



# Memorandum

**TO: COMMUNITY & ECONOMIC  
DEVELOPMENT COMMITTEE**

**FROM: Kim Walesh**

**SUBJECT: INTERNATIONAL  
DESTINATION MARKETING**

**DATE: February 26, 2018**

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Approved	/s/	Date	2/15/18
	Kim Walesh		

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## **RECOMMENDATION**

Accept staff's update on the international destination marketing services conducted by Team San Jose.

## **OUTCOME**

Destination marketing services will promote the City of San José as a destination in specific international locations and promote outbound international flights at Norman Y. Mineta San Jose International Airport.

## **BACKGROUND**

Norman Y. Mineta San Jose International Airport (SJC) is experiencing unprecedented growth in long-haul flights to international destinations. Successful, sustained international flights will generate significant local economic impact and spur additional air service and passenger growth at the airport. To succeed, it is critical that inbound and outbound travelers are aware of these flights.

On December 6, 2016, the Council approved a two-year contract with Team San Jose (TSJ) for a total amount of \$850,000 to provide international destination marketing services. The scope of the agreement was a targeted initial effort for San José to develop awareness as the internationally important destination that it is, thus earning a larger share of the global travel market and benefiting from the resulting economic impact. As part of the agreement, TSJ and the City outlined a specific scope of services with deliverables and targets. Per the original intent of this agreement and communication to the Council, after Year 1 the parties would consider any adjustments to the strategy to maximize resources where they will be most impactful. Year 1 activities and market changes have enabled perspective and strategic course corrections are being planned for Year 2. Per the agreement, TSJ will provide an update on Year 1 activities to the Committee. A revised

approach to the Year 2 strategy will be presented, and an Amendment to the Agreement prepared to reflect the new strategy.

## **ANALYSIS**

### ***Year 1 Activities***

Last year, the international destination marketing initiative launched the promotion of San Jose in Designated Marketing Areas (DMAs) that have international air service ties to SJC. The goal was to increase awareness of San Jose and to increase incremental international bookings to San Jose by foreign visitors.

The budget of \$850,000 was to be invested over two years and focus on two markets: China (Beijing and Shanghai) and Germany/India (for flights through Frankfurt) understanding that translations and marketing asset development would take some time in the first year.

During the initial year of this targeted effort, San Jose secured in-market representation in these DMAs to collaborate with TSJ, global partners and airlines. Access to these markets through in-market contractors provided necessary contacts and relationships to top media and trade partners. The contractors were trained in the destination and trained to understand the advantages of SJC as a better alternative to other Bay Area airports, so they could share them with trade and media partners through media events, pitches, and releases, as well as B2B (business to business) and B2C (business to consumer) activities such as trade fairs, roadshows, and sales missions. They were responsible for pitching angles and topics strategically so that all partners promoted the destination through their means and subsequently promoted flights into SJC.

### ***Year 1 Insights and Impact***

After TSJ developed language-appropriate assets and marketing channels and launched its efforts, several things became obvious. It was clear that there was a lack of information and knowledge about San Jose in all three markets. More importantly, great interest in San Jose and travel to San Jose was identified. After a meeting with a Fairflight representative, the representation reported, “San Jose sounds very exciting. With robots and driverless cars, it seems like another world, and extraordinary experiences are always received well by long-distance travelers. The Silicon Valley has a certain appeal, and in Germany, Apple and Steve Jobs are anything but unknown. On California tours, I can imagine San Jose as an attractive stop.” He concluded with, “We would very much like to work with you to increase the visibility of San Jose, its airport and the number of visitors.” (Fairflight is a German travel company that has 90 subsidiaries worldwide and is the 4<sup>th</sup> largest tour operator in Europe.)

Travel media had the same reaction. After a familiarization trip, blogger and film-maker Matthias Starte stated, “I heard about the many things that San Jose was first in; but for me personally, the trip to San Jose also included my firsts – riding in a Tesla in the Silicon Valley,

experiencing an earthquake in The Tech Museum of Innovation, tasting lobster rolls in Santa Cruz, zip lining the Redwoods. This place has amazing things to offer.”

The impact of even one year of marketing and promotion further illustrates the global hunger by the travel business for information about San Jose and the Silicon Valley. Highlights include working with Thomas Cook (one of the world’s largest travel groups supported by 22,000 colleagues, operating in 16 countries and with 6.6 million customers in continental Europe) to launch San Jose as a destination for the first time to over 9,000 travel agencies. TSJ also worked with FTI, a German tour company, to develop and launch the first German Silicon Valley tour on a road show to five cities reaching over 200 travel agents. In China, TSJ established and launched San Jose’s first China WeChat and Weibo channels and reached 24 million viewers over 13 television channels with a San Jose segment on a Chinese produced travel show. Highlights and summaries of activities accomplished are outlined in Attachment A.

### ***Market Context, Program Evaluation and Strategy Revision for Year 2***

Although strong growth in foreign travel and the opportunity to leverage record investments being made by both Visit California (state tourism agency) and Brand USA (national tourism agency) made for a good time to launch an international promotion, some airline partners, local businesses and stakeholders began to see a greater need to promote SJC’s outbound flights in the regional market. The exception to this is Lufthansa, who continues to see benefits and increased bookings due to our international efforts.

After Year 1, based on feedback from airline, airport, and business stakeholders, it is recommended that the remaining \$425,000 in contract funds support a revised marketing strategy to support both inbound and outbound international flights, promoting SJC as the smart airport of choice for the regional market. TSJ’s marketing efforts in Germany for a second year will be supported in the amount of \$125,000. Supported with \$300,000, a Bay Area regional campaign will build awareness for SJC’s new international flights. TSJ will provide such services in partnership with local stakeholders.

#### **A. Year 2 German Market Strategy and Key Activities**

Continuing the relationship with the In-Country San Jose Market Team, funds will be spent building on past successes to build brand awareness with the following program elements:

1. B2B Travel Trade Relations - Marketing to the travel trade to reach consumers in key international markets is crucial to international tourism recognition. This is marketing to key travel agents and tour operators and will educate and offer new product to increase features and sales.
2. Media Relations, Public Relations, and Influencer Strategies - Earned media programs boost and complement consumer marketing campaigns and trade initiatives while expanding the reach of direct-to-consumer storytelling through

editorial placement. Public relations efforts will focus on securing placements across broadcast, digital and print media channels and will seek to engage influencers to reinforce San Jose's position as an important California and global destination.

3. Air Partnerships and Airline Co Op Ad programs - San Jose will continue its international airline partnership with Lufthansa to craft both trade and consumer promotional campaigns based on opportunity and available funds.

## B. Year 2 Bay Area Regional Marketing Strategy and Key Activities

The goal of the Bay Area Regional Marketing Strategy is to increase local awareness of SJC's increasing number of non-stop destinations and thus increase the number of passengers on outbound flights.

### *Current Efforts*

Through their agency, SJC currently places approximately \$650,000 in advertising throughout the Bay Area. The majority of these placements are within digital formats; however, some of the ad spend is placed with traditional sources (example: KCBS). The SJC marketing plan was audited this fall by a sampling of SJC airlines and an outside agency, Native Digital. Both the airlines and Native Digital gave favorable reviews of current efforts.

The SJC advertising budget is augmented with other SJC business development efforts including corporate outreach, sponsorships, and community outreach. In November, SJC hosted a marketing workshop with community partners to understand how best to reach a broader audience. The marketing workshop along with the marketing audit has informed the proposed plan for Year 2.

### *Proposed Plan*

The proposed plan features a branding message targeted to the local audience that will be deployed through multiple channels including advertising and outreach.

The proposed plan breaks outreach into three categories that follow current efforts: Corporate, Passenger, and Community.

1. Corporate Outreach - There are approximately 140 employers with 100 or more employees within a 10-mile radius. This is a good general indicator of travel demand, and the close radius falls within the primary catchment area for SJC, which is a positive indication of travel preference at SJC. The goal of the proposed plan is to reach the CEO's, travel managers, travel planners, and employees of these companies with targeted, relevant messaging.

To accomplish this, messaging will be developed and a LinkedIn campaign targeting travel managers and travel planners will be executed. Outreach to this group through events at the airport, 1-1 meetings, and continued presence at Silicon Valley Business Travel Association events will also be conducted. An email campaign targeting the employees of these companies will be executed. Finally, messaging will be developed for distribution to the Mayor's Office, SVO leadership, and Silicon Valley Leadership Group (SVLG). The City will rely on its partners to help us reach this group using common messaging in a way that each group deems relevant and meaningful to their members and contacts.

2. Passenger Outreach - Significant efforts are currently being made to reach the travelling community. SJC passengers are divided almost equally into business travelers and leisure travelers. The airport's current marketing efforts reach both segments so the proposed plan has a slight focus on the business traveler. Messaging that will target this segment will be developed and the business traveler will be reached through a targeted digital media plan.
3. Community Outreach - Current efforts for community outreach include partnerships with local business organizations (SVO, SVLG, Joint Venture Silicon Valley), local chambers of commerce, and sponsorships with Stanford Athletics and the San Jose Earthquakes. Community outreach efforts cover all target market segments. The proposed plan for community outreach uses targeted messaging deployed throughout the existing local network to create greater awareness.

A branding message will be developed to target the local market and will be distributed through multiple channels. The plan combines advertising with business development and leverages resources throughout our network to create a multiplier effect. Developing relevant and meaningful messaging is considered the highest priority for the proposed plan.

## **PUBLIC OUTREACH**

This memorandum will be posted on the City's website for the February 26, 2018, Community and Economic Development Committee meeting.

## **COORDINATION**

This memo has been coordinated with the Airport, TSJ, and the CAO.

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

February 26, 2018

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/s/

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For questions, please contact Kerry Adams Hapner, Director of Cultural Affairs, at  
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Attachment A: Year 1 Activities and Metrics PowerPoint