



Testimony of
Kathleen Matthews
Executive Vice President and Chief Global Communications and Public Affairs Officer
Marriott International, Inc.
Bethesda, Maryland

Before the
United States House of Representatives
Energy and Commerce Committee
Subcommittee on Commerce, Manufacturing and Trade

Vacation Nation: How Tourism Benefits our Economy

May 7, 2013

Chairman Terry, Ranking Member Schakowsky and Members of the Subcommittee:

I am Kathleen Matthews, Executive Vice President and Chief Global Communications and Public Affairs Officer at Marriott International. Thank you for the opportunity to testify today on behalf of our company. I'm pleased to discuss the economic benefits and opportunities created by the travel and tourism industry, which has been a leading driver of our country's economic recovery.

Marriott is proud to be part of that growth. Last year, Marriott celebrated its 85th anniversary. Our company has humble roots that run deep here in the District of Columbia. In 1927, J.W. and Alice Marriott opened a nine-seat root beer stand on 14th Street Northwest after moving to Washington from Utah. Thirty years later, after growing that small operation into the Hot Shoppes restaurant chain, they opened their first hotel near Hoover Field, now Reagan National Airport, just across the 14th Street Bridge.

Over the last 56 years, our business has evolved into one of the world's leading hospitality companies. Our system now includes over 3800 hotels worldwide, employing 325,000 people, and operating under 14 brands, including the Ritz-Carlton, Renaissance, Courtyard and iconic Marriott lines. We operate in all 50 states, and I suspect in each of your respective districts, as well as 74 other countries and territories around the globe.

Our corporate mission is to "Open Doors to a World of Opportunity." That mantra applies to our guests and employees with equal force. We invest in our people accordingly, recognizing that Marriott's associates are integral to our efforts to provide quality service to customers and value to our owners and shareholders.

Marriott is proud to be doing its part to put Americans back to work, and my hope today is to encourage this Subcommittee to further consider and promote federal policies that will enable us to continue providing meaningful economic opportunities to an ever-growing workforce.

Opening Doors to a World of Opportunity

Every time we open a hotel, the economic benefits are tremendous. A full-service hotel opening generates hundreds of initial construction jobs and sometimes upward of 1000 permanent positions. It will generate millions of dollars in annual tax revenues, and frequently becomes a focal point for community events, meetings and additional development.

As an example, look no further than the construction site of our new 1100-room Marriott Marquis next to the Washington Convention Center on 9th Street Northwest. Those construction cranes mean jobs – and we want to put more of them up all across the country.

Marriott is partnering with global researchers to map our 'ripple effect' — specifically analyzing what a hotel opening means for the associates we employ, their families, our suppliers, vendors, and the broader community. We're in the beginning stages of that partnership and

will be sure to share the results with you. For now, we know from our own calculations that for every five full-service hotel rooms we add to our system, we create roughly three U.S. jobs.

I want to stress that these are not low-wage, low-opportunity jobs. Our jobs are a gateway to the middle class, particularly for individuals who may not have had access to higher education or skills training.

At Marriott, we cross-train and promote from within whenever possible, strive to provide the best benefits packages available, and employ a workforce that is over 90% full-time. We were founded on the principle that taking care of your people ensures they will take care of your guests. Our industry is unique — the housekeeper can become the General Manager. A waiter can become our Chief Operating Officer, and a lifeguard can become the CEO of the U.S. Travel Association.

Over half of our general managers – who run multi-million dollar annual operations – rose to their positions from the ranks of hourly employees. Our general managers’ resulting loyalty is evidenced by the fact that they have worked for Marriott for an average of 24 years, whereas our competitors’ have an average of four years of service.

We have developed an award winning English-language training program (“Sed de Saber”) and are currently exploring partnerships with non-profits to develop a citizenship and naturalization assistance program for our substantial number of immigrant employees. Our “World of Opportunity” initiative is also helping young people from disadvantaged backgrounds reach their full potential by providing life and vocational skills.

Accolades for our human resource policies come from a range of sources that reflect the awe-inspiring diversity of our associates. We have been ranked as one of *Working Mother* magazine’s 100 Best Companies for over 20 years. *Latina Style* has ranked us as one of its top companies for Latinas for fifteen straight years. *Black Enterprise* has continued to recognize Marriott as one of its 40 Best Companies for Diversity. We have received top honors from the Human Rights Campaign for our provision of complete benefit packages to our LGBT employees. The National Association for Female Executives has ranked us high on its list of the Top 50 Companies for Women in 2013, which recognizes organizations whose policies promote the advancement of women.

In short, Marriott offers solid employment opportunities to a broad swath of the U.S. workforce, and we have helped thousands climb the economic ladder by providing meaningful career paths. As more families enter the middle class, they have the means to travel themselves, and the ripple effect continues.

To help us provide more of these quality opportunities, there are several specific policy measures you can support to promote and facilitate travel. In many ways, government policy can help or hinder the ability of people to get to our hotels. We are on a campaign to help people “See the World,” and we need your support for that mission.

Travel is Trade

Foreign dollars spent in the United States on travel services constitute exports. In fact, the commercial activity generated by travel constitutes our country's top service export. Travel is indeed trade, with its attendant economic, diplomatic and social benefits.

When considering how to harness a greater share of the economic potential of increased travel, I encourage you to think globally. Emerging middle classes in Asia and Latin America, for example, have a massive pent up demand for travel, particularly to the U.S. Bringing these new travelers to the United States—Marriott's largest market with nearly 3200 hotels—and ensuring they have a positive experience, must be our shared goal and responsibility.

Other countries have caught onto the economic opportunity presented by increased visitation by international travelers, and they are aggressively marketing themselves and improving their visa and entry processes to capture that travel spending. Regional agreements have emerged to attract travelers to certain regions. The ASEAN nations have created a regional visa allowing travel between countries on one visa. Twenty-two European Union member states are part of the Schengen Area and have a uniform visa policy.

This is the competition — they are organizing, using technology, and bringing down barriers to travel. We need to do the same and more.

Promoting America: Investing in Brand USA

First, we need to continually promote ourselves as a travel destination. The U.S. will need to be much more aggressive when it comes to strategic marketing to maintain and grow its market share as the pool of global travelers continues to expand. Foreign nations have long had organized, coordinated marketing campaigns in place to do just that – and our failure to do so led, in part, to the stagnation of our market share of global travelers in the decade following 2001.

This situation began to change in 2010 with passage of the Travel Promotion Act and the establishment of Brand USA. This is the public-private partnership that launched in earnest last year and is charged with promoting the U.S. as a travel destination in overseas markets.¹ We believe Brand USA is a key part of luring more international travelers to this country and greatly augments parallel state, regional and corporate marketing efforts.

¹ See K. Sullivan, *With Brand USA, a campaign to lure back foreign tourists – and their money*, WASHINGTON POST, March 9, 2013 (available at http://www.washingtonpost.com/business/with-brand-usa-a-campaign-to-lure-foreign-tourists--and-their-money/2013/03/08/653bcd82-619c-11e2-a389-ee565c81c565_story.html); see also U.S. Reps. Sam Farr and Jo Bonner, *Promote U.S. travel, stimulate the economy*, POLITICO, April 16, 2013 (op-ed; available at <http://www.politico.com/story/2013/04/promote-us-travel-stimulate-the-economy-90160.html?hp=l8>).

Our corporate commitment to Brand USA reflects that, and Marriott has provided the agency with financial, in-kind and logistical support. Arne Sorenson, Marriott's President and CEO, is now on Brand USA's Board of Directors. We are pleased that nearly 300 other private organizations joined us to contribute a total of \$60 million to Brand USA in one year, qualifying the agency for matching funds approved by the Department of Commerce and generated by entry fees paid by foreign visitors – not American taxpayers.

We are excited that Brand USA will be running campaigns in nine markets, including China and Brazil, by the end of 2013. We are already starting to see great return on this investment in the form of increased foreign visitors.

I urge the members of the Subcommittee to learn more about Brand USA's efforts, which may well include marketing campaigns and materials featuring your districts. The agency has done a wonderful job fulfilling its statutory duty to promote rural destinations and national parks. We would appreciate your continued support for Brand USA, which includes protecting its designated fee-based revenue stream.

Facilitating Mobility: Infrastructure and Government Travel Services

After promoting travel to this country, we have to think about facilitating the entry of those travelers at our ports and borders, and about their mobility. The President's National Travel and Tourism Strategy laid out a goal of attracting 100 million visitors to the U.S. by 2021 – an increase of approximately 40 million visitors over 2012 levels – and we've seen great cross-agency collaboration to achieve his goal. At the same time, we celebrated a milestone in 2012 in that 1 billion people traveled outside their home country, which would indicate we can exceed that 100 million figure with some strategic planning.

The Administration has made tremendous progress, particularly in improving visa processing in China and Brazil. We used to have a situation where prospective visitors from those countries would wait over six months to be interviewed for a tourist visa. Fortunately, these wait times have been brought under one week. All along, the Europeans were issuing visas in under 10 days. We are finally getting in the game.

For Marriott, we believe the State Department's efforts to improve visa processing in Brazil and China have led to noticeable gains in business from inbound visitors from those countries. In 2012, domestic room night stays by Chinese visitors in our hotels were up an incredible 19% over 2011 levels; stays by Brazilian visitors were up a modest but significant 3% year-over-year.

We also look forward to working with members of the Subcommittee on the bipartisan Jobs Originated through Launching Travel Act (H.R. 1354), or the JOLT Act for short. This measure has a growing roster of bipartisan cosponsors – nearly 40 at the moment with a roughly equal party split among cosponsors. We hope you will join that roster. The JOLT Act would modernize the process for entrance into the Visa Waiver Program, set targets for visa

processing, and create a premium processing category for visa services, among other things. All provisions are geared toward facilitating more travelers to the U.S., thereby increasing domestic economic activity and demand for travel industry services.

Congress has a key role to play in enacting legislation like the JOLT Act to ensure our visa and entry policies are smart and the services government agencies provide in the travel process are not inhibiting our ability to welcome increasing numbers of global travelers. On the Senate side, the JOLT Act has been incorporated in their draft comprehensive immigration reform legislation. Whether freestanding or as part of a larger immigration package, we need to see JOLT passed this year. We are leaving rapid, surefire growth for our company, industry and the larger economy on the table by failing to get this done.

As we continue to welcome more global travelers, we will be increasing the pressure on our entry systems, including infrastructure at our land, air and seaports. I second the comments of my colleague from the U.S. Travel Association, Roger Dow, on these points. We cannot be shortsighted about investing in the future when it comes to infrastructure and staffing levels at federal agencies that oversee our transportation systems.

Finally, thinking of the critical domestic travel market, as we saw a few weeks ago, government travel services provided by TSA, CBP, and the FAA all play an important role in the mobility of people. Hiccups in the system—no matter the cause—have a real impact that should be considered and minimized. We thank the members of the Subcommittee who supported restoring order at the FAA before recess, and encourage you to continue working toward solutions that minimize the impacts of sequestration at other travel-connected agencies.

Conclusion

Our business has seen dramatic recovery in the past few years. In the first quarter of 2013, we exceeded peak 2007 levels for fee revenue. As our business grows, we're looking forward to hiring more workers. The services that Marriott and its outstanding employees provide cannot be automated or outsourced.

We are proud of the 'virtuous cycle' that comes from our growth, and look forward to working with Congress to promote policies that support the industry and our economic ripple effect. Thank you for allowing me to speak today and I look forward to your questions.