The Return on Investment of Brand USA Marketing

Fiscal Year 2016

May 2017

OXFORD ECONOMICS

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Overview

Oxford Economics, in coordination with its Tourism Economics subsidiary company, conducted a detailed analysis of the return on investment of Brand USA's marketing in its 2016 fiscal year (October 1, 2015-September 30, 2016). Ad tracking surveys in 16 markets, a market share analysis, and Brand USA key performance indicators of market activity informed the analysis to quantify the incremental visits and spending generated by Brand USA.

Section 1: The vital role of destination promotion

Destination marketing plays an integral and indispensable role in the competitiveness of the local and national visitor economy, and acts as a catalyst for economic development. Brand USA serves a valuable function by promoting the US collectively with the scale necessary to gain share of voice in an increasingly competitive global marketplace.

Section 2: US international inbound market performance

Last year marked the slowest growth for the global economy since the great recession. World GDP expanded a modest 2.3% with the slowdown evident in both developed and emerging markets.

The effects of the stagnant economy were compounded by the continued (and increasing) strength of the US dollar in 2016.

Against these headwinds, overseas air arrivals increased an estimated 1.7% in 2016 according to available I-94 data through August and APIS statistics for the remainder of the year. Canadian visits to the US fell 6.8% due to the combined effects of economic and local currency weakness.

Despite a recent slowdown, the US share of long haul travel from key overseas markets has increased steadily over the past four years, reaching 19.3% in 2016—up from 17.6% in 2012.

Section 3: Brand USA ROI

Across all markets, each dollar of Brand USA marketing generated $30.70 of visitor spending. Including all operating overhead, Brand USA achieved an ROI of $27.70 and generated $4.1 billion in visitor spending.

Brand USA marketing generated tallied 1.1 million visits to the US in FY2016. This was 1.6% of all visitors to the US in FY2016.

The returns on Brand USA marketing were most pronounced in the Asia Pacific and Latin American regions with a combined ROI of 60:1. Returns were more subdued from North America (where market penetration is high and spending per visitor is relatively low) and the mature (and slower growing) European markets. These mature markets demonstrated a returns of $16-to-1 and $21-to-1, respectively.

Section 4: Brand USA economic impact

Brand USA generated $4.1 billion in incremental visitor spending to the US in FY2016. Including indirect and induced impacts, a total of $8.9 billion in economic activity was generated by Brand USA.

Economic activity generated by Brand USA sustained 59,463 jobs earning $2.6 billion in personal income.

At $615 million, Brand USA generated more than four times its budget in incremental Federal taxes and another $552 million in state and local taxes.

1. The vital role of destination promotion

The vital role of destination promotion

Destination marketing plays an integral and indispensable role in the competitiveness of the local and national visitor economy by addressing its unique challenges.

Destination marketing plays an integral and indispensable role in the competitiveness of the local and national visitor economy by addressing three challenges.

Challenge #1: The visitor economy is fragmented

The visitor economy is diverse with benefits accruing across various industries (e.g. hotels, restaurants, retail stores, transportation, performance venues and other attractions), and in many cases, these establishments are operated as small businesses that lack the capacity to conduct certain types of marketing. Moreover, certain benefits accrue across the economy rather to just an individual business.

The adjacent chart shows the relative concentration of small and medium size company employment within the arts, entertainment, & recreation and the accommodation & food services sectors. A massive 95% of all accommodation and food service employment is found within small and medium-size businesses. The share is 82% for the arts, entertainment, & recreation sector. This implies that very few, if any, of these organizations would have the resources needed for concerted investments in global marketing.

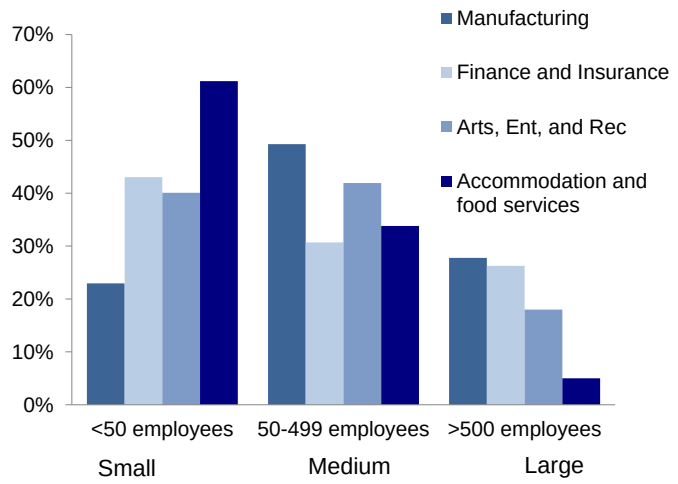
Only 5% of accommodation & food services employment and 18% of arts, entertainment, & recreation employment is within large establishments which would have the scale for international marketing. In contrast, large companies have a more significant footprint in manufacturing (representing 28% of industry employment) and finance & insurance (representing 26% of industry employment).

Solution: Brand USA provides the scope and strategic vision supporting a wide array of individual businesses.

The U.S. tourism industry faces a massive challenge given the scale that international marketing requires. Collaborative destination marketing effectively deals with this challenge by representing a fragmented tourism industry as a single product to a common customer.

Tourism-related businesses tend to be smaller

% of total employment by establishment size, January 2016



The vital role of destination promotion (continued)

The fundamental motivation driving a visit is not usually the offerings of a single business—instead it is the destination.

Challenge #2: The primary motivator of a trip is usually the experience of a destination, extending beyond the offerings marketed by a single business

The fundamental motivation driving a visit to a given destination is frequently not the offerings of a single business—instead it is the destination, including a range of attractions and the overall experience of a place. This experience is comprised of a visitor's interaction with, and patronage of, numerous businesses and local experiences: hotels and other accommodations; restaurants; shopping and galleries; conferences; performances and other events; family activities; sports and other recreation; and cultural sites and attractions.

Simply put, the US decision of an international tourist to visit the United States is not typically driven by a hotel, restaurant, a single attraction, or even a single destination within the United States—the average overseas tourist to the United States visits two destinations

Marketing efforts that focus on only one sub-sector of the visitor market, such as communicating the offering of a specific hotel or other business, do not also adequately address the core motivation for potential visitors. Through coordinated destination promotion, local businesses are able to represent the destination collectively, and in doing so drive demand for all segments of the visitor economy. Stand-alone marketing efforts would almost certainly be less effective than a collective destination marketing campaign.

Solution: Brand USA articulates the brand message that is consistent with consumer motivations

Destination marketing is effective because it is consistent with the customer mindset. Marketing efforts that focus on only one segment of the tourism market, a specific hotel or attraction, will not address the core motivation for potential visitors. Destination marketing recognizes this fact. Collective marketing represents the United States as a set of diverse offerings to a single customer and, in doing so, is uniquely able to create demand for all segments of the tourism industry.

This relates to the significant importance of a destination's brand. The most successful destinations are those that develop a strong and distinct brand identity, maintain awareness among its key target markets, and provide a compelling call to action. This is only an achievable task if approached at the destination level since company-level efforts will inevitably fail to create consistent and representative brand awareness among global travelers.

Vital role of destination promotion (continued)

The scale of collaborative destination marketing is more effective than what individual businesses could accomplish.

Challenge #3: Effective marketing requires scale to reach potential visitors across multiple markets

Effective destination marketing requires significant and consistent funding with the aim of gaining a sufficient “share of voice” to be heard and make an impact. Whether in the form of advertising, public relation efforts, or group sales, scale produces efficiencies that maximize the share of funding that goes to actual marketing and advertising, drives down per unit advertising costs, and enables higher impact, more specialized efforts. As a result, the larger scale of collaborative destination marketing is more effective than what individual businesses could accomplish. Simply put, the whole of destination marketing is greater than the sum of individual parts.

Solution: Brand USA pools resources to provide the economies of scale and marketing infrastructure required to generate impact

One of the benefits of coordinated marketing facilitated by a DMO is the ability to have a stable organization and funding base to support destination marketing. As a result, DMO’s are able to efficiently leverage the brand, infrastructure and relationships that have been built over time.

For example, Brand USA:

- Conducts marketing that leverages a base level of awareness of the destination has already been established with some target customers, allowing annual marketing spend to be more effective at activating and reinforcing key messages;
- Uses existing infrastructure, such as websites and publications, that are updated on a recurring basis;
- Employed a staff with established relationships with local tourism-sector businesses and marketing service providers;
- Supports market research that helps individual businesses better target market opportunities, but which would likely not be economical for individual businesses to support independently; and
- Represents a broad and diverse industry at trade shows and build awareness through travel trade “familiarization trips”.

2. Market performance

Slowing global economy

Most key US visitor markets experienced an economic slowdown in 2016.

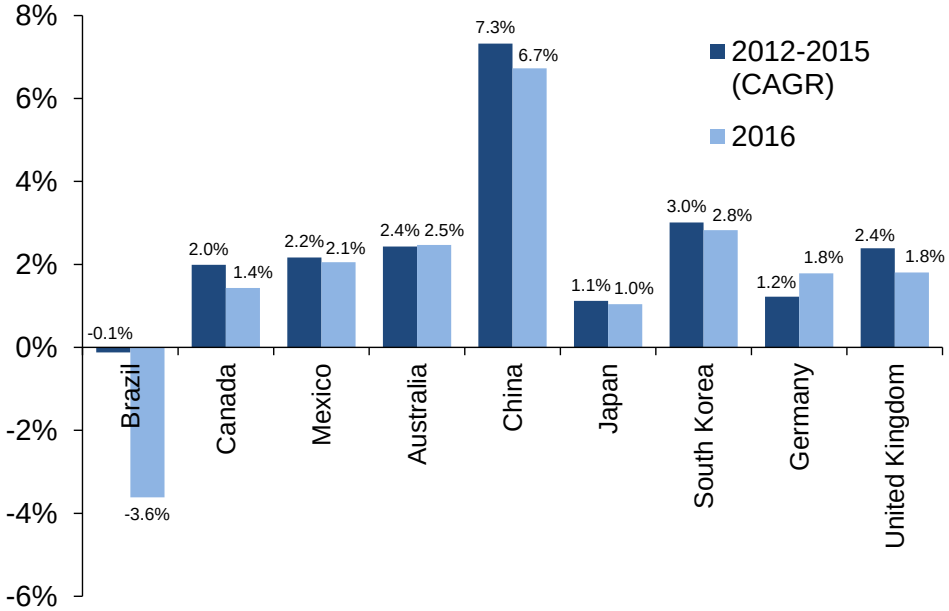
Compared with the previous three years, the economies of nearly all major travel markets slowed in 2016.

Brazil's economy continued to contract while the pace of economic growth in China also moderated.

Among Brand USA's focus markets, only Australia's and Germany's economy grew more quickly in 2016 relative to the previous three years.

GDP growth for key markets

% change



Source: Oxford Economics

The dollar strengthened further

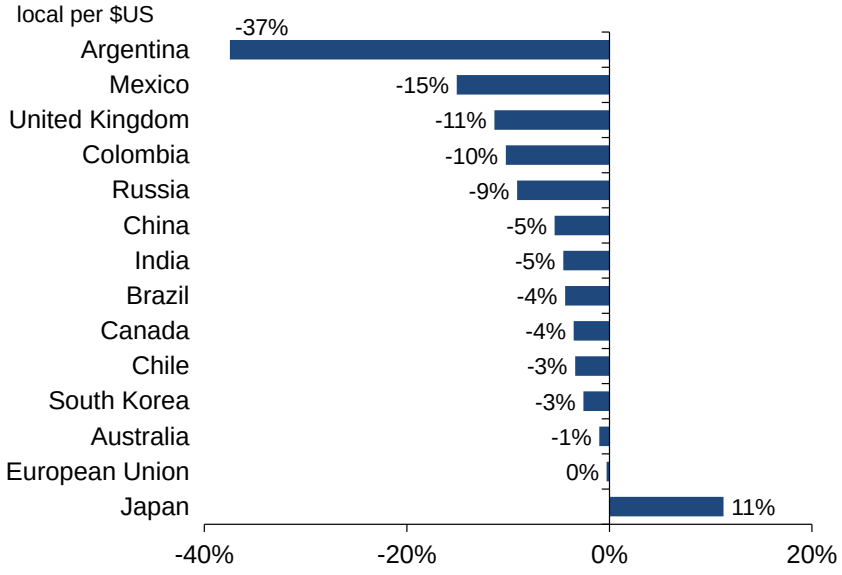
Currency shifts made the US significantly more expensive to major markets in 2015.

A strengthening dollar added to market challenges in 2016. South American markets faced still higher prices last year, adding to the effects of currency effects over the past three years. The Brazilian real in 2016 was worth 32% less in dollar terms than in 2014. Mexican travelers faced nearly the same effective price increase of 29% over the past three years with a shift of 15% in 2016 alone.

The Canadian dollar also depreciated 4%, bringing its total decline to 17% since 2014. This is in line with the three year trend for the pound and euro, which have fallen 18% and 17%, respectively.

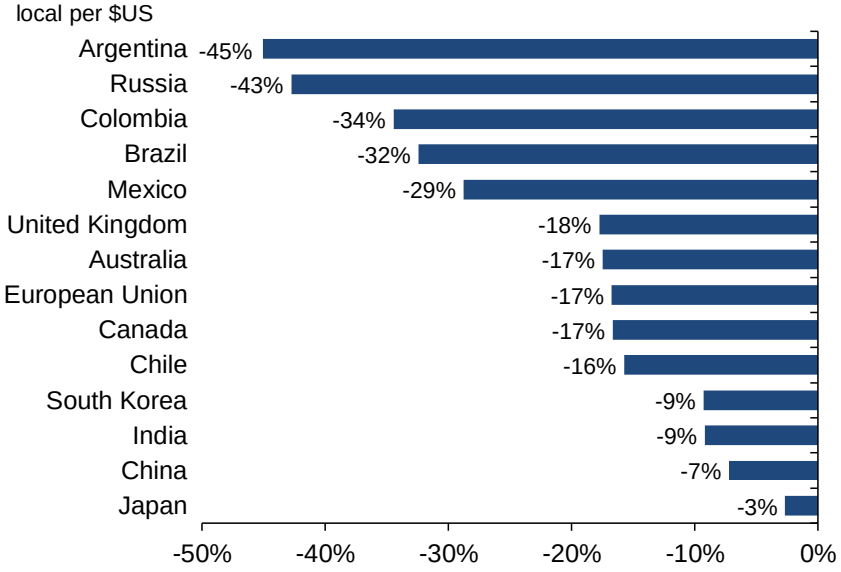
The markets most shielded from currency effects are the Asian markets of India, China, and Japan.

Exchange rate depreciation in 2016



Source: Oxford Economics

Exchange rate depreciation, 2016 / 2014



2016 US Inbound Performance

Based on available data, overseas trips to the US by non-citizens increased 1.7% in 2016, led by Asian markets.

While official statistics on arrivals to the US are not yet available for the entire year, I-94 data through August and APIS (air passenger information system) data provide a picture of mixed performance in 2016.

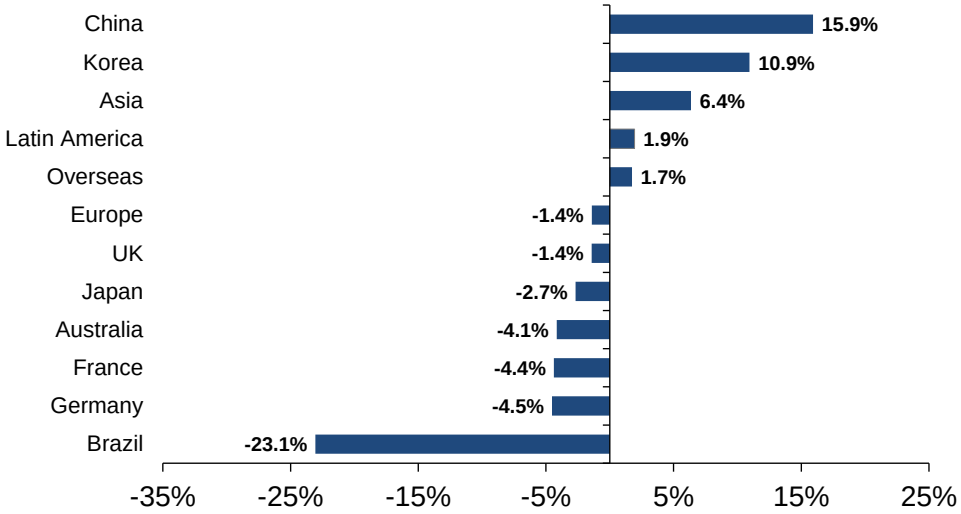
Air arrivals from China and Korea expanded at a strong pace, growing 16% and 11%, respectively. Asian markets averaged 6.4% growth as Japan pulled down the region with an 2.7% decline.

Brazil declined markedly as the combined effects of recession and a weak real weighed on outbound travel.

Europe also succumbed to the pressures of a weak economy and currency with modest declines from major markets.

International Visits to the US, 2016

Annual % change



Source: NTTO (I-94) through Aug 2016, APIS from Sept-Dec 2016

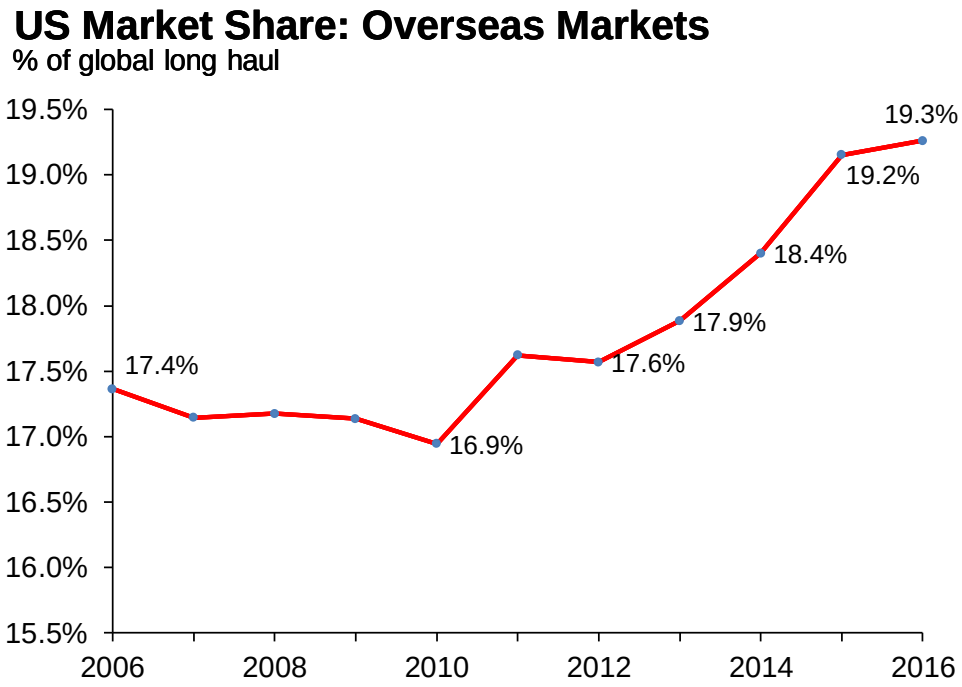
US market share

The US has gained market share of overseas traveler markets over the past four years.

Between 2006 and 2012, the US maintained its market share between 17.4% and 17.6% of overseas long haul travel*.

US market share began to shift in 2013, rising from 17.6% to 17.9% and has increased steadily since then, reaching a recent history peak of 19.3% in 2016.

Canadian travel to the US has fallen over the past two years as the Canadian dollar has dropped, lowering the US share of the market to 58.2% in 2016 from 64.4% in 2014.



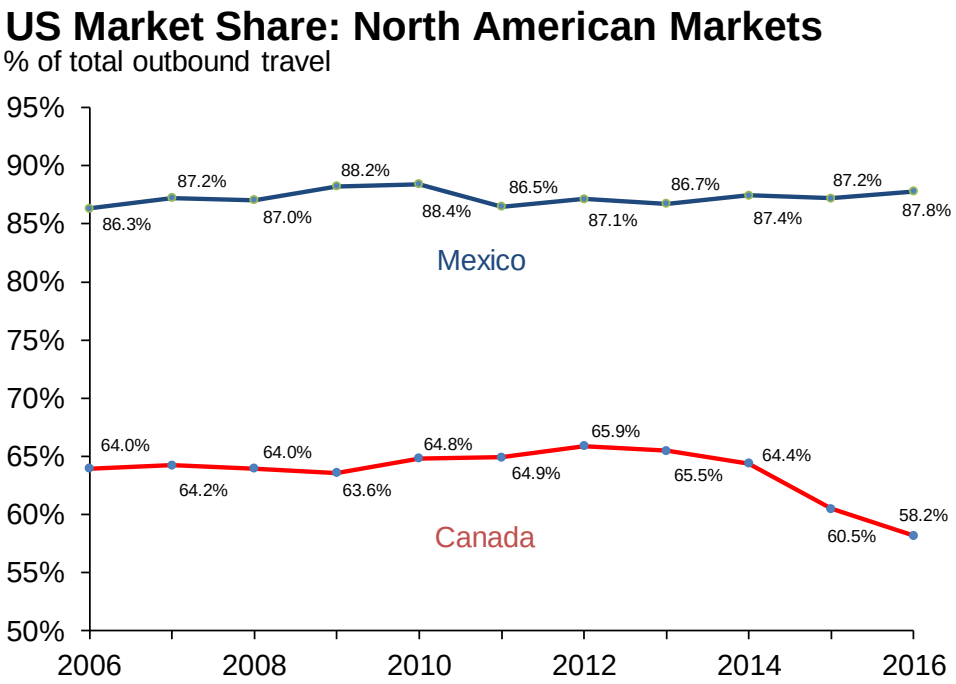
* A long haul traveler is defined as leaving his/her region of residence based on the following regions: Asia Pacific, Europe, South America, Central America, Caribbean, Middle East, and Africa.

US market share

US market position in North America has been mixed, holding steady in Mexico and falling in Canada.

Canadian travel to the US has fallen over the past two years as the Canadian dollar has dropped, lowering the US share of the market to 58.2% in 2016 from 64.4% in 2014.

The US holds a particularly strong market position in Mexico, with nearly 90% of all outbound travel going to US destinations. In Mexico, the US has held its market position and made slight gains over the past four years.

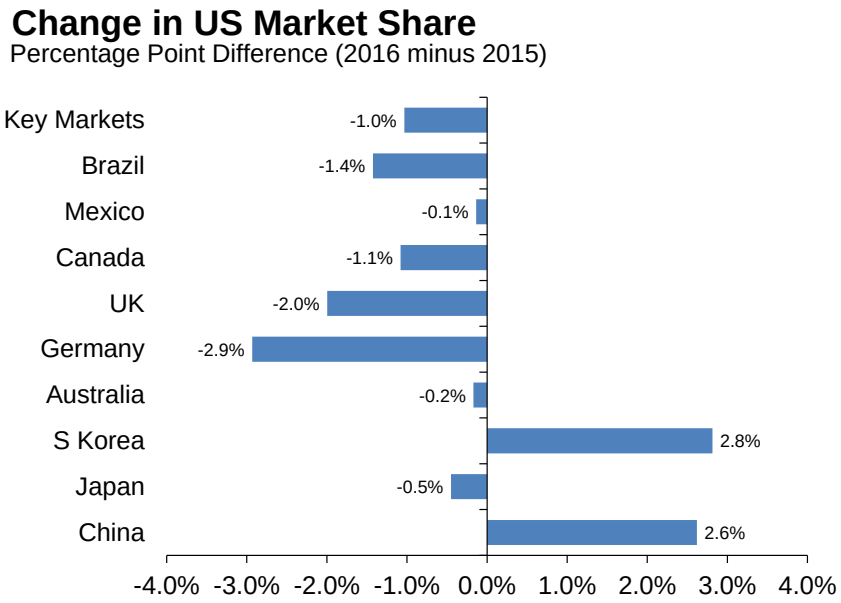


2016 US Inbound Performance: focus markets

Focusing on a narrow set of competing destinations for Brand USA focus markets, the US lost 1% of market share in 2016.

Across a limited set of competitors—shown in the following table—the US experienced decreasing market share in seven of Brand USA's key markets.

The US gained market share in two key Asian markets: South Korea and China.



Source: Tourism Economics

Competitive Set of Destinations

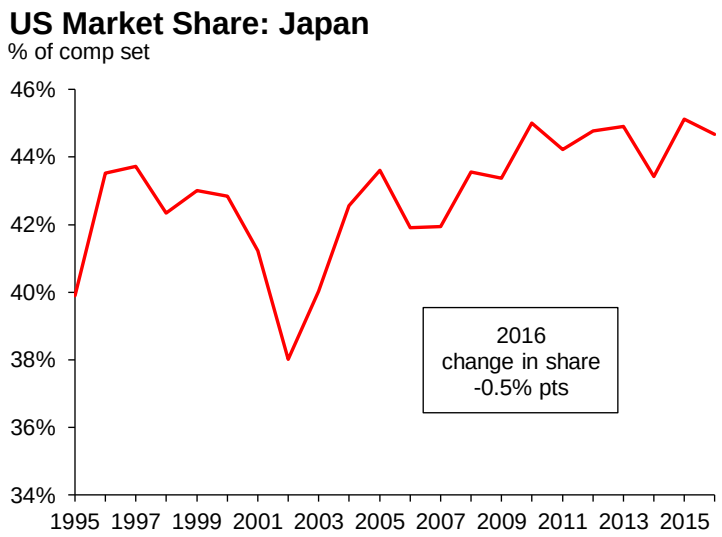
Origin Market	Canada	Mexico	Brazil	UK	Germany	Japan	S Korea	Australia	China
Destination	US	US	US	US	US	US	US	US	US
		Canada	Canada	Canada	Canada	Canada	Canada	Canada	Canada
	Mexico		Mexico	Mexico	Mexico	Mexico	Mexico	Mexico	Mexico
	Australia		Australia	Australia	Australia	Australia	Australia		Australia
	W Europe		W Europe			W Europe	W Europe	W Europe	W Europe
	Caribbean			Caribbean	Caribbean			Caribbean	

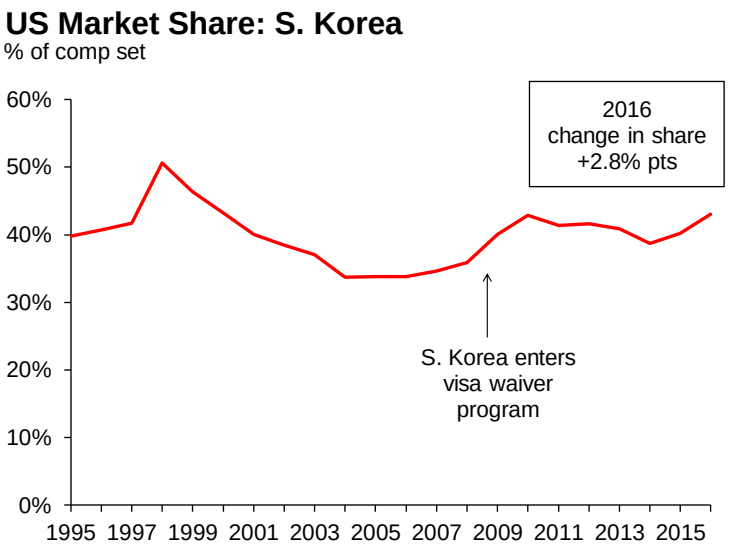
Market share trends – Asia

The US gained market share in South Korea last year and experienced a downward tick in Japan.

The US share of the Japanese travel has rebounded from 2002 and remains within the range of 42% to 45% of the competitive set with 2016 seeing a 0.5% point decrease.

The US has continued to regain market share for South Korean travelers; the 2.8% point gain was the strongest among the focus markets.



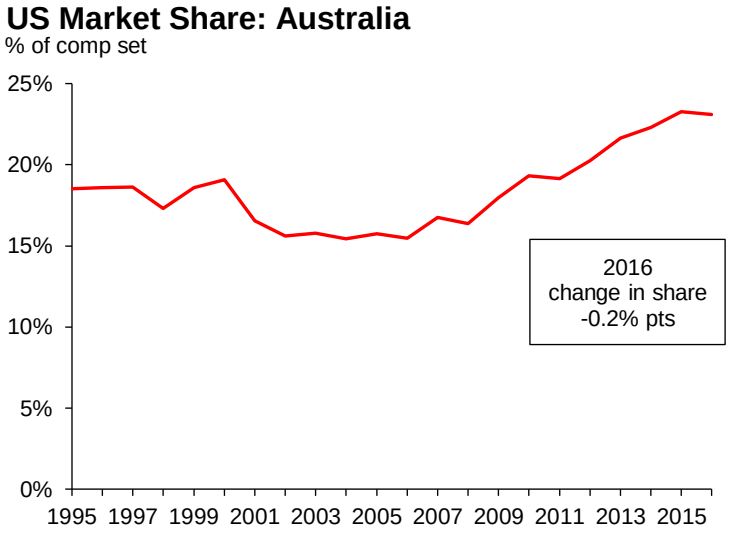


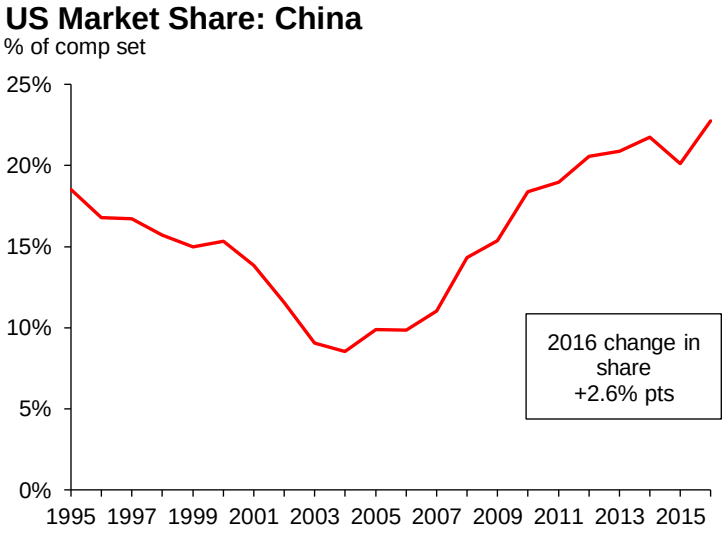
Market share trends – Asia

The US continues to perform well in key Asian markets.

The US virtually held steady, losing 0.2% points of Australian market share in FY2016. Still, the US hosted 23.1% of competitive set travel from Australia last year compared with 15.5% in 2006.

The US gained 2.6% points of market share among select competing destinations in FY2016, strongly rebounding from FY 2015. US travel share of 22.7% of the competitive set from China is a new high.



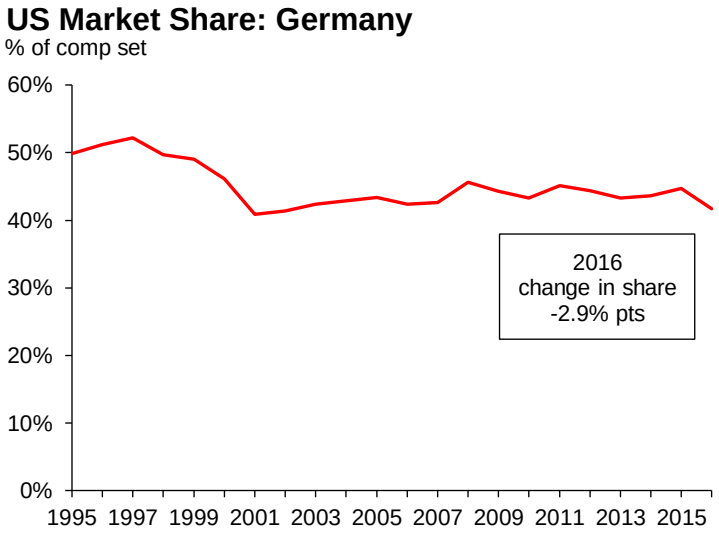


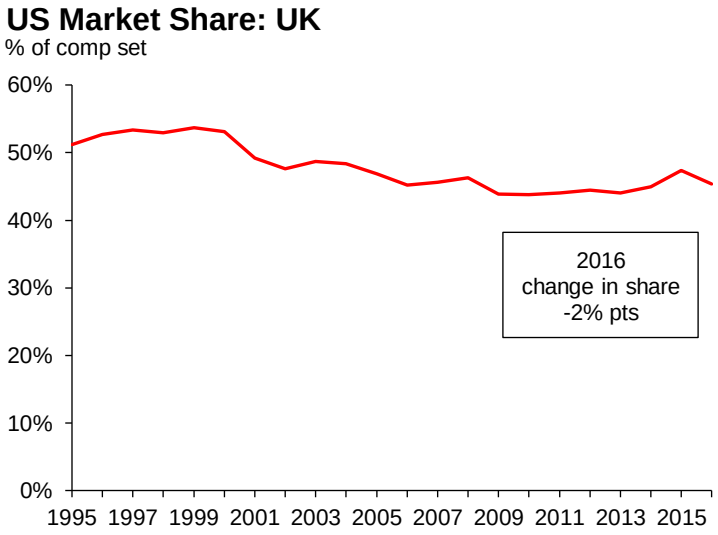
Market share trends – Europe

While the US holds substantial market position in key European markets, share slipped last year.

The US lost 2.9% points of German long haul competitive set market share in 2016 as a weak euro weighed on travel patterns.

The US lost 2% points of market share from the UK in FY2016 as a falling pound influenced travel toward mainland Europe and other competing destinations.



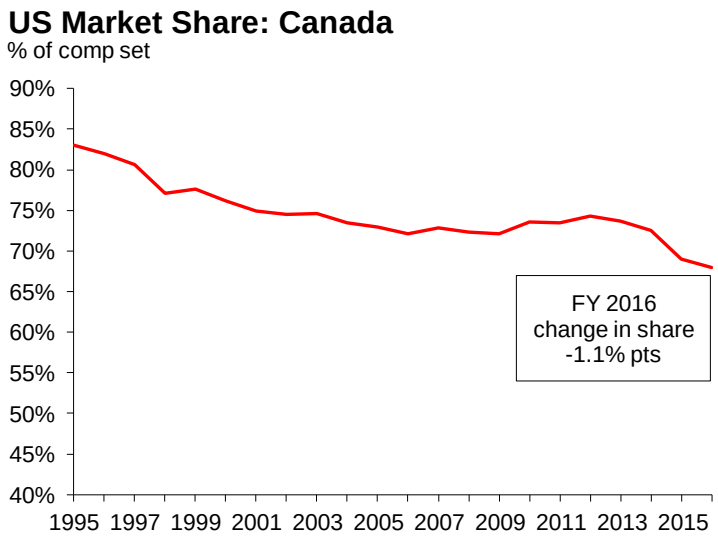


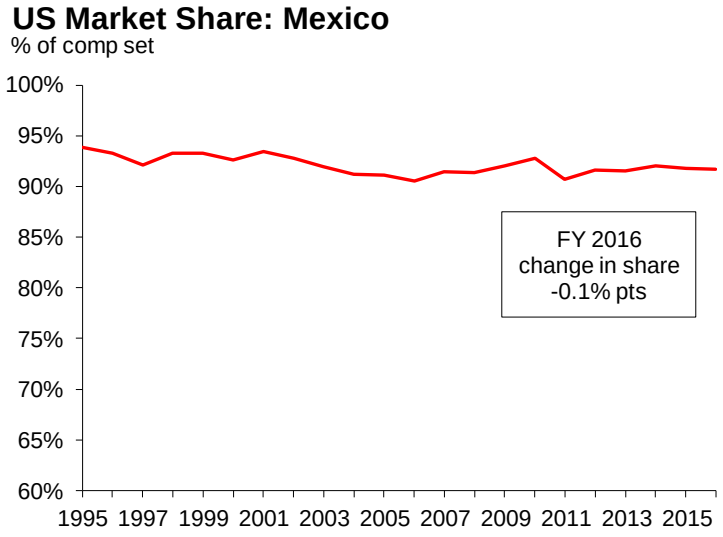
Market share trends – Americas

The US registered mixed results from North American markets but continues to hold significant share.

The US share of the Canadian competitive set continues to erode with the US losing 1.1% points of Canadian travel market share in FY2016 after a 3.4% point decline in FY2015.

The US still hosts the vast majority of Mexico international travel so its share remains relatively stable. Only a slight decrease in market share occurred in FY2016.



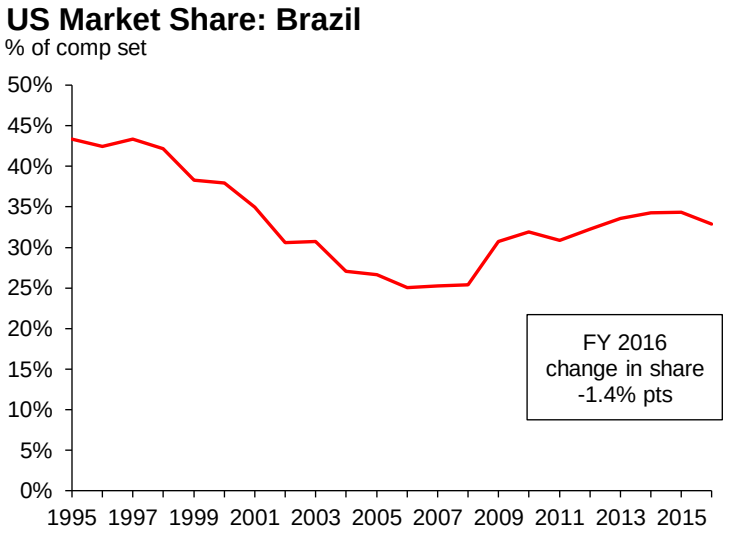


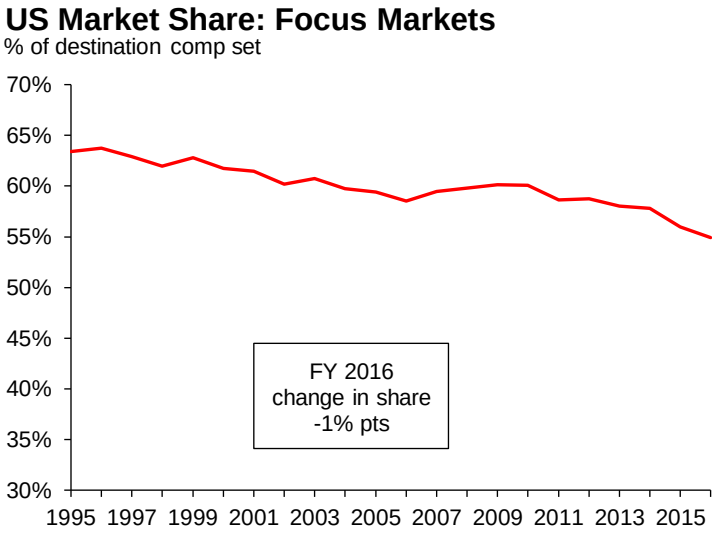
Market share trends – focus markets

The US lost share of Brazilian travelers after years of strong performance. Against the continued headwinds of a strong US dollar, the US lost 1 percentage point of market share in FY2016.

The US lost 1.4% points of Brazil outbound market share to the US comp set in FY2016 with continued depreciation of the real and economic recession in Brazil.

The US lost 1 percentage point of share across all nine Brand USA focus markets in FY2016.





4. Brand USA ROI

Advertising effectiveness surveys

In-market surveys provide key metrics on the exposure and effect of Brand USA marketing activities.

Advertising Effectiveness Metrics						
	Seen Ad	Identified USA	Intent to Visit US in next 12 months			Influence share
2014 Surveys			Recalled	Did not recall	Difference	
Brazil	28%	40%	71%	62%	9%	1.0%
Australia	11%	40%	43%	28%	15%	0.7%
Germany	6%	20%	46%	17%	29%	0.3%
Japan	24%	30%	44%	29%	15%	1.1%
Korea	37%	30%	32%	22%	10%	1.1%
2015 Surveys						
Brazil	33%	50%	79%	67%	12%	2.0%
Mexico	20%	81%	79%	70%	9%	1.5%
Germany	9%	63%	27%	18%	9%	0.5%
2016 surveys						
Mexico	21%	91%	96%	89%	7%	1.3%
China	53%	92%	61%	46%	15%	7.2%

Ipsos, a global market research firm, conducts ad tracking surveys in key markets to determine the awareness of Brand USA advertising and its influence on traveler behavior. The respondents must be a head of household and have taken at least one overnight international leisure trip in the past 2 years. Sample sizes range from 1,000-1,500 in each market.

Oxford Economics calculates an “influence share” based on the results of these surveys. This is calculated as the share of respondents who:

- Had seen the ad AND were able to identify the USA as the destination (without the aid of branding)
- Altered their intention to visit the USA in the next 12 months

For example, the 2015 Brazil survey indicates 33% of respondents had seen the ad, 50% of these could correctly identify the USA as the destination, and respondents who recalled the add experienced a 12 percentage point increase in their intention to travel to the USA in the following 12 months. The “influence share” is calculated as (33% x 40% x 12% = 2.0%).

ROI Projections for Surveyed Markets

Surveys indicate strong response to campaigns in terms of incremental visits and associated spending.

ROI Projections (survey-based)					
	Long Haul Travelers	Marketing investment	Incremental visits	Incremental spending	ROI
2014 Surveys					
Brazil	7,141,440	10,460,412	71,986	$ 415,024,858	39.7
Australia	7,237,310	7,379,119	47,766	$ 261,306,934	35.4
Germany	10,783,700	10,765,373	37,527	$ 130,914,154	12.2
Japan	9,415,800	7,962,828	101,691	$ 453,183,947	56.9
Korea	4,210,800	3,516,412	46,740	$ 159,394,622	45.3
Subtotal (2014)	38,789,050	40,084,144	305,710	1,419,824,516	35.4
2015 Surveys					
Brazil	7,651,990	7,520,197	151,509	854,519,546	113.6
Mexico	19,520,100	5,170,729	284,603	236,403,938	45.7
Germany	11,153,000	7,793,281	56,914	188,314,581	24.2
Subtotal (2015)	38,325,090	20,484,207	493,026	1,279,238,065	62.4
2016 Surveys					
Mexico	21,773,900	7,148,052	291,269	228,995,244	32.0
China	12,510,900	13,832,337	906,415	5,380,585,139	389.0
Subtotal (2016)	34,284,800	20,980,389	1,197,684	5,609,580,383	267.4

Oxford Economics projected the results of the “influence share” analysis to the total long haul market (outbound travel to destinations outside the market’s region) to calculate the incremental visits to the US generated by the campaigns. The incremental spending is then calculated as the product of average spending per visitor (per the Bureau of Economic Analysis) and incremental visits. The ROI for each market is measured as the incremental spending generated by the campaigns divided by the investment in that market.

Results for the two markets (Mexico and China) where surveys were conducted in 2016 indicate a very strong response to the campaign. Given the above average impacts indicated by the survey respondents, the ROI impact model (described later) is used as a more conservative basis for estimating returns.

Calculating returns across all markets

An econometric model was developed to calculate the returns across all markets based on survey findings and other indicators.

Key performance indicators (KPIs) of Brand USA marketing provide inputs into a pooled cross-sectional econometric model.

The econometric model was designed to identify the average relationships between media impressions, online engagement, and market share with the ROI achieved in the market. The estimation was based on the existing results for the five markets where ad tracking surveys had been conducted. The results of the model could then be applied to these same indicators for all other markets to estimate their respective ROI.

Of particular note, the important indicator of website page views increased 34% to 27 million in the 2016 fiscal year.

Brand USA KPIs (2015)

	Media Impressions	Social Media Engagements	Website Page Views	Market share change (FY2015)
Brazil	553,449,106	3,864,344	1,770,196	-2.2%
Mexico	396,996,343	4,631,293	695,822	0.0%
Australia	68,554,162	302,872	584,974	7.6%
Germany	233,921,544	593,047	1,543,269	-1.1%
Japan	28,910,408	1,110,303	808,169	1.1%
South Korea	36,713,078	730,412	223,676	1.4%
Canada	44,474,281	513,908	939,528	-4.7%
UK	59,745,909	364,887	376,825	0.4%
China	1,902,041,905	93,285	11,316,330	-8.0%
Other	300,696,974	6,375,490	1,992,111	
Total	3,625,503,710	18,579,841	20,250,900	

Brand USA KPIs (2016)

	Media Impressions	Social Media Engagements	Website Page Views	Market share change (FY2016)
Brazil	584,910,447	5,105,678	2,798,877	-1.4%
Mexico	730,953,208	3,651,112	2,462,360	-0.1%
Australia	101,925,607	901,566	719,692	-0.2%
Germany	251,237,897	2,090,178	1,806,593	-2.9%
Japan	152,735,858	1,152,691	821,934	-0.5%
South Korea	77,673,260	779,143	645,558	2.8%
Canada	204,328,990	1,226,101	1,017,612	-1.1%
UK	320,578,651	2,215,016	1,875,563	-2.0%
China	1,643,431,241	11,513,110	11,258,944	2.6%
Other	766,663,828	9,244,428	3,688,811	
Total	4,834,438,987	37,879,023	27,095,944	
% change since 2015	33%	104%	34%	

Model Summary

Where survey-based ROI calculations are available, a pooled cross-sectional model estimates coefficients for each right hand side variable.

Dependent (left-hand side) variable is:

- Incremental visits / long-haul travel demand

Explanatory (right-hand side) variables are:

- Media impressions / long-haul travel demand
- Online engagement* / long-haul travel demand
- Market share % change in the fiscal year

* Online engagement is the sum of social media engagements and DiscoverAmerica/GoUSA page views.

Model Equation

The model accurately predicts the incremental visits generated by Brand USA market on the basis of media impressions, online engagement, and market share changes for each market.

The estimated model equation is

LN(IVIS(i)/LH(i)) = K + b1*LN(MED(i)/LH(i)) + b2*LN(ONL(i)/LH(i)) + b3*MSH(i)

Where:

IVIS(i) = Incremental visits from market i

LH(i) = Long-haul travel from market i

MED(i) = Media impressions in market i

ONL(i) = online engagement in market i

MSH(i) = log difference in US share of travel from market i

Model fit (2014)

Across all five markets, the model predicts the ROI multiple with 96.3% accuracy.

Model v Actual			
	Visits	Spend	ROI
Model	300,580	1,368,394,469	34.06
Survey	304,089	1,417,990,300	35.38
% diff	-1.2%	-3.5%	-3.7%

Accuracy by market varies from very close fits for Brazil and Korea, moderate underestimation for Australia and Japan, and overestimation for Germany.

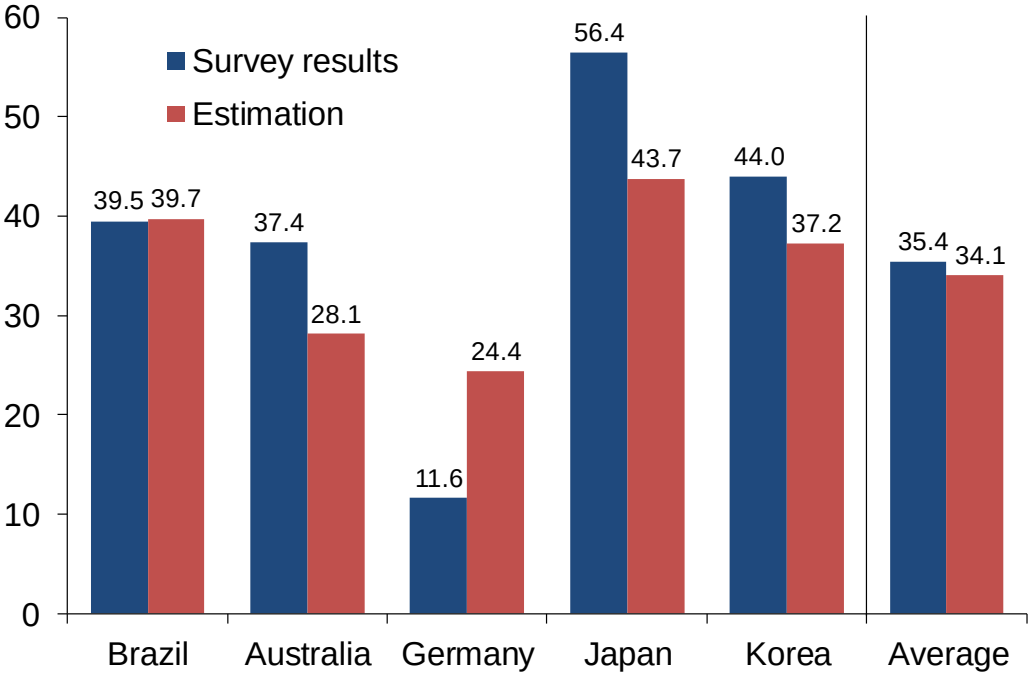
The variations reflect as much on the margin of error surrounding ad tracking survey results as it does on actual campaign effectiveness across markets, and model accuracy.

Nevertheless, the model accurately identifies the market where the greatest ROI was achieved (Japan) as well as the weakest (Germany).

The close fit of the model results with the calculation for all five markets provides confidence in extending the model results to other markets.

Estimated ROI by source market

ROI multiple



Model fit (2015)

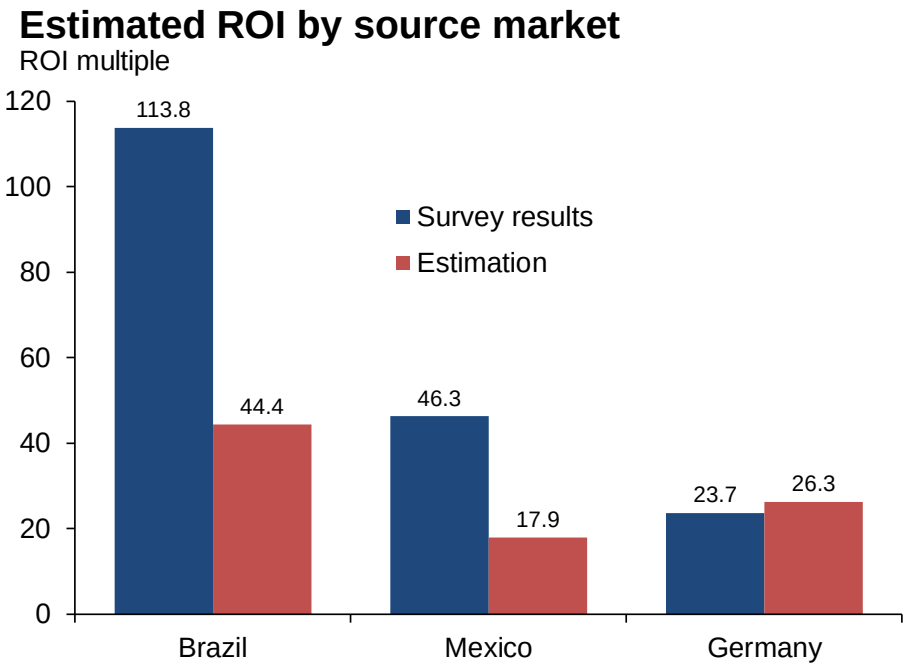
An additional three surveys were conducted in 2015 with wide-ranging results.

The survey indicated very strong results for Brazil with a 2.0% lift in travel intentions among respondents who had seen the ad and correctly identified the US. Given that the implied 113.8 ROI is an outlier across the research components, the KPI-informed model result of 44.4 was used for Brazil.

The survey-based ROI for Mexico, while higher than the econometric model results, was still within reasonable range of other findings and reflects the strength of Mexican travel to the US despite the strong dollar.

Survey and model results for Germany were nearly identical and the more conservative survey findings were incorporated into the overall Brand USA ROI analysis.

Model v Actual			
	Visits	Spend	ROI
Brazil (survey)	151,705	$ 855,522,391	113.8
Brazil (model)	59,165	$ 333,653,856	44.4
Mexico (survey)	288,328	$ 239,498,246	46.3
Mexico (model)	111,657	$ 92,747,550	17.9
Germany (survey)	53,349	$ 184,435,416	23.7
Germany (model)	59,215	$ 204,714,415	26.3



Model fit (2016)

Just two surveys were analyzed for 2016 with both showing strong results.

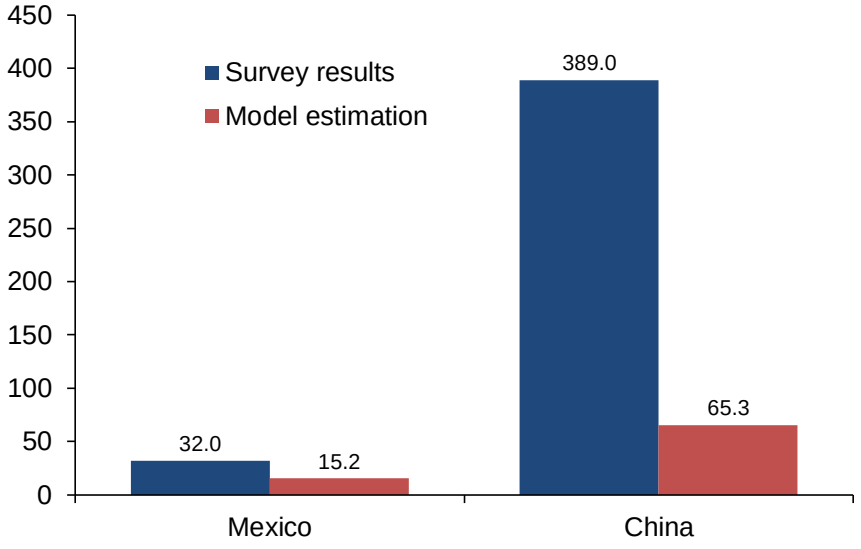
Model v Actual			
	Visits	Spend	ROI
Mexico (survey)	291,269	$ 228,995,244	32.0
Mexico (model)	138,105	$ 108,577,608	15.2
China (survey)	906,415	$ 5,380,585,139	389.0
China (model)	152,062	$ 902,657,725	65.3

The survey indicated very strong results in 2016 with a “lift” in travel intentions of 1.3% for Mexico and 7.2% for China. This implies that, for China, intentions to travel to the US were 7.2 percentage points higher among those who had seen Brand USA ads and correctly identified the destination.

Given that both surveys produced results that are stronger than the KPI-informed model, the more conservative model results were used.

Estimated ROI by source market

ROI multiple



Total Brand USA ROI (FY2016)

Market-by-market results are calculated based on KPIs for each individual market.

Summary Results: Brand USA ROI (FY2016)						
Market		**Investment**	**Incremental visitors**		**Incremental Spend**	**ROI**
Brazil	$	5,094,022	48,266		293,572,074	57.6
Mexico	$	7,148,052	138,105		108,577,608	15.2
Australia	$	5,387,371	39,458		245,357,434	45.5
Germany	$	7,065,398	58,108		215,340,206	30.5
Japan	$	3,626,557	47,743		209,999,136	57.9
Korea	$	1,458,336	34,339		112,150,055	76.9
Canada	$	10,489,232	131,734		180,620,926	17.2
UK	$	17,102,273	92,273		282,249,314	16.5
China	$	13,832,337	152,062		902,657,725	65.3
Other / Global Infrastructure	$	61,802,153	451,804		1,533,417,691	24.8
Total marketing	**$**	**133,005,731**	**1,193,893**	**$**	**4,083,942,167**	**30.7**
Overhead	$	14,404,817				
Total operating	**$**	**147,410,548**				**27.7**

Total Brand USA ROI (FY2016)

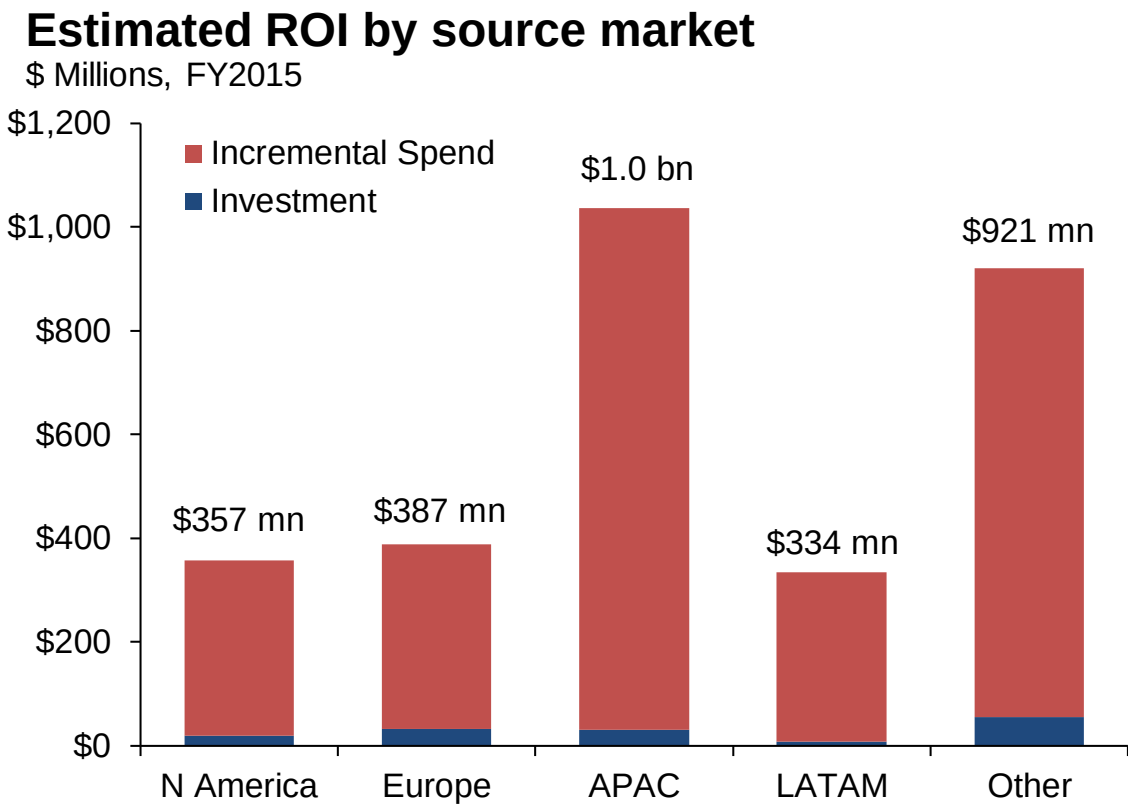
Regional results highlight especially strong returns in emerging markets.

Summary Results: Brand USA ROI (FY2016)						
Region		**Investment**	**Incremental visitors**		**Incremental Spend**	**ROI**
N America	$	17,637,284	269,839	$	289,198,534	16.4
Europe	$	24,167,671	150,382	$	497,589,520	20.6
APAC	$	24,304,601	273,602	$	1,470,164,349	60.5
LATAM	$	5,094,022	48,266	$	293,572,074	57.6
Other / Global Infrastructure	$	61,802,153	451,804	$	1,533,417,691	24.8
Total marketing	**$**	**133,005,731**	**1,193,893**	**$**	**4,083,942,167**	**30.7**
Overhead	$	14,404,817				
Total operating	**$**	**147,410,548**				**27.7**
APAC + LATAM	$	29,398,623	321,869	$	1,763,736,423	60.0

- In 2016, each dollar of Brand USA marketing generated $30.70 of visitor spending. Including all operating overhead, Brand USA achieved an ROI of $27.70 and generated $4.1 billion in visitor spending.
- Relatively high market growth and spending per visitor drove strong returns in Asia and Latin America with an average ROI of 60.0.
- The average ROI remained solid, while more modest, in the mature markets of Canada and Europe.
- Total visits generated tallied 1.2 million. This was 1.6% of all visitors to the US in 2016.
- Incremental spending figures include spending while in the US plus transportation spending on US-flagged carriers based on BEA balance of payments data.

Total Brand USA ROI (FY2016)

Considerable returns were generated across all world regions where Brand USA was active.



Total Brand USA ROI (FY2013-FY2016)

Across four years, Brand USA has generated $13.6 billion in incremental international visitor spending with an implicit ROI of $26.70 per marketing dollar invested.

Summary Results: Brand USA ROI (FY2013-FY2016)					
		Investment	Incremental visitors	Incremental Spend	ROI
Total marketing	**$**	**509,643,707**	**4,265,702**	**13,592,365,595**	**26.7**
Overhead	$	67,493,433			
Total operating	**$**	**577,137,140**			**23.6**

- Brand USA has attracted 4.3 million visitors to the US over its four years of significant marketing activity

4. Brand USA Economic Impact

Spending impacts

Incremental spending of $4.1 billion generated economic impacts across the entire spectrum of tourism-related industries.

Brand USA generated $4.1 billion in incremental visitor spending to the US in FY2016.

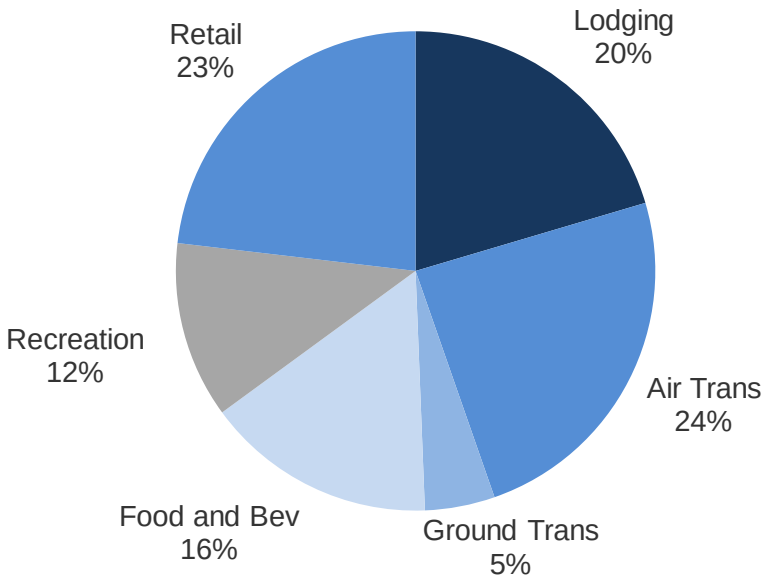
This represents 2.1% of all international travel spending (including passenger fares) in 2016.

The benefits were broadly distributed across the US economy, with spending in the transportation, retail, lodging, restaurant, and recreation sectors.

The distribution of direct visitor spending is based on the BEA Travel & Tourism Satellite Account.

Brand USA-Generated Visitor Spending by Industry

Total = $4.1 billion



Summary of impacts (FY2016)

Including secondary impacts, Brand USA generated $8.9 billion in US economic output in FY2016.

Travelers create direct economic value within a discreet group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.

Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.

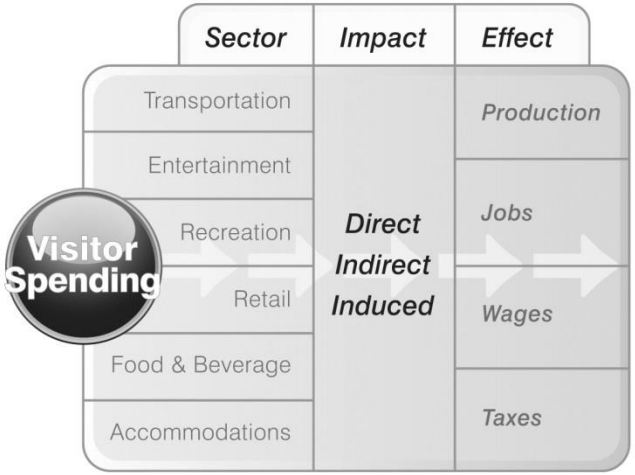
Lastly, the induced impact is generated when employees whose incomes are generated either directly or indirectly by tourism, spend those incomes in the US economy.

Economic activity generated by Brand USA sustained 59,463 jobs earning $2.6 billion in personal income.

Brand USA generated value added (GDP) in the US economy of $4.6 billion and a total economic impact (sales or output) of $8.9 billion.

Total Brand USA Economic Impact, FY 2016

	Total sales ($mils)	Value added ($mils)	Income ($mils)	Jobs
Direct	4,084	1,828	1,063	31,191
Indirect	2,040	1,119	652	10,798
Induced	2,754	1,611	900	17,474
Total	**8,878**	**4,558**	**2,616**	**59,463**



Summary of impacts (FY2013-FY16)

Brand USA generated $29.5 billion in US economic output from FY2013-FY2016 combined and supported an average of 50,922 jobs.

Economic activity generated by Brand USA sustained an average of 50,922 jobs earning $8.7 billion in personal income over four years.

Brand USA generated value added (GDP) in the US economy of $15.2 billion and a total economic impact (sales or output) of $29.5 billion over this four-year period.

Total Brand USA Economic Impact, FY2013-FY2016

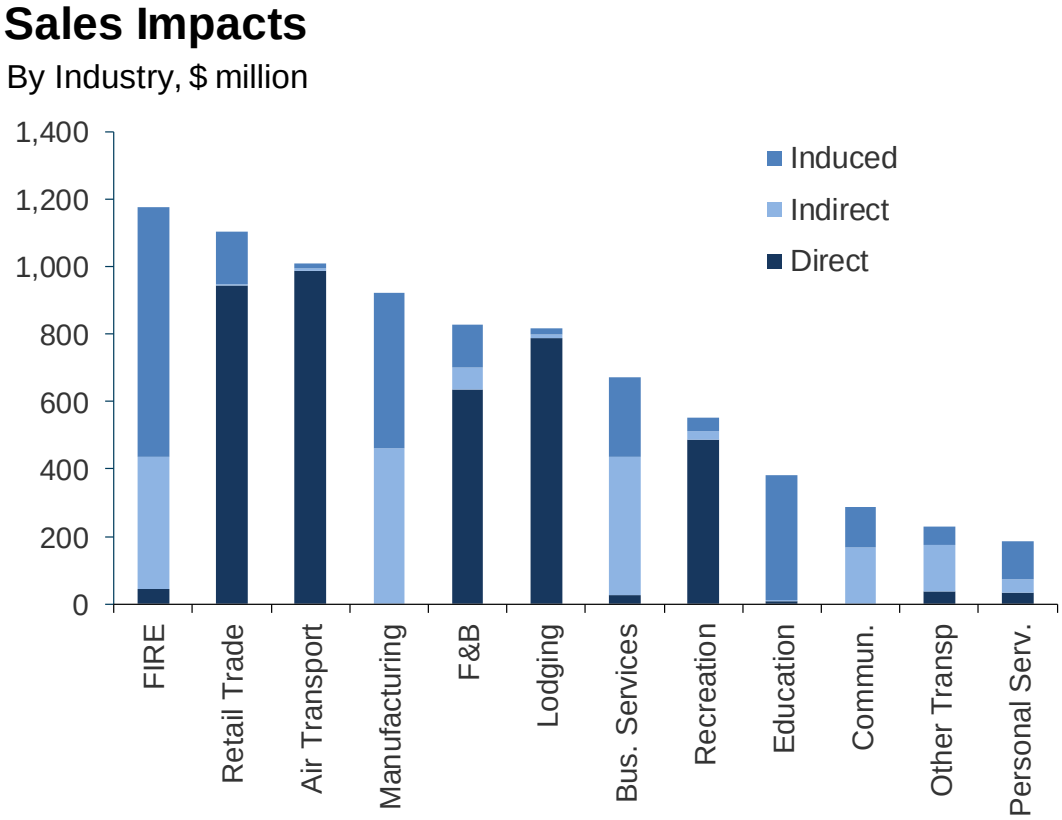
	Total sales ($mils)	Value added ($mils)	Income ($mils)	Jobs (average)
Direct	13,592	6,084	3,539	26,710
Indirect	6,955	3,725	2,171	9,247
Induced	9,001	5,360	2,997	14,964
Total	**29,548**	**15,169**	**8,707**	**50,922**

Sales impacts

Including secondary impacts, Brand USA generated $8.9 billion in US economic output in FY2016.

A total impact of $8.9 billion in business sales spans all sectors of the US economy, as reflected in the chart to the right. The finance, insurance, and real estate sector (FIRE) is a beneficiary of international visitor spending as a supplier to tourism industries and as a provider of services to employees who earn income through visitor spending with an economic impact of almost $1.2 billion.

Similarly, the manufacturing sector realized a benefit of $922 million in economic output as a result of Brand USA marketing.

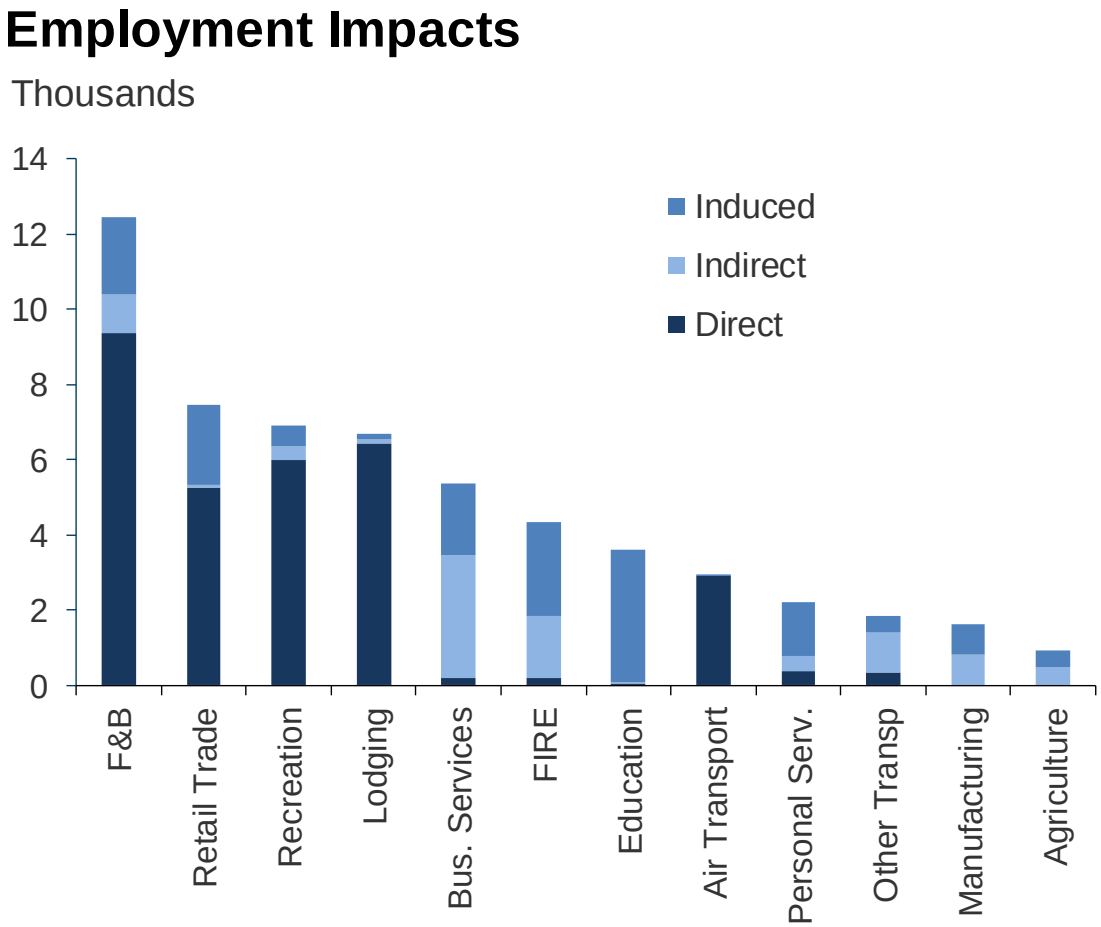


Employment impacts

Direct employment impacts in industries directly serving international visitors tally 31,191. Including secondary impacts, Brand USA marketing in FY2016 sustained 59,463 jobs.

It is important to note that jobs impacts in economic impact modeling represent the number of jobs sustained by a given level of economic output. Therefore, the 59,463 jobs are a combination of new jobs and existing jobs which were sustained by the Brand USA-generated international visitor spending. This is because, unlike taxes or GDP, employment does not respond to increases in business activity on a linear basis.

In addition to travel-related sectors, significant employment impacts accrue in the business services and FIRE (finance, insurance, and real estate) sectors as dollars flow through the US economy.



Tax impacts

Brand USA generated more than four times its funding in incremental Federal taxes in FY2016.

Brand USA-generated international visitor spending is estimated to have produced Federal taxes of $615 million, including direct impacts of $258 million and indirect/induced impacts of $358 million.

Another $552 million in state and local taxes were generated by Brand USA marketing in the 2016 fiscal year including direct, indirect, and induced impacts.

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Brand USA Tax Impacts
(US$ Million)

Tax Type	Direct	Indirect/ Induced	Total
Federal Taxes Subtotal	**257.5**	**357.7**	**615.2**
Corporate	32.1	67.7	99.7
Indirect Business	40.4	28.4	68.8
Personal Income	66.8	98.2	165.0
Social Security	118.2	163.4	281.6
State and Local Taxes Subtotal	**306.1**	**246.4**	**552.4**
Corporate	5.9	12.4	18.3
Personal Income	19.9	29.3	49.1
Sales	118.0	83.0	200.9
Property	116.4	82.3	198.8
Excise and Fees	43.3	36.0	79.2
State Unemployment	2.6	3.5	6.1
TOTAL	**563.5**	**604.1**	**1,167.6**

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