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Testimony
Of
James P. Evans, CEO of Brand USA
On
“Tourism in America: Moving Our Economy Forward”

Before the
United States Senate
Committee on Commerce, Science & Transportation
Subcommittee on Competitiveness, Innovation & Export Control
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Introduction

Esteemed members of the subcommittee, it is a pleasure to meet with you today and report on our progress at the Corporation for Travel Promotion now doing business as Brand USA. Thanks to the vision and continued support of Congress and the administration, the United States is now in a much-improved position to compete for international visitors. This is good news for business owners across the country in tourism-related industries.

Travel and Tourism: A Growing Global Opportunity

We are eager to continue our collaboration with the government to achieve the National Export Initiative. In 2010, travel and tourism exports totaled \$134 billion, which was 7% of total U.S. exports and 25% of U.S. services exports. Travel and tourism industries support 7.5 million jobs, of which 1.1 million are supported by international travelers. Increasing international visitation to the United States is now more important than ever because it provides a stimulus without taxpayer burden. With every 65 international travelers to the United States supporting 1 U.S. job, international visitation is vital part of each of this nation's 435 congressional districts.

Until now, the United States has been one of few industrialized nations without a coordinated international visitation program. Since 2000, our share of international arrivals declined by 37%—from 17% of the world market in 2000 to 11% today. Between 2000 and 2010, global travel market grew by more than 60 million travelers annually, yet U.S. visitation stayed virtually flat. According to Oxford Analytica, the cost to this country of lost potential global market share is 78 million visitors and \$606 billion in lost spending. Brand USA was established precisely to reverse the decline in international visitation to the United States and return this country to its pre-2001 trajectory.

Currently, the travel market is one of the few booming sectors globally. The World Travel Organization forecasts global travel spending to double to \$2.1 trillion by 2020

and increase by 10% as a share of global GDP. Further, according to the U.S. Department of Commerce, visitor volume is expected to increase 6 percent in 2011. Going forward, the United States is forecast to see a 5% 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

This month, we unveiled Brand USA to the global tourism industry at the World Travel Market in London and we were extremely well received (earned media value from the brand unveiling is estimated in the hundreds of thousands). Brand USA is truly a brand for Americans to be proud of. Our brand captures the indomitable spirit of inclusivity and possibility as the greatest destination in the world.

Brand USA is committed to developing innovative, cooperative marketing programs that will create and add value for the U.S. travel and tourism industry. While in London, we met with Visit USA representatives of the UK and Europe. Through our relationships with these kinds of industry partners, Brand USA will develop customized initiatives targeted to key international markets. At home, we've met with iconic destinations and brands as well as smaller destinations. In the coming days and weeks, we will continue to meet with an inclusive cross-section of the industry such as Visit Wyoming, the South Dakota Department of Tourism, and the National Parks Service.

Progress at Brand USA

Since I joined Brand USA as CEO in late May, I am pleased to report robust progress. We have recruited some of the best minds in the marketing world to develop a strategy to recapture the world's imagination and inspire millions of international travelers to visit U.S. destinations from coast to coast. Our team is a diverse and international group: we speak seven languages and have lived everywhere from the Netherlands to Japan to Brazil, and beyond.

In just a few short months we have set up our offices near Farragut West, taken on two beautiful websites, and unveiled this country's new brand to a feted industry reception in London.

We have been proactive in assuring transparency in our operations. Each month we have held an open board meeting that any member of the public is able to dial into. We post the minutes of these meetings on our corporate website, thebrandusa.com, which I encourage you to visit.

Our focus between now and the launch of our first international marketing campaigns in March is essentially three-fold. First, we are highly committed to raising monies from the travel and tourism industry to fund Brand USA's operations and marketing campaigns. Brand USA has cash commitments in excess of \$4 million and 'in-kind' commitments of over \$12 million. We will be delivering to the Department of Commerce our first request for a drawdown of matching funds as soon as next week.

Second, we are swiftly developing marketing communications for our key markets. Our logo and brand strategy give you a sense of the innovative direction in which we are headed. In March we plan to launch our global advertising campaign. We are selecting our target markets based on a robust analysis of factors such as volume of international travel, value, growth, prominence of target market, ease of entry, seasonality, and more.

Finally, we are engaged in frequent communication with industry and government stakeholders to inform Brand USA activities, messaging and policies so that they reflect the state of industry and government stakeholders. Since October 1, our team has participated in 24 conferences and meetings to bring Brand USA to our stakeholders. Brand USA must be an inclusive model that promotes not only traditional attractions and destinations, but also cultural tourism and outdoors spaces that will attract increasing numbers of return visitors. Constant exchange with brands in all sectors of the travel industry—including lodging, transportation, attractions, retail, distribution, tour operation, rental cars, food and beverage, financial services, and more—in all areas of the country is critical to ensuring that we accurately embody all they have to offer and that we demonstrate to them the return on their investment in Brand USA. We are also

preparing to meet with the Chief Marketing Officers of the leading CVBs and DMOs—small and large—across the country to ensure that we incorporate their ideas into our marketing.

Stakeholder communication also means maintaining a cooperative and collaborative relationship with the Congress and with the Executive Branch. We all share the national goal of increasing international visitation and creating jobs. There is a great convergence of interest to promote the Brand USA message and ensure that visa and entry/exit policies allow our country to take full advantage of our efforts. Increased demand for visas from emerging markets like Brazil, China, and India require appropriate response from responsible U.S. government agencies. According to the Department of Commerce, last year we had 1.2 million visitors from Brazil (a 34% increase over 2009); 802,000 visitors from China (a 53% increase over 2009); and 651,000 from India (an 18% increase over 2009).

You will be hearing from us as we progress on 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 might have.