

WRITTEN TESTIMONY FOR THE RECORD

OF

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ON

“REAUTHORIZING BRAND USA”

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY & COMMERCE
SUBCOMMITTEE ON CONSUMER PROTECTION & COMMERCE

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INTRODUCTION

Chairwoman Schakowsky, Ranking Member McMorris Rodgers, and Members of the Subcommittee:

I am honored to offer testimony on behalf of Brand USA and share with you the impact of our critical work to build the reputation of the United States as a premier destination for international travelers. Brand USA is a non-profit, public-private partnership established by the Travel Promotion Act of 2009. Our mission is to increase incremental international visitation, spend, and market share to fuel our nation's economy and enhance the image of the USA worldwide. Through the financial and in-kind support of hundreds of industry partners, and in partnership with the federal government, Brand USA has been able to achieve and expand upon this mission each year.

International travel and tourism drives economic growth in the United States, bringing jobs and capital to local communities throughout the country. It is the number one services export and represents nearly 10 percent of total U.S. exports across all industries. In 2018, domestic and international travel and tourism supported 7.8 million jobs across a variety of industries in the United States—1.2 million of which are directly attributable to international visitors.

Despite the size of the travel and tourism industry and its importance to the U.S. economy, Brand USA is the only federally-sponsored program charged with promoted the full breadth of travel experiences in the United States around the world. We act as a multiplier for efforts by state and city tourism boards and private companies, telling a unified and inspiring story about the awesome possibilities of travel to our incredible land. We do this without using a single taxpayer dollar.

We advance our mission through coordinated marketing, promotional, and educational campaigns that inspire international visitors to travel to the United States. Our approach works. Brand USA efforts are responsible for increasing international visitation, generating additional spending, tax revenue, and jobs that support your constituents and the American economy as a whole.

The travel and tourism industry continues to grow, with global overnight tourist arrivals eclipsing 1.4 billion in 2018 according to the UN World Tourism Organization—a 5 percent growth rate over the previous year. Our work to sustain this critical area of the economy is only growing more important. We face stiff headwinds with the strength of the U.S. dollar and its impact on foreign travelers' decisions, increased competition around the world with more markets serving as potential long-haul travel destinations, and heavy investment from foreign competitors.

Understanding the Brand USA impact

Oxford Economics conducts an annual economic impact study measuring the effectiveness of Brand USA activities (see Appendix 1). The Oxford Economics model draws upon independent inputs and data from Google Analytics and ad servers to measure the impact of Brand USA's marketing efforts around the world.

In FY2018 this study attributed 1.13 million *incremental* international visitors to Brand USA's efforts. These travelers spent \$4.3 billion on travel purchases, including airfare on U.S. carriers; which led to an incremental \$1.17 billion in federal, state, and local taxes; generated \$8.9 billion in total economic impact; and provided support for approximately 52,000 American jobs.

Since 2013, according to the annual study, Brand USA's marketing efforts have generated 6.6 million incremental visitors; \$21.8 billion in incremental spending; \$6.2 billion in federal, state, and local taxes; \$47.7 billion in total economic impact; and supported nearly 52,000 incremental jobs on an annual basis. For every dollar that Brand USA spends to market and promote the United States around the world, it generates \$28 in return to the U.S. economy.

Furthermore, it is the entire U.S. economy – and not solely industries traditionally associated with travel and tourism – that benefits from Brand USA activities. Nearly 50 percent of Brand USA-generated economic impact accrues to industries such as manufacturing, finance, insurance, real estate, and retail. The same distribution is true for the 52,000 jobs that Brand USA activities support.

Our collaborative model

Brand USA is only able to generate these results with the support of our partners, including the federal government. We work closely with and are funded by cash and in-kind contributions from entities within and outside the travel industry. Our supporters include destination marketing organizations, travel agents, tour operators, hotel and lodging companies, attractions, retailers, airlines, and others.

The federal government's support and funding enable us to invest in critical infrastructure for in-market campaigns that many of our partners are unable to make on their own. From digital platforms in foreign markets to a marquee trade show that connects domestic travel and tourism companies with foreign travel agents and tour operators, our partners recognize the value of working with Brand USA and fund our mission accordingly. We in turn are able to draw international travelers to, through, and beyond gateway cities to ensure the benefits of international visitation are felt in local economies across the country.

Brand USA's path forward

Brand USA's authorization and public funding source is set to expire on September 30, 2020.

The immediate passage of the Travel Promotion, Enhancement, and Modernization Act of 2019 is critical to Brand USA's ability to maintain momentum and continue to deliver impactful campaigns that bolster the U.S. tourism industry and bring increased spending and jobs to communities of all shapes and sizes throughout the country.

Uncertainty about our future could have a chilling effect on the trust we have developed over the last seven years with our industry partners who are the engine for our efforts. And every day that passes without access to future funding weakens our ability to make the type of long-term strategic investments, which deliver Brand USA's impressive results.

Slowing our pace in the short-term will have serious consequences over time, forcing Brand USA to re-establish relationships and re-invest in the infrastructure we have built over nearly a decade of service to our mission and to the United States.

BRAND USA BACKGROUND

Brand USA was established by the Travel Promotion Act of 2009 as the nation’s first public-private partnership to spearhead a globally coordinated marketing effort to promote the United States as a premier travel destination and communicate U.S. visa and entry policies. In 2014, Congress extended the original funding authorization through September 30, 2020.

Brand USA is supported by contributions from non-federal sources like state and city tourism boards and private sector travel companies. These contributions are matched by fees collected from international visitors who travel to the United States under the Visa Waiver Program (the \$14 fee that Customs and Border Protection collects under the Electronic System for Travel Authorization (ESTA)). This means that Brand USA marketing efforts are managed at zero cost to the U.S. taxpayer.

Brand USA is eligible to receive matching funds from the Travel Promotion Fund at a one-for-one basis, up to \$100 million per federal fiscal year. These funds can be unlocked through cash or in-kind contributions, such as airline tickets, hotel rooms, cooperative advertising, or content (photos, videos) for use in our marketing efforts. All requests for matching funds are approved by the U.S. Department of Commerce consistent with their policies and guidelines.

In order to accelerate growth in international arrivals, Brand USA concentrates its consumer marketing efforts on markets with the strongest indicators of growth, and at specific times when travelers are most motivated to plan and activate travel.

To determine the optimum level of investment in each market, Brand USA utilizes a market selection model as the first step in determining those markets where it will focus its consumer campaigns each year. The model includes 10 factors, which help Brand USA identify markets that offer the most incremental growth potential over the plan year. International travel behavior and macroeconomic data are more heavily weighted as part of the target markets analysis, but other important factors are also considered, such as civil liberty, wealth distribution, and ease of doing business.

HOW BRAND USA MARKETS THE USA

To achieve our mission, Brand USA deploys a number of market-driven strategies to increase inbound visitor travel to the United States and drive tourism dollars to communities in all 50 states, the five territories, and the District of Columbia. These include consumer campaigns, cooperative marketing, and travel trade outreach. (See Appendix 2 for Brand USA’s Annual Report to Congress detailing programs, results, and other important information).

Consumer Marketing

Brand USA’s consumer marketing tactics—broadcast, print, digital, out-of-home advertising, social, and various multi-media strategies—are fundamental to Brand USA’s ability to reach, engage, and inspire travelers to visit the USA. The media mix is optimized by consumption habits and efficiencies within markets, and is informed by media buying experts and research. We conduct research to identify the target demographics and inform content development, often through in-person surveys, all of which allows Brand USA to deliver the right message to the right people at the right time.

The foundation of Brand USA’s consumer marketing campaigns is an “always on” digital marketing approach that engages and inspires international travelers to visit the United States. Brand USA’s consumer website is available in 16 market-specific formats and translated in eight different languages. Each site is mobile-responsive and geo-targeted, directing viewers to content on their preferred devices and in their native language. The sites feature editorial and compelling content about destinations as well as interactive maps, a custom trip itinerary planning tool, consumer travel ratings, seasonal weather, and practical travel information. Brand USA continuously works to enhance these websites and increase traffic to these pages by adding content and developing interactive features.

Brand USA operates social media accounts in each of the markets where Brand USA has a fully-integrated marketing presence, including: Facebook, Twitter, Instagram, and YouTube. In China, Brand USA has a presence on Sina Weibo, a microblogging site that is a hybrid of Twitter and Facebook; Tencent Weibo, a microblogging site; Youku, a YouTube equivalent; Weishi, a Vine equivalent; Wechat, a mobile social network for texting, images, music, and article sharing; and Lofter, a photo sharing platform.

In 2018, Brand USA launched GoUSA TV, the first connected TV channel established by a national destination marketing organization. GoUSA TV streams entertainment-driven travel content “on demand” to viewers on smart TVs, or streaming devices via Roku, Amazon Fire, and Apple TV, as well as iOS and Android apps for mobile devices and tablets. The channel is available for free and without a subscription and takes advantage of digital video trends and the growth of households that are cutting their reliance on cable television programming in favor of on-demand entertainment. The channel attracts viewers worldwide with its range of original and curated episodic content, documentaries, and films about U.S. destinations and experiences told from the diverse perspectives of real people across America.

Brand USA’s *Ask A Local* campaign welcomes international visitors and invites them to experience amazing destinations as a local through the voices and faces of U.S. residents. In partnership with our destinations, these first-person recommendations highlight local attractions, food, nightlife, music, and scenery throughout the 50 states, five territories, and the District of Columbia.

Brand USA also produces and distributes highly-produced destination-focused storytelling content such as the *Hear the Music, Experience the USA* campaign featuring 15 artists, from 15 U.S. cities representing different music genres and their renditions of classic American songs, “Do You Want to Dance,” “That’s What I Like About You,” and “Boogie Shoes.” This content captures the artists’ performance as well as compelling storytelling about the community and culture that make their hometowns a destination for international tourists to visit.

The *United Stories* campaign, takes viewers on the road via mobile content creation labs that travel the United States capturing warm and welcoming stories told from local perspectives, inspiring international travelers to visit the USA. Accomplished content creators, storytellers, and influencers visit various points of interest, events, and attractions across the country in visually arresting branded vehicles and create aspirational content in all 50 states, five territories, and the District of Columbia.

Brand USA's giant-screen projects have also proven successful. Brand USA's first giant-screen film, *National Parks Adventure* premiered in 2016 with regular distribution in more than 15 countries. *National Parks Adventure* was the highest grossing documentary film in 2016. According to an economic impact study conducted by Oxford Economics, *National Parks Adventure* is expected to inspire 170,000 incremental international visitors from 2017 through the end of 2019. The study estimates that these travelers will generate \$700 million in incremental visitor spending, resulting in a total economic impact of \$1.5 billion and a return on investment for the film of 56:1.

In February 2018, Brand USA's second giant screen film, *America's Musical Journey*, which traces the roots of American music, opened in more than 75 theaters around the world, generating nearly 2 billion impressions across earned and paid media.

Brand USA is in production of a third film, *Into America's Wild*, which is scheduled for release in February 2020.

Cooperative Marketing

Cooperative marketing allows us to weave together the many stories and voices highlighting the diverse travel experiences – the great outdoors, music and culture, indulgence, and urban excitement – throughout the United States in a cohesive and compelling way.

Many of these programs rely on Brand USA marketing infrastructure and make it possible for partners to enter global markets that they would be challenged to reach on their own. For example, Brand USA operates a comprehensive digital presence in China, which requires significant time and investment beyond the reach of many destinations and travel companies. Our Visit the USA Inspiration Guides are distributed throughout our key markets. These inspiration guides explore some of the most authentic travel experiences and destinations in the United States and include large and small, urban and rural destinations throughout the United States.

Travel Trade Outreach

Brand USA's travel trade outreach is designed to engage and influence tour operators, travel agents, and other travel professionals to increase bookings to the United States. We accomplish this by presenting a unified message to the international travel trade on behalf of U.S. destinations and companies at events like travel trade shows, sales missions, road shows, training initiatives, and familiarization tours. Brand USA hosts these types of events to connect U.S. destinations and travel companies with international travel sellers. And throughout the year, Brand USA works to educate our domestic partners about the international marketplace and the international travel trade on the diversity of travel opportunities in the USA.

A great example of this work are Brand USA’s familiarization tours, or “fams.” These tours bring groups of travel agents and tour operators to destinations in the United States to provide first-hand knowledge of new experiences and itineraries they can offer to customers back home.

The highest-profile Brand USA familiarization tours are “MegaFams,” which are the largest multi-itinerary, simultaneous familiarization tours conducted in the United States. Brand USA organizes and coordinates these diverse U.S. travel experiences in order to more fully promote multiple destinations. They are especially effective in motivating the travel trade to sell destinations to, through, and beyond the gateways to their clients because the itineraries include a broad range of travel experiences, attractions, and brands from popular gateway cities to off-the-beaten-path encounters. Since the first MegaFam in 2013, more than 1,000 international travel sellers have visited all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

These travel trade efforts are supported by Brand USA’s network of in-country firms in over 20 markets. These “boots on the ground” help Brand USA build a strong presence and manage relationships; develop itineraries and promotions to highlight new travel experiences; and educate and inspire the travel trade to better promote the USA to, through, and beyond the gateways.

Partnership with Federal Agencies

Brand USA works closely with a variety of federal government partners to market the welcome, provide travel policy information, and amplify U.S. economic and diplomatic efforts in-market. Much of this collaboration is coordinated through the National Travel and Tourism Office at the U.S. Department of Commerce, which is the liaison agency from the government to Brand USA.

For example, Brand USA works closely with Customs and Border Protection and the Bureau of Consular Affairs to develop market-specific visa and entry policy language for dissemination via digital and print channels. We also coordinate policy language with the responsible agencies when there are changes to or misperceptions about visa or entry procedures. Our in-market teams collaborate with U.S. embassies and consulates to deliver visa and entry policy information to travel agents and tour operators as part of our travel trade engagement. Customs and Border Protection and the Bureau of Consular Affairs often participate in Brand USA-organized travel trade shows and sales missions around the world to directly deliver travel policy information.

In addition, Brand USA has collaborated with the federal government to “market the welcome” to foreign travelers. We have helped improve waiting areas in consulates, embassies, international arrival halls, among other areas through delivery of high-quality print and video collateral. We feel strongly that all of the sophisticated and well-researched marketing campaigns are meaningless if the traveler or potential traveler doesn’t feel welcome in the United States.

Brand USA also works closely with the U.S. Commercial Service, State Department, and others on a host of in-market activities around the world, including special film screenings, trade shows, industry roundtables, PR events, and promotional opportunities in markets where Brand USA does not have a fully-integrated presence. We have developed a toolkit of materials for all U.S. embassies and consulates around the world to easily use.

Finally, Brand USA collaborates with a wide variety of federal agencies to showcase some of our greatest national treasures to the international traveling public. Our public lands and waters represent both a significant portion of the country and a nearly endless source of unique travel experiences and content that Brand USA is able to include in our various marketing and outreach efforts.

See Appendix 2 for Brand USA’s Annual Report to Congress detailing programs, results, and other important information.

CONCLUSION

Brand USA is effectively and efficiently fulfilling its mission as prescribed by the Travel Promotion Act. Brand USA has had a significant impact on the U.S. economy since 2013, generating:

- 6.6 million incremental visitors who spent
- \$21.8 billion on travel and fare receipts with U.S. carriers, and generated
- \$6.2 billion in federal, state, and local taxes and
- \$47.7 billion in total economic impact, which has supported, on average,
- Nearly 52,000 incremental jobs each year, with a
- Marketing ROI of 28:1 and overall ROI of 25:1

Brand USA is more important than ever. The United States faces stiff competition in the global tourism marketplace due to factors such as a strong U.S. dollar, growing investment from competitor destinations, and the misperception among travelers they already know everything there is to know about the United States. Brand USA will continue to inspire first-time visitors and remind repeat visitors of the awesome possibilities that they can only experience in the USA.

To maintain our effectiveness and not lose ground in markets around the globe, Brand USA must be reauthorized now. While the current authorization doesn’t expire until September 30, 2020, destination marketing plans are developed on at least a 12-month planning cycle. This is particularly true for an organization with a mission as broad and sophisticated as our own. We need to inspire travelers around the world with varied tastes, cultures, and desires. We can only accomplish that with rigorous testing and investment that lays the necessary foundation for successful, integrated marketing campaigns. We are already making decisions about expenditures such as market research, message testing, and digital asset development that lay the foundations for our FY2021 activities. This type of long-term planning is the reason that our results have been so positive over the past six years. But without clarity beyond September, it is difficult to justify these types of expenditures.

At the same time, domestic and international travel and tourism companies are making similar decisions, many of which are reliant on a continued Brand USA presence in market. Without confidence that Brand USA will exist to promote the USA to consumers and connect U.S. destinations with travel retailers, these companies are less likely to make investments in selling the USA. This will have a particularly acute impact for U.S. destinations beyond the gateways because international tour operators and travel companies take on more risk when they sell these travel products. Similarly, many domestic travel companies base their own planning on the foundational work of Brand USA, particularly in emerging markets like China and India.

If Brand USA is not reauthorized by the end of the year, many of these types of decisions will be negatively impacted. The longer the wait, the longer the recovery time. This will lead to a reduction in jobs supported by international travel to the United States.

When Brand USA is reauthorized, we will continue to inspire people from across the globe to enjoy the unique experiences one can only enjoy in our 50 states, five territories, and the District of Columbia. Our efforts will continue to power the economy, increase revenues, and create jobs across the country.

Thank you again for your support and for the opportunity to testify before you today. I am happy to answer any questions you might have.