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**Testimony
of
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**before the
Subcommittee on Commerce, Manufacturing and Trade
Committee on Energy and Commerce
U.S. House of Representatives**

May 7, 2013



Chairman Terry, Ranking Member Schakowsky and Members of the Subcommittee, my name is Lori Gaytan and I am the Senior Vice President of Human Resources for InterContinental Hotels Group. Thank you for the opportunity to present testimony today on how tourism benefits our economy.

IHG is the parent company for two of the most iconic brands in hospitality: Holiday Inn and InterContinental Hotels. In 1952 Holiday Inn paved the way for the American road trip, and today the brand hosts over 100 million guest nights per year. InterContinental Hotels was born out of PanAm pilots' need for a quality hotel to stay in after flying their clipper ships to South America from the United States. Our other brands include Hotel Indigo®, Crowne Plaza® Hotels & Resorts, Holiday Inn Express®, Staybridge Suites®, Candlewood Suites®, EVEN™ Hotels and HUALUXE™ Hotels & Resorts. IHG also manages Priority Club® Rewards, the world's first and largest hotel loyalty program with over 71 million members worldwide.

IHG is the largest hotel company in the world by number of rooms. Our 676,000 rooms host 157 million guests each year in 4,600 properties and nearly 100 countries and territories. And while we are proud of our global footprint, more than 3,100 of our managed and franchised hotels are right here at home. IHG owns just five of these US-based hotels. The vast majority are owned by franchisees, many of whom are small, mom-and-pop businesses owning and operating hotels in their own communities.

Leading the Recovery

As others have testified today, the travel industry is a significant contributor to the U.S. economy. According to Brand USA, international inbound travel is one of the largest exports for the United States. Ranking ahead of agricultural goods and motor vehicles, it is the single-largest services sector export, accounting for 25 percent of all services exports in 2011. International travel represents a quick path toward economic prosperity, providing skilled and high-paying jobs that can't be outsourced. The Department of Commerce reports that, in 2011, 62 million international visitors came to the United States and spent a record \$153 billion on goods and services, which are counted as U.S. exports. In total, spending by international travelers while traveling the United States supported 1.2 million American jobs.

In 2010, IHG asked Oxford Economics to quantify IHG's impact on economic development. They found that IHG hotel operations and the spending associated with those hotels support close to 2 million jobs and \$100 billion in sales. The largest sales impact was found in the Americas, providing hotels that are the focal point to more than \$64 billion in sales. Forty-five percent of the total sales impact of IHG hotels comes from the hotels themselves. The other 55 percent comes from the spending of hotel guests.

The travel and tourism industry has emerged as a leading driver of job creation in our economy. U.S. Travel reports that the travel industry has a far broader economic footprint than many realize. More than just transportation and lodging, travelers generate spending at restaurants, museums, parks and other destinations while vacationing, studying abroad or traveling on business. The historical, current and future impact of travel on American jobs is explained through three contributing characteristics: the industry's geographic breadth, the distinct nature and makeup of travel jobs, and the tremendous opportunity for continued expansion and growth.

Studies by the U.S. Travel Association demonstrate that travel supports 14.4 million workers in America—with travel supporting one in eight American jobs in the private sector and ranking as a top 10 employer in 47 states plus the District of Columbia. Travelers' spending is amplified through a ripple effect: as travel workers spend their paychecks in other sectors of the economy, and vendors and suppliers receive contracts from hotels and rental car businesses, which injects \$1.9 trillion into the U.S. economy and supports 14.4 million American jobs.

IHG has been an integral part of that process. In 2012, IHG hired 5,000 people in our corporate offices and managed hotels. Our franchised and managed hotels employ an estimated 220,000 people throughout the United States. Last year we opened 133 new hotels that provided jobs for 8,500 people. And we are continuing to grow. IHG has 1,250 hotels currently in its U.S. pipeline. We expect to hire 32,000 new employees to staff those properties.

Not Just a Job, a Career

Being hired by IHG means more than just an entry-level job; it often is the first step in a long and satisfying career. More than half of IHG's Managers and two-thirds of our Directors have been promoted internally. I want to provide you with just a couple of examples of the opportunity and upward mobility that come with being hired by IHG.

Paul Snyder, IHG's Vice President for Corporate Responsibility, got his start as a line level employee -- a bartender at the Holiday Inn in Rolling Meadows, Illinois.

Michel Chertouh joined IHG in Paris as a trainee in 1984. During the next 24 years, he worked in IHG properties around the world as Chief Steward, Cost Controller, Banqueting Manager, Restaurant Manager and General Manager for various IHG brands. In 2008, Michel became GM of the InterContinental in Brazil. In his own words, "I've had a very rewarding career with IHG. To progress through so many different roles in so many different places has enriched my professional life and given me a unique perspective on the global hospitality industry."

There are thousands more stories similar to Paul's and Michel's of an entry-level job at an IHG property providing the first step to a long and rewarding career. In fact, for millions of Americans, a career in the travel industry creates a path toward the

American Dream of a stable, prosperous middle-class life for employees and their families.

According to the U.S. Travel Association, the travel industry is one of the top 10 largest employers of middle-class wage earners in the United States. Half of all travel industry employees – a total of more than 3.7 million workers – earn middle-class wages. In addition, the travel industry employs approximately one-quarter of a million workers who are making more than a middle-class wage. That brings the total number of people bringing home a middle-class wage or higher to four million – 53 percent of all travel industry employees. As IHG's examples demonstrate, the travel industry helps its employees climb the ladder of opportunity, secure a strong and rising level of income, and boost their families into the great American middle class.

Legislative Issues Affecting Travel and Tourism

There are measures that Congress can take to assure that travel and tourism continues to serve as an engine for economic growth in local communities across the country.

Protect the Federal Match Funding Source for Brand USA

In 2010, Congress enacted the Travel Promotion Act, establishing the first-ever national travel-promotion and communications program to attract more international travelers to the United States. It established the public-private Corporation for Travel Promotion (now called Brand USA) that is funded through a matching program featuring up to \$100 million in private-sector contributions and a \$10 fee on foreign travelers from visa-waiver countries.

The Brand USA marketing campaign is working. Intent to travel to the United States is up 12 – 14 percent as a result of the Brand USA campaign in UK, Canada, and Japan. Based on the success of the campaign to date, Brand USA is extending the campaign to nine markets in 2013—to Australia, Brazil, Canada, China, Germany, Japan, Mexico, South Korea, and the United Kingdom. These markets generate 75 percent of all international visitation to the United States.

The industry has contributed millions to this effort. Nearly 300 organizations – including IHG -- contributed \$60 million to Brand USA in one year—and we continue to do so. Approximately 51 percent of contributions in FY2012 were cash and 49 percent were in-kind. Organizations within the private sector are required to put their money toward the effort upfront before any matching funds are provided toward the marketing effort.

The impact of Brand USA goes well beyond its direct spending on travel promotion. US exhibitor presence has increased 25 percent or more at influential international trade shows as a result of Brand USA's efforts—with many US companies and destinations exhibiting for the first time and others significantly expanding their

presence as a result of the newly established Brand USA Pavilion tradeshow presence. In addition, hundreds of partners have included the Brand USA logo and

Discover America call-to-action in their own digital and advertising presence – amplifying the reach of this unique public-private partnership.

We are extremely concerned that legislative proposals to divert the \$10 visa-waiver fee on foreign travelers to other purposes could derail what has been an incredibly successful effort to attract foreign visitors to the United States at no expense to the taxpayers. We urge Congress to protect this funding source from being co-opted by other interests.

Enact Legislation to Streamline the Visa and Entry Processes

As Brand USA's efforts attract new overseas visitors to the United States, it is essential to assure that the process of obtaining a visa and processing through customs is a welcoming one. Legislation introduced in March by Representatives Joe Heck (R-NV) and Mike Quigley (D-IL) would do just that. The *Jobs Originating through Launching Travel (JOLT) Act*, is a bipartisan, bicameral effort to create jobs through increasing travel and reforming outdated visa laws while maintaining national security. Between 2000 and 2010, the global long-haul travel market grew by 40 percent, yet the U.S. share of the market has fallen from 17 to 12 percent during that time due to the outdated, inefficient tourist visa application process.

The *JOLT Act* would help expand access to visa services for potential visitors to the U.S. without reducing or eliminating the necessary security protocols. Those provisions include faster visa processing, expedited entry for priority visitors, and the establishment of a visa video conferencing pilot program so we can examine innovative ways to address the increasing demand for visas. IHG strongly supports its speedy enactment.

Recognize the Value of Responsible Federal Travel

In the context of reducing the federal deficit and cutting federal spending, government meetings have come under attack as excessive and unnecessary. Legislative proposals have surfaced that would effectively ground federal employees without regard for the value travel can provide. Face-to-face meetings are often the most productive ways to strengthen relationships, develop strategies, increase productivity and achieve organizational goals of federal departments and agencies. Responsible and accountable federal travel guidelines can assure that federal dollars are spent wisely as beneficial federal travel and meetings continue.

While we wholeheartedly support Congress' efforts to cut unnecessary spending and reduce fraud and waste, federal travel policies must recognize the need for federal employees to travel to receive training, to meet with their peers and to perform their responsibilities efficiently and effectively.

Conclusion

By welcoming travelers from around the world, hotel properties in the United States are taking the lead in growing our economy and creating jobs within every state and congressional district in the country. IHG is a significant part of that growth and opportunity. We urge Congress to take the necessary steps to remove obstacles that foreign travelers face in coming to the United States; to continue to provide the dedicated funding source that will allow Brand USA to promote the United States as a welcoming destination for overseas travelers; and to assure that responsible policies allow for legitimate travel by federal employees.

Thank you for the opportunity to testify today. I will be happy to answer any questions you may have.