- Flights more expensive coming into John Wayne Airport
- Lack of direct flights from the East Coast
- Lack of International Flights

i. State of California Tourism

The Newport Beach Conference & Visitors Bureau continues to enjoy a strong relationship with the California Travel and Tourism Commission, and this year participated as one of five Destination Marketing Organizations in the “Land of Wine and Food” cooperative program launched in January 2008 with the purpose of celebrating California’s wide range of culinary offerings throughout the State. This program included several cooperative ads and advertorial copy within special culinary sections in Bon Appetit and Gourmet magazines, along with a dedicated website that featured several of the community’s unique culinary opportunities.

California Tourism enters its second year with the largest annual tourism budget in the State’s history - \$50 million. While funding levels of this magnitude have allowed California Travel and Tourism Commission to significantly expand the breadth and scope of its current marketing programs, the state is now able to expand efforts in critical research and long-term program planning.

In the face of increasing global competition, the plan for 2008/2009 is to use the increased funding levels where they are most needed: advertising and technology. Advertising comprises 70% of the global budget. With the additional funds comes additional reach which allows increasing international programming with 46% of total funds going to promote California as an international travel destination.

To remain competitive, the ability to go direct – to – consumer with advertising and enhanced technology platforms in key international markets (including a more international friendly Web site in several languages and market driven content) is expected to have the most influence in driving programs over the next four years. Advertising remains the largest program expenditure, with technology and international programs being newer areas of investment as compared to prior years’ budgets

In-state visitors will continue to represent the highest volume of travelers in California. In 2006, California residents represented 82% or 299 million person stays. Residents spend an estimated \$435 per person per trip in California.

California’s primary out-of-state domestic leisure markets are Washington, Oregon, Nevada, Arizona, New Mexico and Utah. Leisure visitors from these states totaled 15.8 million or 46% of non-resident leisure travel to California in 2006.

Eighty three percent of California’s international visitors come from seven international markets: Canada, Mexico, the UK/Ireland, Japan, Germany, Australia/New Zealand and Korea. There are significant opportunities with South Korea in particular due to an upcoming visa waiver program. California is currently looking for in-market representation in South Korea and China and agencies should be named shortly.

GLOBAL MARKETING SPENDING BY DISCIPLINE

	<u>Amount</u>	<u>% of Total</u>
Brand Advertising	26,807,700	62.2%
Co-op/Promotions	3,164,650	7.4%
Technology	3,792,150	8.8%
Publications and Fulfillment	1,300,000	3%
Communications	2,837,500	6.6%
Travel Trade	2,233,000	5%
Research	602,000	1.4%
Welcome Centers	15,000	0.1%

The State’s Marketing budget, about \$25 million in 2006/2007 is at \$50 million in the fiscal year 2007/2008. It should remain at this level for years to come due to assessments paid monthly by businesses that benefit to pay for marketing to draw tourism to California as well as a new lucrative car rental industry contribution. The additional money for California is the result of a bill introduced in 2005 and signed by Governor Arnold Schwarzenegger in November. It amended the California Tourism Marketing Act to add more money for marketing by lowering the revenue threshold at which the assessment is charged. Previously, only businesses with revenue in excess of \$1 million had to pay the industry assessment. That threshold is now \$500,000. The largest supplier of this assessment is the rental car industry this year providing over \$30 million as seen below.

Fiscal Year 07-08 budget of \$50,000,000 is funded as follows:

- \$ 39,800,000 Proposed Rental Car Pass through Allocation
- \$ 9,000,000 Assessment Income
- \$ 1,000,000 State Funding
- \$ 100,000 Publication Income
- \$ 100,000 Interest Income

The budget this year will be allocated to promote tourism domestically and internationally with top international spending in the UK, Japan, Germany, Australia/New Zealand and Canada. The majority of domestic spending will occur in Western States.

III. Leisure Travel

a. Introduction / Overview

Leisure visitors account for approximately fifty percent of the total Newport Beach tourism market. These visitors now rely on various online, promotional and advertising vehicles to make their trip planning decisions. The CVB's focus is to create a variety of marketing approaches to both attract and inform the visitor as to city's offerings and the vacation options available to them. The CVB is extremely focused on selling the specific brand of Newport Beach and its experiential lifestyle through public relations, advertising, publishing programs and the increasingly important online world. Additionally, the CVB will target leisure travelers through a variety of popular travel niche trends through innovative packaging and programming. The CVB is also focusing to a greater degree in this next year on the international market, specifically the United Kingdom.

b. Market Geographic Segments

The top markets that the marketing team will penetrate through various advertising, on line and media opportunities include Northern California, Southern California (Los Angeles), Arizona, Las Vegas, and Colorado.

c. Travel Trends

Types of Leisure Trips Taken

Visiting friends or relatives continues to be the primary motivation for overnight leisure trips, with nearly one-half of leisure travelers stating they have taken a trip for this purpose during the past year. Mentioned by more than one-third, naturalistic trips are next in popularity, especially trips to a beach or lake.

Age Differences 2008

"Generation Xers" are more likely than their older counterparts to have rented a cabin in the mountains, but are less likely to have taken a general sightseeing trip. Baby Boomers are more likely than one of more of the other generational groups to have taken a cruise, city, or hunting vacation or a vacation to relax, visit a college or attend a festival or musical event.

Older Matures are more likely than their younger counterparts to have taken a trip primarily to visit friends or relatives or take a cruise vacation. They are less likely to have taken a naturalistic trip, especially a beach/ lake, camping/hiking/climbing/or snow skiing/boarding trip, or a theme park trip.

Leisure Trip Party Composition

More than one-half of all leisure trips taken are with a spouse or another adult without children.

Grandparents

Multigenerational travel is on the rise. Nearly four in ten leisure travelers are now grandparents – a significantly higher proportion than noted last year. Nearly three in ten grandparents have traveled with their grandchildren during the past 12 months, also representing a significant increase from last year.

Hotel/Resort Selection Decision Factors

The most influential factors when selecting a hotel or motel include the location of the hotel, room rate, value for the price and a previous experience with the hotel or chain. More than eight in ten leisure travelers find these factors extremely/very influential on their decision.

Use of Technology as an Information Source

Approximately two thirds of leisure travelers have used the Internet to obtain travel information and prices, and nearly six in ten have booked a reservation online.

Approximately four in ten leisure travelers have checked a hotel or resort rate online before calling a hotel or resort to make a reservation during the past 12 months. A similar proportion has checked an airfare online before calling an airline to make a reservation. Among those who have used the services of a traditional travel agent to book a trip, three in ten have checked prices online before calling a traditional travel agent to make a reservation.

Among leisure travelers who have used the Internet to make a reservation, nearly three-quarters have booked a hotel or resort online. Nearly six in ten have made an airline reservation online. Approximately three different websites were visited before making these (hotel/resort or airline) reservations online.

Blog Usage

Nearly two in ten leisure travelers who have used the internet to obtain travel information have turned to blogs for information about a destination or travel-service supplier during the last 12 months. Those who have used blogs report TripAdvisor.com to be the most frequently visited site, mentioned by more than four in ten. Usage of TripAdvisor.com, Ysearchblog.com, Xanga.com, Facebook.com, and Google has increased significantly this year compared to last.

Niche Market segments

Additionally, a travel trend category that continues to prosper and grow is the Niche Market. Some Niche Markets that are enjoying significant growth and providing opportunities for the CVB and the partners to target through advertising and on line marketing initiatives are as follows:

- Girlfriend Getaways
- Traveling with Pets
- Adventure Travel
- Eco Tourism
- Voluntourism
- Golf Getaways
- Geocaching

d. New Initiatives for 08-09

Public Relations/Special Events

- Development of a new multimedia electronic press kit with new branding
- Development of new lifestyle familiarization trips for top media, following the new brand direction
- Media missions to Los Angeles and New York

Online Marketing

- Launch of newly designed and functionally upgraded website to include interactive capabilities
- Launch of eBrains, eMarketing and database collection program, including the introduction of the eZine
- Contracting of new interactive marketing consultant to assist with on line marketing strategies

Partnership Development

- Enhanced partnership reporting structures developed through new data collection program
- Production of new Wedding Guide
- Introduction of new partnership social mixers to provide opportunities for the CVB partners to meet and discuss mutually beneficial business opportunities

International Marketing

- Introduction of new Newport Beach Conference & Visitors Bureau International Representative for the UK and Ireland

Visitor Services

- Introduction of new Newport Beach Conference & Visitors Bureau Visitor Concierge to service visitors to the city, located within the Fashion Island Visitor Concierge center

Advertising

- Contracting with new Advertising Agency/Media Buyer to execute the new advertising program

Research

- Updated research initiative to provide Chamber of Commerce with visitor profiles during Taste of Newport

e. Public Relations

Leveraging the significant media appeal that will be the opening of The Resort at Pelican Hill. The Newport Beach CVB will reach out to key feeder markets identified below, introducing its new brand identity with a message focusing on the 'aspirational' lifestyle of the destination.

Major initiatives will include:

- Development of a highly targeted media outreach to luxury high-end lifestyle and travel publications. The CVB will host individual media familiarization (FAM) trips throughout the year
- Distribution of newly re-designed press kit with new branding
- Partnering with The Resort at Pelican Hill to maximize all media opportunities centered on grand opening of resort
- Generating key media placement and exposure for such high profile events as: 20th Annual Taste of Newport, 100th Annual Newport Beach Christmas Boat Parade, the 10th Annual Newport Beach Film Festival, and the Newport Jazz Festival
- Securing feature stories/coverage in key national outlets (i.e. Travel Channel, Food Network, Lifestyle programming and regional/national Morning Shows)

Southern California (San Diego, LA, Orange County, Inland Empire)

- Develop an "Only 45 minutes but a world away" campaign
 - Host media on individual FAM trips and invite to city-centric events
 - Arrange deskside visits to West Coast Bureau offices for national/regional media outlets
- Participate in California Travel Tourism Commission Los Angeles Media Event in October.

- Embark on an entirely new relationship with Daily Variety capitalizing on their exceedingly influential and affluent subscriber base through such efforts as: a Variety sponsored speaker series, Variety film screenings and editorial content and greater tie-ins with the Newport Beach Film Festival

Northern California

- Develop a “Come out of the Fog and into the Sunshine” campaign
 - CVB to visit Northern California TV/print outlets and morning lifestyle news stations
 - Arrange deskside meetings with Sunset Magazine, Yahoo Travel
- Continue to coordinate efforts with California Travel and Tourism Commission Land of Wine and Food campaign media outreach in Northern California

Las Vegas/Phoenix

- Develop a “Beat the Heat” campaign
 - Targeted campaign during late spring/early summer

National

- Create a series of Destination Driver individual familiarization (FAM) Media trips hosted throughout the year targeting national publications featuring in issues focused on: Food/Culinary, Girlfriend Getaway, and Golf
 - Host media mission in New York
 - Target key national broadcast outlets such as: Travel Channel, Food Network, Lifestyle programming and regional/national Morning Shows

International

- Develop a targeted media list with assistance from UK agency

f. Advertising

The Newport Beach Conference & Visitors Bureau will undergo an agency review this summer to retain a full service advertising agency that will continue to work with the creative campaign completed in early 2008, featuring the new "Your Story Awaits" concept that will be rolled out through October 2010 in hi-end lifestyle print publications, radio and potentially outdoor in the CVB's identified top target markets; and will produce creative extensions to that campaign along with strategic direction for additional consumer advertising opportunities. The agency will also have strong relationships within luxury lifestyle publications and will provide creative direction and cohesiveness on a multi level marketing basis, so the CVB can strategically align all efforts throughout the marketing campaigns and provide increased opportunities for partner cooperative advertising.

E-Marketing

The Newport Beach Conference & Visitors Bureau eMarketing strategy will work concurrently with all offline media initiatives, driving visitors to customized landing pages to track success. The CVB will also introduce the first ever Newport Beach eZine – a 15 page digital magazine which will include over 55 live links to Partners websites.

Additionally, the CVB will continue to partner with an internet marketing consultant to monitor and develop strategic search engine optimization and pay per click programs, and to identify opportunities for internet travel/marketing programs to our target audience.

International Marketing

In May 2008, The Newport Beach CVB hired UK based Representative Michelle Austin Peden for the role of International Tourism Manager for the CVB in the UK and Ireland. Peden is a travel industry professional with in-depth knowledge and diverse experience in hotel and tourism sales, promotions, and international destination marketing. Peden will begin her role in July of 2008 and will focus her efforts on top tier luxury tour operators and travel trade in those markets who bring clientele to the United States and, more specifically, California. Previously, Peden was head of European Sales and Marketing for Universal Studios Hollywood, and was the International Representative for the Beverly Hills CVB.

The strategy behind this decision is twofold and is based on the significant monies that the State of California is investing this fiscal year in International Marketing, and to leverage the strong performance of the euro in the United States. Peden has assisted in the efforts to introduce the CVB to top operators who will be attending “POW WOW” in Las Vegas in May.

g. On-line

The Newport Beach Conference & Visitors Bureau will be introducing a completely re-branded, state-of-the-art website to meet the needs of 21st century travelers, with a goal of driving greater visitation to the visitnewportbeach.com and partner websites. A few of the new and enhanced features include: 70 new website pages incorporating the new brand ID, photography and landing pages to coincide. Other features include: itinerary builder, live concierge (live chat) function, live search tool, audio/video podcasting capabilities, etc.

h. Publishing

Newport Beach Conference & Visitors Bureau publications and collateral materials are designed to support the advertising campaign, website, and direct sales efforts with guides and brochures that present the Newport Beach product. The collateral material creates an effective and compelling presentation inspiring the readers to purchase the Newport Beach product, whether they are leisure visitors, business travelers, meeting planners, or CVB partners.

Publications are used as fulfillment to all inquiries generated by CVB advertising, website, sales and promotional programs. These pieces are also distributed to visitors at the Newport Beach Conference & Visitors Bureau visitor center, as well as California Welcome Centers and airports throughout the state. Specifically designed publications are sent to meeting planners and the media.

The Newport Beach Conference & Visitors Bureau Marketing Department oversees the creative services produced both by the CVB publishing contractor and internally. The CVB works directly with Desert Publications to publish the Official Newport Beach Visitors Guide, Newport Beach Meeting Planner Guide, Newport Beach Boutique Hotel Guide and the upcoming Newport Beach Wedding Guide.

The Marketing Department serves as the CVB's brand steward and maintains consistency within all CVB materials.

2008-09 Publications Produced by the Newport Beach Conference & Visitors Bureau

E-Newsletters

Monthly newsletters are created and distributed to media and CVB partners to update them on new Newport Beach product development and marketing opportunities. Each newsletter is distributed electronically, but can also be mailed to partners and media contacts without access to e-mail.

Categorical Fact Sheets

The CVB will produce categorical fact sheets that will answer the most frequently asked visitor inquiries by providing key information on the topic as well as related CVB partner contact information. The distribution of these sheets will be tracked to measure partner leads and will be used in correspondence with other CVB publications.

Publications Contracted Outside the Newport Beach Conference & Visitors Bureau

Official Newport Beach Visitors Guide

A magazine-style guide is published annually to detail all activities the Newport Beach area has to offer a visitor. It includes information on community events, accommodations, attractions, shopping, spas, arts & culture, recreational activities, dining, visitor services and an area map. The layout of the visitor guide emphasizes the nine distinct and unique neighborhoods that make up the destination.

Newport Beach Wedding Guide

A new publication will be introduced to the marketplace focusing on Newport Beach weddings. Similar to the visitors guide, the publication will be a full color, magazine-style piece that will provide key information on venues, accommodations, event planners, photographers, catering and banquet services. The guide will be distributed in response to all wedding inquiries received by the CVB.

Boutique Hotel Guide

A four-color guide was produced to highlight the Newport Beach boutique hotels and small inns. It is utilized by the CVB staff for non-convention group accommodation requests and leisure travelers.

Visitor Kiosk Directories

Three visitor kiosks are updated annually to detail shopping, dining, water activities and accommodations of Newport Beach. The directories act as an extension of the Newport Beach visitor center and are located in high traffic visitor areas: McFadden Square, the Balboa Pier and Balboa Island.

Map Guide

A brochure-style map guide is printed annually to provide the visitor with an easy reference guide of Newport Beach. Information is provided on the nine distinct neighborhoods as well as popular coastal activities and area beaches.

IV. Group Sales Market

a. Introduction/Overview

The purpose of the Newport Beach Conference & Visitors Bureau's Conference Sales Department is to solicit business through an organized direct sales effort for existing and new market segments and territories. The goal is to remain ahead of changing trends and to remain flexible enough to divert sales efforts and resources appropriately, in order to remain effective and competitive during an ever-changing business climate.

The Newport Beach Conference & Visitors Bureau Conference Sales Department is supported by the Marketing Department through media relations, online marketing, collateral materials and a focus on Newport Beach as a meetings destination.

b. Market Geographic Segments

Sales Team Deployment for the new Fiscal Year

Tim Aylsworth Orange County
Vice President of Sales

Hera Boyoglu Northern California, OR, WA, ID, MT, NV,
National Sales Mgr CO, UT, WY, HI, AK,

Michelle Carlen Riverside County, San Diego County,
National Sales Mgr Imperial County, AZ, NM, TX, OK,
DC National Associations

Bette Haddock Vertical Markets - Incentive, Pharmaceuticals,
National Sales Mgr Insurance, Financial, Midwest Region

Jeannette Moerbe Los Angeles County, Ventura County, Santa
National Sales Mgr Barbara County, San Luis Obispo County,
Kern County and San Bernardino County

Ingrid Johnson
Sales Event Coordinator

Summer DeForest
Sales Coordinator

The primary goal of the Newport Beach Conference & Visitors Bureau Conference Sales Department will be to achieve the room night goal for the upcoming fiscal year. Each National Sales Manager will be striving to identify and develop relationships with key accounts in each of the primary focus cities. These key account lists should be a minimum of twenty five clients with potential business for Newport Beach. The daily activities, sales trips and tradeshow will be aimed at identifying and developing the relationships with these key accounts.

c. Sales Strategy & Initiatives

The 2007 – 08 Newport Beach Conference & Visitors Bureau Conference Sales Strategy is to continue to focus the efforts regionally and make direct contact with customers in order to facilitate relationship-based selling techniques. The CVB is looking to generate one-on-one interaction with clients via sales calls, sales missions and premier client events. The CVB will attend select regional and national tradeshow to increase the visibility of Newport Beach and to generate business opportunities.

Focus on Regional Markets

The Newport Beach Conference & Visitors Bureau will constantly evaluate new and established regional markets for business. The main focus will be on the primary markets of Orange County, Los Angeles, San Diego, San Francisco, San Jose and Sacramento. The CVB has established offices in San Francisco and Los Angeles to increase visibility in these key feeder cities. The CVB staff will also be looking for opportunities in feeder cities within a four hour flight or drive to Orange County. These secondary markets include Phoenix, Dallas, Houston, Austin, San Antonio, Salt Lake City, Denver, Seattle and Las Vegas. The CVB will also be focusing on the vertical markets of pharmaceutical, incentive, insurance, financial and DC national associations.

Familiarization (FAM) Trips & Site Visits

The Newport Beach Conference & Visitors Bureau will coordinate one familiarization trips (FAM) in 2008 – 09 to educate customers on the destination and create a positive personal travel experience to Newport Beach for the planner. The FAMs will include invitations to all target customers with a goal of 12 or more qualified clients. The CVB staff will work with partners to plan a three day FAM itinerary that showcases Newport Beach to its best advantage. The CVB will coordinate several smaller FAM trip opportunities throughout the year with target clients who have an interest in Newport Beach, but would not be able to attend our larger three day event.

Just as important will be the funds and schedule flexibility to plan individual site visits as Request for Proposal (RFP) opportunities arise and the planner is not familiar with the destination. This should have a positive impact on the ability to close the business and improve booking conversion ratios.

Sales Call & Missions

The Newport Beach Conference & Visitors Bureau will schedule sales missions to key markets in 2008 – 09, in order to increase Newport Beach's visibility and improve the CVB's ability to engage clients in a one-on-one setting. The format for a sales mission will be two to three days of sales calls culminating in an exclusive evening client event. Partners will be encouraged to participate. Sales missions will be held in Los Angeles, San Francisco, San Diego and Sacramento.

Sales trips will take place in Phoenix, Dallas, Houston, Washington DC, Chicago, Minneapolis, Boston and New York. The sales trips will be two to three days of planned sales calls with qualified clients.

Sales calls in the local markets of Orange County, Los Angeles, San Diego, San Francisco, San Jose and Sacramento will be performed on a weekly basis.

Prospecting and Solicitation Goals

Each sales manager will complete 30 sales calls per week. Approximately 25% of the calls will be made to clients who have been qualified as having business for Newport Beach and 75% will be made to new accounts to identify and develop new business.

Sponsorship Opportunities

The CVB will investigate sponsorship opportunities within the group meetings market. Hosting a meal function or key event in another destination for a qualified group will help provide visibility for Newport Beach. Sponsorships will also provide advertising opportunities during event registrations and on a client's Website.

Director of Sales/Marketing Meetings

The CVB wants to stay in close communications with the hotel sales leaders to receive feedback and collaborate on sales initiatives, programs and co-op opportunities. With that in mind the VP of Sales will host a DOSM meeting every four months. This meeting will provide an opportunity for guidance and feedback on sales and marketing programs.

d. Territories and Sales Plan

Orange County

Tim Aylsworth, Vice President of Sales

Office Location: Newport Beach Conference & Visitors Bureau
Tradeshows: MPI Orange County Annual Tradeshow
June 2009

Memberships: Financial & Insurance Conference Planners
California Society of Association Executives
Destination Marketing Association International

Northern California, OR, WA, ID, MT, NV, CO, UT, WY, HI, AK

Hera Boyoglu, National Sales Manager

Office Location: San Francisco
Primary Focus: San Francisco, Sacramento, San Jose and Silicon Valley
Secondary Focus: Seattle, Denver, Las Vegas, Salt Lake City
Sales Missions: San Francisco
Sacramento
Tradeshows: California Society of Association Executives Seasonal Spectacular
December 2008 – Sacramento, CA
MPI Northern California Annual Tradeshow
February 2009 – San Francisco, CA
California Society of Association Executives Annual Convention
March 2009 – Lake Tahoe
HSMIA Affordable Meetings
June 2009 – San Jose
Memberships: Meeting Planners International
California Society of Association Executives
Hotel Sales and Marketing Association International
Society of Incentive Travel Executives

San Diego County, Riverside County, Imperial County, AZ, NM, TX, OK, DC National Associations

Michelle Carlen, National Sales Manager

Office Location: Newport Beach Conference & Visitors Bureau
Primary Focus: San Diego, Phoenix, DC Associations
Secondary Focus: Dallas, Houston, Austin, San Antonio
Sales Missions: San Diego
Sales Trips: Phoenix
Dallas / Houston
Washington DC
Tradeshows: MPI WEC
August 2008 – Las Vegas, NV
ASAE Annual Convention
August 2008 – San Diego, CA
Destination Showcase
February 2009 – Washington DC

Memberships: Meeting Planners Association
American Association of Association Executives
Hotel Sales & Marketing Association International
Society of Incentive Travel Executives

Midwestern United States, Vertical Markets: Financial, Incentive, Insurance, Pharmaceuticals

Bette Haddock, National Sales Manager

Office Location: Newport Beach Conference & Visitors Bureau
Primary Focus: Chicago, Minneapolis, St. Louis, Insurance, Pharmaceuticals
Secondary Focus: Incentive, Financial
Sales Trips: Chicago / Minneapolis
Boston / New York
Tradeshows: The Motivation Show (formerly ITME)
September 2009 – Chicago, IL
CBI Annual West Coast Pharmaceutical Show
December 2008 – San Diego, CA
CBI Annual East Coast Pharmaceutical Show
March 2009 – Baltimore, MD
Memberships: Financial and Insurance Conference Planners
Healthcare Sales and Marketing Network
Society of Incentive Travel Executives

Los Angeles County, Ventura County, Santa Barbara County, San Luis Obispo County, Kern County, San Bernardino County

Jeannette Moerbe, National Sales Manager

Office Location: Los Angeles
Sales Missions: Los Angeles
Tradeshows: MPI Southern California Annual Tradeshow
March 2009
Memberships: Meeting Planners International
Los Angeles Business Travel Association
Hotel Sales & Marketing Association International

Sales Department events that encompass all markets and geographic territories:

- Spring Familiarization Tour
- Fall Familiarization Tour
- Sponsorship Opportunities
- Site Visits

e. Public Relations

The Newport Beach Conference & Visitors Bureau Marketing and PR Team will continue to conduct media outreach to targeted meetings and corporate/financial publications; and will leverage The Resort at Pelican Hill's appeal to various groups such as golfers, meeting planners and CEO's hosting executive retreats, along with couples desiring to plan weddings in the community.

f. Advertising

From a group/meetings/corporate clientele standpoint, the chosen agency will have proven ability in strategic direction to reach the targeted corporate clientele via a multimedia approach that will include on-line, print, and customer relationship management. The corporate/meetings campaigns will feature the new ad "Expense Report" and in future months will include other extensions of the concept of "plan an inspiring meeting at an inspiring location." We will assist in the group and event sales efforts of the new Resort at Pelican Hill and will continue to work with the other hotel partners to align strategically and creatively to promote the destination as a top meetings locale.

g. On-line

Targeting the corporate meeting planners has been an ongoing challenge for CVB's. Meeting planners are looking for easy access to inventory and destination information to best serve their corporate clientele. The CVB will continue to determine the best ways to reach these buyers and will ultimately provide meeting planners immediate access to inventory, without the wait of an RFP process through new on-line Web 2.0 capabilities. The CVB media buyer will also provide strategic direction for on-line opportunities that can provide an ROI of measurable meeting planner inquiries and resulting bookings in Newport Beach hotels.

h. Publishing

Publications Contracted Outside the Newport Beach Conference & Visitors Bureau

Meeting Planner Guide

Published annually to detail Newport Beach activities, services, and venues for the meeting planner and group markets; included is information describing shopping areas, spas, group adventures, golf, dining, and arts & culture. The CVB Sales Team will utilize this informational piece during trade shows, sales events, familiarization trips and other client interactions.

V. Partnership Development

a. Introduction/Overview

The Newport Beach Conference & Visitors Bureau Partnership & Strategic Alliance program is designed to gain the financial support of hospitality businesses and to provide them with a direct connection to the 6.9 million visitors that generate \$1.04 billion of incremental spending annually in Newport Beach.

The program offers each partner a multitude of strategic and promotional benefits via visitor referrals and cooperative marketing efforts such as CVB publications and web exposure. The primary objectives of partnership and strategic alliances are:

- To represent the Newport Beach Conference & Visitors Bureau in the community, hospitality and tourism industry; and to increase The CVB partnership development program through gaining, retaining, promoting and servicing the CVB and its partners.
- To develop partnership marketing programs and events that meet CVB revenue requirements through new partnership recruitment and retention.
- To expand ongoing CVB partner benefit programs and direct referral by promoting the partners' products and services to potential clients where applicable.
- To develop CVB partnership service programs, manage the database, assist with collateral production and conduct an annual survey to assess partnership needs.

b. New Initiatives for 08-09

- Meet growing need of the marketplace by publishing the first ever Newport Beach Weddings Guide that will highlight the best practices of conducting a Newport Beach wedding along with related CVB categorical partner listings
- Development of additional industry-related networking events for CVB partners, staff and city officials to continue building strategic alliances and partnerships throughout the community
- Introduction of quantitative partnership reporting to more effectively communicate visitor referrals by reporting visitor/meeting planner inquiries by category, CVB publication distribution numbers and website statistics
- Research will be conducted for the restructuring of the partnership Program for 2009-10 to better implement sponsorships, cooperative advertising and sales/media missions for CVB partners

c. Key Deliverable/Programming

Marketing Opportunities

Newport Beach Conference & Visitors Bureau Brochures and Publications

Various marketing collateral pieces are published annually and distributed to leisure visitors, business travelers and meeting planners. Publications include the Official Newport Beach Visitors Guide, Newport Beach Meeting Planner Guide, Newport Beach Boutique Hotel Guide, Visitor Kiosk Directories, Map Guide and the first-ever Newport Beach Weddings Guide. Partners are provided with editorial listings in applicable publications as well as additional discounted advertising opportunities.

Internet Exposure – www.visitnewportbeach.com

Partners receive a customized listing including a logo and image within the partnership services directory of the CVB website. Each partner is also provided with the opportunity to link their specified home page to the CVB's web address. Partner events and community activities can be submitted for inclusion in the press room and the calendar of events section. The Official Newport Beach Visitors Guide, Newport Beach Meeting Planner Guide, Newport Beach Boutique Hotel Guide and the soon-to-be launched eZine are all available on the website for complete viewing by visitors and meeting planners.

Cooperative Advertising Opportunities

The CVB works in conjunction with partners in several cooperative advertising opportunities throughout the year; such as, Southwest.com Featured Destination Program, Orange County Tourism Council Radio Promotions, California Travel and Tourism Commission Land's of Wine & Food Program and Vacationfun.com Oprah Magazine Sweepstakes. The programs are designed to promote the destination of Newport Beach by highlighting the products and services of the participating partners.

Education

Partner Orientations

Partner orientation meetings are held to provide new and renewing partners the opportunity to learn more about CVB activities and meet key staff. Orientations provide opportunities for potential partners to meet and develop business relationships with other partners and provide better insight into the role of the CVB within the community.

Lunch and Learn Educational Forums

CVB organizes 1½ hour educational forums every other month that address various hospitality related topics. The forums are designed to educate partners on how to apply valuable services to their businesses, thus enhancing their sales and marketing capabilities.

Collaboration/Networking

Industry-Related Networking Events

Based on the increase in attendance at the CVB Educational Forums, beginning this year the partnership development program will introduce additional industry-related networking events on the opposite month of the forums. These gatherings will provide more business-to-business sales opportunities for CVB partners through an increased amount of interaction between partners, staff and city officials. The events will be held at various CVB partner venues which will allow hospitality partners to host events and display property renovations and/or expansions that benefit the sales and marketing of the destination.

Evening of Annual Celebration

The Annual Dinner is designed to report on the CVB's accomplishments for the year and to present the Newport Beach Conference & Visitors Bureau's annual awards – partners in Progress and the Rosalind Williams' Service Excellence Award. CVB partners, city officials and other key members of the community are invited to attend.

Partner Holiday Celebration

The CVB will host an after business hours networking and social event at no cost to the partners in celebration of the holidays. CVB partners, city officials and staff are invited.

Advocacy

Partner Spotlights

In order to best represent CVB partners to clients and visitors, the CVB will conduct monthly partner spotlight visits where partners are able to introduce their products and services to the entire CVB staff. Partner Spotlights will continue to also be incorporated into the partner e-Newsletters by featuring one partner per month. Partners provide ideas and stories for submission.

Monthly Partner e-Newsletter

To keep CVB partners informed, the CVB Partnership Marketing Manager will distribute a monthly e-newsletter to all active CVB partners at the beginning of the month (it will be "standard mailed" to those without e-mail). The newsletter gives readers a quick synopsis of marketing opportunities, partnership benefits, upcoming events, and current and upcoming meetings and seminars.

VI. Community Relations / Strategic Alliances

a. Community Relations

The Newport Beach Conference & Visitors Bureau will continue to improve and build relationships with strategic alliance partners within the community of Newport Beach and within the Orange County region, thereby keeping the public and stakeholders informed and up-to-date on the CVB efforts to promote the destination and strengthen partnership ties with the community. Additionally, the CVB produced the first Crisis Communications Plan for the community which has been distributed to representatives of the City of Newport Beach and the Chamber of Commerce.

b. Strategic Alliances

The CVB will forge stronger partnerships with community organizations to better coordinate marketing efforts and leverage existing resources and to capitalize on nationally televised events. Some of these partnerships include:

Newport Beach Chamber of Commerce

Given that the Chamber is the premiere business organization in the City, the CVB continues to have on-going communications with the organization and will assist in the promotion of Chamber community events and local networking opportunities for CVB partners within the CVB website, partner newsletters, and the CVB Visitor Guide. Additionally this year, the Chamber and the CVB will join forces to recognize top front line performers in the industry via a newly introduced Service Excellence Award, sponsored by the two businesses in order to recognize outstanding service provided by employees in the hospitality industry in the City of Newport Beach.

Newport Beach Restaurant Association

The CVB will continue to support the association's Annual Restaurant Week by providing regional advertising and direct mail support for the event that will also encourage room night stays. This past year the CVB partnered with American Express and the Restaurant Association to develop a direct mail campaign that was distributed to over 400,000 consumers within a three hour drive radius. This direct mail campaign generated significant awareness and increased reservations for participating restaurants during the event in January.

Newport Beach Film Festival

The CVB has completed its 9th year of supporting this event through media outreach, assisting in the development and execution of supporting events that compliment the film festival teams' efforts, and conducting a media FAM in conjunction with the festival. Next year, the CVB will continue this relationship in celebration of the Festivals 10th year, developing programs that will drive attendance and encourage room night stays through multiple promotional opportunities and cooperative efforts.

Toshiba Classic

The CVB will continue its partnership with this nationally recognized tournament as an opportunity to showcase Newport Beach to the millions of viewers who tune into the live broadcast of this weekend event. As a new initiative this year, the CVB provided a :60 on air promotional spot that aired throughout the live telecast, and additionally worked with the producers to showcase various iconic locales in Newport Beach that were featured on the broadcast throughout the weekend.

City Leadership

The CVB Executive team and staff will continue to forge strong relationships with City Council and other city officials in Newport Beach, and will conduct regular communications meetings to determine new and unique opportunities that will promote and benefit the community.

Orange County Tourism Council (OCTC)

The OCTC's mission is to work with all of the Orange County Destination Management Organizations collectively to promote visitation to Orange County as a whole. The President and CEO of the Newport Beach Conference & Visitors Bureau holds a seat on the Board of Directors of the OCTC and is currently Chairman of the Brand Committee, whose objective is to create a comprehensive Orange County Brand Identity program. In 2007/2008, the CVB participated in co-operative advertising with the OCTC industry in a radio and newspaper promotion that was placed in high profile newspapers throughout Phoenix, Las Vegas, San Francisco and Sacramento. In addition to the advertisement piece, the CVB was given additional advertorial which featured the destination along with a special ad produced to feature the Boutique Hotels and Small Inns. The CVB also participated in the OCTC Alaska Airlines feature in April, a National Geographic Traveler co-operative program in the May issue and a Southwest Airlines feature in August.

In 2007/2008, the Orange County Tourism Council, along with the CVB, coordinated "Orange County Week with Huell Howser." Howser is an extremely popular television host on Public Broadcast Stations throughout California. The programs focus on unique and hidden tourism treasures throughout Orange County and included segments on the Back Bay, and the Hornblower Cruise Line's "Wild Goose" Yacht. A 30 commercial was produced to air during the broadcast of various Orange County locales.

The OCeanfront

The OCeanfront is a unique collaboration amongst five coastal cities including Laguna Beach, Dana Point, Huntington Beach, Newport Beach, and Costa Mesa. This partnership is specifically designed to feature ten resort properties along the Orange County coastline, along with nearby world-class shopping centers and top golf courses. The Newport Beach resort properties featured in the OCeanfront include: the Newport Beach Marriott Hotel & Spa, The Balboa Bay Club & Resort, Hyatt Regency Newport Beach, and The Island Hotel Newport Beach. The Oceanfront's main vehicle of communication is an annual magazine focusing on the lifestyle and affluence of the area. Through participation with the OCeanfront, the CVB is able to take part in various media activities and other sponsorship programs and committees, including PR and Marketing. This year, the CVB has assisted the team at the OCeanfront with showcasing Newport Beach to media hosted by the OCeanfront during 5 familiarization trips.

Regional CVB Partnerships

The Newport Beach Conference & Visitors Bureau works closely with each of the surrounding area Conference & Visitors Bureaus to help promote Orange County as a whole. In 2008-09, the CVB is looking forward to continuing to leverage opportunities to promote Orange County domestically and internationally, and will continue to hold regular meetings and participate in possible co-operative marketing opportunities. This year the Newport Beach Conference & Visitors Bureau, along with Laguna and Huntington Beach CVB's, worked together at the Travel Industry Association's "POW WOW" event in Las Vegas, held in May to promote "The Beaches of Orange County."

VII. Finance / Administration

a. Introduction/Overview

The Finance and Administration Department of the Newport Beach Conference & Visitors Bureau is dedicated to supporting the Conference Sales and Marketing Departments. Its purpose is to enable these departments to effectively carry out their programs of work. This is accomplished by maintaining internal controls, reporting requirements and record-keeping.

The Finance and Administration Department has the record-keeping responsibility that is inherent to a good business operation. Personnel requirements, as well as overall organizational record-keeping, are essential. This department has the administrative responsibility concerning the many office needs to meet an ever changing sales and marketing operation.

The Finance and Administration Department must keep current financial and administration records and communicate this reporting to the Executive Committee, the full Board of Directors, City Council and the management staff.

It is of utmost importance that one central division ensures that the efforts of the CVB are consistent with the company's objectives and that all programs and projects are carried out in a cohesive manner. The Finance and Administration Department must coordinate, track and report the efforts of the CVB's departments and at the same time maintain monetary controls and establish policies.

The CVB will continue to prepare and improve its financials in a standard format that gives all managers, stakeholders and city officials a clear sense of the CVB's financial position. The Finance Department is responsible for the preparation of the budget and timely financial reporting. This department oversees the annual operating and capital budgeting and tracks and projects income and expenses. The Finance and Administration Department will also continue to provide financial reports to the President and Board of Directors.

b. New Initiatives for 08-09

Reserve Account

Most non-profit organizations establish a cash reserve pool to cover unforeseen losses for the sake of long-term organizational and operating stability. The purpose of this account is to decrease the effects of cash flow shortages which arise when expenses are due before the income to pay for them is received. Factors which can contribute to cash flow shortages in a balanced budget include seasonal or irregular cash delays in collecting fees for service, or delays in City disbursements. The Board reviewed a new investment policy in 2007/08 so that the CVB Reserve account can be utilized and invested effectively. Additionally, the CVB will work to decrease its reserve account to maintain a level acceptable by the IRS for a non-profit organization.

Equipment Replacement

On an ongoing basis, office equipment must be kept up to date with the most efficient technology. This allows the staff to do their work more effectively, which saves the company time, energy and dollars spent. All equipment is checked on a regular basis and all contracts reviewed to see if vendors are offering the most efficient product for the CVB's needs.

In 2007, plans are to include a more user-friendly and efficient telephone system and the CVBreeze sales software system will be re-evaluated. Additionally, outdated laptop computers will be replaced.

Budget

The Finance Department will oversee the implementation of the budget process and review the budget during the course of the year, advise on expenditures and make appropriate corrections, oversee the assembly of the annual operating budget for review by the President and the Board, monitor budgets and enforce budgetary controls, working with department supervisors to provide regular reporting.

The Finance Department will continue to monitor the variances between actual and expense budgets with all departments, coordinate proper expense allocations, collect and run budget projections for each program, assist the staff in determining policy and programs based on financial constraints and opportunities and produce draft and final budgets for the organization.

Audit Process

Many nonprofit organizations are required to have audits performed annually. The many reasons the CVB conducts annual audits are: An audit may ensure that financial records are in accordance with generally accepted accounting principles; may be a good planning and budgeting tool for the CVB; and granting agencies may find the information in the audited financial statements useful in evaluating an organization applying for funds. The CVB plans to continue this process annually.

Coordinate and Distribute Materials for the Board of Directors and Executive Board Meetings

The Recording Secretary to the Board of Directors and Executive Board must compile the agenda, minutes of the previous meeting, Sales, Finance and Administration and Marketing/Partnership Reports, along with any other pertinent material to be used in the meetings. These materials give an accurate account of the accomplishments of each department within the CVB.

Software Functionality

The CVB will upgrade its accounting information to the 2008-09 version of QuickBooks – a more functional software solution.

In addition to helping the CVB stay on top of financial activities, there is enhanced ability to create reports for the Board of Directors, track budgets by program, monitor finances by program, and organize expenses to meet IRS requirements. The Finance Department will continue to gain complete usability in this new software to maximize its potential as a financial management and planning tool.

Ensure Accuracy and Accountability in Sales Reporting and Incentive Compensation

Working directly with the Vice President of Sales, the Finance Department has the responsibility of working on the review and accuracy of the sales reports. The Finance Department is also responsible for the administration of the sales incentive plan. This role will interface with external auditors on complex revenue recognition issues. The CVB's primary objective is to match incentive pay with business objectives and make sure incentives are earned rightfully with supporting documents.

Organize Staff Reviews, Trainings, Seminars and Retreats

All staff members are reviewed each year on the anniversary of their hire date. These reviews will determine the annual salary adjustments and employment status. Merit increases are calculated using the employee's base salary.

The review will allow supervisors the opportunity to evaluate if the employee needs further training or seminars for the position they are presently in, or for any new tasks that will be assigned. If these tools are needed, supervisors will allow employees the opportunity to select from a number of seminars and trainings pertinent to the position.

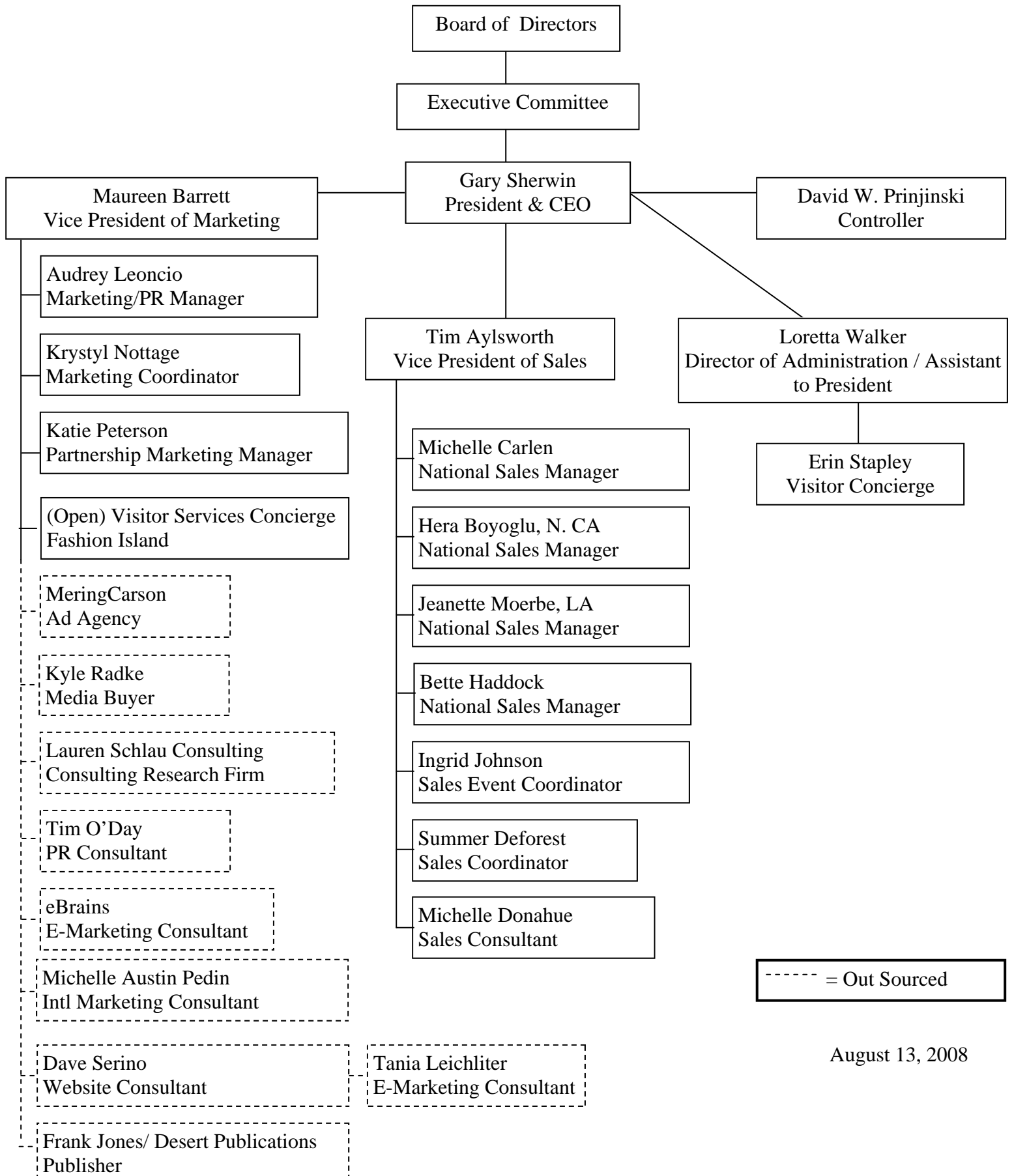
Staff retreats will be conducted twice a year, or as needed, to ensure that the staff in each department are communicating successfully with each other, allowing for a cohesive team environment. These retreats will be off-site so that employees will be able to focus on the goal of each retreat without the interruption of daily work.

Senior Staff retreats will be conducted twice a year, or as needed to review, etc. These retreats will include the heads of each department: Marketing, Sales and Finance and Administration to review existing goals and any new incentives.

Update the Employee Manual

The CVB Employee Manual covers most of the items normally reviewed in the formal employee orientation program, including all of the necessary information regarding employee privileges and responsibilities. Policies and Procedures in the CVB Employee Manual will continue to be streamlined to reflect the company culture. It is the goal of management to ensure that all information in the manual is kept accurate and up-to-date with current labor laws and changes in company policies.

Newport Beach Conference & Visitors Bureau Organizational Structure



August 13, 2008

NEWPORT BEACH CONFERENCE & VISITORS BUREAU FY 2008-2009 BUDGET

	<u>Sub- Category Total</u>	<u>Category Total</u>	<u>Department Total</u>
<u>REVENUE</u>			
400 HOTEL TRANSIENT OCCUPANCY TAX:			
<u>TOTAL</u> 400		2,792,090	
402 MEMBERSHIP INVESTMENTS:			
Cash Dues		105,000	
Lunch & Learn		3,600	
<u>TOTAL</u> 402		-	
403 JOINT MARKETING with Hotels:		12,000	
<u>TOTAL</u> 403			
405 P/R TRADE SHOWS:		6,000	
<u>TOTAL</u> 405			
410.02 ANNUAL DINNER INCOME:		15,000	
<u>TOTAL</u> <u>410.0</u> <u>2</u>			
435 RESERVE ACCOUNT:			
<u>TOTAL</u> 435		225,000	
105 MONEY MARKET ACCOUNT :			
<u>TOTAL</u> 105		0	
437 2007-2008 ROLLOVER:			
<u>TOTAL</u> 437		-	
<hr/> TOTAL REVENUE			\$ 3,158,690
<hr/> <u>EXPENSES</u>			
ADMINISTRATION / FINANCE		914,757	914,757
CONFERENCE SALES		1,161,018	1,161,018
MARKETING		1,082,916	1,082,916
<hr/> TOTAL EXPENSES			\$ 3,158,690

FINANCE / ADMINISTRATION DEPARTMENT

601	SALARY EXPENSE: Admin (President, Controller, Assistant to President, Visitor Concierge)		366,944	
			-	
			-	
	<u>TOTAL</u>	<u>601</u>		366,944
606	PERSONNEL/TEMP. SERVICES:			
	Temporary Help		4,000	
	<u>TOTAL</u>	<u>606</u>		4,000
606	PAYROLL TAX EXPENSE:			
	Administration		34,859	
	<u>TOTAL</u>	<u>606</u>		34,859
607	PAYROLL EXPENSE:			
	Administration		2,158	
	<u>TOTAL</u>	<u>607</u>		2,158
608	HEALTH INSURANCE:			
	Blue Cross Premium		24,772	
	<u>TOTAL</u>	<u>608</u>		24,772
609	PERSONNEL BENEFIT:			
			960	
	<u>TOTAL</u>	<u>609</u>		960
610	LIFE INSURANCE:			
			1,690	
	<u>TOTAL</u>	<u>610</u>		1,690
611	401K PLAN:			
	Employer Contribution		13,592	
	<u>TOTAL</u>	<u>611</u>		13,592

614	WORKER'S COMPENSATION:			
	Worker's Comp		-	
		<u>TOTAL</u>		<u>614</u>
				1440
615	RENT:			
	Office Rent		248,436	
	Public Storage		1,344	
		<u>TOTAL</u>		<u>615</u>
				249,780
620	TELEPHONE AND CABLE:			
	Telephone & Cable		7,800	
		<u>TOTAL</u>		<u>620</u>
				7,800
621	POSTAGE:			
	Postage		2,700	
		<u>TOTAL</u>		<u>621</u>
				2,700
626	ACCOUNTING/LEGAL/HR:			
	Accounting Services		6,000	
	Legal Services		9,000	
		<u>TOTAL</u>		<u>626</u>
				15,000
627	BANK CHARGES:			
	Merchant Fee for M/C		650	
	Annual Credit Card Fees		300	
	American Express Merchant Fees		600	
	Misc.		250	
		<u>TOTAL</u>		<u>627</u>
				1,800
628	COMPUTER CONSULTANTS:			
	Server/Computer Maintenance Retainer		12,000	
	Service calls		9,000	
	Annual Firewall Support Renewal		2,500	
	Spam Protection (Spam Soap)		500	
		<u>TOTAL</u>		<u>628</u>
				24,000

630	REPAIRS/MAINTENANCE:		
	Office Maintenance - Furniture, Plants	10,000	
	<u>TOTAL</u> 630		10,000
632	MAINTENANCE CONTRACTS:		
		-	
	Database Software Maintenance	5,000	
	<u>TOTAL</u> 632		5,000
618	OFFICE SUPPLIES:		
	All Departments	10,200	
	<u>TOTAL</u> 618		10,200
636	INSURANCE:		
	Commercial/General Liability Insurance (includes Erisa Bond for 401(k) plan)	4,000	
	Professional Liability	6,000	
	<u>TOTAL</u> 636		10,000
640	EQUIPMENT:		
	Computers	5,000	
	Furniture / Fixtures	-	
		-	
	<u>TOTAL</u> 640		5,000
642	EQUIPMENT LEASE:		
	Ricoh Copier Lease/Maintenance Contract	9,000	
	PBCC Postage Machine/Scale/Maintenance	12,000	
	<u>TOTAL</u> 642		21,000
656	TAXES/LICENSES:		
	Secretary of State (Non-profit filing fee)	10	
	Secretary of State (statement of info)	20	
	Franchise Tax Board (Corp Tax Return fee)	10	
	City of Newport Beach (fire/medic annual)	42	
	Pitney Bowes (postage meter tax)	350	
	Misc. Licenses & Taxes	509	

	<u>TOTAL</u>	<u>656</u>	1,000
658	MOVE:		
	Office Move Expenses	-	
	<u>TOTAL</u>	<u>658</u>	0
662	TRAVEL AND ENTERTAINMENT:		
	Local Entertainment	10,000	
	Misc. Birthday, Holiday Expenses	1,000	
	Mileage Reimbursement	1,000	
	Travel	15,000	
	<u>TOTAL</u>	<u>662</u>	27,000
668	PRINTING:		
	New Letterhead and Envelopes	25,000	
	Marketing Plan	5,000	
	Business Cards	-	
	<u>TOTAL</u>	<u>668</u>	30,000
686	COMMUNITY RELATIONS:	24,000	
	<u>TOTAL</u>	<u>686</u>	24,000
687	LOCAL MEETINGS/EVENTS:		
	Community Events	7,500	
	Bureau Events:		
	Full Board Luncheons (4 X \$425 per mtg.)	1,700	
	Executive Committee Refreshments	2,400	
	Misc. Staff Meetings	500	
	Misc Bureau Events (Staff Retreat)	2,000	
	1) Location (Food/Décor)	2,500	

2) Staff / Executive Gifts 1,000 3,500

TOTAL 687 **17,600**

688 PROFESSIONAL
MEMBERSHIP/AFFILIATIONS:

CALTIA 900

DMAI 1,500

SATW 500

Misc. 500

WACVB 500

TOTAL 688 **3,900**

TOTAL ADMIN/FINANCE **\$ 914,756.55**

CONFERENCE SALES DEPARTMENT

601	SALARY EXPENSE:		
	Staff:		
	Sales	424,131	
	Sales Mgrs - Bonus	103,880	
		-	
	<u>TOTAL</u> <u>601</u>		528,011
605	PERSONNEL/TEMP. SERVICES:		
		-	
	<u>TOTAL</u> <u>605</u>		-
606	PAYROLL TAX EXPENSE:		
	Sales Payroll Tax	50,742	
	<u>TOTAL</u> <u>606</u>		50,742
608	EMPLOYEE BENEFITS:		
	Personnel Benefits	1,680	
	Life Insurance	2,958	
	<u>TOTAL</u> <u>608</u>		4,638
609	HEALTH INSURANCE:		
	Blue Cross Premium	36,870	
	<u>TOTAL</u> <u>609</u>		36,870
611	401(K) PLAN:		
	Employer Contribution	30,913	
	<u>TOTAL</u> <u>611</u>		30,913
640	EQUIPMENT:		
		2,500	
	<u>TOTAL</u> <u>640</u>		2,500
656	TRAVEL AND ENTERTAINMENT:		
	Local Entertainment	12,000	

Local Mileage	10,000	
Satellite Offices	7,500	
TOTAL 656		29,500

664 TRADESHOWS:

MPI-WEC/ Las Vegas	
Newport Beach Conference & Visitors Bureau Total Cost:	7,000
CALIFORNIA SOCIETY OF ASSOCIATION EXECUTIVES (CSAE) – Sacramento, CA Newport Beach Conference & Visitors Bureau Total Cost:	\$5,000
ITME / Chicago	
Newport Beach Conference & Visitors Bureau Total Cost:	\$7,500
DESTINATION SHOWCASE - DC	
Newport Beach Conference & Visitors Bureau Total Cost:	\$6,000
Cal SAE Annual / Lake Tahoe Newport Beach Conference & Visitors Bureau Total Cost:	3,000
ASAE - Annual / San Diego Newport Beach Conference & Visitors Bureau Total Cost:	6,250
HSMAI - Affordable Mtgs Newport Beach Conference & Visitors Bureau Total Cost:	3,000
MPI No Cal Newport Beach Conference & Visitors Bureau Total Cost:	2,000
MPI So Cal Newport Beach Conference & Visitors Bureau Total Cost:	1,500
MPI Orange County Newport Beach Conference & Visitors Bureau Total Cost:	1,500

CBI West Coast Pharmaceutical Newport Beach Conference & Visitors Bureau Total Cost:	4,500
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CBI East Coast Pharmaceutical Newport Beach Conference & Visitors Bureau Total Cost:	6,000
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Misc	15,000	
<u>TOTAL</u>		68,250

670 ADVERTISING MEETINGS:		
	187,000	
<u>TOTAL 670</u>		187,000

674 FAM TOURS/SITE INSPECTIONS:		
FAM 1	15,000	
Misc. Site Inspections	7,000	
<u>TOTAL 674</u>		22,000

675 SALES TRIPS:

Los Angeles Sales Mission	
Newport Beach Conference & Visitors Bureau Total Cost:	8,000.00
San Francisco Sales Mission	
Newport Beach Conference & Visitors Bureau Total Cost:	10,000.00
Sacramento	
Newport Beach Conference & Visitors Bureau Total Cost:	10,000.00
San Diego	
Newport Beach Conference & Visitors Bureau Total Cost:	8,000.00

	Sales Trips		
	Phoenix	4,000	
	Dallas / Houston	4,500	
	Washington DC	5,200	
	Chicago / Minn	4,000	
	Boston	5,000	
	New York	5,000	
			27,700
			63,700
678	COMPUTER/DATABASE:		
	Email/Direct Mail Lists/Data	18,765	
	MINT Database Subscription	5,000	
		<u>TOTAL</u> <u>678</u>	23,765
620	TELEPHONE:		
	Sales (Cell Phones)	6,000	
		<u>TOTAL</u> <u>620</u>	6,000
622	POSTAGE/DIRECT MAIL:		
	Postage	9,000	
		<u>TOTAL</u> <u>622</u>	9,000
684	PUBLIC RELATIONS:		
	Toshiba Classic	25,000	
		<u>TOTAL</u> <u>684</u>	25,000
697	SALES SPONSORSHIPS:		
	Sales Sponsorships	15,000	
		<u>TOTAL</u> <u>697</u>	15,000
687	LOCAL MEETINGS/EVENTS PROFESSIONAL ASSOCIATION SPONSORSHIPS:		
	MPI No CA	1,500	
	MPI So CA	1,500	

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TOTAL CONFERENCE SALES	\$1,161,018.23
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MARKETING DEPARTMENT

601	SALARY EXPENSE:			
	Staff			
	Marketing		270,476	
		<u>TOTAL</u>		270,476
		<u>601</u>		
606	PAYROLL TAX:			
	Marketing		25,695	
		<u>TOTAL</u>		25,695
		<u>606</u>		
608	HEALTH INSURANCE:			
	Blue Cross Premium		20,568	
		<u>TOTAL</u>		20,568
		<u>608</u>		
609	PERSONNEL BENEFIT:			
			1,200	
		<u>TOTAL</u>		1,200
		<u>609</u>		
610	LIFE INSURANCE:			
			2,113	
		<u>TOTAL</u>		2,113
		<u>610</u>		
611	401K PLAN:			
	Employer Contribution		16,468	
		<u>TOTAL</u>		16,468
		<u>611</u>		
614	WORKER'S COMPENSATION:			
	State Fund		1,440	
		<u>TOTAL</u>		1,440
		<u>614</u>		
620	TELEPHONE:			
			6,000	
		<u>TOTAL</u>		6,000
		<u>620</u>		

621	E-MARKETING:		100,000	
		<u>TOTAL</u>	<u>621</u>	100,000
658	MOVING EXPENSES:			
	Additional Visitor Center Costs		10,000	
			-	
		<u>TOTAL</u>	<u>658</u>	10,000
662	TRAVEL AND ENTERTAINMENT:			
	WACVB /DMAI / CalTIA		15,000	
	American Express Luxury Travel Summit		4,000	
		<u>TOTAL</u>	<u>662</u>	19,000
664	PUBLISHING:			
	Visitor Guide		5,000	
	Visitor Guide Distribution		3,000	
		<u>TOTAL</u>	<u>664</u>	8,000
669	WEBSITE MAINTENANCE:			
	Monthly Maintenance		3,000	
	Updates		-	
	Website Redesign		15,000	
		<u>TOTAL</u>	<u>669</u>	18,000
670	ADVERTISING MEETINGS:			
		<u>TOTAL</u>	<u>670</u>	-
671	ADVERTISING CONSUMER:			
	Restaurant Week		30,000	
	Film Festival		25,000	
	Oceanfront Co-Op		10,000	
	CalTIA		25,000	
	Golf Coast - Golf Tournament Sponsorship		5,000	
		<u>TOTAL</u>	<u>671</u>	95,000

671.2	CONSUMER MEDIA:			
	Consumer Media		134,000	
		<u>TOTAL</u>	<u>671.2</u>	134,000
672	ADVERTISING TOURISM:			
	Advertising Production		20,000	
		<u>TOTAL</u>	<u>672</u>	20,000
673	INTERNATIONAL TOURISM:			
	Salary		50,000	
	Misc		10,000	
		<u>TOTAL</u>	<u>673</u>	60,000
676	NEWSLETTER:			
	Partnership		500	
		<u>TOTAL</u>	<u>676</u>	500
684	PUBLIC RELATIONS/PHOTOGRAPHY/MEDIA:			
	Cision		12,411	
	PR Trak		3,250	
	PR Newswire		6,000	
	Constant Contact		195	
	Tim O'Day		70,000	
	Press Kit Mailing		2,000	
	LA Media Mission		8,000	
	CTTC Media Mission		800	
	New York Media Mission		15,000	
	Media Visits (Individual FAM)		10,000	
	Foodie		5,000	
	Pelican		5,000	
	B-Roll Update		15,000	
	Media Gifts - Bookmarks		5,000	
		<u>TOTAL</u>	<u>684</u>	157,656

Bureau Events:
Annual Dinner

	Total		75,000	
			10,000	
	Holiday Reception		0	
	NBCVB Partner Stickers		500	
	Marketing Meeting Refreshments		500	11,000
	Visitor Kiosk Project		5,000	
	Partner Email Marketing/ Partner Survey		300	
	Partner Database Click-through Capture		5,000	
	Postage / Direct Mail		3,000	13,300
		<u>TOTAL</u>	<u>687</u>	99,300
690	RESEARCH:			
	Misc. (Market Research, Newspapers, Magazines, Yonkalovich Study)		10,000	
		<u>TOTAL</u>	<u>690</u>	10,000
691	EDUCATION AND TRAINING:			
	Additional Training		7,500	
		<u>TOTAL</u>	<u>691</u>	7,500
	TOTAL MARKETING			<u>\$1,082,915.53</u>