

# WORLD TRAVEL & TOURISM COUNCIL

## A MANIFESTO FOR TRAVEL & TOURISM IN THE UNITED STATES

THE WORLD TRAVEL & TOURISM COUNCIL'S (WTTC'S) GLOBAL SUMMIT, HELD IN MAY 2006 IN WASHINGTON UNDER THE THEME *OPEN MIND, OPEN WORLD*, CLEARLY DEMONSTRATED THE IMPORTANCE OF TRAVEL & TOURISM – NOT ONLY WITH REGARD TO ITS ECONOMIC SIGNIFICANCE, BUT ALSO ITS CONTRIBUTION TO BUILDING INTERNATIONAL UNDERSTANDING.

The United States is the largest tourism economy in the world in terms of visitor spending, with Travel & Tourism projected to generate US\$1,652.6 billion of economic activity (Total Demand) in 2006, rising to US\$2,907.6 billion by 2016.

Moreover, according to WTTC research, the USA will maintain its number one position over the next ten years. Total Demand is expected to grow by 3.7 per cent in 2006 – resulting in a 25.5 per cent share of global tourism demand – and by 3.4 per cent per annum, in real terms, between 2007 and 2016. By 2016, the US Travel & Tourism Economy will contribute 10.1 per cent to GDP and will provide more than 5.9 million jobs.

Despite these positive trends and forecasts, the USA is only the third most visited country in the world, behind France and Spain, recording just 49.4 million international tourist arrivals in 2005 as against 55.6 million for Spain

and 75.3 million for France. More significantly, largely as a result of 9/11, the USA has lost share of global arrivals over the past five years. Its arrivals count last year was 7 per cent below 2000's level, yet international arrivals worldwide have increased by 17 per cent over the same five-year period. If the USA had kept pace with world growth, it would have seen an additional 9 million foreign visitors in 2005.

Although the last two years have shown a marked improvement and the US tourism industry is hoping to exceed 2000's arrivals level this year, this is by no means a foregone conclusion according to current trends. Short-term prospects are also uncertain. Latent demand for tourism to the USA in international markets is being dampened by what is perceived widely as a complicated and confused visa regime – due to the US Government's efforts to enhance security measures.

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The US inbound tourism industry has further cause for concern. The seemingly positive forecasts from WTTC regarding future US tourism growth mask the fact that the USA will continue to lag behind the world Travel & Tourism Economy – by more than one percentage point over the period 2007 to 2016. This forecast, if proved accurate, will translate into a significant loss for the US economy in terms of earnings and jobs.

There are even greater concerns, since the competition from both established and, in particular,

emerging tourism destinations such as China and India is becoming increasingly tough, creating fresh hurdles to overcome. In addition, brand new destinations continue to take their place on the world tourism map. Not only is the choice for travellers becoming broader, but the consumer is becoming more sophisticated and demanding. As a result, competition between countries is increasingly aggressive, and the USA risks being left behind if it does not have a clear, co-ordinated Travel & Tourism strategy moving forward.

## RECENT TRENDS

To put some numbers to the recent trends, in order to illustrate the USA's precarious situation more clearly, the Travel Industry Association of America (TIA) estimates that the US share of international tourism is at an all-time low, having suffered a double-digit decline since 2000, and a 35 per cent drop since 1992. The cumulative cost of this decline to the national economy over the past 14–15 years is staggering, according to TIA – US\$286 billion in lost revenue, or about US\$20 billion a year. That equates to US\$38,700 a minute or US\$645 every second.

According to TIA, if the USA were able to reclaim these losses, every one per cent of world market share regained would be worth an estimated 8.1 million extra foreign visitors, representing an additional US\$13.4 billion contribution to GDP and 153,000 more jobs. These potential gains represent a huge incentive for the US Government and tourism industry to make every effort to recoup lost market share. But this will require significant investment on the part of the public and private sectors to promote the USA's attractions as a world tourism destination in key international markets.

## IMPORTANCE OF MARKETING & PROMOTIONS

Until now, recognition of the importance of marketing and promotions on the part of the US Government has been lacking. While more than 130 countries around the world have official, government-sponsored national tourism organizations (NTOs), the US only has a small tourism office within the Department of Commerce in place of an NTO. And its budget is extremely modest – a mere US\$5.7 million in 2005. This compared with US\$75.0 million for Spain, US\$44.3 million for France and US\$79.9 million for Australia – to cite just a few of the USA's competitors.

Other nations have recognized that a co-ordinated national tourism policy helps to achieve numerous domestic goals, including job creation, expanding trade surpluses and creating economic vitality across all regions of the country.

Marketing and promotion are even more critical given the results of two recent surveys. The Pew Global Attitudes Project showed that, in most nations, less than 50 per cent of the population holds a favourable opinion of the USA. However, a recent poll by Global

Market Insite, Inc in 25 different countries found that when people visit the USA, their perception of the country and its people improves. The first priority is to get visitors to the USA so that their opinion of the destination can be positively influenced by the reality of what they find there.

Over the past nearly 20 years, promotion of the USA as a tourism destination has been left almost exclusively to US private sector companies and to individual US states and cities, many of which, of course, have been extremely successful. But this is no longer sufficient, especially if Travel & Tourism is to benefit all regions of the country and be spread as equitably as possible across the entire population.

Prominent industry voices, such as TIA and the Travel Business Roundtable (TBR), have been campaigning for years for greater co-operation between the private sector and US Government agencies to help stimulate inbound tourism growth, reduce barriers for inbound tourists, and promote greater recognition of the industry's importance.

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**The recent WTTC Global Travel & Tourism Summit in Washington DC drew attention to the current situation and expressed concern over the long-term negative impact of the US Government's lack of commitment on the US economy. For these reasons WTTC now makes the following recommendations:**

- The economic and social importance of Travel & Tourism needs to be recognized at the highest levels of government. Those countries around the world whose governments have committed to stimulating Travel & Tourism development through constructive dialogue and marketing activity with the private sector are the ones that have been most successful in terms of growth in both arrivals and visitor spending.
- The White House Conference on Travel & Tourism, which was held more than ten years ago, and the creation in 2005 of the US Travel & Tourism Advisory Board (TTAB), operated through the US Department of Commerce, were timid steps in the right direction. Yet resolutions made at the conference have not been implemented and the TTAB has not been empowered to take any actions. Some progress has been made as a result of the Board's recommendations to the Bush Administration. *Restoring America's Travel Brand: A National Strategy to Compete for International Visitors* addresses the barriers that impede international visitors from taking a trip to the USA. The TTAB should be provided with the necessary resources and co-operation from the federal government to assist in achieving the goals laid out in this strategy.
- In order to mobilize all the players, we propose that US stakeholders from both government – federal and state – and the private sector meet at a nationwide conference around the theme *Reconquer Markets, Regain Confidence*. The main aim of this conference should be to develop a three-year agenda geared towards regaining the status of the USA as the most important Travel & Tourism destination in the world.
- Security is becoming a major challenge for the Travel & Tourism industry, yet safe travel with seamless access to transport is critical for the future growth of the industry. Five years after 9/11, the traveller has taken on board the need for enhanced security measures. The US Government must push ahead with its plans to introduce new security measures based on biometric technology, keeping pace with other destinations where biometrics are already being deployed. This will not only boost public confidence but will also provide a positive image of the USA, thanks to the technology engaged for the benefit of both visitors and resident citizens. Leaders of the security industry will play an important role in the proposed nationwide conference.
- Once the US Government has fully recognized the potential of Travel & Tourism and is truly working towards finding the delicate balance between security at borders and efficient travel across those borders, a significant national promotional budget should be directed towards those markets that represent the greatest potential for the destination. WTTC estimates a figure of US\$200 million would be a good starting point from which a marketing campaign could make a real impact.

WTTC's Global Summits in Doha, Qatar, New Delhi, India and Washington DC have shown that Travel & Tourism – both directly and through its indirect impact on the wider economy – is able to energize initiatives and mobilize large numbers of decision-makers around this industry.

While the world must remain ever vigilant of security threats, especially within the Travel & Tourism industry, a balance needs to be found to ensure that people from nations around the globe can interact freely. Only in this way will mutual understanding be nurtured, thereby helping to achieve the end goal of a more secure and cohesive international community.

This Manifesto can also be viewed at:

[www.wttc.org](http://www.wttc.org)

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