



UNITED STATES TRAVEL AND TOURISM ADVISORY BOARD

November 18, 2014

The Honorable Penny Pritzker
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Pritzker:

On behalf of the United States Travel and Tourism Advisory Board, we respectfully submit recommendations from the Data and Research subcommittee. Our subcommittee has been working to formulate relevant, measurable and attainable goals to support the efforts of the Department of Commerce and advance President Obama's National Travel & Tourism Strategy.

Over the last several months, the subcommittee has focused on efforts to improve the dissemination of data and expand the statistical information collected and published on international travelers to the United States. Vital to this effort is to improve the Survey of International Air Travelers (SIAT). The subcommittee is focusing on:

- Funding and completing the proposed SIAT evaluation study
- Increasing sample size and improving survey methodology
- Establishing a dedicated budget for SIAT to maintain and enhance the program's goals

This improved research and collection of information will allow the U.S. to better promote itself as a prime destination for leisure and business travel. Travel and tourism is one of America's largest industries, generating total spending of \$887 billion. A quarter of this - \$215 billion - is attributable to international travelers, directly supporting 1.2 million American jobs. These travel exports compare to \$136 billion for all agricultural product exports, \$153 billion in automobile exports, and about \$190 billion for all consumer goods exports. Additionally, the travel and tourism growth rate of 7% is substantially higher than these three major merchandise exports.

How SIAT research supports foreign travel to the United States

Our recommendations focus on the relatively inexpensive effort that the Department can make in order to support primary research that is vital to all of the states, destination marketing organizations and businesses that are dedicated to and investing in this industry. Currently, the Department (ITA) is allocating \$2 million in appropriated funds to support SIAT, although there is no specific appropriation for SIAT. To help fund all of the research, the National Travel and Tourism Office (NTTO) sells data, generating between \$200 and \$700 thousand a year. This revenue supplements the NTTO budget, helping to administer and improve these programs and service the nearly 70 clients who buy the associated data each year.

Accurately tracking the travel that supports these expenditures is vital with respect to U.S. border and travel policy, overseas marketing and travel industry support. At present very thorough data on travel volumes by country of origin are gathered by the DHS via the international arrivals program. However, these data points do not include critical overseas visitor information such as purpose of trip, itinerary within the United States, accommodations, travel mode or demographics.

NTTO staff, in conjunction with the 2011 – 2013 TTAB, investigated a range of approaches to gathering the necessary data. They concluded that an intercept methodology is the most feasible, as used by the SIAT. The TTAB Research Subcommittee recommendations also include several suggestions for refining SIAT methodology as well as increasing its sample size.

Travel by its nature is destination specific— travelers typically target one or more specific locations. Leisure travelers in particular often focus on specific destinations and activities. While marketing to overseas travelers can be and is conducted at the national level, marketing of metropolitan areas, natural attractions and specific activities is very important with regard to attracting overseas travel and encouraging desirable travel itineraries.

Spending on marketing of the myriad of U.S. destinations comes from a wide range of DMOs, states, regional authorities and others, as well as individual businesses such as airlines, accommodations and attractions. The total expenditure of just the portion involving state travel offices, including the private sector cooperative contributions, is over \$82 million in FY 2013-2014. Nearly all states are involved. The additional spending by individual companies and organizations is substantial; unfortunately no specific data are available.

These efforts represent an implicit partnership between destination areas and the U.S. government. Without the SIAT, little information would be available to support effective and efficient marketing programs. Because of the expense involved, and the mobility of overseas travelers, individual destination areas are unable to gather the data necessary to effectively

carry out their part of the marketing partnership. It is highly beneficial to the U.S. to facilitate local and regional marketing for inbound travel by contributing to this partnership. Providing timely and reliable SIAT data supports effective targeting and marketing, program evaluations and partnerships, all of which contributes to keeping the U.S. competitive in the global marketplace.

Proposed Evaluation Study

The Department of Commerce, through its NTTO, has provided the most thorough data available on overseas travel to and from the U.S. via its SIAT. This cooperative program with U.S. and overseas airlines has been in place since 1983.

During 2014, SIAT data will be collected from about 82,000 international travelers, including about 45,000 overseas visitors. This comprises approximately 0.2 % of international travelers. In 2010 the Travel Promotion Act included a provision increasing the sample size to 1% of all international arrivals, but provided no funding for the increase. This expansion in sample size would provide current data that properly represents the universe of overseas markets, travel patterns and traveler characteristics.

Currently the Department of Commerce has included \$1.5 million in its FY 2015 budget request for an evaluation study, with the intent of investigating best practices and minimum costs for conducting SIAT research. Under the current Continuing Resolution, Commerce and ITA funding is restricted to current (FY14) levels. Our recommendations focus on the scope of work for this research; conducting this research would require additional Congressional funding.

Recommendations

Completing the proposed study would be a very timely and efficient way to provide important advances in sophistication and effectiveness with regard to attracting additional foreign travel to the United States.

The following are recommendations regarding the objectives and scope of work for the proposed SIAT evaluation study. Implementing the evaluation study during the next fiscal year is crucial in order to maintain momentum and to provide necessary assistance to the Brand USA marketing effort.

Methodology for data collection, management and reporting

- Assess travel data collection systems of other advanced countries, looking in particular for effective approaches to partnerships, data collection and management systems

- Identify and test Improved methods for data collection using more current instruments and methodology, taking advantage of advances in technology and Wi-Fi; in particular investigate digital questionnaires on tablets, implemented via partnerships with selected airport operators and airlines
- Develop scenarios for enhanced reporting via web portal(s); include potential social media outlets and revenue generation
- Characterize potential markets for additional SIAT data; relate to scenarios for SIAT sample size increases (see below)

Methods for cost effective increases in sample size

- Identify and evaluate approaches to develop/enhance partnerships with airport authorities and airlines that allow increases in sample size
- Investigate partnerships with DMOs, in conjunction with airports and airlines, with the aim of cost sharing in order to enhance local and regional data collection
- Investigate partnerships with states that want to enhance sample for their state and/or selected DMOs; develop prototype cost sharing program

Program Cost analysis

- Compare SIAT costs with those for travel data collection and reporting systems in selected foreign countries
- Compare SIAT data collection costs with those for other U.S. data collection and management systems, both government and commercial
- Develop several prototype SIAT data collection and reporting scenarios (e.g. at 0.25% and 0.5% of all travel) to illustrate methodology, applicability (including market penetration) and costs

Financial Support

- Examine alternative funding sources to establish a sustained baseline level of funding to maintain and enhance the SIAT; designate a dedicated SIAT budget. This should include an investigation of sources for additional partnership by states and DMOs.

Summary of Recommendations

The evaluation study should also include important background information and analysis, as well as specific recommendations for moving the SIAT forward during FY 2016.

- Thorough review of past SIAT development, evaluation and enhancement programs
- Review and evaluation of alternative overseas travel data collection methods
- Development and evaluation of prototype data collection and reporting programs, based on the findings of the various study elements above
- Recommendations for methodology and sample size for FY 2016 budget

We believe the recommendations contained within this document are achievable and would serve to enhance, promote and grow the travel and tourism industry in the United States. We look forward to sharing additional recommendations with you over the next several months and to begin the implementation process for the benefit of our nation's travel and tourism industry.

We thank you for the opportunity to serve as members of the U.S. Travel and Tourism Board and look forward to our continued work together.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Gilliland".

Sam Gilliland
Chair

A handwritten signature in black ink, appearing to read "Kathleen Matthews".

Kathleen Matthews
Vice Chair

Appendix

Previous TTAB recommendations and implementation

The previous 2012 – 2013 TTAB conducted an extensive investigation of SIAT methodology and utilization, gathering information and preferences from a broad selection of industry representatives. Recommendations were in three categories.

Recommendations regarding sample size and data collection aimed to double both the number of destinations for which usable data would be available and the number of countries which could be effectively represented. The specific recommendations:

- Gather traveler emails in order to allow detailed follow-up surveys
- Expand sample size by enhancing the Supplemental Airport Survey Program (SASP), expanding the number of airports where SIAT surveying can take place
- Use of leave-behind or take-away cards directing international visitors to complete the survey online
- Incorporate the use of incentives to increase response rates
- Use both a short- and long-form questionnaire to enhance response rates

With regard to ***survey methodology***, the Board endorsed the current survey approach, with several recommendations regarding enhancement:

- Refine sampling plan methods to better match flight schedule dynamics
- Adopt additional data collection methodology such as web-based questionnaires
- Expand the use of tablet computers and similar media for data collection

Finally, the Board made two recommendations focusing on ***establishing a dedicated budget*** for SIAT implementation.