

TEAM SAN JOSE

CEDC Update

September 25th, 2023

Agenda

- FY 22-23 Performance Measures
- FY 22-23 Dashboard Metrics
- FY 23-24 Performance Goals
- Hotel Recovery and Travel Trends
- FY 22-23 Sales Strategy and Tactics
- Marketing & Communications – Strategy and Results
 - Demand Trends
 - Paid Media – Consumer/ Leisure
 - Paid Media - Meetings
 - Owned Media
 - Earned Media

FY 22-23 Performance Results

Team San Jose
Convention Center and Facility
Performance Results
YTD June 30, 2023 (Unaudited)

Economic Drivers: Measurements of success in supporting local and regional economic growth.

	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>Annual Goal</u>	<u>% Achieved</u>	<u>% Annual Goal Achieved</u>
Estimated Visitor Spending (EEI)*	\$ 52,061,524	\$44,294,493	\$ 7,767,031	\$ 44,294,493	118%	118%
Future Hotel Room Nights Booked (Citywide	111,486	111,000	486	111,000	100%	100%

Operating Drivers: Measurements of success relating to operating all facilities.

	<u>YTD Actual</u>	<u>YTD Goal</u>	<u>Variance</u>	<u>Annual Goal</u>	<u>% Achieved</u>
Customer Satisfaction	100%	95%	5%	95%	105%
Response Rate - Theaters	14%				
Response Rate - Convention Center	100%				
Total Response Rate	29%				
Theater Occupied Days	91%	74%	17%	71%	123%
Gross Operating Revenue	\$ 33,488,018	\$ 39,762,481	\$ (6,274,462)	\$ 39,762,481	84%
Gross Operating Results	\$ 2,970,444	\$ 643,003	\$ 2,327,441	\$ 643,003	462%

Occupied Days include move-in, move-out and performance.

* Formula is based on visitor spending and event type booked at the facilities managed by Team San Jose.

FY 22-23 Dashboard Metrics

Dashboard Metrics

HOTEL INFO

	FYTD	FYTD YOY
Occupancy	62.8%	8.3%
Average Daily Rate	\$ 158.45	20.0%
Revenue Per Avail Room	\$ 99.57	30.0%

WEBSITE UNIQUE VISITORS

	sanjose.org
FYTD	1,590,306
FYTD YOY	17.0%

TOTAL NEWSLETTER SUBSCRIBERS

81,114

SOCIAL MEDIA

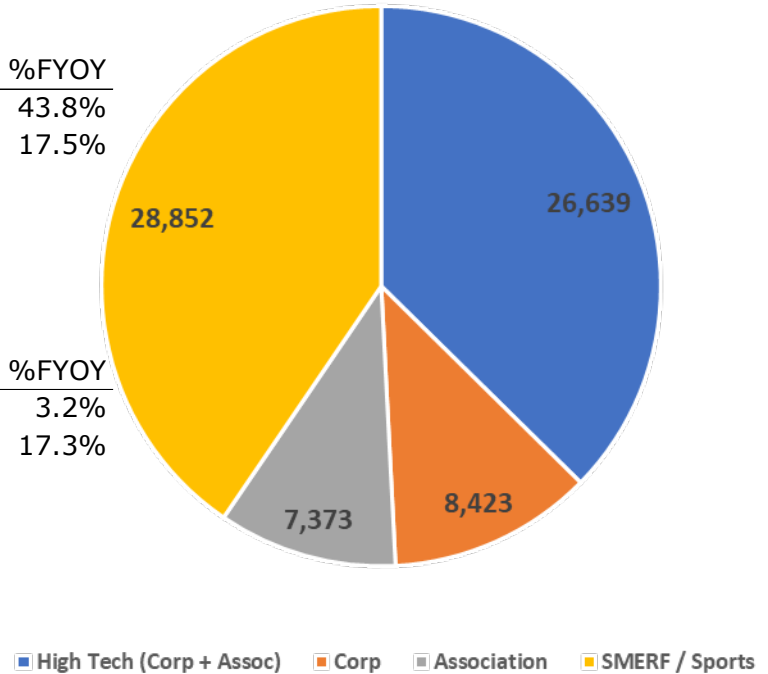
Facebook Likes	30,475
Instagram Followers	28,545
X (Twitter) Followers	8,398
Pintrest Followers	633
YouTube Subscribers	460
LinkedIn Followers	3,105
TikTok Followers	371

Sales Dashboard

Market Segmentation of Future Citywide Room Nights Booked

Future Citywides Booked	FYTD	%FYOY
Count	23	43.8%
Rooms	71,287	17.5%

Lead Generation	FYTD	%FYOY
Event Leads Entered	1,031	3.2%
Room Night Leads Entered	1,102,916	17.3%



FY 23-24 Performance Goals

Non-Financial Performance Measure Assumptions

Hotel Group Room Nights: First full fiscal year of fully-staffed sales team will continue to focus on diversification amid continuing volatility in the local tech market. Continue to work with local hotel community for consensus on approach to group size and mix.

Estimated Visitor Spend: Estimating slight increase in convention center attendance year-over-year as sales continues to fill need dates on the calendar. Strong theater attendance will continue, although that has a lower economic impact overall.

Theater Occupancy: Forecasted near return to pre-COVID levels of activity across all theaters with slight constraint on the Civic due to loading dock sharing arrangement with the Tech.

Customer Satisfaction: Continue to deliver strong service regardless of event volume.

**Team San Jose
Convention Center and Facility
Performance Goals
Fiscal Year 2023-24**

	<u>FY 2023-24 Goal</u>	<u>FY 2022-23 Actual (Unaudited)</u>	<u>FY 2018-19 Actual</u>	<u>% Variance to Last FY Actual</u>	<u>% Variance to FY 2018-19 Actual</u>
Estimated Direct Visitor Spending	\$ 55,108,300	\$ 52,061,524	\$ 138,773,814	6%	-60%
Future Hotel Room Nights Booked (Citywide)	112,000	111,486	177,039	0%	-37%
Theater Occupancy	91%	91%	97%	0%	-6%
Gross Operating Results	\$ 1,539,364	\$ 2,970,444	\$ 14,183,201	-48%	-89%
Customer Satisfaction	95%	100%	98%	-5%	-3%

Gross Operating Results

FY 22-23 Goal	FY 22-23 Results	FY 23-24 Goal
643,003	2,970,444	1,539,364

Gross Operating Results in FY 22-23 were achieved largely based on two factors:

- Cancel fees of \$2.5M
- CCF IRS Tax Retention Credit for FY 22-23 of \$1.2M

Both items were the result of significant staff efforts to secure, but goals for FY 23-24 were based on assumption that business growth would be achieved through actualized events

Overall, operating revenues are budgeted to increase by \$4.8M over FY 22-23 levels.

If cancel fee revenue is backed out, actual operating revenue increase is \$7.3M year-over-year.

Visitation & Economic Impact Study – Calendar 2022

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR SPENDING

Interest in travel continued to grow in 2022, increasing visitor activity. Strong consumer confidence and demand for travel boosted visitor volumes, while rising prices drove spending even higher. In 2022, visitors to San Jose spent \$2.4 billion, an increase of 51% over the prior year.

TOTAL ECONOMIC IMPACT

The \$2.4 billion spent in 2022 by visitors generated a total economic impact of \$3.2 billion. This total economic impact included 21,135 jobs, and \$367 million in state and local tax revenues.



\$3.2 BILLION

Total Economic Impact of Tourism in San Jose in 2022



\$2.4B

Direct Visitor
Spending



\$3.2B

Total
Economic
Impact



21,135

Total
Jobs
Generated



\$367M

State & Local
Taxes
Generated





VISITS & VISITOR SPENDING

San Jose recorded a second year of double-digit growth in visitor spending as the rebound from the pandemic continued in 2022. Despite headwinds from sharp increases in transportation costs, visitors spent \$2.4 billion in 2022, an increase of 51% which pushed spending to 83% of 2019 levels. San Jose welcomed 19.9 million visitors in 2022, 35% more than the previous year and 95% of 2021's total.

VISITOR VOLUME

Growth in 2022

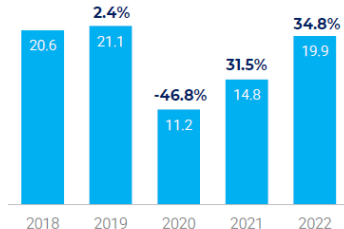
San Jose's visitor volume continued to build on its post-pandemic growth in 2022.

Domestic visitor volume reached 95% of 2019 levels.

Despite strong growth in 2022, international visitor volume came to just 58% of its 2019 total.

San Jose visitor volume

Amounts in millions



Sources: Longwoods International, STR, Tourism Economics

VISITOR SPENDING

\$2.4 BILLION

Total Visitor Spending in 2022

Visitors to San Jose spent \$2.4 billion across a wide range of sectors in 2022.

Of the \$2.4 billion spent in San Jose, visitor spending on food and beverage accounted for \$720 million, representing 31% of the average visitor's budget.

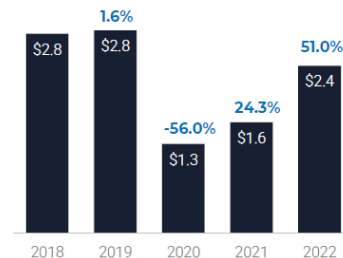
Retail purchases accounted for \$444 million, while visitor spending on lodging, including short-term rentals and the value of second homes, reached \$443 million. These industries each represented 19% of total spending.

Transportation, including both air and transportation within the destination, totaled \$404 million or 17%.

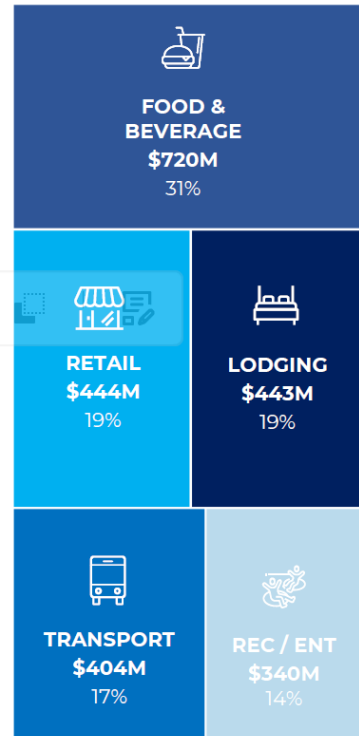
At \$340 million, recreation and entertainment registered 14% of visitor spending.

San Jose visitor spending

Amounts in \$ billions



Sources: Longwoods International, STR, Tourism Economics



Source: Tourism Economics

Notes: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes. Transport includes both air and local transportation.

VISITOR TRENDS

San Jose welcomes a diverse array of visitors each year. In 2022, visitors who spent less than a day in the city accounted for 69% of all visitors. Overnight visitors, however, were responsible for 60% of spending. The average overnight visitor spent \$231 in San Jose. Visitors from countries other than the U.S. represented only 3% of all visitors but 16% of all visitors spending. The average international visitor to San Jose spent \$691.

Visitors by Trip Type

Number of visitors in millions, Visitor spending in \$ billions, Per visitor Spending in \$

	2018	2019	2020	2021	2022	2022 Growth	% of 2019
Total visitors M	20.6	21.1	11.2	14.8	19.9	34.8%	94.4%
Day	13.3	13.8	7.8	10.6	13.8	29.9%	99.7%
Overnight	7.3	7.3	3.4	4.2	6.1	47.4%	84.2%
Visitor spending \$B	\$2.803	\$2.847	\$1.254	\$1.558	\$2.352	51.0%	82.6%
Day	\$0.860	\$0.922	\$0.528	\$0.716	\$0.936	30.6%	101.5%
Overnight	\$1.943	\$1.925	\$0.726	\$0.842	\$1.416	68.3%	73.6%
Per visitor spending \$	\$136	\$135	\$112	\$105	\$118	12.0%	87.6%
Day	\$65	\$67	\$67	\$68	\$68	0.6%	101.8%
Overnight	\$265	\$264	\$213	\$202	\$231	14.2%	87.4%

Sources: Longwoods International, STR, Tourism Economics
Totals may not sum due to rounding

Visitors by Origin

Number of visitors in millions, Visitor spending in \$ billions, Per visitor Spending in \$

	2018	2019	2020	2021	2022	2022 Growth	% of 2019
Total visitors M	20.6	21.1	11.2	14.8	19.9	34.8%	94.4%
Domestic	19.6	20.1	11.0	14.4	19.4	34.1%	96.1%
International	1.0	1.0	0.2	0.3	0.6	64.3%	57.5%
Visitor spending \$B	\$2.803	\$2.847	\$1.254	\$1.558	\$2.352	51.0%	82.6%
Domestic	\$1.979	\$2.096	\$1.124	\$1.428	\$1.966	37.7%	93.8%
International	\$0.824	\$0.750	\$0.130	\$0.130	\$0.387	196.9%	51.5%
Per visitor spending \$	\$136	\$135	\$112	\$105	\$118	12.0%	87.6%
Domestic	\$96	\$99	\$100	\$97	\$99	2.1%	99.4%
International	\$833	\$771	\$571	\$383	\$691	80.7%	89.7%

Sources: Longwoods International, STR, Tourism Economics
Totals may not sum due to rounding

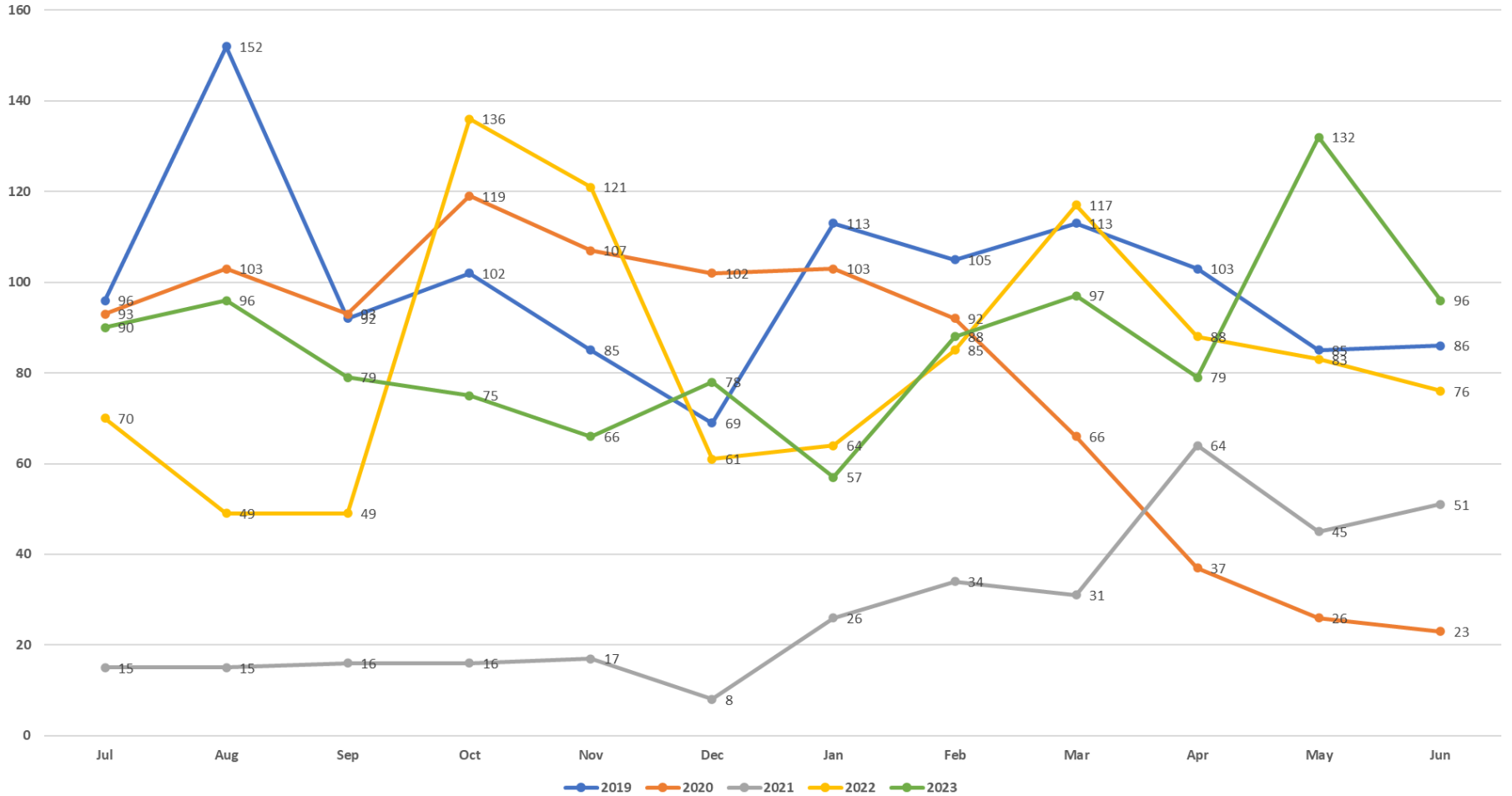


FY 23-24 Sales Strategy and Tactics

Overarching Sales Strategies

- Primary focus on proactive sales for 24-month window (2023 – 2024)
- “Mosaic Approach” to business solicitation, belief that most groups and events have good value if they are placed correctly
- Extensive, integrated group marketing campaign to raise planner awareness of San Jose as a stand-alone NorCal destination (less emphasis on Bay Area) and generate RFPs
- Working closely with hotel partners to align sales strategies for large groups with larger room block needs
- Utilizing T&E and sponsorship funding for highest customer engagement opportunities and to mitigate meeting cost increases

Sales Leads Comparison YOY FY18-19 - FY22-23



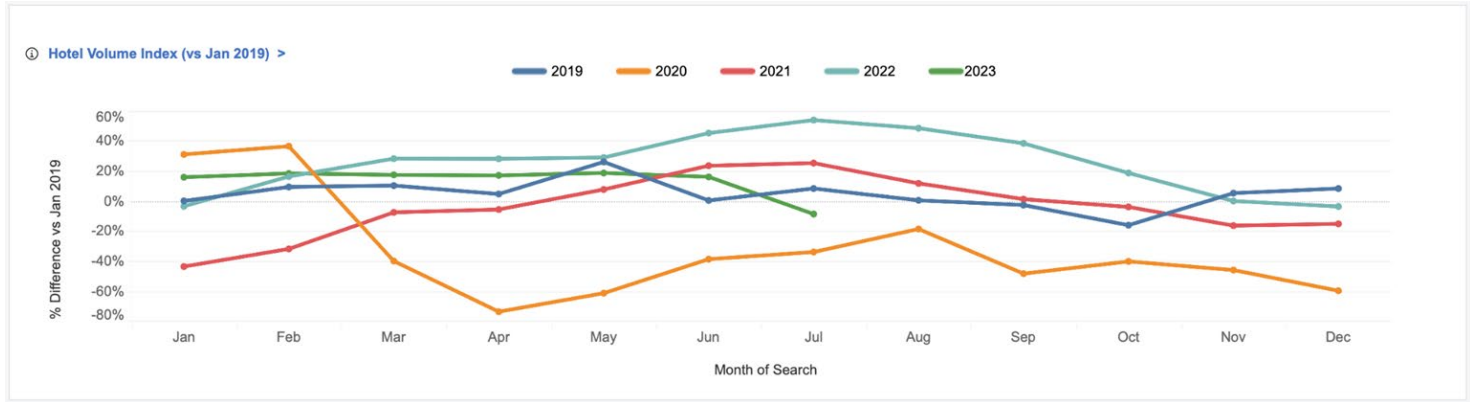
TEAM SAN JOSE

CEDC Update for
Marketing and Communications

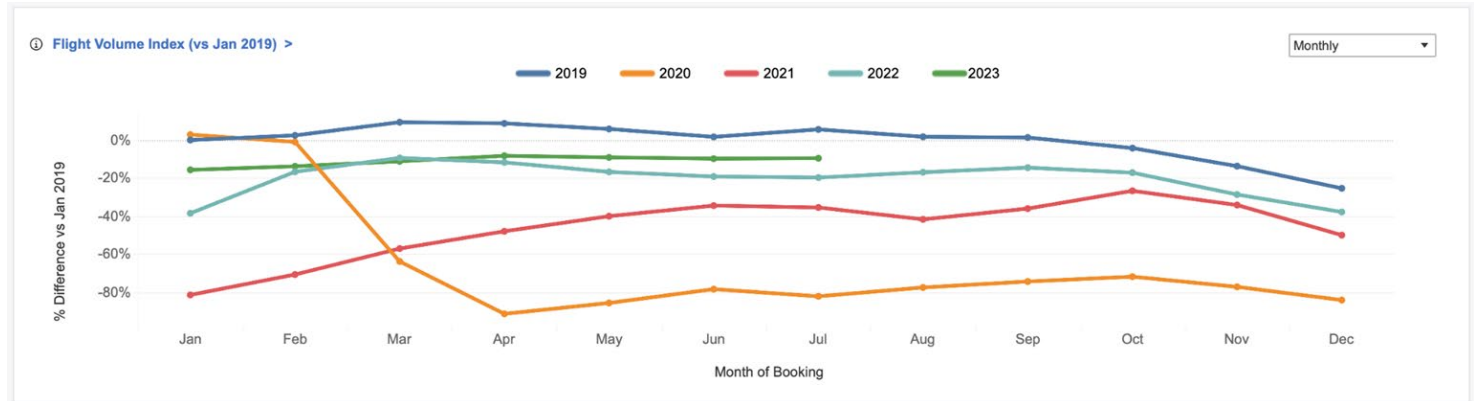
VISIT
SAN JOSE
CALIFORNIA

Demand Trends / SJC-SFO-OAK Flight

Weekly Flight Search

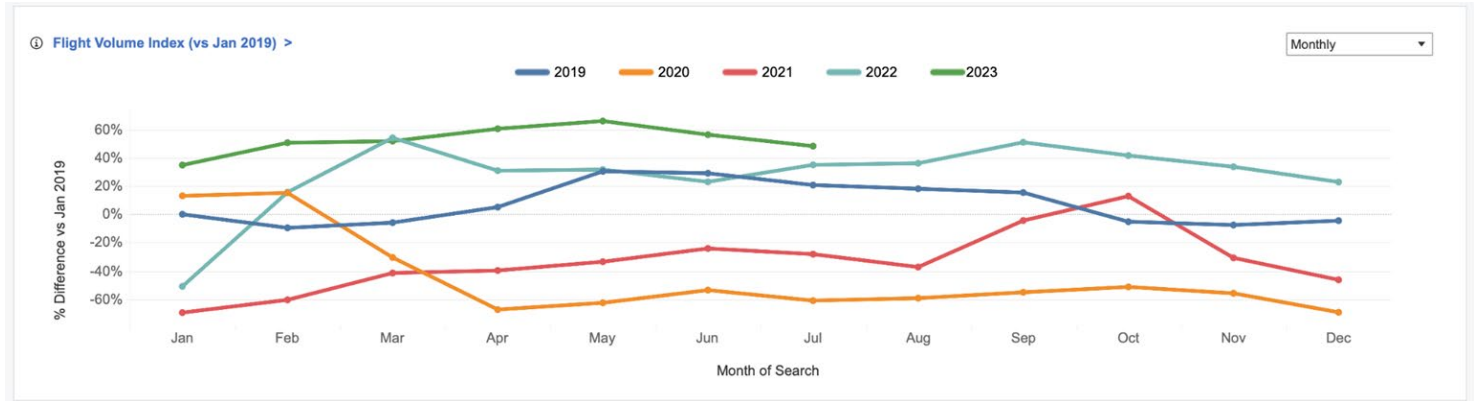


Weekly Flight Booking

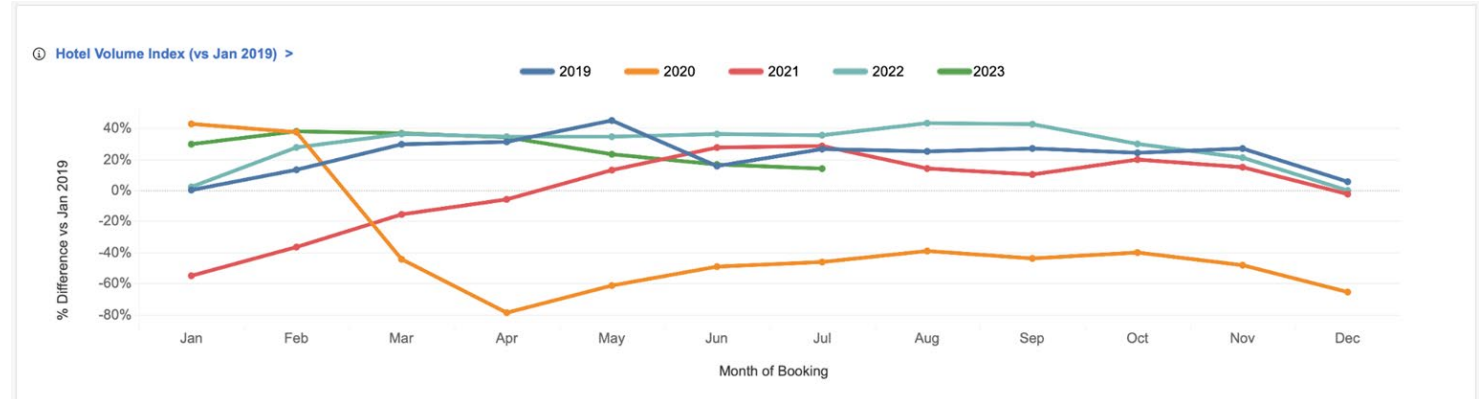


Demand Trends / SJC Hotel

Hotel Searches



Hotel Bookings



**PAID MEDIA
CAMPAIGN
PERFORMANCE**
Consumer/Leisure

Paid Media Plan Overview

- The objective of the plan is to drive incremental hotel room nights, and thus incremental TOT revenue, through visitation by targeting and converting digital travel intenders with paid digital media strategies.
- The media mix for this plan is made up of digital programmatic, travel endemic (such as TripAdvisor and Expedia), paid social, and paid search. The campaign creative was produced by local artists and is also featured on Team San Jose's owned media channels including consumer and meetings websites, eCRM, (email data bases of both consumers and meeting planners), earned media (PR placements), and social media.
- Visit California (the state's destination marketing organization) media partnerships were leveraged in every way possible including features in their Meetings print and digital campaigns, podcast sponsorship, full-page insertion in the Visit CA Road Trips Guide, and additional e-newsletters to Visit California consumer subscribers.

Fiscal Year 2023 Consumer Paid Media Production Reporting, Spend Produced

IMPRESSIONS	145,449,217	INQUIRIES	9,112,861
HOTEL SEARCHES	2,428,801	HOTEL BOOKINGS	20,942 Bookings (79,580 room nights)
FLIGHT SEARCHES	3,298,971	FLIGHT BOOKINGS	31,295
HOTEL REVENUE	\$11,777,363	REACH	48,483,072
TOTAL REVENUE	\$35,801,621	TOTAL ROAS	\$34.49

Definitions:

- Inquiries = Website pageviews/interactions, off-site ad unit interactions
- ROAS = Return on Ad Spend
- Impressions = How many times the an ad was delivered to users.

All production data above is sourced from: ADARA Impact, Sojern and Expedia.

*Inclusive of paid media and paid social

**PAID MEDIA
CAMPAIGN
PERFORMANCE**
Meetings

Paid Media Plan Overview

- The objective of the plan is to drive new meetings business and group bookings. This is done through paid digital media strategies that drive leads. Leads are then used by our TSJ Sales team to convert curious meeting planners into booked clients.
- The media mix is made up of digital programmatic, meeting endemic digital (display, email, eNewsletters, webinars), paid social and paid search.
- These efforts are supported by meetings-specific creative content and in conjunction with Team San Jose's owned B2B channels including website, meeting planner database, PR, and social media efforts.

Paid Media Report:

Fiscal Year 2023 Performance

Meetings Performance Overview

65,343,603	20,418,407	2,681,716	120	3,394
Total Campaign Impressions	Total Campaign Reach	Total Campaign Inquiries	Total RFP Completions	Total email contacts received

*Inclusive of Paid Digital Media and Paid Social

Definitions:

- Impressions = How many times the an ad was delivered to users.
- Reach = Unique individuals reached through media campaign
- Inquiries = Website pageviews/interactions, off-site ad unit interactions
- RFP = Request for Proposal (an online form used to request more information for planning a meeting/event to be held in San Jose)

OWNED MEDIA:

Social

Owned Organic Social Media

PLATFORM	JUNE 2022	JUNE 2023	YOY
FACEBOOK	29,009	30,475	5%
INSTAGRAM	16,841	28,545	69.5%
TWITTER	8,639	8,398	-2.79%
LINKEDIN	2,751	3,105	12.87%
YOUTUBE	437	460	5.26%
PINTEREST	579	633	9.33%
TikTok		371	
TOTALS	58,256	71,987	23.57%

Organic followers increased by 116% across all Visit San Jose social platforms, **+ 24% YoY**. This includes Instagram, Facebook, LinkedIn, Twitter, YouTube, Pinterest, and the addition of TikTok.

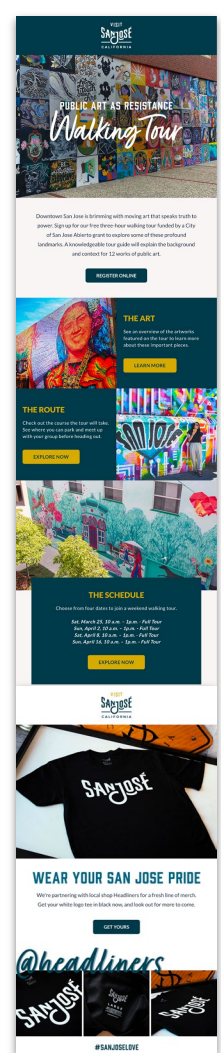
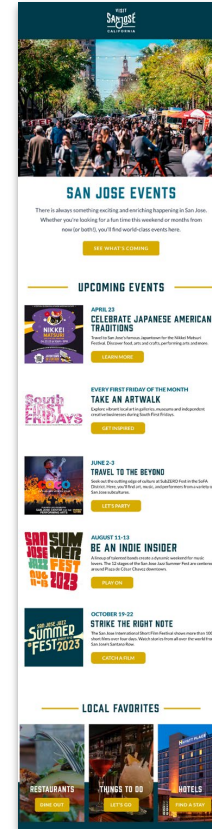
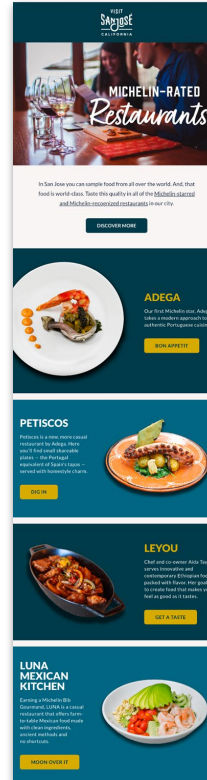
Despite a continued pause in X, (formerly Twitter) activity, average engagement jumped to **12% across all platforms** (previously 1.5% from July - December 2022). This is attributed to increased weekly social posts, leaning heavily on short form video, favored by algorithms.

OWNED MEDIA

Email Databases

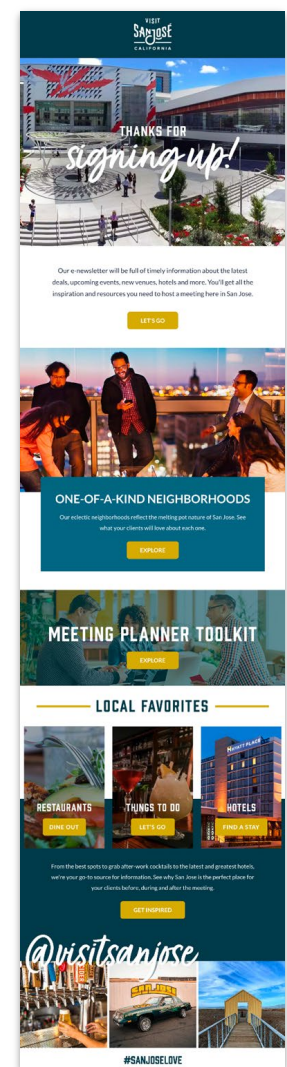
EMAIL: January - June 2023 (Leisure)

- From January to June, **11 campaigns** were launched totaling over **590k emails sent**. **21,824 new subscribers** were added between July and December due largely to paid search and paid social efforts.
- Emails to our active and modal signup segments generated an average **32% open rate** and **1.4% click rate**.
 - Travel industry benchmarks: 20% open rate and 1.4% click rate
- Total Leisure Database 81,114**



EMAIL: January - June 2023 (Meetings)

- From January to June, 1722 new Meeting Planner email signups were sent our Meetings Welcome Email.
- Another 4,611 meeting planner leads in the Bay Area were also sent a welcome email.
- These emails generated an average 29% open rate and 1.6% click-to-open rate.
- In addition, 8 media emails were deployed via various vendors to their meeting planner databases.
- **Total Meetings database 7,650**



EARNED MEDIA:

Public Relations

PR Highlights

- Placed 38 stories in national and local publications and outlets
 - Reach 30M unique views**
 - Ad Value \$191.5K**
- Compared to the last half of 2022, both reach and ad value increased 73% and 15%.
 - Increase is attributed to several national press hits, including North American exposure across affiliate broadcast stations stemming from local TV news coverage of Genesis Gaming.
- Focused on positioning San Jose as a meetings and leisure destination, reiterating the economic impacts of tourism.



All the Non-Tech Related Reasons to Plan
Your Next Trip to San Jose
Online

Reach 4.7M | Ad Value \$9K



Vote: Best New Winery
Experience
Online

Reach 1.7M | Ad Value \$3.2K



How American Chinatowns Emerged
Amid 19th-Century Racism
Online

Reach 11.7M | Ad Value \$22.1K



Homegrown E-Sports Competition
is Back
Broadcast + Online

Reach 2.2M | Ad Value \$85.4K



California: Offering Diversity, Great
Weather and an Abundance of Outdoor
Options
Print + Online

Reach 6.1K | Ad Value \$4.6K

Definitions

- **Industry Standards**

- CTR goal of 0.40% is a blend of industry standards for Social (0.90% FB benchmark) + Digital (0.08%-0.12%) + Native (1-3%).
- CPE is based on estimated amount of engagements per partner dependent on media spend, impression volume and tactic. It's calculated by spend divided by engagement (digital video views, clicks contributing to site traffic and engagement with custom units). We want CPE to be as low as possible to demonstrate efficiencies through media buying power and optimizations.
- CPI is based on estimated amount of inquiries per partner dependent on media spend, impression volume and tactic. Note that only portion of our media (Convert tactics) is optimized toward inquiries to drive a further vacation planning action.

- **Glossary**

- **CPM** = Cost Per 1,000 Impressions.
- **CTR** = Click Through Rate.
- **CPE** = Cost per engagement. Site visits to partner landing pages, social media video completions and post activity all count towards engagements to demonstrate success against creating engagement with content and moving consumers to seek out vacation planning information.
- **CPI** = Cost per inquiry. Inquiries - pageviews/website engagements, off-site engagements, video completions
- **CPLPV** = Cost Per Landing Page View.
- **CPC** = Cost Per Click.
- **Link Click** = When a user clicks the link in an ad or post.
- **Landing Page View** = When a user who clicks a link successfully views the landing page after it loads.
- **Reactions** = Interactions with social media posts/ads such as Like, Love, Care, Haha, Wow, Sad and Angry.
- **Reach** = Total number of people exposed to messaging.
- **Impressions** = How many times the an ad was delivered to users.
- **Frequency** = The average number of times each person saw your ad.
- **Engagement Rate** = The total number of engagements divided by the number of impressions, then turned into a percentage.

THANK YOU