



**U.S. TRAVEL AND TOURISM ADVISORY BOARD**  
**September 2011**

# Overview



### U.S. Travel and Tourism Advisory Board

The U.S. Travel and Tourism Advisory Board was established under the Federal Advisory Committee Act (FACA), as amended, 5 U.S.C. App., and advises the secretary of commerce on matters relating to the U.S. travel and tourism industry. The board provides a means of ensuring regular contact between the U.S. government and the travel and tourism industry. The board advises the secretary on government policies and programs that affect United States travel and tourism, offers counsel on current and emerging topics, and provides a forum for discussing and proposing solutions to industry-related issues. The board acts as a liaison among the stakeholders represented by the membership to provide a forum for those stakeholders on current and emerging issues in the travel and tourism sector. The board recommends ways to ensure that the United States remains the preeminent destination for international visitation and tourism throughout the world.

The U.S. Travel and Tourism Advisory Board is made up of a maximum of 30 members appointed by the secretary of commerce. Members represent a wide variety of companies and organizations in the travel and tourism industry. Members serve, at the pleasure of the secretary, from the date of appointment to the board until the date on which the board's charter terminates. The U.S. Travel and Tourism Advisory Board was originally chartered in 2003, and re-chartered in August 2005, September 2007 and in September 2009. The assistant secretary of manufacturing and services serves as the board's executive director. The Office of Advisory Committees serves as the executive secretariat for the U.S. Travel and Tourism Advisory Board.

The board focused their initial efforts on the international promotion campaign in the United Kingdom, the United States' largest overseas market for international travelers. The campaign was largely successful, and in the second year of the board's efforts, the campaign's focus was expanded to include Japan.

The second board was asked to advise the secretary on reviving travel and tourism to the Gulf Coast region as well as the development, creation and implementation of a national tourism strategy. On September 5, 2006, the board approved its strategy report, Restoring America's Travel Brand: A National Strategy to Compete for International Visitors. The report outlined ways to make it easier for people to visit the United States, while ensuring both hospitality and security. The strategy called for: removing

unnecessary barriers to travel; creating a welcoming first impression; providing a stronger voice for travel and tourism in government; and, ensuring accountability on the value of travel and tourism and the return on investment. At the June 2009 meeting, the second board presented Secretary Locke with a policy review document on the three main issues that they chose to focus on: (1) airport congestion and infrastructure; (2) travel facilitation; and (3) economic sustainability.

The third and current board has continued to build on the work of the previous boards focusing on the four key themes of: travel facilitation, marketing outreach and coordination, advocacy – aviation security and energy security, and research. That work and the subsequent recommendations are outlined in the full report that follows.

### **Current Members (2009 – 2011)**

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**Chairman Rossi Ralenkotter**  
President and Chief Executive Officer  
Las Vegas Convention and  
Visitors Authority

**Holly Agra**  
President  
Chicago's First Lady Cruises

**Richard Anderson**  
Chief Executive Officer  
Delta Air Lines, Inc.

**José Andrés**  
President and Co-Founder  
ThinkFoodGroup

**Sheila Armstrong**  
Executive Director  
U.S. Cultural and Heritage Tourism  
Marketing Council

**Helene Becker**  
Senior Vice President  
Dahlman Rose & Company

**Todd Davidson**  
Chief Executive Officer  
Oregon Tourism Commission

**Maryann Ferenc**  
Founder, President and  
Chief Executive Officer  
Mise en Place, Inc.

**Chuck Floyd**  
Chief Operating Officer – North America  
Hyatt Hotels Corporation

**Sam Gilliland**  
Chairman and Chief Executive Officer  
Sabre Holdings

**Vice Chairman Dawn Drew**  
Founder and Chief Executive Officer  
The M.O.S.T.E., Inc.

**Adam Goldstein**  
President and Chief Executive Officer  
Royal Caribbean International

## **Current Members (2009 – 2011)**

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### **Dr. David Hayes**

Director, International Office  
Mayo Clinic

### **Jeremy Jacobs, Sr.**

Chairman and Chief Executive Officer  
Delaware North Companies, Inc.

### **Hubert Joly**

President and Chief Executive Officer  
Carlson Companies

### **John Klein**

Chief Executive Officer  
Premium Outlets, a division of  
Simon Property Group.

### **David Kong**

President and Chief Executive Officer  
Best-Western International

### **Philip Levine**

President and Chief Executive Officer  
Baron Corporation

### **Gina Marie Lindsey**

Executive Director  
Los Angeles World Airports

### **Chandrakant “C.K.” Patel**

President  
BVM Holdings, Inc.

### **J. Stephen Perry**

President and Chief Executive Officer  
New Orleans Convention  
and Visitors Bureau

### **Adam Sacks**

Managing Director  
Tourism Economics

### **Joseph W. Saunders**

Chairman and Chief Executive Officer  
Visa, Inc.

### **Douglas Shifflet**

Chairman and Chief Executive Officer  
D.K. Shifflet & Associates

### **Ronald Solimon**

President and Chief Executive Officer  
Indian Pueblo Cultural Center, Inc.  
and Indian Pueblos Marketing, Inc.

### **John Sprouls**

Chief Executive Officer –  
Universal Orlando Resort  
Executive Vice President –  
Universal Parks and Resorts

### **Greg Stubblefield**

Executive Vice President and  
Chief Strategy Officer  
Enterprise Holdings

### **Perry John P. Tenorio**

Managing Director  
Marianas Visitors Authority

### **George Zimmermann**

Vice President  
Travel Michigan at the Michigan Economic  
Development Corporation

# Executive Summary



U.S. Travel and Tourism Advisory Board  
September 14, 2011

Dr. Becky Blank  
Acting Secretary of Commerce  
U.S. Department of Commerce  
Washington, D.C. 20230

Dear Secretary Blank,

As chairman of the U.S. Travel and Tourism Advisory Board (TTAB) and on behalf of the TTAB, please accept my sincerest congratulations on your appointment as secretary of commerce.

At this time, the TTAB respectfully submits this final report from the board for your review and consideration. The report reflects the full findings and recommendations for all four priorities set by the board. Those priorities include travel facilitation, marketing, outreach and coordination, advocacy and research – all with the ultimate goal of increasing U.S. market share of international travel and visitation.

As stated by former Secretary Gary Locke, “Our objective of doubling exports in five years as outlined by President Obama’s National Export Initiative will rely on a strong travel and tourism industry. The travel and tourism industry is profoundly important to the U.S. economy and job creation, as it accounts for 24 percent of U.S. services exports and 8 percent of all U.S. exports.”

Travel and tourism is a \$1.8 trillion sector of the U.S. economy or nearly 3 percent of gross domestic product. American workers directly employed by travel share \$188.3 billion in wages, with \$118 billion tax revenue generated by travel spending for federal, state and local governments. Direct spending by resident and international travelers in the U.S. averaged \$2 billion a day, \$86.6 million an hour, \$1.4 million a minute and \$24,000 a second. The travel industry supports 14 million U.S. jobs (7.4 directly in the travel industry and 6.7 in other industries). Critical to the nation’s overall economic health, the travel and tourism industry is one of the top employers for more than half of the U.S. states and territories and ranks number one among all U.S. exports. And we are seeing growth, outpacing other industries in rebounding from the recession. Travel and tourism industry exports increased by 12 percent in 2010 and job growth has continued.

Source: U.S. Travel Association, U.S. Department of Commerce Office of Travel and Tourism Industries

“Since the labor market bottomed out in February of 2010, employment in the travel industry has increased by 162,000, growing 1.7 times faster than employment growth in the rest of the economy and accounting for 9 percent of the total jobs created to date. The ongoing problem of joblessness remains concentrated with those who are either under 25 years old or job seekers with less than a college degree who collectively account for 86 percent of the 14.1 million unemployed Americans. The good news is that jobs in travel-related occupations are more concentrated in these demographics than in the rest of the economy, which means that a more robust upturn in travel spending in the United States will help the very people who are currently finding it hardest to secure employment. Last year, the U.S. travel industry supported 14.1 million jobs, including 7.4 million directly in the travel industry and 6.7 million in other industries.”

*Source: David Huether, Senior Vice President of Economics and Research at the U.S. Travel Association, Analysis of Labor Department report on June 2011 employment numbers.*

### **Travel Facilitation Subcommittee**

In the Travel Facilitation Subcommittee’s February 2011 recommendations, we pointed out that the United States is in a unique position to continue to expand the positive growth trend that the travel and tourism industry is currently experiencing. The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion additional exports annually by recapturing its lost international travel market share by 2015.

The February letter from the Travel Facilitation Subcommittee contained 10 recommendations; seven that address key visa related issues and three address customers’ service-related issues. The complete rationale of these recommendations is contained in the letter in the Travel Facilitation section of this report. Please see below for an overview of the recommendations.

#### **Visa-related Recommendations:**

1. Establish a maximum wait time of five days for visa processing to be competitive with European markets.
2. Add a few hundred visa processing officers in key emerging countries to reduce wait time and meet growing demand.
3. Add four to six visa processing locations each in China, Brazil and India.
4. Enable the state department to retain all visa processing and consular fees to cover the costs of consular staffing and visa processing activities.
5. Increase the validity term of non-immigrant visas for Chinese visitors to 10 years.
6. Give the state department more discretion as it relates to in-person interviews.
7. Restore the ability of the secretary of homeland security to admit countries into the Visa Waiver Program (VWP) with a refusal rate of 10 percent or less by decoupling the air exit requirement from the VWP.

#### **Customer Service-related Recommendations:**

1. Establish a wait-time goal at international airports and cruise terminals of less than 20 minutes. Measure performance against that goal.



2. Strengthen the Model Ports of Entry program through increased staffing flexibility, customer service focus and establishing public/private partnerships at each model airport (adopt an airport program).
3. Ramp-up the Global Entry Program for U.S. citizens, permanent residents and trusted international visitors to reach the number of participants sufficient to materially reduce the workload of Customs and Border Protection officers (i.e., 10 million).

#### **Travel Facilitation Results to Date:**

Many strides have been made in moving forward the above recommendations. Consular staffing has temporarily doubled in Brazil and more than doubled in China and India. Two new processing centers will be added in China in FY2013. An agreement has been made with Russia to issue three-year multiple-entry visas for both business and leisure travelers. For full results on the above recommendation, please see Appendix B.

#### **Marketing, Outreach and Coordination Subcommittee**

In May 2011, the Marketing, Outreach and Coordination Subcommittee presented TTAB's recommendations with the goal of advising the secretary on major marketing initiatives that will:

1. Increase travel and tourism to and within the U.S.
2. Increase jobs for U.S. citizens
3. Drive revenues in all facets of the travel industry

The steps that were recommended were and are intended to enable the United States to present itself as a destination for international travelers in a more positive and coordinated manner. The recommendations presented fall into four categories:

1. Development of the Office of Travel Promotion
2. Corporation for Travel Promotion Results Evaluation
3. Market Development Funding
4. Coordination and Crisis Management

#### **Development of the Office of Travel Promotion-related Recommendations:**

1. Create a seamless office that incorporates the Office of Travel Promotion into the present structure of the Office of Travel and Tourism Industries.
2. Appoint a federal civil servant to serve as director of Office of Travel Promotion.
3. Create a structure for partnerships among national, state, local and private marketing campaigns with particular attention to those areas not traditionally frequented by international travelers.
4. Ensure the quality/attractiveness of information provided to international travelers – enhanced websites, ESTA, etc.
5. Establish specific travel trade missions led by USDOC in key international markets.

#### **Corporation for Travel Promotion Results Evaluation-related Recommendations:**

1. Develop framework and guidelines for commerce oversight of Corporation for Travel Promotion.

2. Establish baseline for evaluating Corporation for Travel Promotion objectives.
3. Utilize informed research to gauge ongoing performance.

**Market Development Funding-related Recommendations:**

1. Encourage stronger participation in Market Development Cooperator Program (MDCP).
2. Establish separate grant program to support marketing to international travelers.

**Coordination and Crisis Management-related Recommendations:**

1. Adopt the United Nations World Tourism Organization (UNWTO) crisis communications tool kit.
2. Create permanent crisis management team within the Tourism Policy Council (TPC).
3. Establish consensus on “crisis” definition; what conditions constitute a crisis.
4. Develop measurement to gauge ill effects of crises on travel/tourism.
5. Review missions of existing industry stakeholders.

**Marketing, Outreach and Coordination Results to Date:**

There have been no results to date on these recommendations.

**Advocacy Subcommittee**

The Advocacy Subcommittee was tasked with providing recommendations on both aviation security as well as energy security. The first recommendation for aviation security was presented to former Secretary Locke in May.

**Aviation Security Recommendation**

Building a more efficient aviation security system can have a major positive effect on the U.S. economy. In 2010, the Consensus Research Survey reported 64 percent of travelers would fly more, between two and three more trips per year, if security was less intrusive and time consuming. These additional trips would add \$84.6 billion in spending and 888,000 more jobs to our economy. In another survey by the Winston Group and Peter D. Hart Research Associates, it was found that in one year alone, 41 million people avoided trips because of security hassles generating a loss of \$26.5 billion to the U.S. economy and \$4.2 billion in lost federal, state and local tax revenue.

The research illustrates the importance of increasing efficiency and decreasing the “hassle” factor for consumers. In addition to these two issues, the Advocacy Subcommittee also identified three other major goals. These will align domestic and international operations within the Department of Homeland Security, broader public input and understanding of security rules and restructuring of U.S. approach to aviation security through risk management. Below are the subcommittee’s recommendations to further the accomplishment of the stated goals.

1. Deploy a robust Trusted Traveler program.
2. Permit space for Trusted Traveler at the checkpoint.
3. Allow multiyear equipment acquisition.

4. Reinvigorate airport options for use of private screeners under TSA supervision.
5. Expand Custom and Border Protection's (CBP) Global Entry program, including integration with a new Trusted Traveler program.
6. Develop pilot to end TSA rescanning of low-risk bags.
7. Prioritize International screening standards.
8. Explore synergies between TSA and CBP airport operations.
9. Re-establish an aviation security advisory council.
10. Establish airport based working groups.
11. Improve communications with travelers via partnerships with industry stakeholders
12. Utilize advisory panel to implement risk management processes.

### **Aviation Security Results to Date:**

In July 2011, the Transportation Security Administration (TSA) announced they will launch a pilot Trusted Traveler program. This program will enable travelers enrolled in Custom and Border Protection's Trusted Traveler programs (Global Entry, NEXUS and SENTRI) as well as certain members of Delta and American Airlines' frequent flier programs to go through expedited screening at Hartsfield-Jackson Atlanta International Airport, Dallas Fort Worth International Airport, Detroit Metropolitan Wayne County Airport and Miami International Airport.

### **Energy Security Recommendation**

Access to stable and affordable energy supplies is critical to the health of the travel and tourism industry and to the millions of people it serves. From airlines, cruise lines, rental car companies and other transportation-related service providers, to hotels and restaurants, the stable supply of energy at a predictable price is essentially the definition of energy security. The board believes the United States does not have an acceptable level of energy security today.

Volatile transportation fuel prices increase industry-wide operating costs and reduce revenue and jobs. The productivity of U.S. businesses suffers as meetings, conferences and site visits become impractical or impossible due to service and capacity cutbacks as a result of cutbacks due to high and volatile oil prices. Moreover, beyond the direct impact that energy-price volatility can have on our industry, the current vulnerability of the broader U.S. economy to oil price shocks has strongly contributed to the extended period of reduced economic growth that began in 2007, a development that has weakened a wide range of American industries and economic sectors.

### **Increase Efficiency in the Transportation Sector**

1. Reform the federal transportation infrastructure funding process, using oil consumption metrics to prioritize projects.
2. Ensure that the Federal Aviation Administration is adequately staffed, funded and equipped to fully implement all NextGen components.

### **Accelerate Commercialization of Alternatives**

1. Implement a comprehensive program designed to rapidly commercialize vehicles that derive power from the electric grid.
2. Facilitate the commercialization of the next generation of non-petroleum, biomass-derived liquid fuels that are environmentally beneficial and do not compete with food supplies.

### **Improve and Expand Federal Energy Research and Development (R&D)**

1. Reform the existing institutions and processes governing federal R&D spending.
2. Establish new institutions to provide funding for early-stage R&D and for later-stage deployment and commercialization.

### **Support Increased Domestic Production of Oil**

1. Maintaining a minimal footprint should be a priority for oil and gas producers in frontier areas, and regulations should require operators to leverage technology that improves environmental performance.
2. Reform of the U.S. regulatory approach for offshore energy production.

### **Results to Date:**

These recommendations are just being presented for approval today, September 14, 2011, and therefore have no results to report.

### **Research Subcommittee**

The Research Subcommittee seeks to provide practical recommendations that will, through the application of improved measurement-based insights on inbound international visitation, support the growth of the travel industry, exports, job creation and tax revenue.

Currently, inadequate measurement of international travel to the U.S. presents many challenges. The Research Subcommittee has several recommendations to bolster measurement.

1. On a new, shared Discover America website that would also house promotions and travel incentives for international visitors, develop and launch an online option for the Office of Travel and Tourism Industries (OTTI) Survey of International Air Travelers (SIAT).
2. Develop a market research program to assist in the development of Corporation for Travel Promotion initiatives in U.S. brand messaging.
3. Develop a competitive review/research program to understand the competitive set and monitor ongoing performance against such.
4. Develop comprehensive measurement tools to track ongoing performance of marketing efforts by the Corporation for Travel Promotion.
5. Develop an online reporting tool (dashboard) to communicate research results to the travel industry.

**Results to Date:**

These recommendations are just being presented for approval today, September 14, 2011, and therefore have no results to report.

**Conclusion**

What do we want the takeaway to be from Rossi's tenure as chair of the board?  
Forward-looking issues for the next board to contemplate and make recommendations.

**Conclusion**

As the federal government looks to balance the budget and cut expenses, the Travel and Tourism Industry can prove that travel drives tax revenues and creates jobs. "Nationally, without federal, state and local tax revenues generated by travel, each U.S. household would face an additional \$1,000 tax bill," according to the U.S. Travel Association's Power of Travel Promotion research study. The travel industry has a broad footprint in states and towns across the country representing airlines, hotels, restaurants, attractions, car rental companies and retailers alike.

The TTAB spent this past year identifying key issues and offering strategic actionable recommendations. In addition to what the board has suggested, I would call to your attention the following travel-related issues that, while not in the final report, are hugely important to the travel and tourism industry:

- Enact a multiyear reauthorization of the Federal Aviation Administration (FAA) programs that includes robust funding for implementing the NextGen air traffic control system.
- Enact a long-term reauthorization of the federal surface transportation programs that provide increased and adequate investment for our nation's highways, roads, bridges, intercity passenger rail and transit systems.

I thank you and the DOC staff for your commitment and dedication to the travel industry. On behalf of the TTAB, I respectfully submit this final report for review. We are happy to answer any additional questions you may have as you read through our findings and recommendations.

Sincerely,



Rossi Ralenkotter  
President and CEO  
Las Vegas Convention and Visitors Authority  
Chair, TTAB

# **Travel Facilitation**



## **THE TRAVEL AND TOURISM ADVISORY BOARD**

February 1, 2011

Secretary Gary Locke  
U.S. Department of Commerce  
1401 Constitution Ave. NW  
Washington, DC 20230

Dear Secretary Locke,

On behalf of the Travel and Tourism Advisory Board, we would like to thank you for your ongoing support to the travel and tourism industry and the opportunity you have given us to contribute to its development by appointing us to this advisory board. Throughout this letter, we are respectfully submitting the conclusions of our work on facilitating international travel to the United States.

In short, we believe that facilitating international travel to the United States offers the opportunity to contribute in a major way to President Obama's goal to "double the country's exports over the next five years, an increase that will support 2 million jobs in America."

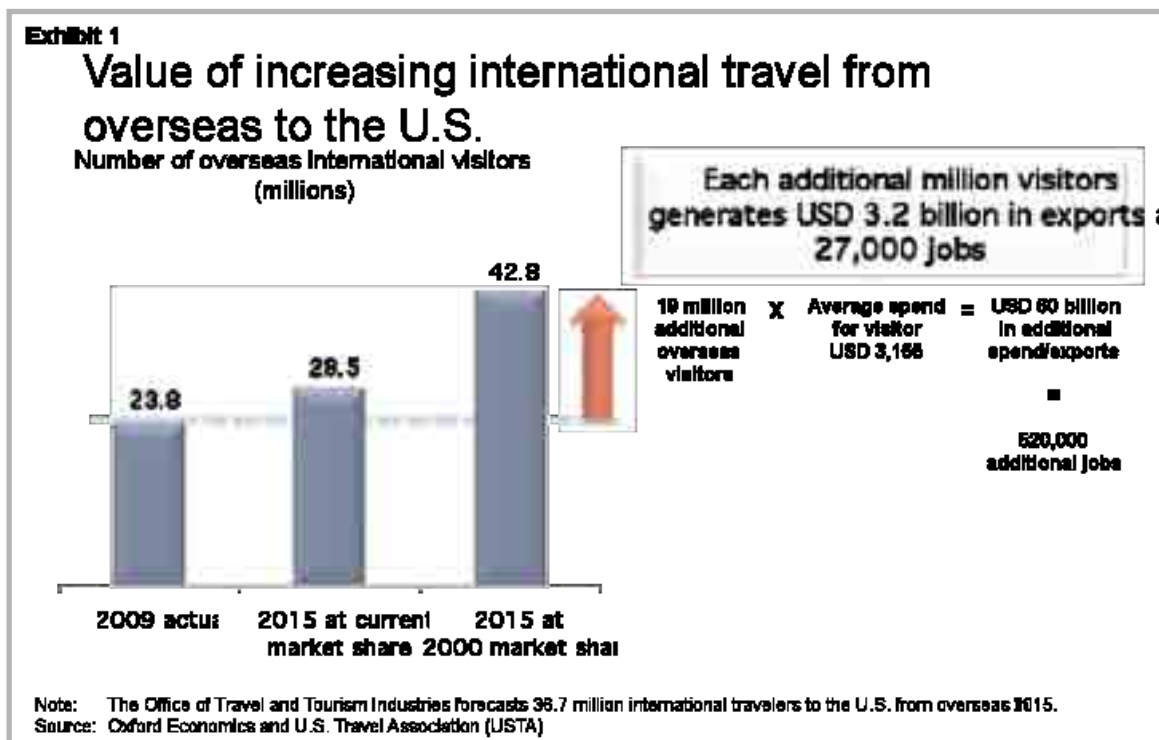
Specifically, we have reached three conclusions:

1. The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually if it can recapture its lost market share of overseas international travel by 2015, or, said differently, if it can grow the number of international visitors from overseas from 23.8 million in 2009 to 40 million in 2015. Irrespective of the target that one would like to select, it should be noted that each additional million international visitors from overseas generates USD 3.2 billion in additional exports and creates 27,000 new jobs (see Appendix A for details);
2. Challenges with visas and the experience crossing the country's borders are important obstacles to travel to the U.S. At a time when the country is in the process of beginning to promote travel to the U.S. in international markets, it seems quite appropriate to address these obstacles (see Appendix B for details);

3. 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. taxpayers and an effective partnership with the State Department, the Department of Homeland Security (DHS), Congress, local airport authorities, and the travel and tourism industry.

While our findings and recommendations are detailed in the attached report, we would like to summarize our recommendations here.

Building on a number of efforts that have been initiated by the administration and Congress to address some of the visa and border issues<sup>1</sup>, the Travel and Tourism Advisory Board has developed 10 concrete recommendations to address key visa and customer service issues. At the risk of repetition, increasing the number of international visitors from overseas to the U.S. to more than 40 million by 2015 would create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually (Exhibit 1).



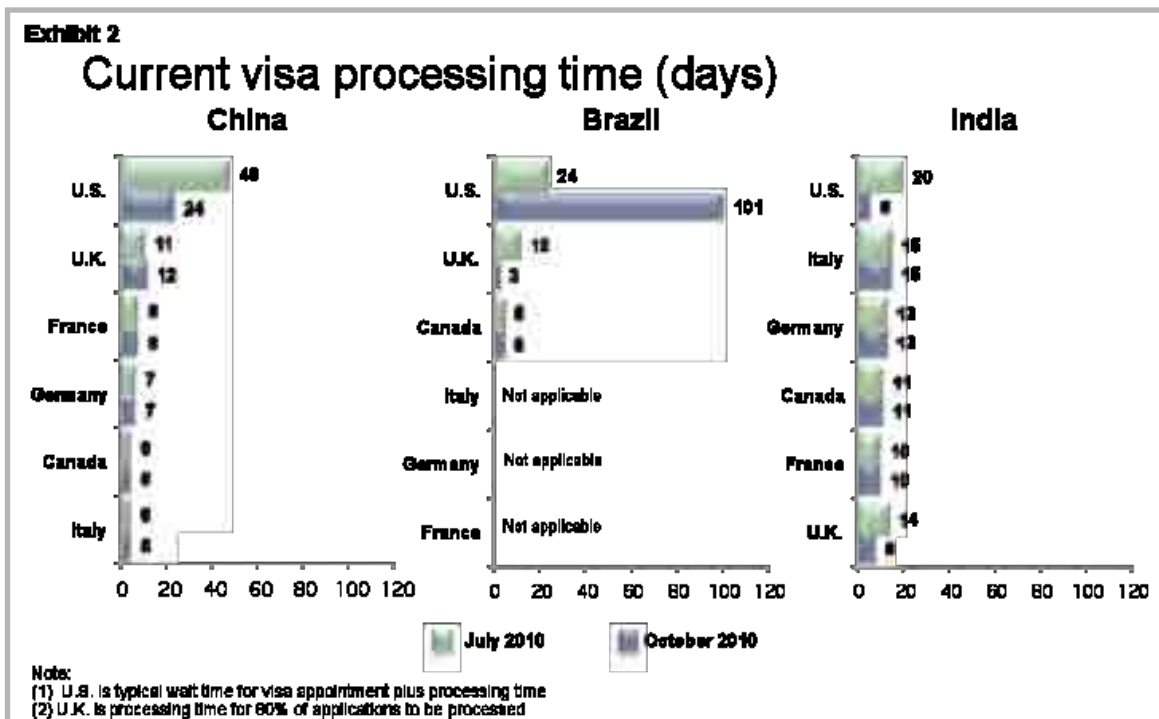
Specifically, the board has the following **seven recommendations to address the key visa-related issues**. The first four recommendations are focused on improving the quality of service as it relates to visa processing. The following three recommendations would drastically reduce the need for in-person interviews for visa processing, which is a major source of issues and workload today.

<sup>1</sup> This includes Trusted Traveler programs, a few pilot efforts in some model airports, the ramp-up of the visa waiver program, the Travel Promotion Act and various efforts to improve visa processing.



**Recommendation number 1:** Establish a maximum wait time of **five (5) days** for visa processing to make it competitive with the European countries.

Out of the 222 overseas posts that the State Department operates, the wait time for an in-person interview was less than seven days at 164 posts. However, the wait time in China, Brazil and to a lesser extent, India has tended to be quite long (i.e., several weeks) and significantly higher than the wait times for countries that the U.S. is competing with (Exhibit 2). Reducing the wait time in these critically important countries to five days would help make travel to the U.S. more competitive.



**Recommendation number 2:** Add a few hundred officers in visa processing centers in key emerging countries to reduce wait time and meet growing demand.

We recommend that you encourage the State Department to quickly ramp-up the staffing of visa processing centers in key emerging countries (notably China, Brazil and India) by a few hundred officers. Across China and Brazil, 500 to 600 additional officers would seem sufficient to meet growing demand and reduce wait times (Exhibit 3 on next page).



The net cost to the U.S. taxpayers to add these resources is nonexistent as each officer generates about USD 1.5 million in fees per year (Exhibit 4).

**Exhibit 4** *Illustrative*

## Economics of increased staffing

	China Average		Brazil Average
Non-immigrant visa workload per staff	8,100		12,514
Fee per visa application		X USD 140	
Increased revenue per additional staff	USD 1.13 million	=	USD 1.75 million
Cost per staff		to USD 0.5 million	
Net revenue increase per incremental staff	USD 0.63 million	=	USD 1.125 million

Source: U.S. Department of State, Travel and Tourism Advisory Board analysis

According to the State Department, this incremental staffing should take the form of officers with a limited time contract to avoid creating a glut of permanent State Department employees. Also, the State Department should consider the extent to which implementing video conferencing would be helpful in optimizing the deployment of its staff. The actual

staffing requirement may eventually be reduced if and when recommendations number 5, 6 and 7 are implemented. We believe that this is not a reason to delay the immediate addition of incremental staff because of the attractive return and the flexibility of limited time contracts.

**Recommendation number 3: Add four to six visa processing locations each in China, Brazil and India.**

We recommend that you ask the State Department to quickly increase the number of processing locations in the key emerging countries, probably adding four to six visa processing locations each in China, Brazil and India (Exhibit 5). The key criteria for choosing the additional cities should be their size and economic importance. Priority cities in China should probably include: Chongqing, Dalian, Shenzhen, Tianjin and Wuhan.



**Recommendation number 4: Enable the State Department to retain all the visa processing and consular fees to cover the costs of its consular staffing and visa processing activities.**

The rationale for this recommendation and the expected benefits are to enable the State Department to develop its visa processing activities with a profit center focus, i.e., keep adding officers until profitable demand is met.

**Recommendation number 5:** Increase the **validity** of nonimmigrant visas for Chinese visitors to 10 years.

The rationale for this recommendation and its expected benefits are to reduce the workload of the officers as visa renewals represent a significant share (30 percent) of the current workload in China and to reduce the burden for Chinese visitors. We note that such a measure has been taken for other countries, including Brazil and India.

**Recommendation number 6:** Give the State Department more **discretion** as it relates to in-person interviews.

We recommend that you work with Congress to give the State Department more discretion as it relates to in-person interviews. Congress should find out from State and Homeland Security whether in-person interviews are necessary and appropriate for 100 percent of prospective visitors from non-visa waiver countries, or whether technology and judgment could enable the State Department to grant visas to certain visitors without an in-person interview and without compromising security.

One option would be to move to a principle of interview-by-exception, i.e., the practice of many of the countries we compete with. Another option would be for the secretary of state to take greater advantage of the authority she has under INA sec. 222(h), subject to certain limitations, to waive the personal interview requirement on the basis of a U.S. national interest or, if necessary, because of unusual or emergent circumstances. The State Department is in fact considering possible categories of applicants for whom the secretary might exercise her interview waiver authority (for example, Brazilian teens younger than 16 or Chinese students re-applying for student visas).

**Recommendation number 7:** Restore the ability of the secretary of Homeland Security to admit countries into the Visa Waiver Program (VWP) with a refusal rate of 10 percent or less by decoupling the air-exit requirement from the VWP. Work with key strategic partners to facilitate their entry into the program.

As was experienced with South Korea, including a country in the visa waiver program has a largely positive impact on the volume of international travel from that country to the U.S.

We recommend that you ask the State Department to nominate additional countries for inclusion in the VWP over the next few years. To this end, The TTAB recommends that you ask Congress to separate the requirement to implement a biometric air exit system from the Visa Waiver Program. Such a change would once again allow the secretary of homeland security to designate new countries as Visa Waiver Program members by restoring the visa refusal rate cutoff of 10 percent. This action would pave the way for several strategic markets to join the program, facilitating the entry of millions of new visitors to the United States.

Major international partners around the world that merit consideration include, in particular, Brazil, as well as other key countries from South America, e.g., Argentina and Chile (Exhibit 6). According to the DHS, there are other factors, beyond the refusal-rate issue, which make Brazil, Argentina and Chile ineligible for VWP membership under current law. For example, they have not signed the required information sharing agreements (PCSC and HSPD-6); the required reporting of lost and stolen passports to INTERPOL is either rare (in the case of Brazil) or nonexistent (Argentina, Chile); Brazil does not offer visa-free travel to U.S. passport holders and charges a combined \$160 fee for entry; and only Brazil currently issues biometric passports – another legal requirement for entry into the VWP.

While it may take a while before these countries are ready, we recommend that the administration take a proactive approach to moving the process forward, given the economic weight of these countries and that Brazilian citizens do not need a visa to visit the Schengen countries today.

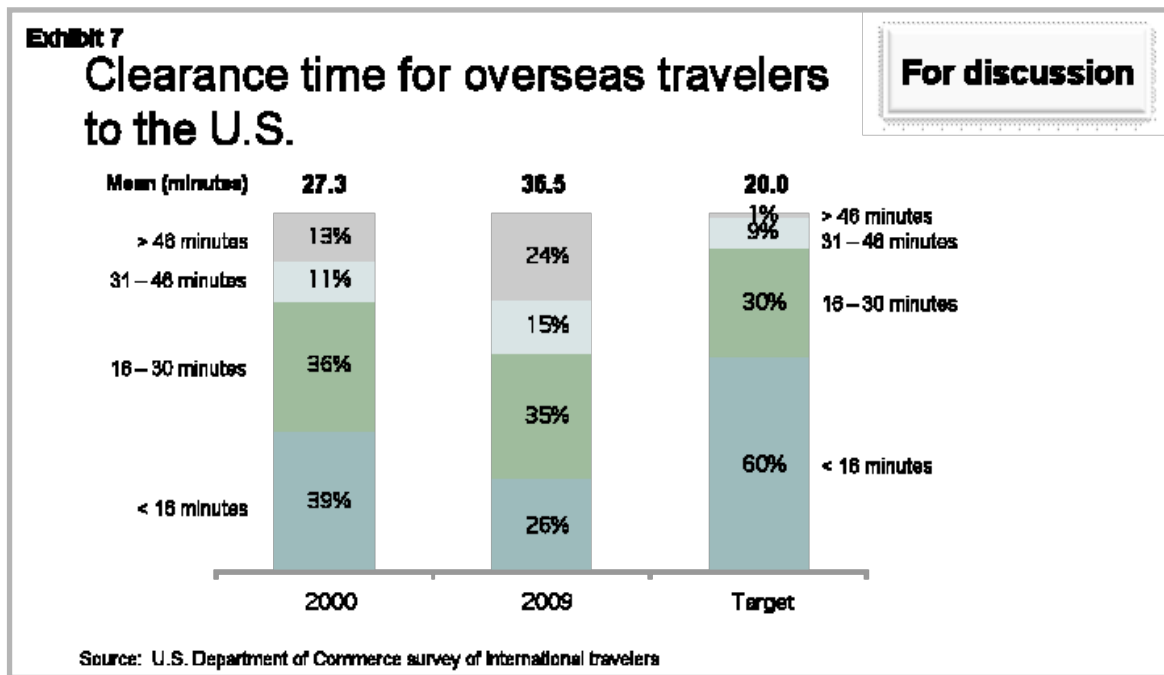
Exhibit 6

### The case for Brazil

	GDP per capita (USD, 2009)	2010 GDP growth rate (%)	Currently a visa waiver country?	Visa refusal rate
Greece	29,195	-4.0	Yes	
Portugal	21,481	1.3	Yes	
Malta	19,737	1.7	Yes	
Czech Republic	18,124	2.0	Yes	
South Korea	17,059	6.0	Yes	
Slovakia	16,222	4.0	Yes	
Estonia	14,692	1.8	Yes	
Hungary	12,900	0.5	Yes	
Lithuania	11,273	1.3	Yes	
Latvia	10,826	-1.0	Yes	
Chile	9,629	5.0		5.0%
Brazil	8,116	7.0		5.2%
Argentina	7,660	6.0		3.1%
China	3,744	10.3		13.3%
India	1,134	8.5		26.8%

The Travel and Tourism Advisory Board has **three recommendations to address the issues related to the customer service experience at the nation's borders:**

**Recommendation number 8:** Establish a goal for wait time at international airports and cruise terminals of less than **20 minutes** and measure the performance against that goal (Exhibit 7).



**Recommendation number 9:** 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**”).

Building on a number of current initiatives, steps can be taken to reduce peak wait times and improve the customer service experience at key ports. They include:

- Increasing staffing flexibility of the CBP officers, e.g., enabling the use of flexible working hours and part-time labor to be better able to meet fluctuations in the number of incoming travelers, and enhancing the use of scheduling system and staffing models;
- Enhancing the overall customer service focus, e.g., deploying the traveler satisfaction survey developed by the DHS, updating the Explore America International Travelers survey last conducted in 2006, continuing to deploy customer service training, and directing CBP officers to greet arriving passengers with “Welcome to the United States” or “Welcome home.”

A promising approach to get this done and make the arrival experience more welcoming would be to establish a public/private partnership at port level with the local port authority, DHS representatives, and main relevant airlines and local travel and tourism companies to make the arrival experience more welcoming.

We, therefore, recommend that you work with the Department of Homeland Security, local port authorities, and the travel and tourism industry to initiate such public/private partnerships for each key port.

**Recommendation number 10:** 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 CBP officers (e.g., 10 million). This entails specifically working with the DHS to:

- Ramp-up the Global Entry Program for U.S. citizens and permanent residents by:
  - o Enhancing marketing efforts, including encouraging the State Department to provide information about Global Entry to people who are applying for a U.S. passport; and by leveraging the loyalty program of global travel and tourism industry players;
  - o Continuing to increase the number of participating airports, i.e., by adding the Minneapolis-Saint Paul International airport;
  - o Ensuring that the Global Entry kiosks are well placed in the arrival halls of participating airports;
  - o Utilizing the Department of Commerce posts around the world to educate travelers about the program.
- Expand the Global Entry Program to international visitors by:
  - o Finalizing negotiations with the U.K., France, Germany and Japan to allow reciprocal use of the Global Entry Program;
  - o Opening the Global Entry Program to holders of long-term, nonimmigrant visas such as E, L or O visas;
  - o Integrating the APEC Business Travel Card (ABTC) in the program. The ABTC allows travelers designated by governments of the APEC region as key business leaders to receive expedited visa interviews and to use specialized entry lines upon arrival in APEC countries.

Finally, the committee suggests a number of steps to accelerate progress and to **follow through** on these recommendations. Specifically, we believe the following steps could be quite impactful:

- Organize early in 2011 a **joint meeting**, comprised of President Obama, you, the secretary of state and the secretary of homeland security, focused on setting the goal of achieving **more than 40 million overseas visitors per year by 2015** and taking the measures necessary to facilitate international travel to the U.S.;
- Ensure the participation of President Obama and you at the **World Travel and Tourism Summit** to be held in Las Vegas on May 17 – 19, 2011, which can provide a great platform for the administration to send the right message to the world;
- Establish a public/private partnership or **working group** with the mission to drive progress in the implementation of the above recommendations and toward the goal of achieving more than 40 million international visitors per year by 2015:
  - o Its members could include: representatives of the White House, the Department of State, the Department of Homeland Security, the Department of Commerce, the Corporation for Travel Promotion, the U.S. Travel Association, the Air Transport Association, and a few U.S. airlines and travel and tourism enterprises;
  - o It would establish and track a set of key performance indicators to monitor progress on the above-mentioned issues. (Exhibit 8);
  - o It would meet quarterly to discuss progress and issues, and would report annually to the president and Congress.

**Exhibit 8**

**Key metrics (examples):**

- Number of international overseas visitors and market share
- Wait times at consular offices 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



Mr. Secretary, we believe that the country has a unique opportunity to create a large number of jobs and stimulate its exports by taking these measures. We are ready to discuss these recommendations in greater detail and to work with your staff, the State Department and the Department of Homeland Security on the next steps. We thank you for focusing your time on these matters and giving us the opportunity to have a positive impact.

Sincerely,

Handwritten signature of Rossi Ralenkotter in black ink.

Rossi Ralenkotter  
Chairman,  
Travel and Tourism Advisory Board

Handwritten signature of Hubert Joly in black ink.

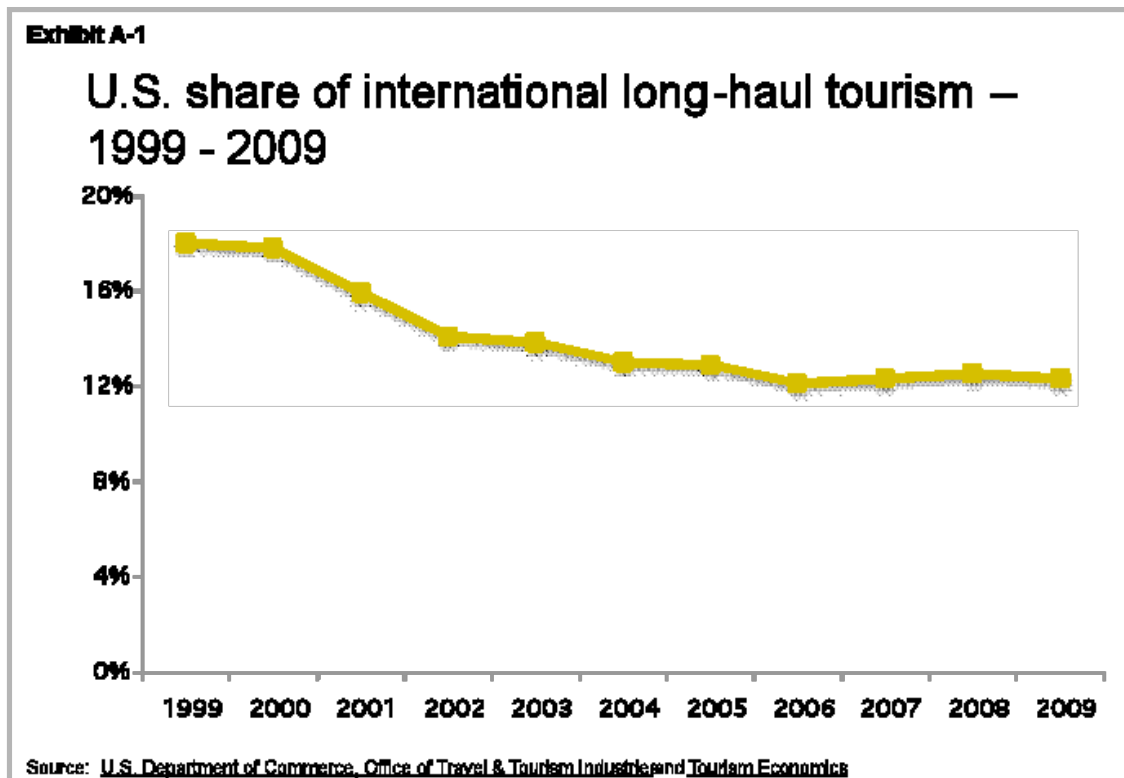
Hubert Joly  
Chairman,  
Travel Facilitation Subcommittee

## Appendix A

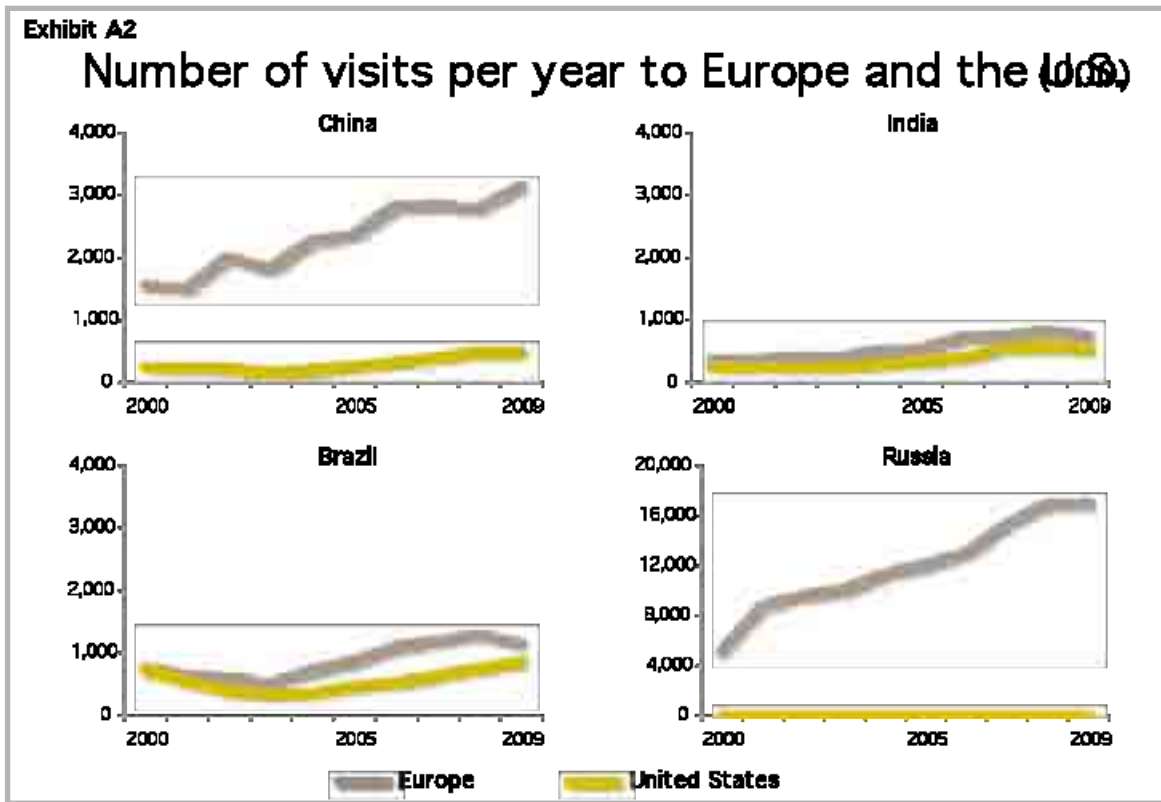
**The U.S. has the opportunity to create up to 500,000 new jobs and generate up to USD 60 billion in additional exports annually if it can recapture its lost market share of overseas international travel, or, said differently, if it can grow the number of international visitors from overseas from 23.8 million in 2009 to 40 million in 2015. Irrespective of the target that one would like to select, it should be noted that each additional million international visitors from overseas generates USD 3.2 billion in additional exports and creates 27,000 new jobs.**

International travel to the U.S. is already a major source of exports and jobs today. In 2009, there were 23.8 million overseas arrivals in the U.S. These overseas visitors generated USD 75 billion in spending in the country (excluding international air travel), representing about 700,000 jobs. In addition, international travel to the U.S. indirectly contributes to exports, as some of these visitors decide to acquire U.S. products and services when they visit trade shows and/or potential suppliers.

However, the U.S. has lost a third of its market share in the last 10 years (Exhibit A-1). Compared to 25.9 million in 2000, the U.S. would have had 34 million overseas visitors in 2009 instead of 23.8 million if it had held share, i.e., almost 50 percent more. While part of the market share loss can be explained by competition from an increasingly diverse set of countries, it is striking that most of the market share loss happened in the 2001 – 2002 time frame, coinciding with heightened security concerns by the U.S.

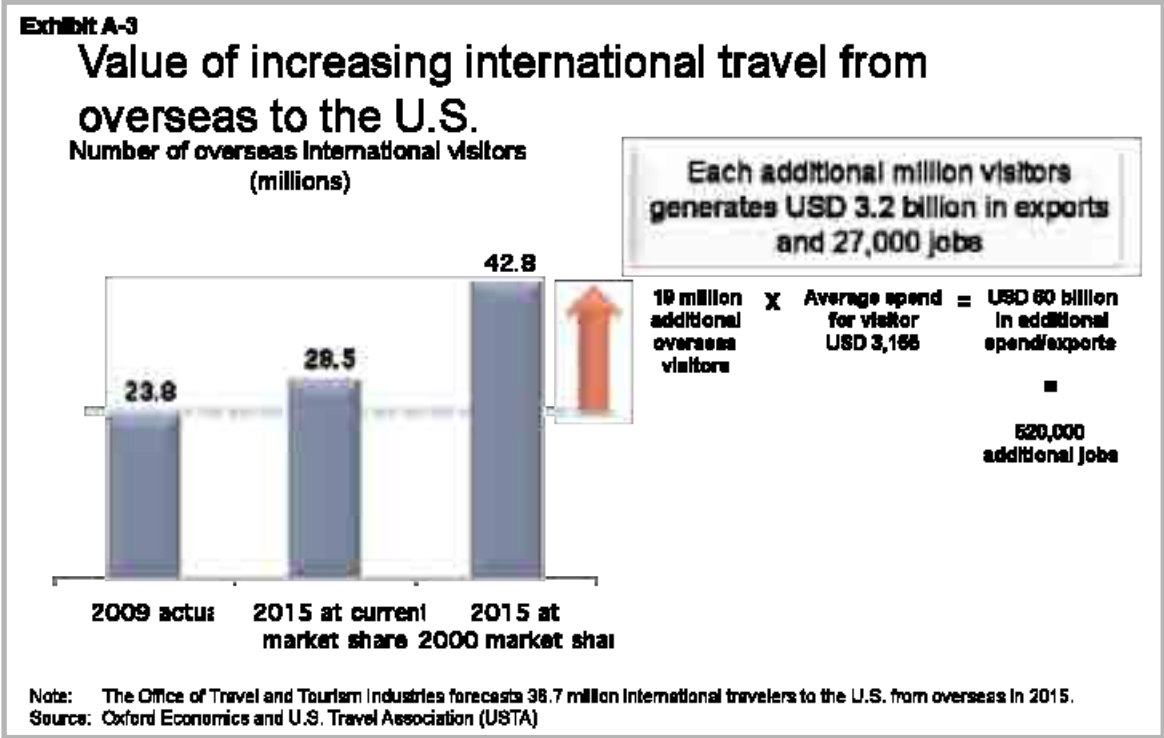


Particularly noteworthy for the future is the fact that the U.S. performance has lost ground in the key BRIC countries that represent the fastest growing part of the world's economy and of the international travel market. As an example, the number of annual visits from China to Europe is around 3 million versus 500,000 to the U.S. Similar gaps exist for the other BRIC countries (Exhibit A-2).



This is particularly troubling as the BRIC countries in general, and Asia in particular, represent a major, fast growing part of the world's economy and of the international travel market. As a group, the GDP of the BRIC countries is expected to represent 20 percent of the world's GDP in 2014 versus 15 percent in 2009 and 7 percent in 1999. The middle class of China and India will soon reach several hundred million individuals with a purchasing power comparable to that of the developed countries, many of whom are and will be eager to travel internationally. This represents a dual opportunity for the United States: the opportunity to sell U.S. products and services to these countries; and the opportunity to attract visitors from these countries who are interested in visiting the United States as tourists or as business people. It is critical that the United States does not miss this opportunity.

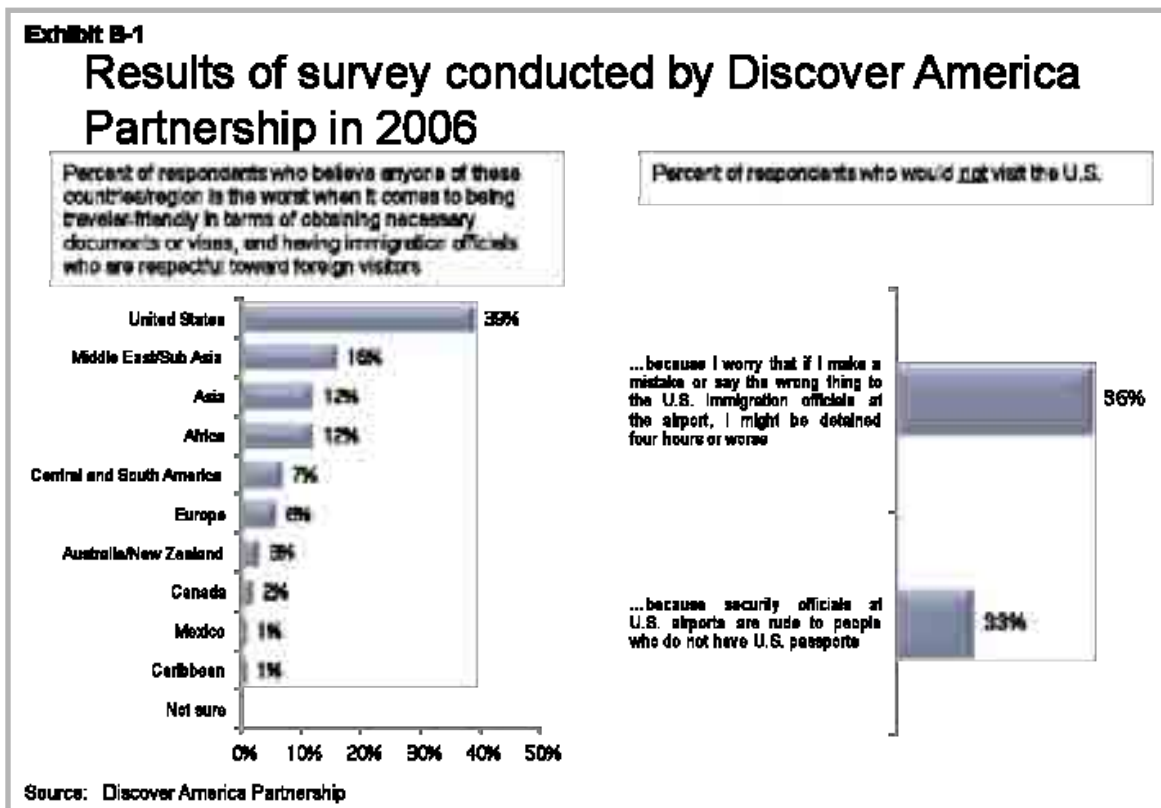
Looking ahead, the value to the U.S. economy of recapturing the lost market share of international travel from overseas is the creation of up to 500,000 new jobs and the generation of up to USD 60 billion in additional exports annually, as every additional million visitors from overseas generates USD 3.2 billion in additional revenue or export and creates 27,000 jobs (Exhibit A-3).



## Appendix B

**Challenges with visas and the experience crossing the country's borders are important obstacles to travel to the U.S. At a time when the country is in the process of beginning to promote travel to the U.S. in international markets, it seems quite appropriate to address these obstacles.**

This is highlighted by various pieces of market research and benchmark data detailed in the attached report. As an example, according to a survey conducted by Explore America in 2006, 39 percent of international travelers believe that the United States is the worst country or region when it comes to being traveler-friendly in terms of obtaining necessary documents or visas, and having immigration officials who are respectful toward foreign visitors. This compared with 16 percent for the Middle East, 12 percent for Africa and 6 percent for Europe (Exhibit B-1).



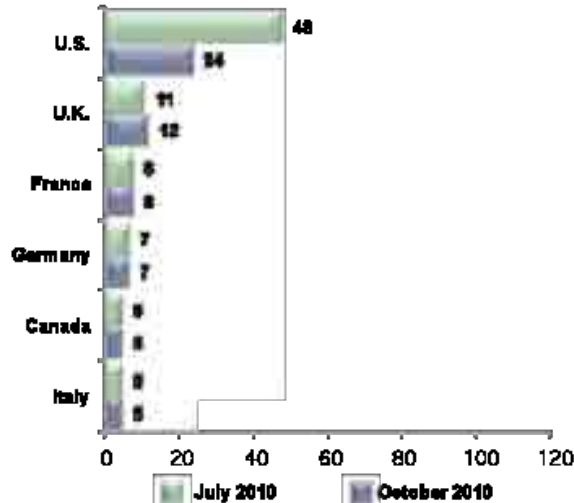
While part of the issue may be perception versus reality, and while some progress may have recently been accomplished, the U.S. does suffer from a real performance gap as it relates to the way it treats potential visitors. As an example, a Chinese citizen wanting to travel to the United States needs to wait several weeks to have an appointment for the required in-person interview. This compares to five to 12 calendar days for a trip to a European country. This is quite an obstacle (Exhibit B-2).

**Exhibit B-2**

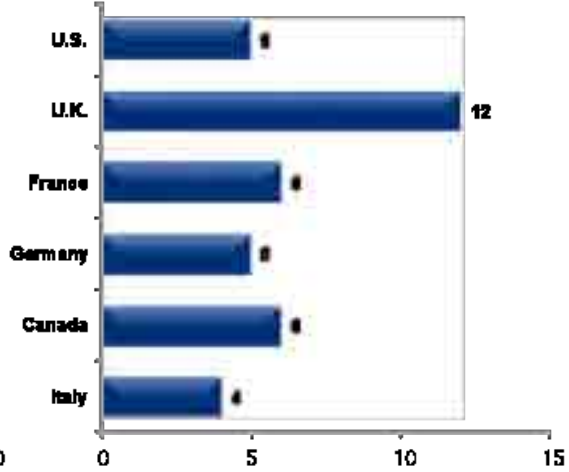
## Current visa processing time and locations

### MAINLAND CHINA

Average wait/processing time in calendar days



Number of Visa processing locations



Note:

- 1) U.S. is typical wait time for visa appointment plus processing time
- 2) U.K. is processing time for 60% of applications to be processed

An aggravating element is the fact that the United States has visa processing centers in only five cities, compared to 12 for the United Kingdom. As a result, there are 10 cities in China with more than 2 million urban inhabitants who do not have a U.S. visa processing center (Exhibit B-3).

**Exhibit B-3**

## Leading urban centers in mainland China

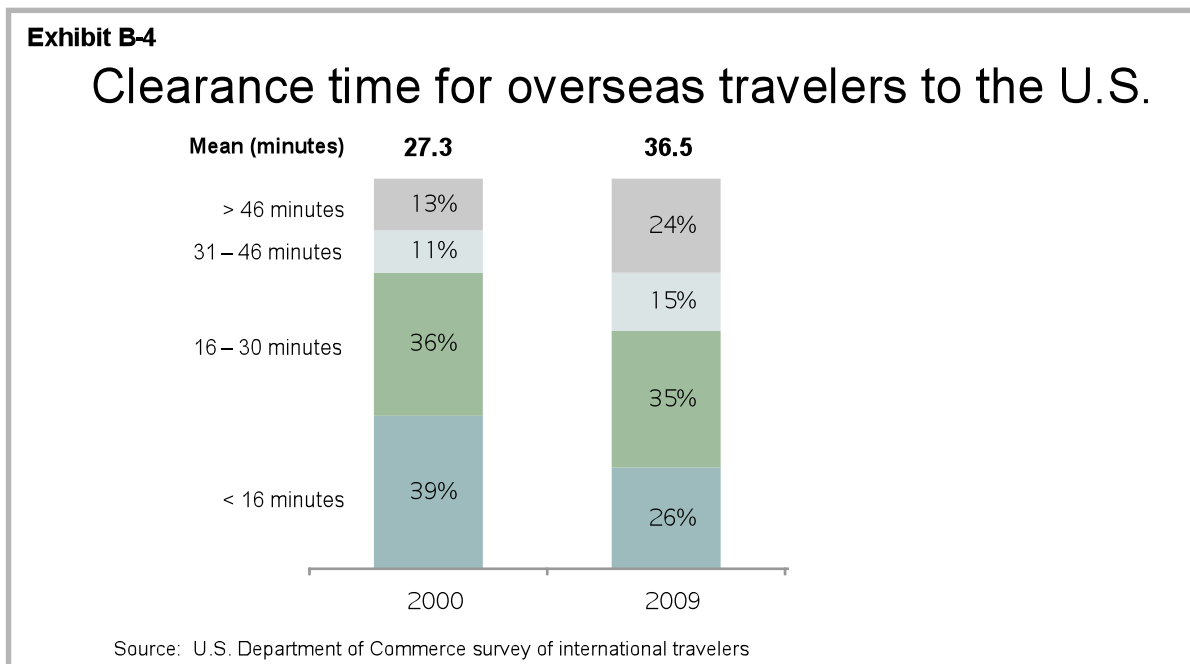
City	Population (in millions)	Visa processing centers
Chongqing	31.4	USA
Shanghai	18.5	USA, U.K., France, Germany
Beijing	17.4	USA, U.K., France, Germany
Guangzhou	15.0	USA, U.K., France, Germany
Tianjin	11.6	
Chengdu	11.3	USA, U.K., France, Germany
Xian	10.5	
Wuhan	8.1	USA, U.K., France
Shenzhen	8.6	USA
Harbin	8.6	
Hangzhou	8.0	USA
Shenyang	7.5	USA, U.K., France
Changchun	7.4	
Nanjing	7.1	USA
Dalian	6.2	
Jinan	6.0	USA
Nanchang	5.0	
Fuzhou	3.8	USA, Germany



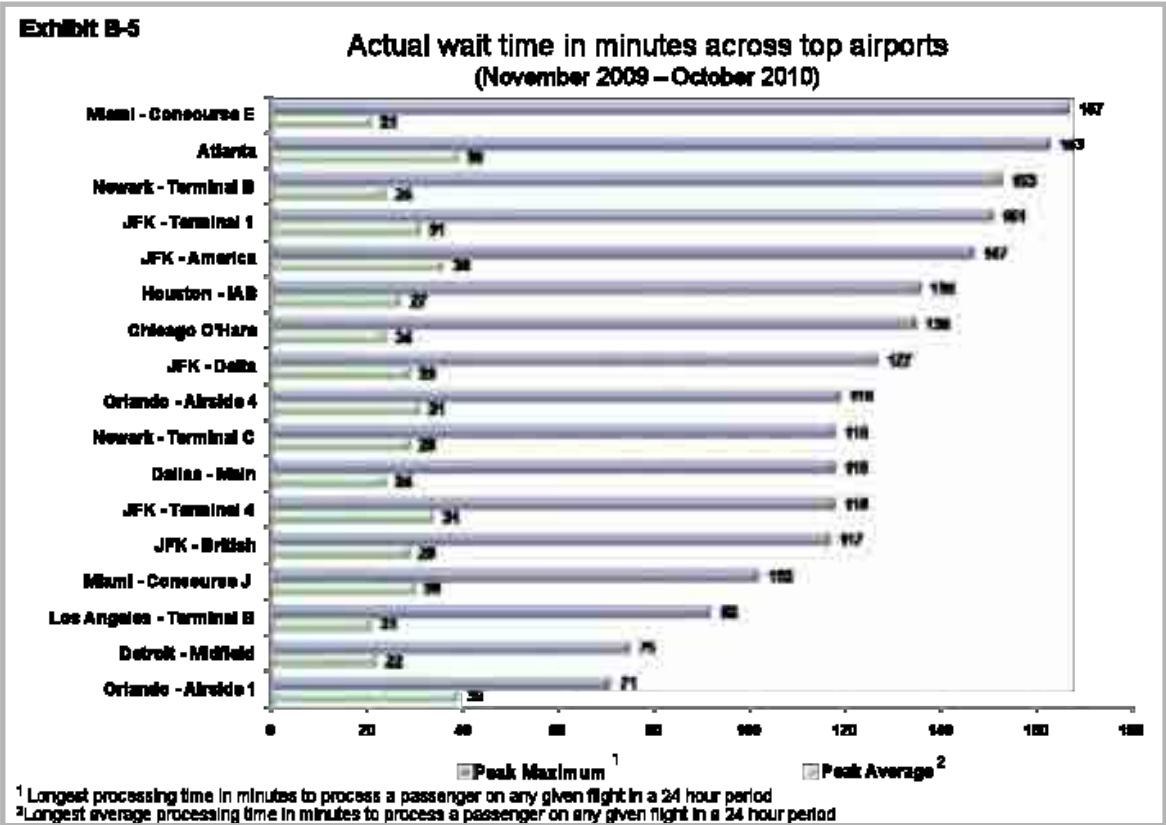
As it relates to Brazil, the competitive issue is even more serious. The European Schengen countries do not require a visa for Brazilian citizens to visit them. In contrast, a Brazilian citizen will need to make an appointment at one of four U.S. visa processing centers and wait several months for that appointment (wait times in Brazil have been quite high). This means that a trip to the United States often requires a Brazilian citizen to make two trips if he or she wants to travel to the U.S. – one trip to a city with a visa processing center and then the trip to the U.S. itself. This is an expensive and cumbersome process (USD 2,600 for a family of four from Manaus needing to go to Brasilia to get their visa).

The situation of wait times is somewhat better in India, although quite uneven across visa processing centers. However, the number of U.S. visa processing centers is five compared to 11 for the U.K. As a result, there are eight cities in India with more than 2 million inhabitants who do not have a U.S. visa processing center.

The experience of international visitors at the country’s borders is also a source of concern for two main reasons: the general perception of international visitors as it relates to processing time and the way they may be treated at the border is quite mixed; in addition, delays in passenger screening is the major cause of missed international connections, which is a significant source of loss for U.S. airlines. In 2009, 39 percent of overseas travelers to the U.S. waited more than 30 minutes to be cleared through immigration at the nation’s airports (Exhibit B-4).



In addition, wait times are quite unpredictable and peaks can be quite extreme (Exhibit B-5).



While it would be inappropriate to assume that the visa wait time and travel required to a visa processing center are the only drivers of the difference in number of visitors, every element counts. Specifically, as the global economy becomes more integrated, being able to fly to and from the key partners of the global economy – on short notice and efficiently – becomes increasingly important.



# **Marketing Coordination and Outreach**



## **THE TRAVEL AND TOURISM ADVISORY BOARD**

May 23, 2011

Secretary Gary Locke  
U.S. Department of Commerce  
1401 Constitution Ave. NW  
Washington, DC 20230

### **RE: TTAB Recommendations from the Marketing, Outreach and Coordination Committee**

Dear Secretary Locke:

The Travel and Tourism Advisory Board appreciates the opportunity to support the U.S. Department of Commerce (DOC) in reaching President Obama's objectives to create jobs and double export spending through the development of travel and tourism to the United States.

The steps we are recommending are intended to enable the United States to present its value proposition as a destination for international travelers in a more positive and better coordinated way. Our specific recommendations described in detail below fall into the following categories:

- Development of the Office of Travel Promotion (OTP) (pages 1 – 5)
- Evaluation of the Corporation for Travel Promotion (CTP) (pages 5 – 7)
- Market Development Funding (pages 7 – 9)
- Coordination and Crisis Management (pages 9 – 13)

### **DEVELOPMENT OF THE OFFICE OF TRAVEL PROMOTION RECOMMENDATIONS**

While much of the focus of the Travel Promotion Act of 2009 has been the creation of the Corporation for Travel Promotion<sup>1</sup>, we highlight the fact that this important legislation also created the Office of Travel Promotion<sup>2</sup> resting within the Department of Commerce. We firmly believe it is the legislative intent that the Office of Travel Promotion plays a mean-

<sup>1</sup> 22 U.S.C.A. § 2131(b)(1)

<sup>2</sup> 22 U.S.C.A. § 2123 (a)

ingful and complementary role to the Corporation for Travel Promotion in the mission to increase U.S. international inbound tourism. We laud the role commerce has played thus far in bringing to life many parts of the Travel Promotion Act; yet we take note that to date, the Office of Tourism Promotion has not been established to the full extent intended by the Travel Promotion Act. Therefore, we offer specific recommendations to ensure the Office of Travel Promotion is up and running at full capacity and is executing on priority matters that complement and support – not duplicate – the work of the Corporation for Travel Promotion.

***Recommendation: Create a seamless office that incorporates the Office of Travel Promotion into the present structure of the Office of Travel and Tourism Industries***

As budgetary constraints force our federal government to control spending and, in some instances, reduce its size, it is likely that repetitive efforts will be the most endangered. Because of the real and perceived overlap between the Office of Travel Promotion and the Office of Travel and Tourism Industries, we believe the Office of Travel Promotion would be less vulnerable and function more efficiently within the Office of Travel and Tourism Industries than it would as a stand-alone office within the Department of Commerce.

In a broader context, the effect of a well-developed Office of Travel Promotion operating within the Office of Travel and Tourism Industries will create an opportunity for a federal administration focused on this all-important area of industry and ensure that domestic travel development and marketing, as well as international inbound travel and tourism, are high on the federal economic and political agenda. A combined office will establish a readily identifiable confluence between government policy issues, the Corporation for Travel Promotion, and the private sector of the travel and tourism industry.

***Recommendation: Appoint a federal civil servant<sup>3</sup> to serve as director of Office of Travel Promotion<sup>4</sup>***

We believe the primary role of the director of the Office of Travel Promotion is to establish a seamless leadership authority for the office that will play the critical role of liaison between the U.S. government and the Corporation for Travel Promotion. Additionally, the director would ensure a continual mission that does not change with administration fluctuations, and can operate concurrently with Corporation for Travel Promotion leadership and activities.

The fact that the Travel Promotion Act speaks to the requirement that the director have travel promotion experience is evidence that this position should be filled by a federal civil servant, and not a political appointee who would be subject to more frequent changes between administrations.

***Recommendation: Ensure the Office of Travel Promotion focuses on creating a structure for partnerships between the national marketing campaign administered***

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<sup>3</sup> As distinguished from a political appointee

<sup>4</sup> 22 U.S.C.A. § 2123(b)(2) The director shall be a citizen of the United States and have experience in a field directly related to the promotion of travel to and within the United States

***by the Corporation for Travel Promotion and those of states, cities and the private sector, with particular attention to those areas not traditionally frequented by international tourists.<sup>5</sup>***

Major cities, large national parks and family attractions in the United States are already a draw for international leisure and business travelers. Yet, there are a number of adjacent smaller attractions, cities, villages, towns and communities offering cultural experiences that are appealing to travelers looking to discover different aspects of the U.S. These varied “uniquely American” destinations can stimulate expanded U.S. travel, resulting in more domestic jobs and increased commerce for local residents and businesses such as restaurants, specialty retail stores and small lodging facilities.

Other international destinations, such as India, that are growing their international inbound tourism numbers have been successful in attracting visitors to come and experience their unique cultural offerings in some of the more far-flung corners of their countries. This has helped them to extend duration of trips, gain repeat visitors, and spread the economic benefits of tourism beyond the gateway cities and main attractions.

Shopping, dining and cultural/heritage experiences often rank high on the list of visitor priorities. (See Appendix A.) Therefore, we recommend the Office of Travel Promotion focus on ways to assist in showcasing this country’s breadth and depth of rich and colorful travel experiences beyond our gateway cities and traditional iconic destinations. We can, and should, do a better job of drawing attention to experiences for visitors to enjoy more of our nation’s unique natural, historic and cultural resources.

One of the most effective ways to promote our country is to tell America’s story with thematic, experiential travel opportunities that are inclusive of natural, cultural and historic assets. By linking similar assets as a linear “string of pearls,” we can motivate the visitor to travel and explore various interests, thus expanding opportunities for them to stay longer and spend more per visit.

Examples of destinations or concepts that may appeal to key target visitor markets include music trails, wine and culinary tours, Appalachian handicrafts and the Indian Pueblo Cultural Center. Appendix B contains a summary on Oregon Bounty, a culinary tourism program developed by Travel Oregon to encourage economic growth and enhance the quality of life by strengthening the economic impact of tourism statewide. Many other programs already exist but may lack the wherewithal to tap into the marketing plans of the Corporation for Travel Promotion. We believe the federal government is uniquely situated as the steward of fairness to ensure federal monies support the entire union. Appendix C contains information on resources available to secondary markets to promote themselves more effectively.<sup>6</sup>

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<sup>5</sup> 22 U.S.C.A. § 2131(b)(5)(A)(iv)

<sup>6</sup> 22 U.S.C.A. § 2131(b)(5)(A)(iv); 22 U.S.C.A. § 2131(c)(3)(F)

Furthermore, if the Office of Travel Promotion focuses on enhancing the U.S. travel experience by promoting regional and secondary markets – the Undiscovered America – that have not historically benefitted from international inbound tourism, it will complement the activities of the Corporation for Travel Promotion by providing additional travel experiences that many international visitors will find enriching. It will also act to support one of the mandates of the Corporation of Travel Promotion, namely to promote areas that do not traditionally benefit from international tourism.

Because the Travel Promotion Act charges the Office of Travel Promotion to “*support state, regional and private sector initiatives to promote travel to and within the United States,*” we recommend the Office of Travel Promotion engage representatives from the public and private sectors of the tourism industry, disseminate information about the activities of the Corporation for Travel Promotion to providers of travel experiential products, assist in combining and networking existing travel experiences, and help to organize them according to themes that are proven to appeal to visitors, stressing the attributes that are uniquely theirs.

To ensure these products reach an international audience, we encourage the Office of Travel Promotion to provide motivation and incentives to encourage state tourism and convention bureaus and hotels to work with the Corporation for Travel Promotion to establish presence at key international trade shows, including ITB Berlin, World Travel Market and International Pow Wow, among others, to enable the United States to present a positive and cohesive brand image to international travel buyers.

***Recommendation: Encourage the Office of Travel Promotion to work together with the departments of State and Homeland Security in making recommendations for enhancing websites and other locations (online or offline) where documentation, admission and arrival procedures are communicated to international travelers.<sup>7</sup>***

The Travel Promotion Act charges the Office of Travel Promotion to “disseminate information more effectively to potential international visitors about documentation procedures required for admission to the United States as a visitor.” The Travel Promotion Act also charges the Office of Travel Promotion to “enhance the entry and departure experiences for international visitors through the use of advertising, signage and customer service.”

While we recognize that ultimate responsibility for the content of communication will often rest within another executive branch agency, we encourage the Office of Travel Promotion to coordinate with appropriate offices within the State Department and Department of Homeland Security to ensure that information regarding documentation and admission requirements, arrival procedures, etc., is effectively communicated to the traveling public.

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<sup>7</sup> 22 U.S.C.A. § 2123 (c)(2)(A)

In particular, we encourage the Office of Travel Promotion to identify at a minimum, the top five websites (determined by volume of traffic) where international inbound tourists are likely to find information about entry – and identify the individuals in charge of managing those sites. We encourage the Office of Travel Promotion to collaborate with those individuals, and solicit support from private sector travel industry companies with expertise on Web usability to facilitate access to information for the international inbound traveler.

***Recommendation: Ensure the Office of Travel Promotion works with the Department of Homeland Security and the Corporation for Travel Promotion to explore whether ESTA can be used as a marketing tool.***<sup>8</sup>

Considering that some international inbound tourists may view the ESTA process as more burdensome than helpful, the Office of Tourism Promotion should also consider working with the State to leverage ESTA as a marketing tool, whereby a program for rebates can be created enabling a private sector platform to offer rebates that would offset the cost of the \$14 ESTA payment. A potential burden can be transformed into an opportunity.

***Recommendation: Ensure the Office of Travel Promotion improves outreach to the “digital traveler” to more effectively engage prospective visitors from emerging markets.***<sup>9</sup>

A study conducted by Mandala Research found that 76 percent of travelers from key emerging international markets (Australia, Brazil, China, India and Korea) bring two or more electronic devices on their trips to the U.S.; and slightly more than half carry a smartphone such as iPhone or BlackBerry. (See Appendix A.) During their trip, texting was the most used feature followed by electronic maps. In addition, 10 percent of all travelers access social media sites with their smartphones.

Therefore, it is essential to always provide more readily accessible, current and useful information about the travel experiences throughout the U.S. for the “digital traveler.” We suggest engaging the technologically savvy traveler by encouraging the Office of Travel Promotion to explore ways to make information about the full range of travel experiences readily available on all of the media platforms, including apps for smartphones.

Similarly, we encourage the Office of Travel Promotion to explore the use of social media to engage international travelers and keep the United States top of mind as a destination, as well as correct misperceptions that could discourage inbound tourism. By way of example, the Department of Homeland Security has had some success with [www.ready.gov](http://www.ready.gov) and utilization of social media tools to communicate quickly and effectively on matters involving homeland security.

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<sup>8</sup> 22 U.S.C.A. § 2123 (c)(2)(C);

<sup>9</sup> 22 U.S.C.A. § 2123 (c)(2)(A); 22 U.S.C.A. § 2123 (c)(2)(B); 22 U.S.C.A. § 2123 (c)(2)(C);

***Recommendation: Establish specific travel trade missions in key international markets led by the USDOC – with at least one travel trade mission being part of an initiative led by the president or the USDOC secretary.***

The potential for exponential economic growth through the increase of travel and tourism spending (both international export dollars and domestic travelers) is often cited. However, specific travel trade missions; travel business development programs; and monetary support for small, private culture-based businesses have few places to go for grants, other funding and marketing support. Therefore, we encourage the Office of Travel Promotion to establish trade missions dedicated to travel and tourism.

## **EVALUATION OF CORPORATION FOR TRAVEL PROMOTION RECOMMENDATIONS**

We strongly support the Travel Promotion Act and are convinced of its potential to generate significant U.S. exports and employment. The Travel Promotion Act represents a no-cost boost to the U.S. economy that will pay dividends for years to come. The impacts of travel promotion, when effectively executed, have been proven over time by many destinations.

A compilation of return on investment studies reveals a broad range of historic returns. (See Appendix D.) Even the most conservative of these indicates that travel promotion is a worthy investment. Given the desirability of the United States as measured by global traveler aspirations, the U.S. is positioned to benefit from its investments in destination promotion.

Compared with domestic travel, international inbound travel presents a more significant growth opportunity. A reclaiming of just half of our lost market share over the past decade would have dramatic effects on both exports and employment. Current forecasts, based on global economic trends, reveal that international inbound spending (exports) will increase its share to 23 percent of total U.S. traveler spending by the end of this decade, compared with 15 percent in 2006 and 17 percent in 2010. As such, funding sources must be preserved.

The formation of the Corporation for Travel Promotion presents the U.S. with the first opportunity to market itself internationally as a brand destination for travel and tourism in more than 25 years. This government- and private sector-supported corporation has been mandated to market the entire nation as a travel destination, as the Travel Promotion Act specifically states that the CTP must “ensure that international travel benefits all states and the District of Columbia and to identify opportunities and strategies to promote tourism to rural and urban areas equally, including areas not traditionally served by international travelers.” This legislation has created a nexus of opportunity for small travel and tourism businesses to benefit from broad marketing efforts – and for new businesses to have a promotion mechanism on hand.

The Travel Promotion Act assigns the secretary of DOC six specific oversight responsibilities<sup>10</sup> with respect to the Corporation for Travel Promotion. The Travel and Tourism Advisory Board encourages the secretary to establish a formal review process with measurable objectives, and communicate the process and objectives with the Corporation for Travel Promotion as soon as possible. A formal process will ensure that the oversight role will be carried out effectively and consistently across changes in personnel and administration, and will be a signal that governmental oversight is active and ongoing. It is our belief that some level of formality in the review process should increase taxpayer confidence, which minimizes the likelihood the funding source will be eliminated. We should also note that the Corporation for Travel Promotion will naturally also benefit from a clear understanding of the process the DOC will use to measure its performance and objectives.

***Recommendation: Develop framework and guidelines for Commerce Department oversight roles for Corporation for Travel Promotion***

The Travel Promotion Act prescribes several oversight responsibilities to the secretary of the DOC and the Office of Travel and Tourism Industries; and we believe active oversight plays a role in the health of the Corporation for Travel Promotion, and the continued viability of the funding source.

Specifically, the Travel Promotion Act states the secretary of commerce shall:

- 1) “Members of the (Corporation for Travel Promotion) board shall be appointed by the secretary of commerce;”
- 2) “The secretary of commerce may remove any member of the board for good cause;”
- 3) “The (Corporation for Travel Promotion) board shall establish annual objectives for the corporation for each fiscal year subject to approval by the secretary of commerce;”
- 4) “The corporation shall establish a marketing plan for each fiscal year not less than 60 days before the beginning of that year and provide a copy of the plan, and any revisions thereof, to the secretary;”
- 5) “The board shall transmit a copy of the corporation’s budget for the forthcoming fiscal year to the secretary not less than 60 days before the beginning of each fiscal year, together with an explanation of any expenditure provided for by the budget in excess of \$5,000,000 for the fiscal year;”
- 6) “The corporation shall submit an annual report for the preceding fiscal year to the secretary of commerce for the transmittal to the Congress.”

The act further states that the Office of Travel and Tourism Industries shall:

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<sup>10</sup> 22 U.S.C.A. § 2131(b)(2)(A); 22 U.S.C.A. § 2131 (c)(1); 22 U.S.C.A. § 2131 (c)(2); 22 U.S.C.A. § 2131 (c)(3);



- 1) Evaluate the success of the Corporation for Travel Promotion in achieving its objectives and carrying out the purposes of the Travel Promotion Act.
- 2) Research to support the annual reports to Congress and certain executive branch agencies.

We believe the secretary should establish a framework to measure the objectives, budget and marketing activities of the Corporation for Travel Promotion, and ensure that such a framework is clearly communicated to the corporation. As secretaries move in and out of the position, and as Corporation for Travel Promotion Board members move on and off the board, some baseline standards ought to be established to ensure continuity over time.

We believe the Travel Promotion Act contemplated a balancing act in which the secretary would play some role in holding the corporation accountable, yet ultimately allow the corporation enough freedom so that strategic decisions are governed by the private sector representation on the Corporation for Travel Promotion. Therefore, we suggest the secretary give great deference to the private sector perspectives in evaluating priority of objectives, but make certain the legislative intent of the Travel Promotion Act is preserved.

***Recommendation: Initial considerations for the DOC in evaluating objectives of the Corporation for Travel Promotion***

While we do not foresee an ongoing formal role for the Travel and Tourism Advisory Board to provide continual input into the activities and objectives of the Corporation for Travel Promotion, we offer the following considerations in light of the need for the Corporation for Travel Promotion to show immediate results.

*Initial Assessment*

Also called “market triage,” the assessment process will enable us to identify the relative opportunities for U.S. inbound travel across primary, secondary and emerging markets. The basis of this assessment can be a regression-based scorecard analysis combining market size, growth, preferences, purchasing power and destination patterns. The outcome would be a clear understanding of where the Corporation for Travel Promotion should focus and in what proportions as it considers short-, medium- and long-term objectives. This analysis should cover approximately 25 markets.

*Informed Research*

Using the results of the preliminary opportunity identification analysis, the Corporation for Travel Promotion should commission a more detailed market assessment that would include new research to understand the advantages of the U.S. as a destination as perceived by travelers in each of the top seven to 10 markets. The strengths of the U.S.

brand, attractions and experiences can then be identified. In addition, this assessment will identify the challenges facing U.S. destination promotion based on market perceptions/misperceptions. These insights will inform the message, brand, media and other market strategy decisions. The ultimate goal of this work will be to allow the market to answer these basic questions:

- o Why is the U.S. a great destination?
- o What are travelers' aspirations when considering the United States?
- o How can we best leverage these factors in our brand message and market focus?

A combination of consumer and travel trade surveys might be required for this assessment. In both cases, current survey instruments can be leveraged as cost-effective solutions. For example, the Canadian Tourism Commission, Visit Britain and Visit Sweden have all initiated destination awareness and interest surveys of global travelers over the past several years. In addition, a company called Travel Market Insights conducts ongoing travel trade surveys in the UK, Germany, Canada, Mexico and Japan.

The tactics suggested above will be articulated in more detail by the Market Research subcommittee in its recommendations to the secretary. By way of reference, Appendix E contains highlights from a report from U.S. Travel Association on the impact of the U.S. travel industry on the nation's economy.

#### MARKET DEVELOPMENT FUNDING RECOMMENDATIONS

One of the reasons the United States has lost market share in international travel in recent years has been the lack of an aggressive marketing campaign. With the creation of the Corporation for Travel Promotion, there is now a mechanism to define and promote the United States as a desirable travel destination. While there are compelling, iconic destinations already available for the CTP to promote, the entire United States would benefit by the development of additional products outside of the traditional gateway cities. By expanding the travel industry throughout the U.S., we can grow the economy and add jobs.

Federal grants for the purpose of building and creating businesses that increase the nation's competitiveness in key areas such as clean energy development and technology are available to start-up businesses in these fields. In 2010, the travel industry was responsible for \$134 billion in export dollars, generating a \$32 billion trade surplus, and most importantly supported 1.2 million jobs for U.S. citizens. It has been widely acknowledged by this administration that the travel industry is key to this country's economic recovery, yet few sources of government funding exist for the purpose of developing private enterprise for this sector of business.

Whether marketing to the international traveler directly, or the domestic traveler indirectly, the key to long-term success is ensuring that the product – actual travel experiences in the U.S. – delivers on the promises made in our marketing messages. This requires continuous investment and development of the core cultural product. Therefore, in the near term, the secretary should allocate funds from the Market Development Cooperator Program for the purpose of developing or forming private enterprises in travel and tourism. As budgetary constraints improve, the secretary should establish a dedicated market development cooperative similar to the MDCP solely for tourism purposes that will help less sophisticated travel and tourism entities in smaller markets develop into more significant travel destinations.

***Recommendation: Encourage stronger participation in the Market Development Cooperator Program (MDCP)***

The Corporation for Travel Promotion is charged with marketing – not developing – travel experiences, but as previously stated, the CTP’s brand campaign can be maximized by creating thematic “umbrella” travel experiences that would be localized, involving the communities to articulate the unique heritage, culture and image of the destinations. Of course, the U.S. would realize near-term returns utilizing existing products, especially those well-known and accessible territories nearest the gateway cities, such as Niagara Falls, our national parks and the Grand Canyon. However, we see a long-term need to provide and promote additional “products” throughout the country.

Therefore, we suggest the secretary and other relevant U.S. government staff encourage eligible travel and tourism organizations to submit proposals for the Market Development Cooperator Program. MDCP grants have been available since 1988, but relatively few travel and tourism-related entities have been awarded grants. This may be due to proposals not being viewed as strong enough, or due to lack of understanding of the importance of the travel and tourism industry to the nation’s export value or the nation’s economy. Either way, the travel and tourism industry should work more collaboratively with Department of Commerce trade and commercial specialists to strengthen submissions so there is a stronger chance of them being well-reviewed and scored in the decision-making process.

In addition, the marketing committee requests that the secretary add a travel and tourism expert to the review committee for the MDCP. This would allow committee members who are not experts in travel and tourism to gain a better understanding of and appreciation for the travel and tourism-related submissions.

*Future Consideration*

When the current budgetary situation improves, the marketing committee would further suggest that a separate grant program, similar to MDCP, be established, and perhaps named the Tourism Product Development Committee. Such a program could be used

to support the development and improvement of travel and tourism experiences, and the marketing of these experiences to the international traveler. These grants could be used to support the themed shopping, dining and cultural experiences that research indicates appeal to international travelers. We further suggest that this new grant initiative be modeled upon the successful Market Development Cooperator Program. Tangible results of the MDCP grants are that in an average year, it projects to generate \$208 million in exports and for every MDCP award dollar, it projects an average return of \$124 in exports.

For the TDPC grant, the MDCP application and grant mandate criteria would be revised to support the development of tourism products or to expand or directly enhance current travel products for the express purpose of marketing to international travelers. The criteria would be specific to the travel and tourism industry sector, encourage partnerships and collaboration, and stress the unique and authentic American experiences that would appeal to international visitors.

We suggest that \$5 million be allocated annually for this grant on a 2-to-1 matching fund basis, with applicants receiving up to \$500,000 for use over a one- to three-year period. The result of this process would be a total investment of \$10 million. Authority to reallocate DOC marketing grants and funds to be used for development of small travel businesses will be the foundation of tourism growth in small regions around the U.S.

Federal grants for the purpose of building and creating businesses that increase the nation's competitiveness in key areas such as clean-energy development and technology are available to start-up businesses in these fields. Given the important role the travel and tourism industry plays in our nation's economy, we feel strongly that grants and other monies should be available to the travel and tourism industry as well.

### **COORDINATION AND CRISIS MANAGEMENT RECOMMENDATIONS**

Over the course of the past decade or so, events such as the terrorist attacks of September 11, 2001; the aftermath of Hurricane Katrina; the outbreak of swine flu and other infectious diseases; the worldwide economic downturn; and the oil spill in the Gulf region have had a negative impact on the tourism industry at the state, regional and national levels. Currently, the U.S. lacks sufficient preparedness to mitigate the ill effects of such events on travel and tourism. Therefore, we highlight two primary areas that require the attention of the U.S. Department of Commerce: 1) adoption of a formal, official crisis communication plan that's disseminated and followed universally within the U.S. travel and tourism industry and by all governments, and that is globally recognized and subscribed to in the event of a crisis within our borders; and 2) identification and coordination of the myriad councils and committees within the U.S. government and the private sector that address travel industry issues and policies.

The Travel and Tourism Advisory Board has discovered the need for coordination of information and activity among the myriad departments and committees of government stakeholders. The present structure presents a group of related, yet disparate organiza-

tions that do not offer the industry (here and abroad) immediacy and accessibility – especially in times of crises. Most important, it is not clear which of the councils or boards creates policy or spearheads response to a crisis that impacts the travel industry. What is the U.S. government’s official, universal plan that outlines definitive steps to address and quell a crisis situation when it arises? How has the travel industry’s interest been looked after both at home and abroad in times of crises?

The present structure of governmental committees and councils, as they relate to the travel and tourism industry and dissemination of information influencing travelers, omits participation by private sector stakeholders – with the exception of the TTAB – and it does not have the mandate to collaborate with global partners and governments. We are currently vulnerable to having situations defined by competitors and in the self-interests of outside entities. We, therefore, have determined that it is important to have a formal, official, universal crisis communications plan of action that is inclusive of private sector stakeholders, and puts the United States in a position to coordinate the appropriate communication of responses and policies with other travel partners and governments.

The Tourism Policy Council (TPC) has been identified as the central body within the federal government system of councils and committees that convenes all policy-making departments with regard to travel and tourism issues in the United States and internationally. As secretariat, the Office of Travel and Tourism Industries plays a pivotal role on this council and is in a position to bring cogent private sector issues before this group. We take note that Federal Emergency Management Agency has implemented a similar initiative involving the private sector in emergency management activities, including a private sector representative at the National Response Coordination Center. The Federal Emergency Management Agency’s Private Sector Division in External Affairs has developed strong relations with numerous private sector elements to enhance collaboration in disaster preparedness, response and recovery. Some guidance may be gained from studying their design as the method for involving the private sector in crisis communication.

***Recommendation: Adopt the UNWTO Crisis Communications Tool kit as the official U.S. crisis communications and management program***

The UNWTO (UN World Tourism Organization) realizes the importance of inter-government cooperation in times of crises. No major crisis impacts only one destination. Our most recent case in point is the impact of the earthquake and subsequent tsunami in Japan.

Along with 150 member countries, the UNWTO has developed a comprehensive plan for crisis communications that will be ascribed to by all members – and can be adopted for use by non-members.

As the United States of America begins to globally market its attributes as a travel destination, our policies and response to any crisis situation that can impede travel to and within this country will affect a bigger universe. It will be increasingly important for the U.S. as a country to stand with its global partners in responding to crises as a collaborator.

After extensive review of other existing plans, it is our recommendation that the U.S. government adopt the UNWTO Crisis Communications Plan as our domestic and international policy for behavior and response in any crisis situation that will impact the U.S. travel industry. (See Appendix F.) This plan will not only provide a road map for our own activity, it also allows the United States to act in coordination with international travel organizations and governments. Membership in the UNWTO is not required for us to adopt the plan in general.

***Recommendation: Create a permanent, international crisis management team within the TPC that includes the private sector.***

The marketing committee recommends a permanent crisis management team be developed that includes an official private sector advisory capacity. The formation of this team would enable the United States to respond in a more immediate and unified way and develop communications strategies for crisis situations and extraordinary events both at home and abroad that impact all travel and tourism stakeholders. The work of this team will complement FEMA's recovery programs to help communities get back on their feet. This group would work with the understanding that the first priority of any activity is public safety and would keep this foremost in mind when determining and executing the crisis communication plan that will assist in economic recovery.

**Recommended Structure:**

- o Six members from the Travel and Tourism Advisory Board will act as a crisis communications team in an advisory capacity to the Tourism Policy Council.
- o These six members of the TTAB should be representative of private stakeholders from the five major areas of travel and tourism industry: transportation providers (two total representatives from air, rail, rental car, etc.), lodging, receptors, operators/agents and small business retail.
- o The Tourism Policy Council members should draw in the appropriate offices and departments within their agency as needed. For example, the DHS will serve as the voice of the FEMA in this process.

***Recommendation: Reach consensus on crisis definition.***

The committee recommends that the crisis management team reach a consensus on what conditions would constitute a crisis and thus activate a team meeting and possible implementation of the crisis management plan. Following are a few preliminary suggestions for consideration, with terms that would need to be defined and/or quantified shown in italics.

- o A crucial state of affairs relative to a regional, national or international incident in which a decisive change is impending – that change being a substantial reduction in international and/or domestic travel resulting in a serious negative economic impact.
- o A point of decision in a regional, national or international incident where an inappropriate action or lack of action will result in substantial reduction in international and/or domestic travel resulting in a serious negative economic impact.

- o A state of affairs when various local governments are being affected by the same negative scenario and joint action would be broadly beneficial and lack thereof would create waste of resources.

Additionally, the committee believes it may be worthwhile for federal executive branch agencies to consider revising the terminology used to describe extraordinary events that set in motion efforts to assist regions affected by those events. For example, we believe designating affected regions as “disaster areas” may on occasion have the unintended effect of unnecessarily discouraging travel into those regions, thus compounding physical damage with economic hardship. This is particularly true when the “disaster area” designation occurs some time after the “disaster event” when recovery has already begun. Perhaps a term such as “economic emergency area” would be more appropriate to describe areas that are negatively impacted by extraordinary events. The recent Department of Homeland Security decision to simplify terror alert system labels is an example of an analogous policy change of the type that we would support, and results in a more clear and accurate message the public can digest.

***Recommendation: Determine acceptable measurement methodology program to gauge ill effects on travel and tourism industry.***

As management guru, Peter Drucker said, “You manage what you measure.” Accordingly, the committee recommends the development of clear metrics for assessing the economic impact of a crisis on the travel and tourism industry, as well as gauging the effectiveness of our crisis management plan. Fortunately, there are existing models for creating these metrics, perhaps most notably the UNWTO Toolbox cited above. In the section on “Measuring Results,” UNWTO outlines its methodology for tracking key data before, during and after a crisis. These data include tourism performance indicators such as hotel occupancy levels, airport arrivals and departures, and restaurant sales that provide benchmarks against which the effectiveness of the crisis management plan can be measured. Other factors that can be tracked include media mentions of the crisis and consumer attitudes toward the destination affected by the crisis.

We propose to provide a model to industry and non-industry members to inform decisions relative to the crisis as outlined below. The intent is to provide a widely accepted model that provides solid measurements for government and private sector alike.

### *Financial Impact*

Workers visiting affected communities to serve in the relief effort should be counted as “non-normal travelers” in order to evaluate the losses associated with typical and normal travel trends to that region’s hotels and other related businesses that provide services to travelers (such as attractions, restaurants and retailers).

Areas to be measured are as follows:

- o Lodging occupancy
  - An area to include data on type of traveler to identify crisis workers versus real travelers
- o Lodging rate
- o Arrivals and departures by air, boat, bus
- o Sales tax
  - By business sector – identifying restaurants, attractions, sports, retail
  - This measurement will assist in knowing what kind of traveler is booking and the effect the crisis is having on local business in that market.
- o Bed tax
  - Identifying type of traveler and thus those crisis workers, such as government, who do not pay bed tax
  - This measurement will assist in knowing what kind of traveler is booking and the effect the crisis is having on local business in that market.
- o Property tax
  - By business sector identifying restaurants, attractions, sports, retail, lodging
  - This measurement will assist in knowing what kind of traveler is booking and the effect the crisis is having on local business in that market including long-term effects.

### *Media Coverage*

- o Coverage should be tracked relative to both quantity and tenor
- o The specifics below should all be tracked
  - Press mentions of destination
  - Nature of mentions – positive or negative
  - Press mentions of crisis – positive or negative
  - Press mentions of crisis response – positive or negative

### *Consumer Attitudes*

- o Research should include
  - Statistically valid representative surveys
  - Quick-turnaround social network surveys
- o Information gathered should include
  - Ever visited
  - Likelihood to visit
  - Positive opinions regarding the destination
  - Negative opinions regarding the destination
  - Likelihood to recommend destination to others



***Recommendation: Review missions and activities of existing industry stakeholders.***

Just as the response to extraordinary events can be made more effective by improved coordination at the federal level, we feel the challenge of representing the interests of multiple travel industry stakeholders is better addressed through some degree of oversight at the national level. Currently, a variety of organizations exist in both the public and private sectors that are focused in some way on travel promotion and shaping travel industry public policy. While we believe each organization provides a useful function, their sheer numbers make it difficult, if not impossible, to monitor their efforts to shape travel policy and to gauge the effectiveness of those efforts.

We believe a logical first step would be a review of the mission and the activities of these various organizations, with an eye toward identifying opportunities to avoid duplication of effort. Such a review might most efficiently be conducted by the Office of Travel and Tourism Industries (OTTI), with a near-term objective of compiling a current list of travel industry stakeholders in both the public and private sectors and an inventory of the initiatives that each is undertaking.

Longer term, we recommend that OTTI convene a summit of executives from those organizations identified as most strategic.

Appendix G contains a preliminary list of organizations that represent key travel industry stakeholders, with a brief description of the mission statement for each. Additional research would likely make the list more complete. The committee believes that the task of identifying as many of these organizations as possible is worthwhile if it enables us to identify areas where missions overlap and the opportunity for greater cooperation exists. Ultimately, aligning the interests of these organizations and their members with our overarching objective of increasing international tourism is a goal that is well worth pursuing.

Sincerely,



Rossi Ralenkotter  
Chairman, Travel and Tourism  
Advisory Board



Greg Stubblefield  
Chairman, Marketing, Outreach and  
Coordination Subcommittee

## Appendix A

### NEWS RELEASE

For immediate release December 8, 2010

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New International Emerging and Growth Markets Study  
Documents the Power of U.S. Brands, Shopping Habits and Significant Trends

Macy's/Shop America Alliance study conducted in partnership with the U.S. Department of Commerce polled visitors from the top five emerging/growth markets for incoming U.S. travel, including Australia, Brazil, China, India and Korea.

Washington, D.C. – Mandala Research today announced the initial results of a significant international visitors study underwritten by Macy's/Shop America Alliance and conducted in partnership with the U.S. Department of Commerce/Office of Travel and Tourism Industries. The study polled inbound travelers to the U.S. who had visited within the past 12 months on their overall itineraries and specifically on their shopping plans. The initial findings detail key trends among the top five emerging/growth markets as identified by the DOC, including visitors from Australia, Brazil, China, India and Korea, where DOC projects arrivals growth from 15 percent to 40 percent within the next three years.

The study conducted among 2,500 respondents from August through October 2010, finds that travelers from these markets spend on average \$3,517 on their trip to the U.S. with one-third of that spent on shopping. A surprising result for researchers was the purpose of visits to the U.S. An overwhelming majority of respondents, 71 percent, arrived to visit friends and family, while only 24 percent visited for pleasure/holiday or for other personal reasons, the traditional indicators of a visit to the U.S. by foreign tourists.

“Shopping has always been one of the top activities of international travelers. From this study, we know more about the upper-income shoppers who visit the country. By understanding these travelers, the industry should be able to improve its approach to this lucrative segment to expand exports for the U.S.,” said Helen N. Marano, director of the Office of Travel and Tourism Industries, U.S. Department of Commerce.

Shopping is a key driver for these travelers in their choice of the U.S. as a destination, with a majority (56%) saying shopping was the key reason they took the trip or it helped them choose among destinations. In addition, these travelers purchased more than twice the amount they had planned to purchase while shopping in the U.S. “Shopping continues to be an important travel motivator due to the selection and value found

throughout the U.S., along with tourism marketing programs and incentives that serve to increase visitor spending and economic impact,” said Rosemary McCormick, president, Shop America Alliance.

#### Additional Key Findings:

**Key Activities:** Most popular activities include shopping; visiting amusement, national and state parks; followed by visiting museums, zoos and aquariums; unique dining experiences; concerts and theaters; as well as spa services and gambling. In addition, almost half of Chinese travelers looked at real estate during their visit.

**Brand Awareness:** Asked to choose among a variety of top U.S. brands, travelers chose McDonald’s as the most recognized American brand.

**Top Retailer:** Among department stores they were asked about, Macy’s ranked highest in brand awareness, followed by JCPenney.

**Top U.S. Retail Brands:** Levi’s, Ralph Lauren and Diesel are among the top brands these travelers from emerging markets say they shopped for in the U.S.

**What They’re Buying:** Apparel is the top purchase for these visitors. Travelers from all of these growth markets, except India, purchased about twice as much in women’s and men’s apparel than they planned. A surprising result included the high choice of food and candy as a top product purchased while in the US, with 42 percent shopping for these items during their visit. While toys are not on the top 10 list of items planned to purchase, a quarter of all travelers say they purchased toys on their most recent trip to the U.S.

**Use of Technology:** Just over three-quarters (76%) of travelers from these markets bring two or more electronic devices on their trip to the U.S. and slightly more than half (51%) carry a smartphone such as iPhone or BlackBerry. During their trip, texting was the most used feature followed by electronic maps. In addition, 10 percent of all travelers access social media sites with their smartphones.

According to Laura Mandala, travel industry consultant and former executive with the U.S. Travel Association, “The findings support the thesis that travel barriers to the U.S. should be eliminated in order for the economy to benefit from the infusion these travelers can have on the U.S. marketplace.”

Additional sponsors of the research include: The U.S. Travel Association, Las Vegas Convention and Visitors Authority, Philadelphia Convention and Visitors Bureau, Capital Region USA., California Travel and Tourism Commission, Carlson Hotels, U.S. Cultural and Heritage Tourism Marketing Council, the University of Florida, and the Museum Store Association.

A white paper with an executive summary of the findings became available January 2011. The report of findings is available at [www.MandalaResearch.com](http://www.MandalaResearch.com) and [ShopAmericaTours.com](http://ShopAmericaTours.com)

### **About Mandala Research**

Mandala Research is a trusted firm that offers hotel, travel and tourism market research products and services – along with expert analysis – for Fortune 500 companies, nonprofit organizations and government agencies. Driven by managing director, Laura Mandala, our mission is to be your trusted partner – to offer you the

best in research services at every level – so you’re making the right decisions at the right times. Information is key to bringing ideas full circle. Let us help you get there. To learn more about Mandala Research, contact us at 703-820-1041, by email at [Laura@MandalaResearch.com](mailto:Laura@MandalaResearch.com) or visit [www.MandalaResearch.com](http://www.MandalaResearch.com).

## **Appendix B**

### **OREGON BOUNTY PROGRAM SUMMARY**

Seven years ago, Travel Oregon embraced an innovative solution to a common tourism destination problem: How do we fill room nights and attractions when businesses need it most – in the shoulder season? We learned that culinary tourism was a growing trend. A 2006 study by the U.S. Travel Association found that 17 percent of American leisure travelers engaged in some type of culinary or wine-related activity while traveling between 2004 and 2006. This equated to just over 27 million travelers<sup>11</sup>. What’s more, culinary travelers are both affluent and highly active.

#### **Oregon’s Opportunity**

As culinary tourism was emerging, Oregon was experiencing explosive growth in wineries. It was the beginning of a foodie revolution unfolding across the state. Artisan producers of all flavors – distillers, craft brewers, bakers, heritage pork farmers – were migrating to Oregon. Former Intel execs were leaving hi-tech to raise chickens and give cheese-making classes in the Willamette Valley. Stockbrokers were turning into chocolate makers and moving to small, remote towns to pursue their new-found passions. Young chefs seemed drawn here by a greater beacon of the palate.

Oregonians know that fall is one of the best times of year to travel around the state if you’re a foodie; the weather is glorious and many of the state’s best products are at their peak.

As a point of distinction, Oregon’s culinary scene is intimate, providing opportunities to enjoy what you eat and drink here alongside the very producers who grow, make or cook it. More than a tasting venue, Oregon is a true and memorable culinary adventure.

The confluence of emerging culinary travel market and growing Oregon culinary product was auspicious. So Travel Oregon made a strategic decision to have a singular focus for the fall season: Market Oregon as that unmatched place where it’s still possible to meet the people and roam the places that make up Oregon’s eclectic, handcrafted, intimate and uncrowded food scene. Oregon Bounty was born.

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<sup>11</sup> Profile of Culinary Travelers. Us Travel Assoc., 2007

## Our Strategy

Quality, authenticity and, more recently, sustainability are of critical importance to culinary tourists. Oregon owns bragging rights to all three via our wine regions, craft brewers and innovative chefs. As further proof: Oregon wines, hazelnuts, pears and blue cheese can all claim best-in-world status<sup>12</sup>.

We highlight all regions of the state by promoting local food personalities travelers can meet, events, products and travel packages. Our consumer target are the affluent culinary travelers aged 25 to 64 who earn at least \$75,000 and spend at least \$1,000 a year or more on travel.

The 2009 Oregon Bounty promotion highlighted eight culinary “personalities” of Oregon, matching each region with an Oregon product and producer. The promotion was executed in the following ways:

- “Win an Oregon Bounty Cuisinternship” contest: Consumers entered to win an all-expenses-paid week as an apprentice with a well-known Oregon culinary icon. To enter, they had to post a 140-character “tweet”-friendly statement and a short video on our website on why they were the best candidate for the “job” of their choice. Candidates shared their videos with friends and followers via social media.
- Launch of a new, comprehensive culinary website: In previous years, information about Oregon Bounty was available on our website only during the fall. For 2009, we developed a comprehensive website to promote culinary tourism year-round and used Oregon Bounty as the launch vehicle: <http://food.traveloregon.com/>
- Advertising creative: **Short films/ads**, produced in documentary style, followed Portland chef Gabe Rucker as he traveled across the state in search of ingredients for the “perfect Oregon meal.” This visual trek introduced consumers to Oregon’s diverse culinary landscape and personalities. The films were featured on the Oregon Bounty website, YouTube and in rich-media banner advertising. **Inspiration maps** in large format (14.5 x 21) with whimsical illustrations highlighted both iconic and lesser known food and travel discoveries across the state. Maps were inserted in publications such as Sunset, Wine Spectator and Budget Travel and distributed via “street teams” in wine bars, cafés, bookstores, etc. in key markets. Promotions drove consumers to the website where they could watch the videos and enter the contest.
- Media outreach: High-profile culinary bloggers, by category (e.g., wine blogger, cheese blogger, etc.), were chosen to judge the “Cuisinternship” contest and were sent an Oregon Foodie Care Package. They were encouraged to share the promotion, thoughts about Oregon as a culinary destination, and/or experience with the judging process. Additionally, communications were focused on online journalists to leverage the online travel-planning trend.

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<sup>12</sup> Oregon: Nature’s Culinary Adventure,” Foodtrekker, 2009

- **Partner outreach:** We pitched Alaska/Horizon Air to be our official airline partner and offered Oregon Bounty travel packages. We also created a tool kit for industry partners to participate in the marketing program.

## **Unprecedented Consumer Response**

Since its inception in 2004 and over the course of the past seven years, Oregon Bounty has been the strongest consumer promotion Travel Oregon has ever produced. From our consumer survey, we have seen an average of 40 percent motivation to travel year-over-year.

It keeps getting better. The 2009 campaign survey showed that 60 percent of respondents were motivated to travel by the Oregon Bounty promotion<sup>13</sup>. In fact, Oregon Bounty 2009 was our most successful campaign ever executed – meeting or exceeding all objectives:

- The promotion generated more than double the unique Web visitors in 2009 vs. 2008 (89,903 unique Web visitors in 2009 vs. 41,954 in 2008).
- Advertising response rates increased 37 percent year-over-year.
- Largest single-day spike in unique visitors to TravelOregon.com: 20,000.
- Strong engagement: 32 percent of site visitors taking a tangible action (includes watching a video, ordering a travel guide, etc.)
- PR and blogger relations generated 32 million impressions.

## **A Platform for Industry Collaboration and Development**

Oregon Bounty is produced by the Oregon Tourism Commission (dba Travel Oregon), with support from Oregon's regional destination marketing organizations. The goals are to encourage economic growth and enhance the quality of life in Oregon through a strengthened economic impact of tourism statewide. Travel Oregon collaborates extensively with local communities, industry associations (such as the Oregon Wine Board), government agencies and private business, and is proud to grow the Oregon Bounty promotion as a key campaign in the state's \$8.1 billion tourism industry, helping Oregon to be recognized as a not-to-be-missed culinary and travel destination.

The importance of the state's industry guilds and associations (bed and breakfasts, breweries, wine associations, etc.) continuing to work individually and together to develop and promote culinary product (events, tasting trails, marketing co-ops) cannot be overstated. With these collaborative contributions, Oregon Bounty has become a marketing engine that drives culinary events and product development to support our economy.

We offer industry partners opportunities for sponsorship, co-operative advertising, promotion of travel deals and itineraries on TravelOregon.com, and integrated marketing support via our Oregon Bounty tool kit. As such, Oregon Bounty now serves as a platform to market local destinations independently and collectively as a statewide culinary tourism experience.

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<sup>13</sup> Travel Oregon/Oregon Bounty Consumer Survey, December 2009

## **Appendix C**

The Heritage Tourism Program (HTP) of the National Trust for Historic Preservation has a variety of resources available for cultural and heritage tourism attractions and organizations. For example, in 2009, the HTP completed an online “survival tool kit” ([www.preservationnation.org/survival-tool kit](http://www.preservationnation.org/survival-toolkit)).

Supported in part by an award from the National Endowment for the Arts, the tool kit describes 11 key survival strategies and includes 80-plus survival stories to show these strategies in action. The tool kit was developed after hundreds of hours of outreach to national and state leaders in cultural and heritage tourism.

In addition, the National Trust’s Heritage Tourism Program has compiled numerous “survival stories” about cultural and heritage tourism attractions that have overcome economic difficulty. The compilation allows users to search for stories by region of the country, type of attraction or organization, and/or the survival strategy or strategies that the story illustrates.

The following are links to the success stories and to additional cultural heritage tool kits, along with selected pages from HTP’s website.

### **Success Stories**

<http://www.culturalheritagetourism.org/stories.htm>

### **Tool Kits for National Trust and States**

[http://www.culturalheritagetourism.org/CulturalHeritageTool kits.htm](http://www.culturalheritagetourism.org/CulturalHeritageToolkits.htm)

### **National Trust’s Tool kit Overview of Steps & Principals**

<http://www.culturalheritagetourism.org/fourSteps.htm>

## Tourism Risk Management

### Five Principles for Successful and Sustainable Cultural Heritage Tourism

Make the most of your opportunities for cultural heritage tourism by following the National Trust for Historic Preservation's five basic principles. Follow these principles and you'll avoid many difficulties that could otherwise arise when culture, heritage and tourism become partners.

#### Collaborate



Much more can be accomplished by working together than by working alone. Successful cultural heritage tourism programs bring together partners who may not have worked together in the past. [read more...](#)

#### Find the Fit



Balancing the needs of residents and visitors is important to ensure that cultural heritage tourism benefits everyone. It is important to understand the kind and amount of tourism that your community can handle. [read more...](#)

#### Make Sites and Programs Come Alive



Competition for time is fierce. To attract visitors, you must be sure that the destination is worth the drive. [read more...](#)

Handouts now available in this section.

#### Focus on Quality and Authenticity



Quality is an essential ingredient for all cultural heritage tourism, and authenticity is critical whenever heritage or history is involved. [read more...](#)

#### Preserve and Protect



A community's cultural, historic and natural resources are valuable and often irreplaceable. [read more...](#)

© National Trust for Historic Preservation

[How were these principles developed?](#)

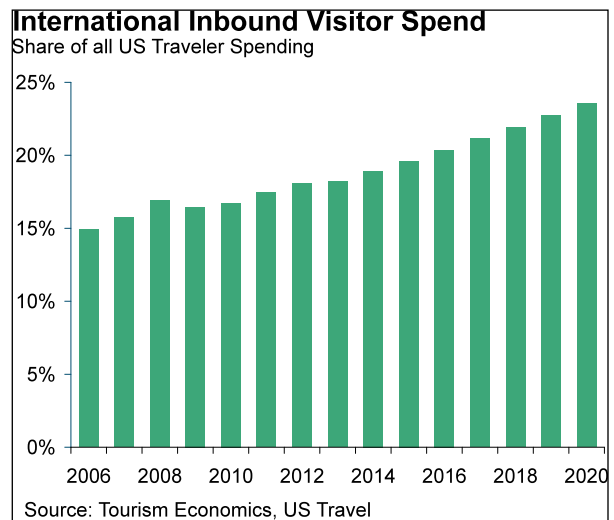
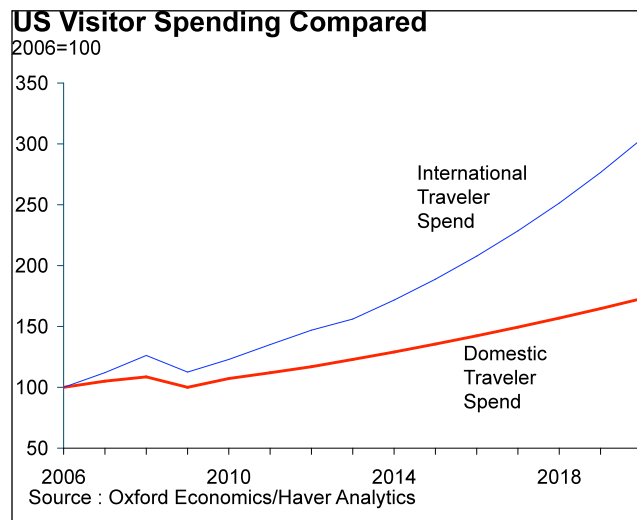
[How have these principles worked for others?](#)



## Appendix D

Source: Oxford Economics research

Destination	Target Market	Amount Spent	Return Spending	Return Taxes (Federal unless noted)
Australia	United States	\$3.5 mn	\$64:\$1	\$6:\$1
United Kingdom	Global		\$47:\$1	\$6:\$1
Canada	United Kingdom	\$970,000	\$13:\$1	\$3:\$1
Canada	Germany	\$1.1 mn	\$24:\$1	\$4:\$1
Canada	United States	\$4.8 mn	\$23:\$1	\$4:\$1
Philadelphia	Western Europe	\$1.2 mn*	\$44:\$1	\$3:\$1**
Canadian Province	US	\$306,000	\$11:\$1	\$2:\$1
New York City	Northeast	\$5.0 mn	\$5:\$1	\$1:\$1**
United States	United Kingdom	\$4.1 mn	\$117:\$1	\$10:\$1



## Appendix E

A report from the U.S. Travel Association, "Travel and Tourism Works for America," highlights how the vast and diverse U.S. travel industry benefits the nation's economy. This report provides an overview of travel and tourism's size, scope and impact with top-line industry data, along with the synopses of leading travel segments.

Here is a sampling of the data included in the report, available for \$35 a copy from the USTA Publication Department, 202-408-8422 or pubs@ustravel.org.

### *Direct Impact of Travel on State Economies 2008*

- o Total Travel Expenditures for All States (in millions): \$772,915
- o Travel Generated Employment (in thousands): 194,100.7
- o Travel Generated Payroll (in millions): \$7,719.4
- o Travel Generated Tax Receipts (in millions) \$118,918.9

### *Trip Advisor Top 10 Towns/Cities as of 3/8/2011*

1. Carmel, Cal.
2. Traverse City, Mich.
3. Charlottesville, Va.
4. Telluride, Colo.
5. Cape May, N.J.
6. Fredericksburg, Texas
7. Rockport, Mass.
8. Camden, Maine
9. Ashland, Ore.
10. Galena, Ill.

## Appendix F

### TOOLBOX FOR CRISIS COMMUNICATIONS: CHECKLISTS AND BEST PRACTICES

**Draft**

**Edited September 30, 2010**

**Property of UN World Tourism Organization**

**(For review and discussion only by USTTAB)**

**United Nations World Tourism Organization**

## 2

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## **Introduction**

Why spend the time and financial resources to prepare a communications action plan in the event of a crisis? If you don't, you may spend months or years trying to recover. Good crisis communications planning may be one of the best investments you ever make. No other activity in the initial hours, days and weeks of a crisis has the potential to mitigate its effects so significantly. It could also reward you with significant savings.

Crisis reaches deep within the corporate or civic community where it occurs. The physical safety and health of residents may be jeopardized and the livelihoods of those employed directly in travel and tourism, or those indirectly benefiting from the industry, may be disrupted dramatically. Depending upon the type of crisis, there may also be deep fear and uncertainty. There may be issues of cultural identity and its perception both within and outside the community. And with the sector at least temporarily wounded and a populace possibly distraught, the social and cultural environment of a community can be greatly compromised.

Travelers impacted by a crisis and the industry organizations directly and indirectly affected also pay a price. It can be physical, it can be emotional and it most certainly will be financial. Travelers unharmed but touched by the crisis can have a strong influence on future visitation to the area affected. Travel organizations related even tenuously to the crisis may be faced with difficult economic decisions affecting employment for the near term or even longer. The travel industry value chain has deep roots and many will feel the pain.

Action by travel management in a crisis can range from denial to frenetic activity that is essentially directionless. The purpose of this toolbox is to channel the efforts of destinations, private sector organizations and NGOs into a structured, thoughtful, practical response through the development of a crisis communications plan that can address the needs of all travelers whether the purpose of their journey is for business, personal, educational or for tourism. Approval of this plan must be at the highest level and the resources and authority to implement it must be designated, specific and swift under unexpected circumstances. Timing is critical.

The reader is encouraged to:

Ø Use this toolbox as a step-by-step guide in preparing a practical, customized crisis communications plan. Put to use the guidelines and checklists. Pick and choose from a wide range of tools and templates. Integrate traditional media approaches with the latest in wireless applications and social media for a plan that works best for your organization.

Ø At the very least, use the toolbox as a checklist of activities and resources necessary for effective communications in the event a crisis occurs without a plan in place.

## **Appendix G**

The following is a preliminary list of organizations that represent key travel industry stakeholders, with a brief description of the mission statement for each.

### **GOVERNMENT AND PUBLIC/PRIVATE ENTITIES**

**Corporation for Travel Promotion (CTP):** A partnership between the travel and tourism industry and the federal government, established to create a marketing and promotion program that would help the U.S. compete for more international visitors.

**Tourism Policy Council (TPC):** Coordinates national policies and programs relating to international travel and tourism, recreation and national heritage resources that involve federal agencies.

**Travel and Tourism Advisory Board (TTAB):** Acts as a liaison among the stakeholders represented by the membership and provides a forum for those stakeholders on current and emerging issues in the travel and tourism industry, ensuring regular contact between the government and the travel and tourism sector.

**Office of Travel and Tourism Industries (OTTI):** Enhances the international competitiveness of the U.S. travel and tourism industry and increases its exports, thereby creating U.S. employment and economic growth.

### **INTERNATIONAL COOPERATIVES**

**United Nations World Tourism Organization (UNWTO):** A global forum for tourism policy issues and a practical source of tourism know-how; promotes the development of responsible, sustainable and universally accessible tourism, paying particular attention to the interests of developing countries.

**Organization for Economic Cooperation and Development (OECD) Tourism Committee:** A forum of exchange for monitoring policies and structural changes affecting the development of international tourism; promotes sustainable economic growth of tourism.

**Asia-Pacific Economic Cooperation (APEC) Tourism Working Group:** Fosters economic development in the Asia-Pacific region through sustainable tourism recognizing that tourism is one the region's fastest growing industries and is of significant importance to the economic development of APEC economies.

## **TRADE ASSOCIATIONS**

**U.S. Travel Association (USTA):** Promotes travel to and within the U.S.; leads industry-wide initiatives to grow and sustain travel and ensure the freedom to travel; provides economic data, information, analysis and travel trends to benefit members and support industry advocacy and promotion.

The following trade associations focus on specific segments of the travel and tourism industry:

### **Air**

- *Air Transport Association:* Leads industry efforts to fashion crucial aviation policy and supports measures to ensure aviation safety, security and well-being.
- *International Air Transport Association:* Improves understanding of the industry among decision-makers and increases awareness of the benefits that aviation brings to national and global economies.

### **Lodging**

- *American Hotel & Lodging Association:* Provides members with national advocacy, public relations and image management, education, research and information to ensure a positive business climate for the lodging industry.

### **Car Rental**

- *American Car Rental Association:* Dedicated to the betterment of the industry by supporting and promoting sensible legislation that will benefit all its members.

### **Tours**

- *National Tour Association:* A trade organization of tourism professionals involved in the growth and development of the packaged travel industry.

### **Travel Services**

- *American Society of Travel Agents:* Facilitates the business of selling travel through effective representation, shared knowledge and the enhancement of professionalism.
- *Interactive Travel Services Association:* Promotes consumer choice, access, confidence, protection and information in the online travel business; seeks to develop consensus among industry, consumer organizations and policymakers on issues related to consumer use of the Internet to meet their needs.

# **Advocacy: Aviation Security**





## THE TRAVEL AND TOURISM ADVISORY BOARD

May 23, 2011

Secretary Gary Locke  
U.S. Department of Commerce  
1401 Constitution Ave. NW  
Washington, DC 20230

Dear Secretary Locke:

On behalf of the Travel and Tourism Advisory Board, thank you for your support of the travel and tourism industry. As you transition to the critical position of Ambassador to China, we wish you well and welcome the continued opportunity to serve you and the Department of Commerce on this board. Through this letter, we respectfully submit the conclusions of our work on the Advocacy Subcommittee regarding aviation security issues. Our work has been informed in part by the March 2011 U.S. Travel Association report on aviation security issues utilizing the work of the Blue Ribbon Panel on Aviation Security convened by U.S. Travel, which was co-chaired by Sam Gilliland, former DHS Secretary Tom Ridge and former Homeland Security Ranking Member Jim Turner. We plan to submit our recommendations related to energy policy to your successor at the September board meeting.

### **BACKGROUND ON AVIATION SECURITY**

Nearly 10 years after 9/11, and after 6 billion domestic passenger flights and nearly \$50 billion in taxpayer dollars, our aviation security system requires a fresh perspective and one that answers fundamental questions. Have we built a system that most efficiently combats serious threats, or has the government piled layer upon layer of new security procedures on the traveler without a real assessment of their effectiveness? In an era of chronic budget deficits and economic stagnation, have we achieved the right balance between security and economic activity?

The Transportation Security Administration (TSA) was created in 2001 to take responsibility for and to federalize all transportation security. The TSA is tasked with the dual responsibility

of protecting passengers and infrastructure while moving people and goods safely and efficiently. DHS and TSA have worked with airports, airlines and other stakeholders to achieve these intended goals. Additionally, airlines and airports regularly collaborate with DHS and TSA to improve on policies, procedures and practices to assure that security measures are effectively conceived and properly and economically implemented.

The events of 9/11 taught the American people that security stakes are high. Those seeking to harm our country via aircraft are not only targeting airlines and airline passengers, but also attacking the entire U.S. population and our way of life. The Department of Homeland Security (DHS) and its Transportation Security Administration (TSA), from cabinet secretaries to front-line screeners, deserve credit and our thanks for keeping us safe and warding off all domestic aviation attacks in the intervening years. Indeed, the economic stakes are high as well. Consensus Research Group estimates that almost 1 million jobs and more than \$80 billion in annual economic activity are being stifled by the current aviation security system.<sup>1</sup> As the economy recovers, the current overburdened system will be taxed by more passengers, more elaborate security equipment and new mandates from Congress. We can and must find a better way to secure our skies, our liberties and our economic future.

A public debate has sparked over the past several months concerning new intrusive “pat down” techniques and the advanced “scanning” equipment used to create detailed images of travelers. Editorial pages, blogs and nightly news shows have focused attention on the burdens of airport security. The president of the United States even joked in front of 43 million Americans during the State of the Union that they should support high-speed trains as an alternative to flying because “for some trips, it will be faster than flying – without the pat down.”

The lack of national consensus over how to deploy an effective aviation security system was demonstrated clearly in 2009. In June 2009, by an overwhelming vote of 310-118, the House of Representatives voted to bar use of whole-body imaging machines as a primary means of screening travelers. However, just months later, after the unsuccessful attack on a Christmas Day flight, Congress provided TSA with increased funding to accelerate the deployment of whole-body imagers and similar technology to serve as the primary means of screening. These major policy swings undermine public confidence that our government has an effective long-term plan to create a secure and efficient aviation system and instead leave the impression that policy in this area consists of responding to yesterday’s crises instead of tomorrow’s threats.

TSA has neither been given sufficient political backing nor adequate tools needed to effectively assess risks and make optimal security decisions. Instead, today’s “layered” security system piles one program on top of another without considering whether each

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<sup>1</sup> Consensus Research Group, Inc., “A Study of Air Traveler Perceptions of Aviation Security Screening Procedures”, December 15, 2010, [www.ustravel.org/news/press-releases/american-traveling-public-says-there-has-be-better-way-conduct-air-travel-secu](http://www.ustravel.org/news/press-releases/american-traveling-public-says-there-has-be-better-way-conduct-air-travel-secu)

additional layer effectively builds on prior, existing programs or is needless duplication. Government leaders, including many in Congress, have not explained the trade-offs between alternative approaches and have settled for trying to solve every potential weakness by deploying the same solutions for every traveler at every airport, no matter the actual risk and situation. As the director general and CEO of the International Air Transport Association noted, “Process by process, government by government, airport by airport, travel has become an obstacle course of disjointed security measures.”

Meanwhile, TSA’s budget has grown at a much more rapid pace than traveler volume, primarily to cover a workforce of nearly 50,000 front-line screeners. As equipment purchased immediately after 9/11 begins to hit the end of its useful lifespan, the TSA budget will be under considerable pressure, limiting research and development that might otherwise develop innovative solutions to improve both security and the travel experience.

Not surprisingly, the Consensus Research survey reveals that three in four travelers believe there has to be a better way to conduct aviation security. A similar majority supports recruiting more security personnel trained to detect behavioral cues; creating a Trusted Traveler program for passengers willing to undergo background checks; using dogs to detect contraband (TSA is piloting the use of passenger-screening canines in transportation security); and deploying sophisticated computer analyses that have proven effective as screening techniques.

## **ECONOMIC IMPACTS**

Building a smarter and more efficient aviation security system can generate significant benefits to the U.S. economy. In 2010, the Consensus Research survey reported that 64 percent of travelers would fly more if security was less intrusive and time-consuming. On average, the survey found that travelers would take between two and three more trips per year if the screening process were improved, while maintaining security. These additional trips would add \$84.6 billion in spending and 888,000 more jobs to our economy.

In May 2008, a survey of air travelers by the Winston Group and Peter D. Hart Research Associates found that in one year alone, hassles largely driven by aviation security caused an estimated 41 million avoided trips, generating a loss of \$26.5 billion to the U.S. economy and \$4.2 billion in lost federal, state and local tax revenue.<sup>2</sup> In addition to this lost economic opportunity are the hard costs imposed by an inefficient security system. These costs include some portion of the \$50 billion in taxpayer dollars spent on TSA to date to create a “one-size-fits-all” security system. Spending by airlines, airports and other stakeholders to adjust to new security requirements represents a second set of costs. And added to all of that is the significant economic impact posed by the disruption of travel – both in terms of time wasted and trips avoided altogether.

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<sup>2</sup> [www.ustravel.org/news/press-releases/air-travelers-avoided-41-million-trips-past-year-us-economy-takes-265-billion-hi](http://www.ustravel.org/news/press-releases/air-travelers-avoided-41-million-trips-past-year-us-economy-takes-265-billion-hi). The likely difference in the economic projections between the two surveys is due to the fact that the 2008 study looked at trips avoided, while the 2010 research examined possible increases in travel.

The following are our recommendations, grouped within five overarching goals. We have also identified the responsible and supporting parties and timeframes for turning each policy recommendation into action. Our view is that near-term actions should be achievable within six months, medium-term actions within one to two years and long-term actions greater than two years. We look forward to your response and to helping get implementation started.

## **RECOMMENDATIONS**

### **Goal 1 – Deploy a Robust Trusted Traveler Program**

Creating a new Trusted Traveler (TT) program is our top recommendation. When implemented, the program would transform airport security and spur economic activity by recognizing the obvious truth that not all passengers pose the same security threat and by allocating resources in a more appropriate and efficient way. A TT program that utilizes true risk management procedures requires a tightly controlled enrollment and re-verification process, a confirmation process at the airport that ensures only enrolled individuals are using the TT screening lanes and a checkpoint process that reflects the low-risk nature of the traveler.

In time, enrollment in such a voluntary program should be open to all Americans, but TSA should focus initially on certain populations of extreme low-risk passengers who are already part of previously federally vetted populations and already have been deemed by our government as worthy of trust, such as members of Global Entry, individuals with top secret clearances, and airport and airline staff. These individuals should be offered free enrollment in this new TT program to help speed equipment deployment and public understanding.

When expanded to the general public, applicants must meet at least the following criteria:

- Must not be on the no-fly or selectee list.
- Must hold a current U.S. passport, passport card, enhanced driver's license, or license issued by a state that is compliant with the REAL ID statute.
- Must meet TSA criteria on the amount of flights flown or be sponsored by a U.S. airline due to participation in the airline's frequent-flier program.
- Must have undergone a fingerprint-based criminal history records check that does not disclose that he or she has a disqualifying criminal offense.
- Must be confirmed as having no outstanding wants or warrants for disqualifying criminal offenses or outstanding tax payments.
- Must not have been refused enrollment in a Customs and Border Protection (CBP) Trusted Traveler program.
- Must have identity confirmed via a name-based review of publicly available commercial information conducted by TSA under new authorization from Congress

Once an enrolled member is confirmed by biometric confirmation at the airport checkpoint and the boarding pass is confirmed as tied to the same traveler, the traveler would walk through an explosives detection portal to determine the presence of explosives. The traveler would pass through the machine without divesting personal items in pockets and would leave external garments and shoes on. Separately, the traveler's carry-on bag(s) (if any) would also go through an explosives detection scan. TSA would determine the exact equipment protocols for this screening. TT enrollees should still be prohibited from carrying certain dangerous items aboard an aircraft and TSA should determine the correct calibration of the scanning equipment to detect these items.

Obviously, additional details around enrollment, verification and checkpoint operations are crucial to its success. However, these details should be constructed under the general guidelines that the program's fees should be set at a level to compensate TSA for costs incurred over a multiyear period, and with a goal of moving at least 25 percent of the domestic trips into the Trusted Traveler lane. This program should be funded by travelers who voluntarily agree to participate and should not be funded by across-the-board levies on airline tickets. As a voluntary program, we recommend that private sector entities, such as airlines, participate as they deem appropriate in working with TSA and their customers.

TIMEFRAME: Medium-term action by TSA with support from Congress

## **Goal 2 – Optimize TSA Efficiency**

**Allow Space for Trusted Traveler at the Checkpoint:** TSA is responsible for security, working in conjunction with all travel stakeholders – airlines, airports and passengers. Currently, airports control space before the immediate checkpoint and are increasingly negotiating with airlines to use parts of this space for special lines for customers paying premium fares or enjoying loyalty program status. While we recognize that the premium travel experience is enhanced today with access to these special lines and that these lines will remain valuable for some travelers, our expectation is that such premium travelers will largely overlap with the pool of travelers eligible for and attracted to a fee-based TT program that will yield an improved airport security experience. As the TT program moves forward and becomes the gold standard of expedited screening, security lanes should be organized to ensure adequate space is made available for the program. We expect that TSA, airlines, airports and other stakeholders will seek to promote robust enrollment in the TT program. Once TT is established, except in very small airports, TSA and other stakeholders should be able to deploy a full complement of screening lines, including TT lanes, elite lanes for other fliers and regular lanes for infrequent passengers.

TIMEFRAME: Medium-term action by TSA and industry stakeholders

**Allow Multiyear Equipment Acquisitions:** TSA often deploys technology or new tools based on current events or congressional pressure. As a result, technology vendors are forced to play "threat roulette," guessing where to make long-term investments in the

development of technologies because there is no long-term vision from TSA to guide them. Unlike Department of Defense contractors, aviation security vendors are not able to rely on a long-term plan from TSA to guide research and development. Programs can be scrapped because of a shift in short-term priorities. TSA, in collaboration with technology vendors and the travel community, should develop a comprehensive strategy for implementing necessary checkpoint technology capabilities. Congress should provide multiyear funding plans for TSA to execute this strategy.

TIMEFRAME: Near-term action by Congress with support from OMB and TSA

**Reinvigorate Airport Options for Use of Private Screeners Under TSA Supervision:**

Current law allows airports to “opt out” of the federal screening workforce. In response to this requirement, TSA created the Screening Partnership Program (SPP), under which airports can apply to have qualified federal contractors conduct checkpoint screening, under TSA oversight and a TSA contract. To date, only a limited number of SPP companies are taking over passenger screening at a handful of airports because current law limits opportunities to make programmatic changes to improve contractor performance and achieve cost savings. Congress should revisit the “opt-out” issue and specifically authorize TSA at SPP airports to shift resources among threats in the airport environment, to utilize airport-specific lane management tools (already in use at some larger airports), to execute multiyear equipment purchases, and to include customer service criteria in employee evaluations.

TIMEFRAME: Near-term action by Congress with support from TSA

**Goal 3 – Harmonize Domestic and International Operations Within DHS**

**Passenger Screening: Expand CBP’s Global Entry Program, Including Integration, with a New Trusted Traveler Program:** More than 100,000 travelers were enrolled in Global Entry as of the end of 2010, and another 900,000 enrollees in other CBP Trusted Traveler programs are being integrated under the Global Entry framework. This program allows frequent international travelers who pass a background check to use an automated kiosk to clear passport control and to use an expedited line to exit CBP’s processing areas. CBP has worked successfully to develop enrollment partnerships with Canada, Mexico, the Netherlands and South Korea. However, negotiations with the United Kingdom, Germany, Singapore and other countries are either bogged down over privacy issues or at a fledging state. These negotiations should be expedited. In addition, CBP should consider offering application eligibility to specific classes of individuals whose entry into the U.S. is a national priority because of a critical need for their expertise. Lastly, once the TT program is created, DHS should cross-enroll travelers between TT and international Trusted Traveler programs such as Global Entry.

TIMEFRAME: Near-term action by TSA and CBP

**Baggage Screening: Develop Pilot to End TSA Rescreening of Low-Risk Bags:**

After completing immigration processing, travelers arriving in the U.S. who are connecting to another domestic flight must gather their luggage, go through customs, be rescreened and have their luggage rescreened by TSA for their continuing travel. This effort is duplicative, time-consuming and results in a frustrating traveling experience. As the U.S. demands that foreign governments improve their out-bound screening of passengers and baggage, it must adjust its policy of not differentiating between passengers who have arrived from countries with high-quality security standards and those who come from riskier locations. DHS, working with industry, should enable certain low-risk passengers who are traveling from a U.S. gateway to another domestic airport to forego checked baggage and passenger screening upon landing in the U.S. Travelers arriving from Canada and/or Global Entry participants who have nothing to declare, who have not been to countries of concern and who are continuing to another domestic airport may be appropriate populations for this pilot. This recommendation may require a legislative change to current screening mandates.

TIMEFRAME: Near-term action by TSA, CBP and Congress

**Prioritize International Security Standards:** The international nature of aviation requires cooperation from a wide range of governments and aviation stakeholders to contribute to U.S. security and efficiency. The U.S. needs to continue to push for international cooperation in the development of international aviation security standards, including both bilateral and multilateral approaches, as needed. Within the next year, DHS should work closely with ICAO to institute strong aviation security standards that complement existing standards and increase adoption of those standards, especially through technical assistance to developing countries. The administration should also support the development of effective international information-sharing mechanisms that allow DHS to more readily interdict dangerous passengers.

TIMEFRAME: Near-term action by DHS, TSA and CBP

**Explore Synergies Between TSA and CBP Airport Operations:** TSA and CBP operate under completely different legal regimes, maintain separate workforces and are generally independent agencies. There is also considerable difference in the authority, training and law enforcement nature of what they do.

However, to the traveler, both agencies are part of DHS, and many travelers express frustration about the lack of coordination between CBP and TSA to resolve questions about connecting baggage and flights. DHS should assess how to better coordinate TSA and CBP processes at international airports to allow for more efficient staffing for in-bound and out-bound responsibilities. DHS should consider whether there are any responsibilities where CBP officers or certain TSA officials might be able to be cross-designated. Any recommendations coming from this review would need congressional approval.

TIMEFRAME: Long-term action by Congress and DHS

## **Goal 4 – Broader Public Input into and Understanding of Security Rules**

**Reestablish an Aviation Security Advisory Council:** For almost two decades, the FAA and then TSA operated an Aviation Security Advisory Council (ASAC) that engaged a wide array of interested stakeholders in a dialogue on aviation security issues and policies. The ASAC members took the time to consider and learn difficult and technological issues and made meaningful recommendations to the FAA and then to TSA. Unfortunately, TSA has not convened a single meeting of this federal advisory council since 2006, cutting off a valuable tool for TSA to engage a broader range of stakeholders than just airlines and airports. DHS should immediately reinstate the ASAC to provide effective private sector input to DHS on department-wide aviation security issues within 180 days.

TIMEFRAME: Near-term action by DHS

**Establish Airport-based Working Groups:** By convening a cross-section of stakeholders, including airports, airlines, passengers and federal government officials, airport-specific solutions to aviation security can be discussed and deployed on a trial basis. These airport-specific groups should begin their work by looking at five key issues that can help improve aviation checkpoint security: airport space needed to conduct effective and smooth security checkpoint operations; reviewing TSA checkpoint staffing models to ensure smooth operations during peak travel times, and other operational changes consistent with the airport's overall risk management strategy, including possible use of an improved screening partnership Program; piloting new technologies or solutions that may improve the passenger experience at particular airports; and employing effective signage, videos and other in-airport communications that can take advantage of the time travelers spend in the security lines to explain security.

TIMEFRAME: Near-term action by DHS, CBP and TSA

**Improve Communications with Travelers Via Partnerships with Industry Stakeholders:** Travelers play a critical role in making the system operate smoothly, from packing their bags in a manner that facilitates screening, to following checkpoint procedures, and treating TSA and aviation employees with respect and courtesy. Yet despite all of this public education effort, some passengers remain woefully unprepared when they arrive at the checkpoint, creating a bad experience for passengers by slowing down screening and diverting TSA officers away from identifying possible threats at the checkpoint. TSA's tools to educate passengers on what to expect when at the security checkpoint need to be reinforced by the private sector – specifically, by those companies that sell travel or travel-related services to a commercial aviation passenger and have an opportunity to prepare the traveler for the screening experience. Prominently adding TSA travel tips to any electronic or written documentation a traveler takes on a trip should become a “best practice” throughout the travel community, within the preferred business practices of private sector entities.

TIMEFRAME: Near-term action by TSA and private industry



**Goal 5 – Restructure Our National Approach to Aviation Security  
by Developing and Utilizing Real Risk Management Methods and Tools**

**Utilize Advisory Panel to Implement Risk Management Processes:** Executive branch officials are not given adequate tools to assess risks effectively and make optimal security decisions. Instead, today's security system piles one program on top of another without looking for duplication or whether each additional layer effectively builds on prior, existing programs. TSA does not have sufficient risk management tools or technologies needed to revolutionize checkpoint security and help policymakers understand the trade-offs between risk, expense and travel efficiency. As a result, decisions are generally made with one risk – the possibility of political outcry – outweighing most others. The administration should convene an external panel of experts with appropriate security clearances to review TSA aviation security programs, to assess the risk each is designed to mitigate and to develop metrics for measuring progress to lessen that risk.

TIMEFRAME: Medium-term action by TSA

**CONCLUSION**

Again, we appreciate the opportunity to participate in the TTAB. We trust that these recommendations will help spur economic recovery while maintaining and strengthening the security all Americans expect and deserve. We look forward to working with you, your federal agency partners, Congress, and the travel and tourism industry to make these recommendations a reality.

Sincerely,



Rossi Ralenkotter  
Chairman, Travel and Tourism  
Advisory Board



Sam Gilliland  
Chairman, Advocacy Subcommittee

Attachments:

U.S. Travel Association, "A Better Way: Building a World-Class System for Aviation Security"

TTAB Advocacy Subcommittee Presentation to Secretary Locke

# **Advocacy: Energy Security**



## **THE TRAVEL AND TOURISM ADVISORY BOARD**

September 14, 2011

The Honorable Rebecca Blank  
U.S. Department of Commerce  
1401 Constitution Ave. NW  
Washington, DC 20230

Dear Dr. Blank:

Through this letter, we respectfully submit the United States Travel and Tourism Advisory Board's recommendations regarding energy policy. We have worked closely with Securing America's Future Energy (SAFE), a nonpartisan organization dedicated to reducing America's dependence on oil by educating policymakers and advocating for comprehensive energy reform. We are grateful for their thoughtful assistance in helping us craft these proposals.

We understand that the Department of Commerce is not in a position to act unilaterally to achieve the recommendations contained in this letter. In most cases, the required actions will necessitate the involvement of many actors in both the executive and legislative branches of our government. Given the core interests of the Department of Commerce in a robust economy and a thriving travel and tourism sector, it is vital that the secretary of commerce demonstrate leadership through articulating and facilitating the achievement of these recommendations.

While our board's tenure expires at the end of this month, we hope that the recommendations we previously made to Secretary Locke and those that we make to you today will be carefully considered and acted upon wherever possible. We applaud the department's commitment to strengthening the travel and tourism industry, which as you know makes an enormous ongoing contribution to the U.S. economy and its competitiveness.

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Access to stable and affordable energy supplies is critical to the health of the travel and tourism industry and to the millions of people it serves. From airlines, cruise lines, rental

car companies, and other transportation-related service providers, to hotels, attractions, parks and restaurants, the stable supply of energy at a predictable price is essentially the definition of energy security. Unfortunately, high and volatile oil prices experienced in recent years have meant that substantial portions of our industry – and the country as a whole – do not have energy security today.

High transportation fuel prices increase industrywide operating costs and reduce revenue and jobs, while volatile fuel prices put enormous strain on operational planning. The productivity of U.S. business and government suffers as meetings, interviews, conferences, deployments and site visits become impractical or impossible because of service and capacity cutbacks in direct response to high and volatile fuel prices. Moreover, beyond the direct impact that oil price volatility can have on our industry, the current vulnerability of the broader U.S. economy to oil price shocks has strongly contributed to the extended period of reduced economic growth that began in 2007, weakening a wide range of American industries and economic sectors.

According to The New York Times, after oil prices spiked to \$147 per barrel in 2008, more than 200 small- and medium-sized U.S. airports completely lost airline service, which crippled their local economies. Major U.S. carriers made double-digit systemwide capacity cuts in response, and top U.S. tourism destinations such as Las Vegas, Orlando and Honolulu saw airline seat capacity reductions approaching 25 percent. These developments, fueled largely by skyrocketing petroleum prices, were devastating to the travel and tourism industry in those places and beyond. Although some important steps have been taken since 2008 – including the implementation of stronger fuel-efficiency standards for passenger vehicles as well as medium- and heavy-duty trucks – much more needs to be done from a policy perspective to reduce our continued vulnerability to oil-induced economic damage. Our nation's energy security is badly compromised, and it urgently needs to be repaired.

Within the travel and tourism industry, volatile fuel prices tend to hit airlines hardest. In large part, this is because fuel accounts for the largest portion of airline operating costs. According to the Air Transport Association (ATA), every one-dollar increase in the price of a gallon of jet fuel drives an additional \$17.5 billion in annual fuel costs for U.S. airlines. ATA also notes that the U.S. airline industry lost more than \$35 billion between 2002 and 2005 (the largest losses in the history of the industry), in significant part because of expensive jet fuel that the airlines had not been able to predict or plan for. The airline industry as a whole has taken steps to increase efficiency and reduce its exposure to fuel price volatility. Nonetheless, despite consumption of 3.1 billion fewer gallons of jet fuel in 2010 than in 2000, U.S. airlines spent \$22 billion more for fuel.

In 2011, with global benchmark oil prices averaging more than \$110 per barrel, fuel prices are again taking their toll on airlines. According to a June 2011 financial analysis from the International Air Transport Association (IATA), airlines' fuel bills globally are expected to be \$10 billion higher this year than previously forecast, totaling \$176 billion, or 30 percent

of operating costs. (Airline fuel costs totaled a record \$189 billion in 2008.) IATA has reduced forecast airline profits to \$4 billion for 2011 – less than half the previous forecast. The group further notes: “The major risk to this outlook of sharply diminished but still positive profitability is if the economic expansion were slowed sharply, either by a further rise in oil prices or by too early a tightening of economic policy.”

Airline networks are an integral part of the transport grid that powers the U.S. economy, and without action to improve energy security, we face the economic equivalent of a national blackout. Unlike an energy blackout, however, the cabin lights may never come back on for many U.S. airlines. What’s more, the negative impact of volatile oil prices on airlines has a trickle-down effect throughout the travel and tourism industry. Hotels; convention centers; restaurants; cruise lines; rental cars companies; retail outlets; taxi and livery services; sporting events, concerts and theaters; national parks; political campaigns; and travel distribution services will all be left in the dark, as will the millions of Americans who are employed by them.

High and volatile fuel prices force airlines to raise ticket prices and reduce capacity, which ultimately hurts travelers and the rest of the industry. Economy-class travel was off by 3 to 4 percent through the first five months of 2011, which IATA attributes to “the \$40 a barrel rise in fuel prices and the associated increase in travel costs.”

Airlines are not alone in suffering the direct negative impacts of fuel-price volatility. Between 2007 and 2010, the vehicle-rental industry experienced a sharp drop in activity, particularly in light vehicles such as cars and sport utility vehicles. Rental vehicles in operation (VIO) dropped nearly 15 percent below typical levels in 2009. The cruise industry spends approximately 9 percent of its revenue on fuel. For the hospitality industry, fluctuating oil prices have resulted in an overall increase in commodity prices, hence higher prices for goods, particularly food and beverage items. And the entire travel and tourism industry relies on customers, most of whom are also struggling with the high cost of gasoline, which currently averages more than \$3.60 per gallon in the United States and more than \$8.00 per gallon in many European countries.

The high and volatile fuel costs witnessed since 2003 have had a sharp and measurable impact on consumer budgets in the United States, particularly on discretionary spending. In fact, as gasoline prices soared from 2004 to 2008, the increase in household fuel spending eclipsed the benefit of tax cuts over the same period. In 2001, the average household spent \$1,517 on gasoline. By 2008, rising oil prices elevated average gasoline prices to \$3.25 per gallon, and household fuel spending averaged \$3,493 – an increase of \$1,977 from 2001, notwithstanding the fact that the number of miles driven by the average household has remained relatively constant. The cumulative impact of changes to the tax code over the same period increased the average household’s income by \$1,900. Thus, rising fuel prices acted essentially as a tax increase that fully offset the benefit of the tax cuts enacted by Congress over the same time period.

Price volatility is becoming increasingly endemic to the global oil market. Rising demand for transportation mobility in emerging market economies is driving sustained growth in fuel consumption. In 2009, China surpassed the United States to become the world's largest auto market and energy consumer. Chinese oil demand increased by 90 percent over the last decade, from 4.8 million barrels per day (mbd) in 2000 to 9.1 mbd in 2010, the equivalent of adding another Japan to global oil demand. Oil producers have struggled to keep pace with this kind of growth for a variety of geological and geopolitical reasons, leading to a steady erosion of spare production capacity and a tight market that lends itself to extreme oil price movements. These factors – rising demand and constrained supply growth – are highly unlikely to abate over the medium or long term.

As the world's largest oil consumer, the United States is highly vulnerable to oil price volatility. Nearly 40 percent of U.S. primary energy demand is met by oil. More than 70 percent of all oil consumption occurs in the transportation sector, which relies on oil for 94 percent of its fuel. Today, America imports approximately half of all the liquid fuel it consumes and more than 60 percent of its crude oil needs. This reliance on imports has facilitated a massive transfer of wealth that topped a net \$380 billion as recently as 2008 and is on pace to surpass \$300 billion in 2011.

Oil imports are far from the only economic risk created by our nation's oil dependence. Research conducted by economists at Oak Ridge National Laboratories has found that the economywide economic damage attributed to U.S. oil dependence exceeds \$5 trillion real dollars since 1970. The damage was more than \$500 billion in 2008 alone, a sum comprised of wealth transfer (\$299 billion), forestalled investment by businesses due to price volatility (\$152 billion) and lost economic growth due to higher costs (\$55 billion).<sup>1</sup>

In short, our extreme reliance on a single, highly volatile fuel to power mobility has created an unpredictable investment environment in which the economy is struggling to grow. Providers of critical travel and transportation services that connect our country are scaling back their operations in ways that leave people and communities underserved. Business costs are rising, consumers are not spending, and job creation efforts are flailing as we export productive capital abroad to finance our oil consumption. In this environment of persistent economic instability and weak growth, the fiscal challenges confronting our nation will become ever more difficult to address. Our increasing expenditure on oil imports depresses the dollar, endangers our balance of payments, and puts our nation's well-being in the hands of unstable nations that are hostile to American interests.

While many observers may note that the free market should address these issues, it is important to recognize that there is no free market for oil. The global oil market is dominated by a supply cartel – OPEC – that exercises its oligopoly power to manipulate

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<sup>1</sup> David L. Greene, "Economic Costs of U.S. Oil Dependence," ORNL

prices. Moreover, according to the International Energy Agency, more than 90 percent of conventional proved oil reserves were controlled by state-run national oil companies (NOCs) as of 2007. Many of these companies operate far-removed from the free market ideal, diverting revenues to the central government to finance social spending instead of consistently reinvesting revenue in new supplies. The failure by NOCs to invest in and adequately develop the world's lowest cost oil resources has been a key factor driving oil market tightness and high prices during the last decade.

It is clearly in the national interest for Congress and the administration to move forward with a comprehensive strategy to increase American energy security. Developing such a national strategy will lead to a healthier economy and a robust travel and tourism industry – one that uses energy more efficiently to serve its customers while benefitting from a more predictable economic environment in which consumers have greater spending power.

For its part, the travel and tourism industry is taking important steps toward increasing energy security through, among other things, leading-edge investments in the commercialization of advanced biofuels and other forms of renewable energy, as well as the deployment of plug-in electric vehicles (PEVs). For example, Delta Airlines is one of several airlines that have agreed to purchase up to 1.5 million gallons per year of renewable synthetic biodiesel for use in ground service equipment at Los Angeles International Airport beginning in late 2012 or 2013. Airlines have also formed a strategic partnership with the Defense Logistics Agency to support the development and deployment of commercially viable alternative jet fuels. Enterprise Holdings has added a number of electric vehicle and plug-in hybrid electric vehicle models to its offerings in select locations throughout the U.S., giving consumers the opportunity to experience these new technologies firsthand.

These actions alone, however, will not achieve comprehensive improvements in energy security. Major policy support from the federal government is a critical necessity. In the near term, public policy should emphasize maximum practical efficiency in the existing transportation system. At the same time, maximizing the safe and environmentally responsible production of domestic oil resources can mitigate the exposure of the U.S. trade balance to rising oil prices. Over the long term, public policy should appropriately incentivize commercialization of alternative transportation technologies and minimize barriers to entry for alternative liquid fuels.

## **Policy Recommendations**

The United States requires a national strategy for energy security that encourages regulatory and policy changes designed to use oil more efficiently in order to reduce the oil dependence of the economy. Recent implementation of fuel-economy standards for light-, medium- and heavy-duty vehicles represents a critical first step for the

transportation sector, but more should be done to improve systemwide efficiency, particularly in terms of infrastructure. At the same time, policymakers should promote responsible increases in domestic oil production as a bridge to alternative fuels and as a tactic to mitigate the deleterious impact of oil imports on the U.S. trade deficit.

However, in order to truly address our nation's dependence on oil and vulnerability to volatile oil prices, the United States must transform its transportation system and strategic energy focus by transitioning to technologies that fundamentally break away from oil over the long term. To accomplish this, the federal government should lead the way in supporting capital-intensive high-risk energy research and development on systems and technologies that require a longer commitment than the private sector has been historically willing to bear.

**1. Increase Efficiency in the Transportation Sector (Policy: Near Term/Payoff: Medium Term)**

More than 70 percent of U.S. oil consumption occurs in the transportation sector. Despite decades of investment in alternative fuels, the sector as a whole still depends on oil for 94 percent of its delivered energy. Moreover, because of an aging and inadequate infrastructure, billions of gallons of fuel are wasted due to congestion and delays each year. Continuing to improve transportation efficiency as a strategy to reduce the role of oil in the economy is a critical near-term approach to improving U.S. energy security.

**A. Reform the federal transportation infrastructure funding process, using oil consumption metrics to prioritize projects.**

Transportation policy should advance energy security goals along with economic growth. Investment in infrastructure and policies to reduce congestion are clearly needed. A national oil savings performance metric would establish an important policy link between energy use and the transportation system. Large projects, especially new capacity projects, should be required to assess oil consumption impacts. By including the costs of oil consumption – and by extension, oil dependence and its negative consequences – into cost-benefit analyses, evaluations of potential projects will more accurately embody the overall impact of oil use.

There is precedent for incorporating similar factors into project cost-benefit analyses. For example, under Executive Order 12866, federal agencies are required to analyze the costs and benefits of proposed regulations, and implement such regulations only upon determination that the benefits justify the costs. Under this executive order, one such cost factor is the “social cost of carbon” metric, which allows agencies to incorporate the benefit of reducing carbon dioxide emissions into cost-benefit analyses. The social cost of carbon is “an estimate of the monetized damages associated with an incremental increase in carbon emissions in a given year.”



Current transportation infrastructure performance measures related to project funding, including total cost of construction, lifecycle cost and transit farebox recovery, look only at financial costs and do not factor in externalities such as oil use. Common approaches should be developed to address these costs at a programmatic level as well as at a project level. At a programmatic level, this analysis would assist policymakers in determining how transportation funds are allocated by program and by region. At the project level, they could assist planners in making better project-selection decisions.

At the end of September 2011, the current extension of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) will expire. As policymakers consider the next steps for a new transportation funding bill or further extensions, it is critical to ensure that future federally supported transportation infrastructure projects prioritize oil savings and energy security.

**B. Ensure that the Federal Aviation Administration is adequately staffed, funded and equipped to fully implement all NextGen components.**

Recently, the Federal Aviation Administration (FAA) has begun transitioning to a next generation air transportation system (NextGen) designed to increase the efficiency of routing and reduce delays by upgrading the air-traffic control system to a modern, satellite and digital-based infrastructure supported by key policy and process changes that together will increase capacity and reduce delays. The FAA's most recent estimates indicate that by 2018, NextGen will reduce total delays (in flight and on the ground) by about 35 percent compared with business as usual. Estimated delay reductions will provide \$23 billion in cumulative benefits to aircraft operators, the traveling public and the FAA by 2018. In the process, the industry will save about 1.4 billion gallons of aviation fuel, reducing carbon dioxide emissions by 14 million tons.

In its March 2011 NextGen implementation plan, the FAA identifies a handful of key challenges to the system's successful rollout. Key among these challenges are the investments that will need to be made by industry in order to fully utilize NextGen features. In many cases, the industry has already begun to invest in NextGen equipment, but current processes and procedures have fallen behind the technology and must be accelerated. Access to sufficient labor and budgetary resources are also needed for implementation at FAA.

Consistent with concepts discussed in the implementation plan, FAA should carefully consider providing tax incentives to private industry in order to facilitate investment in the technology and equipment needed to fully utilize NextGen. The system ultimately benefits consumers and the nation as a whole, and it is important that government capital not be stranded due to underinvestment by an airline industry that is dealing with high fuel prices and strained budgets.

## 2. **Accelerate Commercialization of Alternatives (Policy: Near Term/Payoff: Long Term)**

Over the long term, the United States must transition away from oil in the transportation sector. Alternative drive-train technologies, such as plug-in electric vehicles and hydrogen fuel cells, offer a fundamental break from the volatility of oil that will be particularly effective for light-duty vehicles. Non-petroleum-based liquid fuels, such as advanced biofuels that do not compete with food supplies, will provide alternatives to oil with reduced emissions for aviation and trucking.

### A. Implement a comprehensive program designed to rapidly commercialize vehicles that derive power from the electric grid.

While improvements in the efficiency of internal combustion engine vehicles will be critical for reducing the petroleum intensity of the U.S. economy in the near term, the United States should transition to a system that breaks away from petroleum over the medium and long term. In particular, plug-in electric vehicles that derive motive power from grid-generated electricity have received considerable attention and policy support in recent years. In his 2011 State of the Union address, President Obama set a goal of getting 1 million plug-in vehicles on U.S. roads by 2015.

For a number of reasons, electrification of transportation represents a highly promising pathway for fundamentally ending U.S. oil dependence over the coming decades. Electricity is generated from a diverse portfolio of largely domestic fuels and unlike petroleum prices, electricity prices are highly stable. Finally, much of the necessary infrastructure required to electrify transport is already in place, including ample power generation capacity.

In spite of these benefits, PEVs face significant barriers to widespread consumer adoption. The key challenges that must be overcome include the high cost of batteries; the absence of a network of chargers, both private (home) and public (shared); a lack of utility readiness in terms of both IT and physical infrastructure; and consumer psychology issues regarding a new technology.

To overcome these challenges, policymakers should initiate an ambitious competitive program managed by the Department of Energy to support mass deployment of PEVs in targeted communities. Communities should be selected based on an application process that emphasizes robust public-private partnerships and progressive regulatory approaches to dealing with PEVs. The goal of the deployment community approach should be to drive dense concentrations of PEVs into the communities best prepared to support them. This approach will (1) demonstrate the proof of concept for consumers, (2) facilitate learning by doing and (3) maximize investment payoff.

This approach recognizes that grid-enabled vehicles require a network built on

public-private coordination in order to thrive. Such a network includes regulatory support, some amount of infrastructure and progressive utilities. Moreover, while existing consumer tax credits for chargers and vehicles may provide some benefit to early adopters, the deployment community approach also recognizes that technology promotion requires more comprehensive policies to accelerate adoption throughout the nation.

A targeted regional deployment program featuring a competitive selection process will sharply increase the number of places where a supportive PEV network exists. Strong financial incentives for vehicles and infrastructure in these regions will drive high concentrations of cars onto the road in a short period of time and help achieve scale in battery manufacturing. The program will drive businesses and investment into deployment communities and help create jobs. The consequences of this approach will be to associate PEVs with renewed economic growth in deployment communities while setting the stage for a broader national rollout.

B. Facilitate the commercialization of the next generation of non-petroleum, biomass-derived liquid fuels that are environmentally beneficial and do not compete with food supplies.

Advanced biofuels could play a key role in offsetting oil consumption in the shipping and aviation industries in the future. Oil consumption by medium- and heavy-duty freight trucks and the aviation industry together account for one-fifth of U.S. oil demand – approximately 4 million barrels per day. In both cases, advanced biofuels could provide a readily available substitute for diesel fuel.

The aviation industry and would-be alternative jet-fuel suppliers are on the cusp of creating a viable alternative jet-fuel industry. The federal government, particularly the military, has played a helpful role in moving forward. In April 2011, for example, the Departments of Energy and Agriculture signed a \$500 million memorandum of understanding with the Navy to “support the construction or retrofit of multiple domestic commercial or pre-commercial scale drop-in biofuels plants and refineries.” Multiple U.S. airlines are also working with the Defense Logistics Agency on a similar effort, the Strategic Alliance for Alternative Aviation Fuels. In spite of important steps like these and others, there are clearly obstacles to widespread commercialization of these fuels. Government support is needed in the near term to provide financial bridging and other tools necessary to reach a tipping point. Specifically:

1. Commercial aviation should be identified as a top priority for alternative transportation fuels. While other sectors and modes of transportation have other options available, aviation will be dependent on liquid, high energy-density fuels for the foreseeable future.

2. Existing programs that have been effective in supporting development of alternative aviation fuels must be maintained and, if possible, expanded. Recognizing the role of government, Congress has enacted critical programs like the cellulosic biofuel production tax credit, the Biorefinery Assistance Program, and the Biomass Crop Assistance Program. Meaningful progress will stop if these programs are not maintained.
  3. Financial support should be provided for promising alternative jet fuel projects. Marshaling existing funding and other mechanisms across agencies to support one or more aviation alternative fuels projects will go a long way toward demonstrating commercial viability, particularly in today's environment of reluctant private capital.
  4. Government policies should be technology and feedstock-neutral. Further, policy should encourage development of fuels that provide near-term emissions benefits, even if greenhouse gas (GHG) reductions are more modest than may be expected in the future development of the biofuels industry in the United States.
  5. The agencies charged with leading on alternative aviation fuels must have the tools to do so. This includes further steps to encourage and empower interagency coordination. Specifically with respect to the U.S. military, the Department of Defense should be authorized to enter long-term (up to 20-year) contracts for alternative fuels and renewable energy.
3. Improve and Expand Federal Energy R&D (Policy: Near Term/Payoff: Long Term)  
From a \$6.9 billion (real 2005 dollars) peak in 1978, Department of Energy spending on energy technology research, development and deployment (RD&D) fell to \$2.7 billion in 2008. Meanwhile, investments in energy RD&D by U.S. companies fell by 50 percent between 1991 and 2003. Stimulus spending significantly increased 2009 spending levels, but the administration's 2010 enacted and 2011 request levels were only \$3.3 and \$3.5 billion, respectively. Temporary, deployment-focused increases from the Recovery Act must be extended and accompanied by significant structural and programmatic reforms using a goal-oriented approach within relevant federal agencies, national laboratories, universities and the private sector. Spending on RD&D today will provide critical support for commercializing alternatives to petroleum in the future.
- A. Reform the existing institutions and processes governing federal R&D spending.  
The current federal energy R&D process is inefficient and lacks a degree of central coordination. Greater accountability and a moratorium on congressional earmarking of niche projects would go a long way toward improving overall outcomes.

Additional streamlining could be achieved in the executive branch by eliminating the overlap among myriad of federal agencies that carry out energy-related R&D. Energy research programs at the departments of Agriculture, Interior, Transportation, Health and Human Services, and the EPA could be consolidated within the DOE. Alternatively, R&D budget development could be coordinated under the stewardship of a National Energy Council installed at the White House. Under this approach, individual agencies would continue to perform energy R&D, but categories and scopes would be coordinated to eliminate redundancy and achieve synergies.

**B. Establish new institutions to provide funding for early-stage R&D and for later-stage deployment and commercialization.**

Congress should establish an Energy Security Trust Fund to fund early-stage energy-related R&D at levels significantly higher than current levels of funding. Further, the trust fund should be funded directly by statute without requiring appropriated funds. Bypassing appropriations will not only help insulate the funds from the earmarking process, it will also ensure a reliable stream of funds that can be used to fulfill multiyear commitments to R&D programs. The trust fund should supplement, and not replace, those R&D funds that are currently distributed through the program offices in order to avoid a political dispute over the effectiveness of those departments.

The federal government should establish an Energy Technology Authority (ETA) of the United States as a market-driven source of private financing and public-private partnering for the most promising energy technology innovations. One successful model for such an institution would be a quasi-governmental investment organization similar to the Overseas Private Investment Corporation (OPIC) and U.S. Export-Import Bank (EXIM). The ETA would possess the full backing of the United States government, but would be managed and organized like a private corporation. After an initial capitalization, the corporation would be self-sustaining, generating revenue through projects, interest and fees.

**4. Support Increased Domestic Production of Oil (Policy: Near Term/Payoff: Medium Term)**

Finally, an additional short-term tool available to the United States is increased domestic oil production. Despite promising increases in 2009 and 2010, U.S. oil production has generally declined for decades, resulting in significant consumption of imported oil. Today, oil typically accounts for more than half of our entire national trade deficit, weakening our economy and putting our nation's well-being in the hands of unstable nations that are hostile to American interests. The United States can and should produce more oil domestically.

In particular, sizeable recoverable resources are believed to exist in areas of the federal Outer Continental Shelf, yet to be developed. The Department of Interior

places undiscovered technically recoverable resources in these areas at more than 40 billion barrels. The amount that is economically recoverable varies based on oil prices, but today's prices would support development of a substantial portion of the resource. The experience of the global oil industry in recent years has yielded important knowledge about the recovery of complex offshore resources, and such projects are among the most promising sources of non-OPEC production growth in the world today.

The oil and gas industry, like nearly any other heavy industry, carries with it an environmental footprint. Exploration and production of oil can impact local ecologies and communities by bringing industrial activity into areas not accustomed to it. They can also impact the local physical environment in terms of both air and water quality. For these and other reasons, there will always be areas that federal, state and local government – as well as private landowners – deem inappropriate for development. The travel and tourism industry has a vested interest in ensuring that America's natural resources and tourism destinations are thoughtfully used and properly protected.

Moving forward with development of domestic resources in promising but sensitive regions will require a partnership between the public and private sector, as well as a thoughtful and more nuanced approach by regulator and industry alike. In those areas where development moves forward, production technology and processes should adhere to world-class safety and environmental standards. Maintaining a minimal footprint should be a priority for oil and gas producers in frontier areas, and regulations should require operators to leverage technology that improves environmental performance.

The first step toward increased offshore oil production and enhanced U.S. energy security must be reform of the U.S. regulatory approach for offshore energy production. Before new offshore areas can be opened, it will be critical that local populations – and equally importantly, national lawmakers – have increased confidence in industry safety. The current rules-based approach to regulating oil and gas production may no longer be suitable given the complex nature of the offshore industry. The current system encourages operators to comply with the letter of the law and no more placing the onus on the regulator to dictate best available technology.

The Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) should take steps to move toward a performance-based regulatory system that includes the use of a comprehensive safety case for each project. Such a regulatory regime places the responsibility for technological innovation and environmental safety squarely with the operator, who must prove that it has considered the lifecycle environmental challenges and solutions for each individual project.

Dr. Blank, thank you again for the opportunity to present these recommendations. We hope that in your laudable efforts to help the travel and tourism industry thrive, you will encourage the administration and Congress to focus serious attention on the comprehensive energy policy reform we outline in this letter. We must get this policy work done and not allow government interest in reform to wax and wane with the price of crude, as it has done too many times in the past. Our vital industry should no longer be held hostage to oil. With your leadership, we hope our industry and our nation can be put on track toward the energy security we deserve.

Respectfully submitted,

Handwritten signature of Rossi Ralenkotter in black ink.

Rossi Ralenkotter  
Chairman  
U.S. Travel and Tourism Advisory Committee

Handwritten signature of Sam Gilliland in black ink.

Sam Gilliland  
Chairman  
Advocacy Subcommittee

# Research





## **THE UNITED STATES TRAVEL AND TOURISM ADVISORY BOARD**

14 September, 2011

The Honorable Rebecca Blank  
U.S. Department of Commerce  
1401 Constitution Ave. NW  
Washington, DC 20230

Dear Dr. Blank:

On behalf of the Travel and Tourism Advisory Board (TTAB), we appreciate your understanding of travel and tourism's value and the exceptional role our industry plays in President Obama's National Export Initiative (NEI) to "double the country's exports over the next five years" – supporting 2 million, non-exportable American jobs. Note that the travel industry can be highly leveraged to generate hundreds of thousands of those jobs. We welcome this opportunity to be of service.

Through this letter, we respectfully submit the conclusions of our work regarding critical measurements that support: the Department of Commerce (DOC) and the Office of Travel Promotion (OTP) reaching the 2009 Travel Promotion Act (TPA) mandates; the Corporation for Travel Promotion (CTP); the TTAB; and the overall travel and tourism industry. A basic tenet of the Research Subcommittee is that if you do not adequately measure it, you will not understand it, leverage it, or know your success or failure – and therefore, you will not know what to do to enhance your future success.

### **Preface**

Mission: The United States Travel and Tourism Advisory Board seeks to provide practical recommendations that will, through the application of improved measurement-based insights, support the growth of the travel industry, exports, job creation and tax revenue.

Contributors to this mission have included many government and industry individuals, as well as our team's "best practices" experience. Success will largely depend on the cooperative efforts of the DOC/Office of Travel and Tourism Industries (OTTI), OTP

and other government entities, in partnership with the CTP and the travel and tourism industry. The recommendations represent minimal “downside cost,” but they do provide for leveraged “upside potential.”

### **The Approach**

In order to provide clarity in both purpose and action, we have adopted a “problem-solution/recommendation” approach. Given recent mandates and the greater information needs of organizations, the final recommendations are provided following clarification of three **problem areas**:

### **Recommendations Summary by Problem Area**

- A. Recommendations (with sub-parts) Addressing Measurement of International Visitation (Near-Term):
  - (1) Operationalize the Electronic System for Travel Authorization (ESTA) page;
  - (2) Operationalize the “DAPS” site;
  - (3) Seek CTP support.
  
- B. Recommendations Addressing International Competitive Knowledge for U.S. Brand Development and Promotion (Near to Mid-Term):
  - (1) Develop Contextual Understanding;
  - (2) Test U.S. Positioning and Promotions;
  - (3) Use Objective Clarity.
  
- C. Recommendations Regarding Comprehensive Metrics and Their Communication (Near to Mid-Term):
  - (1) Provide an Authoritative Dashboard;
  - (2) Provide an Ongoing Monthly “Total” Travel Measure;
  - (3) Improve Core Metrics;
  - (4) Use Competitive Share Metrics;
  - (5) Use “Metrics by Objective.”

## **Detailed Problem Area A**

### **INSUFFICIENT MEASUREMENT OF INTERNATIONAL VISITATION TO THE USA**

International visitor measurement is needed and, in fact, mandated. The available measurement systems can meet neither increased government requirements nor industry needs. Here are specifics:

#### **Congressional Travel Promotion Act (TPA) Mandate**

The TPA requires enhanced visitor measurement and directs the DOC through OTTI to:

*“(a)(2) expand the number of inbound air travelers sampled by the Commerce Department’s Survey of International Air Travelers (SIAT) to reach a 1 percent sample size ... ”*  
(see Appendix 1).

Note, however, that while the SIAT currently obtains only a 0.2 percent sample, Congress did not provide additional funding (and may actually reduce funding) for the mandated fivefold sample increase. See Appendix 2 for OTTI’s SIAT description and problems/solution statement.

#### **Governmental and Industry Data Needs**

The DOC must work with the administration, various departments of government and Congress to develop policy and legislation that impact the travel industry. Additionally, the Department of Homeland Security (DHS) needs a system in support of I-94 and ESTA data processing as well as to understand, for security reasons, where travelers go when they are in the U.S. and why they visit. The Bureau of Economic Analysis (BEA) requires international visitor volume and spending data for balance of payments calculations.

The TPA further mandates measurement expansion for state level export analyses (see Appendix 1):

*“(a)(3) ... developing estimates of international travel exports (expenditures) on a state-by-state basis to enable each state to compare its comparative position to national totals and other states.”*

Industry leaders also confirm that for such information demand is high and supply is low. A 2010 survey of industry leaders (see Appendix 3) found that 70 percent say they need international visitor data for marketing and budgeting decisions and 69 percent claim they are unable to attain such information to meet their needs. This means that many destinations and travel organizations are, by default, making sub-optimized international marketing decisions, are unable to demonstrate their accountability and cannot meet their fiduciary obligations. Many states, cities and commercial organizations find themselves in this position.

## **The CTP Data Needs**

The CTP needs visitor-based data for marketing insight, success measurement and its TPA mandate. See Appendix 1:

*“(a)(4) Evaluate the success of the corporation in achieving its objectives and carrying out the purposes of the Travel Promotion Act of 2009”;*

*“(5) Research to support the annual reports required by section 202(d) of this Act;”*

*“(a) The Office of Travel and Tourism Industries shall expand and continue its research and development activities in connection with the promotion of international travel to the United States, including – H. R. 1299 – 17.”*

Unassailable metrics are required if the CTP’s promotional efforts are to continue and expand. It’s also clear that there is only one established international visitor measurement system with the history and governmental acceptance required – OTTI’s SIAT (see Appendix 2). Since CTP pre-promotion measurements are essential to show change, clearly time is of the essence for SIAT supplement development to ensure that the TPA section 203 research objectives are achieved (see Appendix 4).

## **“Problem Area A” Solutions and Recommendations**

The criticality of the data is obvious, but the cost for SIAT expansion appears prohibitive. Therefore, low-cost methods to increase sample size and potential quality have been sought, primarily to move from paper and pencil to online survey efficiencies. Integrated approaches to funding were also considered.

Working with the industry, OTTI, and DHS/Customs and Border Protection (CBP) has resulted in one approach with immediate potential. CBP will allow a “pop-up” with a click-through button at ESTA’s registration acceptance page. This would move willing visitors to an opt-in site where these potential visitors can be invited to participate in the SIAT online survey. Further, preliminary legal approval has been obtained based on Michigan’s prototype (provided by Travel Michigan’s George Zimmermann with Fluency Media (see Appendix 5).

**Likely Result:** CBP registers about a million potential visa waiver country visitors through ESTA each month (two-thirds of overseas visitors and about half of all visitors). Currently, Discover America (DA), with just a simple “button” at this ESTA page (not a “pop-up” with inviting text), generates about 25,000 hits per month or about 2.5 percent of ESTA volume. This suggests that even if SIAT opt-in obtains less than half the DA level, the mandated 1 percent SIAT sample will be obtained.

Two significant issues remain: (1) Only one “click-through” button can effectively work at the ESTA site (once one is “clicked,” the site is left behind and the other button is no longer available). This means that a cooperative DA/SIAT survey opt-in on a separate

site is required; and (2) Online surveys are less expensive, but not free. The opt-in “hosted site” will require development with secure data storage, re-contact algorithms for survey timing (ESTA authorization is good for two years), and completed questionnaire collection and transmission for SIAT system integration. Cooperative DA/SIAT survey efforts and financing are needed now to develop, test and deliver a “pre” measurement of several months before the CTP promotions begin.

**Cost:** Preliminary site development costs are anticipated to be approximately \$100K and the ongoing annual survey supplemental cost is expected to be in the \$300K range. However, the site is expected to be self-funded. That is, targeted promotional ad space on the site could be sold based on knowing when and where the visitors are going (brief opt-in questionnaire as they provide their email address), thus, the initial investment could also be repaid. Further, with the success of this online survey program, OTTI’s SIAT paper surveys can be reduced and eventually eliminated, thus freeing up those budgeted funds.

Note: All of the “Problem A” Recommendations are applicable in the Near-Term.

**A1. Operationalize the ESTA Registration Page for Click-through to New Site.**

**A1.1** Develop the introductory wording for the ESTA registration acceptance page including: a U.S. Welcome, and invitations to Discover America, Promotions and SIAT Opt-In Survey Site (DAPS). CTP will program the “button” (their expense).

**A2. Operationalize the Entire “DAPS” Site.**

**A2.1** Develop the site “look and feel,” the promotional incentives program, the wording for the survey opt-in invitation and button to move them to the survey “back-end;” and

**A2.2** Develop the secure survey operations “back-end,” including email address registration, “where and when” questions, secure respondent name/address storage, recontact algorithms and the programming to send, receive and transfer questionnaires to the processing site for integration into the SIAT System.

**A3. Seek CTP Support** for: input, initial funding, DA cooperation and creation of the self-funding, promotional and ongoing survey programs.

## **Problem Area B**

### **INSUFFICIENT INTERNATIONAL COMPETITIVE KNOWLEDGE FOR USA BRAND DEVELOPMENT AND PROMOTION**

Organizations concerned with U.S. brand positioning and promotion face challenges, including product complexity, audience cultures, competitive communications and diverse stakeholder pressures. CTP board members have expressed interest in TTAB inputs. Here are experience-based best practices recommendations. Note: All “Problem B” recommendations are applicable in the Near- to Mid-Term.

#### **B1. Develop Contextual Understanding Using Integrated, Competitive Surveys.**

- Is Current U.S. Image Information Sufficient? Travelers compare destinations before deciding. Therefore, knowledge of competitive strengths by trip purpose and traveler type is critical. For example, if visitors rate U.S. beaches high, that is not a compelling point if they believe their own beaches are better, closer and cheaper. The CTP’s surveys audit is necessary, but insufficient without competitive benchmarking.
- Avoid the “Inside-out Perspective. Stakeholders typically analyze their product from their perspective. The resultant communication tells buyers why we think they should buy our product, rather than why the product will better deliver what they want. Unless buyers mimic us, the inside-out approach fails.
- Trumping Alternative Destinations’ Positioning! Potential visitors currently satisfy their interests and emotions elsewhere. How can the U.S. beat that experience? Quantitative competitive knowledge remaps the mind-set for an outside-in view of the motivational competitive opportunity.

#### **B1.1 Seek International Research Studies Cooperation with the Canadian Tourism Commission (CTC)**

- The CTC has conducted a series of such studies for years and if the questionnaires and sampling can be tuned to meet the needs of the U.S., then good quality data with history at lower cost may be achievable.

#### **B2. Test U.S. Positioning and Promotions for Uniqueness and Communication Universality**

- Universal, Clear and Simple. The core communications need to be immediately recognizable by people in all cultures – they always “get it” as the brand’s unique communication; such universal brand positioning is often more visual than linguistic, e.g., the Nike Swoosh. For an extensive product line of destinations and attractions, the core position needs to be broad enough for all U.S. entities to “get under” for fast recognition and added communication value that builds leverage leading to a ubiquitous U.S. brand.
- Unique. This requires positioning that cannot be confused with that of any other brand. While this seems obvious, it’s difficult to avoid “me too” claims. The U.S. has great mountains, beaches, crafts and more! However, most competitive destinations

also offer such experiences. Avoiding “me too” is further complicated by stakeholder pressures for specific inclusion. This typically leads to the “montage of everything” approach with “something for everyone” communications that convey “nothing to nobody.” Preliminary test: remove the U.S./destination name and see if the potential visitor still knows it is the U.S. For example, “Whatever happens in \_\_\_\_\_, stays there” is recognized even in corrupt forms.

### **B3. Use Objective Clarity for Position Development and Evaluation.**

- Develop agreed-upon, specific, measureable communication objectives. This refers to what potential visitors are to get out of the communications. The objectives include not only what the message is, but also what it is NOT. Such objectives help keep stakeholders onboard and out of the way once the creative team is under way and on the objective track. Testing is needed to ensure that visitors’ perceptions of our brand position are in line with the image objectives we seek.

## **Problem Area C**

### **LACK OF COMPREHENSIVE METRICS AND THEIR COMMUNICATION**

Understanding the status of travel to any destination is basic for marketing, planning and budgeting. Effective decisions are rare when the issues are not understood; and issues are not well understood without good measurement. Good measurement requires the appropriate metrics given clear objectives. The current environment, with increased marketing demands and lower budgets, requires leveraged decision-making based in effective measurement, clearly presented. Here are our recommendations.

#### **C1. Provide an Authoritative Dashboard Across Government Agencies**

(Near-Term Applicability)

Coordinated industry efforts require readily available, easily understood, timely information in context. A website “dashboard” format is a best practices approach for reporting such key metrics, trends and contextual benchmarks, thus allowing effective action across diverse stakeholder groups. Also, data external to DOC that highly impacts travel can usefully be included, such as U.S. dollar exchange rates and U.S. visa and immigration wait times.

#### **C2. Provide Ongoing Monthly “Total” Travel Measures** (Near to Mid-Term Applicability)

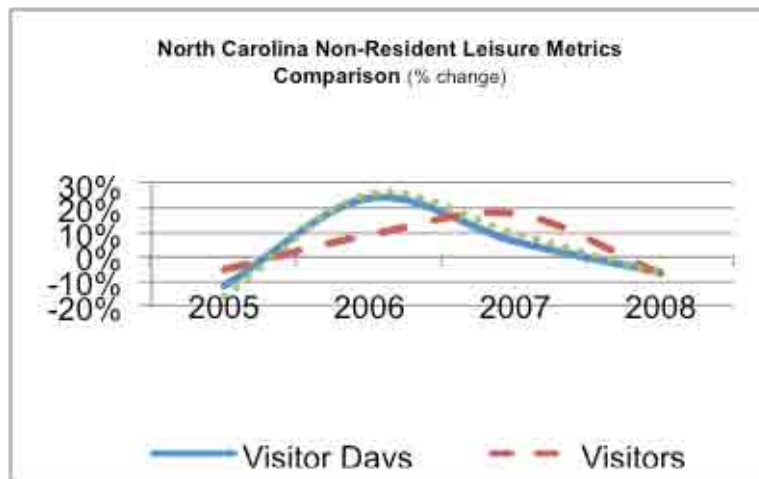
OTTI provides ongoing international counts, but not an overall industry total. Adding domestic travel to get a total is essential to understanding the U.S. travel industry, of which about 85 percent is domestic.

#### **C3. Improve Core Metrics – Consider Use of “Visitor Days”** (Mid-Term Applicability)

The most ubiquitous destination metric is flawed. Most destinations use “arrivals,” “visitor counts,” “person-stays” or “person-trips” (essentially the same metric), which are more

traditional than practical. Such “turnstile” visitor counts can be misleading because they make the value of a one-day visitor equal to someone who stays for two weeks. In fact, visitor counts imply that the objective is simply to get as many people to come as possible, even if they immediately leave and spend nothing.

Canada and Mexico arrival counts suggest they are more important than overseas visitors; however, their value per visitor is lower since overseas visitors stay longer and spend more. Revenue is the result of “engaged visitation” or “visitor days” (visitors x stay length), not simple visitor counts.



In the real-world chart here, “visitor days” and “spend” move together, while “visitors” increase into recession as stay lengths and spend drop off. Traditional measures are useful; however, visitor counts that misguide should not dominate the landscape when better measures are available. Consider that “for-profit” businesses have moved beyond counting customers to bottom-line impact

metrics: the hotel industry has moved from folio counts to room-nights demand; airlines have moved beyond passenger enplanements to passenger miles; and rental car companies and theme parks as well. *Source: D.K. Shifflet & Associates Ltd.*

#### **C4. Use Competitive Share Metrics** (Near to Mid-Term Applicability)

Absolute measures are necessary, but insufficient in the highly competitive world of tourism. Consider: If international visitor dollars spent in the U.S. are up 4 percent, we feel successful; but if total international spending is up 7 percent, we have failed to keep pace. The reverse is also true: If the U.S. is up 4 percent when total international growth is 1 percent, then the U.S. deserves success credit. Critical comparison metrics such as share by country, target populations and purpose are required. (See Appendix 6: UNWTO Methodology for country shares.)

#### **C5. Use the “Metrics by Objective” Framework** (Always Applicable)

A recent hotel management article states that: “While many sophisticated hoteliers set clear objectives and critical success criteria, a surprisingly large number of businesses measure success based on criteria that are unclear or, in the worst case, conflicting.”

The following framework helps users rationally select the metrics needed to measure success. It also allows all stakeholders to be on the same page, supports oversight and helps



avoid inappropriate measurement (application examples below). This format can also help set the importance level of the objectives by rank ordering them for the organization.

**Metrics by Objective Worksheet** – Consider decision-based components in the I-V sequence:

- (I) Unambiguously stated objective(s);
- (II) Identify drivers impacting “success” (analyses);
- (III) State metric decision use/application;
- (IV) State the metric components and the calculation formula;
- (V) The METRIC with any “filter” clarifications.

	<b>I. Business Objective(s)</b>	<b>II. Contributing Driver(s)</b>	<b>III. Metric Application(s)</b>	<b>IV. Metric Components and Calculations</b>	<b>V. FINAL METRIC(S)</b>
					<b>ABSOLUTE TREND</b>
1	Increase int'l leisure visitor days by X percent	<ul style="list-style-type: none"> <li>– Leisure int'l mktg. level</li> <li>– Econ. environment</li> <li>– U.S. dollar rates</li> </ul>	<ul style="list-style-type: none"> <li>– Success diagnostics</li> <li>– Compare to objectives</li> <li>– Call to agreed-upon actions</li> </ul>	1Y. Leisure visitors count 1Z. Their stay length  $1A. = 1Y \times 1Z$ $1B. = 1A(ty) - 1A(ly)$	1A. Int'l leisure visitor-days  1B. Percent change  Chart across years
					<b>ABSOLUTE TREND</b>
2	Increase domestic leisure visitor days by X percent	<ul style="list-style-type: none"> <li>– Leisure domestic mktg. level</li> <li>– Econ. environment</li> <li>– Competitive adv.</li> </ul>	<ul style="list-style-type: none"> <li>– Success diagnostics</li> <li>– Compare to objectives</li> <li>– Call to agreed-upon actions</li> </ul>	2Y. Leisure visitors count 2Z. Their stay length  $2A. = 2Y \times 2Z$ $2B. = 2A(ty) - 2A(ly)$	2A. Domestic leisure visitor-days  2B. Percent change  Chart across years
					<b>COMPETITIVE TREND</b>
3	Increase share of world market visitors by X percent	<ul style="list-style-type: none"> <li>– Competitive mktg. levels</li> <li>– Economics</li> <li>– Dollar exchange rate</li> </ul>	<ul style="list-style-type: none"> <li>– Diagnostic of competitive success</li> <li>– Compare to objectives/benchmarks</li> <li>– Call to action, e.g., increase/decrease budgets</li> </ul>	3Y. Number of U.S. visitors 3Z. Total int'l worldwide travelers* $3Y \div 3Z$ *Total worldwide travelers includes all travel purposes (UNWTO visitor counts)	3A. U.S. share of worldwide arrivals (visitors/travelers)  Chart across years
					<b>ROI TRENDS</b>
4	Generate a CDP 10 to 1 ROI for int'l leisure visitors from target markets	<ul style="list-style-type: none"> <li>– Leisure mktg. competitive spend</li> <li>– Econ. environment</li> <li>– Dollar exchange rate</li> </ul>	<ul style="list-style-type: none"> <li>– Success diagnostics</li> <li>– Compare to objectives</li> <li>– Call to agreed-upon actions</li> </ul>	4Y. Leisure visitors spend Level above prior year from target mkts. (econ. adjusted) 4Z. CTP spend level in target mkts. $4A = 4Y \div 4Z$	4A. CTP ROI for year one

There are many metrics one could use (see Appendix 7 – Types of Success Metrics) and, in fact, the other TTAB subcommittees have each suggested multiple metrics for measuring implementation success of their recommendations. Consider reviewing those metrics in light of the Metrics by Objective Worksheet (see Appendix 8).

## In Conclusion

Dr. Blank, thank you for this opportunity to present our best practice recommendations with the sincere hope that this approach and the resultant knowledge base will be found both practical and of lasting value to the DOC.

Respectfully submitted,



Rossi Ralenkotter  
Chairman  
U.S. Travel and Tourism Advisory Committee



Douglas K. Shifflet  
Chairman  
Research Committee

### Research Committee Members:

George Zimmerman, Vice Chair  
Helene Becker  
Adam Sachs  
Joe Saunders  
Paul Wilke

## **APPENDIX 1 – TRAVEL PROMOTION ACT (TPA) – EXCERPTS**

Title II of the International Travel Act of 1961 (22 U.S.C. 2121 et seq.), as amended by subsection (g), is further amended by inserting after section 202 the following:

**“SEC. 203. RESEARCH PROGRAM.”**

(Underline is for identification and emphasis)

**“(a) IN GENERAL –** The Office of Travel and Tourism Industries shall expand and continue its research and development activities in connection with the promotion of international travel to the United States, including – H. R. 1299 – 17.”

**“(1) expanding access to the official Mexican travel surveys data to provide the states with traveler characteristics and visitation estimates for targeted marketing programs;**

**“(2) expanding the number of inbound air travelers sampled by the Commerce Department’s Survey of International Travelers to reach a 1 percent sample size and revising the design and format of questionnaires to accommodate a new survey instrument, improve response rates to at least double the number of states and cities with reliable international visitor estimates and improve market coverage;**

**“(3) developing estimates of international travel exports (expenditures) on a state-by-state basis to enable each state to compare its comparative position to national totals and other states;**

**“(4) evaluate the success of the corporation in achieving its objectives and carrying out the purposes of the Travel Promotion Act of 2009; and**

**“(5) research to support the annual reports required by section 202(d) of this Act.”**

## **APPENDIX 2 – OTTI DOCUMENTS – SIAT DESCRIPTION AND HISTORY + CHALLENGES**

**What the SIAT is:** The Survey of International Air Travelers (SIAT) is an ongoing monthly primary research program administered by the U.S. Department of Commerce that gathers comprehensive, comparable statistical data about air passenger travelers in U.S. – overseas and U.S. – Mexican markets. Survey data provides information on arrivals, spending, trip purpose, travel party size, advance trip decision time, means of researching and booking trips, port of entry, leisure activities and a host of other demographic information for two separate populations: non-U.S. residents traveling to the U.S. and U.S. residents traveling from the U.S. Surveying both populations allows the Department of Commerce to measure the travel and tourism balance of trade on an annual basis.

The SIAT is the only research tool on the market today providing international arrivals, spending/economic impact and demographic data required by destinations and other partners to (1) monitor relative international performance and (2) guide strategic international marketing decision making and resource allocation.

**What it is not:** The SIAT should not be confused with the In-flight Survey, which relied on airlines to voluntarily administer the survey. Many airlines either did not participate up to their expected level or declined to participate at all, meaning that thousands of consumers were not sampled. To combat this challenge, the SIAT has gradually migrated from being administered in-flight to being administered in airport boarding areas. In 2008, approximately 51 percent of surveys collected were administered in-flight. By 2010, nearly 73 percent of all surveying was done in airport boarding areas.

There are clear benefits to boarding area surveying vs. in-flight:

- It allows for more control in determining which ports and which specific flights are actually surveyed, meaning data collection is no longer subject to the whims of the airlines.
- The sampling is conducted in a controlled environment at airport international departure gates by trained staff.

*Notes:*

*While most of the surveys are now administered at departure gates, in-flight surveys are still administered by the following airlines: US Airways, Air China, Aer Lingus, Asiana, ANA, British Airways, EVA, Icelandair, JAL, Lufthansa, Malaysia and Singapore. The in-flight surveys accounted for just 27 percent of all collections in 2010. These airlines are performing well and are providing a reliable number of completed surveys.*

*In this report, “international” includes all countries except Canada and Mexico land and sea visitors.*

## **OTTI's VIEW OF SIAT CHALLENGES**

Challenge 1: SIAT, administered by the U.S. Department of Commerce, is underfunded to meet the goal of a 1 percent sample of international travelers to the U.S. as mandated in section 203 of the Travel Promotion Act. It's the only research tool on the market today providing international arrivals, spending/economic impact and demographic data required by destinations and other partners to (1) monitor relative international performance and (2) guide strategic international marketing decision making and resource allocation.

Additionally, the sample collection process requires adjustment so that it is representative of actual visitor traveler patterns – and avoids over or under sampling at various gateway airport collection points.

To address these challenges, the U.S. Department of Commerce implemented the Supplemental Airport Survey Program (SASP) by partnering with destinations and airports authorities to enhance survey collections in the boarding areas at specific airports, including Washington Dulles, Philadelphia, Denver, Atlanta, Orlando, Las Vegas and Los Angeles. In 2011, OTTI has added Dallas/Ft. Worth, Houston, Minneapolis and Honolulu and is working with several additional destinations. However, the program is not comprehensive at this time.

Challenge 2: Provide strongly invested destinations with the opportunity to expand the amount of sample needed to meet specific market needs that cannot be satisfied by a 1 percent international sample. For example, provide a given destination with the means to enhance its sample of French leisure visitors to provide actionable data on arrivals, economic impact and visitor travel characteristics.

Time is of the essence to ensure that the research objectives stated in section 203 of the Travel Promotion Act are achieved.

### **OTTI's Possible Solutions:**

Challenge 1: To reach a 1 percent sample size and to at least double the number of states and cities with reliable international visitor estimates, as called for in the Travel Promotion Act, the board of the Corporation for Travel Promotion (CTP) should authorize additional funding for the SIAT beyond what is currently being spent by the U.S. Department of Commerce and Office of Travel and Tourism Industries.

Challenge 2: Destinations that require more in-depth visitor metrics beyond what the 1 percent sample can provide may elect, at their own expense, to participate in the existing SASP program. This public-private partnership is entirely voluntary and compliments and enhances the overall SIAT program in that additional surveying by one destination at its gateway airport further enhances the national sample for the benefit of the entire country. The SASP would benefit from additional surveying starting at the following gateways: Miami, Boston, Agana Guam, Ft. Lauderdale, Detroit, Seattle, San Juan, Charlotte, Tampa, Phoenix, Cincinnati, Portland, Memphis, Baltimore and Salt Lake City.

## APPENDIX 3 – TRAVEL INDUSTRY DEMAND AND SUPPLY PERCEPTIONS STUDY



DOC Travel & Tourism Data  
Industry Needs

Measuring and Enhancing Services Trade  
and Information Conference  
September 14, 20

*Doug Shifflet*  
Chairman, TTAB Research Committee

### OTTI's SIAT Data - Importance vs. Availability


DKSA Quick Survey of industry people on int'l visitor data:  
Volume and spending for their Destination or Business

➤ **Data Importance = HIGH** ↑

- 72% - say *Extremely/Very Important* for marketing & budget decisions  
(Only 3% say - Not At All Important)

➤ **Data Availability = LOW** ↓

- 69% - say SIAT data does **not exist** for them, or they don't know  
(Even though 74% are aware that OTTI conducts the SIAT)



## Currently No Other Source of Complete International Visitor Data for Dest./Businesses

➤ **60%** - say aware of **no source other than OTTI** for complete international visitor and spending data  
(Open-end: Greatest SIAT Survey weakness as sample size)

➤ **Alternatives** mentioned

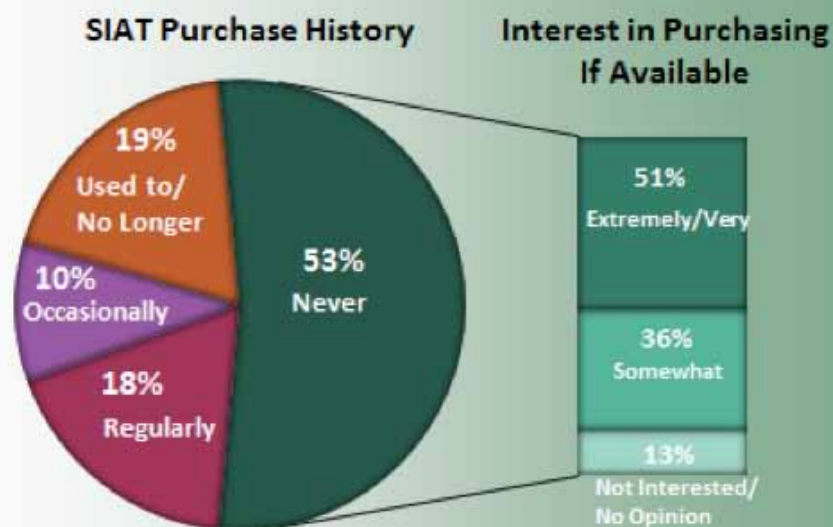
(Open-end response by those aware of Int'l data)

- Visa Vue<sup>3</sup> 26%
- WTTC, UNWTO, Stats Canada <5%
- Other Single Mentions <12%

<sup>3</sup> Most comments: incompleteness or methodological issues



## SIAT Data Sales Potential



## APPENDIX 4 – CTP’S IMPACT MEASUREMENT

It is essential that the ROI associated with the CTP’s promotional efforts be clearly demonstrated.

This requires unassailable measurement. Consider the following:

1. The TPA requires impact measurement of CTP results.
2. Such measurement must be historically calibrated and competitively compared.
3. There is one U.S. established international visitor and spending measurement system with the history and governmental acceptance required (OTTI’s SIAT).
4. The new TPA requires an annual 1 percent sample of foreign visitors (currently, the SIAT obtains a 0.2 percent sample), but Congress failed to fund the mandated 5x sample increase.
5. Our TTAB Research Subcommittee has been working with OTTI and DHS to develop a high-quality, cost-effective solution.
6. DHS has reasonably rejected multiple solutions, but the CBP has identified an ESTA system opportunity to invite visa waiver country visitors to participate in an online survey.
7. We have obtained CBP legal approval to place a “pop-up” invitation on their ESTA registration site (Michigan’s George Zimmermann with Fluency Media provided the prototype).

### NOTE:

While the CBP requires that the pop-up on their site simply be a click-through to another site for respondent information/email address that can be visitor entered, this “hosted site” requires development that has upfront and ongoing costs; However, there is a self-funding revenue opportunity given the potential for organizations to place destination relevant promotions on the new site.

Costs and Revenues: The ESTA sample-based SIAT supplement has anticipated host development costs of about \$100K and an ongoing system at about \$300K/year with two added benefits: possible reduced cost of the total SIAT program and an increase in quality sample given the opt-in survey incentive and get travel offers/deals.

This additional quality sample helps not only the CTP, but several current SIAT data users including states and the BEA (balance of payments calculations). Further, high demand for such data was identified in a recent DKSA Industry Survey showing that 70 percent of industry organizations seek such international traveler information, while 68 percent of that group cannot find the data they seek given current OTTI SIAT sample sizes – this is particularly true for many states, cities and commercial organizations. Therefore, this ESTA based SIAT supplement is a win-win for all concerned as a project of high worth for early CTP participation and modest financial support.



## APPENDIX 5 – ESTA “POP-UP” PROTOTYPE



### michigan.org Pop-Up Interstitial Email Opt-In Form

**HOW IT WORKS:**

- Appears over website page – must be acted upon or closed in order to continue website visit
- Only appears once for each site visitor (cookie is set to prevent repeat viewings)
- Incentive of free, *Michigan Travel Ideas* magazine is a sufficient “carrot” to earn the email address.

Fluency

## michigan.org Pop-Up Interstitial Email Opt-In Form

### RESULTS:

- Introduced in March 2009
- Email opt-in rate immediately increased by 1,200%
- Travel Michigan email database grew by 90% in the first year
- Introduction of the pop-up form actually reduced the website bounce rate of michigan.org

4

Fluency

## ESTA Post-Travel Survey Opt-In

### RECOMMENDATIONS:

- Use a similar, interstitial pop-up form approach
- Ask only for essential info: email address, name, postal code or country
- Offer a travel-based incentive in exchange for email address (Examples: Discount offers from Avis, Hertz, or hotel chain)

5

Fluency

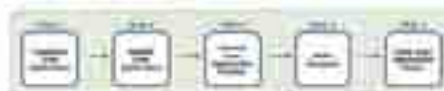
## ESTA Post-Travel Survey Opt-In: Where to Place?

### OPTION 1: ESTA Welcome Page



Welcome to the Electronic System for Travel Authorization Web Site.

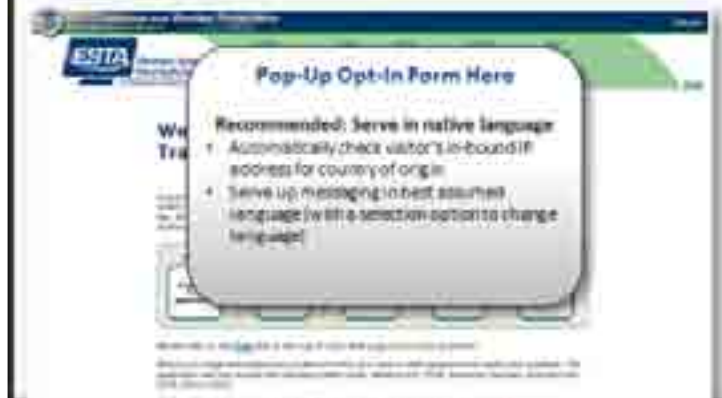
ESTA is a secure, web-based system that allows U.S. citizens and permanent lawful residents of the United States to apply for and receive their travel authorization online. For more information, please visit our website at [esta.cbp.dhs.gov](http://esta.cbp.dhs.gov).



Please visit [esta.cbp.dhs.gov](http://esta.cbp.dhs.gov) for the most up-to-date information on the system. For more information, please visit our website at [esta.cbp.dhs.gov](http://esta.cbp.dhs.gov).

## ESTA Post-Travel Survey Opt-In: Where to Place?

### OPTION 1: ESTA Welcome Page



**Pop-Up Opt-In Form Here**

**Recommended: Serve in native language**

- Automatically check visitor's in-bound IP address for country of origin
- Serve up messaging in best assumed language (with a selection option to change language)

ESTA logo and navigation menu are visible in the background.

## ESTA Post-Travel Survey Opt-In: Where to Place?

### OPTION 2: ESTA Confirmation Page



**Application Status**

Authentication Approved

The page displays a flowchart with five steps: 1. Application Submitted, 2. Application Approved, 3. Authentication Approved, 4. Authentication Failed, 5. Authentication Suspended. The third step is highlighted.

ESTA logo and navigation menu are visible in the background.

## ESTA Post-Travel Survey Opt-In: Where to Place?

### OPTION 2: ESTA Confirmation Page



**Pop-Up Opt-In Form Here**  
(add 5 seconds)

**Recommended: Serve in native language**

- Use visitor's stated country from the application process to assume language
- Provide selection option to change language

ESTA logo and navigation menu are visible in the background.

## Concept (example offer indicated)

The screenshot shows a web browser window displaying the U.S. Customs and Border Protection website. A pop-up window titled "We Want Your Opinion" is overlaid on the page. The pop-up features the ESTA logo and the text: "We invite you to participate in a brief survey about your travel experience in The United States. In return, you'll receive a voucher for one night of free lodging during your next stay at any Starwood Resort (requires a minimum three-night stay, other restrictions may apply)." Below this, it says "Simply fill out this form:" and lists fields for First Name, Last Name, Email, Country (Please Select), What month you will travel to the US? (Please Select), and What month will you return home from the US? (Please Select). A red "Let's Get Started" button is at the bottom of the form. The background website shows the ESTA logo and a "Welcome Traveler" message.

Please refer to the [help](#) link at the top of each Web page if you have questions.

Before you begin this application, make sure that you have a valid passport and credit card available. This application will only accept the following credit cards: MasterCard, VISA, American Express, and Discover (JCB, Diners Club).

Please provide all responses in English. Mandatory fields are indicated by a red asterisk \*.

# THANK YOU!

David Dennis

VP Operations

Fluency Media

[david@fluencymedia.com](mailto:david@fluencymedia.com)

Phone: 734.302.3300 x 203

**fluency**  
media

## APPENDIX 6 – UNWTO METHODOLOGY AND AVAILABLE DATA

### Sources and Data Treatment

Quantitative tourism-related data presented is based on a selection of data included in the UNWTO database on world tourism statistics. This database contains a variety of series for more than 200 countries and territories covering data for most countries from the 1980s on. The database is maintained by the UNWTO secretariat and is updated on a continuing basis.

Except where otherwise indicated, statistical data has been collected by the UNWTO secretariat from the official institutions of the countries and territories (UNWTO member as well as non-member countries) or from official international bodies, e.g., the Caribbean Tourism Organization (CTO), International Monetary Fund (IMF).

The data for individual countries is based on full-year results, or projections, as communicated to the UNWTO secretariat by the authorities of the countries and territories or disseminated through a news release, publication or on the Internet.

In the world and (sub) regional aggregates, estimates are included for countries and territories with data still missing based upon data available for a part of the year or the general trend for the region. In particular, for the Middle East and Africa, the regional and subregional aggregates for 2002 should be treated with caution as estimations are based on a relatively small number of countries and territories that supplied data for the entire year. In the tables, provisional figures are marked with an asterisk (\*).

UNWTO tourism statistics generally refer to figures for a country as a whole. In the collection of statistics, however, except for independent states, there are also a number of dependencies or territories of special sovereignty included (for instance, Hong Kong (China) or French Polynesia). These territories report tourism figures independently and each is, for the sake of tourism statistics, considered as an entity in itself. Because of this, where reference is made to “countries” the term generally should be taken to mean “countries and territories.” In a few other cases, dependencies are not separately listed but included in the total for the country they depend upon (for instance Guernsey, Jersey, and the Isle of Man in United Kingdom).

In general, UNWTO does not collect data on the level of regions, states, provinces or specific destinations within a country (Hawaii is one of the few exceptions made because of its relevance for Asian outbound travel; in the overview tables, however, Hawaii is included in the United States figure). Most countries will have a further regional breakdown available as well as other series not included in the UNWTO database on world tourism statistics. Please refer to national sources for this data.

The regional country groupings are according to the UNWTO regional grouping.

The World Tourism Organization is aware of the limitations of the available statistical information on tourism. Despite the considerable progress made in recent decades, international tourism statistics are often not uniform, because definitions and methods of data collection tend to differ. Every user of this information should bear in mind that the international comparability of statistical data is still not optimal.

### **Tourism Series in “Tourism Market Trends” Reports**

A number of derived series are included relating tourism volume to the size of the population or tourism receipts and expenditure to tourism volume. Ratios are based on simple divisions of the concept in question by the population or the receipts or expenditures by the corresponding concepts:

- **International tourist arrivals per 100 of inhabitants** = International tourist arrivals/population \*100
- **Trips abroad per 100 of inhabitants** = Trips abroad/population \* 100
- **International tourism receipts per international tourist arrival** = International tourism receipts/international tourist arrivals
- **International tourism receipts per international visitor arrival** = International tourism receipts/international visitor arrivals
- **International tourism receipts per capita** = International tourism receipts/population
- **International tourism expenditure per trip abroad** = International tourism expenditure/trips abroad
- **International tourism expenditure per capita** = International tourism expenditure/population

Financial data is generally collected and kept in the UNWTO database in U.S. \$ values. In the cases where countries report in local currency, values are transferred by UNWTO into U.S. \$, applying the average exchange rate for the corresponding year. However, part of the tables is also published in euros. These euro values are, in general, derived from the U.S. \$ values using the corresponding average annual exchange rates for the two currencies. The following exchange rates have been applied:

#### **Exchange Rate U.S. Dollar vs. Euro**

- As exchange rates fluctuate substantially over time, the evolution of international tourism receipts is also estimated in (weighted) local currencies. For this, receipts in U.S. \$ have been recomputed in local currencies using an exchange rate table provided by IMF. In order to take care of inflation, receipts have been put in constant prices using country data on inflation from IMF as deflator.

The data on international tourist or visitor arrivals and nights of international tourists by country of origin correspond to the series as included in the UNWTO Yearbook of Tourism Statistics. Please refer to the latter publication for additional series, methodological references and notes on the series for specific countries.

## **APPENDIX 7 – TYPES OF “SUCCESS METRICS”**

Success metrics can be classified into groups. Examples:

### **Absolute Volumes**

1. Spend (dollars – currently measured with trends nationally and for some states and a few cities)
2. Visitation (person-trips – historic metric, but it makes a one-day visit as important as a two-week stay)
3. Engaged Visitation (person-days – a more useful metric that takes length of visit into account)

### **Competitive Shares** (apply to the above absolute measures)

1. Share of Total World Travel (between countries)
2. Share of Key Feeder Markets (outbound travel)
3. Share of U.S. Exports (internal competitive)

### **Driver Ratios and Indices** (comparisons to competitive set of countries)

1. Facilitation Indices: days to visa (includes interview wait and pick-up), customs wait times
2. Competitive Promotion Ratio (competitive tourism promotion spend to country GDP)
3. Origin Markets Opportunity Index (incorporating currency exchange rates)

### **Economic Impacts**

1. TTSA Value (travel and tourism satellite account) including dollars, jobs, etc.
2. Promotion ROI and ROI True Gain/Loss (target gains/losses vs. control country gains/losses)



**APPENDIX 8 – ADDITIONAL METRICS BY OBJECTIVE**  
**PRELIMINARY (ROUGH) APPLICATION EXAMPLES**

I. Business Objective(s)	II. Contributing Objective and Drivers (committee recommendation)	III. Metric Applications	IV. Metric Components and Calculations	V. Potential Metrics (actual metrics will depend on final success criteria)
<b>TTAB Facilitation Committee</b>				
Faster visa issuance	5-day <i>maximum</i> visa processing time	A. Diagnostic B. Compare to other countries Major competitors Others	A. Develop "5-days" calculation B. Define 'processing time' C. Implement. Date ( $\Sigma$ visa processing times (in days) for each visa issued)/total number visas issued)	A. Average # of days total by country
Faster visa issuance	Add few hundred visa processing officers in key countries	A. Diagnostic B. Compare to other countries Major competitors Others	A. Define "few hundred" B. Define "key countries" C. Time frame? A/B. For each country, count officers added within specified time period	A. # officers added by country B. Time measure
Faster visa issuance Reduce travel required	Add 4-6 visa processing locations in China, Brazil, India	A. Diagnostic B. Compare to other countries Major competitors Others	A. Time frame A/B. For each country, count processing locations added within specified time period?	A. # processing locations added each country B. Time measure for adding locations Each country Each location within each country
Funding additional officers and locations	State Dept. retain all visa processing and consular fees	A. Diagnostic	A. Define "processing" fees B. Define "consular" fees A. total fees retained/total fees collected	A. % of collected fees retained
Reduction in # visas processed	Increase validity of non-immigrant visas for Chinese visitors to 10 years	A. Diagnostic B. Compare to other countries Major competitors Others	A. Count # 10-year Chinese visas issued each year B. # 10-year Chinese visas issued/Total # active Chinese visas	A. # of 10-year Chinese visas issued each year B. % of all Chinese visas that are 10-year
Reduction in # visa interviews	Increased discretion of State Department regarding in-person visa interviews	A. Diagnostic	A. Define "discretion" B. Define discretionary procedures C. Define discretionary conditions	A. Percentage of time or interviews where "discretion" was invoked B. Opinion of officer
Expand visa waiver program	Allow secretary of homeland security discretion for admitting countries with less than 10% refusal rate into visa waiver program	A. Diagnostic	A. Define "discretion" B. Develop "refusal rate" calculation	A. Portion of 10% refusal rate countries in visa waiver program B. % visa waiver country decisions made by Secty. of DHS



Faster inbound processing	20-minute wait time goal at immigration	A. Diagnostic B. Compare to other countries Major competitors Others	A. Develop "20-minute" calculation B. Define "wait time" C. Implementation date	A. Average # minutes waited
Improve inbound processing	Implementation of Model Ports Entry program	A. Diagnostic B. Compare to other countries Major competitors Others	A. Define "model ports" B. Time frame?	A. # ports added B. % of all ports included C. Visitor satisfaction - survey?
Faster inbound processing	Increase number of Global Entry holders	A. Diagnostic	A. Define 'increase' - goal B. Time frame?	A. # holders added annually B. % of goal C. % of international travelers
Increase # international visitors	Achieve 40,000,000 international overseas visitors by 2015	A. Diagnostic B. Compare to other countries Major competitors Others	A. Define "international travelers" – exclude Canada/Mexico? B. Define "visitors" – travel parties, people, stays, days	A. # of international visitors annually as measured by SIAT, other?
<b>TTAB Marketing Outreach Committee</b>				
Reduce redundancy	Incorporate OTP into OTTI	A. Diagnostic	A. Define 'incorporate' - which activities of OTP incorporated into OTTI? B. Time frame?	A. Dates by which transition/incorporation occurs B. Time measure
Create continuity	Appoint federal civil servant as Director of Office of Travel Promotion	A. Diagnostic	A. Time frame?	A. Date appointment takes place
Create coordinated marketing efforts	Establish partnerships between national (CTP) and local marketing efforts	A. Diagnostic B. Comparison to other destinations C. Comparison to other marketing efforts	A. Define 'partnerships' B. Assign responsibility C. Time frame?	A. # partnerships established annually B. Type of partnerships established C. Measure success of partnerships ROI #/increase in international visitors
Monitor communications to international visitors	OTP/DHS review of relevant websites to ensure clear/accurate communications to international travelers	A. Diagnostic	A. Determine frequency B. define 'clear/accurate' C. Define frequency	A. Review Dates B. % of changes/revisions made C. International traveler satisfaction - site surveys D. Standard website stats

# Appendix



**UNITED STATES DEPARTMENT OF COMMERCE**  
**The Secretary of Commerce**  
Washington, D.C. 20230

June 21, 2011

Mr. Rossi Ralenkotter  
President and Chief Executive Officer  
Las Vegas Convention and Visitors Authority  
3150 Paradise Road  
Las Vegas, NV 89109

Dear Mr. Ralenkotter:

Thank you for your letter on behalf of the U.S. Travel and Tourism Advisory Board (Board) and the thoughtful presentation by the Travel Facilitation Subcommittee at the Board's February meeting in Washington. We discussed these issues in the Tourism Policy Council, and the combined responses from the relevant agencies are summarized in the enclosed document. Under Secretary for International Trade Francisco Sánchez and the Departments of State and Homeland Security briefed you and the full Board on this response at the May 23 meeting in San Francisco, and they received presentations from two other subcommittees.

The United States leads the world in revenues from international travel and in 2010 ranked second in international arrivals, with 60 million. Since 2003, nonimmigrant travel to the United States has grown steadily. During fiscal year 2010, the Department of State issued almost 7 million visas to qualified applicants around the world. Despite challenges in meeting the demand for visas, we are pleased that China, India, and Brazil are the first, second, and fourth fastest export growth markets for our country. In fact, China and Brazil set records for travel exports for the United States last year.

The Board's work underscores the importance the travel and tourism industry places on travel facilitation. The Travel Policy Council agencies appreciate the Board's input and are committed to continued progress on these issues. The Department of State is working to meet demand for visas by streamlining operations and increasing capacity. The Department of Homeland Security has put in place programs to improve the customer service experience, such as its Model Ports of Entry program and trusted traveler programs, including Global Entry.

We recognize there is more to be done, and the Department of Commerce will continue to work with the White House and through the Travel Policy Council to address these key issues.

Sincerely,

  
Gary Locke

Enclosure

**Tourism Policy Council Response to the Presentation by the  
Travel and Tourism Advisory Board's Travel Facilitation Subcommittee**

**Submitted June 6, 2011**

**Visas**

- 1) *Establish a maximum wait time of 5 days for visa processing to make it competitive with the European countries.*

**DHS Response:** None needed

**State Response:** DOS's goal is always to have the shortest possible wait times for visa interviews. We will continue to innovate and increase our resources in posts where our demand for services exceeds our resources. Within nine months we hope to begin deploying Limited No Career Appointees to augment our Foreign Service Officer (FSO) staff at high-demand posts.

**Policy Change:** DOS wait times are currently at less than seven days at the vast majority of posts worldwide. DOS is expanding the use of interview waivers for qualified applicants consistent with U.S. Law. DOS also plans to institute alternative hiring mechanisms this year to allow hiring qualified visa adjudicators with language skills in countries with the fastest growing visa demand. DOS constantly reviews visa processing procedures to introduce more efficiency while maintaining the integrity of the visa process and asks private sector partners to urge the Chinese Government to work to establish liberal reciprocal visa validity policies and support requests for permission to expand U.S. facilities in China. DOS focus will continue to be meeting the growing demand for visa services with qualified staff and adequate facilities.

- 2) *Give the State Department more discretion as relates to in-person interviews.*

**DHS Response:** None needed

**State Response:** In progress

**Policy Change:** DOS is looking at ways to interview fewer applicants while maintaining strict security requirements. Eliminating categories of visa applicants from the interview requirement would help cut wait times. Waiving interviews in selected ranges of low risk cases would aid in reducing overall wait times and our staffing costs. We are considering possible categories of applicants for whom the Secretary of State, in consultation with DHS and Congress, might exercise her interview waiver authority.

- 3) *Enable the State Department to retain all the visa processing and consular fees to cover the costs of its consular staffing and visa processing activities.*

**DHS Response:** None needed

**State Response:** In progress

**Policy Change:** We have pursued the authority to retain all consular fees collected at embassies, consulates, and passport agencies worldwide. Collections total more than \$2.5 billion annually. Currently, we are only able to retain approximately 70 percent of all revenues collected. The other 30 percent reverts to the Treasury general fund. If we were allowed full fee retention, Consular Affairs would determine where additional investments could assist at high-volume posts such as those in Brazil, China, India, and Mexico.

- 4) *Restore the ability of the Secretary of Homeland Security to admit countries into the Visa Waiver Program (VWP) with a refusal rate of 10% or less by decoupling the air exit requirement from the VWP. Work with key strategic partners to facilitate their entry into the program.*

**DHS Response:** 9 months: Write a paper of "asks" that DHS would like to see in the revision of the statute governing the program. Have DHS internal stakeholders meet and discuss reform of the program to share ideas and challenges if Congress were to reform VWP.

**State Response:** None needed

**Policy Change:** DHS has been discussing this issue internally and would be willing and ready to implement VWP reform. Congress may have little political resolve at the moment to move forward, but DHS stands ready to provide information to policy makers if/when requested to do so.

- 5) *Add a few hundred officers in visa processing centers in key emerging countries to reduce wait time and meet growing demand.*

**DHS Response:** None needed

**State Response:** In progress. Since 2005, consular officer staffing has doubled in Brazil, increased 68 percent in China, and risen 51 percent in India. Since FY 2008, to meet short-term staffing needs, we have sent more than 50 officers to Brazil on temporary assignment, providing roughly 2,000 additional days of service. During the same period, we sent more than 30 officers to China, providing roughly 1,000 additional days of service, and nearly 20 officers to India, for more than 700 additional days of service.

**Policy Change:** DOS is repositioning officers to meet increased demand, particularly in the "Big Four" countries of Brazil, China, India, and Mexico, but we are constrained by



budgetary and facility issues. To meet continued growth in visa demand, we are hiring temporary visa adjudicators under Limited Non-Career Appointments. We hope to bring on board a pilot group of 20 adjudicators (10 in China and 10 in Brazil) before the end of the calendar year. If the program is successful, we will expand as appropriate, within the confines of our ability to support additional staff.

6) *Add 4-6 processing locations each in China, Brazil, and India.*

**DHS Response:** None needed

**State Response:** We are expanding existing facilities and opening new ones. In China, we will open our new Guangzhou Consulate and Embassy Beijing Annex in FY 2013. We are now seeking financial support for the expansion of our Shanghai and Shenyang facilities. In Brazil, Rio de Janeiro recently completed renovation of back-office space, but large-scale projects for Brazil are unlikely in the near future given budget constraints. In India, Mumbai is scheduled to move into a new facility this summer. Facilities in Chennai, Kolkata, Hyderabad, and Mumbai have all been expanded or renovated in the past few years. Consular facilities across Mission India are sufficient for current visa demand. We are considering options for managing projected long-term growth in demand.

**Policy Change:** Increased budget for new facilities; in China, approval from the host government.

7) *Increase the validity of non-immigrant visas for Chinese visitors to 10 years.*

**DHS Response:** None needed

**State Response:** In progress

**Policy Change:** We are seeking to liberalize reciprocity agreements to maximize visa validity, and considering how we might waive personal appearances at more visa interviews. U.S. law requires the validity of visas to be based insofar as practicable on the reciprocal treatment accorded to American citizens by other countries. China will also need to promptly document its nationals facing deportation from the United States.

**Border Security**

8) *Establish a goal for wait time at international airports and cruise terminals of less than 20 minutes and measure the performance against that goal.*

**DHS Response:** The Private Sector Office is currently working with Commerce's Research team to look into the definition and measurement methods of wait times at the ports.

**State Response:** None needed

**Policy Change:** Customs and Border Protection (CBP) will not set a blanket standard across all ports, but is open to considering each port individually and how to best track the average wait times of each port.

- 9) *Strengthen 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.*

**DHS Response:** 9 months: CBP will continue to work towards implementing the customer service survey and release the assessment of staffing model for ports of entry across the country. The contract for the survey was signed May 11, 2011 and CBP is currently awaiting the procurement order. PSO and CBP held a follow up Model Ports meeting on June 1 at Orlando International Airport. 12 months: work off the results of the survey and assessment. Highlight another port at the local level and the port's local partnership with the private sector.

**State Response:** None needed

**Policy Change:** No policy changes required; recommended actions summarize current policy and initiative.

- 10) *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 Border Protection officers.*

**DHS Response:** 9 months: CBP will continue to market the Global Entry (GE) program through public outreach. CBP is continuing to work with partner countries to establish additional trusted traveler arrangements. CBP worked with American Express to promote GE to its Black Card Centurion members. CBP is also continuing to work with partner countries to establish additional trusted traveler arrangements. For example, CBP and the Korea Immigration Service signed a joint statement on April 21 agreeing to work toward mutually recognized, expedited international travel initiatives, making Korea the first Asian country to commit to a trusted traveler arrangement.

**State Response:** None needed

**Policy Change:** In order to expand Global Entry to additional airports, the Global Entry Final Rule must be published. The Final Rule is currently undergoing review by DHS and OMB.

**U.S. TRAVEL AND TOURISM BALANCE OF TRADE: All Countries**  
**Receipts (Exports) and Payments (Imports)**  
**2001-2010**

[Millions of U.S. Dollars]

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Receipts (Exports)</b>										
<b>Total</b>	\$89,819	\$83,651	\$80,250	\$93,397	\$102,769	\$107,825	\$122,542	\$141,380	\$120,294	\$134,436
% Change	-13%	-7%	-4%	16%	10%	5%	14%	15%	-15%	12%
<b>Travel</b>	\$72,638	\$67,360	\$65,159	\$75,465	\$82,160	\$86,187	\$97,355	\$110,423	\$94,191	\$103,505
% Change	-12%	-7%	-3%	16%	9%	5%	13%	13%	-15%	10%
<b>Passenger Fares</b>	\$17,181	\$16,291	\$15,091	\$17,932	\$20,609	\$21,638	\$25,187	\$30,957	\$26,103	\$30,931
% Change	-15%	-5%	-7%	19%	15%	5%	18%	23%	-16%	18%
<b>Payments (Imports)</b>										
<b>Total</b>	\$82,833	\$78,684	\$78,436	\$90,468	\$95,119	\$99,605	\$104,808	\$112,335	\$99,255	\$102,786
% Change	-7%	-5%	0%	15%	5%	5%	5%	7%	-12%	4%
<b>Travel</b>	\$60,912	\$59,495	\$58,311	\$66,738	\$69,930	\$72,959	\$77,127	\$80,494	\$74,118	\$75,507
% Change	-7%	-2%	-2%	14%	5%	4%	6%	4%	-8%	2%
<b>Passenger Fares</b>	\$21,921	\$19,189	\$20,125	\$23,730	\$25,189	\$26,646	\$27,681	\$31,841	\$25,137	\$27,279
% Change	-7%	-12%	5%	18%	6%	6%	4%	15%	-21%	9%
<b>Balance of Trade</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Balance of Trade</b>	\$6,986	\$4,967	\$1,814	\$2,929	\$7,650	\$8,220	\$17,734	\$29,045	\$21,039	\$31,650

**Travel:** These accounts cover purchases of goods and services by U.S. persons traveling abroad and by foreign travelers in the United States for business or personal reasons. These goods and services include food, lodging, recreation, gifts, entertainment, local transportation in the country of travel, and other items incidental to a foreign visit. U.S. travel transactions with both Canada and Mexico include border transactions, such as day trips for shopping and sightseeing.

**Passenger Fares:** These accounts cover the fares received by U.S. air carriers from foreign residents for travel between the United States and foreign countries and between two foreign points, the fares received by U.S. vessel operators for travel on cruise vessels, and the fares paid by U.S. residents to foreign air carriers for travel between the United States and foreign countries and foreign vessel operators for travel on cruise vessels.

Source: U.S. Department of Commerce, Office of Travel and Tourism Industries from the Bureau of Economic Analysis, June 2011.



# U.S. TRAVEL ANSWER SHEET

FACTS ABOUT A LEADING AMERICAN INDUSTRY THAT'S MORE THAN JUST FUN

**POWER**  
*of* **TRAVEL**  
www.PowerofTravel.org



## LEISURE TRAVEL

- Direct spending on leisure travel by domestic and international travelers totaled **\$526 billion** in 2010.
- Spending on leisure travel generated **\$82 billion** in tax revenue.
- 3 out of 4** domestic trips taken are for leisure purposes (77%).
- U.S. residents logged **1.5 billion** person-trips\* for leisure purposes in 2010.
- Top leisure travel activities for U.S. domestic travelers: (1) visiting relatives; (2) shopping; (3) visiting friends; (4) rural sightseeing; and (5) beaches.

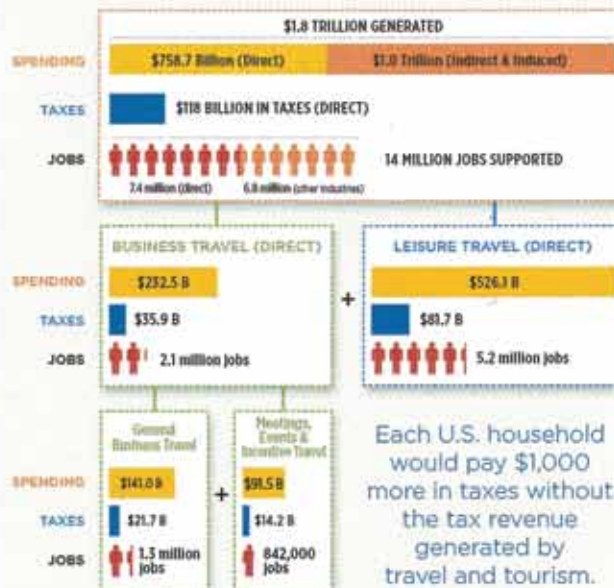
## BUSINESS TRAVEL

(Including Meetings, Events and Incentive)

- Direct spending on business travel by domestic and international travelers, including expenditures on meetings, events and incentive programs (ME&I), totaled **\$233 billion** in 2010.
- ME&I travel accounted for **\$92 billion** of all business travel spending.
- U.S. residents logged **448 million** person-trips\* for business purposes in 2010, with more than one-third (35%) for meetings and events.
- For every dollar invested in business travel, businesses benefit from an average of **\$12.50** in increased revenue and **\$3.80** in new profits (Oxford Economics).

\* Person-trip defined as one person on a trip away from home overnight in paid accommodations or on a day or overnight trip to places 50 miles or more (one-way) away from home.

## U.S. Travel Industry Impact



Source: U.S. Travel Association

Note: Direct spending totals do not include international passenger fares

1 = 1 million jobs

### SOURCES OF TRAVEL SPENDING



TOTAL: **\$758.7 billion**

Source: U.S. Travel Association

## BY THE NUMBERS

**\$1.8 trillion:** Economic output generated by domestic and international visitors (includes \$759 billion in direct travel expenditures that spurred an additional \$1 trillion in other industries)

**14 million:** Jobs supported by travel expenditures (includes 7.4 million directly in the travel industry and 6.7 million in other industries)

**\$188.3 billion:** Wages shared by American workers directly employed by travel

**\$118 billion:** Tax revenue generated by travel spending for federal, state and local governments

**2.7%:** Percentage of nation's gross domestic product (GDP) attributed to travel and tourism

**No. 1:** Where travel ranks among all U.S. industry exports

**1 out of 9:** U.S. jobs that depend on travel and tourism

**No. 5:** Where travel ranks in terms of employment compared to other major private industry sectors

**99.5%:** Percentage of travel industry firms with 500 or fewer employees

**1.9 billion:** Number of person-trips\* that Americans took for business and leisure purposes

**59.7 million:** Number of international arrivals in the U.S. in 2010, including 26.4 million from overseas markets

Travel is among the **top 10 industries** in 48 states and D.C. in terms of employment



## INTERNATIONAL TRAVEL

- In 2010, international traveler spending (export receipts) totaled **\$134 billion** and travel spending abroad by Americans totaled **\$103 billion** (travel import payments), creating a trade surplus of **\$32 billion** in favor of the U.S.
- The U.S. received **59.7 million** international arrivals in 2010. Of those, approximately **26.4 million** were from overseas markets and **33.4 million** were from Canada and Mexico.
- The United States' share of total international arrivals is **6.3%** (down from **7.5%** in 2000).
- International travel spending directly supported about **931,000** U.S. jobs and wages of **\$24.7 billion**.

Direct spending by resident and international travelers in the U.S. averaged **\$2 billion a day, \$86.6 million an hour, \$1.4 million a minute and \$24,000 a second.**



- Each overseas traveler spends approximately **\$4,000** when they visit the U.S. and stay on average more than **17 nights**.
- Overseas arrivals represent **44%** of all international arrivals, yet account for **78%** of total international travel receipts.
- Greatest challenges facing international visitors: burdensome visa process; unwelcoming entry experience.
- Top leisure travel activities for overseas visitors: (1) shopping; (2) dining; (3) city sightseeing; (4) visiting historical places; and (5) amusement/theme parks.

### TOP 5 INTERNATIONAL MARKETS TO USA (ARRIVALS)

ORIGIN OF VISITOR	2010
Canada	20.0 million
Mexico	13.4 million
United Kingdom	3.9 million
Japan	3.4 million
Germany	1.7 million

### TOP 5 HIGH-GROWTH MARKETS THRU 2016 (forecasted)

ORIGIN OF VISITOR	ARRIVALS % CHANGE '16/'10
China	232%
Korea	200%
Brazil	150%
Russia	139%
India	94%

Source: U.S. Department of Commerce - Office of Travel and Tourism Industries

The U.S. Travel Association is the national, non-profit organization representing all components of the travel industry that generates \$1.8 trillion in economic output. It is the voice for the collective interests of the U.S. travel industry and the association's 1,400 member organizations. U.S. Travel's mission is to promote and facilitate increased travel to and within the United States. U.S. Travel is proud to be a partner in travel with American Express®. For more information, visit [www.USTravel.org](http://www.USTravel.org) or [www.PowerofTravel.org](http://www.PowerofTravel.org).

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**U.S. TRAVEL**  
ASSOCIATION

