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Brand USA

MARKETING COMMITTEE MEETING

June 23, 2017





Opening Remarks & Introductions



Barbara Richardson

Chair, Marketing Committee
Brand USA

Executive and Senior Management



Chris Thompson
President & CEO



Thomas Garzilli
*Chief Marketing
Officer*



Anne Madison
Chief Strategy & Communications Officer



Don Richardson
*Chief Financial
Officer*



Karyn Gruenberg
*Senior Vice President
Partner Marketing &
Strategic Alliances*



Cathy Domanico
*Vice President
Global Trade
Development*



Tracy Lanza
*Vice President
Integrated Marketing*



Stanley Mattos
*Vice President
Operations*



Carroll Rheem
*Vice President
Research & Analytics*



Aaron Wodin-Schwartz
*Vice President
Public Policy*



Jake Conte
Director, In-House Counsel



Brian Watkins
Director, Information Technology



Marketing Committee Meeting Agenda

- **Opening Remarks**

*vote required

- Call the Meeting to Order

- Introductions: Management, Legal Counsel, and Invited Guests

- **Item 1: Approval of the Minutes from the March 2, 2017 Meeting***

- **Item 2: CMO Report**

- **Item 3: Business Planning Update**

- **Item 4: FY2018 Proposed Marketing Budget**

- **Item 5: Research Update**

- **Item 6: Consumer Marketing Report**

- **Item 7: Partner Marketing and Strategic Alliances Report**

- **Item 8: Global Trade Development Report**

- **Discussion and Q & A**

- **Closing Remarks and Adjourn Meeting**

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ITEM 1: APPROVAL OF MINUTES*

Barbara
Richardson,
Chair, Marketing
Committee





Item 2: Chief Marketing Officer Report

Tom Garzilli

Chief Marketing Officer
Brand USA



Item 3: Business Planning Update

Anne Madison

Chief Strategy &
Communications Officer

Brand USA

FY2018 Objectives (draft as of 6/16/17)

Objective	Goals
Increase international visitation, spend, and global market share for the United States	<ul style="list-style-type: none">• 1.25 million incremental international visitors (compares to incremental international visitors of 1.20 million in FY2016, and a target of 1.10 million in FY2017)• \$4.15 billion in incremental international spend (compares to incremental international spend of \$4.1 billion in FY2016, and a target of \$3.8 billion in FY2017)• \$9.0 billion in total economic impact (compares to total economic impact of \$8.9 billion in FY2016, and a target of \$7.6 billion in FY2017)• Marketing ROI of 23:1; overall ROI 20:1 (compares to marketing ROI of 31:1 and overall ROI of 28:1 in FY2016, and targets of 23:1 marketing ROI and 20:1 overall in FY2017)• Manage overhead to remain below 15%
Create innovative marketing	<ul style="list-style-type: none">• Equal marketing of rural and urban areas across the total of all marketing efforts• Support all 50 states, the District of Columbia, and the five territories with any combination of the USA Campaign, cooperative marketing, and trade outreach• Maintain destination familiarity of 93%• Increase digital engagements to 81.5 million• Increase average intent to visit across all markets to 60 percent
Market the welcome	<ul style="list-style-type: none">• Achieve 100% of the annual objectives shared with the Tourism Policy Council (TPC)• Deploy international arrival program in five international arrival halls
Build and maintain trust	<ul style="list-style-type: none">• 100% compliance with policies, procedures, and Travel Promotion Act• Expand partner reporting portal content by 25%
Add and create value	<ul style="list-style-type: none">• \$100 million in contributions from private industry and non-federal sources• Target 50% cash and 50% in-kind (but no less than 30% cash and no more than 70% in-kind)• 90% or higher partner program retention



Item 4: FY2018 Proposed Marketing Budget

Tom Garzilli

Chief Marketing Officer
Brand USA



FY2018 Marketing Priorities

- Continued shift to highest ROI markets (55% emerging / 45% established markets)
- Equal promotion of rural and urban areas across all marketing and public relations efforts
- Marketing and distribution of *America's Treasures* and exploring development of giant-screen film #3
- Continued expansion of Market the Welcome messaging through consumer channels
- New functionality for global consumer and corporate websites
- Maximizing partner value and ROI through partner programs, global trade development, consumer campaigns, and public relations efforts
- Continued enhancement of global trade development strategies (international representation, product development, RTO, training, etc.)



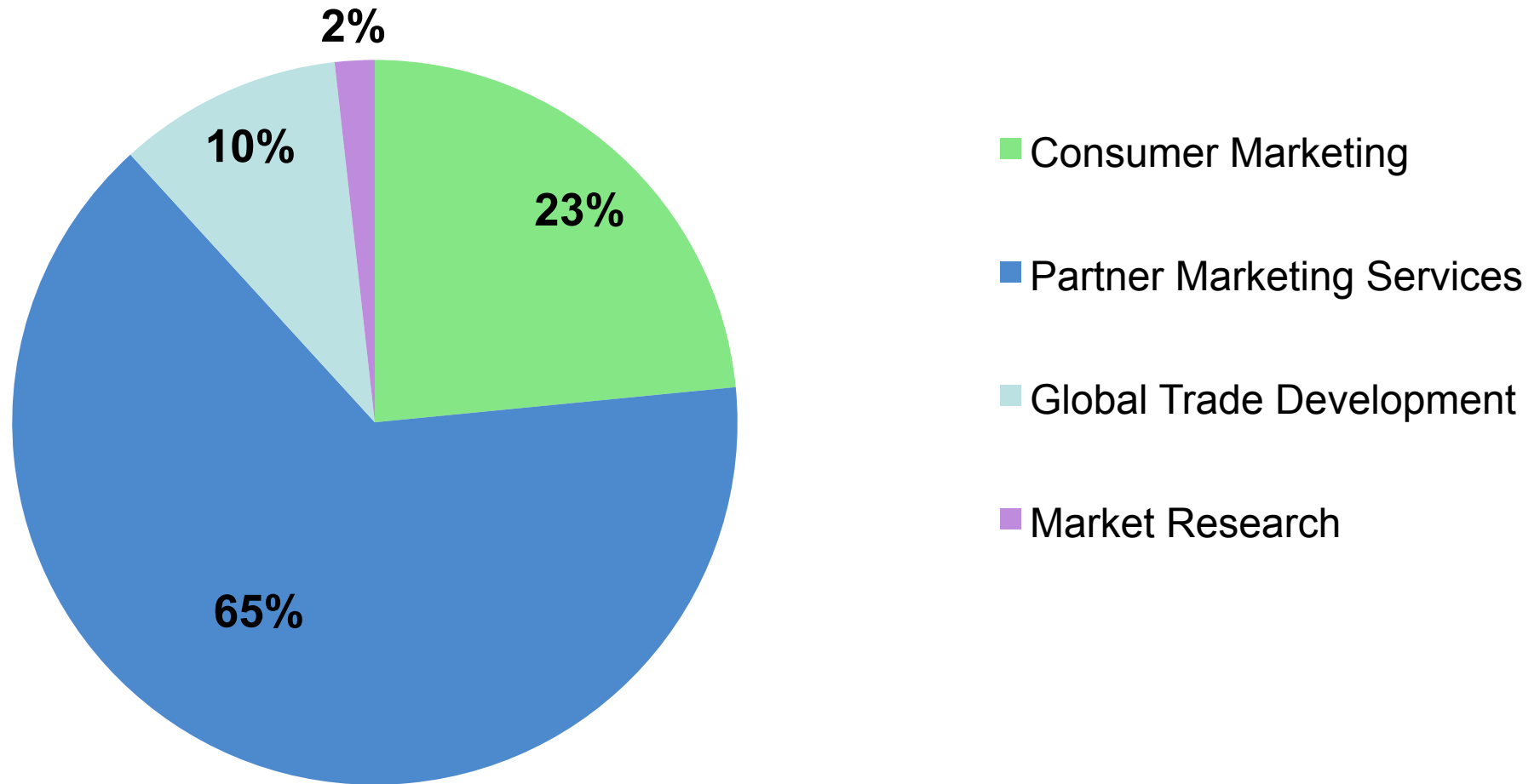
Marketing Spend: More Effective and Efficient Use of Marketing Dollars

During FY2018, Brand USA will continue to:

- Shift marketing dollars to higher-ROI markets
- Optimize marketing spend more effectively
 - Authentic media channels (to drive awareness, engagement, booking, and sharing)
 - Always on strategy
- Optimize use of contributed media dollars
- Focus on cooperative marketing programs that deliver the best balance of value to partners and ROI
- Focus on equal promotion of rural and urban areas, which drives repeat business and supports our mandate as the nation's destination marketing organization

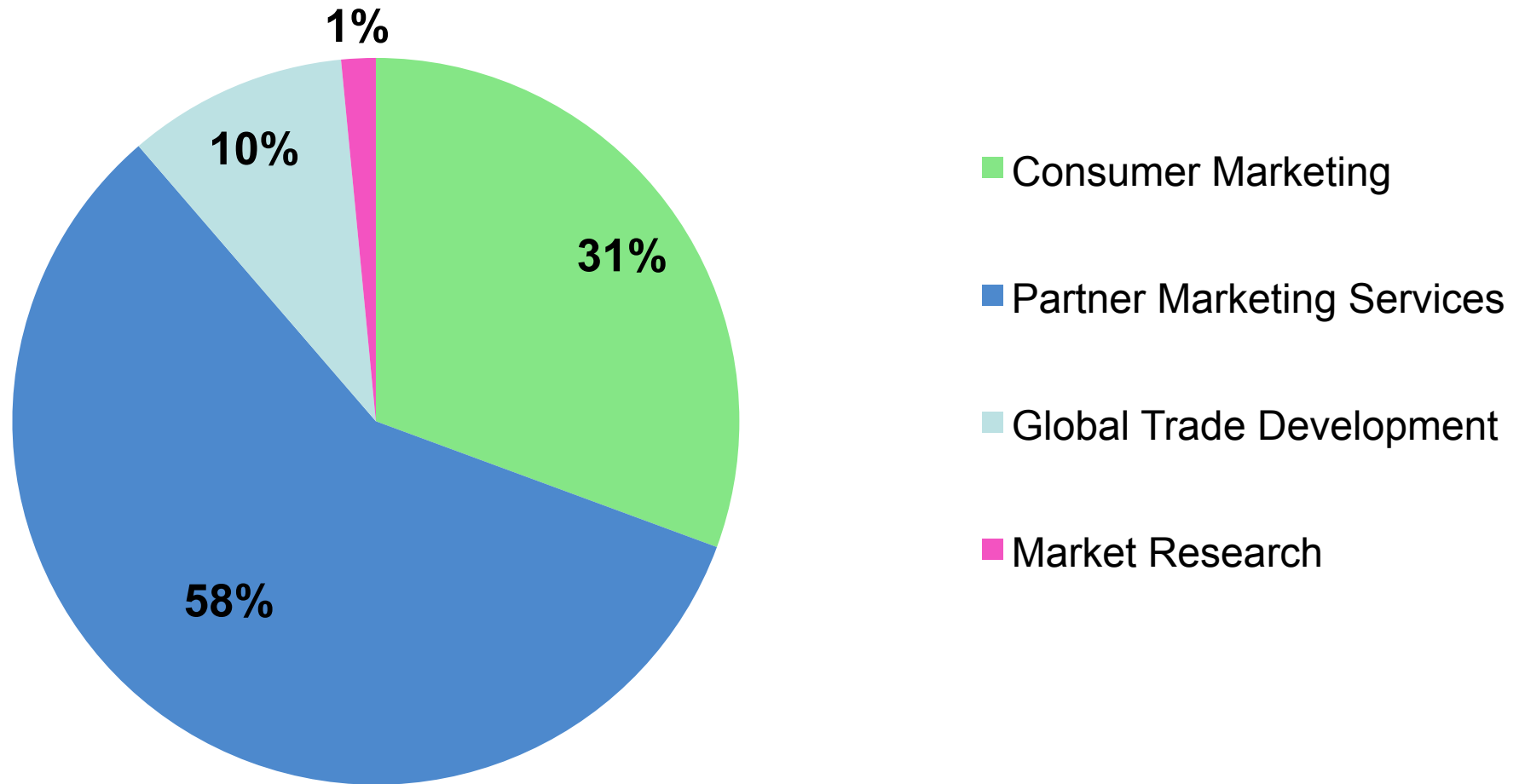
FY2017 Budget Breakdown

FY 2017 Budget Total: \$141,489,733



FY2018 Budget Breakdown

FY2018 Budget Total: \$132,728,034





Major Programs and Initiatives

- *America's Treasures* and *National Parks Adventure* (marketing and distribution)
- USA campaign enhancement and expansion of One Big Welcome
- Expansion of consumer public relations outreach
- Accessibility of consumer channels (global website)
- New technologies (example: virtual reality)
- Partner programs development, marketing plan builder and expansion of partner reporting portal to support partner planning and reporting efforts
- Global trade product development
- Expansion of international representation through efficiencies
- Overhaul of international trade show strategies



Contributions Strategy

- Optimize cash contributions
- Maximize in-kind content contributions
- Optimize in-kind contributions tied to Marketing Partnership Agreements
- Ensure contributions momentum for the start of each fiscal year
- Increase sponsorship revenue



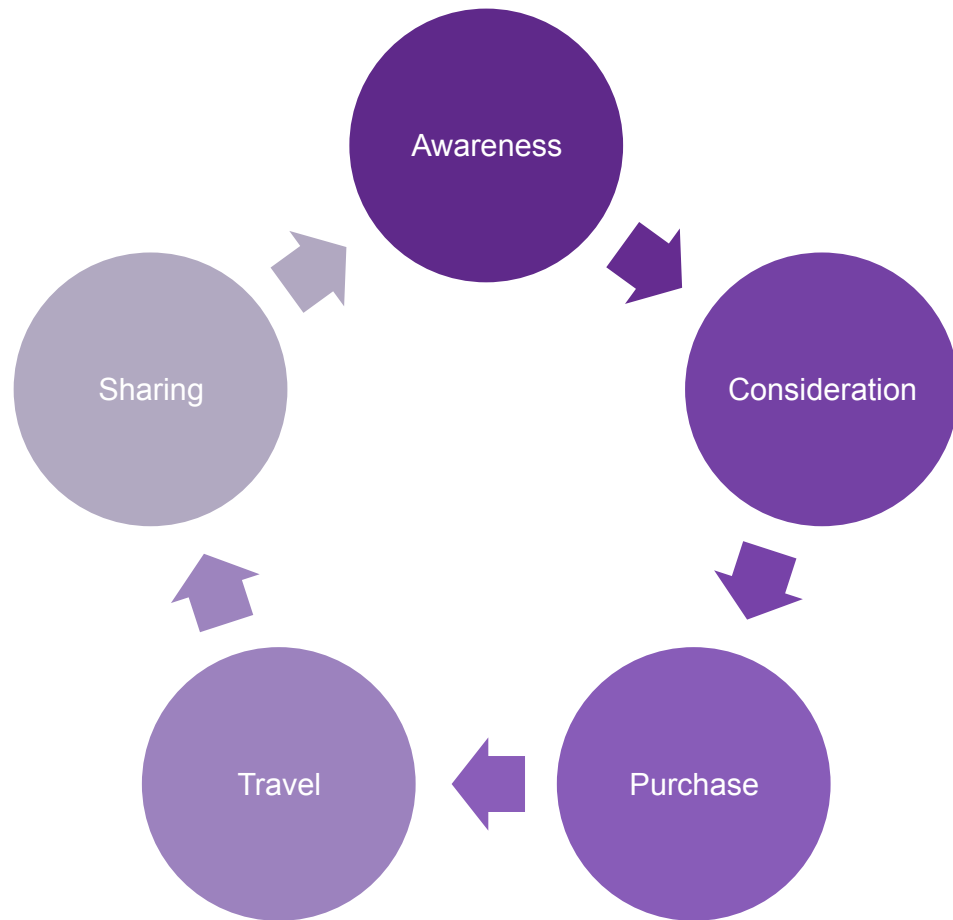
Item 5: Research Update



Carroll Rheem

VP, Research & Analytics
Brand USA

Marketing Metrics Plan



Awareness

- Impressions
- Consumer familiarity

Consideration

- Clicks on ads, website visitation, social engagement
- Search activity (GDS and general search engine)
- Consumer intent

Purchase

- Travel bookings

Travel

- Actual arrivals, tourism receipts

Sharing

- Social sentiment tracking
- Consumer net promoter score

The Return on Investment of Brand USA Marketing

Fiscal Year 2016

May 2017

$$\text{LN}(\text{IVIS}(i)/\text{LH}(i)) = K + b1*\text{LN}(\text{MED}(i)/\text{LH}(i)) + b2*\text{LN}(\text{ONL}(i)/\text{LH}(i)) + b3*\text{MSH}(i)$$

Where:

- $\text{IVIS}(i)$ = Incremental visits from market i
- $\text{LH}(i)$ = Long-haul travel from market i
- $\text{MED}(i)$ = Media impressions in market i
- $\text{ONL}(i)$ = online engagement in market i
- $\text{MSH}(i)$ = log difference in US share of travel from market i

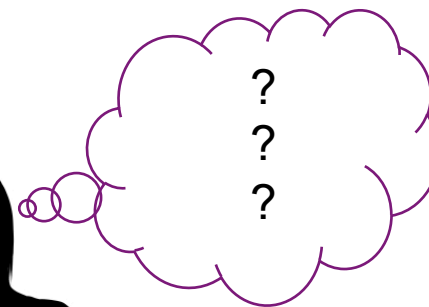


Intent to Visit the US



Recognizers
who correctly ID the USA

VS

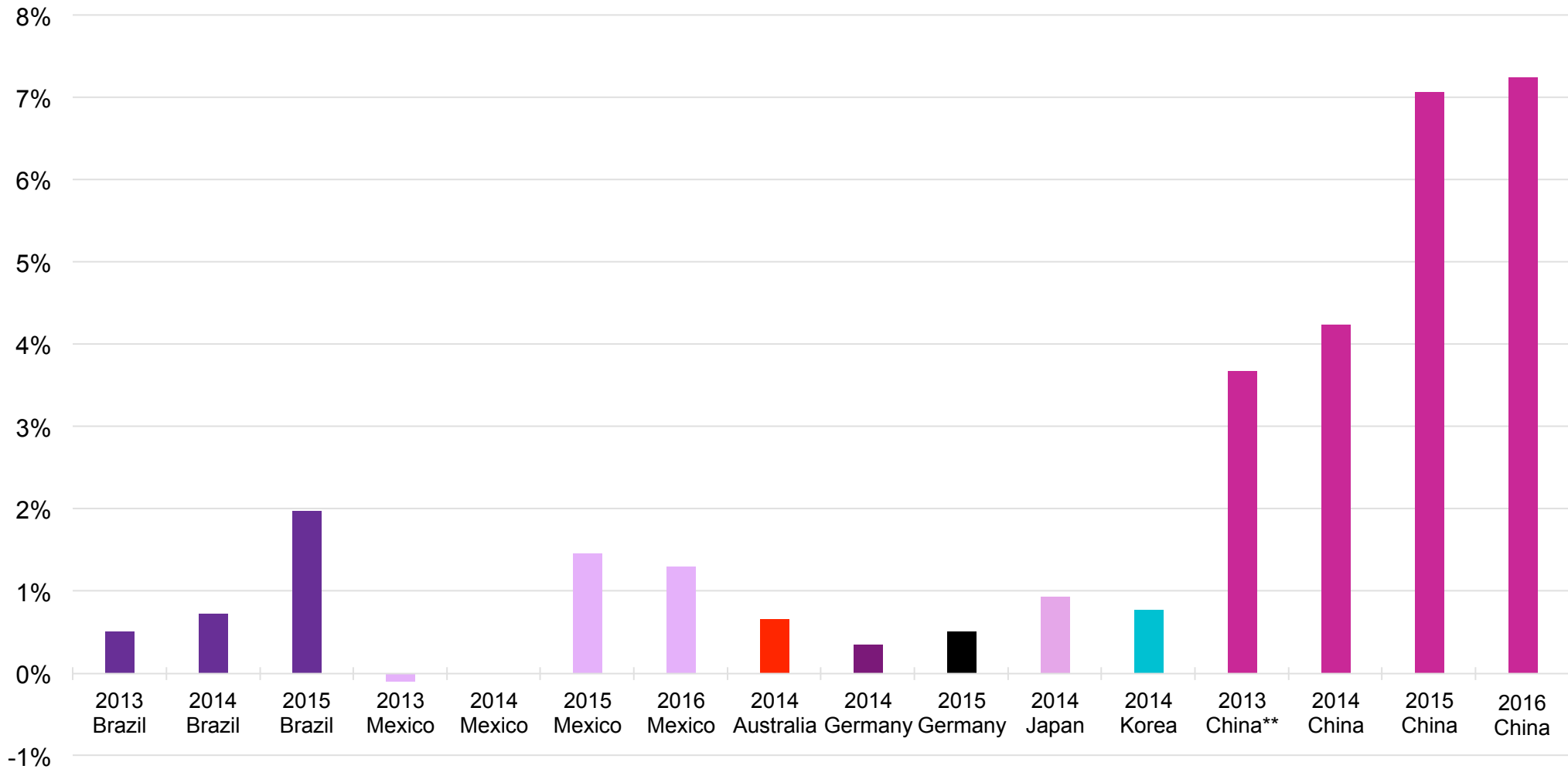


Non-Recognizers and incorrect
IDers

Marketing Effectiveness

Consideration: Ad Influence on Intent to Visit

(Ad Recallers*Correct IDers*Differential in Intent to Visit)



Source: Ipsos

*2014 influence was 0

**Campaign unaided recall was based on print ads only



Campaign Metrics

	Media Impressions	Digital Engagements
2015	3,625,503,710	40,127,685*
2016	4,834,438,987	81,384,915*
YOY	+33%	+103%*

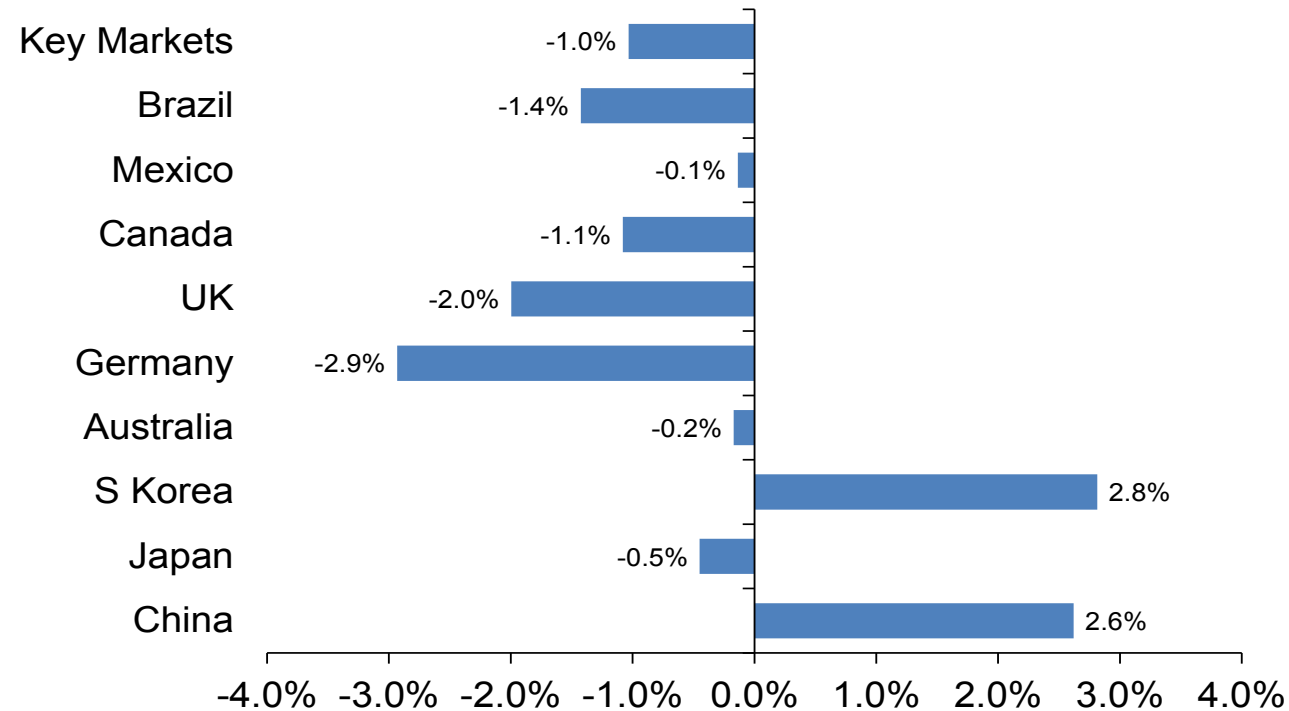
*data revised due to enhanced user verification

Market Share

Focusing on a narrow set of competing destinations for Brand USA focus markets, the US lost 1% of market share in 2016.

Change in US Market Share

Percentage Point Difference (2016 minus 2015)



Source: Tourism Economics



ROI Over Time

	FY 2016	FY 2015	FY 2014	4 Year Cumulative
Incremental Visitors	1,193,892	1,025,183	903,441	4,265,701
Incremental Receipts (\$million)	\$4,083	\$3,036	\$3,070	\$13,591
Marketing ROI	30.7	21.2	19.1	26.67033
Organizational ROI	27.7	19.3	17.7	23.55136
Total Sales (\$million)	\$8,900	\$6,600	\$7,064	\$21,059
Total Jobs	59,500	44,533	46,510	50,933 (average)
Total Tax Impact (\$million)	\$1,200	\$868	\$879	\$3,920



Item 6: Consumer Marketing Update

Tracy Lanza

VP, Integrated Marketing
Brand USA

A couple is sitting on the edge of a large, flat rock formation that juts out over a vast mountain range. The woman is lying down, and the man is sitting up, looking at a device. The sky is filled with soft, colorful clouds in shades of blue, purple, and pink, suggesting sunset or sunrise. The mountains in the distance are layered and hazy, creating a sense of depth. In the foreground, there are some green trees and foliage.

SEE HOW FAR YOU CAN GO / 1ST LOOK

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By The Numbers

Heavy digital investment and social first strategy show strong early results

- Through early June...
 - Over 1.95 billion impressions
 - 115 million video completes
 - 2.3 million social engagements
 - CPMs trending down YOY





BUILDING A CREATIVE NETWORK

USA

[VisitTheUSA.com](https://www.visittheusa.com)

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To optimize messaging and assets, we need...

- To make sure we're shifting our spend so that more resources are targeted at working dollars (media) than fees and production.
- A hyper-qualified, engaged group of experts who bring state of the art skills in
 - Strategy and UX (orchestration, engagement)
 - Campaign and content development (creators)
 - Technological innovation (owned and paid platforms)
 - Partner programming (co-op)



Our new approach will give us wings

- Objective Consultants
 - Orchestrate umbrella strategies, channel approach and market specific messaging

- Influencer Agencies
 - Before: 1
 - Now: 7

- Campaign & Content Creators
 - Before: 3
 - Now (In Progress): 10+

- In-Market Experts
 - Align with in-market experts for messaging relevance
 - Start with China in 2017; extend to India in 2018

A wide-angle photograph of the Golden Gate Bridge in San Francisco. The bridge's iconic red-orange towers and suspension cables are prominent. The San Francisco skyline is visible in the background across the water. In the foreground on the right, the back of a person's head and shoulder are visible, looking out at the bridge. A semi-transparent purple banner is overlaid across the middle of the image.

ONE BIG WELCOME!

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One Big Welcome!

The idea behind “One Big Welcome” is to extend a warm and authentic invitation to visit the USA using real people to tell unscripted stories of their favorite places.

Using a documentary approach, we’re creating welcome messages that feel genuine and showcase the range of interconnected experiences in the USA.

Join the Welcoming Committee!

Our goal is to collect video and audio messages from all 50 States, 5 Territories & the District by June 30th so we can send “One Big Welcome!” to the world.

Turnkey instructions are available at www.thebrandusa.com





Item 7: Partner Marketing & Strategic Alliances Report

Karyn Gruenberg

SVP, Partner Marketing &
Strategic Alliances

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A scenic view of the Washington Monument and cherry blossoms over the Tidal Basin at sunset. The Washington Monument is a tall, thin, white obelisk that stands prominently in the center of the image. It is surrounded by cherry blossom trees with pink and white flowers. The Tidal Basin is a large body of water in the foreground, reflecting the monument and the blossoms. The sun is setting on the right side of the image, creating a warm orange glow and long, golden rays that reflect on the water. The sky is a mix of soft pinks, oranges, and blues.

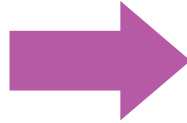
2018 PARTNER PLANS

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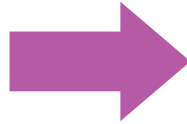
Partner Marketing Constant Improvement

Effectiveness



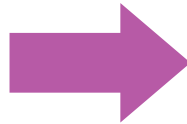
Stronger partner ROI
China and India
Alignment with campaign Influencers and Content
Creating “Gold” Standards

Impact



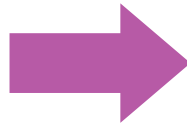
More efficient –lower funnel Originals, with extensions

Integration













Better opportunities to align with USA campaigns
timing, markets
New channels with Music at all levels
Partner-driven Road trips

Efficiencies



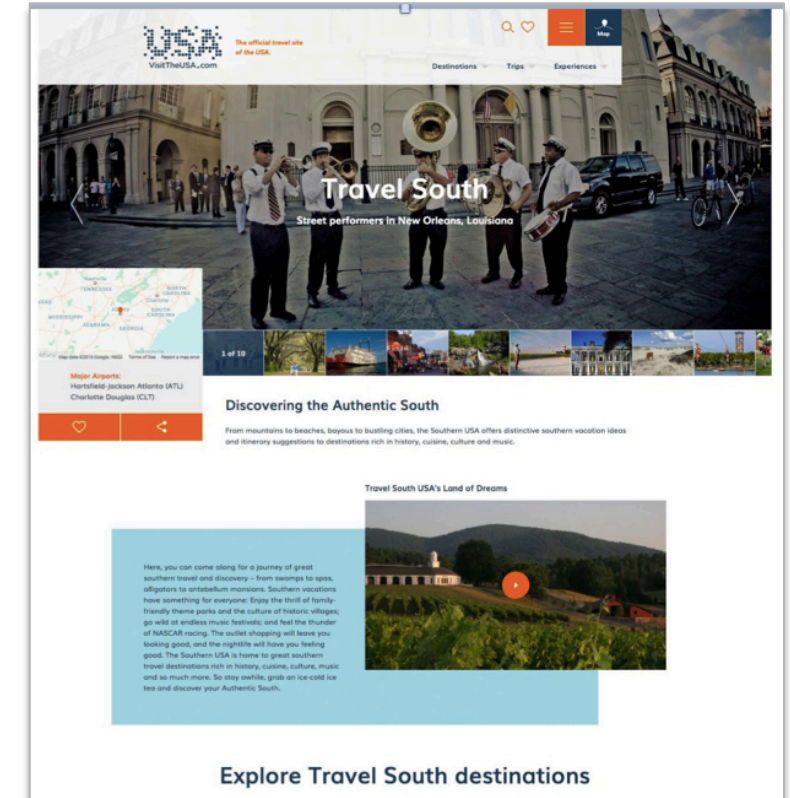
Efficient and measurable China marketing
More training and mission opportunities

BRAND USA PROGRAMS BY COUNTRY

VisitTheUSA.com + GoUSA.cn Global Inspiration Guide Video Distribution Road Trip Content Multi-Channel Affinity Programs									
Attractions & Experiences Co-op BBC Facebook Culinary Initiative Influencer Program International SEM National Geographic Digital Co-op STA Travel TravMedia USA Discovery Program Travelzoo NewsCorp Sunrise/Flight Centre	Attractions & Experiences Co-op BBC Facebook Culinary Initiative International SEM National Geographic Digital Co-op USA Discovery Program Decolar	Attractions & Experiences Co-op BBC Facebook Culinary Initiative Digital Magazine International SEM National Geographic Digital Co-op TravMedia Travelzoo Dreamscapes Postmedia Travel Nation/Rogers Media	Attractions & Experiences Co-op National Geographic Digital Co-op Thomas Cook TravMedia USA Discovery Program <i>Essentially America</i> Ctrip GoUSA Social Campaigns Fliggy Mafwengo WeChat/Weibo	BBC Culinary Initiative STA Travel Thomas Cook Travelzoo	Attractions & Experiences Co-op BBC Culinary Initiative Influencer Program International SEM National Geographic Digital Co-op STA Travel Thomas Cook TravMedia <i>Essentially America</i> Travelzoo Air Berlin Dertour <i>FWW Medien</i>	Facebook Culinary Initiative National Geographic Digital Co-op USA Discovery Program <i>Hindustan Times</i> <i>Times of India</i> Hot Star Star TV	BBC Facebook Culinary Initiative National Geographic Digital Co-op STA Travel	Attractions & Experiences Co-op BBC Facebook Culinary Initiative International SEM National Geographic Digital Co-op USA Discovery Program <i>Essentially America</i> Despegar Televisa	Attractions & Experiences Co-op Facebook Culinary Initiative Digital Magazine Influencer Program International SEM National Geographic Digital Co-op STA Travel Thomas Cook TravMedia USA Discovery Program <i>Essentially America</i> Travelzoo RHS Hampton Court Flower Show <i>The Telegraph</i> <i>Times UK</i> WTM Taxis
									

White Label: VisitTheUSA.com

- Leverages Brand USA's global media strategy
- Includes guaranteed quality video and content views
- 100% turnkey content creation and translation
- Complete custom site with Vanity URL – 13 foreign language sites
- Firewall between GoUSA.com and Custom Partner Site



Storytelling – “Gold Standard”

Brand USA’s cooperative video program increases consumer engagement, includes international distribution channels and brings partners more ways to deliver their story to targeted international audiences.

- Road Trips
- Destination-At-Glance Videos
- International Storyteller
- Native Traveler Videos
- Destination Videos produced by Matador



Gold Standard



China Marketing 2018



Largest OTA platform in China and owned by **Baidu**

Monthly Active Users:
150 million

Young, white collar users

In 2016, **20 million** (18%) of all outbound Chinese tourists booked their trip on Ctrip



OTA platform owned by **Alibaba**

Daily Active Users:
10 million

Independent **millennials**

Fliggy is actively expanding its **outbound travel** business and seeking partnership with tourism boards around the world



Largest trip planning platform in China

Monthly Active Users:
80 million

Middle to upper class **millennials**

Mafengwo has partnerships with travel boards and airlines, a key decision engine for pre-travel destination selection



Premier search engine

Monthly Active Users:
600 million

3.3 billion search queries per day

85% of internet users in China use Baidu as primary search engine

Leverage search volume contract for all partners' benefit

Additional 15% of search of media

Social



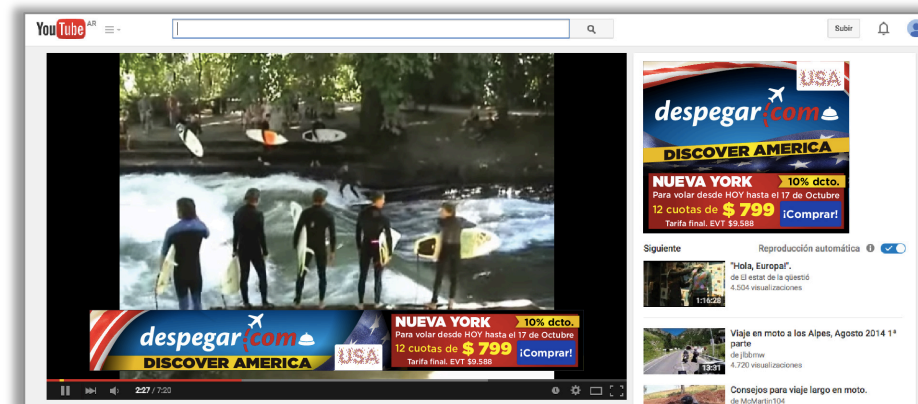
Live Streaming



WeChat Verification
WeChat Moment Ads



New Programs: Canada & Mexico



Item 8: Global Trade Development Report

Cathy Domanico

VP, Global Trade Development
Brand USA



China Update



- China Sales Mission 2017
 - Brand USA first to deliver 6 city, 10 day Sales Mission covering every region in China:
 - Beijing - North China
 - Shanghai - East China
 - Guangzhou - South China
 - Chengdu - West China
 - Wuhan - Central China
 - Shenyang - Northeast China

Travel Trade Priorities

- International Offices RFPs
 - Announced: India, Brazil, UK
 - Next: Mexico, Australia/NZ, Canada

Market	Contract Award Date	Re-compete (RFP) Date
Brazil	April	2019
India	April	2020
The UK	May	2019
Mexico	June	2019
Australia/NZ	August	2020
Canada	September	2019
Hong Kong, Taiwan, Singapore	December	2021
China	February	2021
Japan	December	2020
Korea	December	2021
Europe	January	2022



Travel Trade Priorities

- Regional Director – China
- Dedicated Travel Trade website
 - Images, itineraries, destination info
 - Key contact info, travel trade calendar, online training program, “what’s new”
- Toolkit
 - Trade tool focusing on how to promote the United States
 - Accompanying suggested itineraries
 - Brings user to, through and beyond the gateways



Travel Trade Priorities

- MICE strategy
- Product Development
 - Developing ‘bookable’ itineraries (Road shows, Toolkit)
 - Inclusion in MegaFam Finale events
- Co-op Programs
 - China
 - Ctrip, Qunar, Tuniu, CAISSA, AITS
 - Other markets
- Bringing the USA Discovery Program in house
- Brand USA trade show “idea”
- Streamlining communications



Trade Shows

- 13 annual trade shows with a Brand USA Pavilion across 11 countries
- 5 annual trade shows supporting Visit USA Committees (no Brand USA Pavilion) across 5 countries
- Reviewing 6 luxury trade shows across 6 countries for FY19



Sales Missions and Fams

- Sales Missions
 - 6 Sales Missions and B2Bs across 7 countries (July, September, November 2017; March 2018)
 - Reviewing Sales Missions in 6 additional countries for FY19
- CY17 Fams
 - 5 MegaFams
 - Two Tour Operator Fams per market with Product Developers
- FY18 Fams
 - MegaFam with British Airways (recommending May 2018)
 - Additional MegaFam
 - Tour Operator Fams (two per market with Product Developers)



Like/Follow/Share

Travel Industry

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Consumer

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Thank you!





Discussion, Q&A, and Closing Remarks