

## U.S. TRAVEL OUTLOOK

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## Examining Current Industry Trends



## CURRENT STATE OF THE ECONOMY

Strong personal income and employment growth, surging consumer and business confidence, moderate inflationary pressures, an ongoing export recovery, and growing shipments of capital goods all set the stage for continued solid economic growth during the first half of 2018. However, storm clouds on the horizon in the form of a possible trade war stemming from steel and aluminum tariffs recently announced by the administration could possibly dump cold water on economic expansion.

**Economic Summary:** [Real economic output for the fourth quarter of 2017 was revised downward](#) in February to 2.5 percent growth at a seasonally adjusted annualized rate, according to the Commerce Department. The revision is minimal and the story of broad-based, robust growth across businesses and households remains mostly true. On the other hand, net exports and private inventory spending created a cumulative drag of 1.9 percentage points on real GDP growth for the fourth quarter. Real final sales (GDP excluding inventories) for the fourth quarter remained optimistic at 3.3 percent, the highest quarterly mark since mid-2015. ["We do see businesses continuing to add more to GDP largely because of the tax package](#) and (because) the overall economy, not just in the U.S., but world-wide, is improving," said Beth Ann Bovino, U.S. chief economist at S&P Global Ratings.

While economic fundamentals remain solid, 2018 looks to be starting on a decidedly soft note. Despite the recent tax reform bill cutting overhead for businesses and consumers, both [consumer](#) and [business spending indicators](#) were shown to have slowed down substantially in January 2018 from December 2017 levels. Moreover, the U.S. trade deficit recently [ballooned to a more-than-nine-year high](#). Recent tariffs imposed by the Trump administration on steel and aluminum [could be met with growing barriers for U.S. exports](#), according to state economists polled by Reuters. "This is not new. We have seen these trade battles back and forth in the past as well. But what is different this time is the persistence and the sense that we are only looking at the tip of the iceberg on protectionism," said Ethan Harris, head of global economics at Bank of America. And, despite strong employment growth in the [February jobs report](#), wage growth also remains remarkably cool despite 313,000 jobs being created in February.

Though economic fundamentals remain slow to respond, the main concerns for economists is that the economy, through price inflation, will overheat. As Greg Ip, chief economics commentator at *The Wall Street Journal*, explained: "Ironically, within days [of Chairman Powell's testimony in late February] the missing inflation reared its head. Wage and price data firmed noticeably. The 'core' consumer-price index excluding food and energy rose 1.8 percent in January from a year earlier and [should soon top 2 percent as favorable readings from a year ago drop out of the 12-month calculation](#)." Powell's testimony was perceived to have a bullish stance on the economy, ready to raise inflation rates three or four times this year. Powell [credits the current spending slump](#) to "idiosyncratic factors... part of a global phenomenon" of slow price growth.

Economists remain relatively optimistic on first quarter 2018 performance, though perhaps not as much as before. The Atlanta Federal Reserve's GDPNow forecasting model originally predicted over 5 percent growth for the first three months of 2018 in February; current developments have led the model to suggest that the economy will [hold steady at 2.5 percent growth](#). Gregory Daco of Oxford Economics predicts that GDP growth will "moderate to around 2.2 percent in Q1. Through the rest of 2018, real GDP growth will accelerate to around 3 percent, underpinned by a fiscal boost (though... the risks of a trade-related shock are seemingly rising)."

## LABOR

The [U.S. economy added 313,000 jobs](#) in February, smashing expectations, according to the latest [employment report](#) from the Bureau of Labor Statistics. The unemployment rate held steady for the fifth straight month at 4.1 percent, a 17-year low. Average hourly pay, meanwhile, grew by 2.6 percent from this time last year, a slight drop from January's year-over-year improvement of 2.9 percent.

Analysts appeared split over why last month brought a higher-than-projected surge of jobs. Andrew Chamberlain, chief economist at Glassdoor, said the surprise burst of positions was the result of a fiscal stimulus from the tax plan President Trump signed last December that slashed corporate rates.

Cathy Barrera, head economist at ZipRecruiter, an employment site, questioned that interpretation, asserting it's still too early to see an impact from the tax measure. "Really for businesses, what matters is demand for their products," she said. "If demand for products hasn't gone up, there's not more work for these companies to be doing." Construction, retail, manufacturing and health care drove most of the growth in February.

## The travel industry added 7,100

[jobs](#) in February 2018, according to U.S. Travel Association's estimates. February marked the third consecutive monthly gain in travel employment. The travel industry has created 17,500 jobs in the first two months of 2018 alone—50 percent more than the job growth charted in the first two months of 2017.

This growth follows declines during three out of four months from August to November, due in part to the temporary impact of hurricanes in August and September on leisure and hospitality businesses.

The recent upturn in job growth is likely due in part to the recently passed tax reform legislation, which U.S. Travel expects will provide a [healthy boost to business travel](#) this year and next.

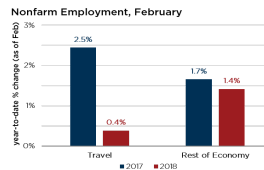
A private sector survey from U.S. payroll provider, ADP reported that [U.S. companies added a healthy 235,000 jobs](#) last month.

With unemployment already so low, strong hiring should force employers to offer much higher pay to find the workers they need. Growth should accelerate in the coming months, Mark Zandi, chief economist at Moody's Analytics said, boosted by the tax cuts and recent increases in government spending enacted by Congress. The unemployment rate could fall to below 3.5 percent by the middle of next year, Zandi projects.

Jobless claims hit a 45-year low according to the latest data from the U.S. Labor Department. [Unemployment claims fell](#) for the third time in four weeks, according to a report, reaching a 45-year low. Jobless claims have now been held below 300,000 for roughly three years, the longest streak since the 1970s. "The unemployment rate has been parked for months at 4.1 percent, a 17-year low," Reuters reports. "Economists expect healthy growth and a further decline in joblessness this year, supported by recent tax cuts."

## CONSUMER CONFIDENCE

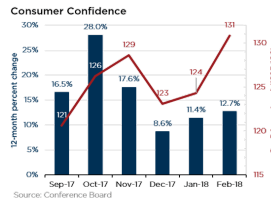
The [Conference Board Consumer Confidence Index®](#) increased again in February, following a modest increase in January. The Index now stands at 130.8, up from 124.3



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

in January.

"Consumer confidence improved to its highest level since 2000 after a modest increase in January," said Lynn Franco, director of economic indicators at The Conference Board. "Consumers' assessment of current conditions was more favorable this month, with the labor force the main driver. Despite the recent stock market volatility, consumers expressed greater optimism about short-term prospects for business and labor market conditions, as well as their financial prospects. Overall, consumers remain quite confident that the economy will continue expanding at a strong pace in the months ahead."



In a preliminary reading, [U.S. consumer sentiment rose more than anticipated](#) in March to its highest level since January 2004, according to the University of Michigan Index, while the assessment of current economic conditions rose to an all-time high. Interestingly, all of the gain in the overall Sentiment Index was among households in the bottom third of incomes, while declines occurred among upper-income consumers. In general, positive mentions about the recent tax reform legislation were offset by inflationary concerns from anticipated tariffs on steel and aluminum.

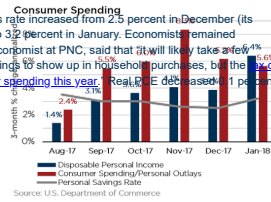
[Chief financial officers in the U.S. are feeling better](#) than ever in the wake of federal tax cuts enacted late last year. A measure of CFOs' sentiment about the U.S. economy rose 2.6 points to a reading of 71.2 in the first quarter, the highest level since the survey began in 1996, according to a quarterly report from Duke University's Fuqua School of Business and CFO Magazine. Two-thirds of executives said that corporate tax reform is helping their firms, with 36 percent describing the overall benefit as medium or large. Forty-four percent of U.S. companies plan to increase wages more than they would have without tax reform, the survey found.

"The extremely high level of business optimism is tied to the recently passed corporate tax reform," John Graham, a finance professor at Duke, said in a statement accompanying the report. "Our analysis of past results shows the CFO Optimism Index is an accurate predictor of future economic growth and hiring, therefore 2018 looks to be a very promising year."

**CONSUMER SPENDING**

Household personal consumption expenditures (PCE) began the year on a soft note, despite a sizable increase in disposable income. According to the Commerce Department, [January PCE growth slowed down to 0.2 percent from December](#). On the other hand, disposable personal income increased substantially, increasing 0.9 percent from December, the largest monthly increase since January 2012.

As a result, the personal savings rate increased from 2.5 percent in December (its lowest point in over a decade) to 3.2 percent in January. Economists remained optimistic: Gus Faucher, chief economist at PNC, said that [it will likely take a few months for reduced tax withholdings to show up in household purchases, but the tax cut will provide a boost to consumer spending this year](#). Real GDP decreased 0.1 percent from December.

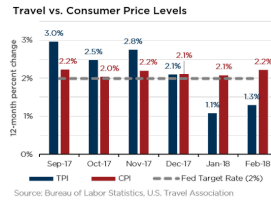


Consequently, the PCE Price Index, the Federal Reserve's preferred measure of inflation, increased by 0.4 percent month-on-month (m/m). However, the 12-month PCE

Price Index remained at 1.7 percent, continuing to stay below the Federal Reserve's 2-percent target rate. The Federal Reserve remains bullish on the economy, with new Chair Jerome Powell testifying that "there's [no evidence that the economy is currently overheating](#)... I would expect that some continued strengthening in the labor market can take place without causing inflation. We [don't see any strong evidence yet of a decisive move up in wages](#)."

**The Labor Department's Consumer Price Index (CPI) for February**

showed a cool-down in prices from January, increasing at only 0.2 percent m/m compared to January's 0.5 percent m/m. This slowdown, however, seemed to, in the minds of some economists, restore order. According to Bloomberg Economists, Yelena Shulyatueva and Carl Riccardonna, "For [core services \[prices\] to pick up more appreciably, wage inflation needs to accelerate](#). The retracement in February average hourly earnings, per the latest payrolls report, serves as a reminder that wage pressures remain tame."



Meanwhile, travel inflation, as measured by [U.S. Travel's Travel Price Index \(TPI\)](#), edged up just 0.1 percent in February, as an 0.8 percent drop in the price of motor fuel offset mild price increases in other areas such as recreational services and food and beverages. During the 12 months ending in February, the TPI rose a mild 1.3 percent, which was slower than the overall increase of 2.2 percent.

**EXPORTS**

The U.S. goods and services [trade deficit widened by 5 percent to \\$56.6 billion](#) its largest level since January 2008, according to the Commerce Department. The wider deficit "will [only add fuel President Donald Trump's protectionist rhetoric in recent weeks](#)," said Michael Pearce, senior U.S. economist at Capital Economics. President Trump recently signed into law a tariff on steel and aluminum imports.

While major trading partners are jostling for exemptions from the tariffs, the [tariffs have been panned by governments worldwide](#). "The difficulty is that a large number of [U.S. steel imports come from core allies](#) like NAFTA, Japan, Australia, and Brazil," said Seth Rosenfeld, an analyst at Jefferies investment bank. "The U.S. will be in a situation where it would be granting Japan an exemption and not Korea and this has the risk of royally disrupting your geopolitics." Despite these concerns about the tariffs, Ian Shepherdson of Pantheon Macroeconomics noted that the current trade numbers were driven by noisy moves in the trade of oil and airplanes, and that "the headline numbers are going to look much better over the next few months."

**STATE OF BUSINESS**

Despite the recent passage of broad-based corporate tax cuts in late 2017, [business spending started 2018 on a soft note](#), according to the Commerce Department's durable goods report. Durable goods orders fell 3.7 percent in January the second consecutive month of declines. Core capital goods orders, which strip out large and volatile transportation and defense purchase orders, decreased only 0.2 percent. "We had this very strong upward trend in business investment stretching back to 2016," said Andrew Hunter, U.S. economist for Capital Economics. "But from what we're seeing so far, it seems like if anything, the [passage \[of the tax bill\] is coinciding with a bit of a slowdown, which is hard to square](#)."

Other U.S. business sector indicators remained lukewarm for early 2018. The Federal Reserve's industrial production and capacity utilization indicator showed that [industrial production edged down 0.1 percent in January](#), following four consecutive monthly increases. The Institute for Supply Management's (ISM) PMI noted that the [manufacturing sector picked up in February by 1.7 percentage points](#). PMI new orders, however, decreased for the second consecutive month, albeit from a high level. The ISM's NMI, a private-sector gauge of the [services economy, also fell in February by 0.4 percentage points](#). While new services orders increased, employment component indexes slowed down in the PMI. Two travel-related sectors (arts, entertainment & recreation; accommodation & food services) also reported contractions in February.

[Tourism activity increased modestly across the U.S.](#), through the first six weeks of 2018, according to the Federal Reserve's latest Beige Book. Robust growth was seen across the eastern seaboard, as the Richmond district reported that some businesses were "suffering from increasing competition [in hotel stays], despite strong tourism." The Atlanta district, which includes Georgia and Florida, reported an uptick in the number of visitors and spending over the first six weeks of the year. The Boston and Philadelphia districts reported modest growth, though sources in the former district "expressed concern that foreign travel to the U.S. will decline in 2018." Elsewhere, the Minneapolis district reported "moderate growth, boosted by activity from the Super Bowl... Retailers, especially those in or near downtown, reported strong revenue, and hotels saw outsized gains for the period.

**TRAVEL TRENDS INDEX**

Overall travel volume (person trips to or within the United States involving a hotel stay or air travel) [grew at a slightly slower year-over-year rate in January 2018](#) than in December 2017. International inbound travel expanded while domestic leisure travel outpaced domestic business in the latest [Travel Trends Index](#).

**January Travel Trends Index**

Current Travel Index and Leading Travel Index



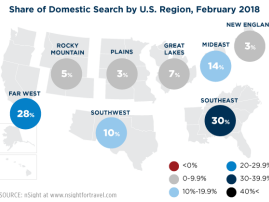
The January Current Travel Index (CTI) reading of 51.1 shows that travel grew 2.2 percent compared to January of 2017. The Leading Travel Index predicts continued travel growth through July 2018, as domestic and international travel demand contribute to gains.

The CTI has registered at or above the 50 mark for 97-straight months, as the industry enters its ninth consecutive year of expansion. International inbound travel slowed, yet remained in positive territory. The LTI continues to project an upbeat outlook for international inbound travel growth, which could potentially surpass growth in the domestic market through the first half of 2018.



**LEISURE TRAVEL**

The [February U.S. Travel Barometer](#) reported the share of U.S. residents searching for lodging within the U.S. increased yet again to another new high. Eighty-eight percent of U.S. residents searched for lodging within the U.S. in February. This is up from the 2017 year-to-date average of 76 percent as well as up significantly from the 77 percent of domestic searches seen in February of last year. The Far West captured a greater share of searches in February and now represents 28 percent of domestic searches, just behind the Southeast which captured 30 percent of searches.



[Facebook and YouTube continue to dominate](#) the social media landscape according to a Pew Research Center survey. The typical American reports that they use three of the eight major social media platforms measured. Younger Americans stand out for embracing a variety of platforms and using them frequently. More than three-quarters utilize Snapchat and more than seven in 10 use Instagram. Twitter follows much further behind with close to half (45%) utilizing this platform.

As has been the case since Pew began surveying about social media use in 2012, [Facebook remains the primary platform](#) for most Americans. Roughly two-thirds of U.S. adults (68%) now report that they are Facebook users, and roughly three-quarters of those users access Facebook on a daily basis. Beyond Facebook, the video-sharing site YouTube—which contains many social elements—is now used by nearly three-quarters of U.S. adults and 94 percent of 18- to 24-year-olds. While usage of most social media platforms has plateaued, Instagram is the one platform that is experiencing a surge in users.

The popularity of YouTube streaming is even more evident in the 2,000 percent increase in consumer [spending on streamed and downloaded video](#) between 2006 and 2016 according to the Bureau of Labor Statistics Consumer Expenditure Survey. While overall household spending on entertainment categories only increased 3 percent between 2006 and 2016, streamed and downloaded video, pet, hunting and fishing equipment, toys/games/arts and crafts and bicycles categories experienced the largest spending increases.

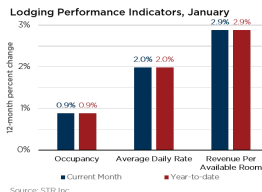
Largely as a result of an aging Baby Boomer generation and an increasing immigrant population, the [Millennials are on the cusp of surpassing](#) Baby Boomers as the nation's largest living adult generation. The latest population projections from the U.S. Census Bureau project that Millennials will overtake the Boomers in population by 2019 as their numbers swell to 73 million and the Boomers decline to 72 million. GenX are expected to surpass Boomers by 2028.

The [average household in the United States was home to 2.5 people](#) in 2017, according to the Census Bureau's Current Population Survey. But household size varies by race and Hispanic origin. Hispanics have the largest households (3.3) and non-Hispanic Whites the smallest with an average of 2.4 people. The younger age of the Hispanic population (median age = 29) explains their larger household size, with many Hispanics in the family formation years. The older age of the non-Hispanic White population (median age = 43) explains their smaller household size, with many non-Hispanic Whites in the empty-nest life stage.



**LODGING INDUSTRY**

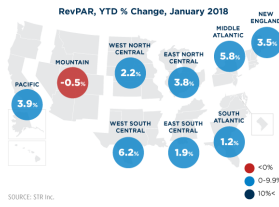
The U.S. [hotel industry reported positive results](#) during January, according to STR. "The industry started 2018 just like it ended 2017—with each of the key performance metrics at record levels," said Jan Freitag, STR's senior VP of lodging insights. "Year-over-year RevPAR growth remained modest and driven primarily by ADR, which increased at least 2 percent for the fourth month in a row. Supply grew at a healthy 2 percent again, but a 2.9 percent rise in demand was more than enough to counter that, even though it was the lowest demand growth figure in the U.S. since August." Freitag also noted that RevPAR has now increased year over year for 95 consecutive months in the U.S.



## U.S. Travel Outlook

Houston experienced the only double-digit increase in occupancy and the largest rise in RevPAR while Super Bowl host Minneapolis/St. Paul posted the only double-digit lift in ADR.

Luxury, economy segments led February U.S. hotel performance according to preliminary data from STR. U.S. hotel industry revenue per available room and average daily rate both grew 2 to 4 percent year over year, despite occupancy being flat to up 2 percent.



[Hotel food and beverage \(F&B\) revenue](#) was on the rise in 2017 according to STR data. Food-and-beverage revenue per occupied room at U.S. hotels grew 1.6 percent last year. The greatest growth came from hotel F&B venues, where revenue per available seat was up 4.7 percent. Meanwhile, in-room dining declined.

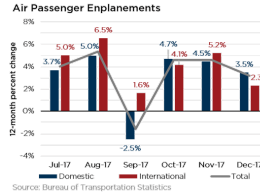


### TRANSPORTATION

#### AIR TRAVEL

U.S. airlines will [carry an all-time high number of passengers](#) this spring. Airlines for America (A4A) said it expects carriers to fly 150.7 million passengers, between March 1 and April 30, a 4 percent increase from a year ago.

Despite a number of seasonal challenges, including a rash of late-winter storms, U.S. airlines are generally off to a successful start of 2018, with some carriers having raised their first-quarter outlooks based on better-than-expected performance. "An expanding economy, employment gains and surging household net worth are also contributing to the growth in demand for air travel," A4A chief economist John Heimlich said. The seasonal period includes several potential travel peaks, including U.S. college spring breaks, Easter and Passover.



[Global airline passenger traffic increased](#) 4.6 percent compared to January of 2017 according to the International Air Transport Association (IATA). This was the slowest year-over-year increase in nearly four years, but results were affected by temporary factors including the later timing of the Lunar New Year in 2018 as well as less favorable comparisons with the strong upward trend in traffic seen in late 2016-early 2017.

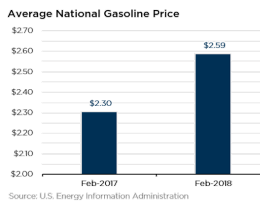
North American airlines experienced a 3.5 percent rise in traffic over a year ago, but capacity rose 4.3 percent and load factor dipped 0.7 percentage point compared to a year ago to 79.6 percent. The relatively healthy economic backdrop in the region is helping support outbound demand but this is being partly offset by a negative impact on inbound traffic to the U.S.

The Points Guy [recently ranked and rated the U.S.'s largest airlines](#) and determined that Southwest, Delta and, perhaps surprisingly, Frontier—scored big gains in operations and customer service performance. Still, overall the top 10 carriers as a group showed little change in their overall performance. The study based on airline performance data and airfare rated Alaska as the number one performing airline mainly based on airfare, on-time arrivals and baggage handling. Southwest followed close behind and performed well in airfares and route network. JetBlue fell the most in the rankings, dropping to number eight largely due to lack of low fares available and a limited route network.

Brazil's government approved an [Open Skies agreement between Brazil and the United States](#) that clears the way for a partnership between American Airlines and LATAM Airlines. The agreement allows an unlimited number of flights between Brazil and the U.S and should result in lower airfare prices. It is expected to lead to increased interest by the U.S. airline industry in the potentially huge Brazilian market.

#### ROADS & RAILS

According to AAA, the [average cost of a gallon of unleaded regular](#) is about 25 cents more than this time last year. Post-Hurricane Harvey, gasoline prices never really returned to pre-hurricane rates even with less demand during the typically cheaper cold winter months. Robert Sinclair, AAA northeast manager of media relations, stated that "Back when the hurricane hit on August 25, oil was \$47 a barrel. We hit \$66 a barrel in January and we're down around \$60 to \$61 dollars now."



AAA forecasts the national average price will increase to [as much as \\$2.70 per gallon](#) this spring. Sinclair attributes the higher prices to a combination of factors including "the effects of the production cutbacks by OPEC and non-OPEC foreign producers finally kicked in, not to mention speculative money going into crude oil futures."

Another AAA survey asked consumers if there was a gas price point that would make them "change their driving habits or lifestyle to offset higher gas prices. We found \$2.75 was the tipping point for about 20 percent of drivers," Sinclair said. "For 40 percent, it was \$3 a gallon. And we're there, we're at that level in a lot of cities, a lot of metropolitan areas around the country."

[Lyft reported that it passed](#) \$1 billion in revenue in 2017. And it says its revenue grew 168 percent year over year in the fourth quarter of 2017, almost three times faster than [Uber's reported 61 percent growth](#). While Uber is still much larger than Lyft—it generated a reported \$7.5 billion in revenue last year and operates in many more cities and countries. Both companies are still unprofitable.



### BUSINESS TRAVEL

Recent tax reform legislation, combined with still-low interest rates, [bodes well for business activity in 2018](#). In the upcoming year, industrial production is forecast to grow by 3.6 percent, and business fixed investment is forecast to grow by 6.5 percent. The natural outgrowth of that is that businesses have renewed confidence to spend money on "elective" services—and business travel will be one of the major beneficiaries. The U.S. Travel Association's [latest forecast](#) projects that business travel is poised to grow at the fastest pace in two decades. It will even outpace leisure travel for each of the next two years, something that has not happened any time this century.

Adam Sacks, president of Oxford's Tourism Economic Group, noted a foundation for continued domestic travel growth going forward, thanks to "solid economic fundamentals at home, including a 0.4 percentage point boost to GDP growth from tax cuts."

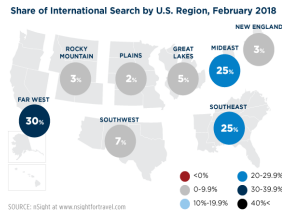
The results of a new study by Cancer Research UK [underscore how millennials favor social media](#) and online messaging over face-to-face conversations. Just over one-third of respondents aged 18-24 said that they felt more comfortable speaking to people they

didn't know face-to-face versus chatting online, compared to more than two-thirds of those aged 55 and over.



## INTERNATIONAL TRAVEL

[International tourist arrivals](#) grew by 7 percent in 2017 to reach a total of 1.3 billion, according to the latest UN World Tourism Organization's (UNWTO) [Barometer](#) publication. The results outpaced the normal 4 percent average expected over recent years. Results were partly shaped by the global economic upswing and the robust 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. The European region was forecast to have led the way with an 8 percent increase in arrivals, which the UNWTO called "extraordinary results for such a large and rather mature region." North America, on the other hand, was estimated to have received only 2 percent growth in international tourist arrivals, "robust results in Mexico and Canada contrasted with a decrease in the United States, the region's largest destination."



The [U.S. share of international searches](#) in February increased to nearly 12 percent of total international searches according to the latest U.S. Travel Barometer. The share of international searches is still down slightly from February of last year (12.9%) and from the 2017-year average of 13.7 percent. The U.S. regained the top spot in terms of the countries searched while Spain fell to second, capturing 9.9 percent of international searches. Mexico, the Netherlands, Poland and Ireland all gained share in February as travelers' interest to these countries increased.

The [travel industry weighed in on the U.S.' laggard position](#) at the ITB travel fair in Berlin. German market researcher GfK said to Reuters that bookings from Germany to the United States are down 20 percent for the 2018 summer season, though it said this could be down to factors such as last year's hurricane season and foreign exchange rates as well as the Trump effect.

Moving forward, [U.S. inbound air travel still looks gloomy](#), according to ForwardKeys data. Air bookings for the first two months of 2018 were flat (0.02% growth), which is a slight improvement over the 2 percent drop in arrivals seen over the course of 2017. According to ForwardKeys CEO Oliver Jäger: "Travel to, and within, the United States has seen fluctuating trends in recent years and one hopes that the latest booking numbers for travel within the Americas indicate an upturn." However, there is optimism looking forward: ForwardKeys reported that "Looking forward six months, international bookings to the U.S. from within the Americas are currently 7 percent ahead of where they were at the same time last year... [which could be] the key to recovery."

A survey conducted jointly by China Central Television's financial news channel, the National Bureau of Statistics, China Post Group, and the National School of Development at Peking University found that the majority of [Chinese consumers ranked travel expenditure](#) as the top item in their budget for 2018 for a fourth consecutive year. However, [Chinese travelers spent less per outbound trip in 2017](#). According to Ctrip and the Chinese Tourism Academy (CTA), Chinese travelers made 130 million trips abroad, resulting in \$115.29 billion in spending in 2017, both record numbers. Visitation and spending were also both up by large percentages, 7 percent and 5 percent, respectively.

Jiang Yi, director of international tourism development at the China Tourism Academy, said that the slowdown in the Chinese economy in recent years had not affected consumers' income or their confidence in the future of the country. Chinese travelers are more interested in high-quality trips focused on expanded and personalized tours of local natural and cultural scenes rather than short stops focused on shopping. The number of family trips and customized trips are growing.



## PROJECT: TIME OFF

As summer bookings heat up, don't forget the kids. Project: Time Off research found that not only do kids want parents deeply involved in their life, but they want to spend quality time with them on vacation. [Read more.](#)

## U.S. Travel Association Updates

### RESEARCH

In the second webinar of a new 'Research POV' webinar series, U.S. Travel research provided insights into how the U.S. economy performed in 2017, how travel fared last year and our near-term predictions for what to expect for the travel industry in 2018 based on key drivers of the economy. If you missed the webinar you can access the [slide deck](#) and [recording](#).

In addition, research released their latest [forecast document](#) to members which provides additional background and context to explain the latest projections in the [forecast table](#).

**Economic Impact Estimates:** State and Congressional District travel economic impact estimates have been updated to 2016. They can be viewed:

- In full report format - [Impact of Travel on State Economies](#) (ITSE), 2017 Edition (research subscribers and Chairman/Board Circle Members);
- In an online visualization tool - Travel Economic Impact subscription of [Interactive Travel Analytics](#) (ITA subscribers and Chairman/Board Circle Members);
- By policymakers in the publicly available [Economic Impact Map](#) with downloadable/shareable state and congressional district one-pagers; and
- In the interactive, publicly available [Travel Economic Impact Calculator](#) to show the impact of changes in travel spending on states.

The U.S. Travel research team released the annual [Domestic Travel Market Report](#), outlining traveler characteristics and demographics for 2016. The report covers primary trip purpose, accommodation preferences, changes in travel party composition and activities. It details preferred travel planning and booking sources and breaks down domestic travel characteristics by key demographics such as generation, ethnicity and race. Topical fact sheets providing a report overview, outlining accommodations and sharing economy trends and changes in travel party composition are available.

### POLICY

The Visit U.S. Coalition released its [core policy agenda](#) designed to partner with the Congress and Administration to regain our nation's share of the global travel market by 2020—and the enormous economic benefits that would yield. The coalition seeks to: embrace inbound international travel as a national priority; expand intelligence sharing and streamline the entry process; make our visa system more secure and accessible; and enhance security and efficiency in passenger screening.

To celebrate the 35th anniversary of National Travel and Tourism Week this May, the theme will be "Travel Then and Now"—to highlight what travel has done for our communities and how we can sustain that progress in the future. In preparation, U.S. Travel has prepared an [online toolkit](#) with ideas for: Travel Rally Day (May 8), social media campaigns, press strategies, honoring travel employees and involving elected officials. As you get started, please add your plans to the [Event Map](#) and let us know how we can help.



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