



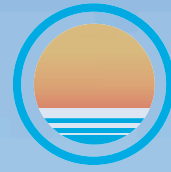
**TRAVEL
COSTA
MESA**

2021/22 ANNUAL REPORT

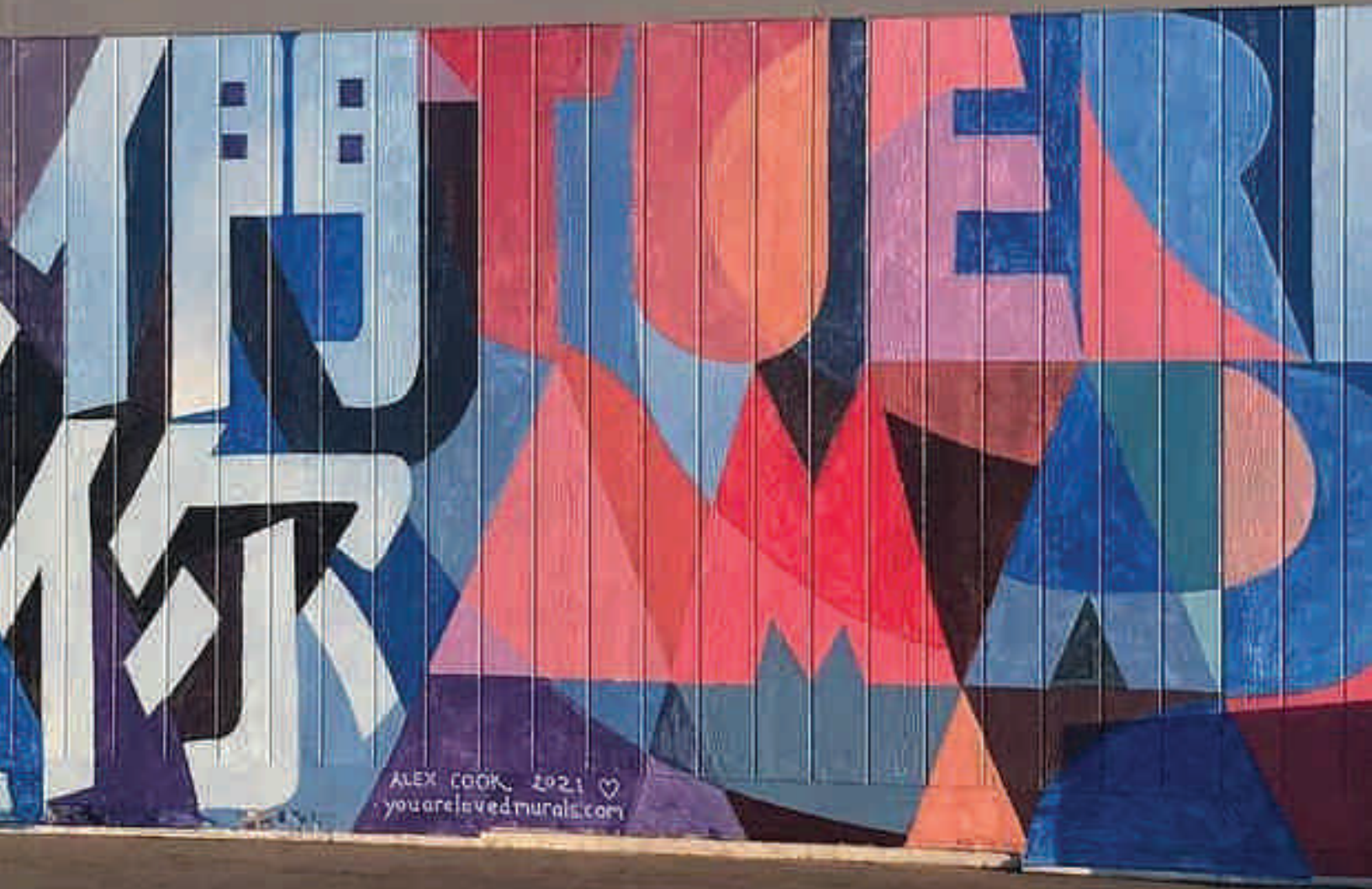
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TRAVEL
COSTA
MESA





PRESIDENT'S MESSAGE



Resilience is the ability to adapt to new circumstances when life predicts the unpredictable”

—Salvatore R. Maddi



THIS fiscal year, Travel Costa Mesa (TCM) continued to be flexible and adaptable as we created opportunities to amplify our strategy. June and July 2021 brought on hope and growing economic activity for the tourism industry: summer weekend travel from the domestic leisure market increased in occupancy and in average daily rate compared to 2019. At that time, we saw reason to be excited as vaccination rates were climbing and so did the desire to travel. As we approached the end of fall and winter, the delta and omicron COVID-19 variants caused an additional change in direction.

U.S. Travel Association, the national, non-profit organization representing all components of the travel industry, continued to lobby and ensure funding was available for the industry, which has been hit hardest throughout the last

24 months. Their advocacy efforts impacted the travel and tourism industry and enabled funding that supported the return to leisure travel. Safe in-person meetings and events were also prioritized, and communication was shared on how to conduct them safely.

Visit California, our state's destination marketing organization, continues to invest in creating traveler demand. In June 2021, Visit California received a \$95 million state stimulus to be used for marketing. The stimulus strategy includes cultivating the California brand, trigger active consideration, and drive market development both in and out of state. These funds are also assisting destination marketing organizations to develop flexible collaborative marketing opportunities that build brand awareness through digital platforms.



In 1995, Travel Costa Mesa was formed as a non-profit corporation to market the city of Costa Mesa as a desirable, leisure overnight destination in Orange County.

TCM's marketing efforts continue to focus on the drive market, a radius of consumers within a few hours of our city. An explosion of influencers amplifying our messaging about the amazing things to experience in Costa Mesa, summer and holiday co-ops with Visit California, and meetings guide videos are just a sampling of the completed projects this year. New group business opportunities for TCM are becoming fruitful with the addition of in-person trade shows that our destination sales executive has been attending.

As 2022 progresses, we look to a brighter future which includes pent up demand for leisure travel and the return of some corporate travel. Reports and surveys from U.S Travel Association, Visit California, and Destinations Analysts continue to be essential for us to create forecasts, compare pre-pandemic

business to this year, and understand current travel sentiment.

According to Tourism Economics, a full recovery for the industry could take two more years. TCM is dedicated to supporting travel and tourism for its partners and those that rely on the industry to keep their doors open. Our strategies must remain flexible as marketing opportunities evolve, but the goal of increasing brand awareness for the city of Costa Mesa as a desirable Orange County destination for both leisure and group business is our top priority.

Paulette Lombardi-Fries
PRESIDENT, TRAVEL COSTA MESA



MISSION STATEMENT

Travel Costa Mesa enhances and promotes the destination brand experience, further increasing visitor spending for industry and community economic viability, sustainability, and quality of life.

— a —

VISION STATEMENT

Travel Costa Mesa is the engaged destination marketing leader, supporting, and selling the city's distinct visitor brand experiences and advocating community tourism benefits.

— a —

KEY OBJECTIVE

Increase brand awareness for the city of Costa Mesa as a desirable, overnight, leisure Orange County destination.

— a —

SALES OBJECTIVE

Increase brand awareness and new group room nights for the city of Costa Mesa — to make it the preferred Orange County destination ideal for small to mid-size business and boost the economic benefits throughout the city.



TCM FUNDING

100%

ASSESSMENT

Business Improvement TCM Funding

TRAVEL COSTA MESA IS ENTIRELY FUNDED through a Business Improvement Assessment (BIA). Each of the 11 Costa Mesa partner hotels listed in this annual report collects a 3 percent levy from overnight hotel guests (2,375 total available rooms). All Transient Occupancy Tax (TOT) that the city of Costa Mesa collects goes into its general fund.

BUSINESS IMPROVEMENT ASSESSMENT (BIA)

Business owners shall pay the assessment to the Costa Mesa City Finance Department on a monthly basis. A penalty and interest shall be assessed on late payments. New hotel and motel businesses that are interested in participating in the BIA should contact the City and TCM. This is a voluntary program for hotel partners.





FISCAL YEAR 2021/2022

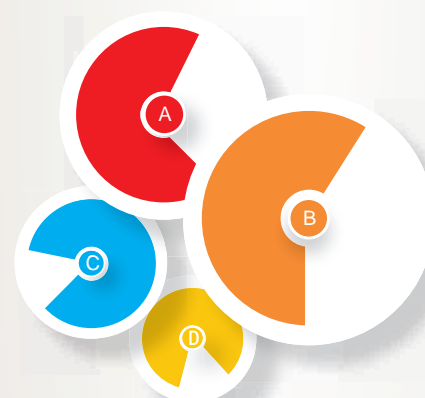
TCM is forecasting BIA revenue to come in at \$2.184M for the current fiscal year. As of February 2022, BIA funds are at \$1.592M. TCM forecasts a 125 percent increase from previous fiscal year 2020-2021. However, fiscal year 2021-2022 is forecasted to come in at a 6 percent decrease, compared to fiscal year 2019-2020. TCM's highest record of BIA was in fiscal year 2018-2019 in which revenue reached \$2.767M.

BIA REVENUE



PRIMARY EXPENSES FY 2021/2022

The following represents the primary expense projections for the current fiscal year:



- A. Total Marketing Expenses 27%
- B. Total Employee Expenses 32%
- C. Total Administrative Expenses: 8%
- D. Total Sales Expenses: 8%

*Additional BIA revenue will be used towards marketing for group business and transient markets
 **In addition to the above expenses, existing reserves will be used for hotel marketing funds in the amount of \$476k and \$50k for group sales incentives.



LODGING/ HOTEL PARTNERS

LODGING+ADDRESS	BUSINESSOWNER	PROPERTYOWNER
Avenue of the Arts Costa Mesa, A Tribute Portfolio Hotel 3350 Avenue of the Arts Costa Mesa, CA 92626	Rosanna Inc. 3350 Avenue of the Arts Costa Mesa, CA 92626	Rosanna Inc. 3350 Avenue of the Arts Costa Mesa, CA 92626
Ayres Hotel Costa Mesa 325 Bristol St. Costa Mesa, CA 92626	Newport Country Inn & Suites, Inc. 355 Bristol St., Ste. A Costa Mesa, CA 92626	Newport Country Inn & Suites, Inc. 355 Bristol St., Ste. A Costa Mesa, CA 92626
Best Western Plus Newport Mesa Inn 2642 Newport Blvd. Costa Mesa, CA 92627	James Hsuen & Shang-Pu Lee 2642 Newport Blvd. Costa Mesa, CA 92627	James Hsuen & Shang-Pu Lee 2642 Newport Blvd. Costa Mesa, CA 92627
Crowne Plaza 3131 Bristol St. Costa Mesa, CA 92626	Brighton Management 20342 SW Acacia St. Newport Beach, CA 92660	Bright Bristol Street, LLC 3131 Bristol Street Costa Mesa, CA 92626
Hilton 3050 Bristol Street Costa Mesa, CA 92626	Ashford TRSCM LLC 14185 Dallas Pkwy, Ste. 1100 Dallas, TX 75254	Remington Lodging & Hospitality LP 14185 Dallas Pkwy, Ste. 1100 Dallas, TX 75254
Holiday Inn Express Hotel & Suites 2070 Newport Blvd. Costa Mesa, CA 92627	Narendra B. Patel 2070 Newport Blvd. Costa Mesa, CA 92627	Narendra B. Patel 2070 Newport Blvd. Costa Mesa, CA 92627
OC Hotel Costa Mesa (Formerly BLVD Hotel) 2430 Newport Blvd. Costa Mesa, CA 92627	Sai Hospitality Services, LLC 11556 Manchester Way Porter Ranch, CA 91326	Sanjay Panchal 11556 Manchester Way Porter Ranch, CA 91326
Marriott 500 Anton Blvd. Costa Mesa, CA 92626	Starwood Capital Group 591 West Putnam Ave. Greenwich, CT 06830	HEI Hotels & Resorts 101 Merritt 7 Corporate Park, 1st Flr Norwalk, CT 06851
Ramada Inn & Suites 1680 Superior Ave. Costa Mesa, CA 92627	B.D. Inn Inc./Ramada Ltd. 1680 Superior Ave. Costa Mesa, CA 92627	B.D. Inn Inc./Ramada Ltd. 1680 Superior Ave. Costa Mesa, CA 92627
Residence Inn by Marriott 881 Baker St. Costa Mesa, CA 92626	Marriott International 10400 Fernwood Rd. Bethesda, MD 20817	BRE Select Hotels & Resorts 6201 15th Ave. Brooklyn, NY 11219
The Westin South Coast Plaza 686 Anton Blvd. Costa Mesa, CA 92626	Host Hotels & Resorts 6903 Rockledge Dr., Ste. 1500 Bethesda, MD 20817	C.J. Segerstrom & Sons c/o South Coast Plaza 686 Anton Blvd. Costa Mesa, CA 92626

PUSHING FORWARD IN COSTA MESA

HOTEL group segments hopeful return and corporate long-term business shifts will be key to navigating towards a successful recovery. Transient and group business for our hotel partners continue to struggle. Measurements of success have been compared to 2019 results with little attention drawn to what transpired in 2020. Our 11 partnering hotels achieved a 58.5 percent occupancy in 2021, which is down over 25 percent compared to 2019. Average daily rate in 2021 was \$137.45 down 6.8 percent to 2019. Revpar, which is the calculation of revenue per available room for our hotel set, was down over 31.5 percent comparing 2021 to 2019. All segments of travel are not expected to fully recover until 2024.



HOTEL INVENTORY FOR THE STATE

The Golden State had a record number of guest room openings in 2021. However, developers that completed or were close to finalizing their projects in 2020 held off until the following year as noted by Alan Reay, president of the Atlas Hospitality Group (AHG). According to his company's "California Hotel Development Survey 2021", a total of 12,027 new guest rooms opened in California compared to a then-record 11,795 in 2019 and 88 hotels opened in 2021 compared to 92 in 2019.

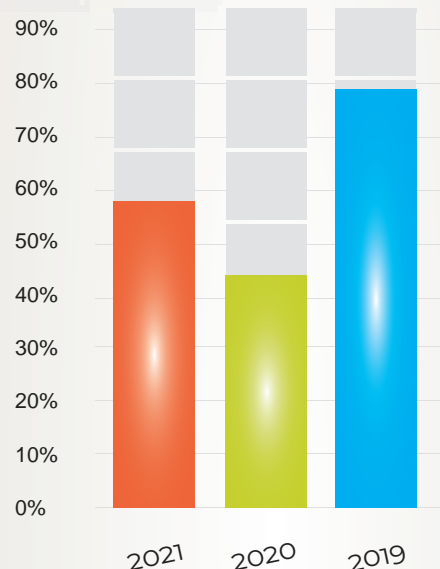
Higher-end, limited-service properties such as Residence Inn, SpringHill Suites, and Hilton Garden Inn made up the majority of new builds. Marriott International-branded hotels led California in guest room openings with 3,886 rooms. The company also led in development with 34 properties under construction and totaling 4,797 rooms. Los Angeles had 21 new hotels open that totaled 3,249 rooms while the largest hotel that opened was The Westin Anaheim Resort with 613.



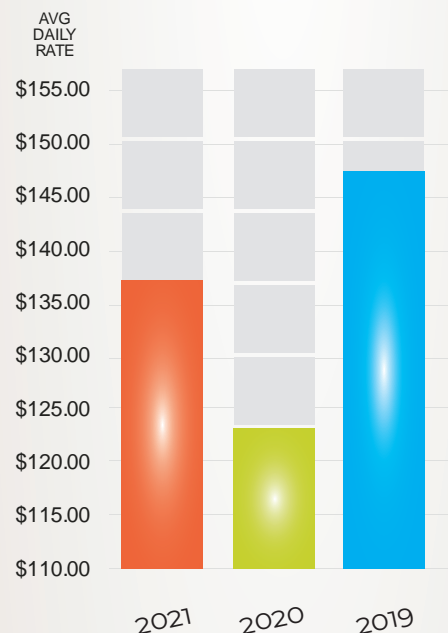
Costa Mesa Marriott's modern & sleek room renovation



OCCUPANCY OF HOTEL PARTNERS (2019 - 2021)

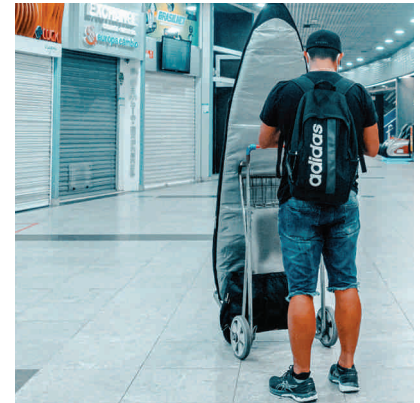


AVERAGE DAILY RATE OF HOTEL PARTNERS (2019 - 2021)





TRAVEL SENTIMENT



FOR the past 24 months, we have been studying an independent weekly research study conducted by Destinations Analysts that surveyed over 1,200 American travelers about their perceptions and behaviors surrounding travel. The results were turbulent, as new variants were identified throughout the year and travel sentiment fluctuated. But scenic beauty, warm weather, outdoor activities, road trips, and dining in regional restaurants are currently interests that remain top of mind for travelers.

Throughout February 2022, coronavirus cases dropped and optimism about the pandemic's course in the next month increased. Urban, beach locations, and small towns are currently the top three desired destinations. Family, romantic getaways, girlfriend, solo, and reunion trips are most desired, with fun and relaxation as top of mind for these travelers. By the end of February, over 82 percent of Americans were looking forward to traveling. In fact, 61.5 percent said travel is a high-budget priority. Twenty percent already have leisure trips planned.

April, May, June, and July are forecasted to be strong travel months. The booking window for planning remains short. Those that plan on taking a seven-day break are booking their vacation less than 60 days out. States of interest are New York, Florida, Las Vegas, California, and Hawaii. Thirty percent of American travelers are interested in vacationing abroad. Italy and France are at the top of the list with Canada, Mexico, the Caribbean, and Japan following.

BY THE NUMBERS



At the start of the year, over half of American travelers were in a travel readiness state of mind and **60% missed traveling very much**

JANUARY 2021

SOURCE: Destination Analysts

By December, nearly eight in 10 (**78%**) of American travelers were **ready to travel**



DECEMBER 2021

2022 Travel Sentiment Trends



54%

want to visit places
they've never been to



53%

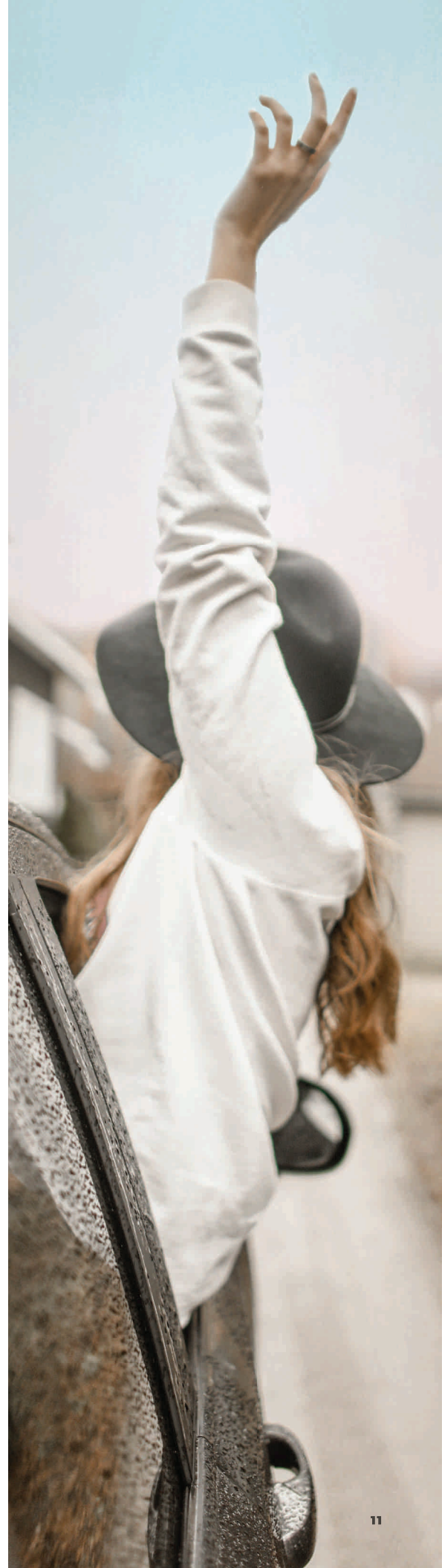
want to try to limit
their personal impact
on the environment



47%

tend to prefer active
time vs. downtime on
vacation

Source: Destination Analysts—February 2022 month-end survey of over 1,200 American travelers





U.S. TRAVEL ASSOCIATION

REPRESENTING and advocating for all components in the travel industry, U.S. Travel Association is a nonprofit national organization that promotes and facilitates travel to the United States. This organization worked with the U.S. government to secure language in the American Rescue Plan Act that specified funds could be used to aid in the travel and tourism industry.

Grant monies from the U.S. Economic Development Administration were specified for travel, tourism, and outdoor recreation. Airline and airport-relief grants supported workers as well as prevention, preparedness, and response measures to aide in the fight against COVID-19. Paycheck protection plan and employee-retention tax credit programs were also supported and pushed for.

Strategic priorities throughout the year focused on the return of business travel, meetings and events, increase leisure demand, safely restore international travel, communicating the power of travel, strengthening and convening membership and paving the future of travel.

WHAT WE DID:
U.S. Travel formed a working group and launched the Let's Meet There campaign in June 2021.

Let's **Meet** *There*



 **77%** of full-time employees agree that taking vacation is **IMPORTANT TO THEIR JOB SATISFACTION**

NATIONAL PLAN FOR Vacation DAY
JANUARY 25, 2022



Source: Destination Analysts—December 2021

Business at Hand

The national travel industry recovery for the leisure segment continues to be strong. Even during the COVID-19 omicron and delta surge, many travelers carried on with their vacation plans. Business travel continues to lag and postponing of meetings and group business occurred once again in the winter. International arrivals in 2021 were down over 73 percent compared to 2019.

TRAVEL FORECAST | FALL 2021

VOLUME

U.S TRAVEL FORECAST - VOLUME

	2019	2020	TRAVEL FORECAST				
	2021	2022	2023	2024	2025		
Total # of trips	2.40B	1.60B	2.04B	2.29B	2.47B	2.57B	2.61B
Domestic Person Trips	2.32B	1.58B	2.02B	2.24B	2.40B	2.29B	2.53B
Leisure	1.84B	1.40B	1.77B	1.86B	1.95B	2.01B	2.04B
Business	464M	181M	250M	371M	446M	484M	492M
Auto	2.13B	1.50B	1.89B	2.07B	2.21B	2.29B	2.32B
Air	189M	79M	131M	166M	189M	206M	214M
International Arrivals	79M	19M	21M	52M	68M	78M	84M
Canada	21M	5M	3M	14M	18M	22M	24M
Mexico	18M	7M	9M	17M	18M	19M	19M
Overseas	40M	8M	10M	22M	31M	38M	41M

Sources: Tourism Economics and U.S. Travel Association

Total travel spending for 2021 is estimated at \$877 billion compared to \$1.17 trillion in 2019. Domestic travel spending, which includes leisure and business, was down 15 percent. International spending in 2019 totaled \$181 billion compared to \$40 billion in 2021 with the largest differential coming from the leisure segment.

TRAVEL FORECAST | FALL 2021

SPENDING

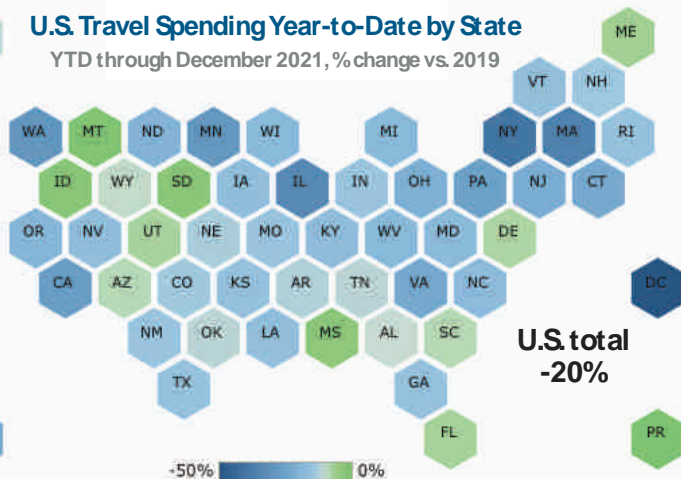
U.S TRAVEL FORECAST - SPENDING

	2019	2020	TRAVEL FORECAST				
	2021	2022	2023	2024	2025		
Total Travel Spending	\$1.17T	\$680B	\$877B	\$1.06T	\$1.16T	\$1.23T	\$1.26T
Domestic	\$992B	\$642B	\$838B	\$932B	\$997B	\$1.04T	\$1.06T
Leisure	\$722B	\$555B	\$702B	\$726B	\$745B	\$766B	\$776B
Business	\$270B	\$88B	\$136B	\$206B	\$252B	\$277B	\$284B
Transient	\$157B	\$59B	\$93B	\$127B	\$152B	\$164B	\$169B
Group	\$113B	\$28B	\$43B	\$79B	\$100B	\$113B	\$115B
International	\$181B	\$38B	\$40B	\$131B	\$159B	\$183B	\$198B
Leisure	\$145B	\$31B	\$32B	\$107B	\$130B	\$148B	\$162B
Business	\$36B	\$7.3B	\$8B	\$24B	\$30B	\$35B	\$36B
Transient	\$22B	\$4.6B	\$5B	\$16B	\$19B	\$22B	\$22B
Group	\$14B	\$2.7B	\$3B	\$8B	\$11B	\$13B	\$14B

Sources: Tourism Economics and U.S. Travel Association

U.S Travel Spending Year-to-Date by State

YTD through December 2021, % change vs. 2019



U.S. total
-20%

SYMPHONY TOURISM ECONOMICS

Cumulative Losses Since January 2020

United States, through December 2021



\$730.7B

Travel Spending
(difference)



\$53,118M

Federal Taxes



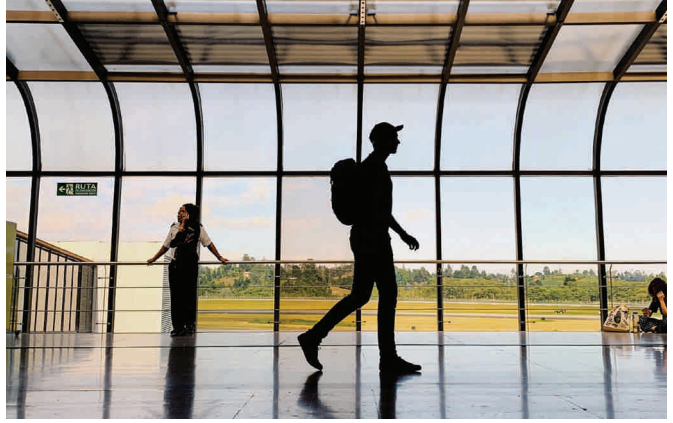
\$22,978M

State Taxes



\$13,642M

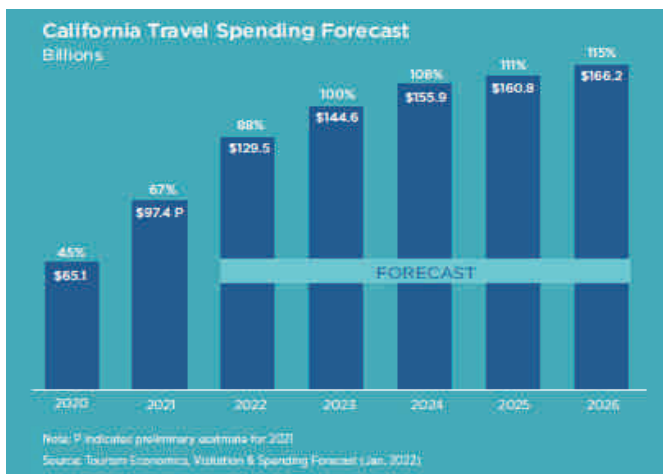
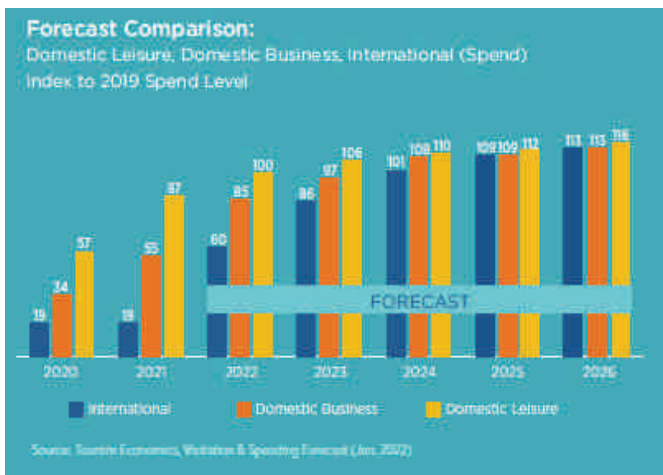
Local Taxes



Variables Used in Analyzing the Marketing Landscape



ALTHOUGH the domestic leisure markets throughout the country assisted in the road to recovery, travel spending in total for 2021 will equate to just two-thirds of 2019 overall spending. California's domestic leisure market is expected to recover in 2022. However, domestic business, including meetings and events and international segments, will take two more years to fully recover compared to 2019 levels.



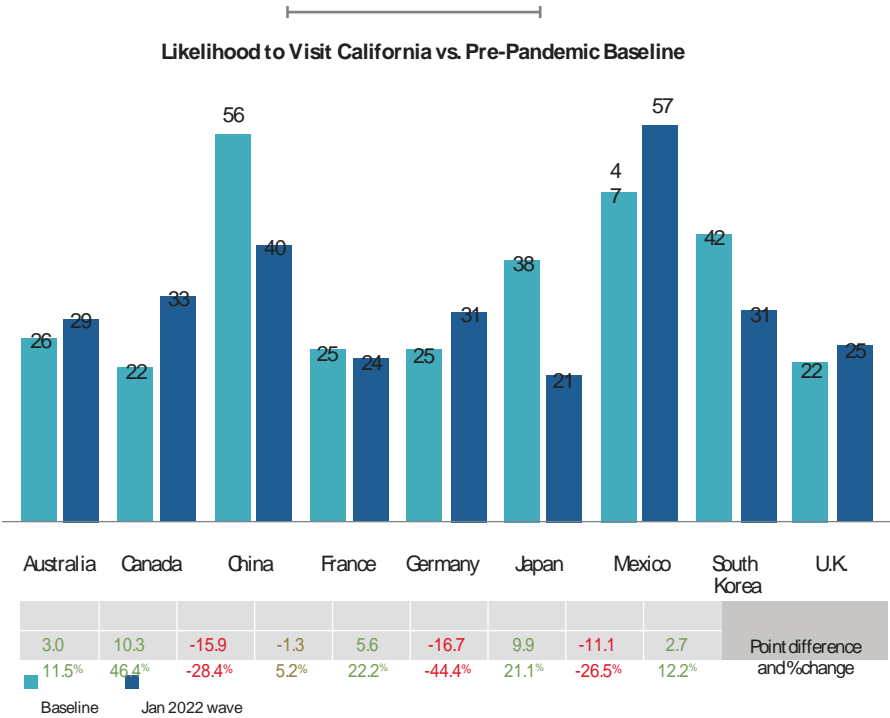
VISIT CALIFORNIA'S RECOVERY

THE KEY OBJECTIVE of Visit California (VCA), our state's destination marketing organization, is to restore and increase domestic leisure travel, professional meetings and events (the first time in marketing to this segment), international travel, and urban tourism in California.

Visit California's \$95 million stimulus from the governor's office for fiscal year 2021/2022 allowed for partnership opportunities with destination marketing organizations throughout the state and the continuation of inspiring the California dream. TCM took advantage of this partnership and was able to amplify our reach with a summer, winter holiday and spring campaign this fiscal year. Calling All Californians, Road Trip Republic, What If and always on search and content distribution programming was continued and new programs such as urban core, Kidifornia/snow, culinary and business/group travel were added to VCA's plan.



In 2022, VCA's top international prospects will be Mexico and Canada. Those markets, in addition to the United Kingdom, Germany, and Australia, pose the highest likelihood to visit California, which is above pre-pandemic levels. While VCA's historic and expected future value of China will keep it as a priority market, political pressure and COVID-19 protocols create an uncertainty there. Public health, economic factors, and consumer sentiment are being used to determine international opportunities.



In 2021, occupancy levels for the state of California reached just over 61 percent compared to just over 49 percent in 2020. July and August 2021 were the two highest months of occupancy within the first half of fiscal year 2021/22. Areas within the state with the highest occupancies include the Inland Empire, Shasta Cascade, North Coast, and Central Valley. Average daily rates within the state for 2021 reached \$153.85 vs \$130.28 in 2020.



2022 Forecast Hotel Occupancy Relative to 2019

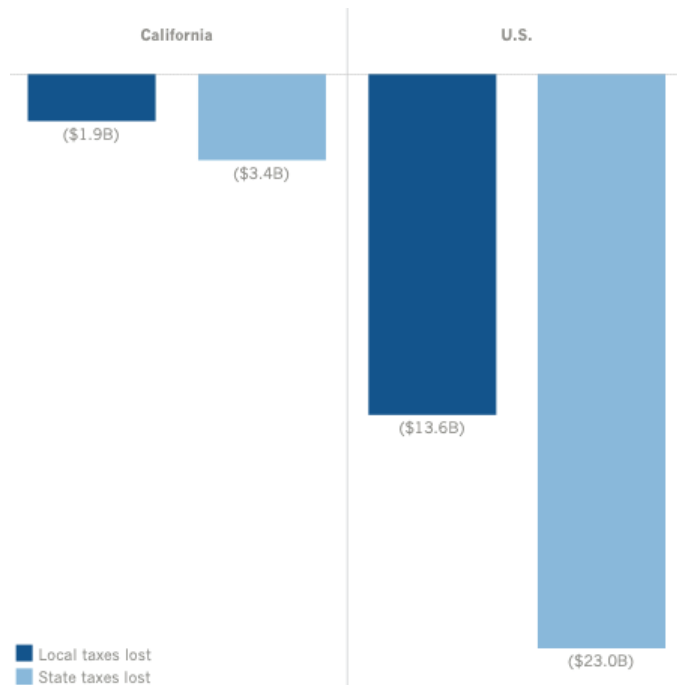


VISIT CALIFORNIA'S RECOVERY



Source: Tourism Economics, Lodging Forecast (Dec. 2021)

Cumulative Local & State Taxes Lost / Jan 2020-Dec 2021



Source: Tourism Economics on behalf of USTA



John Wayne Airport, Orange County (SNA)

Monthly Airport Statistics - December 2021

	December 2021	December 2020	% Change	Year-To-Date 2021	Year-To-Date 2020	% Change
Total passengers	847,671	231,033	266.9%	7,700,489	3,794,850	102.9%
Enplaned passengers	420,797	115,738	263.6%	3,828,546	1,893,027	102.2%
Deplaned passengers	426,874	115,295	270.2%	3,871,943	1,901,823	103.6%
Total Aircraft Operations	22,410	18,061	24.1%	311,684	238,340	30.8%
General Aviation	14,712	13,745	7.0%	231,668	186,189	24.4%
Commercial	7,170	3,837	86.9%	74,253	46,370	60.1%
Commuter ¹	508	464	9.5%	5,369	5,250	2.3%
Military	20	15	33.3%	394	531	-25.8%
Air Cargo Tons ²	1,550	1,435	8.0%	18,243	18,203	0.2%
International Statistics ³	(included in totals above)					
	December 2021	December 2020	% Change	Year-To-Date 2021	Year-To-Date 2020	% Change
Total Passengers	17,919	0	0.0%	112,046	17,246	549.7%
Enplaned passengers	9,065	0	0.0%	54,525	8,703	526.5%
Deplaned passengers	8,854	0	0.0%	57,521	8,543	573.3%
Total Aircraft Operations	212	0	0.0%	1,400	172	714.0%

1. Aircraft used for regularly scheduled air service, configured with not more than seventy (70) seats, and operation at weights not more than ninety thousand (90,000) pounds.
2. All-Cargo Carriers: 1,373 tons
Passenger Carriers (incidental belly cargo): 77 tons
Current cargo tonnage figures in this report are for: November 2021
3. Includes all Canada and Mexico Commercial passengers and operations.



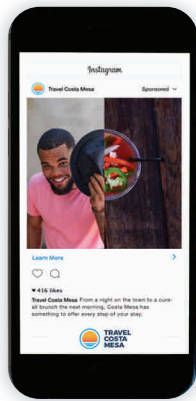
CALIFORNIA AIRLIFT (California Totals)

TOTALS					
	2021	2020	2019	%Change from 2020	%Change from 2020
January	4,263,584	17,927,298	17,509,241	-76.2%	-75.6%
February	4,251,879	16,150,142	16,048,966	-73.7%	-73.5%
March	6,830,848	8,520,466	19,545,437	-19.8%	-65.1%
April	8,431,744	739,133	19,652,201	1040.8%	-57.1%
May	10,618,628	1,591,004	20,696,477	567.4%	-48.7%
June	12,932,248	3,198,022	21,814,825	304.4%	-40.7%
July	14,935,685	4,482,725	22,755,030	233.2%	-34.4%
August	13,961,995	4,885,769	22,378,689	187.5%	-37.6%
September	12,526,728	4,929,772	19,257,968	154.1%	-35.0%
October	13,904,405	5,708,888	20,079,531	143.6%	-30.8%
YTD*	102,657,744	68,103,219	199,738,365	50.7%	-48.6%

DOMESTIC					
	2021	2020	2019	%Change from 2020	%Change from 2020
January	3,705,606	14,409,007	14,014,502	-74.3%	-73.6%
February	3,890,582	13,509,201	13,100,720	-71.2%	-70.3%
March	6,303,117	7,052,175	16,082,812	-10.6%	-60.8%
April	7,787,037	654,059	16,033,953	1090.6%	-51.4%
May	9,738,031	1,507,544	16,854,310	546.0%	-42.2%
June	11,773,788	3,011,044	17,633,938	291.0%	-33.2%
July	13,507,627	4,172,590	18,344,723	223.7%	-26.4%
August	12,528,251	4,476,438	18,126,708	179.9%	-30.9%
September	11,358,746	4,529,101	15,609,239	150.8%	-27.2%
October	12,669,176	5,226,134	16,475,684	142.4%	-23.1%
YTD*	93,261,961	58,547,293	162,276,589	59.3%	-42.5%

INTERNATIONAL					
	2021	2020	2019	%Change from 2020	%Change from 2020
January	557,978	3,518,291	3,494,739	-84.1%	-84.0%
February	361,297	2,640,941	2,948,246	-86.3%	-87.7%
March	527,731	1,468,291	3,462,625	-64.1%	-84.8%
April	644,707	85,074	3,618,248	657.8%	-82.2%
May	880,597	83,460	3,842,167	955.1%	-77.1%
June	1,158,460	186,978	4,180,887	519.6%	-72.3%
July	1,428,058	310,135	4,410,307	360.5%	-67.6%
August	1,433,744	379,331	4,251,981	278.0%	-66.3%
September	1,167,982	400,671	3,648,729	191.5%	-68.0%
October	1,235,229	482,754	3,603,847	155.9%	-65.7%
YTD*	9,395,783	9,555,926	37,461,776	-1.7%	-74.9%

Sources: individual airports. * Note: Monthly figures may not sum to YTD due to data revisions. Airports include Airports include Los Angeles, Burbank, Long Beach, Ontario, Orange County, Oakland, Sacramento, San Diego, San Jose, San Francisco



MARKETING COSTA MESA

AS WE ENTERED 2021, TCM continued to work through the challenges of a once-in-a-century pandemic. The early months showed signs of improvement, though we had some dips due to the delta and omicron variants that caused increased bursts of COVID cases throughout the year. While 2021 continued to be a difficult year for the tourism industry, we seemed to have figured out how to market safe travel through these times, including imagery with masks, avoiding group imagery, highlighting outdoor experiences, and the like.

TCM returned to our “always-on” marketing strategy—we mixed brand awareness with promotional campaigns during need times to help increase hotel room night occupancy. Besides a couple of small campaigns, we did not promote travel to Costa Mesa in much of 2021. Our most important goals were to:

1.

Continue strong support for our local retail and dining businesses through the pandemic by sharing promotional offers and special events

2.

Promote brand awareness of Costa Mesa

3.

Promote safe travel to Costa Mesa in our creative and in our content

TCM continued marketing only to nearby drive markets in Los Angeles, San Diego, the Inland Empire, and even communities within Orange County for “staycations” or trips close to home. We did begin to do more public relations (brand) outreach to areas in greater California and even the West Coast, as applicable. While we began to build our marketing budget back up from where it had been reduced in 2020, our online marketing budget was still only 62 percent of what it was in 2019.

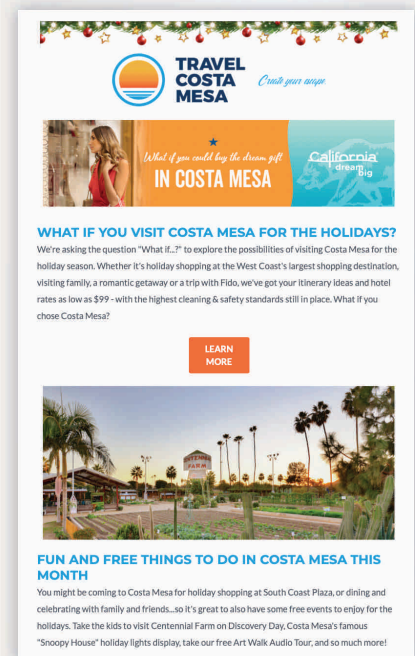


WHAT IS SEO?

Search engine optimization (SEO) is the process of improving the quality and quantity of website traffic to a website or a web page from search engines. SEO targets unpaid traffic rather than direct traffic or paid traffic.

Source: Wikipedia

Another great story from our owned media channels was email marketing. Over the past year, we have worked hard on the health of our email list by archiving old email addresses and making sure the users we had were truly interested and engaged in TCM's monthly email newsletter.



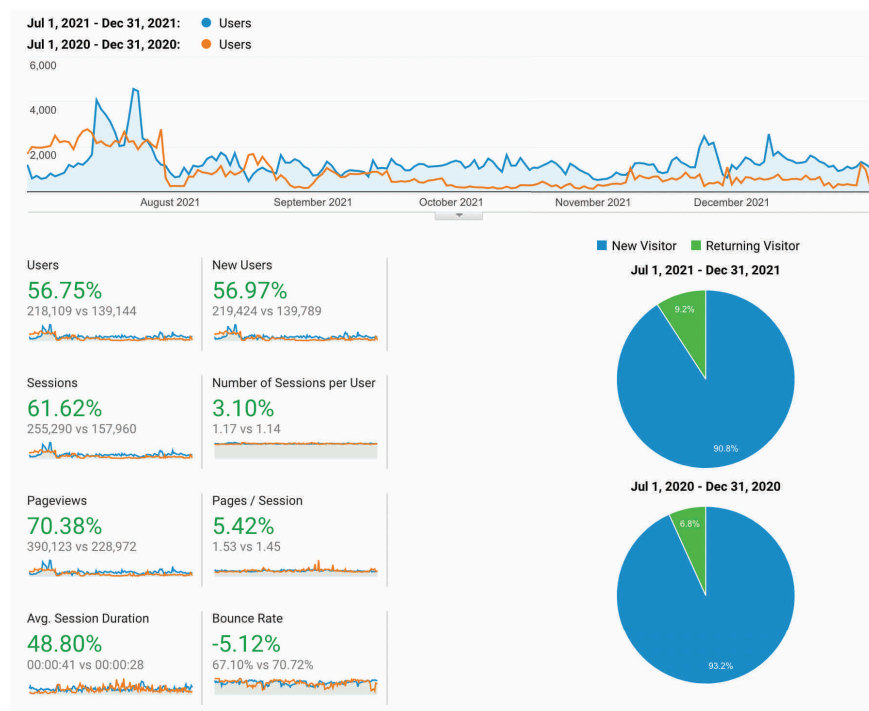
From a Mailchimp "Email Marketing Benchmark and Statistics by Industry" study in October 2019, emails in the travel sector had an average open rate of 20.44 percent. TCM's average email open rate for the last half of 2021 was 30.58 percent, over 10 percent higher than the industry average. Our holiday 2021 email had our best open rate ever at 37.39 percent. Our June 2021 email, which featured a "California Reopens" message, had our best click-to-open rate (CTOR) with 9.5 percent—TCM's average CTOR was 4.67 percent last year.

WEBSITE TRAFFIC

Travelcostamesa.com ended calendar year 2021 with total website users up 4.05 percent (312,796 vs. 300,616) and sessions up 6.51 percent (372,296 vs. 349,539) over the previous year. Clearly, the pandemic continued to cause our traffic to struggle with growth.

It was an interesting year for website traffic. Where we saw channels driving huge growth last year (for example, our Taboola content marketing channel), they didn't drive the same numbers in 2021. Why? We surmise it is primarily due to the first half of 2021 (January to June) when there were multiple factors: less ads, higher cost per click, more competition, and breaks in ads. Subsequently, based on changes in blog selection, bidding parameters, and optimization, it has picked up. In fact, cost per click is now the most competitive in Taboola, which may not be sustainable, but it will definitely be more competitive than in recent past.

We increased new website users by 6.73 percent (316,673 vs. 296,717) and pageviews by 5.05 percent (565,640 vs. 538,473) year over calendar year. The second half of 2021 (July to December) already performed significantly better than the first half: we increased in total users by 56.75 percent, total sessions by 61.62 percent and total pageviews by 70.38 percent. The chart below shows total growth the last half of 2021 compared to the last half of 2020. Things are getting better.



We were excited by the growth of our organic search traffic, which had a 140.50 percent gain year over year (95,654 vs. 39,773) due to our search engine optimization efforts. Every result we get from an organic search is "free" traffic to TCM—not earned without cost of labor, but without paid advertising.

MARKETING COSTA MESA

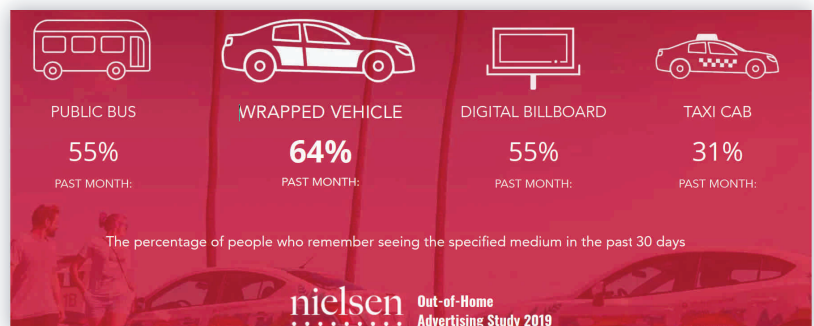
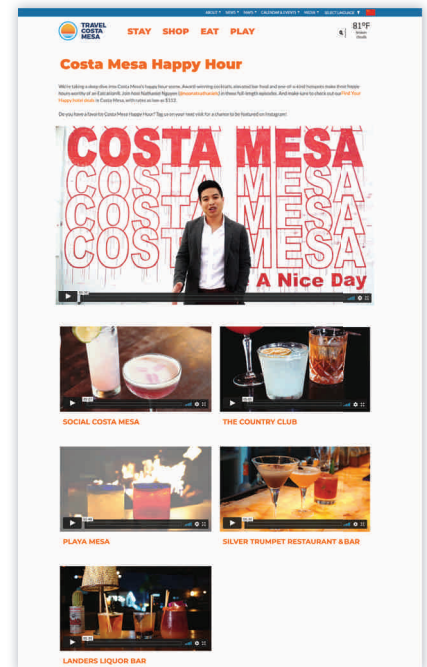


“CREATE YOUR ESCAPE...CLOSE TO HOME” CAMPAIGN

In March and April of 2021, we launched our first big promotional campaign of the year, returning us closer to the promotion levels we had been performing at prior to the pandemic. We used a message we felt was appropriate for the time and that performed well before: “Create your Escape...Close to Home.” Our messaging included a \$100 gift card to South Coast Plaza that was being offered by five of our hotel partners, with the other remaining six asking to just promote their top offers from their site. We had 3,600 page visits for the campaign.

“FIND YOUR HAPPY” CAMPAIGN

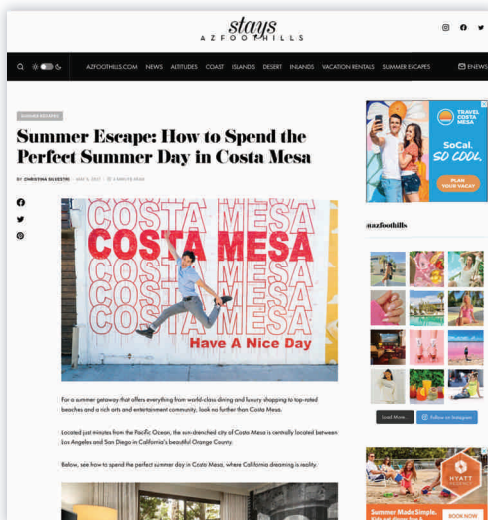
To continue our strategy of messaging with a lean towards hope, fun, and happiness, we launched the “Find your Happy” campaign in summer 2021, that included six videos with social campaign support. Host Nathan Nguyen (@noonatnathaniels) took viewers to six great spots in the city offering happy hours, including SOCIAL, Country Club, and Playa Mesa. We had created the videos pre-pandemic but had to postpone the launch. We consider this great “evergreen” content that we’ll use again in the future—currently they are on travelcostamesa.com, as well as our Facebook page and Vimeo channel.



“SOCAL...SO COOL” CAMPAIGN

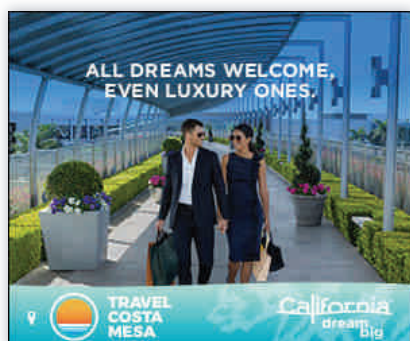
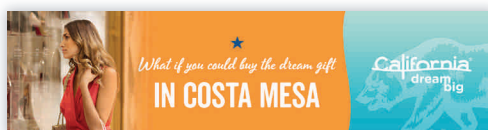
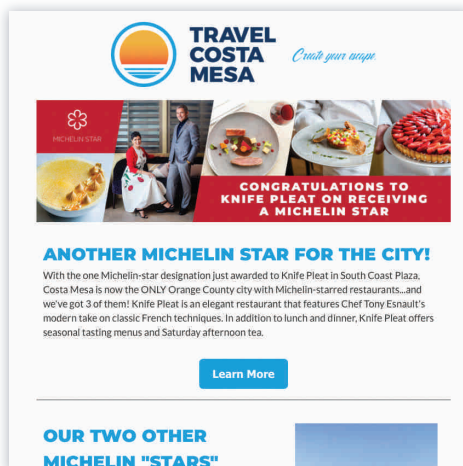
We launched the “SoCal...So COOL” summer campaign in June for local visitors who would be interested in a “staycation” or a quick trip away. Pairing it with the “Beat the Heat” Arizona campaign, we used a double-meaning messaging—Costa Mesa being the coolest city in Orange County and also cooler with perfect beach weather compared to cities in hotter climates.

“SoCal...So COOL” was our most successful campaign of the year, garnering 800 hotel leads and approximately 52,000 site visits. We ran ads on Uber and Lyft cars in the Los Angeles area and received over 3 million impressions. Per a Nielsen out-of-home advertising study, 64 percent of people who saw messaging on a wrapped vehicle remembered it within 30 days of seeing it.



KNIFE PLEAT CAMPAIGN

In October 2021, we got the exciting news that Knife Pleat in South Coast Plaza received its first Michelin star. To celebrate, we changed our website's home page leaderboard and promoted the accolade in our email and social media accounts. This is an exciting feather in the Costa Mesa cap, as we now have three Michelin-star restaurants, and the only three Michelin-star restaurants in all of Orange County.



HOLIDAY CAMPAIGN

We created a holiday campaign that used Visit California's "What If" messaging to utilize additional state funding. The campaign ran from mid-November 2021 to January 2022 and was our fourth most visited page for the year. We featured events happening in the city in public relations and social messaging, along with display ads to the campaign page. It brought just over 700 leads and approximately 75,000 site visits.

"BEAT THE HEAT" CAMPAIGN

"Beat the Heat" was a smaller social and blog campaign in summer 2021 that we ran in Arizona only. We worked with Arizona Foothills Magazine to create online and social content featuring Costa Mesa as a "Get Cool" destination for those in the oppressive heat in Arizona. We focused mostly on the major metropolitan areas of Phoenix and Tucson, and also placed a billboard on the I-10 westbound at Quartzite, Arizona.



WHAT ARE OWNED MEDIA CHANNELS?

Owned media is any kind of organic content delivery channel that you have control over. This might include your blog, website, YouTube channel, or Facebook page. It does require an investment in time and resources to create, but you don't directly pay for reach.

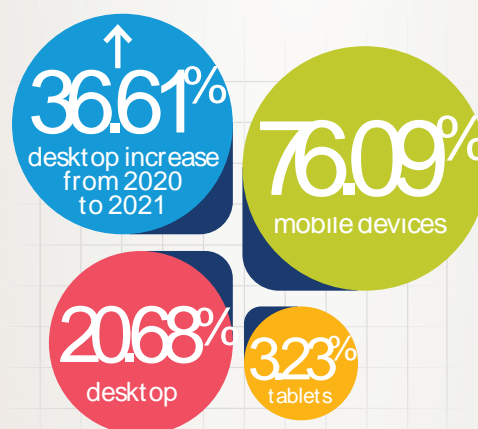
Source: theagencyguide.com

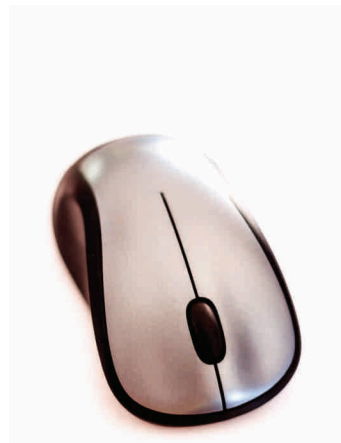


USAGE

We saw an interesting lift in desktop users in 2021, a **36.61** percent increase (64,798 vs. 47,433) from the previous year. We could attribute this to more remote workers or visitors continuing to spend more time at home. However, the primary traffic source to travelcostamesa.com is from mobile devices. In 2021, **76.09** percent of our traffic was from mobile devices, **20.68** percent was from desktop, and **3.23** percent was from tablets.

Desktop vs Mobile vs Tablet Share Worldwide





MARKETING COSTA MESA

VISIT CALIFORNIA CO-OP CAMPAIGNS

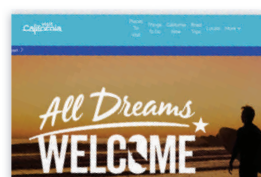
In a unique opportunity from Visit California, destination marketing organizations (DMOs) in the state were invited to participate in a co-op whereby those DMOs would get a discount on advertising spend with five vendor partners. TCM continued participation in this initiative, which was extended for 2021, due to additional funds being allocated to Visit California from the state.

To maximize use of the funding, we combined our promotional campaigns with the Visit California “What If” messaging so we could have a direct financial return on these investments. In 2021, we completed programs that expect a financial return from Visit California of just over \$50,000.

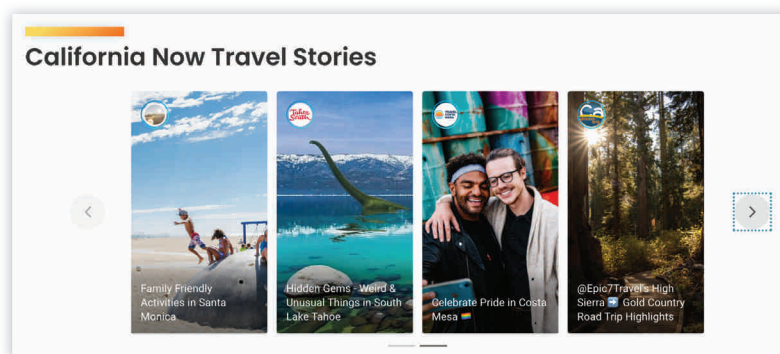


CONTENT UPDATES

We continued to keep our COVID-19 coverage current as the pandemic continued, including having a button on the home page directing people to our latest COVID-19 information. We also kept a business updates page and a hotel safety and cleanliness page.



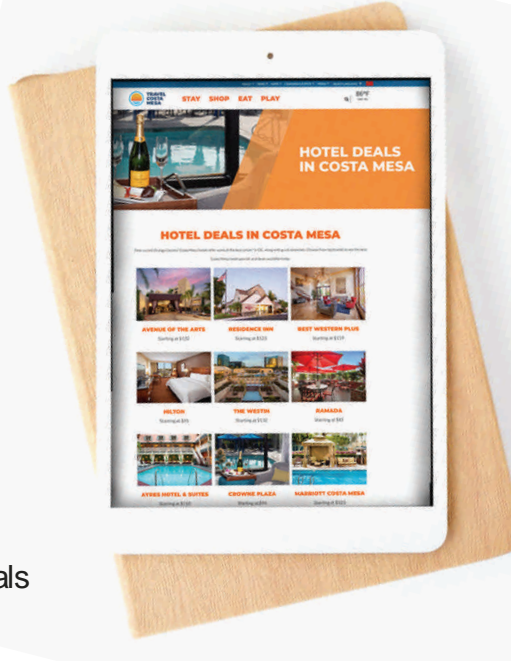
Visit California launched a “California is Back – All Dreams Welcome” campaign, and TCM participated in the campaign in 2021. We posted social, blog, and site content in support of the messaging.



We created a new “Outdoor Patio” dining page on our site, listing restaurants that offered outdoor dining and their hours. TCM also joined the Visit California Travel Story Network, where social stories created by DMO partners could be featured on the Visit California home page and would also help in the Visit California/Google stories search campaign. Our LGBT pride month story was featured on the Visit California home page.

TOP 10 WEBPAGES VISITED

1. Summer Hotel Deals
2. Hotel Specials and Discounts
3. OC Fair
4. Holiday Hotel Deals
5. OC Swap Meet
6. What if Costa Mesa?
7. Homepage
8. OC Night Market
9. Eat cation® (main)
10. Spring Break Hotel Deals



MEETINGS CAMPAIGN BUILD

Due to the pandemic, meetings and events scheduled in Costa Mesa have taken a large downturn. TCM's board of directors has told us that regaining meetings and event business in this city is a key priority going forward. TCM is creating a new marketing campaign from scratch to focus on a paid meetings/events strategy. This strategy includes:

1. The creation of a new meetings guide, which will be completed in spring 2022. The last one was created in 2011.
2. TCM has shot new content in April for the meetings video and guide. A new meetings video was launched in summer 2021 and lives on the travelcostamesa.com/meetings page, on our Vimeo channel, and on LinkedIn.
3. Paid placement on Cvent. From Cvent's Facebook page: "The comprehensive Cvent event marketing and management platform offers software solutions to event organizers and marketers for online event registration, venue selection, event marketing and management, virtual and onsite solutions, and attendee engagement. Cvent's suite of products automate and simplify the entire event management process and maximize the impact of in-person, virtual, and hybrid events. Hotels and venues use Cvent's supplier and venue solutions to win more group and corporate travel business through Cvent's sourcing platforms and to service their customers directly, efficiently, and profitably."
4. Paid placement on the Helms & Briscoe site, a property management company where we can offer Costa Mesa's meeting and event services.



VIST CALIFORNIA POPPY AWARD 2022 FINALIST

There's no question people continue to look to destination marketing organizations to get information about planning a trip and even while visiting a city. While it has been a tough year, we remain optimistic about our role in returning travel and tourism to our city. In early 2022, TCM was named a finalist for a Poppy Award from Visit California for our influencer marketing campaign in 2021. The competition for the awards were fierce, and though TCM did not win, we were recognized as a finalist in a year with a record number of entries.

WEBSITE TRAFFIC DRIVERS

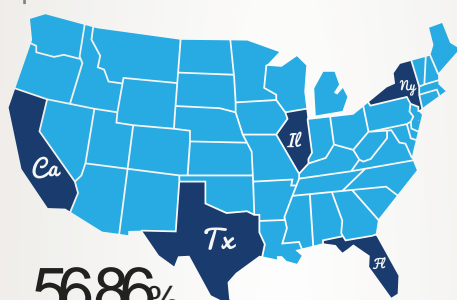
29.93%
ORGANIC SEARCH

20.50%
DISPLAY ADS

1.47%
PAID SEARCH

14.50%
REFERRAL (most from content marketing and Facebook)

1.48%
DIRECT



56.86%
CALIFORNIA

4.00%
TEXAS

3.29%
NEW YORK

3.00%
FLORIDA

2.82%
ILLINOIS

TOP WEBSITE VISITORS BY STATE

27.10%
LOS ANGELES

3.67%
SAN DIEGO

2.11%
LONG BEACH

1.92%
RIVERSIDE

1.44%
SAN FRANCISCO

TOP WEBSITE VISITORS BY CITY (OUTSIDE OF OC)

MEDIA & COMMUNITY RELATIONS



MarketWatch 50% OFF 1 YEAR

Coronavirus Update: U.S. daily new-case tally moves below 100,000 mark →

Largest Shopping Center on the West Coast Presents "Reinvented" Food Hall and Fine Jewelry Facelift in Costa Mesa

Travel Costa Mesa's director of public relations and community relations position was changed in August 2021 to become the director of media and community relations. This shift represents TCM's understanding of the importance of social media, and influencers particularly, as part of our overall marketing strategy. TCM hired Bobby Navarro, who came to the organization with a depth of experience in marketing and social media promotion, along with strong influencer relationships.

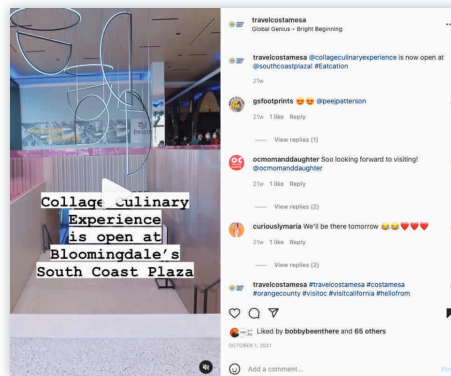
TRAVEL COSTA MESA 77°F smoke

A place to play, pair and piece together the most perfect dining experience.

Collage Culinary Experience

COLLAGE

Featuring top cuisine including the only U.S. location of Paradise Dynasty, it's called the place to play, pair and piece together the most perfect dining experience. Located exclusively at Bloomingdale's South Coast Plaza on the main floor, Collage Culinary Experience is an elevated, two-story global dining collective that offers the best international and local cuisine in 9 different dining experiences, all within an artfully designed space.



In 2021, we decided to make a move in media relations to align our social messages, our influencer partnerships, and our media communication into a cohesive earned media strategy. Our goal was representing what was best to showcase in Costa Mesa during key periods while also taking into consideration our target markets. This type of strategy creates multiple opportunities of engagement for potential consumers and increases the likelihood that the consumer will engage with the content, especially when the content is being directed to individuals in our target drive markets of San Diego, Los Angeles, and the Inland Empire.



As a consumer is exposed to Costa Mesa more times in different ways (i.e. on TCM social or blog, on their favorite news sites, and/or through their favorite influencer), they are more likely to engage and consider the city for their next leisure travel experience.

MEDIA PITCHES

The director of media and community relations repositioned the national and regional press releases to be more targeted and newsworthy in order to receive the most pick up from publications and the highest interest from readers. For example, in various public relations channels, we submitted specially curated press releases strictly about our food news or arts news to respective journalists or media who were focused on this type of content.



“Largest Art Organization in Southern California Brings Broadway Back in a Big Way”

“35th Anniversary of Segerstrom Center of the Arts, Broadway Tours, and World Class Performances...”



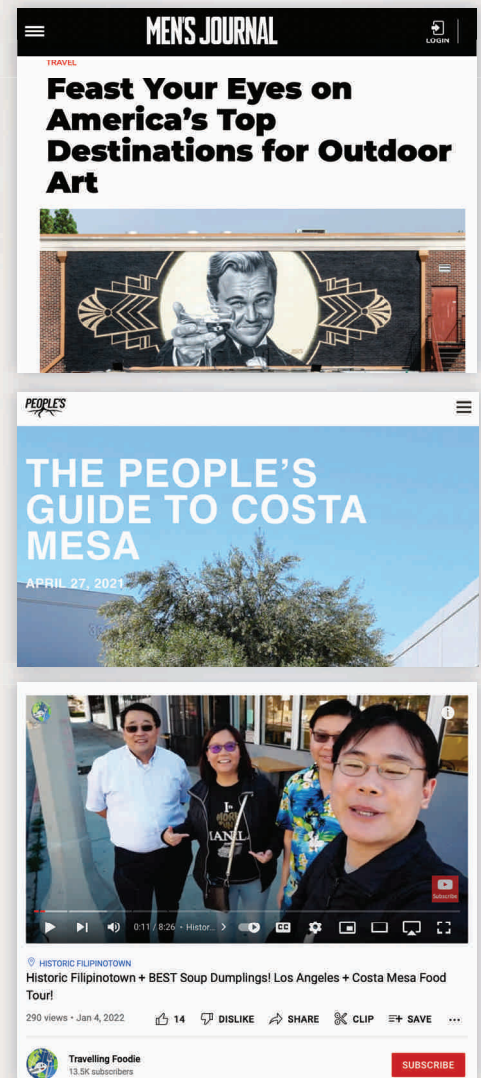
“The West Coast’s Largest Shopping Destination Redefines Retail”

“Cha Cha Matcha at Tiffany’s Blue Box Café, Collage Culinary Experience, and 55th Anniversary of South Coast Plaza”



“Celebrate ‘National Plan for Vacation Day’ by Visiting One of the Hottest Lifestyle Destinations in California”

“Moulin, Tableau Kitchen and Bar, and Butcher’s Brasserie is Now Open...”



MEDIA COVERAGE

From March 2021 to February 2022 seven press releases were sent and the director of media and community relations worked on two joint press partnerships which resulted in:

OVER
36,163,200
 CUMULATIVE IMPRESSIONS

315%
 INCREASE FROM FY2020-21

We continue to notice a majority of impressions are coming from food and beverage coverage, and that there is strength in positioning the city as having “the most,” “the best,” or “the first” of something. These commonly used tactics have garnered more interest and allowed for increased visibility to the city and to TCM partners.

Coverage has spanned publications and sites such as Benzinger, Market Watch, Yahoo Finance, Voice of OC, Los Angeles Times, Daily Pilot, Street Insider, Michelin Guide, Visit California, and more.

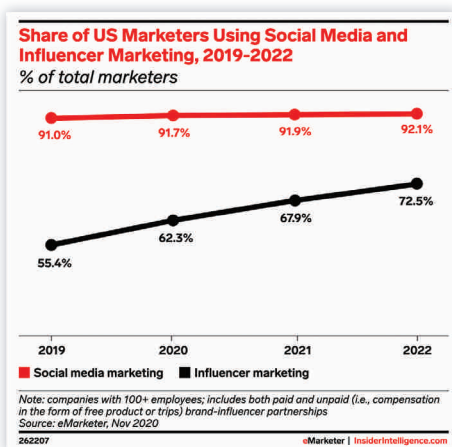
MEDIA & COMMUNITY RELATIONS



INFLUENCER PROGRAM

Influencer marketing is a fast-growing tool for promotion. Research from eMarketer shows that **72.5 percent** of marketers are expected to be utilizing these means by the end of 2022.

With over **50 percent** of consumers stating that social media and word of mouth are their preferred ways to learn about new brands, the director of media and community relations made a huge pivot into increasing the quantity and the quality of the influencers that came to visit and share on behalf of TCM.



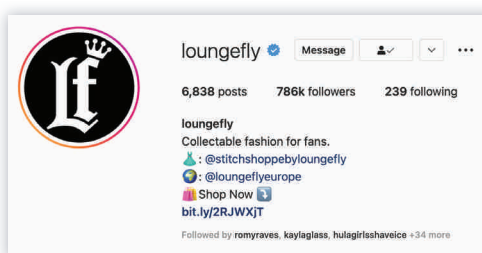
From August to February 2021, TCM and our partner hotels have hosted nearly **50 influencers** with followers ranging from **10,000 to 4.2 million**. This is **10 times** the number of influencers reported visiting in FY2020-21, and **100 times** the biggest influencer reported visiting in that same year. The cumulative following of all the influencers that have been hosted from August 2021 to February 2022 has surpassed **22 million**, which is a **21,900 percent** increase from the cumulative following reported in FY2020-21.

Based on the formula provided by Intellifluence and pricing decks provided by these influencers, what we received in **earned (non-paid) media** through influencer marketing from August to February 2021 would have cost more than **\$220,000** (a conservative estimation). This doesn't include the thousands of IG stories, hotel mentions, and influencers that posted multiple times on their profile which would all increase this estimation.

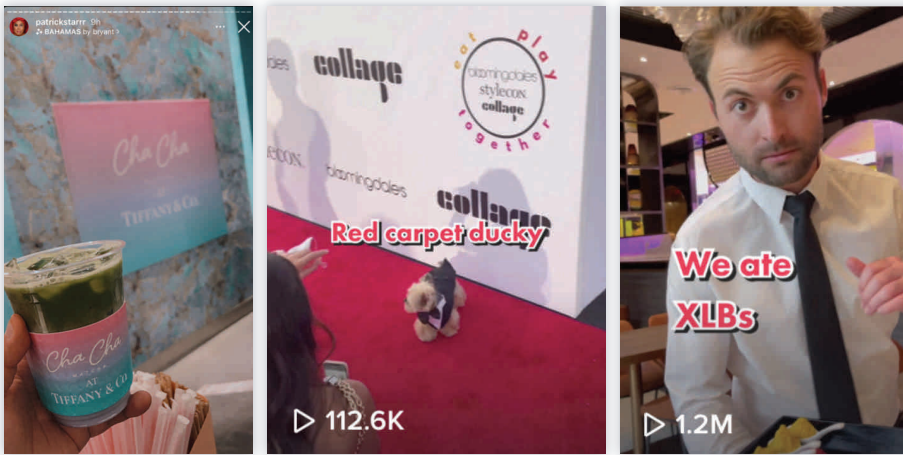
Influencer Value Formula

In a 2021 study done by Intellifluence, who manages 150,000 influencers around the world, influencers no longer get paid one to two cents per follower but are typically being compensated more after reaching specific thresholds.

>20K=	AVERAGE \$272 PER POST
>60K=	AVERAGE \$745 PER POST
>90K=	AVERAGE \$1,200 PER POST
~150K=	\$2,100 PER POST*
~300K=	\$5,000 PER POST*
~500K=	\$7,000 PER POST*
1,000,000+=	\$10,000+ PER POST



TCM has also begun working with established and trending brands (and their influencer strategy) in order to create unique experiences that receive more influencer attention, most recently with Collage Culinary Experience and Loungefly.



The director of media and community relations has found that creating a thematic itinerary around events in the city has resonated with influencers and motivates them to support Costa Mesa without monetary compensation. We have seen that with our dining itinerary in October with Collage Culinary Experience, our holiday itinerary in December, and our Valentine's Day itinerary in February with Loungefly.

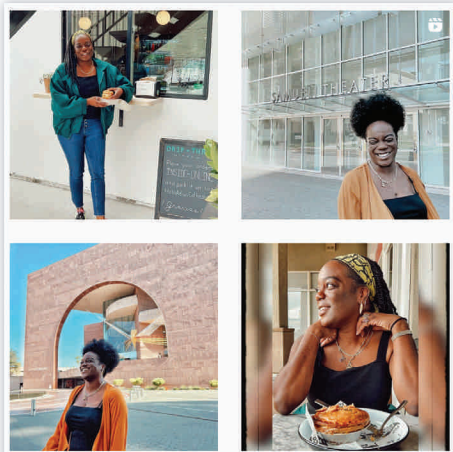


COMMUNITY RELATIONS

For FY2021-22, TCM began a promotional content program in order to support underrepresented groups while also promoting various neighborhoods and businesses in Costa Mesa that support, are owned by, or resonate with these groups.



In February 2021, we honored Black History Month by sharing the journey of a black content creator and her adventures in Costa Mesa. We were also able to promote a black-owned business as well as a black artist that was coming to perform in Costa Mesa. The entire program received over 34 million impressions and drove diversity in our social platforms while also letting us build relationships with new businesses. We plan to continue this initiative in 2022 with Asian Pacific American Heritage Month in May, LGBTQ+ Pride Month in June, and Hispanic Heritage Month from September 15 to October 15.



Additionally, we are working with nonprofit organizations based in the city and/or supporting Costa Mesa with press release inclusions and social media support to be able to maximize the impact we can make on and for these organizations, including Share Our Selves and Project Hope Alliance.



MEDIA VISTS

TCM receives countless requests from media and influencers to be hosted, and we choose the writers with the most potential for coverage or offer the best chance of greatest exposure. Through the program TravMedia and our partners at Visit California we have also been fortunate to be able to host some talented writers and build new relationships with key media.





GROUP SALES

RAMPING UP

AS THE NEW fiscal year began, hope was abundant that COVID-19 would be in the rear-view mirror—but that was not the case. Booked groups (defined as 10 or more room nights per day) were being pushed and new group opportunities were far and few between. The size of groups was smaller, and the booking window shrunk to a few months or even weeks. Weekend business needs became an everyday need. This was the new norm.

But as 2021 progressed, it was no longer the competitive landscape it has always been. Groups were collaborating and working together instead of against each other. Next came the emergence of the West Coast DMO Alliance, a group of destination marketing organizations coming together to discuss best practices, trends, and ways to work with each other through the pandemic and beyond. At inception, 10 members joined and currently there are 20 with a continual wait list.

Industry experts such as Michael Dominguez, president and CEO of Associated Luxury Hotels International, projects the end of surges in 2022—and if one does pop up, he believes that the tools, organization, and the unity developed over the last 20 months will help to avoid the deficits events and hotels have experienced since 2019. International events, he said, may take some time to come back as discrepancies between how individual countries are responding to each surge make it hard to gauge the return of events abroad.

Dominguez highlights three major predictions for events in 2022: the last half should see a significant change, we will learn how to deliver a good hybrid experience, and the deconstructing of meetings. As the year progresses, Dominguez believes many new, more focused meetings will take place, and he shares that now is the time to focus on diverse ways to deliver a meeting space.

FORGE AHEAD

With the completion of a variety of sales initiatives that include meetings collateral—a COVID guide, a video for meeting planners, and group incentives—TCM has hit the ground running. Since October 2021, the destination sales executive has attended seven industry events and three more are scheduled by fiscal year end. This includes aligning with travel/meeting-oriented associations and groups, persistently reaching out to the organization's growing database, and uncovering new contacts for potential business. TCM's focus is on small to mid-size group business (10 to 300 room nights peak).

July 2021 through the end of February 2022, TCM generated over 200 leads representing over 80,000 room nights. TCM has booked 25 meetings and events with 4,799 rooms contracted at our partnering hotels. More opportunities are given to our hotels as

planners may not be familiar with all properties and affords the end user the opportunity for multiple options within the city. The role of the destination sales executive is greater than that of generating room nights. Generated hotel room nights not only bring in revenue to our hotel partners, but they also bring ancillary revenue to other segments including restaurants, shopping, transportation, attractions and so much more. Every booked lead in Costa Mesa is an opportunity for businesses to benefit from it.

BY THE NUMBERS

TCM Sales Activity 2021-2022

4,799	14	207
Room Nights Booked	In-Person Site Visits	Leads Generated
ENDING FEBRUARY 2022		
80,672	12	6,465
Lead Room Nights	Webinars	Solicitations
OF THE 207 LEADS GENERATED		



TRADESHOWS MEAN BUSINESS

TCM attended a variety of tradeshows to attract new business, develop business we have/had, to network, and to have the ability to attend a variety of educational opportunities. Since October 2021, the destination sales executive along with some of our hotel partners have participated in seven tradeshows. As we look to the end of the fiscal year, three more scheduled. As TCM is a newer destination marketing organization, participating in the various tradeshows, collectively selling our 11 partners, and having exposure to meeting planners to talk about Costa Mesa has been an excellent experience.





GROUP SALES

MEMBERSHIPS

California Society of Association Executives (CalSAE)

HelmsBriscoe

Meeting Planners International (MPI)

Orange County Sports Commission (OCSC)

Religious Conference Management Association (RCMA)

Society for Incentive Travel Excellence (SITE)

West Coast DMO Alliance



ORANGE COUNTY SPORTSCOMMISSION (OCSC)

TCM, along with Visit Anaheim, Visit Huntington Beach, Destination Irvine, Visit Laguna Beach, and other local attractions, will continue to work with the OCSC to promote Costa Mesa fields and facilities that encourage overnight group hotel room nights.

To date, the OCSC has produced 123 leads (Costa Mesa receiving 11) that produced 29 contracts for Orange County (as a whole) during the last year. Cancellations, smaller group sizes, and teams moving to neighboring states have been a challenge during the pandemic but like other segments, business is on the upswing.



TARGET MARKETS

TCM has primarily focused on marketing to the leisure transient guest for the past decade. The destination sales executive's role, however, encompasses weekday and weekend group business. Trends in booking reveal that group opportunities are within a shorter booking window of time and are smaller in size. The following markets are the focus:

- **Associations (State/Regional/National)** – Associations depend on annual meeting dues for their survival. Most by-laws encourage groups to meet on an annual basis. Without these meetings, associations will either not survive and/or they will need a new revenue stream to stay viable.
- **Corporate** – With many companies still working from home, travel has not returned to the levels of 2019. However, more companies will be traveling in 2022 versus what actualized in 2021.
- **Sports** – The sports market has become highly competitive in Orange County. We continue to work with the Orange County Sports Commission (OCSC) in addition to the local colleges and universities for out-of-the-area visiting teams.
- **SMERFE (Social, Military, Educational, Religious, Fraternal, and Ethnic)**

TRAVEL COSTA MESA LEADERSHIP

EXECUTIVE COMMITTEE

Ronnie Dalgado

Hector Santa Cruz

Sue Cooke

Paul Sanford

CHAIRPERSON, GENERAL MANAGER & VP of Operations, Holiday Inn Express & Suites Costa Mesa

VICE PRESIDENT, GENERAL MANAGER, Costa Mesa Marriott

TREASURER, GENERAL MANAGER, Residence Inn by Marriott by Costa Mesa

SECRETARY, GENERAL MANAGER-ASSET MANAGER, Avenue of the Arts, A Tribute Portfolio Hotel

DIRECTORS

Susan O'Brien Moore

Naj Ekhlas

Howard Haberman

Benito Benitez

Nimisha Solanki

Albert Gosch

Mike Hall

John Stephens

Lori Ann Farrell Harrison

GENERAL MANAGER, Ayres Hotel Costa Mesa

GENERAL MANAGER, Best Western Plus Newport Mesa Inn

GENERAL MANAGER, Crowne Plaza Costa Mesa Orange County

GENERAL MANAGER, Hilton Orange County/Costa Mesa

GENERAL MANAGER, OC Hotel Costa Mesa

GENERAL MANAGER, Ramada by Wyndham Costa Mesa/Newport Beach

GENERAL MANAGER, The Westin South Coast Plaza, Costa Mesa

MAYOR, City of Costa Mesa

CITY MANAGER, City of Costa Mesa

ADVISOR

Brian Chuan

SENIOR DIRECTOR OF INTERNATIONAL & DOMESTIC MARKETS,
South Coast Plaza

STAFF

Paulette Lombardi-Fries

Kim Glen

Bobby Navarro

Debbie Megna

Jessica Placentia

PRESIDENT

VICE PRESIDENT OF MARKETING

DIRECTOR OF MEDIA AND COMMUNITY RELATIONS

DESTINATION SALES EXECUTIVE

OPERATIONS MANAGER



A stylized illustration featuring a white flower with dark green leaves and a vibrant orange flower. The background is composed of solid blocks of light blue, magenta, and orange. A circular logo is centered over the image, containing the text 'ORANGE COUNTY' at the top, 'CA' in the middle with a small star and a map of California, and 'CALIFORNIA' at the bottom.

ORANGE COUNTY
CA
CALIFORNIA

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