

# **Opening Statement by Nancy Johnson**

## **Hearing of the Senate Committee on Commerce, Science, and Transportation Subcommittee on Competitiveness, Innovation, and Export Promotion**

### **“Tourism in America: Removing Barriers and Promoting Growth”**

**April 5, 2011**

Thank you Senator Klobuchar and Senator Blunt for holding this very important hearing.

#### **Background**

My name is Nancy Johnson, Executive Vice President of Development for Carlson Hotels and the incoming chair of the American Hotel & Lodging Association which represents nine thousand hotel members.

I have worked in the hotel industry for 40 years and I have had the privilege of working for Carlson for 22 years. Carlson is a family-owned, global hospitality and travel company. Headquartered in Minneapolis, Minnesota, Carlson encompasses more than 1,070 hotels in 77 countries; more than 900 restaurants in 60 countries; and a majority stake in Carlson Wagonlit Travel, the global leader in business travel management. Carlson operates in more than 150 countries and its brands employ about 150,000 people.

Today Carlson is lead by Chairwoman, Marilyn Carlson Nelson and CEO, Hubert Joly. Hubert Joly also sits on the Travel Tourism Advisory Board (TTAB), which reports to the Department of Commerce. Hubert is Chairman of the Travel Facilitation sub-committee of TTAB. The TTAB was formed to advise the Secretary of Commerce on opportunities to stimulate travel and tourism and subsequently increase jobs and economic growth.

#### **The Importance of Travel**

Travel, and in particular international tourism, is a vital part of our economy. International travelers stay in our hotels, rent cars, go to our theme parks, eat in our restaurants, shop at our stores, and hire our tour operators. Research shows that International tourists spend on average between \$3,000 and \$4,000 during each of their trips to our country.

Tourism oftentimes does not get the attention it deserves. Tourism has been referred to as the “invisible export” because its benefits are often overlooked even though it generates more export revenue than automobiles and computers. It surpasses agricultural exports by two to one. This spending supports approximately 900,000 jobs and \$23 billion in wages. Put simply, overseas visitors create jobs and economic opportunity in communities across the United States.

Increasing international tourism is one of the easiest ways to help achieve President Obama's goal of doubling exports over the next five years. To increase tourism, we do not need to build a new factory. We just need to find ways to get more legitimate travelers into our country. Equally important - we need to make sure they have a positive experience when they visit the United States.

As other witnesses have discussed, more and more countries are competing for the same international tourists to come to their country. So, if a potential tourist has a negative perception of how they will be treated in the United States, they will choose to spend their money in a different country. It is in our national interest to ensure international tourists have a positive experience during their visit to the United States

Today, while some issues surrounding impediments to tourism may be perception versus reality, and while progress is being made, the U.S. does suffer from a real performance gap as it relates to the way we treat visitors.

### **Impediments to Increasing International Tourism – Getting Tourists through the Border**

In particular, the experience of international visitors at the country's borders is a source of concern. Being a Global company, Carlson is uniquely qualified to give testimony to the port of entry experience our employees and business associates realize regularly. In the hotel industry if we are not hospitable to people – if we do not put on a friendly face - our customers will go somewhere else.

We look at our borders the same way. If a person has a bad experience entering the country they probably will not come back. And when they go home, they will tell their friends and neighbors about their bad experience. In a world where other countries are vigorously competing for tourist dollars, we have to make their experience in our country – from beginning to end – pleasant and enjoyable. Treating tourists in a respectful and efficient manner at our borders is important for at least two reasons:

1. Studies show that some potential tourists choose to not visit our country because there is a general negative perception by international visitors as to how they will be treated by U.S. border officials; and
2. Delays in passenger screening is the major cause of missed international connections, which is a significant source of loss for U.S. airlines.

It is vital to our economy that our government recognizes the importance of addressing these problems, which is one of the reasons that I am here today. I am not generally active in politics. However, a conference call with several government agency representatives last year galvanized my interest in the travel facilitation issue. The conference call was scheduled to discuss how to increase international tourism. During the call, an executive suggested several measures that would be more efficient and financially self-sustaining. We were told by government officials that the government does not look at the travel facilitation issues with an “eye towards return on investment.” You can understand why this conversation called me to action.

## **Clearance Time for International Tourists**

In 2009, 39% of overseas travelers to the U.S. waited more than 30 minutes to be cleared through immigration at the nation's airports. And there are far too many instances of people having to wait up to two hours to simply get through the customs and immigration lines. This is simply too long.

Moreover, these statistics are based on incomplete data, because we do not keep good data at our borders. This makes it very hard for us to pinpoint a lot of our problems and come up with the best solutions.

In the hotel industry, that attitude toward data collection would lose market share and brand positioning. For instance, at our hotel call center in Omaha we know exactly how long it takes a reservation agent to serve a customer and how many customers an agent can handle in an hour and how many agents we need to staff for peak call times. I can tell you that our average talk time is 187 seconds resulting in an average of 19 calls per hour. It is keeping data like this that allows Carlson to be a world leader in hospitality.

## **But All is Not Lost**

The visa and port of entry problem has been brought forward to government bodies many times in the past; after September 11, 2001, Mr. Bill Marriott and Marilyn Carlson Nelson testified at a hearing very similar to this one on the importance of tourism to the national economic recovery. In 2009, the Travel Tourism Advisory Board made recommendations to the Secretary of Commerce that are very similar to the ones industry representatives are presenting today. And, President Obama has gathered tourism industry leaders to advise him on how to improve travel and tourism export deficiencies.

I believe it is time to listen to these industry leaders that have so graciously donated their time and talent to help the United States improve. Together we can make a difference... together, we can improve both the perception and the actual image of the United States, and consequently improve our economic position among the leading nations around the globe. This problem is not insurmountable. With the cooperation of our government counterparts we can right the ship.

Addressing the visa and customer service experience related issues can be done through a few measures at minimal net direct cost to the U.S. tax-payers and an effective partnership with the State Department, the Department of Homeland Security, Congress, local airport authorities and the travel & tourism industry.

First, we need to establish key metrics:

- Number of overseas international visitors and market share
- Wait times at visa processing centers in key emerging countries
- Number of visa processing locations in key emerging countries
- Number of countries added to the Visa Waiver program

- Wait times at model ports
- Number of travelers enrolled in Global Entry Program
- Number of countries with reciprocal agreements
- Traveler satisfaction at the nation's borders
- Image of the U.S. amongst international travelers

In addition, the Travel Facilitation sub-committee of TTAB has made recommendations to address the issues related to the customer service experience at the nation's borders, including:

1. Establish a goal for wait time at international airports and cruise terminals of less than 20 minutes and measure the performance against that goal;
2. Strengthen the implementation of the Model Ports of Entry program, through an increased staffing flexibility and customer service focus and through a public/private partnership established at each model port ("Adopt an airport program");
3. Ramp up the Global Entry Program for U.S. citizens, permanent residents, and trusted international visitors to reach a number of participants sufficient to materially reduce the workload of the Customs and Board Protection officers.

The tourism industry has offered to share industry best practices on staffing models and marketing solutions to various branches of government to improve our port of entry process. We are hopeful that the administration will take advantage of our offers. If the United States is to improve our standing as a world leader in the tourism industry, we need to be the best in the world in visa and port of entry operations.

In her book *How We Lead Matters: Reflections on a Life of Leadership*, Marilyn Carlson Nelson reflects on a conversation with the former Prime Minister of Israel Shimon Peres regarding the impact tourism could have on peace in the Middle East. She wrote, "I have always felt privileged to be associated with an industry that raises living standards and provides entry-level jobs as well as lifetime careers. As the Prime Minister reminded me that day, its contribution is even greater. Through the continuing exposure facilitated by the tourism industry to others of different cultural, religious and political backgrounds, there is hope that we can chip away at the hatred and prejudice that separate us. There's work to be done."

Thank you and I look forward to answering your questions.