Brand USA Board of Directors Meeting

September 23, 2014

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Daniel Halpern

Chair
Brand USA Board of Directors

Agenda

- **Opening Remarks from Board Chair, Daniel Halpern**
  - Call the Meeting to Order
  - Introductions: Management, Invited Guests, Legal Counsel
- **Approval of the Minutes from the June 12, 2014 Meeting**
- **Finance Committee Report**
- **FY15 Business Plan**
- **International Market Profile: China**
- **Board and Officer Elections**
- **Discussion / Questions & Answers**
- **Adjourn**

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Brand USA Board of Directors

Daniel Halpern
Chair

Tom Klein
Vice Chair

Barbara Richardson
Vice Chair

Arne Sorenson
Treasurer

Andrew Greenfield
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Caroline Beteta

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Diane Shober

Roy Yamaguchi

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Finance Committee Report

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Arne Sorenson

Treasurer
and Chair, Finance Committee

FY15 Business Plan Update

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Chris Thompson

President & CEO

FY14 Highlights

- **Partnerships and Funding**
  - 438 partners and growing (up from 89 in 2012, 339 in 2014)
  - Maximizing the match—bringing FY14 to a strong close
- **Consumer Campaign**
  - Consumer campaign in 10 markets—expanding to 14 in FY15
  - Digital and social footprint in 11 languages
- **Programs and Platforms**
  - Research significantly expanded to include market profiles, competitive set analysis, predictive, and performance tracking
  - 100 new co-op platforms with more than 200 opportunities (and growing)—with 85% directly targeting the consumer
  - Global PR has more than doubled in reach
- **Trade Outreach**
  - International representation in 20 markets—expanding to 25 in FY15
  - USA pavilions at 24 international shows in FY14—increasing to 30 or more in FY15
  - Doubling the total number of events, sales missions, road shows, and MegaFams in FY15
  - Expanding online training platform to 5 additional markets in FY15

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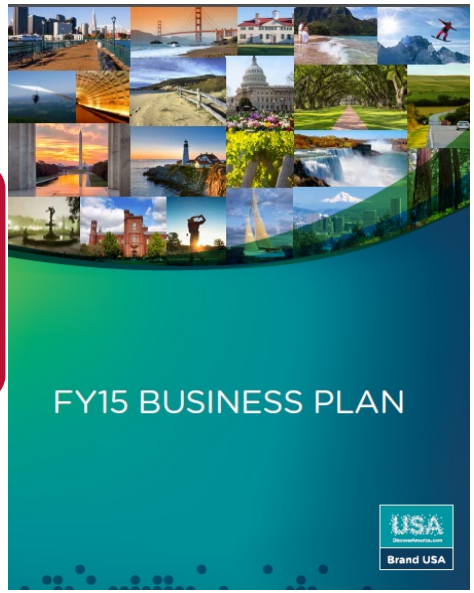
FY 15 Marketing Planning Cycle

- Marketing Committee Meeting May 21
- Board Meeting June 12
- Marketing Committee Meeting July
- Submit to USDOC August 1
- Marketing Committee Meeting September
- Board Meeting September 23
- Public Distribution October 1



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Objectives & Goals

FY 15 Objectives

- **Objective #1: Continue to drive positive awareness and perceptions of the United States as a travel destination in order to increase international visitation, spend and global market share for the United States**

  Supports Strategic Map Objective: Drive Visitation and Spend

- **Objective #2: Focus FY15 campaign activity on the following objectives:**
  - Protecting and/or improving the image and perceptions of the United States as measured by independently conducted post-wave campaign research
  - Protecting and/or increasing intent to travel to the United States as measured by independently conducted post-wave campaign research

  Supports Strategic Map Objective: Drive Visitation and Spend

- **Objective #3: Activate consumer marketing in international markets that generate 81% of inbound travel to the United States**

  Supports Strategic Map Objective: Drive Visitation and Spend

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FY 15 Objectives

- **Objective #4: Execute the fully integrated metrics plan to measure performance of all marketing activities, including: Market Intelligence, Creative and Product Testing, Marketing Mix Optimization, Awareness, Engagement, Consideration/Action, Purchase (Visitation, Spend, Economic Impact) & Sharing**

  Supports Strategic Map Objective: Drive Visitation and Spend

- **Objective #5: Create and add value for partners by developing and executing programs and campaigns that support the objectives of the Travel Promotion Act and the National Travel and Tourism Strategy**

  Supports Strategic Map Objective: Develop and package compelling value-added programs and campaigns

- **Objective #6: Expand global representation firms to have a presence in markets that generate 90% of inbound travel to the United States; align international firms to complement and augment marketing strategy and campaign market launches**

  Supports Strategic Map Objective: Drive Visitation and Spend

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FY 15 Objectives

- Objective #7: Align and unify the industry's international marketing efforts through tradeshows, sales missions, workshops/seminars and other travel trade outreach and consumer marketing programs

  Supports Strategic Map Objective: Align and leverage the collective force of the industry

- Objective #8: Build engagement, trust and advocacy for Brand USA through strategic communications and industry relations

  Supports Strategic Map Objective: Align and leverage the collective force of the industry

- Objective #9: Collaborate with the Federal government on communication of visa and entry and implementation on the National Travel and Tourism Strategy

  Supports Strategic Map Objective: Align our programs to ensure ongoing support of the National Travel and Tourism strategy

- Objective #10: Generate a combination of cash and in-kind contributions from the private sector to generate $100 million and thereby optimize the 1:1 match

  Supports Strategic Map Objective: Optimize the match

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Goals

- Generate incremental visitation of 1.3 million and incremental spend of $4 billion (results to be reported in March 2016)
- Support the United States' increase in global market share from 13.4% to 13.6%
- Raise $47 million in cash and $70 million in in-kind
- Maintain a 94% partner program retention rate
- Maintain 100% compliance with policies and procedures
- Keep administrative costs to 10% or lower

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Strategies

FY15 Strategies

- **Build and Distribute Dynamic Content**
  - Engage and inspire travelers through storytelling that emphasizes experience and provides a call to action/booking opportunities
  - Great Outdoors and Urban Excitement (with a focus on culinary)
  - Culinary, Retail, Ski/Golf, Cruising, Road Trips, Attractions, Hotels
- **Expand Market Presence**
  - Right Markets, Right Time
- **Build and Leverage Industry Collaboration**
  - Harness the collective force of our partners to drive demand
- **Create Value**
  - Create strong calls to action and booking opportunities through co-op marketing, trade outreach, and public relations
- **Market the Welcome**
  - Work with our federal agency and destination partners to communicate ease of entry and enhance the welcoming experience
- **Drive Results**
  - Make market-driven decisions and track results based on sound research and analytics in order to increase incremental visitation, spend, and global market share
  - Operate efficiently and effectively

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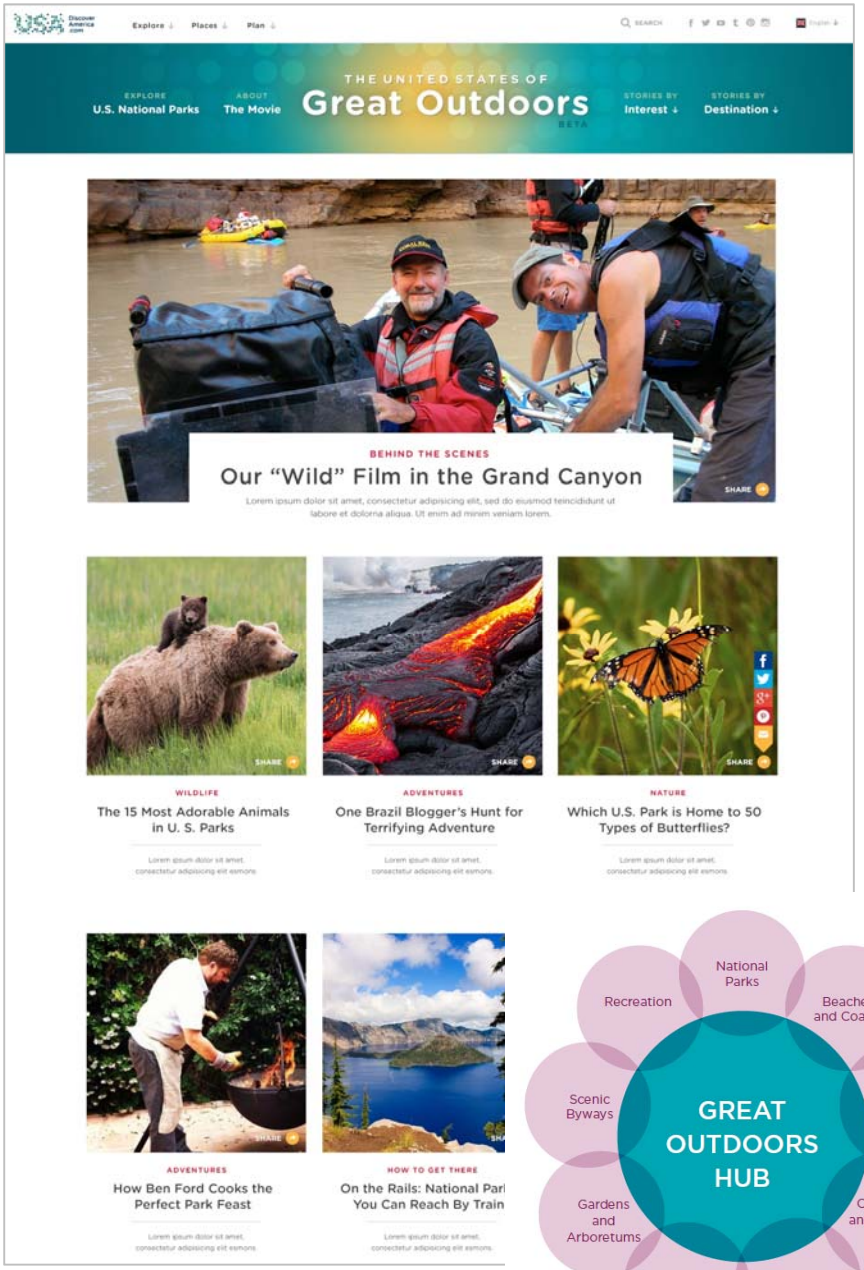
Build Dynamic Content:
Engage and Inspire Travelers through Storytelling

Great Outdoors

2015-16 Campaign

- The United States of Great Outdoors Content Hub and Social Platform- Fall 2014
- Giant Screen Film Launch September 2015
- Film premiere events for consumer and trade summer/fall 2015
- Multi-channel consumer and trade advertising throughout 2015
- Media spin-offs –
  TV series with Travel Channel summer/fall 2015

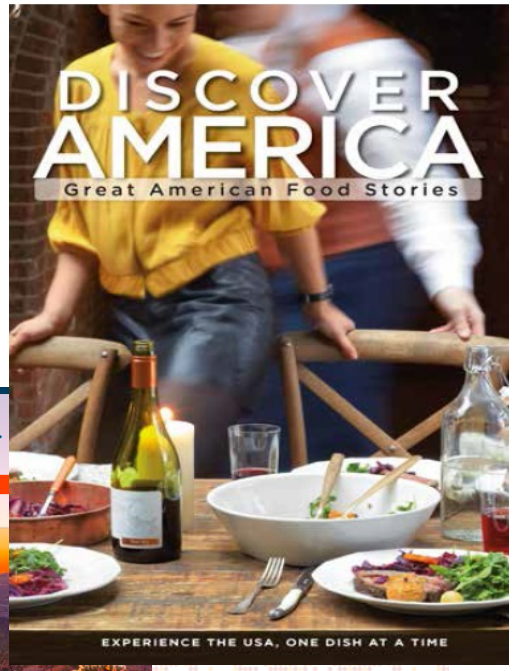
travel CHANNEL

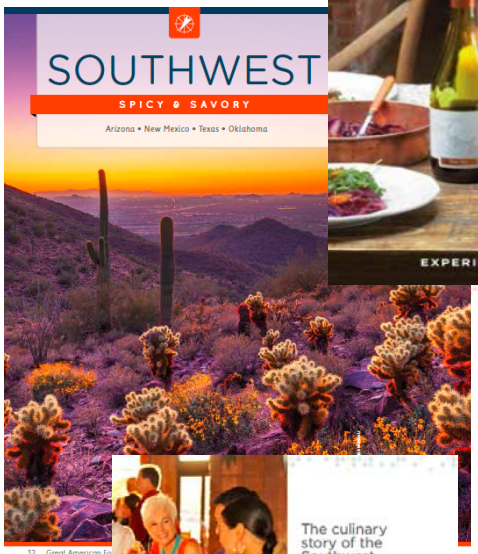


Urban Excitement

Great American Food Stories

- **Culinary Guide**
  Phase 2 with in-country promotions
- **United States of….**
  Content Hub + Social platform
- **Multi-Channel Marketing Campaign**
  in Canada, UK and Japan
- **International Food Network**
  30 chefs, 30 days
  vignettes air globally in July 2015
- **Travel Channel**
  Jeni & Olli American Adventures
  expanded episodes
- **Expo Milano 2015 May1-Oct 31**
  25 to 30 million global travelers





MILANO 2015

226 DAYS TO THE EVENT

1st May 2015 | 31st October 2015

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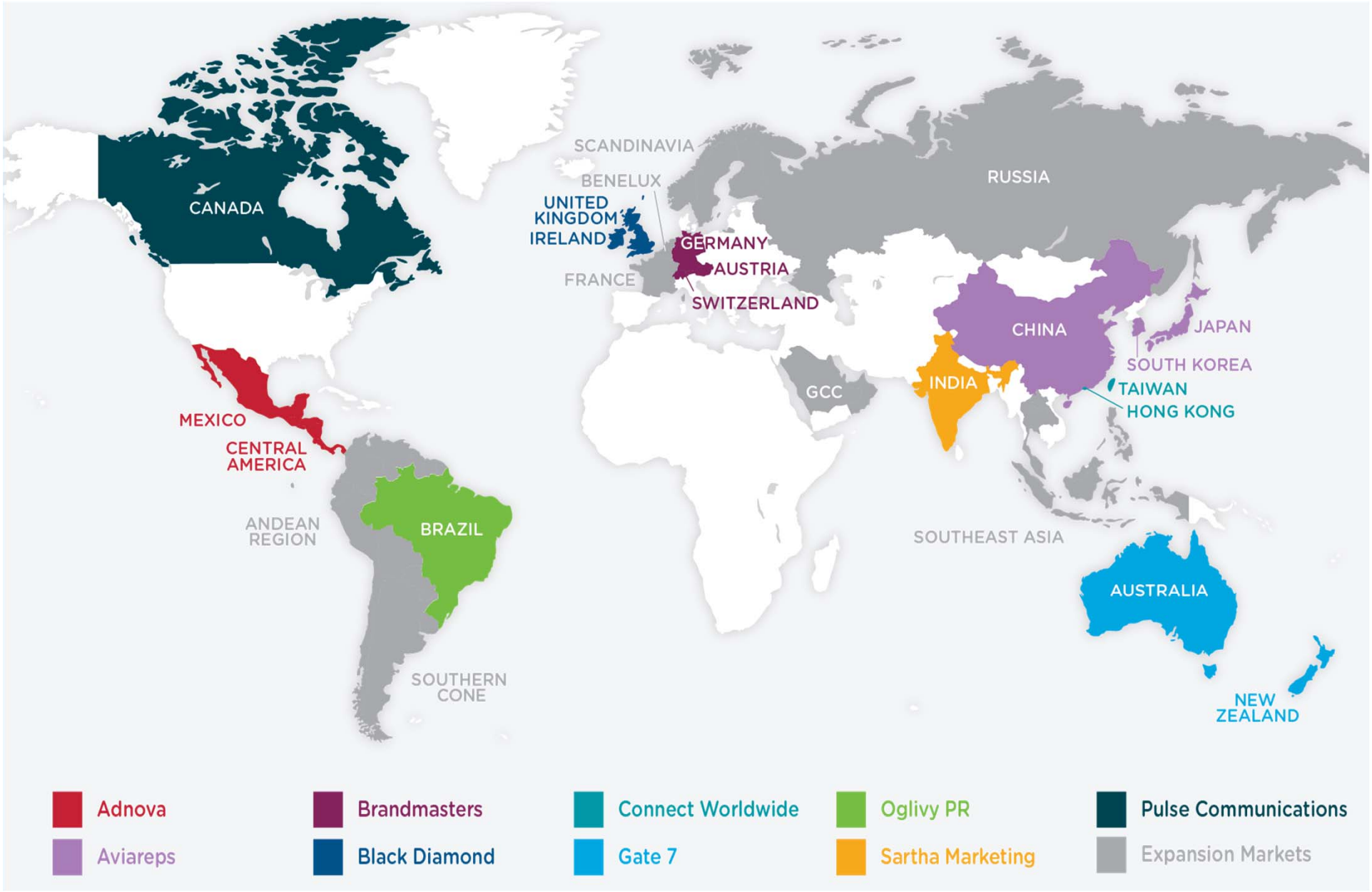
Market Presence

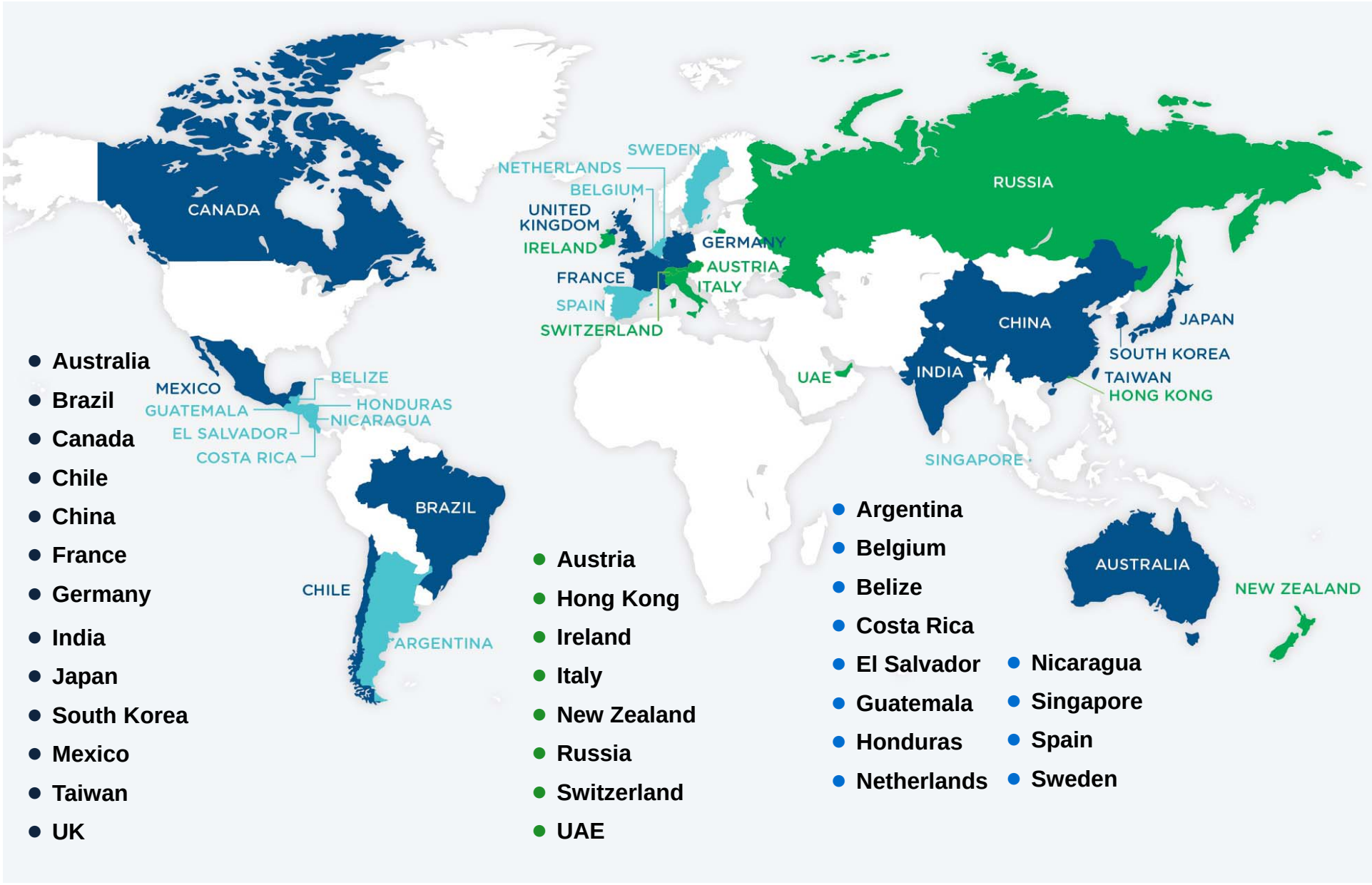
Consumer Marketing Plan – Expanding to 14 markets that generate 81% of inbound travel to the USA

- Australia
- Brazil
- Canada
- Chile
- China
- France
- Germany
- India
- Japan
- South Korea
- Mexico
- New Zealand
- Taiwan
- UK

International Representation Expanding to 25 Markets



Marketing Initiatives in 33 markets – combination of consumer campaign, co-op, or trade reaching more than 90% of inbound travel to the USA



- Australia
- Brazil
- Canada
- Chile
- China
- France
- Germany
- India
- Japan
- South Korea
- Mexico
- Taiwan
- UK

- Austria
- Hong Kong
- Ireland
- Italy
- New Zealand
- Russia
- Switzerland
- UAE

- Argentina
- Belgium
- Belize
- Costa Rica
- El Salvador
- Guatemala
- Honduras
- Netherlands
- Nicaragua
- Singapore
- Spain
- Sweden

Industry Collaboration and Value Creation

Brand USA
Industry Roundtables

- **Provide Feedback, Insight and Strategic Direction**
- **Bi- Annual Meetings- January and at IPW**
- **15 Members Each, based on Established Criteria**
- **Diverse Representation across Industry Segments**
  - CMO Roundtable
  - Partner Programs Roundtable
  - Market Development Roundtable

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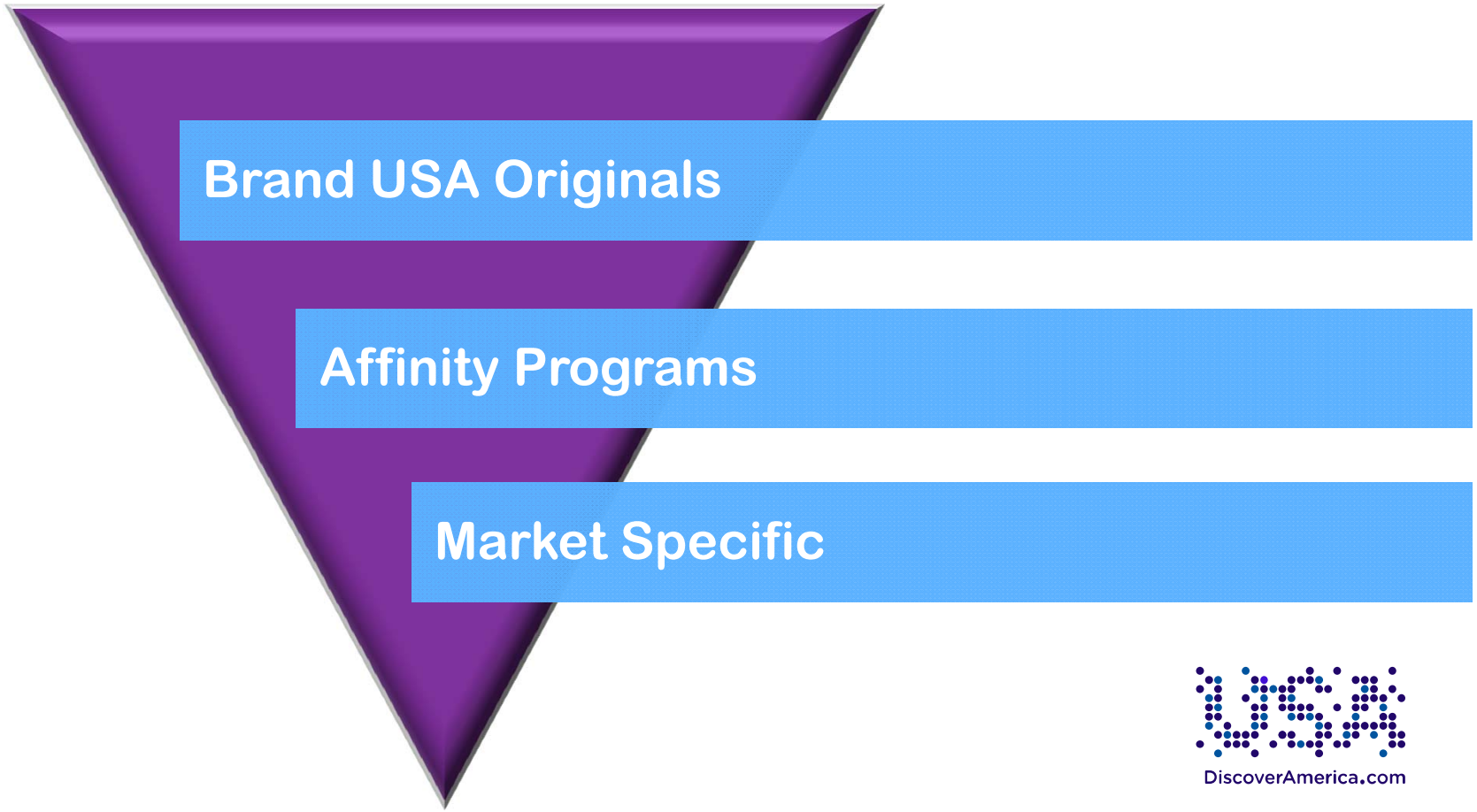
Three Paths to Value

- Deliver compelling content and valuable activation
- Leverage scale for efficiency
- Foster partnership and collaboration
- Create unique opportunities



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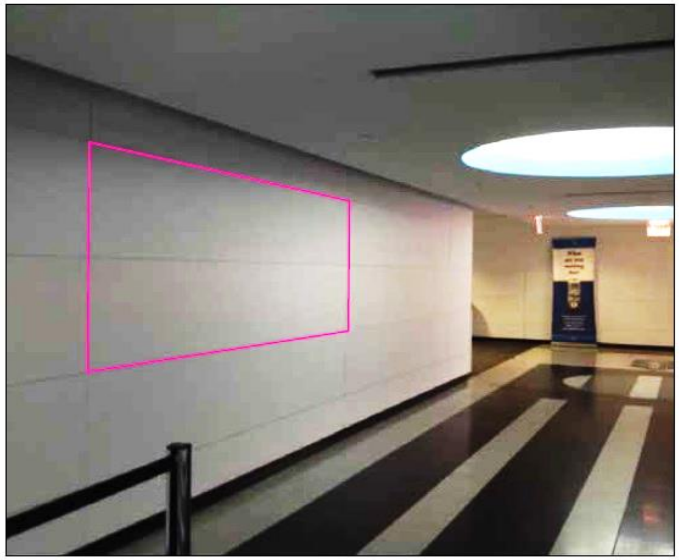
Market the Welcome

Market the Welcome

- **Arrival Hall Package for Airports, Embassies, and Destinations**
  - Out of Home Elements
  - Marketing and Entry Process Materials
  - Video Components distributed via:
    - International arrival halls
    - Partner websites and airport websites
    - Embassy websites; ESTA website other Federal websites abroad
    - Consular areas of embassies
    - In-flight video
    - DiscoverAmerica.com and thebrandusa.com



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Drive Results

Research & Analytics: Ongoing Activities

Performance Metrics

- Annual ROI study
- Campaign results, website/social reporting

Market and Media Prioritization

- Using projections and trend analysis to support budget allocation

Market Intelligence

- Primary consumer studies in 12 markets
- Analysis of acquired data and intelligence (TDM from Tourism Economics, Comscore, MIDT, etc.)

Ad and creative testing

- Post wave campaigns
- Ongoing creative testing

Partner Satisfaction and Intelligence

- Partner surveys and roundtable meetings

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Brand USA: A Powerful Force in U.S. Economic Growth

Inspiring and influencing international travel to the United States.

Brand USA, the nation's destination marketing organization, delivered powerful results in fiscal year 2013. According to a study by Oxford Economics, Brand USA's initiatives in eight markets where it had fully deployed consumer, trade, and co-op marketing campaigns, contributed to a stronger more dynamic U.S. economy.

1.1 million visitors

$3.4 billion in visitor spending

total impact on economy
$7.4 billion

53,181 new jobs supported

47:1 For every $1 spent Brand USA generated $47 for U.S. companies

U.S. taxpayers pay **$0** to fund Brand USA's marketing efforts

Sources: Oxford Economics, National Travel and Tourism Office, Bureau of Economic Analysis, Advance Passenger Information System. Download the full report: **www.thebrandusa.com**

An independent study conducted by Oxford Economics quantified the measurable benefits Brand USA delivered to the U.S. economy in its 2013 fiscal year ended September 30, 2013. **#BrandUSA**

* Australia, Brazil, Canada, Germany, Japan, Mexico, South Korea, United Kingdom

Research & Analytics: Special Projects

Project Phoenix

Dreamcatcher

Consumer focus groups on perceptions of the USA and the DMO value proposition

Explorer

Quantitative study focused on guiding website development

Narrator

Creative development workshops

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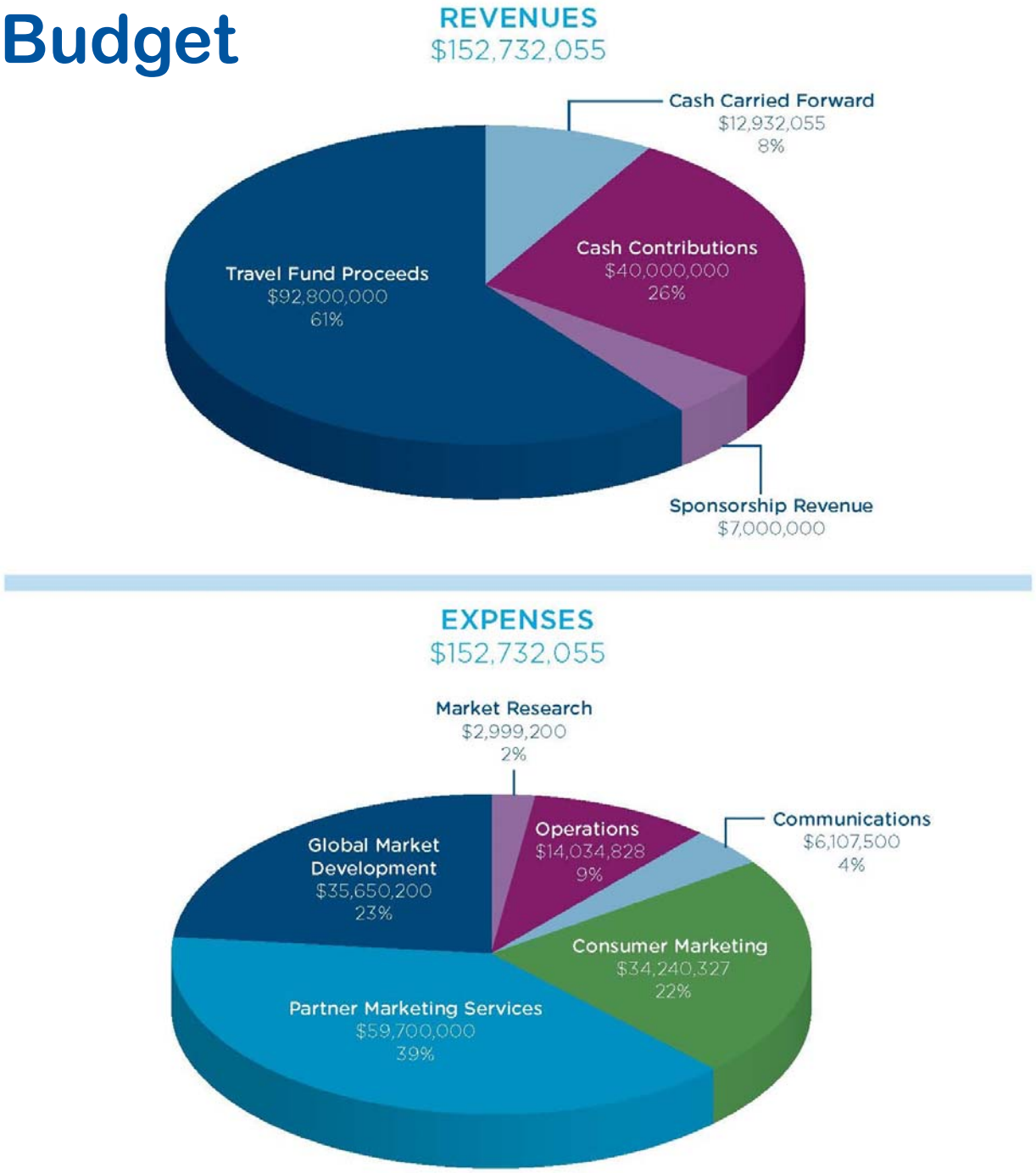
FY15 Budget



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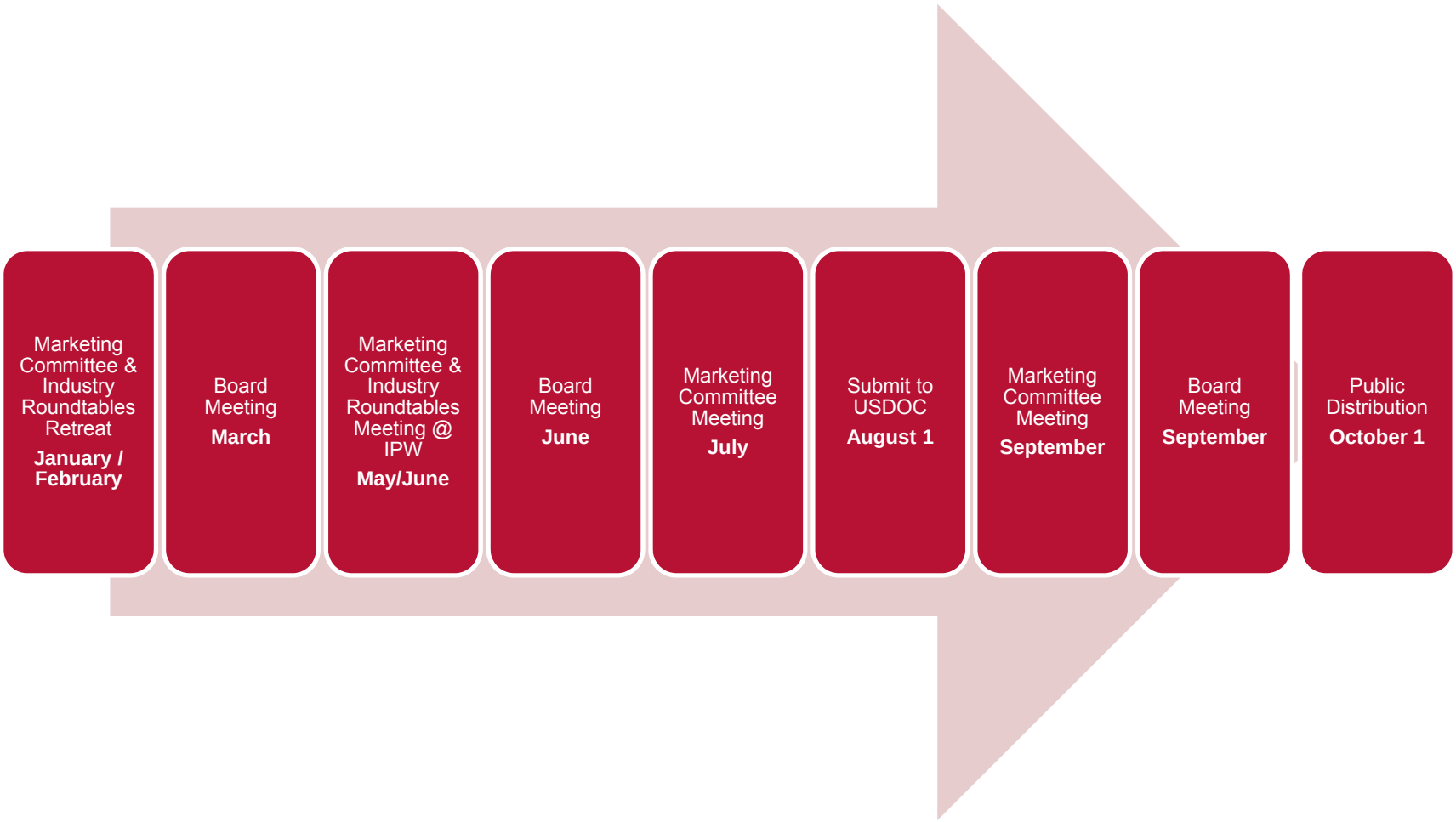
Future Years Marketing Planning Cycle



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Budget Allocation:

Spend by Market

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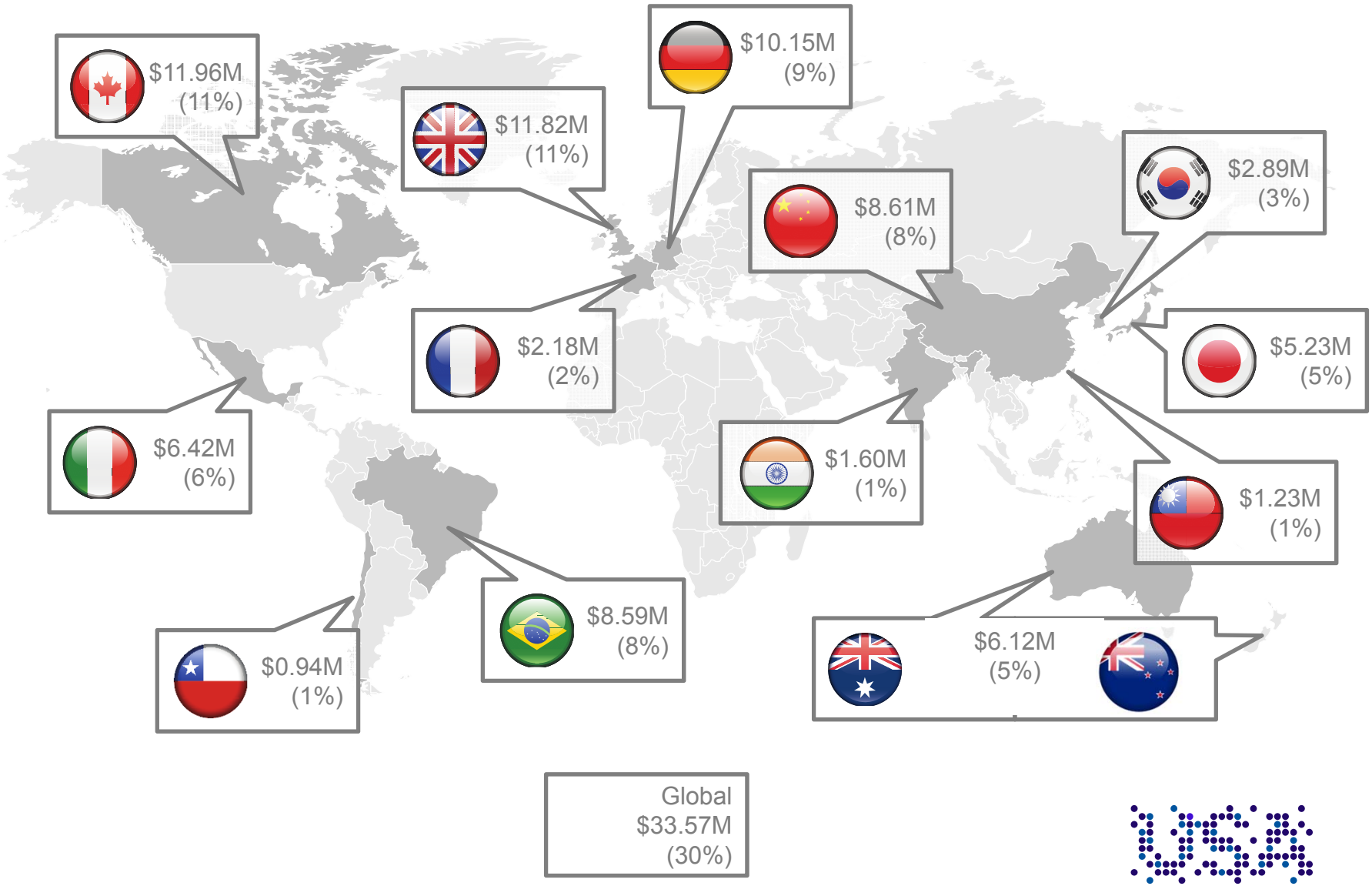
Tom Garzilli

Senior Vice President
Global Partner Marketing
& Acting CMO

FY 2015 Budget Expenditures by Market

($111 million Projected)



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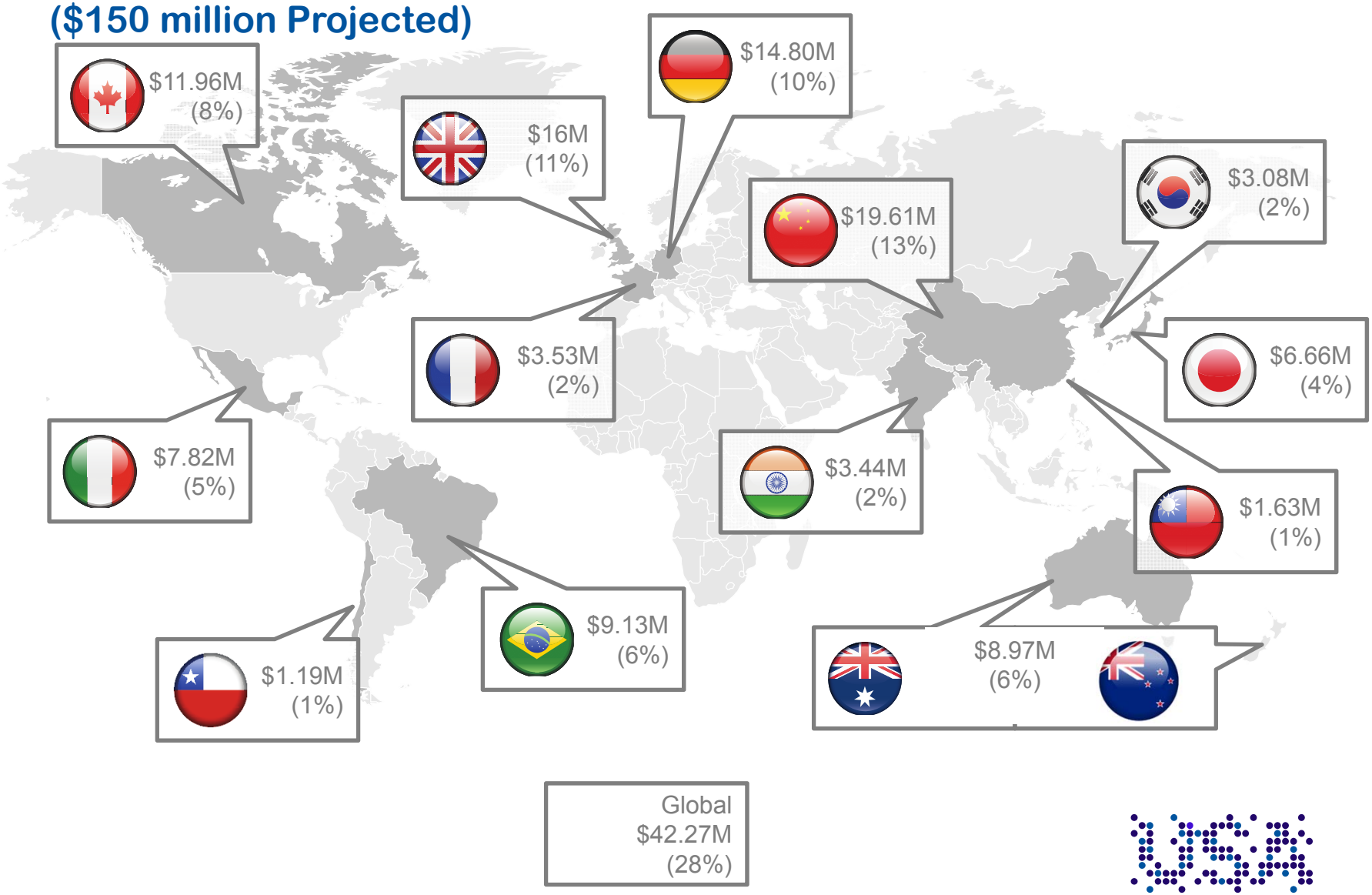
FY 2015 Budget Expenditures Plus Media Contributions by Market

($150 million Projected)



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International Market Profile: China

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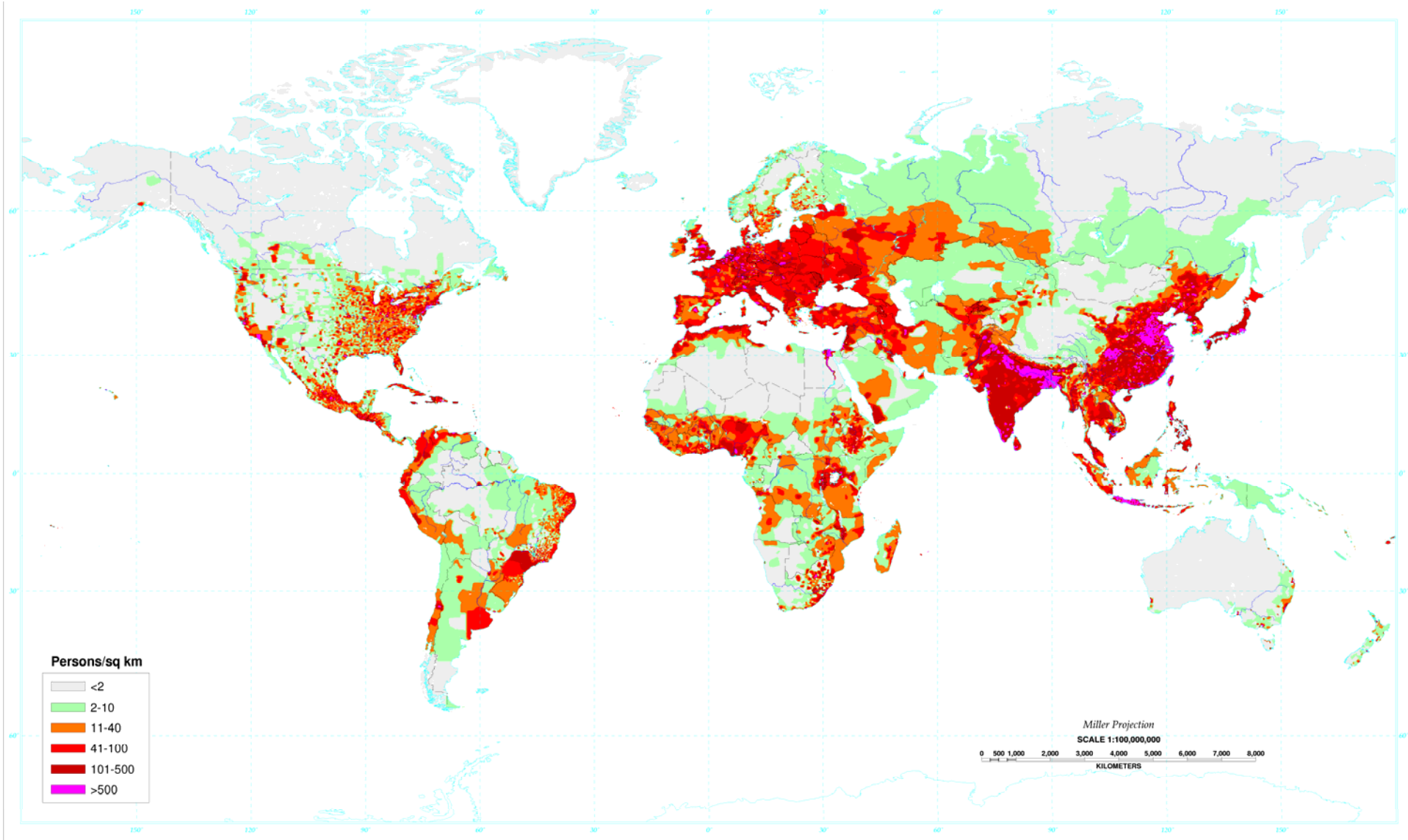
Carroll Rheem

Vice President
Research & Analytics

China Market Profile



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Market Selection Criteria: China

GDP (PPP)
$13.37 trillion (2013)
Ranked #3

GDP (PPP) Growth
7.3% (2015)

International Travel Expenditure
$128.6 billion (2013)

International Departures
58.65 million (2013)
Ranked #4

Unemploy-ment Index
6.4% (2013)
Ranked #64

Civil Liberty
6
(1=best, 7=worst)

Population
1,355,692,576
(2014 F)
Ranked #1

Ease of Doing Business
96
(out of 189)

GINI (Wealth distribution)
47.4 (2012)
Ranked #30

Event-based factors

Sources: CIA World fact book, UNWTO, World Bank, Oxford Economics, Freedom House, IMF

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US Arrivals and Long Haul Market Share 2012-2013

	Market	2012	2013	2013 arrivals (000)	2013 US LH Share	YOY Share Variance
#1	Canada	6%	3%	23,387	66%*	0.1%
	CA Arrivals by air		0.89%	6,598		
#2	Mexico	8%	1%,-1%	14,433	85%*	-0.2%
	MX Arrivals by air		0.44%	3,098		
#3	United Kingdom	0%	0%	3,835	22%	0.0%
#4	Japan	14%	1%	3,730	38%	0.0%
#5	Brazil	19%	15%	2,060	29%	**1.0%**
#6	Germany	3%	2%	1,916	19%	0.9%
#7	**China**	**35%**	**23%**	**1,807**	**15%**	**0.4%**
#8	France	-3%	3%	1,505	11%	-0.2%
#9	Korea, Republic Of	9%	9%	1,360	33%	0.5%
#10	Australia	8%	7%	1,205	13%	0.2%
#11	India	9%	19%	859	14%	**2.6%**
#12	Italy	-7%	1%	839	17%	0.7%
#13	Venezuela	20%	17%	788	44%	**6.7%**
#14	Colombia	21%	24%	748	45%	**4.1%**
#15	Argentina	20%	12%	686	29%	0.8%
#16	Spain	-13%	2%	620	17%	0.7%
#17	Netherlands	-2%	0%	589	16%	-0.1%
#18	Sweden	1%	8%	477	22%	**1.2%**
#19	Switzerland	0%	-1%	473	20%	-0.5%
#20	Ireland	-4%	11%	367	39%	**3.7%**
#26	Russian Federation	17%	36%	353	4%	0.8%
#32	Chile	9%	28%	241	27%	**2.7%**

*Includes all international travel versus just long haul

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China GDP Growth

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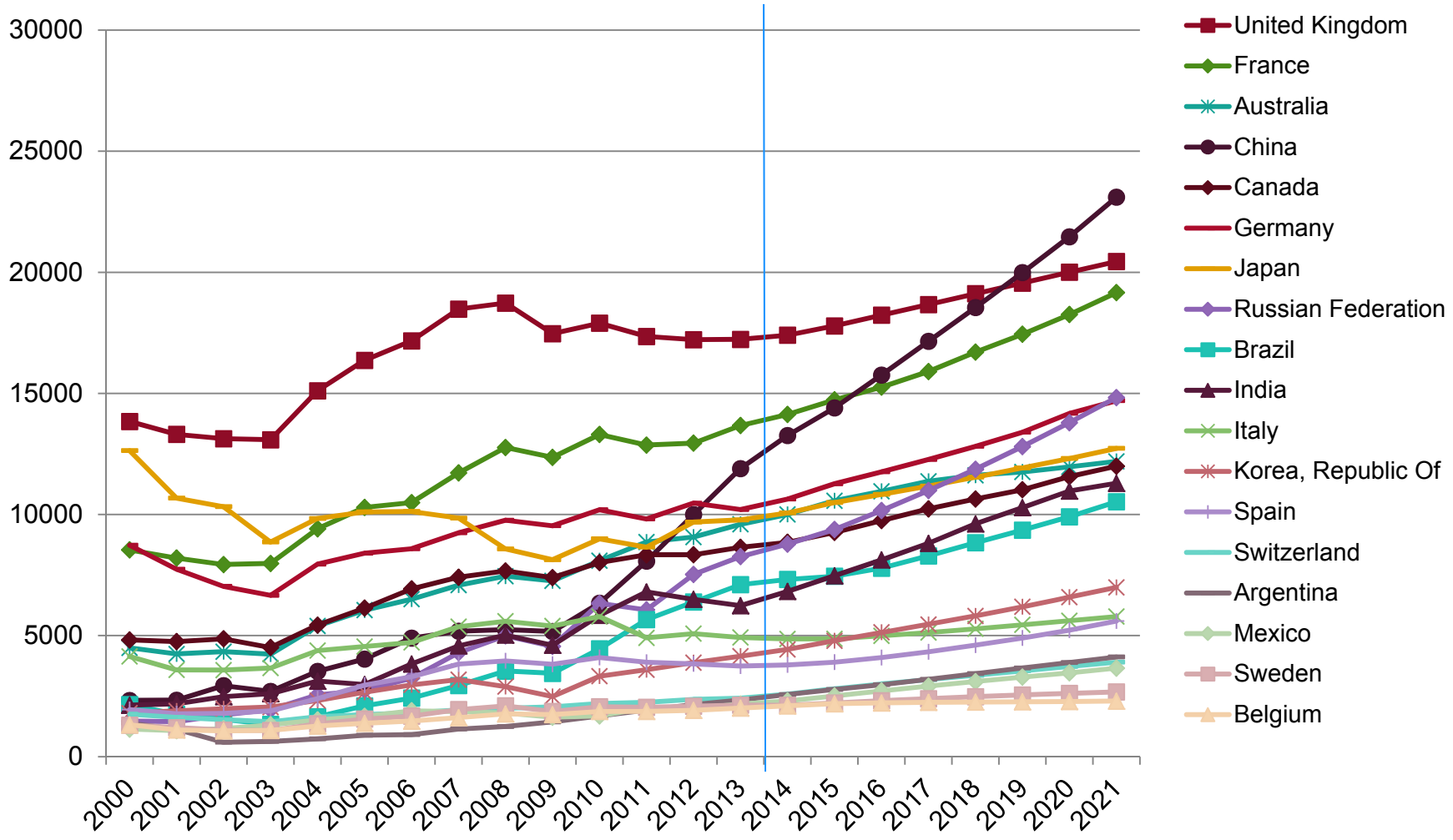
Estimated Total Long Haul Departures



*Tourism Economics

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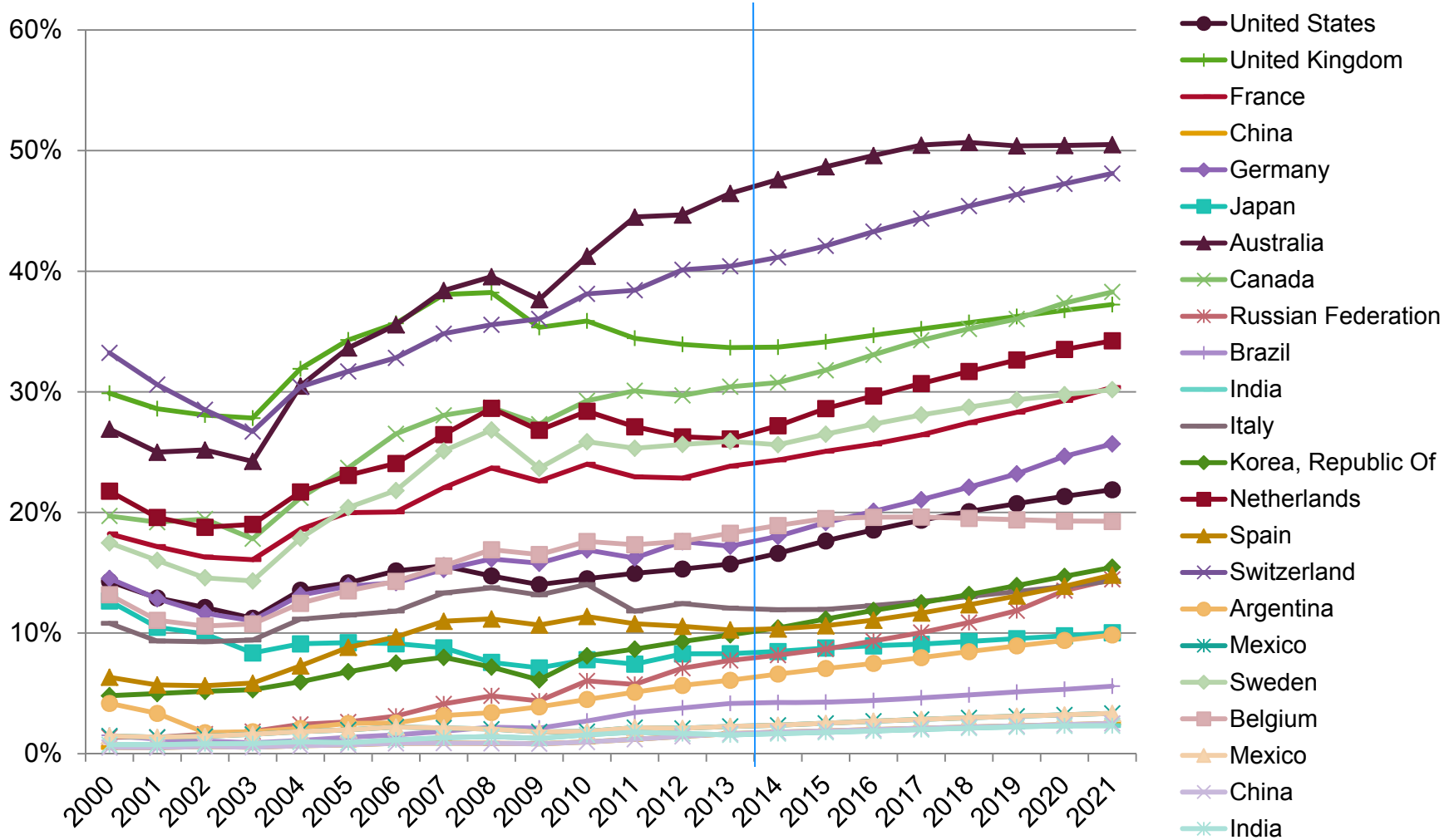
Estimated Long Haul Trips per Capita



*Tourism Economics, World Bank

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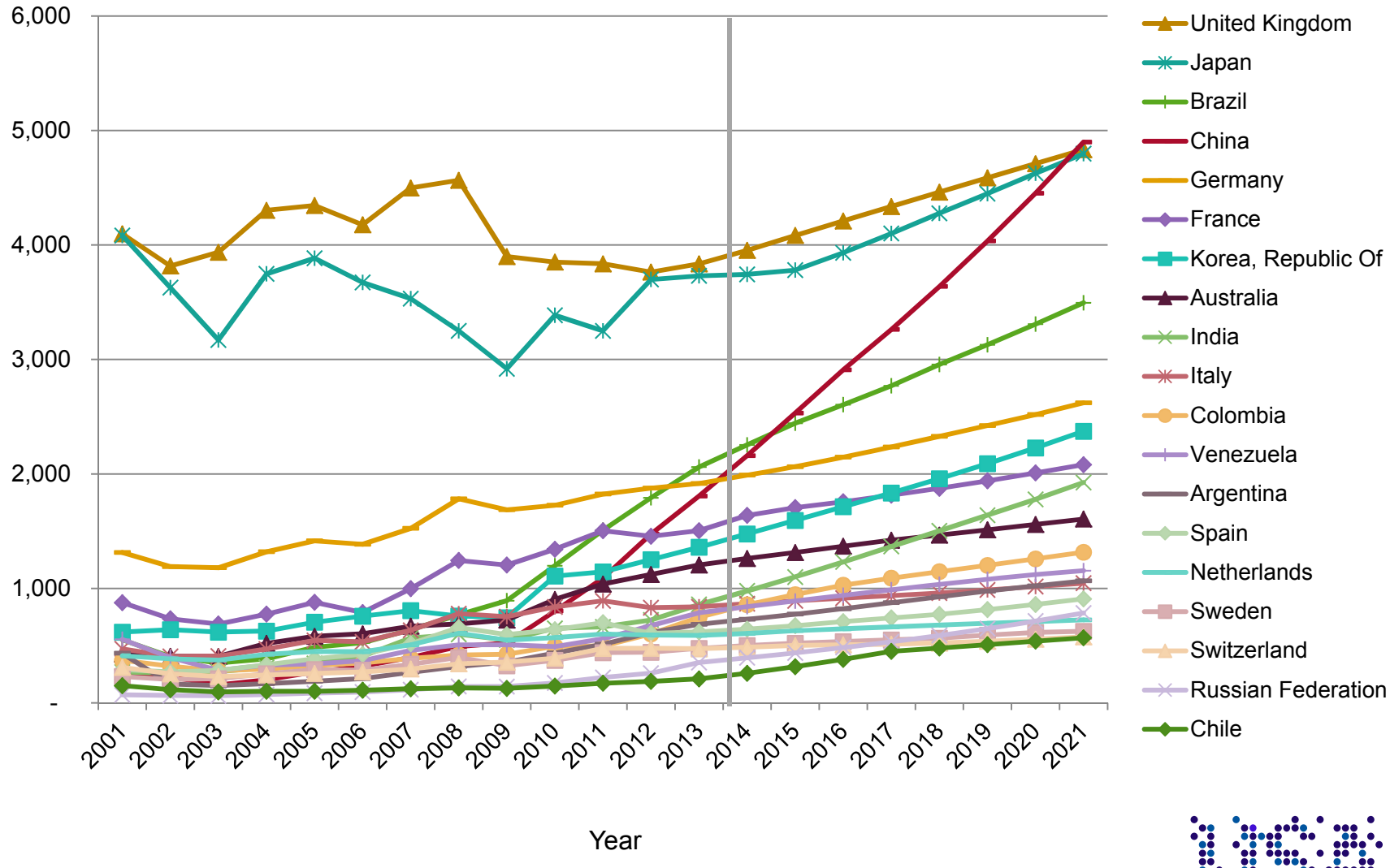
USA Overseas Arrivals



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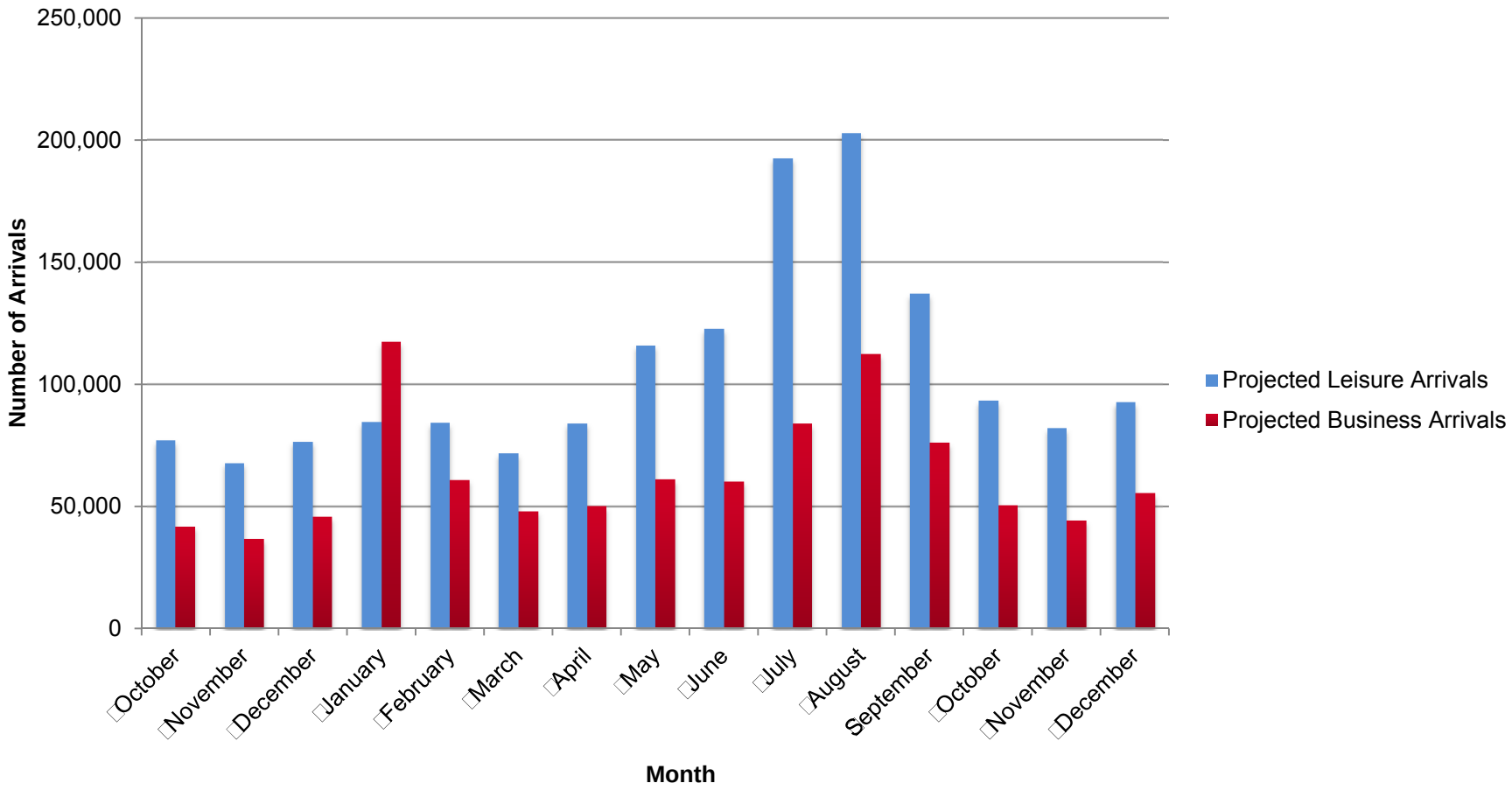
Leisure vs. Business Arrivals from China Oct. 2013- Dec. 2014



Numbers are projected from NTTO 2013 arrival data

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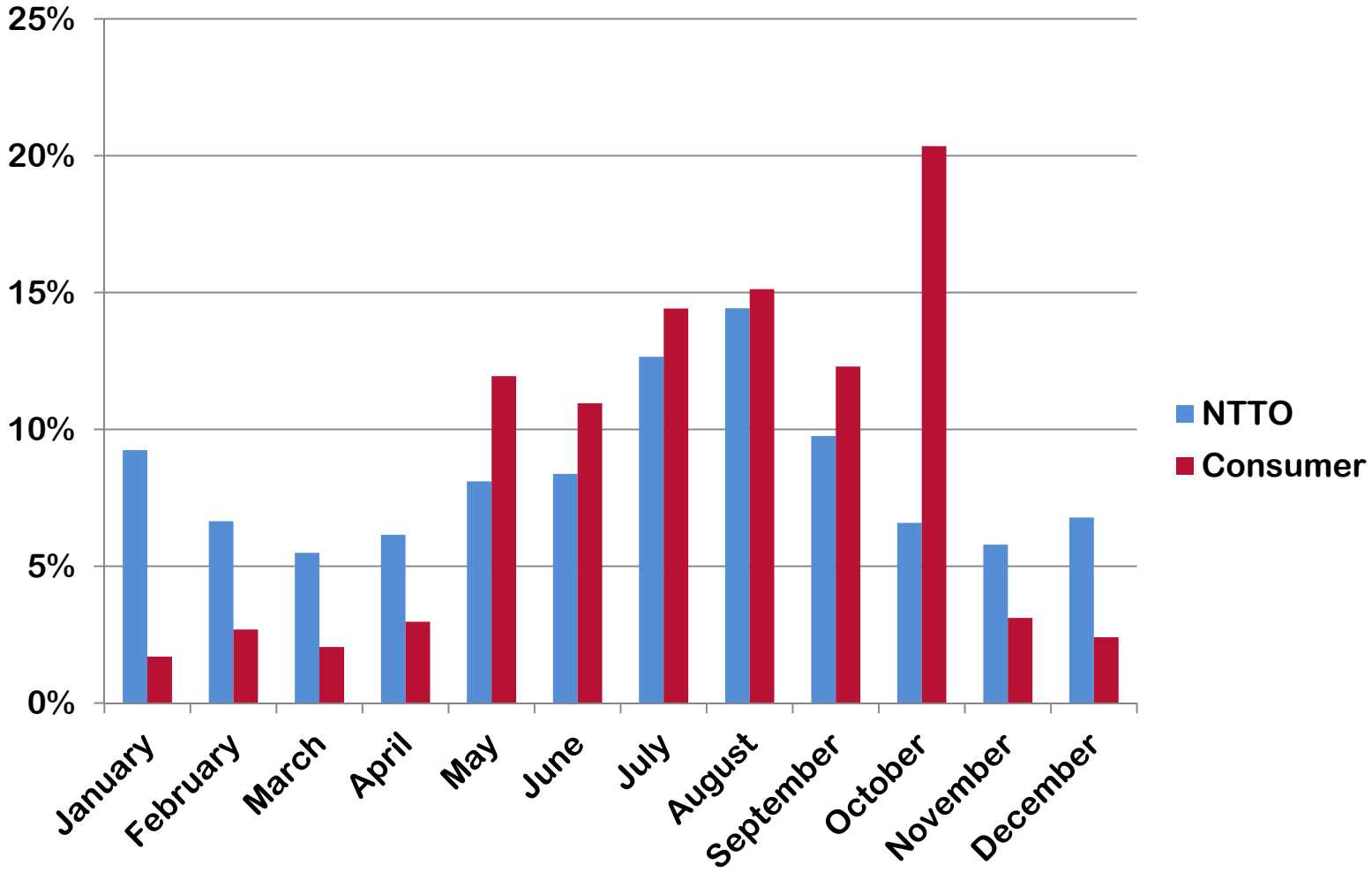
Monthly Leisure Arrivals from China: NTTO vs. Consumer Survey



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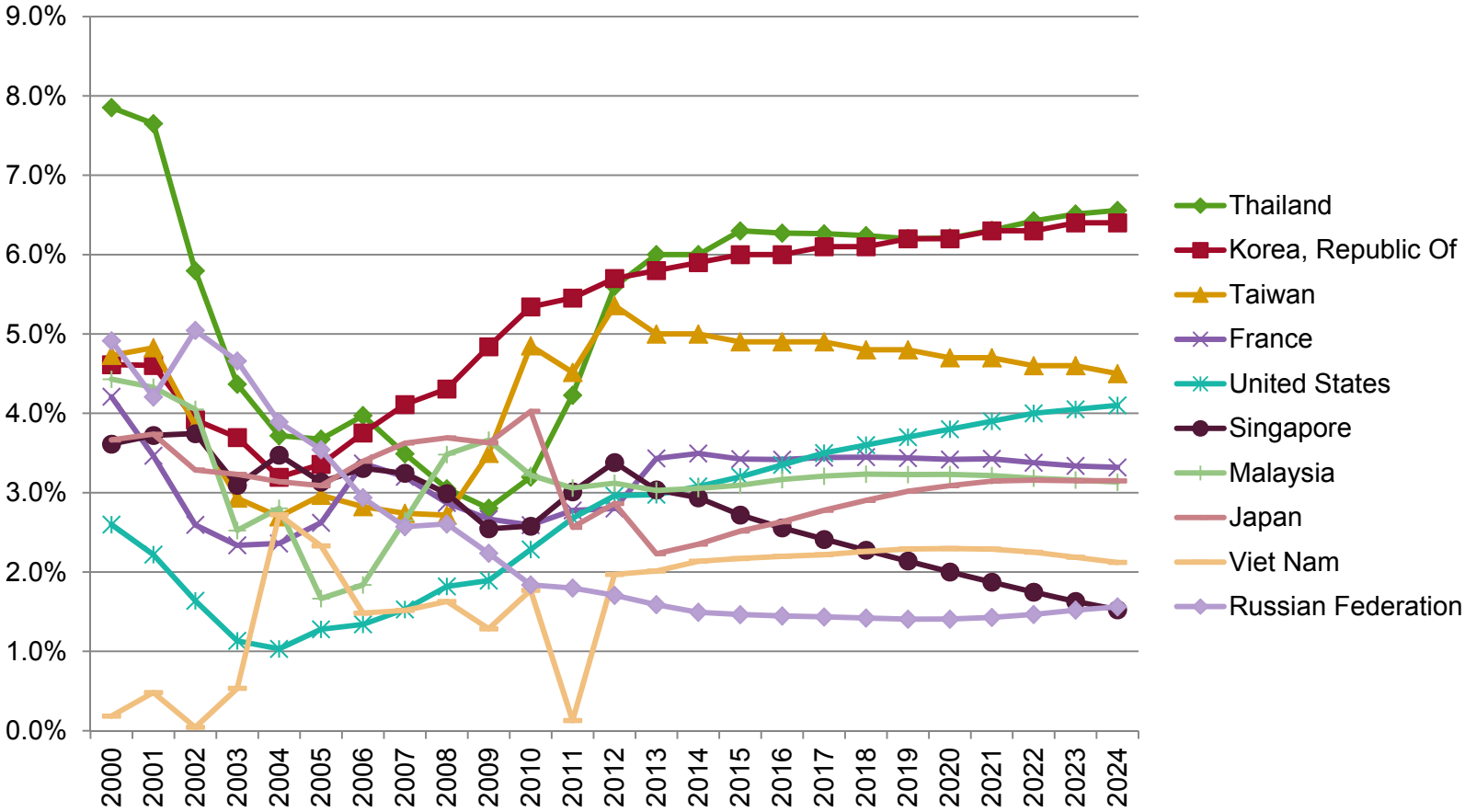
Market Share of All China Outbound Travel U.S. vs. Competitors 2000-2024



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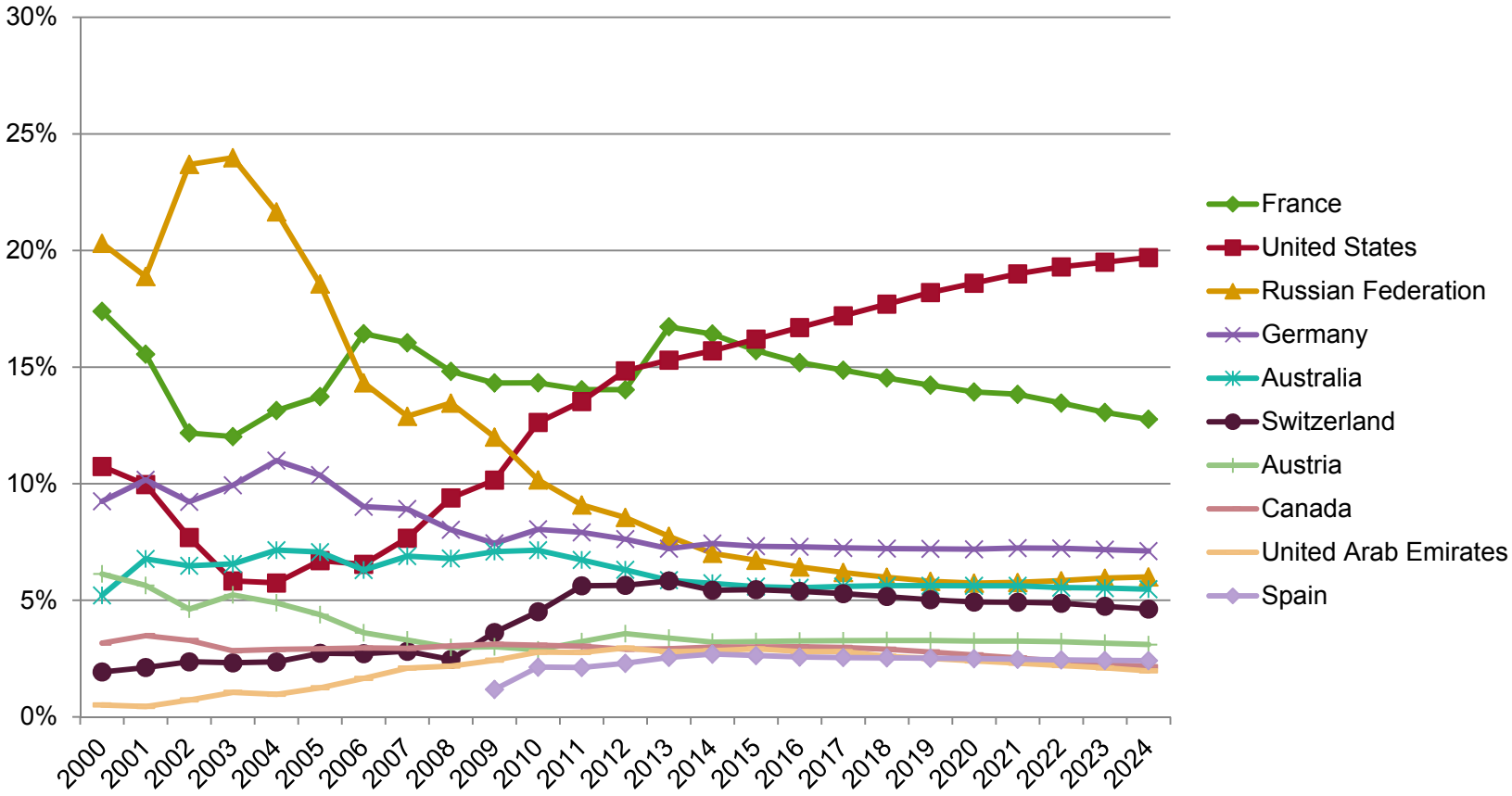
Market Share of Long Haul China Outbound Travel
U.S. vs. Competitors
2000-2024



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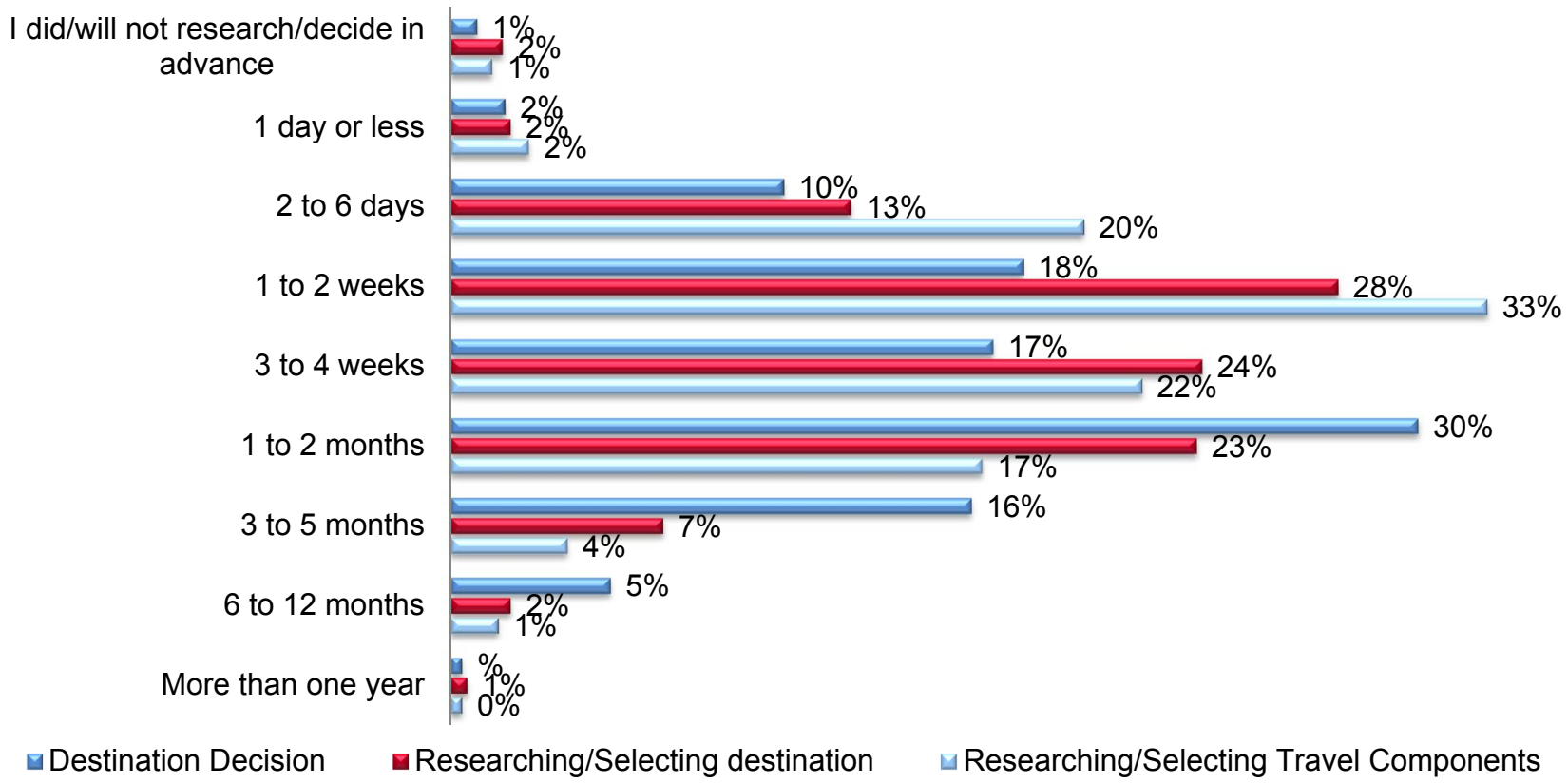
Destination Decision, Selection and Travel Component Shopping Window



Question: How far in advance of your departure date did/will you decide on the destination? How much time did/will you spend researching/selecting your destination for this holiday? How much time did/will you spend researching/selecting travel components, such as airline tickets or hotel rooms, before you made/make the first booking for this trip?
Base: China intercontinental travelers (N=1,475)
Source: Brand USA Custom Study

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Weighted Perception of Destination Characteristics

Motivators	U.S.A.	Switzerland	France	Australia	New Zealand	Brazil	Italy	U.K.	U.A.E.	Canada
Activity options (mountain climbing, diving)	48	52	47	54	53	47	48	46	43	50
Landmarks and sightseeing options (historical sites, museums)	59	60	64	60	56	54	62	63	53	58
Leisure attractions (dining, shopping, nightlife)	60	59	62	59	58	54	60	57	55	58
Natural features/landscapes (mountains, rainforests)	67	68	63	69	68	64	63	61	55	67
Ease of travel to the destination (length of flight, number of stops)	57	55	56	58	55	47	54	55	51	54
Quality of beaches	57	51	55	63	60	53	55	53	51	56
Appeal of local culture (food, music, etc.)	60	63	65	63	60	59	65	62	55	59
Reputation/popularity as a travel destination	59	63	62	63	60	52	59	59	53	60
AVERAGE	**58**	**59**	**59**	**61**	**59**	**54**	**58**	**57**	**52**	**58**

Demotivators	U.S.A.	Switzerland	France	Australia	New Zealand	Brazil	Italy	U.K.	U.A.E.	Canada
Inconvenience of travel to the destination (no direct flights)	20	21	20	19	21	25	21	20	23	20
Distance from home	13	13	13	12	13	15	13	13	14	13
Crowdedness	28	23	26	24	22	28	26	26	27	23
Visa requirements/entry procedures	27	23	23	21	21	23	23	23	24	22
Safety concerns/political instability	31	25	27	26	25	37	29	27	37	27
Lack of visitor resources/support in the destination	22	21	21	20	21	25	22	21	25	21
Unfamiliarity with local customs/language	16	18	20	16	17	21	20	16	22	17
High prices	30	29	28	27	26	27	28	30	30	26
AVERAGE	**23**	**22**	**22**	**21**	**21**	**25**	**23**	**22**	**25**	**21**

<~25 = Not a factor | ~25 - ~60 = A contributing factor | ~60+ = A strong factor

- Question: When considering the following countries as holiday destinations, how would you rate each on the following characteristics? Please rate each characteristic on a scale from 1 to 5 (1 being poor, 3 being adequate and 5 being excellent); How would you rate each characteristic that might discourage you from considering it. Please rate each characteristic on a scale from 1 to 5 (1 being not at all discouraging/not applicable, 3 being moderately discouraging and 5 being extremely discouraging).
- Base: China intercontinental travelers (N=633-1475)
- Source: Brand USA Custom Study

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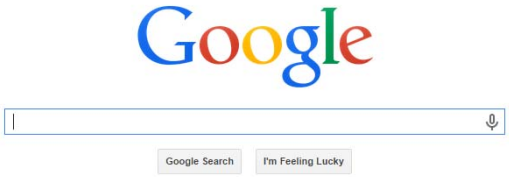
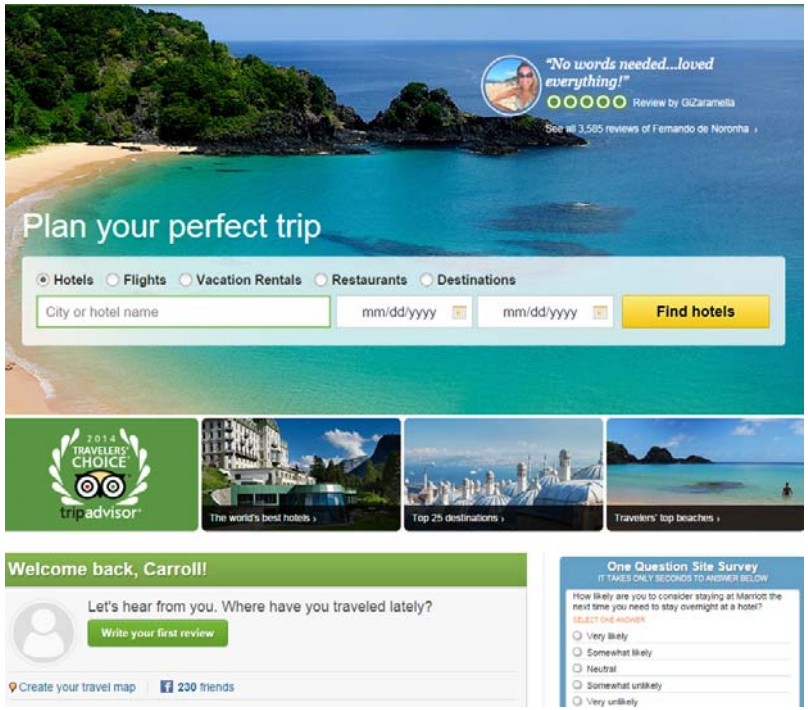
Digital Context – Top Site Searching vs. Browsing



Digital Context – Travel Information Site



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Board and Officer Elections

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Tom Klein

Chair
Nominating & Governance Committee

DiscoverAmerica.com

Daniel Halpern

Chair
Brand USA Board of Directors

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Next Board Meeting:

December 11, 2014

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