U.S. TRAVEL OUTLOOK

Examining Current Industry Trends

CURRENT STATE OF THE ECONOMY

The current state of the U.S. economy is very sound. Consumer spending strengthened in November, business equipment spending rose briskly for much of 2017, the housing sector continues to show gradual improvements, employment growth continues apace, although real wage growth remains mild, exports surged in the fourth quarter of last year, and inflation remains mild. For the travel industry, domestic travel, both business and leisure, are in a good position for continued solid growth in 2018. On the international side, the latest data from the Commerce Department shows that visitation through the first seven months of last year remained down, while spending remained down through the first 11 months of the year.

Economic Summary: The overall economy ended 2017 in great condition. U.S. third quarter economic output was revised slightly downward from 3.3 percent growth (seasonally adjusted annualized rate, saar) to 3.2 percent saar, according to the Commerce Department's final estimate of economic growth. Weaker-than-expected consumer spending on services (namely airfare and recreational services) drove the downward revision, but the 3.2 percent quarterly growth rate remains the fastest quarterly pace since the first quarter of 2015. Economists surveyed by *The Wall Street Journal* had expected the latest estimate to remain at 3.3 percent.

The Federal Reserve stressed the health of the economy in rounding out its 2017 review. The Fed noted in particular that the strong performance of the U.S. economy in the fourth quarter signaled "a continued return to more-normal operations... [reflecting] the waning of the negative effects of recent hurricanes in the previous two months." They also highlighted that spending patterns for both consumers and businesses for equipment and intellectual property remained healthy and significant contributors to the economy.

Referring to the upcoming Republican tax proposal, Fed economists "expected the proposed cuts in personal taxes to provide some boost to consumer spending" and many characterized the changes in business taxes as likely to provide a modest boost to capital spending. "However, some business contacts...noted that the increase in cash flow that would result...was more likely to be used for mergers and acquisitions or for debt reduction and stock buybacks."

Fed officials, noted two distinct possibilities for the tax plan: "the Trump administration's tax cuts or easy financial conditions could cause inflation pressures to build unduly, [but] at the same time,... actual or expected inflation may fail to rise to the Fed's 2 percent target." According to Stephen Stanley, chief economist at Amherst Pierpont Securities: "They have been taking a middle-of-the road on their policy approach...if inflation picks up, they will go faster [on rate rises]. If things slow down, they will go slower." The Fed notes that three expected quarter-point interest rate increases are expected for 2018.

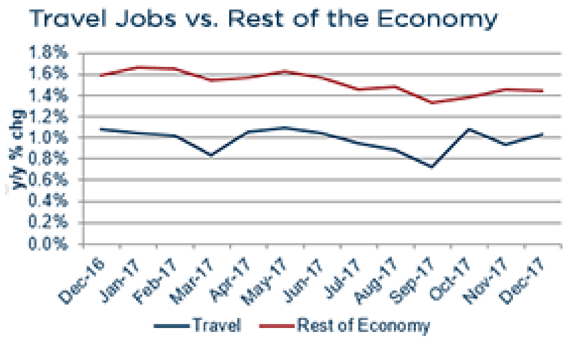
The economists gathered at the annual meeting of the American Economic Association are projecting much slower growth for the U.S. economy in 2018, yet most see the economy still outperforming the expansion average. The Federal Reserve Bank of Atlanta estimates a 2.7 percent growth rate in the final three months of 2017, while forecasters at Macroeconomic Advisers project a 2.3 percent pace.

The tax-code changes enacted by Congress in December could boost growth for the next couple of years, according to Dale Jorgenson, Harvard University economist. That leaves the longer-term outlook “maybe a bit more optimistic than before we got two good quarters and the tax cut, but not in the range of 3 percent.” Historically, “tax cuts aimed at the top of the income distribution have had very little stimulus effect,” said Austan Goolsbee, University of Chicago economist.

In the long run, economists believe the economy’s maximum sustainable growth rate is determined by two forces: how many people are working, and how productive they are. Annual growth in inflation-adjusted potential output averaged 3.2 percent between 1950 and 2016, according to the Congressional Budget Office. But many forecasters think those days are gone as baby boomers continue to retire and productivity growth stagnates.

LABOR

For the seventh year in a row, the U.S. economy added more than two million jobs. The Labor Department reported that 148,000 jobs were added in December—the 87th consecutive month of job gains. Unemployment rate remained at 4.1 percent—the same as November. The monthly jobs gain is below what the economy added for most of the year, but “it’s still way ahead of what the economy needs to keep up with the new, slow rate of working-age population growth,” said Jed Kolko, the chief economist for Indeed.com.



Source: Bureau of Labor Statistics, U.S. Travel Association

While manufacturing, mining and construction jobs ended the year on a positive note, retail, on the other hand, finished the year in a slump. The industry has been struggling to contend with the rise of e-commerce and had a bad month in December, despite the rush of holiday shopping. The sector slashed 67,000 jobs over the year. Also, the number of Americans who are working part-time but want a full-time job is about five million, still above where it was before the Great Recession began in late 2007.

Travel industry employment edged up in December by adding 5,200 jobs, according to the U.S. Travel Association’s estimate based on Labor Department data. A slight job increase was seen in food services/drinking places industry, while employment in airline and lodging industries changed little in the month. In 2017, employment in travel industry grew by 1 percent from 2016—the slowest increase in seven years. Part of this slowdown was due to the downturn in spending by international visitors which supported 1.2 million jobs in the travel industry in 2016.

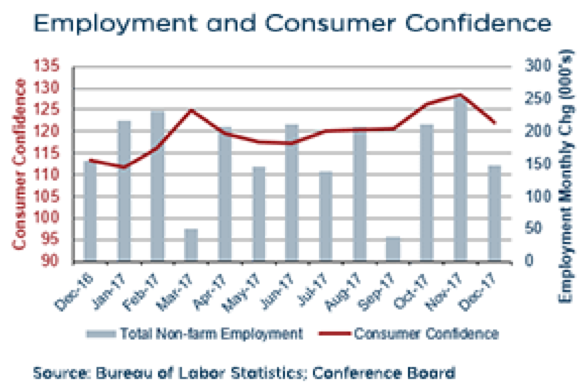
Perhaps the best news was the average hourly wages grew by 9 cents—a year-over-year increase of 2.5 percent. There are signs beneath the surface, though, that more widespread wage growth may be around the corner. In areas where unemployment has dipped below the national rate, pay has begun to accelerate. Cities where joblessness is 3.5 percent or lower have also witnessed an impressive 4 percent year-over-year increase in earnings, said Ian Shepherdson, chief economist of Pantheon Macroeconomics.

Still, even after a slew of one-time bonus announcements since President Donald Trump signed the Tax Cuts and Jobs Act, it may take a while for workers to see sustained benefits from the lower corporate tax rate. "Don't expect to see much impact on either jobs or wages anytime soon from the tax bill," Andrew Chamberlain, Glassdoor's chief economist, wrote.

Gallup reported that Americans' optimism about finding a quality job averaged 56 percent in 2017, the highest annual average in 17 years of Gallup polling and a sharp increase from 42 percent in 2016. Coinciding with rising optimism, the U.S. unemployment rate fell from an average 4.9 percent in 2016 to 4.4 percent in 2017, the lowest rate since 2000.

CONSUMER CONFIDENCE

The Conference Board *Consumer Confidence Index* decreased in December, following a modest improvement in November. The Index now stands at 122.1, down from 128.6 in November. "Consumer confidence retreated in December after reaching a 17-year high in November," said Lynn Franco, director of economic indicators at The Conference Board. "The decline in confidence was fueled by a somewhat less optimistic outlook for business and job prospects in the coming months. Consumers' assessment of current conditions, however, improved moderately. Despite the decline in confidence, consumers' expectations remain at historically strong levels, suggesting economic growth will continue well into 2018."



U.S. consumer sentiment fell more than expected in December, slipping further below the decade high reached in October. Assessments of current conditions improved slightly, up 0.3 percent, while future expectations worsened, dropping 5.2 percent. The indicator has remained largely unchanged in 2017, which the survey's chief economist, Richard Curtin, has said reflects American consumers' increasing confidence about their income and employment prospects. "Consumer confidence continued to slowly sink in December, with most of the decline among lower income households," Curtin said. The University of Michigan said the data signal an expected gain of 2.6 percent in real consumption expenditures in 2018. "Overall, despite the moderation, the index remains comfortably above its average in this recovery cycle and continues to signal strong consumer sentiment that is likely to be supportive of GDP growth in the coming months," said Blerina Uruci, economist at Barclays.

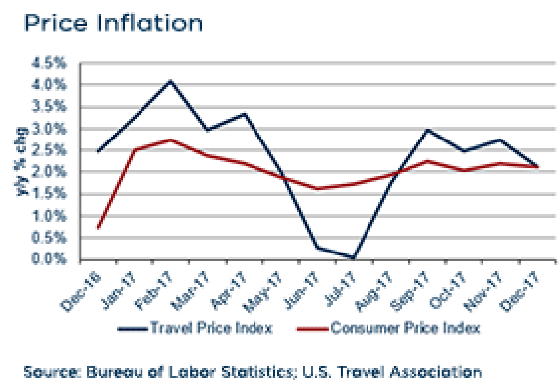
As American consumers look ahead to 2018, eight in 10 predict it will be a troubled year filled with international discord rather than peace. While, historically, Americans have tended to be pessimistic about economic prosperity when thinking about the year ahead, more than half of Americans (52%) are optimistic about the economy, anticipating a year of economic prosperity. Optimism about economic prosperity reflects signs that point to a strengthening economy, such as record-high stock prices, low unemployment and Americans' increased confidence in the economy. Still, Americans' current economic forecast is relatively bright.

CONSUMER SPENDING

Consumer spending increased at an uncomfortably strong 0.6 percent monthly rate (m/m) for November, according to the Commerce Department. The November estimate showed swift acceleration from October's 0.2 percent growth in personal consumption expenditures (PCE) and forebode, a strong start to the 2017 holiday shopping season. Personal incomes, on the other hand, increased at a softer 0.3 percent m/m rate, leaving the personal savings rate at a 10-year low of 2.9 percent (Note: November 2007 also marked the last month before the Great Recession). "Very elevated consumer confidence makes people more comfortable saving less. But the savings rate can't fall forever," wrote Ian Shepherdson, chief economist at Pantheon Macroeconomics. "So income growth needs to pick up if consumers are to continue spending at their recent pace." Retail sales for December increased 0.4 percent, continuing the positive momentum from December. According to the Commerce Department, total retail sales for the fourth quarter (October through December) increased 5.5 percent compared to the same period one year ago. This capped the strongest year for retail sales growth since 2014.

Retailers are reporting positive news coming out of the holiday season. Early indicators are showing that sales grew to their highest level in years, rising 4.9 percent over the same period last year (excluding automotive), according to Mastercard SpendingPulse. This is the largest year-over-year increase Mastercard has tracked since 2011. Since falling to a low in 2014, retail sales have gradually been rising. Electronics and appliances had the strongest performance, while clothing and department stores reported 'moderate gains'.

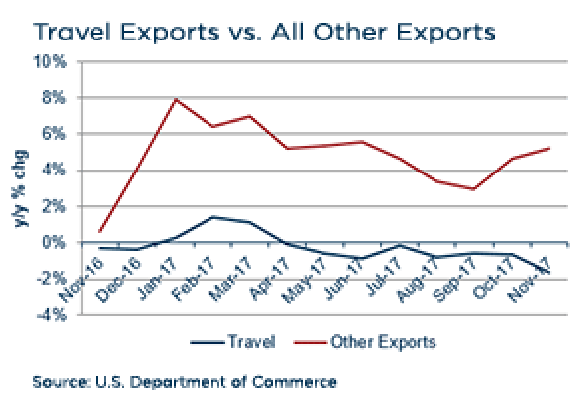
The 12-month PCE Price Index, the preferred inflation measure of the Federal Reserve, showed that consumer prices rose at a 1.8 percent rate for November. The 12-month core PCE Price Index (PCE less food and energy items) increased 1.5 percent. Both measures were still below the Fed's target rate of 2 percent. "Inflation moving closer to the Fed's target may also reinforce expectations for interest-rate hikes," according to Sho Chandra at *Bloomberg*.



The Labor Department's Consumer Price Index (CPI) cooled in December, increasing at a 12-month rate of 2.1 percent compared to 2.2 percent in November 2017. Energy prices decreased at a 2.7 percent monthly rate, despite increasing 10.9 percent at a 12-month rate. However, according to Gregory Daco and Oren Klachkin of Oxford Economics: "More interesting...was the 0.3 percent rise in core prices, which lifted inflation back to 1.8 percent in December from 1.7 percent in November, and supports our call for a Fed rate hike in March. We note that core inflation is likely to fall back in January and February (on unfavorable y/y comparisons), but subsequently inflation is expected to firm this Spring."

Travel prices, according to U.S. Travel, remained unchanged on a monthly basis, and increased 2.1 percent on a 12-month basis, even with the CPI. Precipitous monthly decreases in motor fuel (-2.7%) and air fares (-0.5%) were balanced out by broad-based increases across other component sectors, including a 0.9 percent increase in lodging prices and a 0.6 percent increase in recreation services.

EXPORTS



The U.S. goods and services trade deficit widened to $50.5 billion in November, the largest deficit in nearly six years according to the Commerce Department. Despite a $4.4 billion increase in exports from October levels, November imports increased by $6.0 billion. Year-to-date, total exports added $112.7 billion compared to the first 11 months of 2016, an increase of 5.6 percent. However, imports climbed at a faster rate, increasing by $166.1 billion or 6.7 percent over the same period. This accounted for an 11.6 percent widening of the trade deficit.

However, travel exports, despite remaining virtually unchanged at $20.3 billion for November, continued its healthy trade surplus of $5.7 billion. While travel exports remain off the early 2017 pace of $20.6 billion set in March, travel exports seemed to have rebounded from softness in the second and third quarters. Without this travel trade surplus, the total goods and services deficit would be 11.5 percent larger.

STATE OF BUSINESS

After an already strong contribution to the 2017 economy, the Commerce Department's latest durable goods report for November showed that businesses continue to gradually ramp up their capital expenditures leading into 2018. While the non-transportation component of durable goods orders (a highly seasonal sector) edged up 0.1 percent, core capital goods shipments (nondefense capital goods shipments less aircraft) rose 0.3% in November. According to Glenn Somerville at Kiplinger, "a 4-percent increase in core business fixed-investment spending is likely in 2018 — possibly a little better once tax reductions take full effect — on top of a matching 4 percent gain for all of 2017."

Services sector activity, on the other hand, lost momentum but maintained its steady expansion to end 2017. The Institute of Supply Management's Non-Manufacturing Index reported a reading of 55.9 in December 2017 (any reading above 50 indicates expansion), the second consecutive month of deceleration. However, the services sector is seen as generally healthy and the decline is written off as a seasonal response to the post-hurricane boom in services spending during September and October. All three travel-related respondent sectors of the NMI (retail trade; accommodation & food services; and arts, entertainment & recreation) reported expansion for December 2017.

The first Beige Book of 2018 released by the Federal Reserve reported mostly good news for winter travel markets. The Minneapolis District reported that "tourism conditions were up moderately since the previous report. Snowy weather had a positive impact on winter tourism activity. Ski lodges and restaurants in Montana, Minnesota and Michigan's Upper Peninsula reported ideal conditions for winter activity, including low fuel prices for travelers." The Kansas City, San Francisco and Richmond, VA Districts also reported a "return to seasonal levels" for travel industry businesses. For the Philadelphia district, travel industry "contacts generally indicated a continuation of modest growth relative to the high levels of the prior year. Philadelphia area hotels set records for a third consecutive year... However, casino revenues in Atlantic City, NJ continued to decline against prior-year levels." In the Southeast, the Atlanta district reported that while "contacts in Georgia reported continued growth in business, leisure, and group travel... contacts in Florida reported a slight decrease in tourism activity since the last report. The outlook among most contacts for the first quarter of the year remains optimistic."

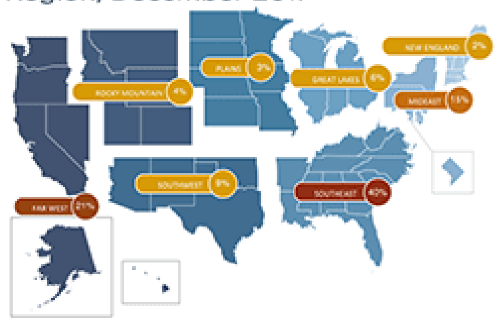
TRAVEL TRENDS INDEX

November proved to be a solid month for the travel industry according to the latest Travel Trends Index (TTI). For the first time since early 2015, all TTI components registered growth for a second consecutive month. The Current Travel Index (CTI) reading of 51.8 in November 2017 shows that travel to or within the U.S. grew 3.6 percent in November 2017 compared to November 2016. International inbound travel grew, but at a slower pace than the prior month, registering 51.2 in November. Domestic leisure and business travel also grew in November, each increasing at a faster rate than their respective 6-month moving averages

The Leading Travel Index (LTI) predicts continued travel growth through May 2018, as both domestic and international travel demand contribute to gains. The LTI continues to project a rebound in inbound travel, which has the potential to surpass growth in the domestic market in the beginning of 2018. The 6-month LTI reading of 51.4 indicates that total U.S. travel volume is expected to grow at a rate of around 2.8 percent through May 2018. Domestic travel is expected to grow at a steady pace, while forward looking metrics for international travel indicate a strong rebound.

LEISURE TRAVEL

Share of Domestic Search by U.S. Region, December 2017



Source: nSight at www.nsightfortravel.com

The December U.S. Travel Barometer reported that just under seven in 10 (69%) of U.S. residents were searching for lodging within the U.S. in December. This share was on par with December of 2016. For the full year, on average, 76.3 percent of U.S. residents searched for travel within the U.S.—on par with 2016. The Southeast captured 40 percent of domestic searches in December, on par with the last few months but up significantly from December 2016.

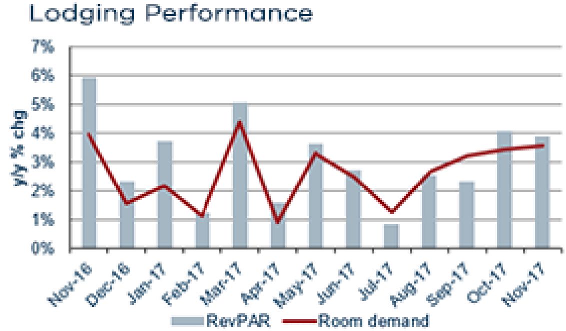
One of the key findings from Expedia's deep dive into multi-generational travel trends was that social media is increasingly influencing consumer purchasing decisions. Not only that, close to three-quarters of survey respondents stated they would rather prioritize spending on experiences rather than products, especially millennials. Other key findings include that travelers prefer to book through online travel agencies and value convenience over brand loyalty.

Most Americans (41%) booked their last online trip less than three months ago according to Expedia's North American Travel and Tourism Trends 2017. The survey also found that once a decision was made, North American travelers usually book travel within three weeks. While the majority of travelers are fairly certain they know what they want to do on vacation, two-thirds of Americans prefer some ideas and inspiration and half may still be deciding between two or more destinations.

Analyzing survey data from Gen Z and Millennials travelers, STA Travel reported that the overwhelming trend in 2018 is adventure. Mountain trekking was the number-one trip style sought by millennials and Gen-Z, followed by sailing trips, island-hopping, music-related travel and foodie trips.

LODGING INDUSTRY

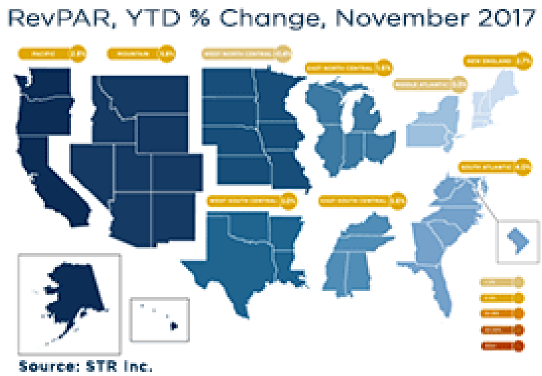
Lodging Performance



Source: STR Inc.

Analysts from STR, PwC and CBRE projected continued healthy growth in Q1 for the U.S. hotel industry despite headwinds from international arrivals. "STR is projecting a continued healthy demand environment for the U.S. hotel industry, setting another room demand record for the most rooms sold—ever," said Jan Freitag, STR's SVP of lodging insights. "Supply growth will tick up to outpace the demand increase, and we expect occupancy to slightly decline in 2018."

CBRE Hotels' Americas Research is forecasting U.S. RevPAR to increase by 3.7 percent in Q1 2018. We see slightly greater ADR lift in Q1 2018 (+3.2%) than in Q4 2017 (+2.7%). The sustained, record occupancy levels are expected to finally boost pricing power as the domestic economy continues to expand, and business and consumer confidence further elevates. The Index of Leading Economic Indicators began increasing at an elevated rate since February 2017. Lodging demand typically responds six to eight months later. These are good signs for U.S hoteliers.



According to STR, total U.S. room revenue increased 5.9 percent and room demand increased 3.6 percent from a year ago in November. Total room revenue reached $11.6 billion in November 2017.

The number of hotel rooms under construction in the United States has declined or remained flat year over year for October, November and December, according to pipeline data from STR. Overall, there were 179,979 rooms in construction across 1,400 hotels in December. The number of rooms represented a 3.7 percent decrease compared with the same month in 2016. That decline followed a flat November (+0.6%) and October (-0.1%), and was the largest year-over-year room construction decrease in the U.S. since September 2011 (-7.8%).

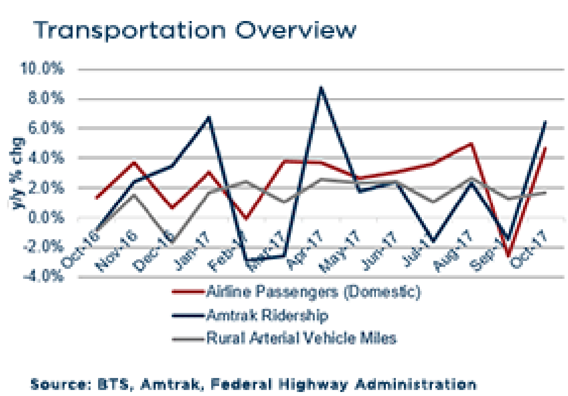
Based on Airbnb booking data, the Midwest is experiencing a surge in interest. Cities like Indianapolis, IN and Columbus, OH are seeing some of the strongest growth, driven by booming downtown with new restaurants, nightlife and local arts. Other high-growth destinations include towns offering ample nature lodging in close proximity to popular national parks.

As for Airbnb's experiences, food and drink remains the most popular, accounting for 29 percent of total Experience bookings. Local culinary workshops, craft food and cocktail tastings, and home-cooked dinners are the biggest draw for Experience guests. Airbnb predicts that demand for both under- the-radar outdoor excursions and live concerts will grow into next year.

TRANSPORTATION

AIR TRAVEL

November global air passenger traffic continued to show robust demand according to the International Air Transport Association (IATA). Total revenue passenger kilometers (RPKs) rose 8.0 percent compared to November 2016, the fastest growth rate in five months and up from a 7.3 percent year-over-year rise in October.



"The airline industry is in a good place entering 2018. November's strong demand gives the industry momentum. The number of unique city-pair connections now tops 20,000. Passengers not only have more travel choices than ever, the cost of travel in real terms has never been cheaper.

We expect 2018 to be the fourth year in a row where the industry's return on invested capital will exceed the cost of capital. Even with continuing security threats and infrastructure issues, Alexandre de Juniac, IATA's Director General and CEO is optimistic and 'begins the New Year with confidence."

North American airlines' traffic climbed 6.4 percent, in November. Capacity rose 6.1 percent and load factor edged up 0.2 percentage point to 79.1 percent. The relatively vigorous economic backdrop is supporting outbound passenger demand, but this appears partly to be offset by a negative impact on inbound travel to the U.S. from the additional security measures involved with traveling there.

U.S. airlines fared well in timeliness compared to other carriers around the world in 2017. Hawaiian Airlines led the way in timeliness among all mainline U.S. carriers and finished third in the world, with an on-time performance of 87.2 percent according to the OAG report. Delta led the way among the "mega carriers," recording an on-time rate of 82.8 percent in 2017. Alaska came in fifth among the 20 largest world carriers.

TSA announced that it screened a record number of passengers at airports over the December holiday travel period. TSA screened more than 42 million passengers and almost 31 million checked bags. The news coincides with CBP's announcement that it searched a record number of international travelers' electronic devices at U.S. borders last year. The agency said it searched 30,200 devices in 2017 — a nearly 60 percent increase over the previous year.

Searches of passenger electronic devices at U.S. border checkpoints increased by nearly 60 percent last year, according to Homeland Security Department data. U.S. customs agents searched 30,200 cell phones, laptops and other devices last year—affecting 300 million travelers to the United States, less than one percent of total arrivals. The data was released as part of new guidance on the conduct of searches by customs officers seeking information on terrorism or criminal activity.

ROADS & RAILS

The Energy Information Administration (EIA) reported that U.S. regular gasoline retail prices averaged $2.48 per gallon in December, down almost 9 cents per gallon from the average in November but 22 cents per gallon higher than at the same time last year. U.S. regular gasoline retail prices averaged $2.42 per gallon in 2017 and are forecast to average $2.57 per gallon in 2018 and $2.58 per gallon in 2019.

As of mid-January, gas prices jumped four cents landing the national average at $2.53. According to the EIA, gasoline demand increased 164,000 bbl to register at 8.8 million. The demand measurement is the highest demand for the first EIA report of January since 2011. The demand increase is a contributing factor to this week's higher pump prices.

"The EIA's gasoline demand measurement is higher than any week in January last year," said Jeanette Casselano, AAA spokesperson. "If demand continues to climb, motorists are likely to see pump prices increase too, paving the way for even more expensive fill-ups. This month's average is already 19-cents more than last January."

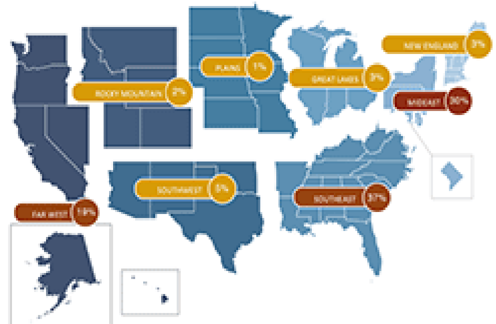
BUSINESS TRAVEL

Global Business Travel Association (GBTA) is forecasting business travel spending to grow 6.1 percent in 2018 against a likely 5.1 percent in 2017. Rising consumer and business confidence should encourage businesses to hire more employees, and to send them on trips. In turn, this rising demand will allow the industry to push up prices, with airfares forecast to rise by 3.5 percent and hotel prices by 3.7 percent.

Some Wall Street analysts see downsides in that and have downgraded the shares of Expedia and Priceline on the grounds that increased business travel would limit room supply. Also looming on the horizon are the prospects of a possibly even worse Atlantic hurricane season than last year. The extraordinary 2017 hurricanes were one of the biggest shocks to the industry, $188 billion of damage in all caused by disrupted conference, meeting and event plans as well as holidays.

INTERNATIONAL TRAVEL

Share of International Search by U.S. Region, December 2017



Source: nSight at www.nsightfortravel.com

Fewer international travelers visited the United States during the first seven months of 2017 and with that decline, foreign visitors also spent less across the country, according to U.S. Department of Commerce data. Commerce Department data also show that for January through November, international travelers spent $187.6 billion, 3.3 percent less at U.S. destinations than the same period in 2016. The decrease has amounted to a $4.6 billion loss in spending for U.S. businesses last year. All of the data isn't in yet but 2017 is shaping up to be the second year in a row that international visitor spending declined.

While consistent with December of last year, United States' share of international searches declined again to 9.2 percent in December, according to the latest U.S. Travel Barometer. Year to date, U.S.'s average share of international searches was 13.7 percent—similar to the year to date average in 2016. The U.S. fell to the third most searched country behind Spain and France in December and travel interest to Spain was particularly strong. The Southeast (37%) and Mideast (30%) remained the top two regions capturing the most international searches in December.

Global international tourism has increased to its highest level in seven years, according to the United Nations World Tourism Organization (UNWTO). Total international tourist arrivals grew by 7 percent in 2017 to 1.3 billion arrivals. "This is well above the consistent trend of four percent or higher growth since 2010 and represents the strongest results in seven years," stated an excerpt from the UNWTO *Barometer* publication. North America was estimated to have only increased 2 percent; robust results in Mexico and Canada contrasted with a decrease in the United States. 2017 was characterized by sustained growth in many destinations and a firm recovery in those that suffered decreases in previous years. According to the UNWTO: "Results were partly shaped by the global economic upswing and therobust outbound demand from many traditional and emerging source markets, particularly a rebound in tourism spending from Brazil and the Russian Federation after a few years of declines."

Spain is projected to oust the United States as the second-largest international inbound tourism market. According to UNWTO Secretary General. "It is expected" that Spain will take the second position with some 82 million visitors last year. Definitive figures, however, will only be published in the spring. Spain welcomed 75.3 million visitors, just behind the United States with 75.6 million, while France easily remained the world leader with 82.6 million visitors, according to the UNWTO.

Travel trends may be stabilizing against the volatility of 2018, according to the *Inbound Report's* Trends report for the U.S. in 2018. The first claim, is that "macro variables," most notably the currency exchange rate, drives inbound travel to the U.S., and, as the U.S. dollar has strengthened against a basket of currencies in recent years (most notably the Mexican peso and British pound). U.S. Travel's own research on this has shown while currency rates can affect inbound travel, the effect is largely limited to mature market economies.

Other, more hopeful trends for 2018 include increased competition between U.S. carriers and international low-cost carriers "Last year, low-cost carriers—Norwegian Air, WOW, Wizz, Volaris, Viva and more—either flew directly to the U.S. or connected to U.S. flights at hubs in greater numbers than ever before.... European and U.S. legacy carriers are operating at low margins and cutting costs elsewhere (with hedge contracts for fuel, for instance) in order to keep their fares low and competitive. Also, look for additional connectivity between second-tier cities in China and their second-tier counterparts in the U.S. as landing slot availability becomes scarce."

PROJECT: TIME OFF

Drive leisure travel for your organization by joining National Plan for Vacation Day on January 30. Americans who plan vacation out for the year are more likely to use all their vacation and take longer trips. Learn more.

U.S. Travel Association Updates

RESEARCH

In support of the launch of the Visit U.S. Coalition (see Policy below), U.S. Travel's research department estimated that from 2015 to 2017 overseas visitation to the U.S. declined by 6 percent. At the same time, overall global long-haul travel increased 7.9 percent. As a result, the U.S.' share of global long-haul travel declined from 13.6 percent in 2015 (the highest share since 2001) to 11.9 percent in 2017 (the lowest share since 2010). The economic impact of this loss in market share during the past two years has been significant:

- 7.4 million fewer visitors to the U.S.;
- $32.2 billion reduction in traveler spending in the U.S.;
- 100,100 loss in annual jobs; and
- $4 billion reduction in travel-generated tax revenue.

POLICY

As of result of declining international spending and visitors, our global long-haul share of travelers is on the decline. Additionally, since 2015, the United States is one of only two destinations in the top 14 markets to see a decline in long-haul inbound travel. This troubling trend paved the way for the launch of our Visit U.S. Coalition to partner with the Administration to help grow the U.S. share of the burgeoning global travel market. We have stressed the need for the United States to balance security with a welcome message – to demonstrate that we're closed for terrorism but open for business.

The State Department also unveiled a new system of online travel advisories for U.S. travelers, replacing previous warnings and alerts. Now every country will have one of these advisories: *Exercise Normal Precautions, Exercise Increased Caution, Reconsider Travel or Do Not Travel*. The advisories will also offer specific guidance for anyone who chooses to travel there—itemizing risk factors such as crime, terrorism, civil unrest, health, natural disasters and time-limited events. The information will be accessible at a newly-redesigned hub for travel information.

1100 New York Avenue, NW, Suite 450, Washington, D.C. 20005 TEL 202.408.8422 FAX 202.408.1255 ustravel.org feedback@ustravel.org