

Testimony

of

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on

“Where the Jobs Are: Travel & Tourism”

Before the

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## **Introduction**

Thank you Chairwoman Bono Mack, Ranking Member Butterfield and members of the Committee for inviting me here today to discuss the ways in which Brand USA will be working towards bringing more international visitors into the United States thereby creating more jobs, improving U.S. exports and increasing local revenue.

### **Travel and Tourism: A Growing Global Opportunity**

In 2011, there were 62.3 million international travelers entering the United States and they spent \$153 billion as part of their visit to our country. That represents 7 percent of total US exports and 25 percent of U.S. services exports. It also represents a \$42.8 billion trade surplus.

To show the power of travel on the U.S. economy, it's important to note the travel and tourism industry is the largest service sector export in the country. In 2011, real travel and tourism spending grew 3.5 percent—more than doubling the growth rate for the United States economy as a whole.

In addition, last year the travel and tourism industry generated \$1.2 trillion and supported 7.6 million jobs, of which 1.8 million jobs are supported or created as a result of international travelers visiting hundreds of communities across the country. Many of these jobs cannot be outsourced and are in industries not directly associated with travel---including manufacturing, construction, agriculture and health care.

While international in-bound travel to the United States reached record levels during four of the last five years, the gains make up only a fraction of the significant loss in share we experienced in the global travel market in the previous decade.

Since 2000, our share of international arrivals declined by 37 percent from 17 percent of the world market in 2000 to 12.4 percent today. Between 2000 and 2010, the global travel market grew by more than 60 million travelers annually, yet U.S. visitation stayed virtually flat. According to a report by the McKinsey Global Institute had we maintained our market share over that period, the country would have had 67 million more visits and \$606 billion in additional revenue over the past decade. Reports estimate that this would have produced anywhere from 400,000 to 467,000 jobs annually for the United States, with roughly half of those jobs in the tourism sector and the other half across the rest of the economy.

A primary reason for the United States' loss in share over this time period is because until this year, the USA was the only industrialized country that did not actively market itself to promote international visitation.

Our cities, states and other leading travel and tourism organizations have done a tremendous job bringing international visitors to our country—in particular to our larger and better known destinations. But cities and states can't compete with countries outside of the USA that are spending up to \$200 million a year on nationally coordinated travel and tourism marketing.

The challenge has become even greater as the global travel market has become increasingly competitive over the years.

Increasing international visitation to the United States remains more important than ever. Every 35 overseas travelers to the United States supports one U.S. job, making international visitation an integral part of creating jobs and improving local economies throughout the country.

On average, overseas visitors spend \$4300 when they visit the United States. This money is spent at hotels, restaurants, retail and other U.S. businesses, including many small businesses covering a cross-section of industries. Additionally, many of the jobs only require on the job training and therefore can be added very quickly.

The McKinsey report estimates that the tourism sector could add 2.1 to 3.3 million jobs this decade. In order to reach and sustain a high job growth, the report states we must reclaim the lost ground in international visitation. Furthermore, according to the U.S. Department of Commerce, the United States is forecast to see a 5 percent annual growth rate in visitor volume from 2012 to 2016. By 2016 we are forecast to welcome 81 million visitors, which is an additional 22 million visitors and support for 338,000 jobs over 2010.

### **Brand USA**

Today, the United States has a tremendous opportunity to leverage the power of promoting international travel to America—through the Travel Promotion Act, which set up a new organization called Brand USA—which was established and operates without taxpayer funds.

Brand USA recently launched the first wave of its global marketing and advertising campaign on behalf of the United States of America—with a strategy designed to promote all facets of our great country.

It's important to note that the overall objectives of the global campaign are to promote the United States in its entirety and inspire travelers to see the United States as if for the first time. To that end, the campaign presents the vast range of experiences that the USA offers—with a special focus on what is new, unknown, or unexpected.

While the iconic locations and landmarks of the United States, which have been the primary driver of international travel to America, will be an important part of the marketing effort, we are committed to equally promoting the urban and rural communities, and National Parks.

This approach will allow us to maximize the social and economic benefits of travel to communities of all sizes, including those off the beaten path—an often-overlooked part of travel promotion.

The management and staff of Brand USA is a lean, yet high-caliber team with experience from a variety of leading organizations. Together they oversee the critical business areas of marketing, business development, stakeholder relations and operations. We are also a diverse team—by design—in order to better represent the multi-national customers to whom we will be marketing. We speak 14 languages and have resided in 25 different countries--from the Netherlands to Japan to Brazil, and beyond.

And we are all focused on one goal--to inspire millions of additional travelers to come to the United States each year—which will, in turn, deliver a high return to our country in the form of job creation, GDP and export growth, and increased federal tax revenues.

On April 23, 2012, at International Pow Wow, the largest U.S. leading travel show, we unveiled the global campaign, including the TV spots that will run in countries throughout the world.

The focus of the campaign is nothing short of rekindling the world's love affair with the USA—the place, the spirit and the dream. This campaign will spread the United States' welcoming message throughout the world, inviting travelers to visit us and “Discover this land, like never before”.

The campaign reflects insights gained from surveying potential visitors to the U.S. We conducted four rounds of qualitative research in 11 countries—starting with rough concepts. Based on the initial research, we made refinements to the campaign and continued to leverage research to guide us throughout the development and production process.

We wanted to uncover existing perceptions about the USA so we performed surveys and held town halls. What we found wasn't all that surprising, but it was sometimes hard to hear. Some felt we haven't been very welcoming in the past. Others felt that there were other newer, more exotic markets they were willing to travel to. Others felt that they had seen all they needed to see of the United States. This research fed into our campaign message of "Discover this land, like never before."

The campaign utilizes a dynamic multi-channeled mix of media customized to each market and optimized on a rolling basis. We have developed 60 second, 20 second, and 15 second television spots, as well as digital, signage and print ads and a robust social media strategy to reach potential visitors. Country specific Facebook and Twitter pages will showcase targeted promotions and the newly re-launched website DiscoverAmerica.com will act as visitors' information portal for trip planning.

The website features destinations large and small, iconic and lesser known, from all geographical regions. The site highlights not only the destinations, but more specifically, the experiences a traveler might have—a North Carolina BBQ, a scenic ride on the Palm Springs Aerial Tramway, the music scene in Nashville or baseball Spring Training in Florida.

To ensure that we increase overseas visitors to every region of the country, we have created a rural tourism advisory group, to help us increase the number of visitors to "off the beaten path" destinations. It is our mission to welcome visitors to all of the United States, so that we share in the benefits of increased jobs and exports.

This month we launched our campaign in three markets: the United Kingdom, Canada and Japan. Our decision to target these markets first was based entirely on where we believe our advertising campaign will achieve the greatest possible return on investment. To determine this we took a number of variables into consideration, including the number of visitors from each country, the total revenue value of tourism from that country, the cost of buying media in that country, the growth and the ease of entry.

We are currently finalizing the timing for each of the subsequent waves to ensure we are maximizing the campaign's impact in our target markets. Markets under consideration for the next wave currently include Brazil and South Korea, China, India, Germany, Mexico, India and Australia, and many others.

Once the program is fully activated we will have a better idea of what to expect from a return on investment standpoint, but the goal is to drive an increase in incremental international visitation—initially achieving, in the near term, a 3:1 return in visitor spending for every dollar we spend on advertising—and eventually a 20:1 return over the long-term. Achieving the long-term targeted return will require continued support for and recognition of the expansive power of international travel to the United States as an economic growth engine.

As I mentioned, Brand USA does not require a single penny of taxpayer money to operate. Rather, the organization is funded through a combination of private sector contributions, with the public portion of Brand USA's budget provided through matching funds drawn from fees paid by international travelers from 36 visa waiver countries to the Electronic System for Travel Authorization (ESTA) program. This program, administered by the Department of Homeland Security, assesses a \$14 registration fee per traveler (with \$10 held in trust for travel promotion and \$4 provided by Homeland Security to cover the costs to administer the ESTA program).

Our private sector investment has come from organizations of all sizes and which represent all segments of the travel industry. They span from our founding partners Disney, Marriott and Best Western, to CityPass and Starwood, as well as a range of partnership investments from state and destination marketing organizations like California, Florida, New York, Minnesota, Houston, Las Vegas and Alaska.

These investments have put us well on the way to our fundraising goals for this year. We expect to exceed our goal of \$10 million in cash contributions and continue to pursue partnerships to expand our marketing campaigns. We conservatively estimate that we reached about half of our goal of \$40 million for in-kind investments. In-kind investments must be developed and executed, however, before we can submit them for matching ESTA funds.

We greatly appreciate the support of our Federal partners, in both with the executive and legislative branches, who have been of great assistance. We have worked with the Departments of State, Interior, Commerce and Customs and Border Protection at the Department of Homeland Security to fully utilize the tools of the federal government to help create a more welcoming environment and further promote our message. What makes these affiliations feasible is the shared national goal of increasing international visitation and creating jobs.

We have a nascent but robust collaboration with the U.S. Department of State. Brand USA reps in-market work closely with new embassy travel and tourism teams just as our organizations work closely in Washington. Because many international consumers will not distinguish between the “USA” call-to-action and the U.S. government in-country, it is important that the embassies in our consumer launch markets are aware of our marketing and armed with appropriate responses to inquiries.

In addition, we are collaborating to properly communicate U.S. visa and entry policies and to identify and correct misperceptions about those policies. Finally, we are working on pilot programs to bring Brand USA to the consular areas of U.S. embassies in Paris and Berlin, including loop video that features Brand USA advertising, National Parks materials and education footage for traveling to and entering the United States. We are impressed with and appreciative of the tremendous support of Deputy Secretary Nides and his team, and the great strides made in reducing visa wait times.

Our work with Customs and Border Protection (CBP) is on promoting Global Entry, the trusted traveler program for pre-approved, low-risk travelers, to international visitors and to domestic travelers. CBP is currently expanding the number of countries that are able to sign up for the program. We are also beginning work with CBP, airport authorities and the private sector on improving the experience for international arrivals at select airports in the United States.

Our commitment is to continue to build upon the strong relationships and collaborative partnerships we enjoy today with the agencies of the United States government in order to keep the lines of communication and cooperation moving forward in a positive direction.

### **Closing**

Thank you for the opportunity to testify today. We look forward to closely working with you to bring more international visitors to the United States and in turn begin to increase jobs, exports and revenue throughout the country. You will be hearing from us as we progress with Brand USA activities, messaging, and policies to ensure you are aware of the state of the industry and our promotion efforts. Thank you for your time and I look forward to answering any questions you may have.