Brand USA Update

January 23, 2020
Carroll Rheem
VP, Research & Analytics

Travel Powers the Economy

#1 Services Export

- 76.9 million international visitors spent $156 billion
- $77 billion U.S. travel trade surplus
- $251 billion U.S. travel exports
- 26% of U.S. service exports – 9% of all U.S. exports
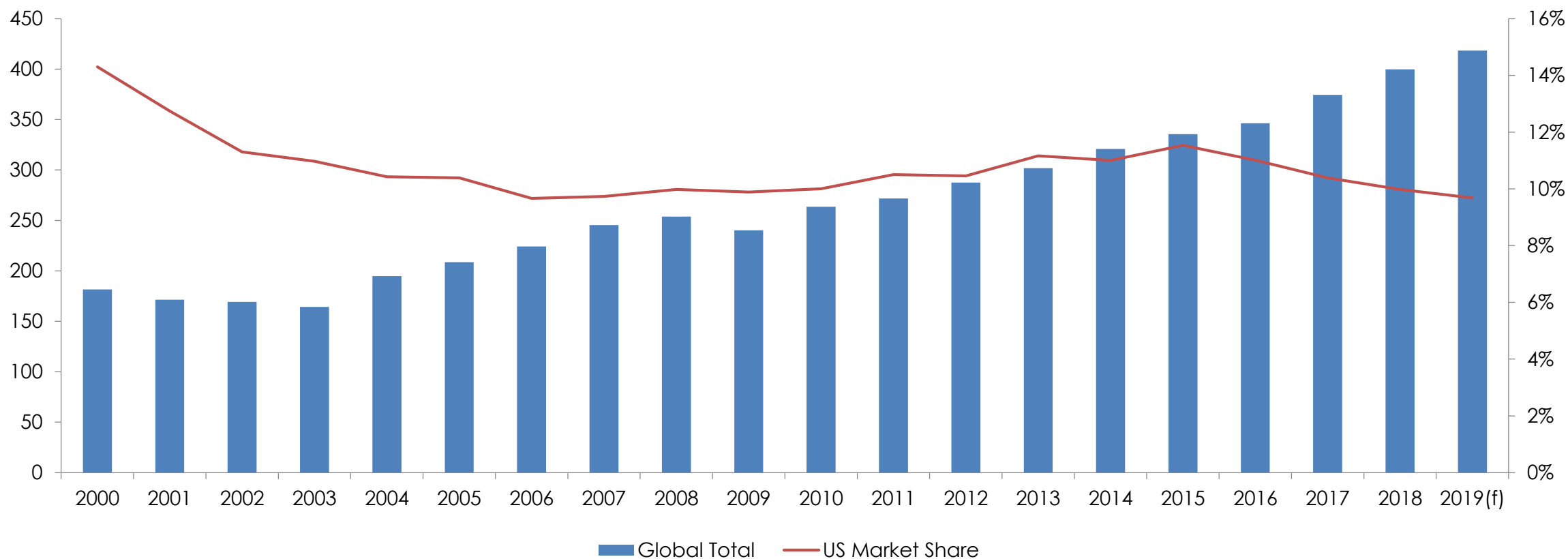
2.6% of GDP

- $2.4 trillion in economic output
- $164.7 billion in tax revenue

15.6 Million Jobs Supported by Travel

- 8.8 million direct; 6.8 million indirect
- Top 10 employer in 49 states and DC
- 1.2 million jobs directly supported by international travelers

Global Long Haul Trips and US Market Share

Global Total · US Market Share

Note: Visitation in millions and US Overseas Market Share
Sources: US Department of Commerce/NTTO; Oxford Economics

VisitTheUSA.com

The Travel Promotion Act signed into law March 2010

Over the past six years, Brand USA's marketing efforts have generated...

900+ partners

(with a 94% retention rate)

6.6 million incremental visitors

$21.8 billion incremental spending

$6.2 billion federal, state & local taxes

$47.7 billion total economic impact

nearly **52,000** incremental jobs supported each year

HOTEL

ROI Data Source: Oxford Economics

DECEMBER 16, 2019

RULES COMMITTEE PRINT 116–44

TEXT OF THE HOUSE AMENDMENT TO THE

SENATE AMENDMENT TO H.R. 1865

[Showing the text of the Further Consolidated Appropriations Act, 2020]

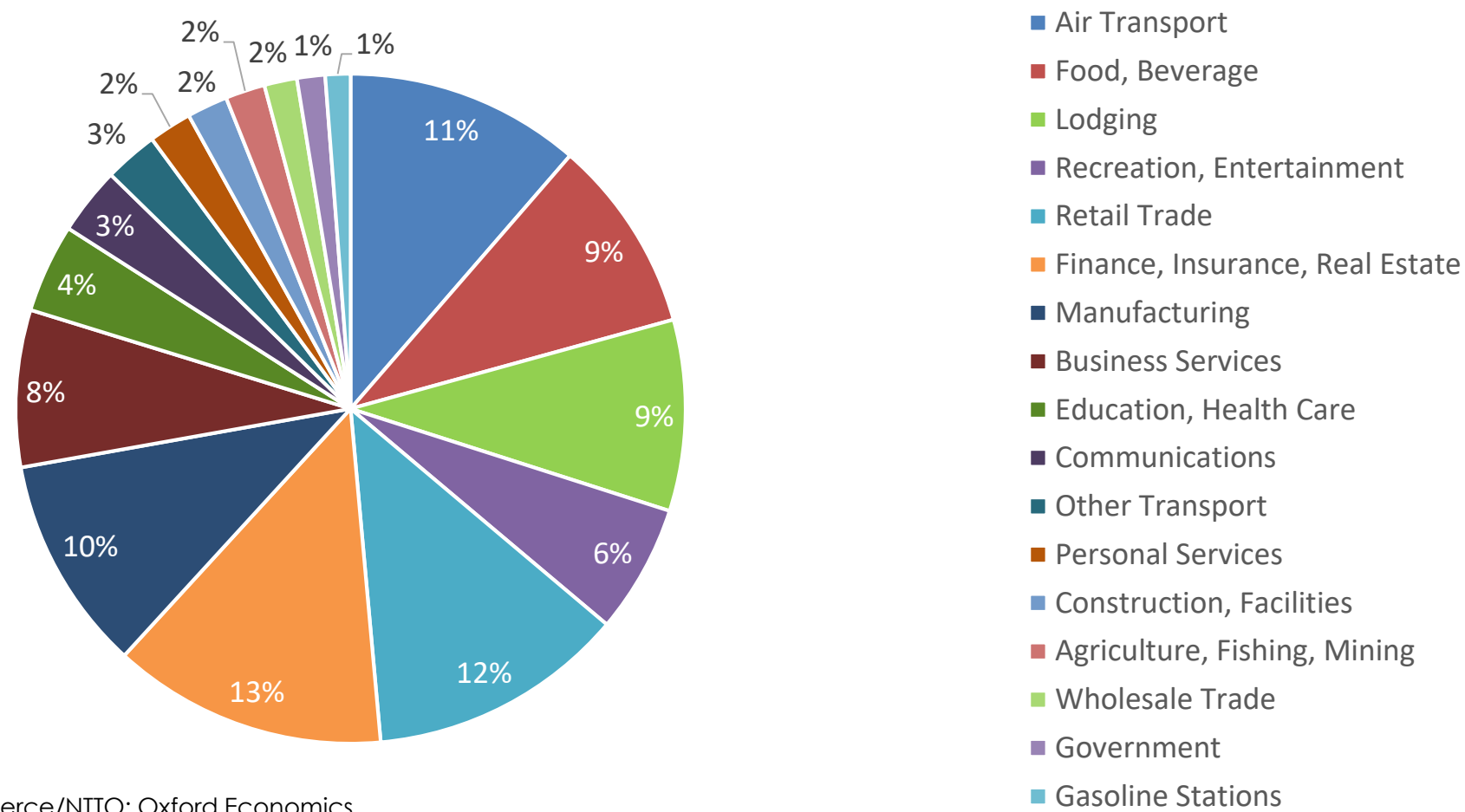At the end of the Senate amendment, add the following:

1 **SECTION 1. SHORT TITLE.**

2   This Act may be cited as the "Further Consolidated

3 Appropriations Act, 2020".

Brand USA Direct, Indirect and Induced Sales

FY 2018 $8.9 Billion

Legend:
- Air Transport
- Food, Beverage
- Lodging
- Recreation, Entertainment
- Retail Trade
- Finance, Insurance, Real Estate
- Manufacturing
- Business Services
- Education, Health Care
- Communications
- Other Transport
- Personal Services
- Construction, Facilities
- Agriculture, Fishing, Mining
- Wholesale Trade
- Government
- Gasoline Stations

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LOADING

The Current Situation

Regional Arrivals to the US
(Change % YoY)
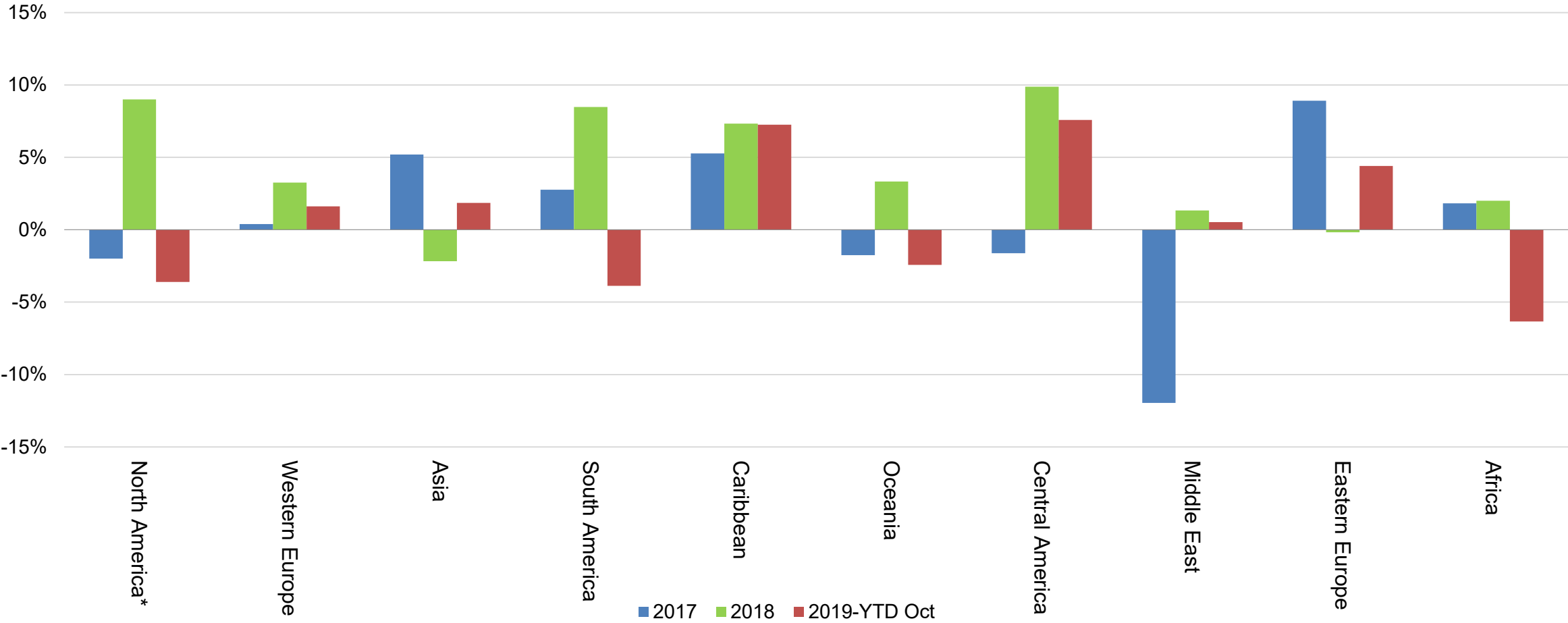
* North America arrivals through September
Source: NTTO

VisitTheUSA.com

Legend: 2017 (blue), 2018 (green), 2019-YTD Oct (red)

Categories: North America*, Western Europe, Asia, South America, Caribbean, Oceania, Central America, Middle East, Eastern Europe, Africa

Top 20 Markets*: Arrivals to the US
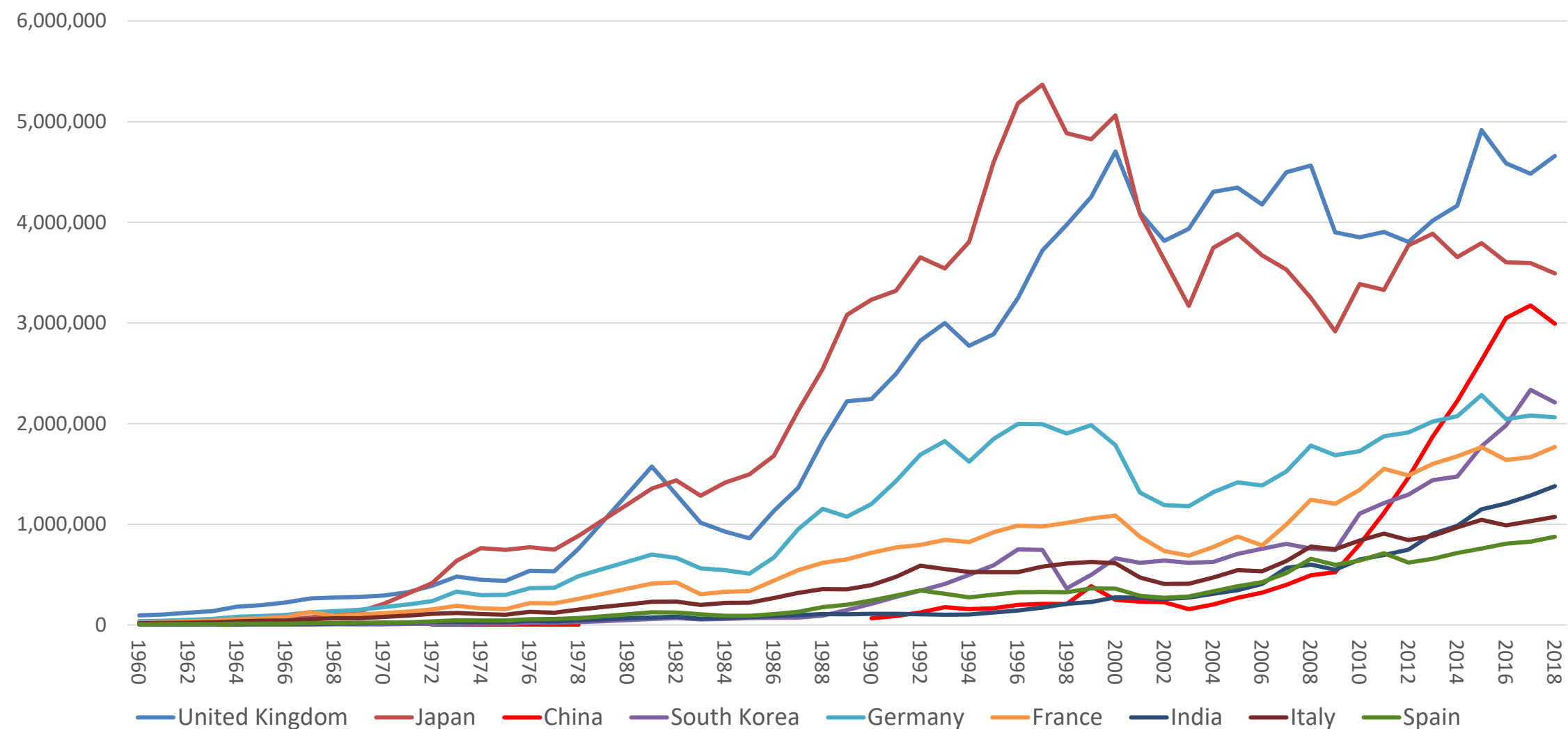## (Change % YoY)

■ 2017   ■ 2018   ■ 2019-YTD Oct
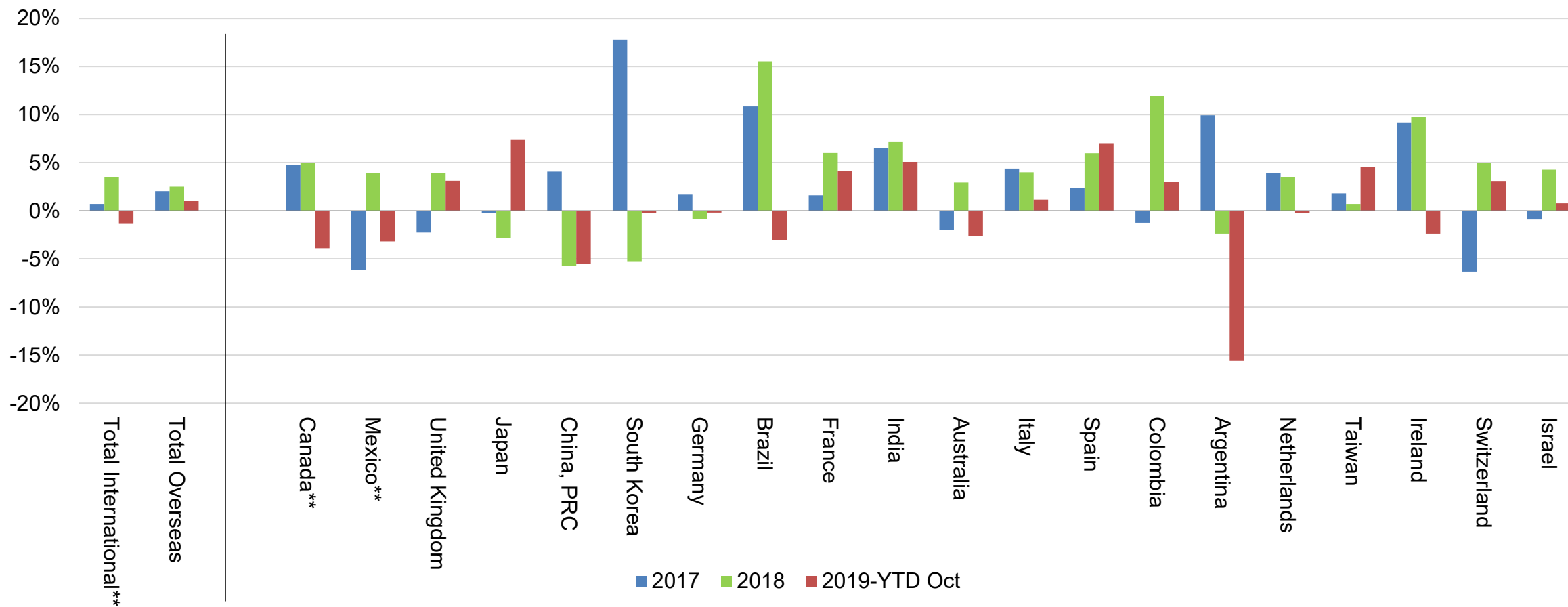
* 2019 Rank by volume; ** 2019 YTD Sep
Source: NTTO

Which overseas market holds the record for highest visitor volume in a given year?
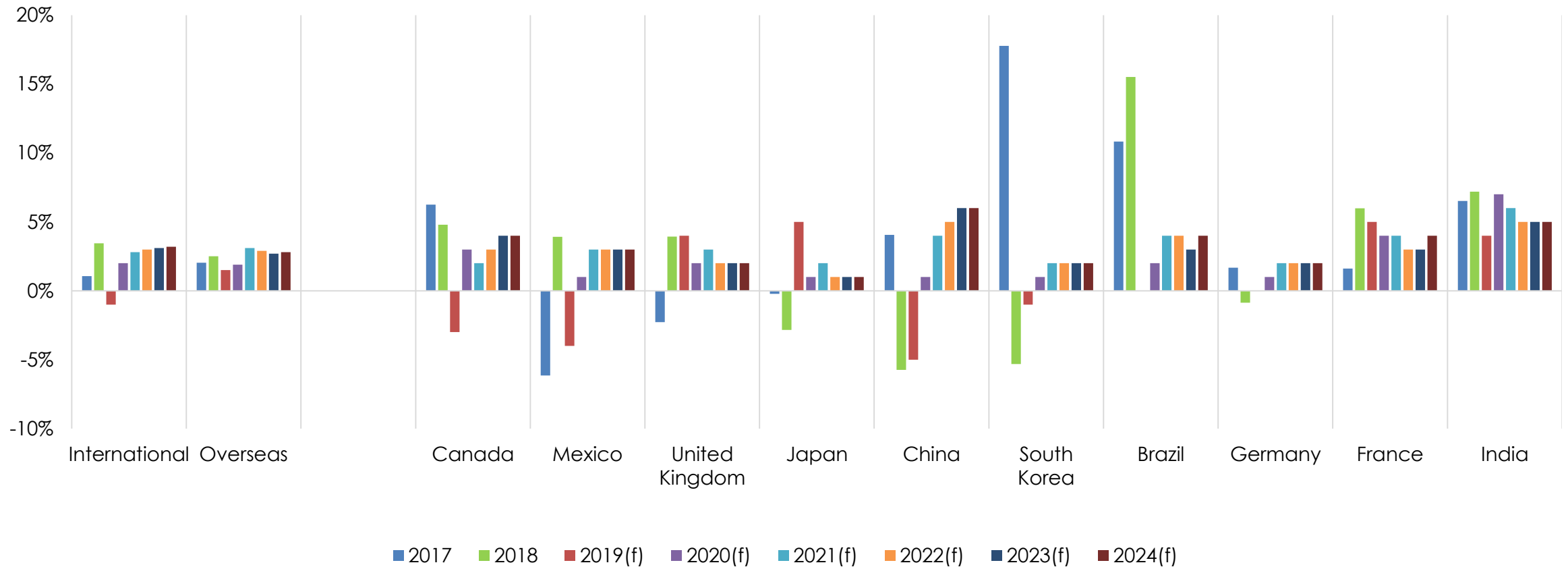
a. Germany
b. UK
c. Japan
d. China

US Visitors

Source: NTTO

Top 10 Markets*: Arrivals to the US

(Change % YoY)
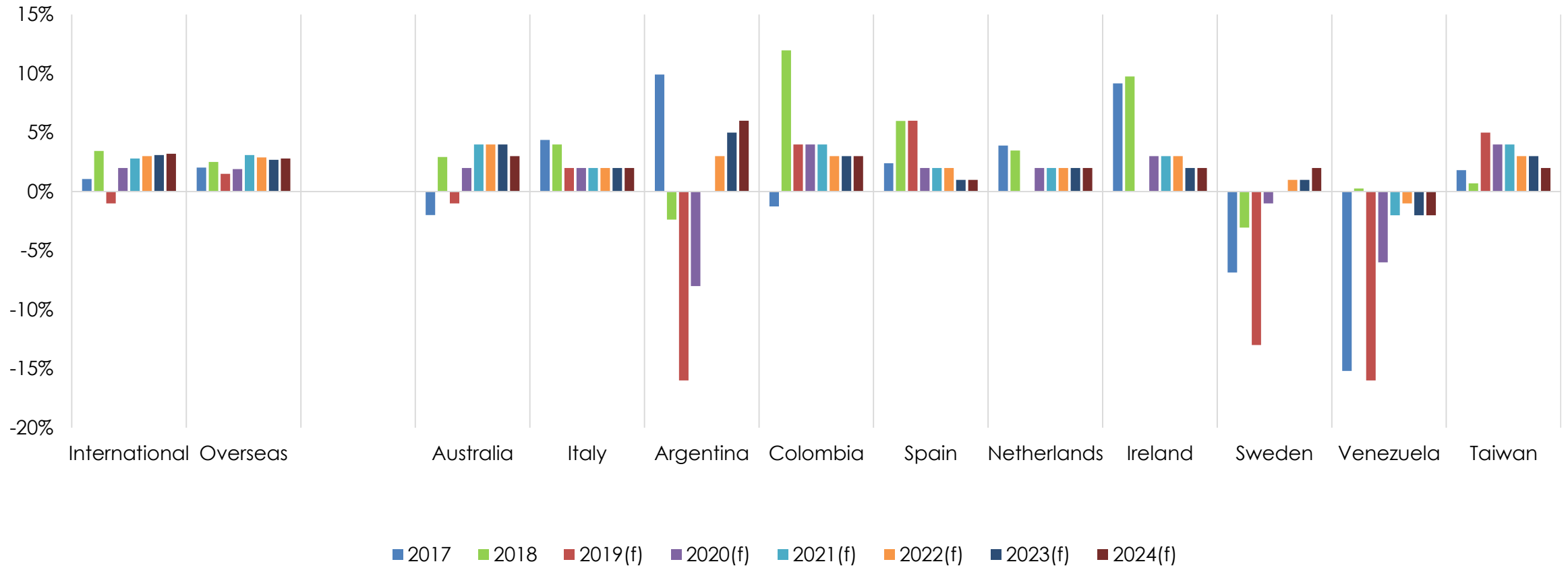

Legend: 2017 | 2018 | 2019(f) | 2020(f) | 2021(f) | 2022(f) | 2023(f) | 2024(f)

Markets: International | Overseas | Canada | Mexico | United Kingdom | Japan | China | South Korea | Brazil | Germany | France | India

USA
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Top 11-20 Markets*: Arrivals to the US

(Change % YoY)

Legend: 2017, 2018, 2019(f), 2020(f), 2021(f), 2022(f), 2023(f), 2024(f)

Categories: International, Overseas, Australia, Italy, Argentina, Colombia, Spain, Netherlands, Ireland, Sweden, Venezuela, Taiwan

* 2018 Rank; (f) = forecast
Source: US Department of Commerce/NTTO, October 2019

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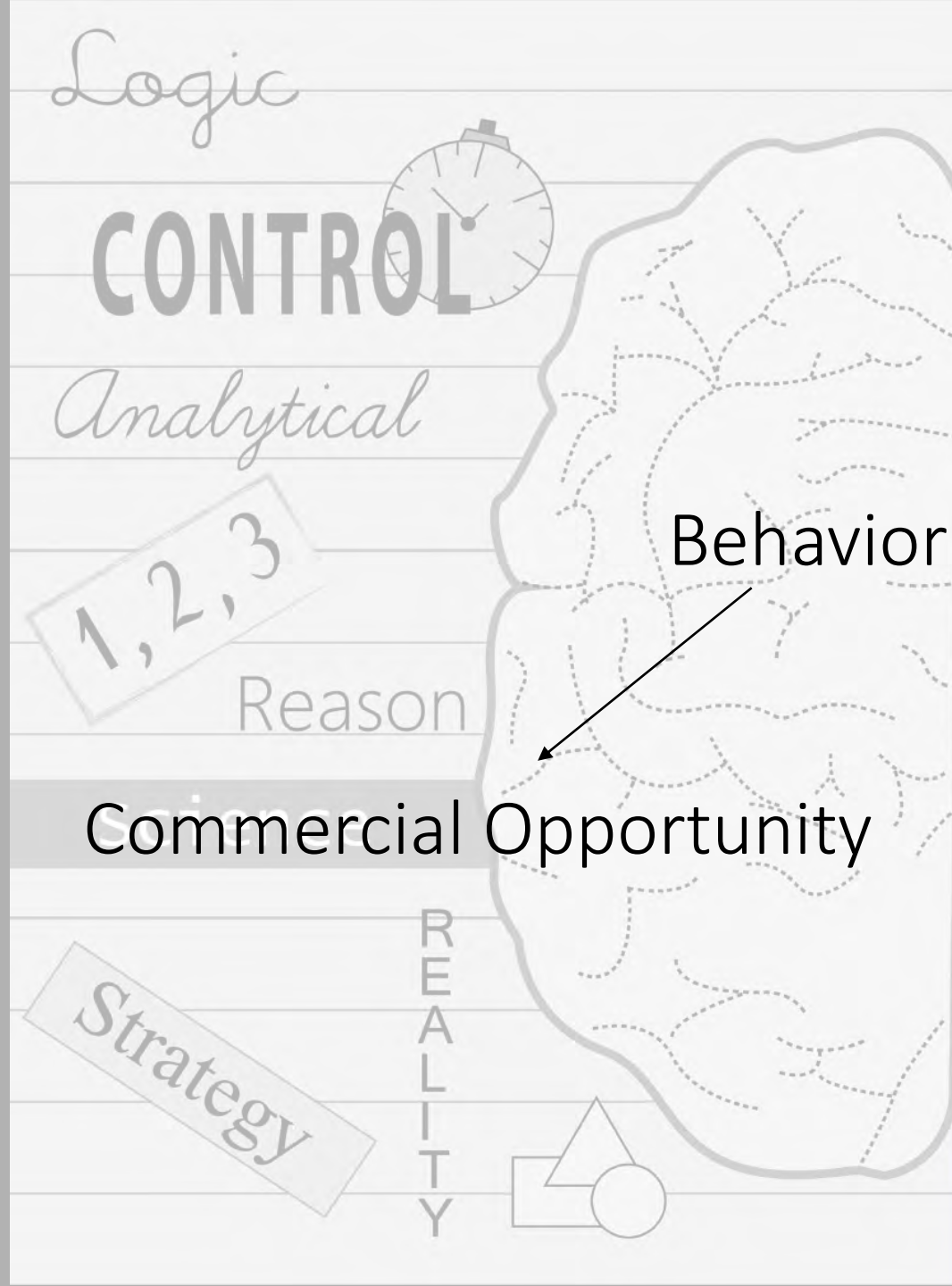"The only function of economic forecasting is to make astrology look respectable."

- John Kenneth Galbraith

Global Economic Cooling
Political Environment
International Trade/Political Tension
Brexit
Violence/Terror Threat

ME

ALSO ME

Behavior vs. Sentiment
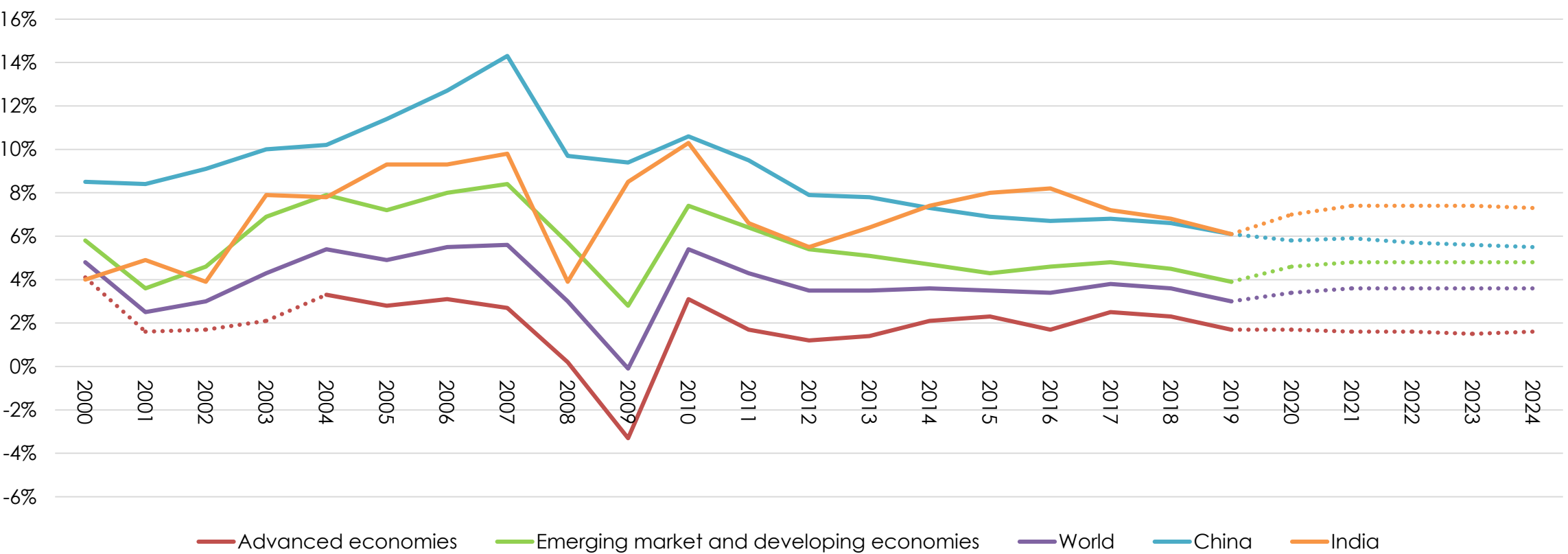
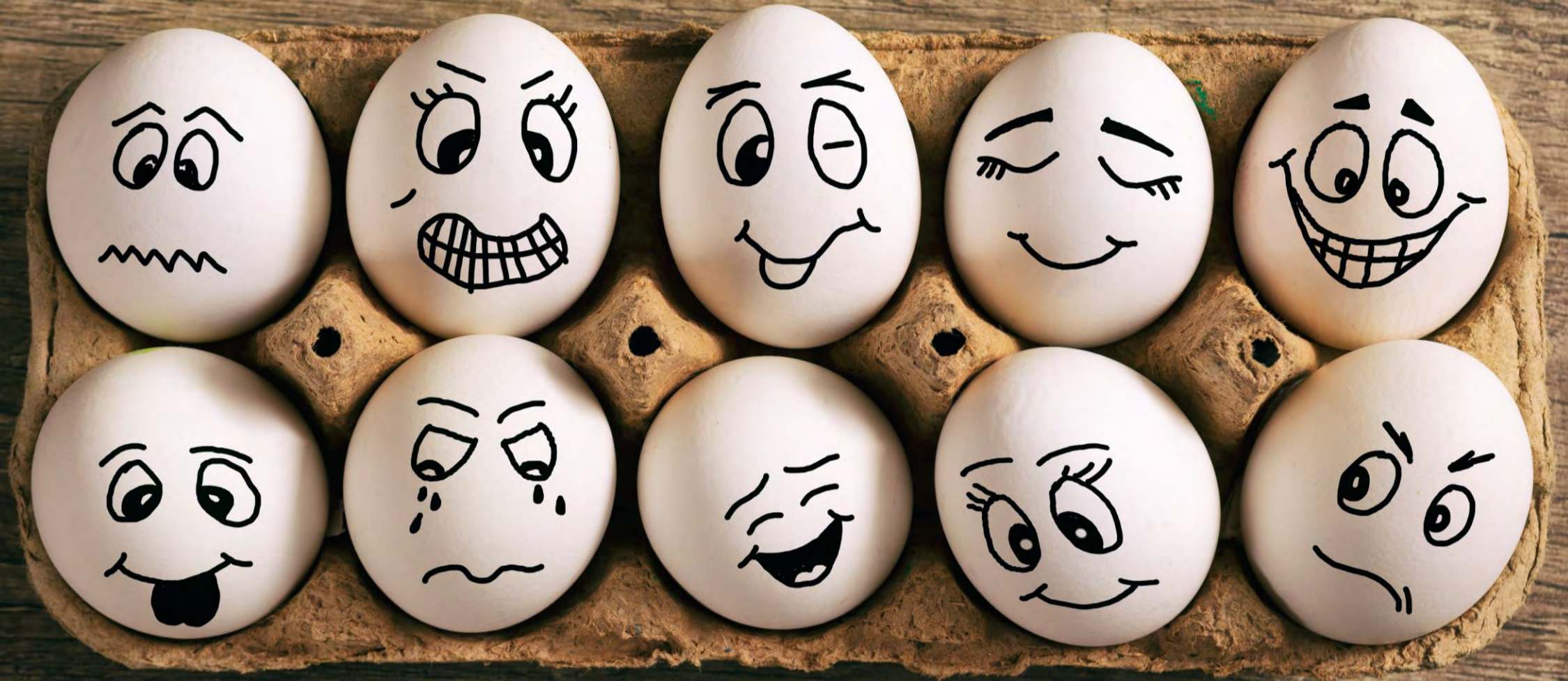Commercial Opportunity   Messaging/Channel Strategy

GDP Growth % Change (Constant Prices)

Source: IMF, October 2019

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Consumer Sentiment

Likely to Visit the US in the Next Two Years
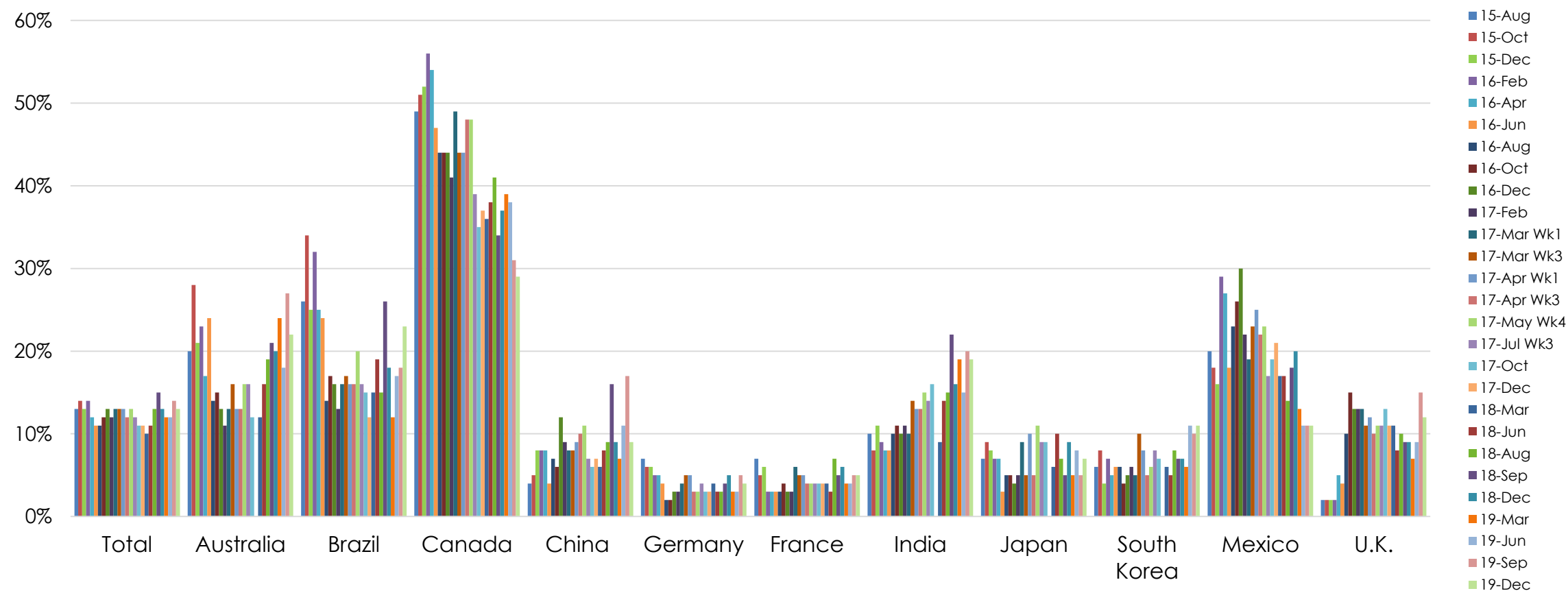

Source: Engine/ORC; custom study

VisitTheUSA.com
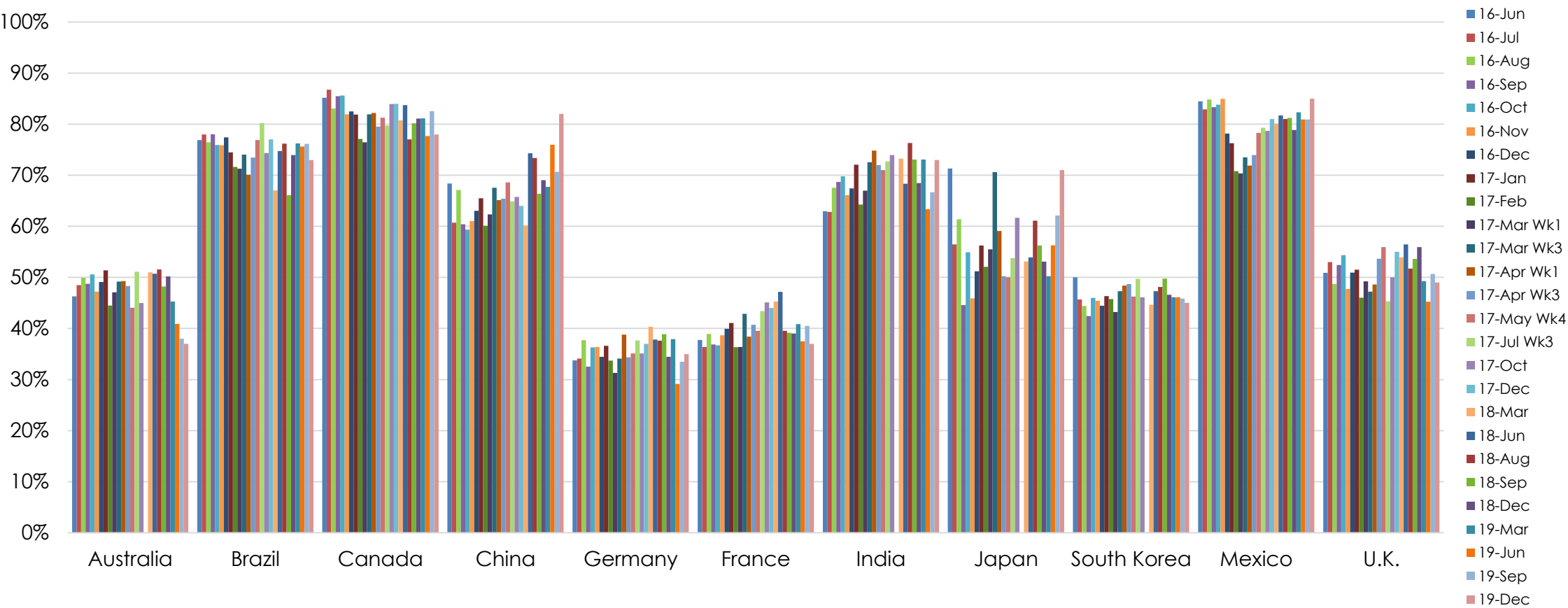
Currency
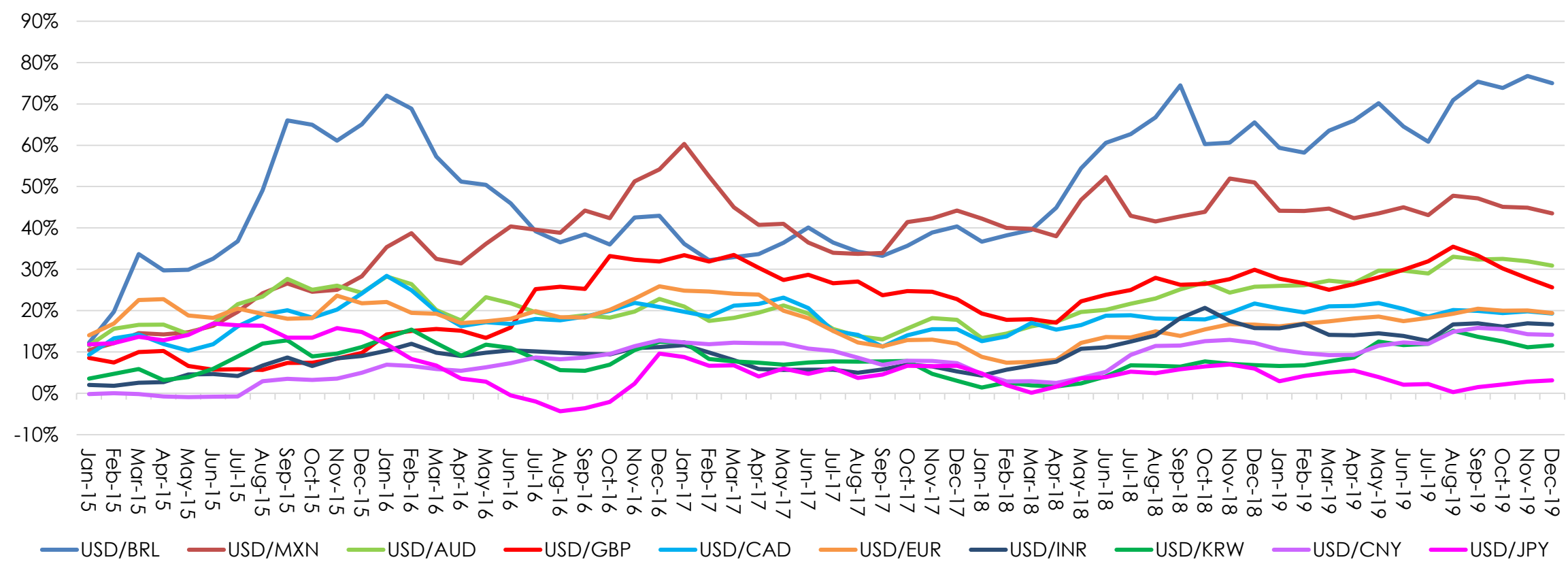
Currency Exchange as Reason for Not Visiting USA

(Among those not planning to visit)

Source: Engine/ORC; custom study

VisitTheUSA.com

Political Climate as Reason for Not Visiting USA
(Among those not planning to visit)
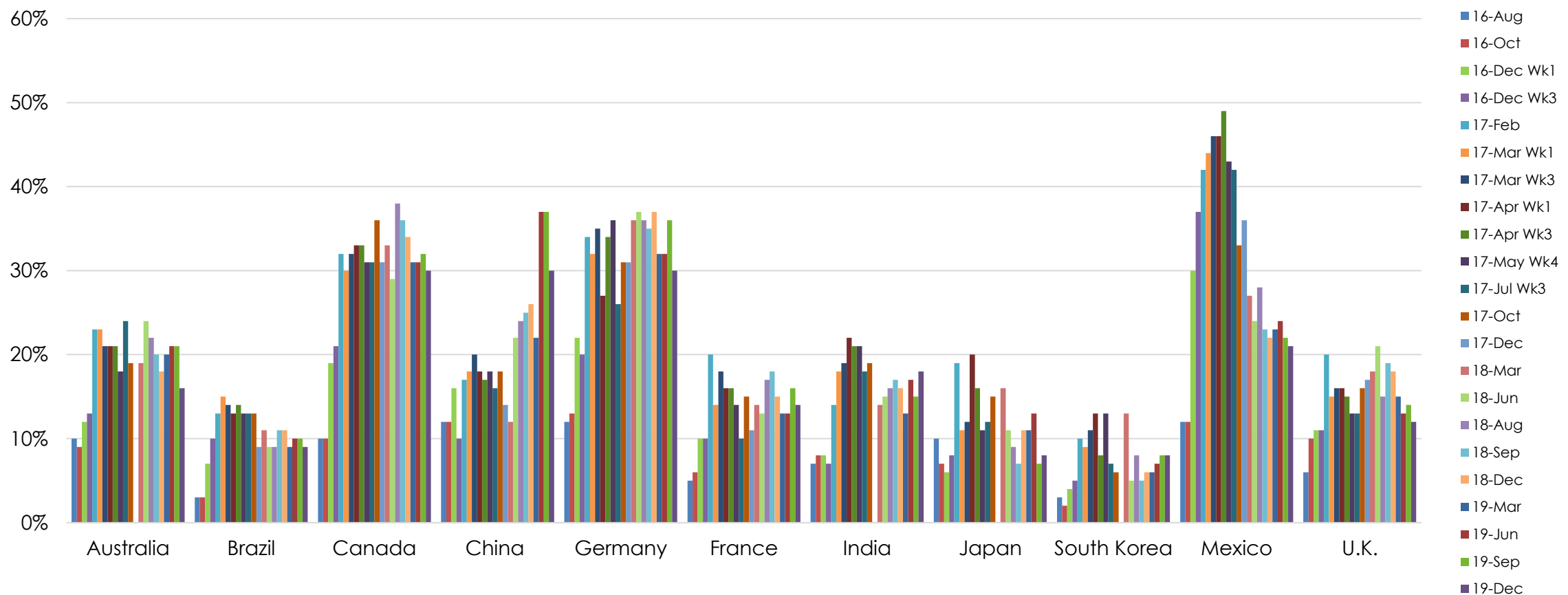
Source: Engine/ORC; custom study

VisitTheUSA.com

Influence of USA's Political Climate on Likelihood of Visiting USA
(December 2019)
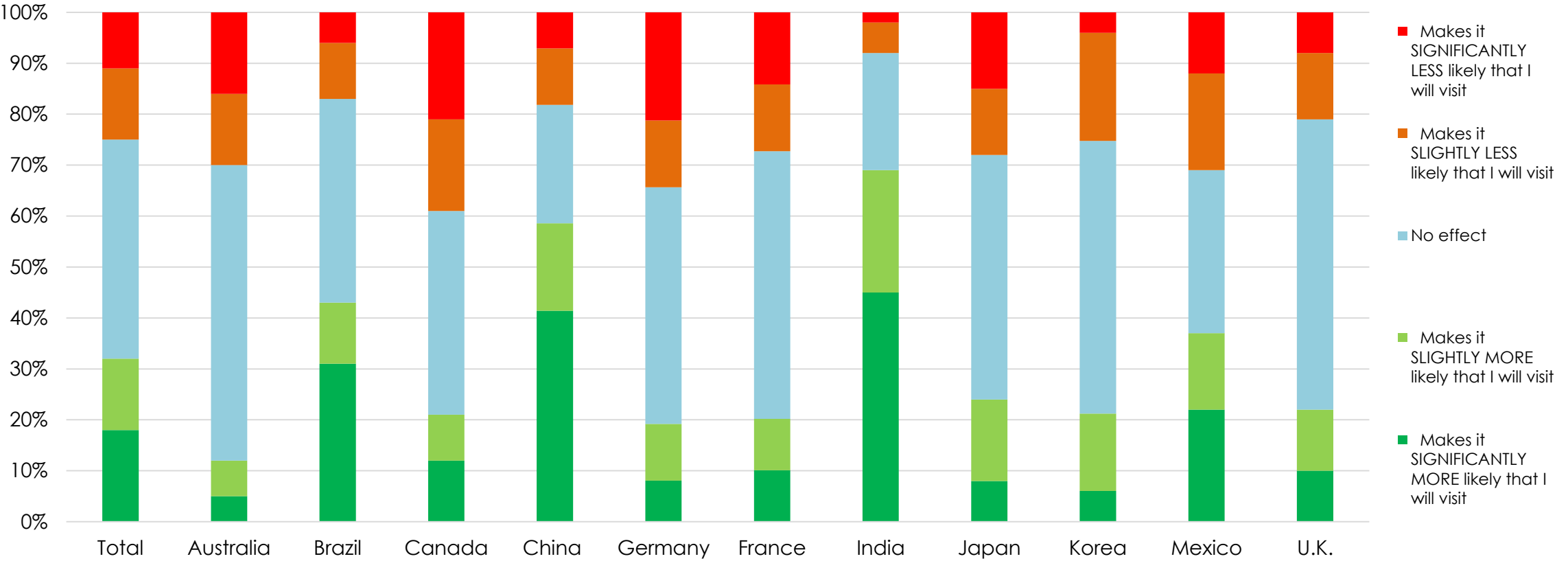
Legend:
- Makes it SIGNIFICANTLY LESS likely that I will visit
- Makes it SLIGHTLY LESS likely that I will visit
- No effect
- Makes it SLIGHTLY MORE likely that I will visit
- Makes it SIGNIFICANTLY MORE likely that I will visit

Categories: Total, Australia, Brazil, Canada, China, Germany, France, India, Japan, Korea, Mexico, U.K.

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Influence of USA's Political Climate on Likelihood of Visiting USA
(Top 2 Box – More likely to visit)
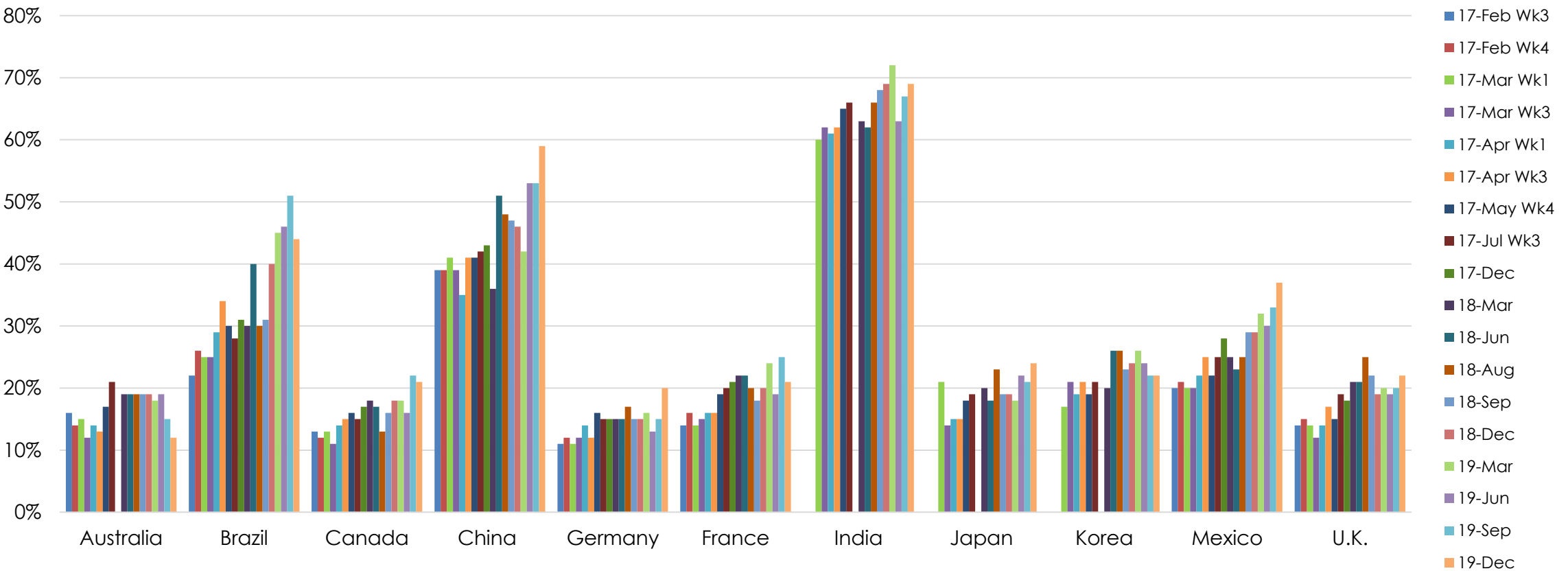
Source: Engine/ORC; custom study

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Influence of USA's Political Climate on Likelihood of Visiting USA

(Bottom 2 Box – Less likely to visit)
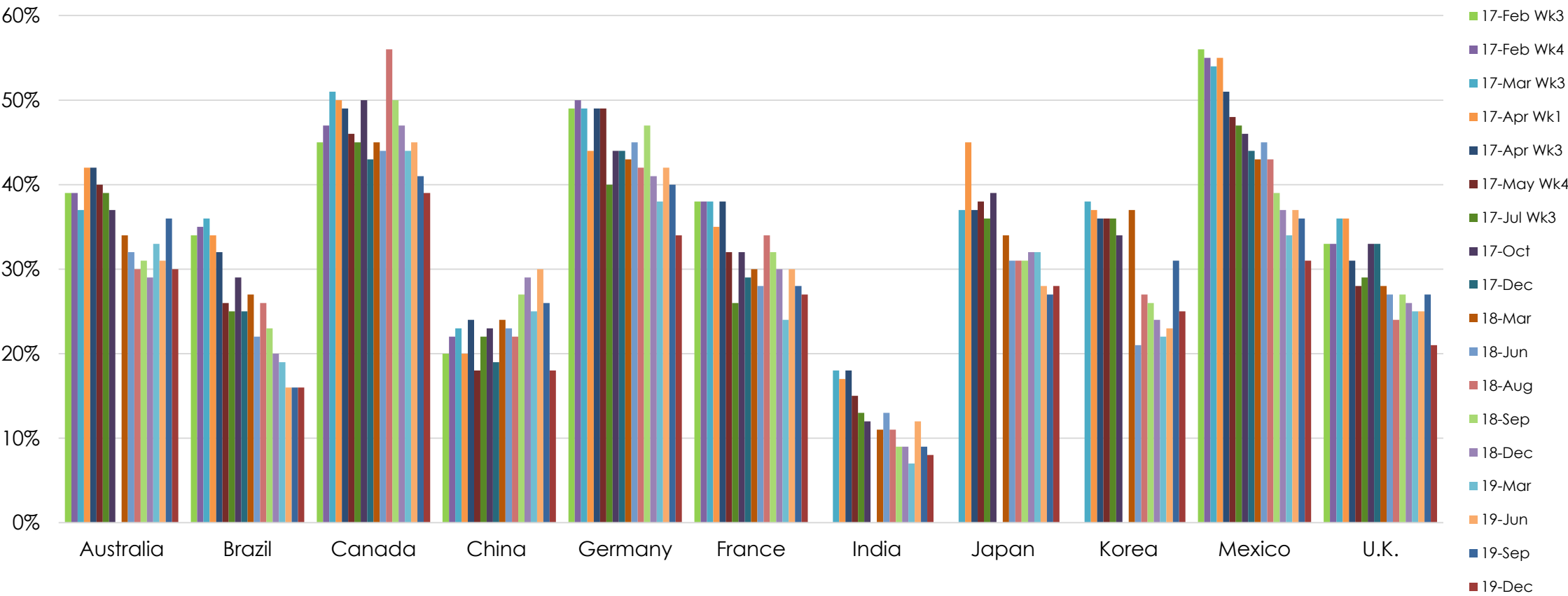
Source: Engine/ORC; custom study

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China Insights

Chinese Arrivals to the USA

Turning point

2016: +16%
2017: +4.1%
2018: -5.7%
Jan-Oct 2019: -5.5%

Legend: 2016 2017 2018 2019

Source: NTTO

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Trade Conflict

Safety Concerns

China Economy

China slowdown persists as industrial economy posts worst growth since February 2002

- Industrial production – a measure of China's industrial sectors including manufacturing and mining – grew by just 4.8 per cent in July
- Retail sales, a key metric of consumption in the world's most populous nation, grew 7.6 per cent in July, down from 9.8 per cent growth in June

Finbarr Bermingham
Orange Wang
Published: 10:07am, 14 Aug, 2019

Means

Motive

Opportunity

Means

China GDP: Constant Prices (National Currency)
(Change % YoY)
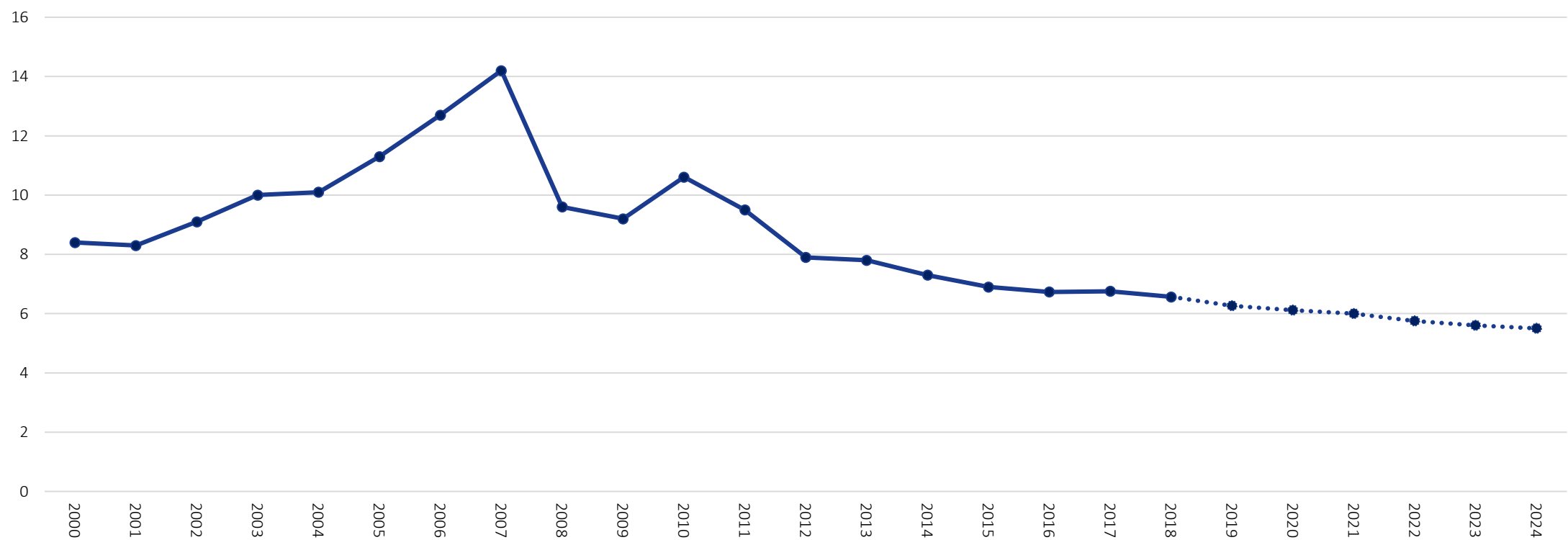
Source: International Monetary Fund, World Economic Outlook Database, April 2019

China's Gini (Inequality) Index
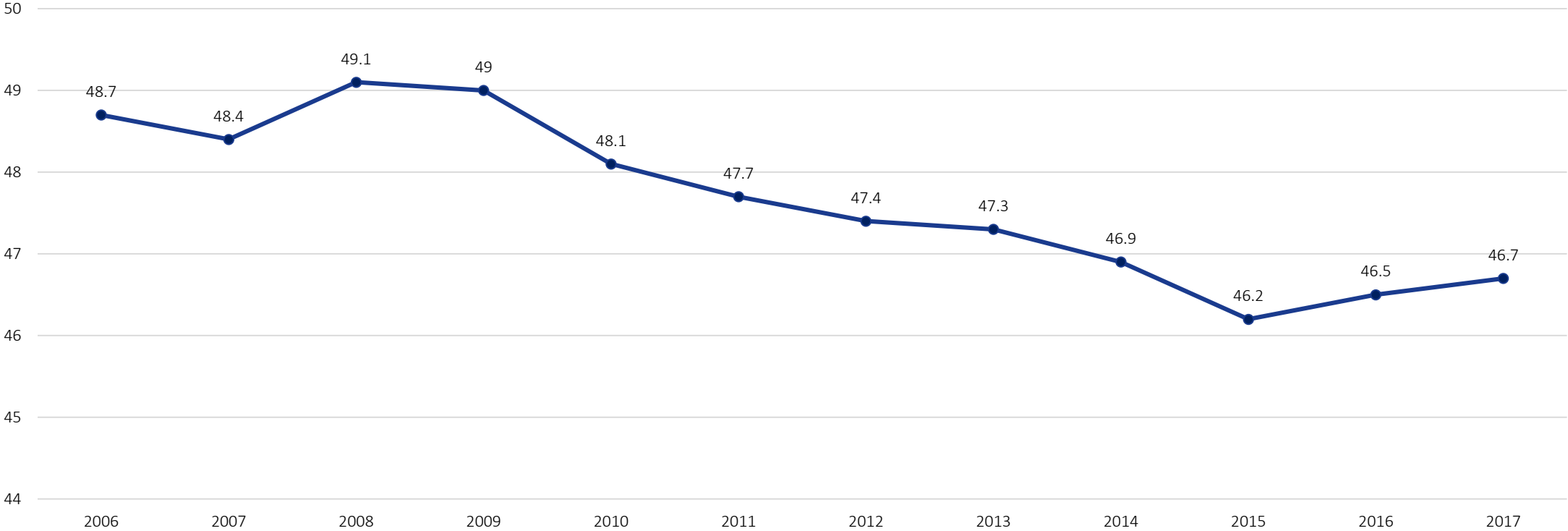
China Outbound Travel
(Change % YoY)
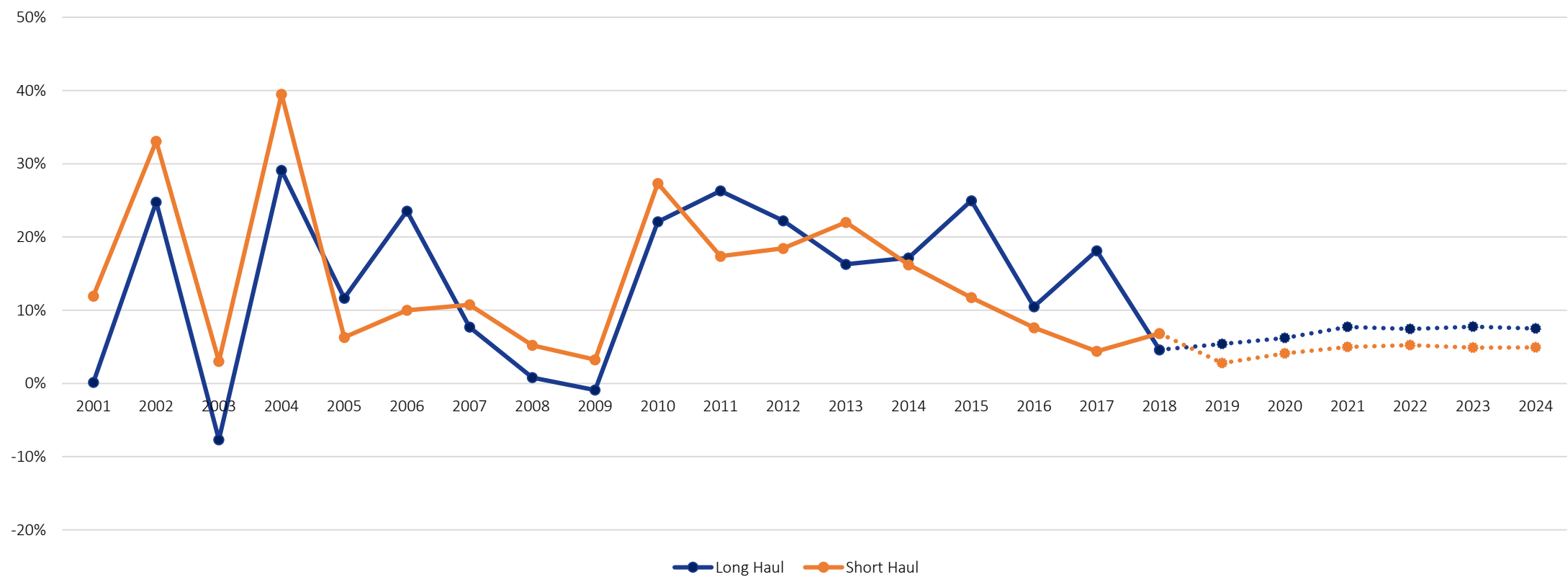
Source: Oxford Economics, July 2019

1.4 Billion
people

120 Million
passport holders

2018 Long vs. Short Haul Outbound Trips

Legend: ■ Long Haul ■ Short Haul ● Long Haul %

120 Million

passport holders

1.4 Billion

people

24 Million

annual long haul trips

China Arrivals by Visa Type

	Business	YOY	Pleasure	YOY	Student	YOY	Total Arrivals	Percent Change	% Business	% Pleasure	% Student
2016	354,992	7.5%	2,192,426	18.5%	502,524	12.2%	3,049,942	16.0%	11.6%	71.9%	16.5%
2017	365,641	3.0%	2,265,789	3.3%	542,485	8.0%	3,173,915	4.1%	11.5%	71.4%	17.1%
2018	377,996	3.4%	2,037,867	-10.1%	575,950	6.2%	2,991,813	-5.7%	12.6%	68.1%	19.3%
Jan-Sep 2019	275,888	-3.7%	1,552,654	-6.5%	524,520	0.2%	2,353,062	-4.7%	11.7%	66.0%	22.3%

Source: NTTO

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1.4 Billion
people

120 Million
passport holders

24 Million
annual long haul
trips

1.4%

20 Million
annual leisure long
haul trips

Top 10 Future Destinations
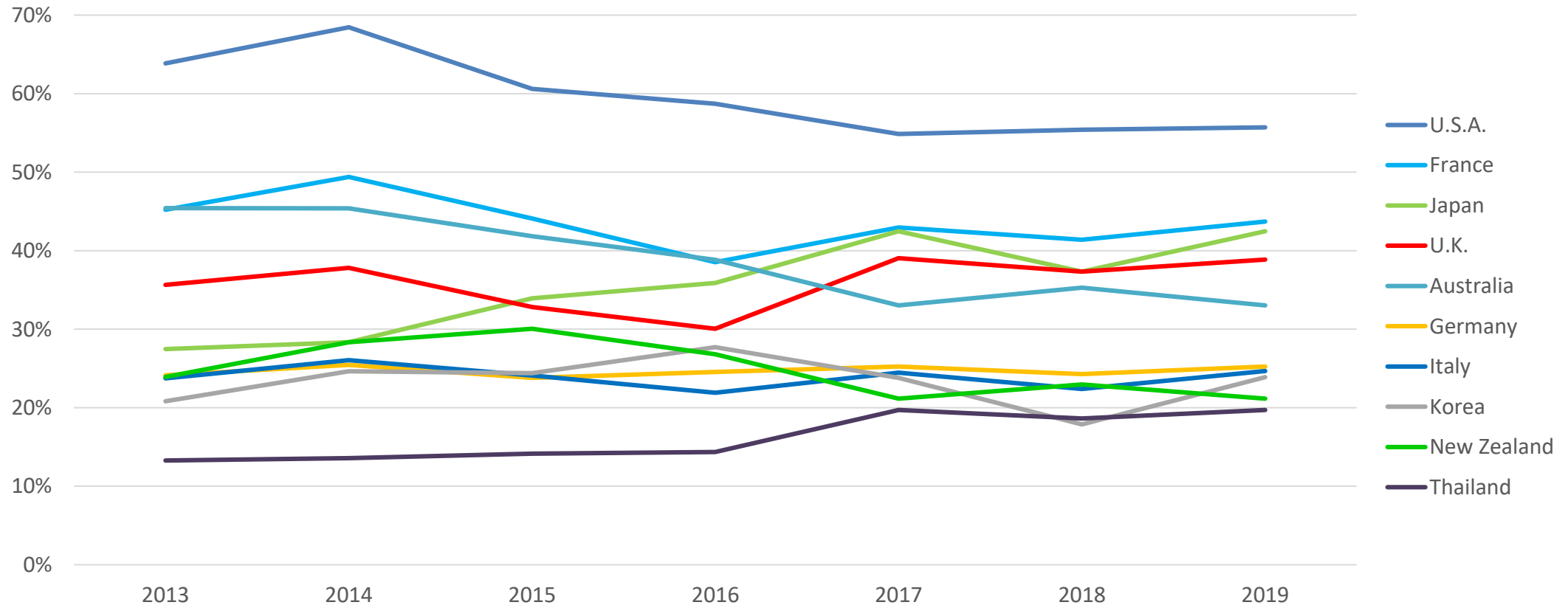
Legend:
- U.S.A.
- France
- Japan
- U.K.
- Australia
- Germany
- Italy
- Korea
- New Zealand
- Thailand

Likelihood of Travel to United States
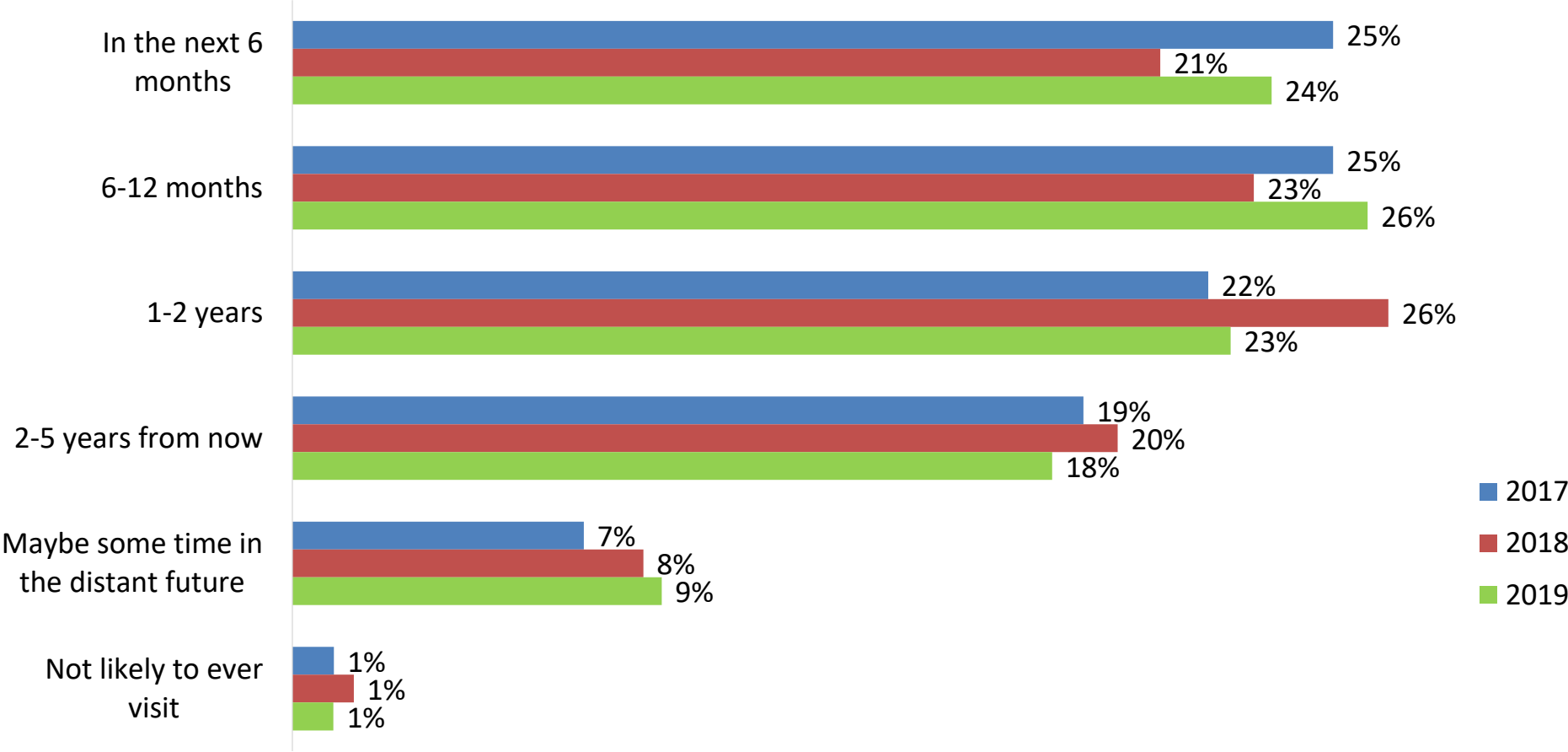
In the next 6 months
- 25% (2017)
- 21% (2018)
- 24% (2019)

6-12 months
- 25% (2017)
- 23% (2018)
- 26% (2019)

1-2 years
- 22% (2017)
- 26% (2018)
- 23% (2019)

2-5 years from now
- 19% (2017)
- 20% (2018)
- 18% (2019)

Maybe some time in the distant future
- 7% (2017)
- 8% (2018)
- 9% (2019)

Not likely to ever visit
- 1% (2017)
- 1% (2018)
- 1% (2019)

■ 2017
■ 2018
■ 2019

Perception of the U.S.: China
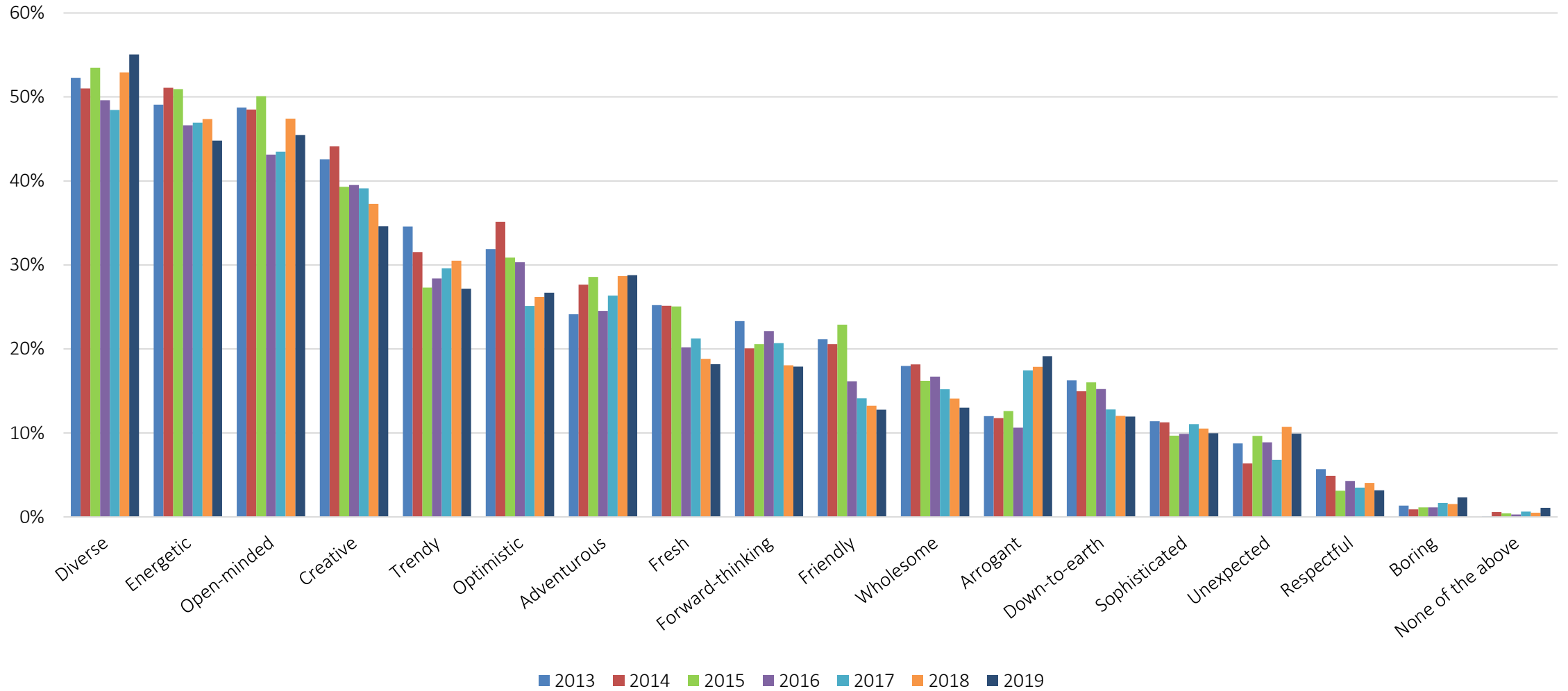
Legend: 2013 2014 2015 2016 2017 2018 2019

Categories: Diverse, Energetic, Open-minded, Creative, Trendy, Optimistic, Adventurous, Fresh, Forward-thinking, Friendly, Wholesome, Arrogant, Down-to-earth, Sophisticated, Unexpected, Respectful, Boring, None of the above

Motivations for Selecting Intercontinental Destination

Legend: 2013, 2014, 2015, 2016, 2017, 2018, 2019

Source: Brand USA Market Intelligence Study
Question: What motivates your desire to visit that destination? Select all that apply. (Next Intercontinental Holiday)
Base: China international travelers (N=~1,000 each year)

Motivations for Selecting Intercontinental Destination
(2019 Total vs. US likely visitors)

Motivation	Total	Likely Visit U.S. in Next Trip
Cultural/historical attractions (museums, landmarks)	69%	75%
Ecotourism and nature	65%	71%
Urban attractions (nightlife, city tours)	62%	73%
Dining/gastronomy	58%	62%
Beaches/seaside attractions	56%	62%
Shopping	48%	56%
Theme parks	40%	54%
Local lifestyle	38%	42%
Sport and adventure activities	23%	28%
Special events/concerts/sporting events/festivals	22%	27%
Cruise/boating options	15%	19%
Educational aspects (learning/practicing a language)	11%	13%
Visiting friends/relatives	8%	11%
Religious/spiritual reasons	5%	8%
Other	%	0%

■ Total   ■ Likely Visit U.S. in Next Trip

Methodology: Focus Groups

6 Focus Groups
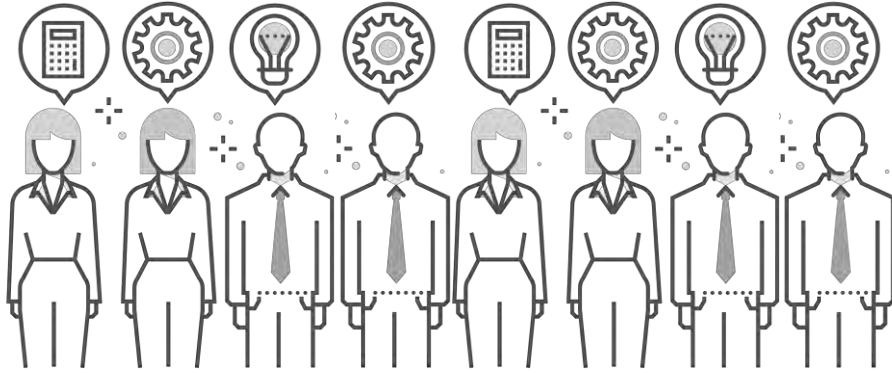
**8 per group
90 minutes**

Screeners:

- Ages: 20-35;36-55
- Must have traveled internationally at least once within last two years
- Must be planning to travel internationally within next 12 months
- Must have played an active role in travel planning
- Note: Groups included a mix of participants with kids and without kids, and an even split of male/female participants

China Consumer Focus Groups: Destination Deterrents

- Ongoing issues that travelers said would deter them
    - Really bad public security (India, Philippines)
    - Poor food safety (referred to India)

- Events that travelers said would deter them:

    – Anti-China events

    – Bombings, terror attacks, shootings

    – Tension with China (as recently with Malaysia, Korea)

    – Protests (France)

    – Hearing Chinese people were robbed or put in jail

- Travelers had mixed feelings about hearing of friends' negative experiences. One summed it up thus: "If that friend has similar views as me I will consider his perspective."

China Consumer Focus Groups: Perception of Politics

- Regarding China-U.S. trade war and rhetoric, the consensus was: no effect on travel
  - "As long as they don't reject my visa, what's it got to do with me?"
  - "I'm just going there to spend money."
  - "It's a government dispute, not related to normal people."
  - "If it affects the exchange rate, that might affect my decision."

- Anti-China sentiment came up mostly as an issue within Asia – Malaysia, Indonesia.

- One mentioned avoiding Taiwan upon hearing its independence movement was growing.

- Several said they would heed any government travel warnings, as recently happened with Korea.

- **Politics can affect the decision to visit a country, but among these participants, who are relatively well traveled, there is no discernible issue with travel to the U.S.**

Safety

Weighted Perception of Destination Characteristics - 2017

Demotivators	U.S.A.
Inconvenience of travel to the destination (no direct flights)	21
Distance from home	15
Crowdedness	27
Visa requirements/entry procedures	25
Personal safety concerns	32
Political climate	26
Lack of visitor resources/support in the destination	21
Unfamiliarity with local customs/language	19
High prices	28
AVERAGE	**24**

<~25 = Not a factor   ~25 - ~50 = A contributing factor   ~50+ = A strong factor

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Weighted Perception of Destination Characteristics - 2018

Demotivators	U.S.A.
Inconvenience of travel to the destination (no direct flights)	23
Distance from home	15
Crowdedness	29
Visa requirements/entry procedures	26
Personal safety concerns	37
Political climate	27
Lack of visitor resources/support in the destination	23
Unfamiliarity with local customs/language	20
High prices	30
AVERAGE	**25**

<~25 = Not a factor   ~25 - ~50 = A contributing factor   ~50+ = A strong factor

Source: Brand USA Market Intelligence Study

Question: When considering the following countries as holiday destinations, how would you rate each on the following characteristics? Please rate each characteristic on a scale from 1 to 5 (1 being poor, 3 being adequate and 5 being excellent); How would you rate each characteristic that might discourage you from considering it. Please rate each characteristic on a scale from 1 to 5 (1 being not at all discouraging/not applicable, 3 being moderately discouraging and 5 being extremely discouraging).

Base: China intercontinental travelers (N=377-1063)

USA
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Weighted Perception of Destination Characteristics - 2019

Demotivators	U.S.A.
Inconvenience of travel to the destination (no direct flights)	24
Distance from home	16
Crowdedness	29
Visa requirements/entry procedures	27
Personal safety concerns	39
Political climate	31
Lack of visitor resources/support in the destination	24
Unfamiliarity with local customs/language	20
High prices	32
AVERAGE	**27**

<~25 = Not a factor   ~25 - ~50 = A contributing factor   ~50+ = A strong factor

Source: Brand USA Market Intelligence Study

Question: When considering the following countries as holiday destinations, how would you rate each on the following characteristics? Please rate each characteristic on a scale from 1 to 5 (1 being poor, 3 being adequate and 5 being excellent); How would you rate each characteristic that might discourage you from considering it. Please rate each characteristic on a scale from 1 to 5 (1 being not at all discouraging/not applicable, 3 being moderately discouraging and 5 being extremely discouraging).
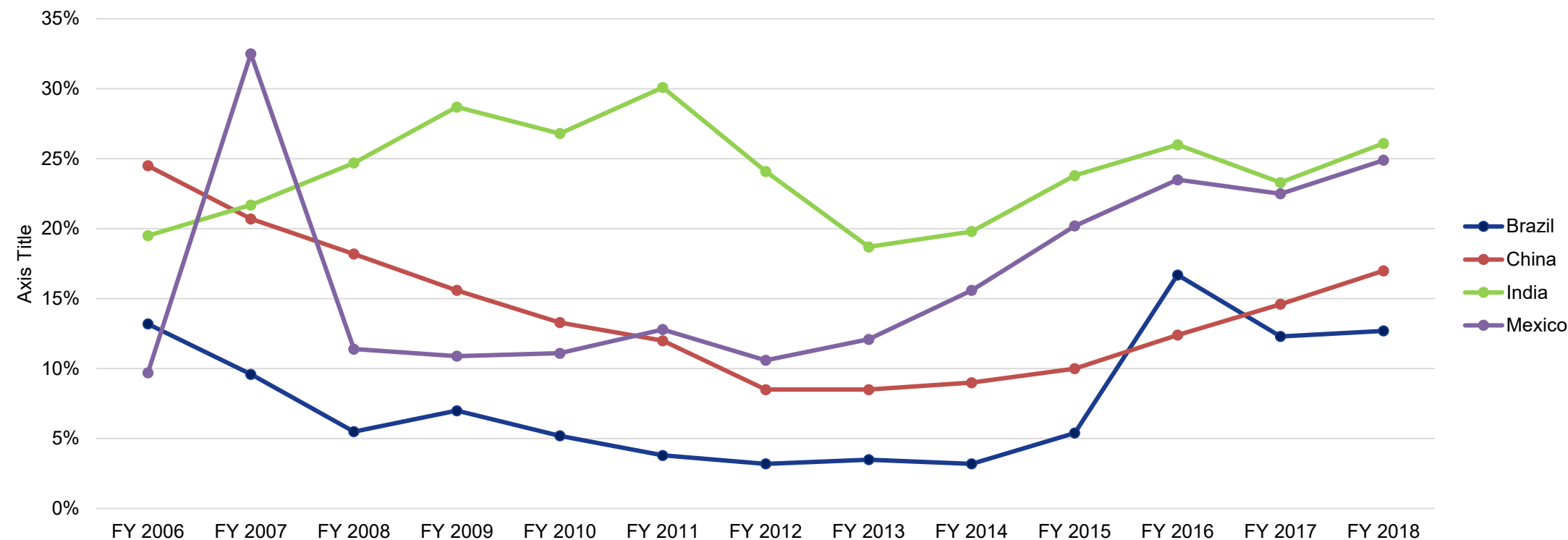
Base: China intercontinental travelers (N=393-1050)

USA
GoUSA.cn

Opportunity

Visa Policy and Perceptions

B Visa Refusal Rates

Source: U.S. Department of State, Bureau of Consular Affairs
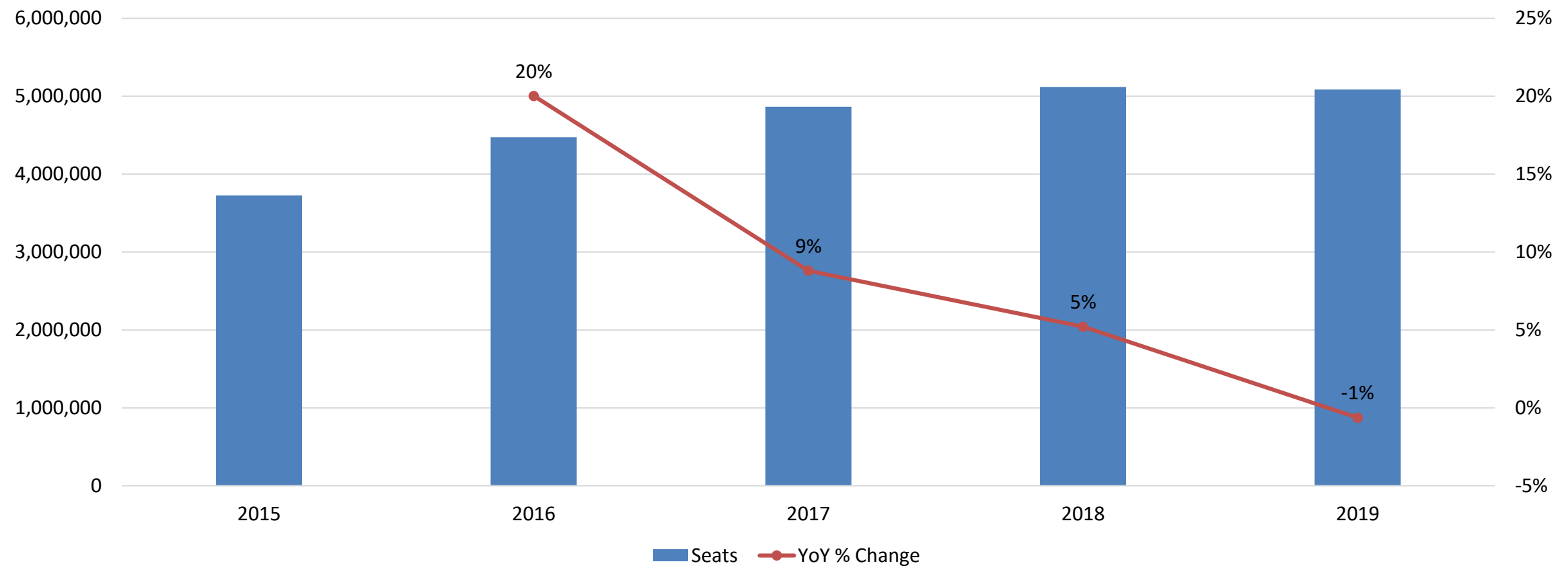
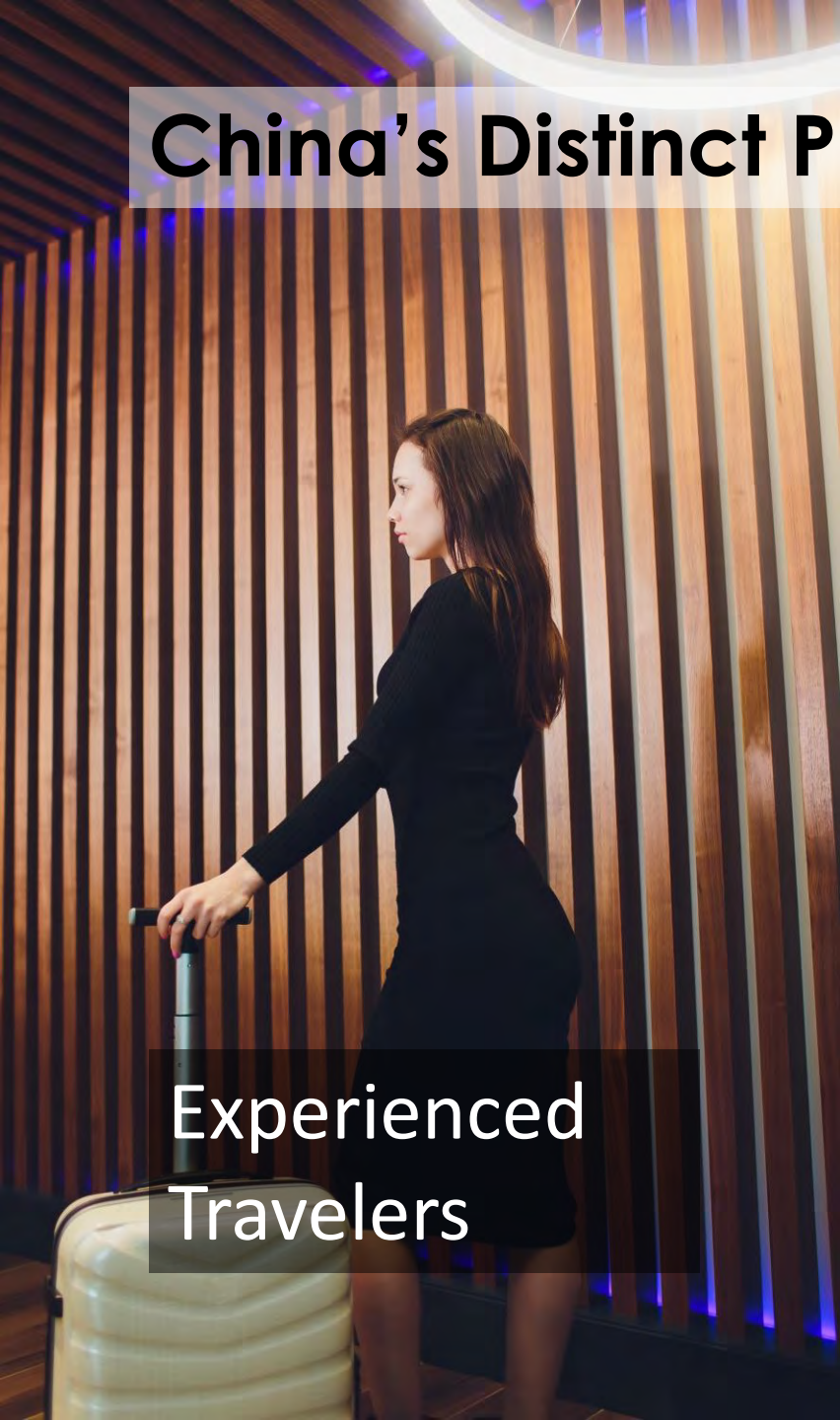China's Distinct Perspectives

Experienced Travelers

Novice Travelers

Retailers and Operators

Maintain Long-Term Focus

REHNMAN-92
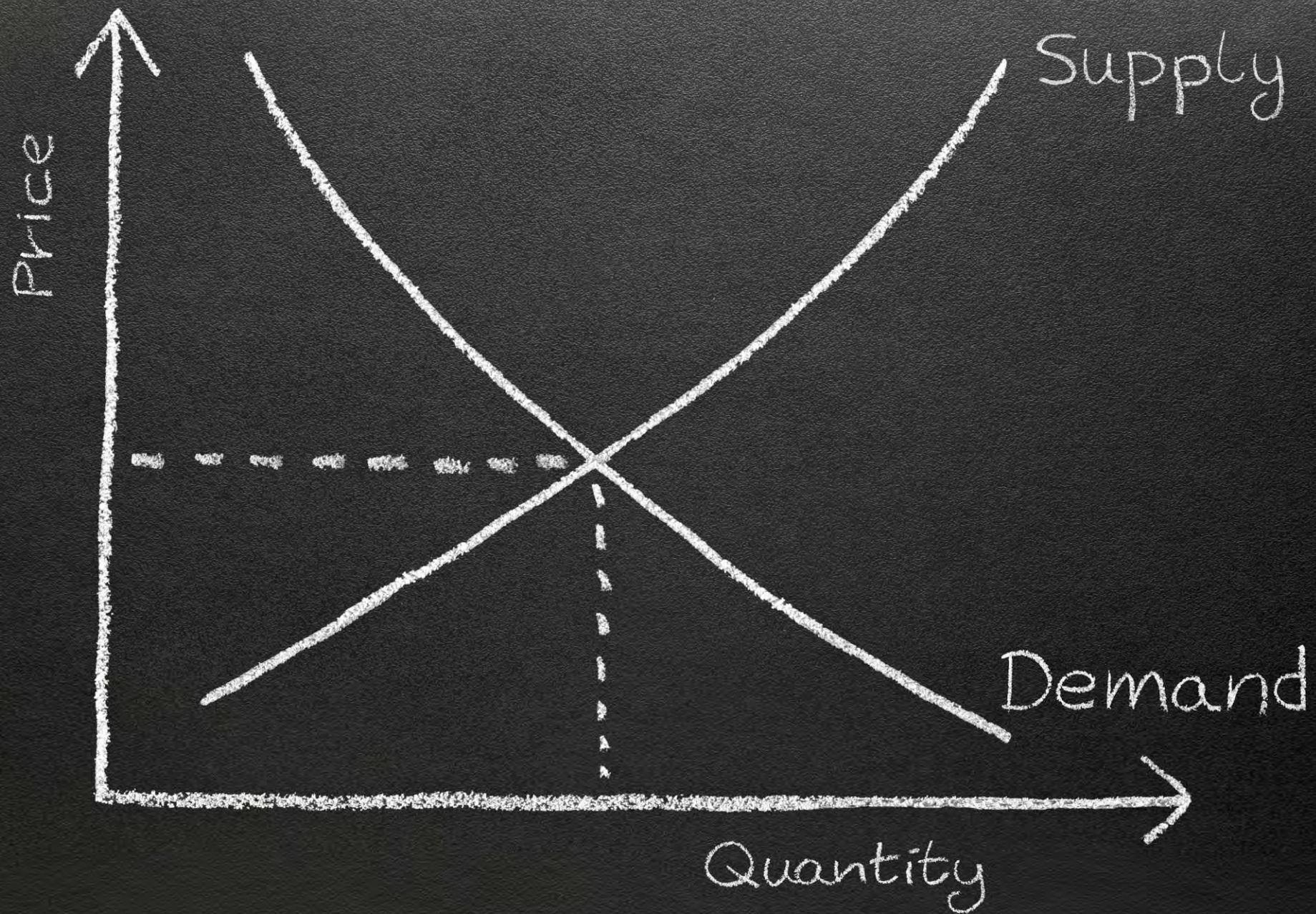
Who are the Many Voices?

LOCALS
A place is defined by its people, by those who have explored its culture, roads and trails like no other. They've made their mark on their community and can **welcome you, inspiring you to visit like no other**.

VISITORS
They've fulfilled their wanderlust, they've checked their bucket list and created memories which can now be used as inspiration for the next iteration of travelers from their market. To travel is to know and **the past visitor now becomes the storyteller and the evangelist for travel to the USA**

CATEGORY EXPERTS
Whether you're an aspiring explorer, reading National Geographic, dreaming of your chance to conquer the Grand Canyon, or a foodie looking for inspiration from the pages of Saveur planning your next culinary journey to LA - travelers often look to category experts to inspire their travel decisions. We will use them **to guide our community**

CREATIVE CLASS
Not everyone looks at America in the same way. Interpretations can be found in music, art, and unique takes of photography and video. We want to amplify these creative voices to **show America as it hasn't been seen before.** This creative perspective can come from locals, visitors, or category experts.

UNITED STORIES

United Stories
THE LAUNCH

The United Stories campaign launched in South Dakota in January 2019. Eight international influencers joined the Brand USA and BD teams for an epic 3-day journey to American icons across South Dakota, such as Mount Rushmore and Badlands National Park. The Brand USA PR team garnered press coverage of the trip and follow up interviews from international media with a total of over 3.4 UVM.

B + USA
VisitTheUSA.com

United Stories

THE TRIP

Eight international influencers traveled to South Dakota

for a 3 day trip to explore:

- Badlands National Park

- Mount Rushmore

- Custer State Park

- Belle Fourche

- Spearfish Canyon

United Stories

@INSTAGRAM

Max Muench's photo at Mount Rushmore

was shared on @Instagram main account!

55.6M Estimated Impressions

907,761 Likes

4,390 Comments

278M Followers

Link to post

VisitTheUSA.com

SOCIAL TOTALS

1,775,012

Engagements

Including BD post and Stories, and Visit The USA posts and Stories, Influencer posts, and the @Instagram post.

238

Posts and Stories

Including coverage from influencers, BD, and Visit The USA.

232

Hashtag Mentions

During the trip, the #UnitedStories hashtag was picked up by the general public who follow the influencers and want to get involved.

16,177,952

Accumulative Story Segment Views (Reach)

Including reach of Visit The USA, influencers, and BD.
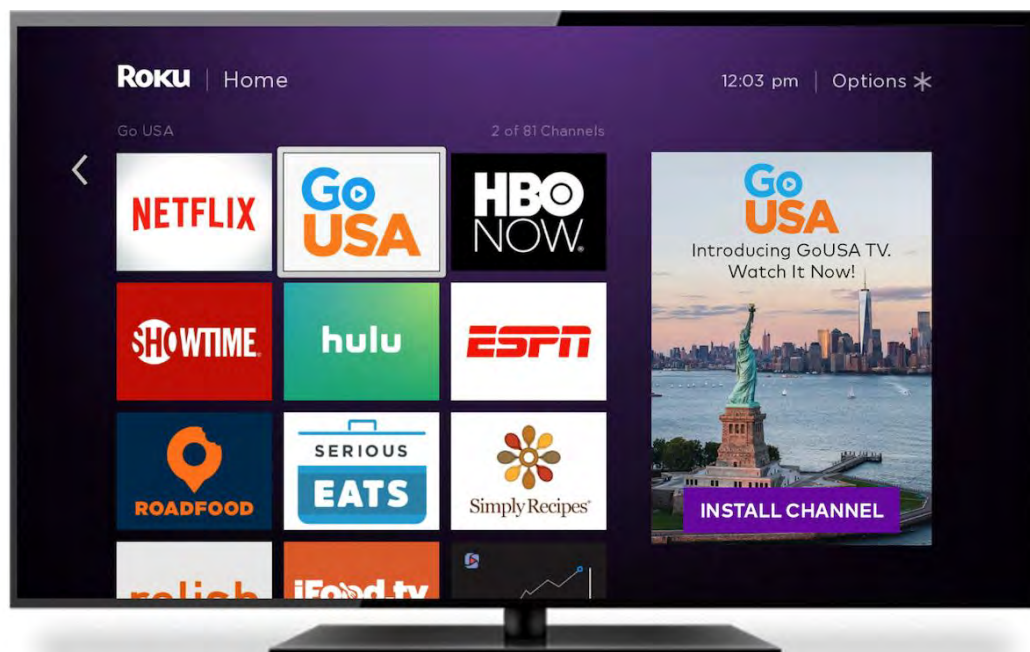
75,150,346

Organic Impressions

Including influencer posts and Stories, BD post and Stories, and Visit The USA posts and Stories, and the @Instagram post.

11,263,328

Paid Social Impressions
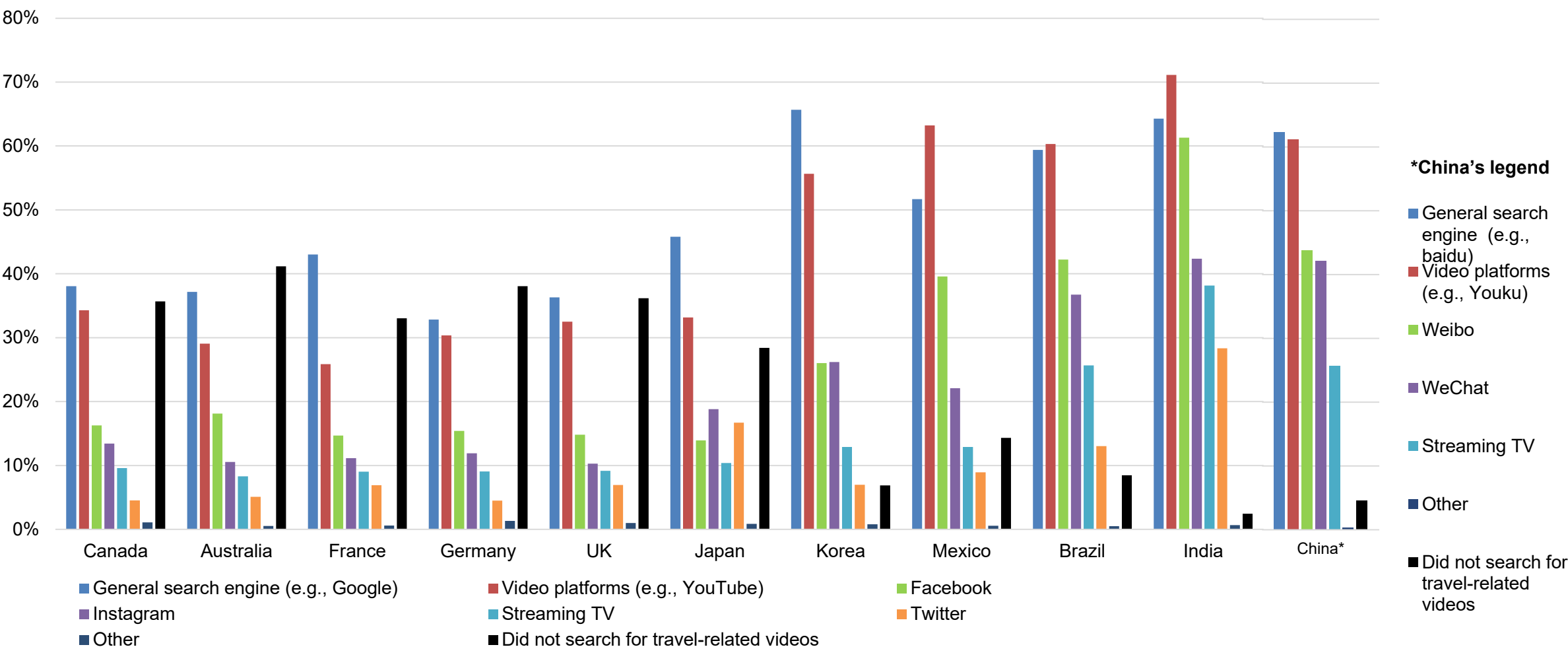
From one post and one Story ad on Instagram.

VisitTheUSA.com

Video Consumption
Study

Channels for Travel-related Video Searching

*China's legend

- General search engine (e.g., baidu)
- Video platforms (e.g., Youku)
- Weibo
- WeChat
- Streaming TV
- Other
- Did not search for travel-related videos

Legend:
- General search engine (e.g., Google)
- Video platforms (e.g., YouTube)
- Facebook
- Instagram
- Streaming TV
- Twitter
- Other
- Did not search for travel-related videos

Question: Where did you search for travel videos? (Select all that apply)
Base: Intercontinental travelers –Australia (N = 1,029); Canada (N = 1,031); France (N = 1,014); Germany (N = 1,032); U.K. (N = 1,023); Brazil (N = 1,026); Mexico (N = 1,010); Korea (N = 1,031); Japan (N = 1,007); China (N = 1,007); India (N = 1,014)

Phocuswright

VisitTheUSA.com

Screen Strategy & Storytelling Platforms
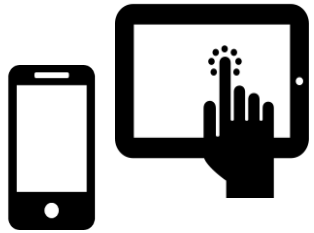
Mobile
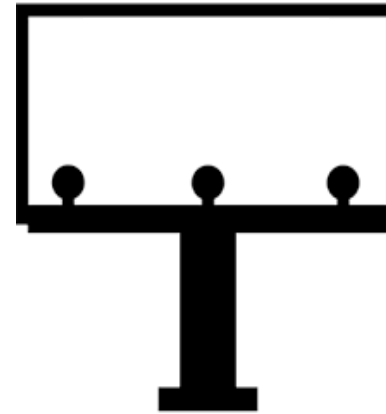Thumb-stopping and snackable content is everything

Laptop/Desktop
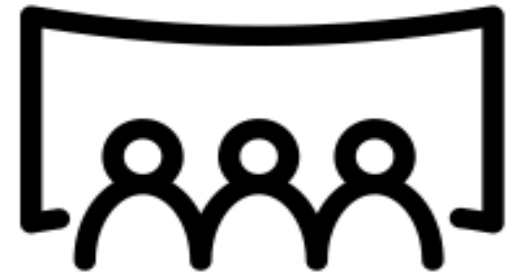Serves as a portal to trip planning with multimedia videos

Smart TV
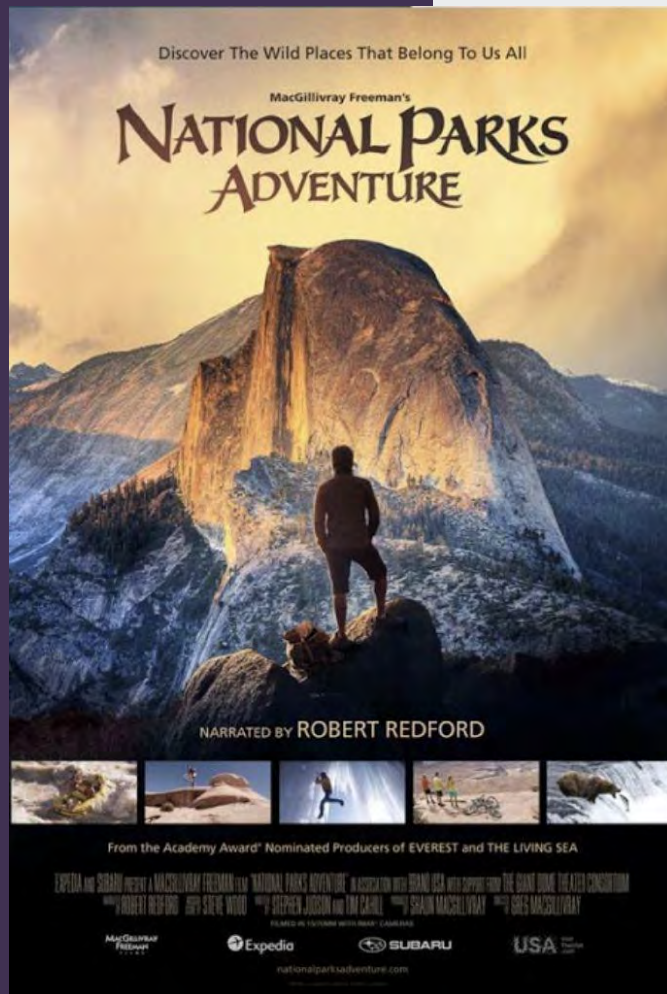Caters to "lean back and watch" behavior with personalized playlists

Digital OOH
Connected media delivers engaging, experiential content in situ

Giant Screen
Immerses audiences in longer-form "mini-movies" (thematic)

WE'VE GONE OFF THE BEATEN PATH AND HAVE HAD AN EXTRAORDINARY JOURNEY

Pioneering new, uncharted territory with two ambitious IMAX® films

Reach & Impact

- *National Parks Adventure*
  - Audience to date: 4,269,246
  - Showing in 12 international cities
  - Streaming views
    - Netflix since Feb. 1, 2018
    - China: 1.5 Million
  - Trailer views to date: 175 Million
- *America's Musical Journey*
  - 1,000,000+ viewers
  - Showing in 9 international cities
  - Trailer views to date: 43.4 Million
  - Streaming launch on GoUSA TV
    - November 18, 2019
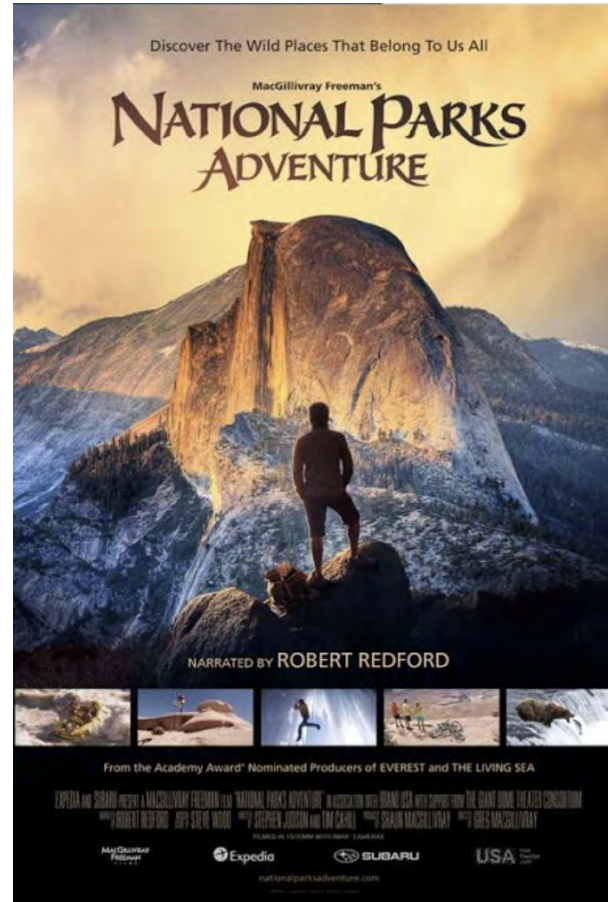
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Thank you!