A Best of the World Destination

- NATIONAL GEOGRAPHIC TRAVELER
GLOBAL REACH, LOCAL IMPACT

Telling the San Diego story to a global audience is at the heart of the San Diego Tourism Authority’s (SDTA) mission to drive visitor demand to benefit the local economy.

Working closely with all sectors of the community—from members to elected officials to key stakeholders to industry partners—the SDTA charted a path in FY 2019 that once again delivered impressive results with more than 35 million travelers visiting the destination and nearly $11.6 billion in visitor spending.

These results are possible through the continued strong and stable financial support of the San Diego Tourism Marketing District and the leadership of the City of San Diego, allowing the SDTA to tailor its strategies to better prepare for future opportunities—and challenges.

The SDTA is always mindful of the importance tourism plays in creating a vibrant and inclusive local economy—one that works to improve San Diego not just for visitors but for its citizens. Key to this commitment is the upcoming San Diego Convention Center campaign initiative that will make possible the long-desired expansion and upgrade of the facility. This expansion, in turn, will drive incremental visitor demand and deliver the additional funds needed to invest in homeless initiatives and in improving our roads and infrastructure.

While the SDTA’s reach is increasingly global, our impact is truly local, and we will continue our work to deliver a better San Diego—for everyone.

MISSION
To drive visitor demand to economically benefit the San Diego region.

VISION
Leading San Diego to become the most desirable destination.

One of America’s Coolest Cities

— FORBES

FY 2019 HIGHLIGHTS
DELIVERING ROI*

$20 to $1

*Based on lodging revenue generated for the City of San Diego Tourism Marketing District, July 2018 - June 2019.
The #1 Buzziest Beach Town
- YAHOO! TRAVEL

Smiles are the international symbol of happiness. Since smiles are everywhere here, San Diego decided to own a piece of that happy symbol. Launched in January 2019, the SDTA integrated its new “Something to Smile About” brand campaign across SDTA’s program of work in the U.S., Canada, United Kingdom and Mexico.
San Diego’s brand is a unique blend of outdoor lifestyle, sun-soaked beaches and dynamic city experiences that create an unparalleled balance of relaxation and excitement. We’re one-part beach, one-part city and home to more than 100 diverse neighborhoods offering unique cultural experiences—from art to food to entertainment and beyond. As San Diego reaches out to new global audiences, the SDTA continues to position the destination as “California’s Beach City,” focusing on our friendly, refreshingly down-to-earth attitude. To share that outlook with the world in FY 2019, the SDTA had a $28.2 million media spend focusing on six countries and 11 U.S. spot markets and generating 2.88 billion gross advertising impressions.

4.3 M ROOM NIGHTS
$708 M HOTEL ROOM REVENUE

GLOBAL ADVERTISING

To appeal to the most popular type of vacation among Millennials, the SDTA launched a dedicated family audience initiative. With loads of entertaining and interactive hands-on experiences, the content showcased San Diego vacations as fun, relaxing and rewarding for the entire family.

A family-focused commercial ran via digital video and on television in eight spot markets and nationally on ABC—the No. 1 family network—during the February sweeps period. In partnership with SeaWorld, San Diego Zoo Safari Park and LEGOLAND, a dedicated family layer was added to the “Always-on” content program.

TRIPADVISOR

To raise the profile of San Diego within the world’s largest travel site, San Diego partnered with TripAdvisor on a custom, first-of-its-kind campaign that reached TripAdvisor users throughout the consumer decision journey. The digital program delivered more than 100 million impressions in the U.S., Canada and United Kingdom and included organic and sponsored content on TripAdvisor social accounts; co-branded video, display and content hubs; and an activation layer featuring category-specific hotels and experiences.

INTERNATIONAL TOURISM DEVELOPMENT

To grow the international tourism market, you need an on-the-ground approach, developing strong relationships with key travel buyers around the globe. Throughout FY 2019, the international development team attended trade shows, hosted travel agents and offered San Diego specialized training in four different languages—English, German, Spanish and Japanese.

From air service development to creating partner promotions and packaging, the international development team worked to focus on the targeted markets of Canada, China, Australia, the United Kingdom, Japan, Mexico, Germany and Switzerland. The SDTA team also wowed the world with its state-of-the-art exhibit booth and attention-grabbing programming at the 2019 IPW conference.

AWARD-WINNING CHINA CAMPAIGN

The SDTA’s consumer direct efforts in China continued with a $1 million investment leveraged into a $2.8 million program through Brand USA and partner co-op contributions. The program of work included seasonal campaigns across eight platforms: Baidu, WeChat, Weibo, iPintou, IQiyi, Mafengwo, Ctrip and Fliggy and delivered over 500 million impressions. In addition, there were 11.2 million views of the SDTA’s first 30-second commercial. The SDTA “Best of California” cooperative partnership with San Francisco and Hilton to appeal to the Chinese market received the prestigious Destiny Award for international marketing.

72 TRADE SHOWS, CLIENT EVENTS AND SALES MEETINGS
8,612 TRAVEL PROFESSIONAL ENGAGEMENTS
63 TRAVEL TRADE FAM TOURS ORGANIZED
824 TRAVEL AGENTS HOSTED
The very foundation of the SDTA’s direct consumer communications relies on its robust web and social media channels. In FY 2019, the team delivered almost 23 million audience engagements while expanding its international social media footprint through Facebook and YouTube in Mexico, Facebook in Japan, and Weibo and WeChat in China. The team continued to fine-tune SDTA’s responsive website and also created content to appeal to the increasingly mobile audience it serves.

With a reach that spans 15 countries and billions of impressions, the SDTA’s public relations team worked with journalists and media from around the globe to tell San Diego’s unique and authentic story to an international audience. From television coverage and magazine features to digital stories, these earned media placements helped to entice would-be visitors to travel to San Diego while amplifying the SDTA’s global marketing initiatives.

One of America’s Most Creative Cities — THE DAILY BEAST

PUBLIC RELATIONS

WEB & INTERACTIVE

Best CVB/DMO in the West — SUCCESSFUL MEETINGS MAGAZINE
**LOCAL IMPACT**

194,000 LEISURE & HOSPITALITY JOBS

1 IN 8 JOBS THAT CANNOT BE OUTSOURCED

- Police and Fire
- Lifeguards
- Clean Beaches
- Road Repairs
- Infrastructure
- Parks and Recreation
- Arts and Culture
- And more...

**VISITOR TAXES FUND CITY SERVICES INCLUDING:**

**FY 2019**

- **$11.6 B** ANNUAL VISITOR SPENDING
- **$19.2 B** ANNUAL REGIONAL IMPACT
- **$31.8 M** SPENT DAILY BY VISITORS
- **$855 M** TOTAL TAXES GENERATED BY VISITORS ANNUALLY*
- **$17.72 M** HOTEL ROOM NIGHTS SOLD
- **68%** OF REGIONAL IMPACT DRIVEN BY HOTEL VISITORS
- **$329 M** FY19 TOT COLLECTED IN COUNTY
- **70%** OF VISITOR DOLLARS SPENT AT NON-LODGING BUSINESSES

**CULTURAL TOURISM**

To elevate the cultural offerings of San Diego and Balboa Park, the SDTA partnered with National Geographic on a $3 million campaign, encompassing TV, print, digital and social channels. The partnership delivered over 150 million impressions, was named a finalist in the City/Nation/Place competition, and the four-part TV series won a Telly Award. The SDTA also developed and launched the interactive digital Balboa Park Experience with The New York Times, which garnered 95 million impressions in just six weeks and averaged over five minutes of engagement per user.

**2019 Telly Award Winner**

**2019 City/Nation/Place Award Finalist**

**SOURCE:** CIC Research, Smith Travel Research, San Diego County Cities

*State and local transient occupancy, sales & property taxes

**SOURCE:** State of California Employment Development Department, On the Map Employment Sources; 2015

**35 MILLION VISITORS**

**2ND LARGEST EXPORT INDUSTRY IN SAN DIEGO**

**2019**

**$3.3 M** TOTAL INVESTMENT

**245 M** TOTAL IMPRESSIONS

**VISITOR TAXES FUND CITY SERVICES INCLUDING:**

- Police and Fire
- Lifeguards
- Clean Beaches
- Road Repairs
- Infrastructure
- Parks and Recreation
- Arts and Culture
- And more...

**2019**

**$3.3 M** TOTAL INVESTMENT

**245 M** TOTAL IMPRESSIONS

**SOURCE:** CIC Research, Smith Travel Research, San Diego County Cities

*State and local transient occupancy, sales & property taxes

**SOURCE:** State of California Employment Development Department, On the Map Employment Sources; 2015
A Top Meeting Destination in the U.S. — CVENT

HOTEL MEETINGS SALES & SERVICES

Growing the local tourism industry relies in large part on booking new meetings to benefit hotels throughout the city. The hotel meetings sales and services team continued to focus on attracting new meetings either from existing or new customers or by securing a meeting that has not booked in San Diego for the last five years. Through increased funding, the hotel meetings sales and services team leveraged its customer acquisition program to bring more customers to San Diego through on-site experience FAMs as well as traveling to other cities to showcase all the destination has to offer. In FY 2019, booking conversion for the site experience team was 91.4 percent—the fifth straight year of achieving 90 percent or better conversion.

424,762 DEFINITE ROOM NIGHTS BOOKED (NEW MEETINGS)
680 HOTEL SITE VISITS
28 CLIENT EVENTS
38 TRADE SHOWS

SAN DIEGO MEETING CERTIFIED

Selling San Diego with one voice and one vision is the goal of Meeting Certified. The innovative training program works with hotel and venue sales teams so they can represent San Diego and its brand in a cohesive way to improve the customer experience and increase booking conversions. Key components of the program include understanding how to sell the “California’s Beach City” brand, conducting great site experiences and “story selling.”

CITYWIDE / CONVENTION CENTER SALES

FY 2019 marked the fifth straight year that the citywide/convention center sales team booked over 1 million room nights for future years—besting its sales goal by more than 25 percent. To find ways to boost hotel room nights, the citywide/convention center sales team also continued to target meeting opportunities that fit between the large citywide conventions already on the books. Beyond looking for new business, the team continued to work with key large accounts on the verge of outgrowing the San Diego Convention Center by finding ways to maximize existing space while partnering with headquarter hotels to meet clients’ needs. The team is optimistic about the upcoming 2020 initiative to expand and update the San Diego Convention Center, which is now 30 years old.

<table>
<thead>
<tr>
<th>FY 2019 BOOKED FOR FUTURE YEARS</th>
<th>FY 2019 PRIMARY CONVENTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,126,795 ROOM NIGHTS BOOKED</td>
<td>63 CONVENTIONS</td>
</tr>
<tr>
<td>816,545 CONTRACTED ROOM NIGHTS</td>
<td></td>
</tr>
<tr>
<td>606,081 ATTENDANCE</td>
<td>$755 M ATTENDEE SPENDING</td>
</tr>
</tbody>
</table>

SPORTS SALES

Attracting events that span the spectrum of sports to San Diego is the aim of the sports sales team. This year the team exceeded its sales goal by booking 108,450 room nights. Through trade show attendance and more than 120 high-value appointments, the sales team booked major events including the 2019 USA Weightlifting Master’s World Cup, the 2020 U.S. Soccer Summer Showcase and the 2021 Breeders’ Cup World Championships.

<table>
<thead>
<tr>
<th>108,450 ROOM NIGHTS BOOKED</th>
<th>21 EVENTS</th>
</tr>
</thead>
</table>
MARKETING PARTNERSHIPS

Members are the backbone of the SDTA’s mission and reason for our continued success. In FY 2019, the SDTA had 996 members and marketing partners representing all facets of the hospitality industry. For the fifth straight year, member satisfaction and engagement grew as the team worked to provide impactful events, programming and education. Key to the SDTA’s financial health is the marketing partnerships team’s effort to deliver private source revenue through membership dues, ad sales and sponsorships. In FY 2019, the team delivered more than $3 million from these sources with 2,331 member engagements from large events to one-on-one meetings.

996 members & marketing partners
92% member retention rate
46M Sandiego.org ad impressions served
$1.1M contracted ad sales
$213,044 sponsorship & commission revenue
$1.3M member dues

Thank you to our annual partners:

The Best Place to Hatch Big Ideas — SUNSET

MEMBER EVENTS

• Hospitality Open Golf Tournament
• 65th Annual Meeting
• Fall Sales & Marketing Workshop
• 4 Social Media Workshops
• Monthly Open Office Hours held for Members
• Monthly New Member Inspiration trainings

MANAGEMENT’S DISCUSSION & ANALYSIS

Organization
The San Diego Tourism Authority (SDTA) was incorporated in California in October 1954 as the San Diego Convention & Tourist Bureau, a nonprofit mutual benefit corporation. The organization’s mission is “To Drive Visitor Demand to Economically Benefit the San Diego Region.” The organization receives the majority of its funding through a services contract with the San Diego Tourism Marketing District (SDTMD). The SDTMD provides key management functions as well as marketing and sales support for the SDTA.

FY 2019 compared with FY 2018
For the fiscal year ending June 30, 2019, funding received from the SDTMD was $41.4 million, an increase of $5.1 million compared to FY 2018. The increase in SDTMD funding includes the release of $5.0 million of SDTMD assessments held in a legal reserve by the City versus $3.0 million of such reserves released in FY 2018. The released reserves were allocated by the SDTMD to the SDTA for specific programs and initiatives to stimulate demand. The increased allocation of SDTMD funds and increased release of legal reserves to the SDTA resulted in an overall increase in advertising expenditures of $5.7 million during FY 2019. Digital advertising platforms accounted for $2.5 million of the advertising expenditure increase and television advertising increased by $2.2 million. Advertising production expenditure increased by $0.8 million compared to FY 2018.

Revenue from private sources during FY 2019 increased to $6.1 million from $5.8 million during FY 2018. The overall increase in revenue was primarily attributable to an increase in revenue from service agreements of $0.2 million and event participation and sponsorships of $0.1 million.

Advertising costs, excluding advertising, decreased by $0.5 million. Salaries and employee benefits decreased by $0.2 million overall. Promotions and events spending decreased by $0.8 million as support for certain large sports event sponsorships, funded by the SDTMD through the SDTA during FY 2018, were funded by the SDTMD directly to the event operators during FY 2019. General and administrative expenses decreased $0.1 million due primarily to decreases in depreciation expense.

The net pension liability associated with the frozen defined benefit pension plan increased by $0.2 million during FY 2019 due primarily to changes in the discount rate assumption set by management. The discount rate was reduced based on current market conditions resulting in an overall increase in the projected benefit obligation of the plan. The discount rate assumption change together with the combined impact of actuarial measurements and return on plan assets resulted in a total charge to net income from net pension changes and net periodic pension benefit costs of $0.6 million during FY 2019.

Advertising expense breakdown
Advertising expenses for the fiscal years ending June 30, 2019 and 2018 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital</td>
<td>$16.5m</td>
<td>$13.0m</td>
</tr>
<tr>
<td>Television</td>
<td>9.0m</td>
<td>6.8m</td>
</tr>
<tr>
<td>Production</td>
<td>1.7m</td>
<td>0.9m</td>
</tr>
<tr>
<td>Out-of-Home</td>
<td>0.7m</td>
<td>0.8m</td>
</tr>
<tr>
<td>Print</td>
<td>0.3m</td>
<td>0.2m</td>
</tr>
<tr>
<td>Radio</td>
<td>0.2m</td>
<td>0.2m</td>
</tr>
<tr>
<td>Total</td>
<td>$27.4m</td>
<td>$21.7m</td>
</tr>
</tbody>
</table>
### Statements of Financial Position
*As of June 30, 2019 and 2018 (in thousands of dollars)*

<table>
<thead>
<tr>
<th>Assets</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$1,628.7</td>
<td>$1,453.7</td>
</tr>
<tr>
<td>Receivables due from SDTMD</td>
<td>9,586.5</td>
<td>7,256.3</td>
</tr>
<tr>
<td>Trade accounts receivable</td>
<td>340.9</td>
<td>279.1</td>
</tr>
<tr>
<td>Deposits and prepaid expenses</td>
<td>283.5</td>
<td>219.6</td>
</tr>
<tr>
<td>Property and equipment (net)</td>
<td>80.9</td>
<td>115.6</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$11,920.5</strong></td>
<td><strong>$9,324.3</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of accrued pension costs</td>
<td>$360.0</td>
<td>$300.0</td>
</tr>
<tr>
<td>Current portion of capitalized lease obligations</td>
<td>49.1</td>
<td>56.1</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>6,266.2</td>
<td>5,208.3</td>
</tr>
<tr>
<td>Advances payable</td>
<td>3,000.0</td>
<td>2,000.0</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>1,687.9</td>
<td>1,680.6</td>
</tr>
<tr>
<td>Deferred income</td>
<td>525.4</td>
<td>332.5</td>
</tr>
<tr>
<td>Long-term accrued pension costs</td>
<td>363.7</td>
<td>224.4</td>
</tr>
<tr>
<td>Long-term capitalized lease obligations</td>
<td>30.6</td>
<td>52.6</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>12,282.9</strong></td>
<td><strong>9,854.5</strong></td>
</tr>
</tbody>
</table>

| Net Deficit without Donor Restrictions (362.4) | ($30.2) |
| Total Liabilities and Net Assets | **$11,920.5** | **$9,324.3** |

### Statements of Activities
*For the years ended June 30, 2019 and 2018 (in thousands of dollars)*

<table>
<thead>
<tr>
<th>Revenue</th>
<th>FY 2019</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Diego Tourism Marketing District</td>
<td>$41,411.7</td>
<td>$36,331.1</td>
</tr>
<tr>
<td>County of San Diego grants</td>
<td>67.0</td>
<td>69.0</td>
</tr>
<tr>
<td><strong>Total Public Revenue</strong></td>
<td><strong>41,478.7</strong></td>
<td><strong>36,400.1</strong></td>
</tr>
<tr>
<td>Private sources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service agreements - Unrestricted</td>
<td>2,393.0</td>
<td>2,201.0</td>
</tr>
<tr>
<td>Service agreements - Restricted</td>
<td>200.0</td>
<td>200.0</td>
</tr>
<tr>
<td>Membership dues</td>
<td>1,321.7</td>
<td>1,321.8</td>
</tr>
<tr>
<td>Advertising sales</td>
<td>1,277.9</td>
<td>1,255.3</td>
</tr>
<tr>
<td>Sponsorships and events</td>
<td>765.3</td>
<td>647.4</td>
</tr>
<tr>
<td>Commissions and other income</td>
<td>112.0</td>
<td>139.2</td>
</tr>
<tr>
<td><strong>Total Private Revenue</strong></td>
<td><strong>6,069.9</strong></td>
<td><strong>5,764.7</strong></td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$47,548.6</strong></td>
<td><strong>$42,164.8</strong></td>
</tr>
</tbody>
</table>

| Operating Costs and Expenses  |         |         |
| Advertising                  | $27,452.9 | $21,707.7 |
| Salaries and employee benefits | 10,398.9 | 10,553.9 |
| Professional services        | 3,722.8   | 3,462.0   |
| Promotions and events        | 1,649.4   | 2,476.8   |
| Administrative and general expenses | 1,321.7 | 1,849.9 |
| Travel and entertainment     | 783.7    | 726.0    |
| Tourism research              | 543.6    | 435.9    |
| Promotional materials and other | 349.2 | 396.8 |
| **Total Operating Costs and Expenses** | **46,821.6** | **41,605.0** |

| Change in Net Assets from Operating Activities | 727.0 | 555.8 |
| Pension changes and net periodic pension benefit (cost) income (559.2) | 388.9 |
| **Change in Net Assets**          | **$167.8** | **$944.7** |
LEADERSHIP

BOARD CHAIR

DANIEL KUPERSCHMID
Area VP & General Manager
Manchester Grand Hyatt

BOARD MEMBERS

LUIS BARRIOS, TREASURER
General Manager
Hilton San Diego
Airport/ Harbor Island

KIMBERLY J. BECKER
President & CEO
San Diego County Regional
Airport Authority

PHIL BLAIR, SECRETARY
Executive Officer
Manpower San Diego

TIM J. BOOTH
General Manager
Hilton La Jolla Torrey Pines

DON DENNIS
President, Operations
Noble House Hotels and Resorts

DANIA DUKE
General Manager
Hilton San Diego
Gaslamp Quarter

MARTY GORSICH
Chief Executive Officer
Century Club San Diego / Farmers Insurance Open

SCOTT MCGAUGH
Marketing Director
USS Midway Museum

MICHELLE METTER
Partner
Fast Forward Events

MICHAEL O’DONOHUE
General Manager
Pendry San Diego

ROBERT A. RAUCH
Chairman & CEO
RAR Hospitality

APRIL SHUTE
Vice President & Managing Director
Town and Country San Diego

PEDRO VILLEGAS
Director of Community Relations
San Diego Gas & Electric

JOE TERZI
President & CEO

KERRI KAPICH
Chief Operating Officer

MARGIE SITTON
Senior Vice President
Sales & Services

RICK OUTCALT
Senior Vice President
Citywide Sales

SDTA SENIOR LEADERSHIP TEAM

SDTA SENIOR LEADERSHIP TEAM

KIMBERLY J. BECKER
President & CEO
San Diego County Regional
Airport Authority

PHIL BLAIR, SECRETARY
Executive Officer
Manpower San Diego

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General Manager
Hilton La Jolla Torrey Pines

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