



DiscoverAmerica.com

TESTIMONY FOR THE RECORD

OF

CHRISTOPHER L. THOMPSON, PRESIDENT AND CEO OF THE CORPORATION FOR TRAVEL
PROMOTION (BRAND USA)

ON

“THE STATE OF U.S. TRAVEL AND TOURISM: INDUSTRY EFFORTS TO ATTRACT 100
MILLION VISITORS ANNUALLY”

BEFORE THE

UNITED STATES SENATE
COMMITTEE ON COMMERCE, SCIENCE & TRANSPORTATION
SUBCOMMITTEE ON TOURISM, COMPETITIVENESS, AND INNOVATION

MAY 8, 2014

INTRODUCTION

Chairman Schatz, Ranking Member Scott and Members of the Subcommittee: I am pleased to offer testimony on behalf of the Corporation For Travel Promotion, which does business as Brand USA. Brand USA is the national, non-profit, public-private partnership established by the Travel Promotion Act to promote the United States as the world's premier international travel destination and communicate visa and entry policy. Our mission is to increase international visitation to and spend in the United States in order to create jobs, grow exports and fuel the U.S. economy. As one of the best levers for driving economic growth, international travel to the United States currently supports 1.8 million American jobs and benefits virtually every sector of the U.S. economy.

I thank you for the opportunity to testify today and discuss how Brand USA's global efforts play a substantial role in reaching the goal established in the National Travel and Tourism Strategy of 100 million annual international visitors generating \$250 billion in spend by 2021.

International visitation contributes to the U.S. economy as the leading services export and one of the few areas in which the U.S. has a trade surplus. According to statistics from the U.S. Travel Association, international visitors spend on average \$4500 per person during their trip and every 33 overseas visitors creates one new American job.

By executing the United States' first-ever integrated marketing communications plan promoting the entirety of the United States, Brand USA is attracting new international travelers to, through and beyond the gateways.

Our 400 partners represent private industries within and outside the travel industry from around the world and the United States. Many of these partners are destination marketing organizations, travel agents, tour operators, hotel and lodging companies, leading car-hire organizations and airlines. Our partners also include Major League Baseball, ESPN, the National Football League as well as leaders in the retail sector like Macys, Mall of America, and America's Premier Shopping Places.

One of our most critical partners is the Federal government, without whose support through the Travel Promotion fund and coordinated effort toward the goal of welcoming 100 million international visitors in one year, would make our ability to achieve our mission very difficult. The public-private partnership that is at the core of Brand USA's business model enables both gateway destinations and destinations well beyond the gateways to participate effectively in the international tourism marketing effort.

Our partners, large and small, have seen the value of working with Brand USA in increasing international visitation to their states, cities, attractions and destinations. As a result, we have been able to earn a 97 percent core partner retention rate and significantly expand our partnership base to include smaller destinations and organizations—many of which are the backbone of local economies.

It is particularly notable that \$0 taxpayer dollars are used to fund the marketing effort.

BACKGROUND

Since the passage of the Travel Promotion Act in 2010, Brand USA has created a full-scale marketing campaign consisting of consumer, co-operative marketing and trade outreach in 10 markets with trade outreach or marketing initiatives in more than 30 markets all at no cost to the U.S. taxpayer.

The Travel Promotion Act was signed into law in 2010, creating Brand USA. In the fall of 2010, the U.S. Department of Commerce selected a Board of Directors. As required by the Travel Promotion Act, applicants across several sectors of the travel industry, including representation from the hotel and lodging, restaurant, small business or retail, travel distribution, attractions, city convention and visitor bureau, passenger air, intercity passenger railroad sectors as well as a member who has immigration law and policy expertise were selected. Brand USA hired its first employees in the spring of 2011. Those initial employees established what was a true start-up: there had not been an organization to ever market the USA as a whole. Research was conducted in 17 countries to guide our initial marketing campaign, partnerships were developed and established and policies and programs were put in place.

Brand USA launched its marketing efforts in May of 2012 in the United Kingdom, Japan and Canada. The campaign encouraged visitors to “discover this land like never before” and showcased to these markets, a United States that is not only welcoming, but is a country full of vast experiences and endless travel possibilities.

In our first year we received contributions from the travel industry in order to receive the full federal match of \$100 million, as allowed by the Travel Promotion Act. Without first receiving private sector contributions, Brand USA is not eligible to receive any federal funds. The federal funds that supply the Travel Promotion Fund are collected from a portion of the fees paid by international travelers from visa waiver countries, known as the Electronic System For Travel Authorization (ESTA) fee. Applicants pay a fee of \$14 that is valid for travel within a two-year period or when a traveler’s passport expires—whichever comes first. The fee is split between Customs and Border Protection and the Travel Promotion Fund with \$4 going to Customs and Border Protection to run a security check and \$10 going into the Travel Promotion Fund. As a result, all of our marketing efforts are at zero cost to the U.S. taxpayer.

Brand USA is eligible to receive money from the Travel Promotion Fund at a one-for-one basis, up to \$100 million per Federal fiscal year. These funds can be unlocked through contributions of cash or in-kind such as airline tickets, hotel rooms, cooperative advertising or content (photos, videos) for use in our marketing efforts. These in-kind contributions have a fair market value determined by established methodologies created in cooperation by the Department of Commerce and Brand USA. Additionally, each submission goes through a thorough review by several offices within the Department of Commerce. Currently, The Travel Promotion Act requires that we receive 20 percent of our funds through cash contributions.

The ESTA fees collected actually exceed \$100 million per year, with that overage going to federal deficit reduction. The Congressional Budget Office has assessed that to be \$425 million over a ten-year period.

In 2013, we increased the number of markets we are deployed in from three to nine, adding Australia, Brazil, China (including Hong Kong and Taiwan), Germany, Mexico and the Republic of Korea. We ended the Federal Fiscal Year with 340 partners who had contributed nearly \$130 million to our efforts.

Our marketing efforts are having a significant and positive impact on international arrivals. Oxford Economics, a worldwide leader in economic impact studies, recently released a study on Brand USA's impact on travel for 2013. They analyzed our efforts in eight markets, of which we were marketing the United States throughout the year. The study showed that Brand USA's marketing campaigns generated 1.1 million incremental visitors to the United States during 2013. These additional visitors spent \$3.4 billion in the United States, including travel and U.S. carrier fare receipts.

This spending fueled the U.S. economy by generating \$7.4 billion in business sales, \$3.8 billion in GDP, and \$2.2 billion in personal income, as well as supporting over 53,000 new jobs in the United States. These results equate to a marketing return on investment of 47:1 based on Brand USA's marketing expenses of \$72 million and incremental international visitor spend of \$3.4 billion. Notably, these results exceed projections of Brand USA's potential impact, which were estimated during the contemplation of the passage of the Travel Promotion Act.

In 2014, Brand USA has introduced new programs and platforms within our broad range of marketing efforts to help reach the 100 million-visitor goal. We have increased the number of partners to 400 and anticipate this year's contributions will exceed last year's.

As I mentioned, we are also proud of the fact that we have had a 97 percent partner retention rate from our first year to our second signaling to us that our partners believe we are accomplishing our mission and adding or creating value for the mutual benefit of these organizations and the local economies they represent. We have also been able to keep our administrative/overhead costs to approximately 10 percent a year, ensuring that the vast majority of our budget is spent on marketing the United States as the premier travel destination.

Last year, the Government Accountability Office conducted its second programmatic assessment of Brand USA. The report concluded that we are effectively and efficiently marketing the United States as a whole and doing so in compliance with the Travel Promotion Act and other standards.

BRAND USA'S EFFORTS TO REACH 100 MILLION VISITORS ANNUALLY

Here is a more in-depth overview of each aspect of our marketing efforts and how they will help us contribute towards reaching the goal of 100 million international visitors by 2021:

Consumer Campaign: The consumer campaign is a fully integrated multi-channel campaign—comprised of TV advertising, billboards, and other out of home media, print and social media—plus direct in-market marketing through a global network of representation firms being established in key international markets. Country specific Facebook and Twitter pages showcase targeted promotions and our website DiscoverAmerica.com acts as an information portal for trip inspiration and planning.

The key message in the campaign is to “Discover this land, like never before.” We also wanted to spread the USA’s welcoming message around the world, inviting travelers to visit us and see us again—or for the first time.

Through this call to action, we are reminding the world’s travelers that the United States is a land of possibilities—from the well-known, iconic places to go, as well as destinations beyond the gateway. Throughout the United States, the District of Columbia, and the five territories, there are virtually limitless experiences to discover.

Brand USA bases its target market selection on a quantitative model that consists of a variety of factors, including: macroeconomic factors, such as GDP growth; demographic factors, such as population size and age; sociopolitical factors, such as civil liberty; situational factors, such as visa waiver status; and diversification factors, targeting a mix of established and emerging markets.

By doing so, we are ensuring that we are concentrating our marketing efforts in the right markets that have the greatest potential for sustained and continued growth in order to achieve the goal of the National Travel and Tourism Strategy of 100 million annual visitors by 2021.

To that end, by the end of 2014, Brand USA will be fully deployed in 10 markets with an integrated consumer campaign, co-op marketing and trade outreach in: Australia; Brazil; Canada; China; Germany; Mexico; New Zealand; Japan; South Korea and the United Kingdom.

Our country specific social media efforts have generated over 5 million fans throughout the globe, mostly in our target markets. Over the course of this year, we are featuring various content campaigns on our website and social media channels designed to showcase the vibrancy and depth of tourism opportunities that the USA has to offer.

The first campaign “Great American Road Trips” covers 39 states across the United States on our websites and social channels. To bring this content to life we have sent influential international travelers to experience these road trips first hand and share their travel stories with their fans. Each road trip was paired to a country interested in that region. We have had amazing results so far and millions of engagements, and the campaign continues throughout the summer.

In anticipation of the centennial of the National Park System, Brand USA, in partnership with a leading producer of giant screen films, is producing a giant screen film celebrating travel to the United States and in particular our national parks and Federally managed

lands. This giant screen film will capture the myriad of experiences available through the nation's great outdoors and inspire visitors to discover the beauty and diversity across the United States.

This initiative is a great opportunity to not only showcase our National Parks, but to reach a large number of our key international markets. There are over 800 giant screen theatres in over 57 countries and that number is growing.

China, one of the United States' top 10 countries in both international visitation and spend, has the second largest market with over 75 giant screen theatres located throughout the country. Giant screen theatres can be found in many of Brand USA's key target markets.

Cooperative Marketing: Our co-op programs and platforms include a variety of opportunities for partners to support and engage in the national marketing effort to increase visitation and spend in mutually beneficial ways.

Brand USA has created over 100 new programs to give partners over 200 opportunities to promote their destination and encourage travel to the United States. These programs reach and inspire travelers highlighting the diverse and unique travel experiences in the United States from the great outdoors, to culture, to indulgence, to urban excitement. We have platforms that promote retail experiences, recreational pursuits and cultural activities.

Brand USA has created several original co-operative marketing platforms including: Discover America Global Inspiration Guides (language-specific guides), Marketing and Advertising Opportunities on DiscoverAmerica.com (Brand USA's consumer website), Media Planning and Buying (coordinated efforts to amplify international advertising efforts), Custom In-Country Multi-Channel Programs (print, digital, video, email, radio and television), Media/PR and Travel Trade Outreach (online platforms that enable destinations, attractions and travel brands to connect directly with international journalists and travel professionals), USA Discovery Programs (online training tool to educate the international travel trade to sell the diverse destinations and experiences available in the USA).

Many of these programs allow destinations to target markets and create opportunities to increase visitation that they wouldn't be able to do without our existence. For instance, the Discover America Inspiration Guides are sent out throughout our markets and have participation from large and small, urban and rural destinations. These inspiration guides explore some of the most authentic travel experiences and destinations in the U.S. We print 500,000 copies in several different languages and the digital editions receive over 100 million impressions. Because of the size and scale that Brand USA can produce, destinations are able to tailor their participation in a way that allows them to gain exposure far beyond what they would be able to create with spending the same amount on their own.

Virtually every state, the 5 territories, and the District of Columbia contribute to the production of these inspiration guides. Alaska, Arkansas, Hawaii, Massachusetts, Minnesota, Missouri, Montana and South Carolina, have contributed to be featured in the inspiration guide. Every state, whether they contribute or not, is a part of the guide to

ensure Brand USA is marketing the whole of the United States. The guide also provides information on visa and entry requirements into the United States.

Trade Outreach: The business-to-business marketing efforts includes trade shows, sales missions, road shows, themed events, training initiatives, mega-familiarization tours of various destinations, and advisory boards—all designed to engage and influence tour operators, travel agents and other travel professionals to increase business and leisure bookings to the United States. As part of the business-to-business effort, Brand USA is establishing one of the largest networks of international representation firms to support its efforts internationally.

American Airlines and British Airways have collaborated with Brand USA to conduct what is called a “mega-familiarization (megafam)” tour in 2013 and 2014. Familiarization tours, or “fams,” are an integral part of Brand USA’s marketing strategies to create awareness of the diverse destinations and travel experiences that are available throughout the United States and increase international visitation to and beyond the gateways. When fam tour participants experience the USA first hand, they are able to better relay information to their clients. The Brand USA fam tours are called “MegaFams” because they are the largest simultaneous familiarization tours conducted in the United States—and as such, represent something only Brand USA through a coordinated national tourism effort can do.

British Airways encourages travel agents within the United Kingdom and the Republic of Ireland to sell trips to the United States on British Airways within the first quarter of a calendar year. Agents become eligible to participate when they complete an online training program that was designed by Brand USA and created specifically to educate agents to better sell the U.S. market. The top 100 highest selling agents join the MegaFam and are split into groups to experience different itineraries across the United States.

These itineraries include not only the gateway cities that British Airways flies into but more off-the-beaten-path destinations as well. For instance this year, travel agents will visit Arizona, California, Colorado, Florida, Georgia, Massachusetts, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, South Carolina, South Dakota, Texas, Utah and Vermont. Other states were featured the year before included Minnesota, Pennsylvania and Wisconsin. We work with our local partners in each of those states to help showcase what each location has to offer. The travel agents participate in social media programs while on the trip to learn what the other agents are covering across the different itineraries. They return to their home markets with a greater awareness, enthusiasm and knowledge for each destination and therefore are able to better sell and increase travel to those locations.

We have also conducted familiarization tours for travel agents and journalists with Delta Airlines, Qantas Airlines, Lufthansa Airlines and are developing similar efforts with several other potential partners.

Familiarization tours are a great example of in-kind contributions we receive. The airlines we partner with provide plane tickets for travel agents, tour operators, and journalists to participate, and all of the local entities help provide lodging, meals and other activities.

Often times smaller establishments are unable to participate in large scale international marketing efforts but can make in-kind contributions as part of these familiarization tours.

One of the other successes in engaging the travel trade is increasing and improving the presence of U.S. destinations at international trade shows. Prior to our existence, U.S. destinations and entities would attend these shows separately, competing with countries that would have (due to their size and budgets) a much greater presence.

In creating and hosting Brand USA pavilions, we have brought U.S. participants together and given the country the presence that truly reflects what the United States has to offer. These pavilions allow entities to share a combined space and help reduce the cost of participating in these shows as well as creating far more interaction with tour operators and travel agents. As a result of our efforts, trade show participation by U.S. destinations and entities has increased in many markets.

Partnership with Federal Partners

To efficiently pursue the goals of the National Travel and Tourism Strategy, Brand USA and the interagency Tourism Policy Council coordinate a variety of activities. These activities, which ultimately involve the engagement of nearly a dozen Federal agencies, include things like clarifying visa policy and promoting Global Entry, promoting Federally-managed areas, and building promotional programs with government agencies.

Some highlights of this collaborative approach include:

- Laid the foundation for strategic marketing collaboration with the Tourism Policy Council—including thematic promotions like culinary and great outdoors and geographic focuses in key markets.
- Developed a program with the Tourism Policy Council Marketing and Promotion Working Group to showcase the culinary travel experiences in the United States, including a culinary guide to inspire travel to the United States, a digital platform, and in-market PR from renowned American chefs.
- Began work with the Departments of Interior, Agriculture, Commerce and the Army Corps of Engineers to promote America’s national treasures through a digital focus on the great outdoors and a giant screen feature film that will be produced in time for the Centennial of the National Park Service.
- Collaborated with the Foreign Commercial Service and the State Department to equip diplomatic personnel with high-quality marketing materials for embassy facilities and promotional events, including video, poster and banner files.
- Brand USA initiated and completed a redesign of the consular area at U.S. Embassy London to make it a more welcoming environment and distribution information to waiting visa applicants on travel experiences in the United States.
- Brand USA continues to work with U.S. Foreign Commercial Service and State Department personnel on a wide variety of in-market activities around the world including trade shows, industry roundtables, trade and sales missions, PR events, and promotional opportunities in markets where Brand USA does not have a presence. These events promote travel to the United States and communicate visa

and entry policy and changes to those policies such as ESTA familiarization in places like Taiwan and Chile that recently joined the Visa Waiver Program.

These highlights only begin to tell the tale of the united front that our Federal partners and the travel industry are presenting to the world. By leveraging the best of each other's efforts, the National Travel and Tourism Strategy is helping our public-private collaboration live up to all that it was intended to be.

CONCLUSION

In summary, Brand USA is effectively and efficiently fulfilling its mission as prescribed by the Travel Promotion Act.

But our work has only just begun. In fact, the work of Brand USA is more important than ever. While we have been able to incrementally increase international visitation to the United States, we still have a lot of ground to make up to get even close to the market share we once enjoyed more than 10 years ago. Between 2000 and 2010, the U.S. share of international arrivals dropped 36 percent (from a market share of 17 percent to 12.4 percent), which equates to a loss of 78 million visitors, \$606 billion international spend, and support for 467,000 jobs annually.

Now in our third full year of operation, Brand USA is demonstrating that a nationally coordinated tourism marketing effort through a public private partnership can make a significant difference in competing for the share of the world travel market. The 1.1 million incremental visitors we generated were from just eight markets where we were fully deployed last year. Imagine what the results will be as we fully deploy our marketing efforts to additional international markets.

We will continue to build on the success we already have had and will continue to operate in an efficient and transparent manner. As we continue to grow and increase the number of partners and programs, we will help fulfill the goal of the National Travel and Tourism Strategy of welcoming 100 million annual visitors by 2021. Our efforts will continue to help increase visitation and therefore improve the economy, create jobs, increase revenue and exports across the entire country.

Thank you for the opportunity to testify before you today. I would be happy to answer any questions you might have.