

The Return on Investment of Brand USA Marketing

Fiscal Year 2017

July 2018

1. Brand USA ROI

Brand USA ROI, marketing (FY2017)

Summary Results: Brand USA ROI (FY2017)					
Market	Investment	Incremental visitors	Incremental Spend	ROI	
Brazil	\$ 3,310,259	39,281	226,534,116	68.4	
Mexico	\$ 5,150,015	119,074	86,912,589	16.9	
Australia	\$ 5,286,347	33,024	203,040,854	38.4	
Germany	\$ 8,035,146	77,454	274,170,139	34.1	
Japan	\$ 4,028,511	34,536	139,471,808	34.6	
Korea	\$ 1,464,525	28,873	92,128,396	62.9	
Canada	\$ 10,214,392	173,254	193,815,984	19.0	
UK	\$ 22,487,498	131,461	414,356,485	18.4	
China	\$ 16,527,121	114,626	767,372,787	46.4	
Other / Global Infrastructure	\$ 64,179,769	360,352	1,493,154,609	23.3	
Total marketing	\$ 140,683,584	1,111,934	3,890,957,766	27.7	
Overhead	\$ 14,846,145				
Total operating	\$ 155,529,729			25.0	

Total Brand USA ROI, marketing (FY2017)

Regional results highlight especially strong returns in emerging markets.

Summary Results: Brand USA ROI (FY2017)					
Region	Investment	Incremental visitors	Incremental Spend	ROI	
N America	\$ 15,364,407	292,327	\$ 280,728,572	18.3	
Europe	\$ 30,522,644	208,915	\$ 688,526,624	22.6	
APAC	\$ 27,306,504	211,059	\$ 1,202,013,845	44.0	
LATAM	\$ 3,310,259	39,281	\$ 226,534,116	68.4	
Other / Global Infrastructure	\$ 64,179,769	360,352	\$ 1,493,154,609	23.3	
Total marketing	\$ 140,683,584	1,111,934	\$ 3,890,957,766	27.7	
Overhead	\$ 14,846,145				
Total operating	\$ 155,529,729			25.0	
APAC + LATAM	\$ 30,616,764	250,340	\$ 1,428,547,961	46.7	

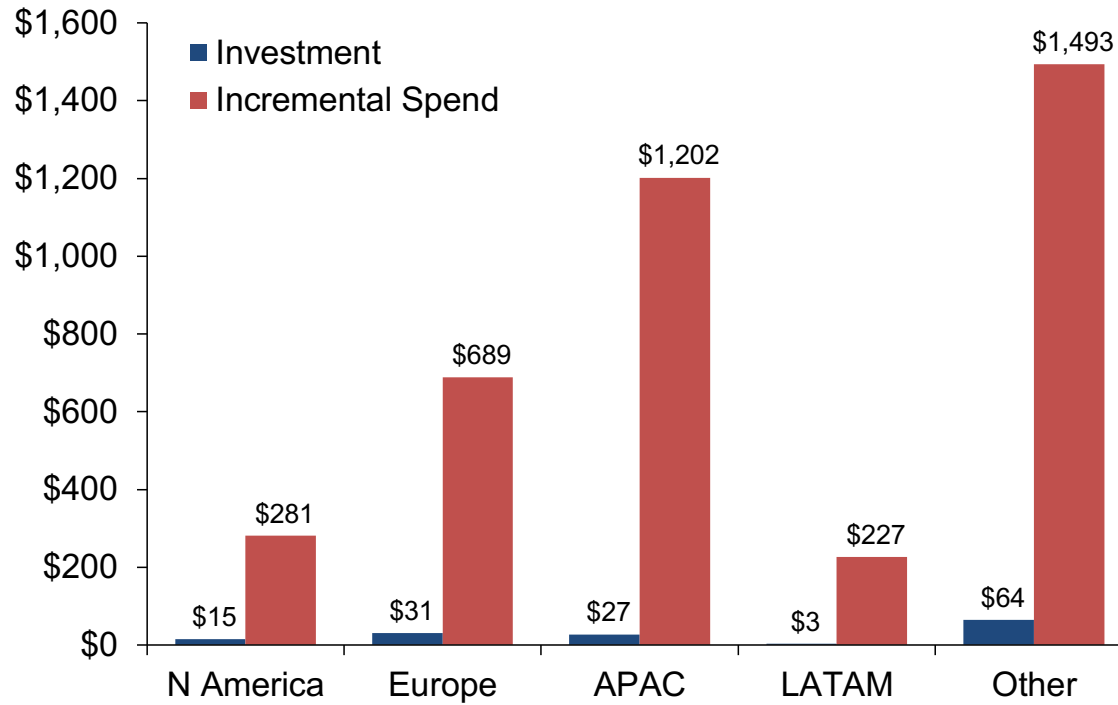
- In 2017, each dollar of Brand USA marketing generated \$27.70 of visitor spending. Including all operating overhead, Brand USA achieved an ROI of \$25.00 and generated \$3.9 billion in visitor spending.
- Relatively high market growth and spending per visitor drove strong returns in Asia and Latin America with an average ROI of 46.7 to 1.
- The average ROI remained solid, while more modest, in the mature markets of Canada and Europe.
- Total visits generated tallied 1.1 million. This was 1.4% of all visitors to the US in 2017 (based on Tourism Economics estimates).
- 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 (FY2017)

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

Estimated ROI by source market

\$ Millions, FY2017



Total Brand USA ROI (FY2013-FY2017)

Across five years, Brand USA has generated \$17.5 billion in incremental international visitor spending with an implicit ROI of \$26.9 per marketing dollar invested.

Summary Results: Brand USA ROI (FY2013-FY2017)				
	Investment	Incremental visitors	Incremental Spend	ROI
Total marketing	\$ 650,327,291	5,377,636	17,483,323,361	26.9
Overhead	\$ 82,339,578			
Total operating	\$ 732,666,869			23.9

- Brand USA has attracted 5.4 million visitors to the US over five years

Historic Results: Brand USA ROI							
Fiscal Year	2013	2014	2015	2016	2017	5-Yr Average	5-Yr Total
Brand USA budget (mn)	\$ 99	\$ 173	\$ 158	\$ 147	\$ 156	\$ 147	\$ 733
Spending impact (mn)	\$ 3,402	\$ 3,070	\$ 3,036	\$ 4,084	\$ 3,891	\$ 3,497	\$ 17,483
Federal tax impact (mn)	\$ 512	\$ 462	\$ 457	\$ 615	\$ 586	\$ 527	\$ 2,634
Visits impact	1,143,186	903,440	1,025,183	1,193,893	1,111,934	\$ 1,075,527	\$ 5,377,637
Spending ROI	34.4	17.7	19.3	27.7	25.0		23.9
Tax ROI	5.2	2.7	2.9	4.2	3.8		3.6

2. Brand USA Marketing Economic Impact

Spending impacts

Brand USA generated \$3.9 billion in incremental visitor spending to the US in FY2017.

This represents 2.2% of all international travel spending (including passenger fares) in 2017.

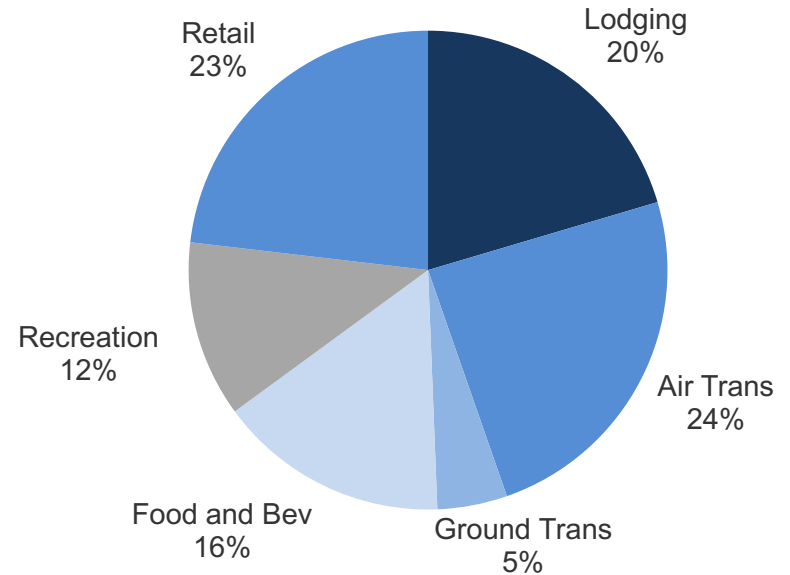
The benefits were broadly distributed across the US economy, with spending in the transportation, retail, lodging, restaurant, and recreation sectors.

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

Incremental spending of \$3.9 billion generated economic impacts across the entire spectrum of tourism-related industries.

Brand USA-Generated Visitor Spending by Industry

Total = \$3.9 billion



Summary of impacts (FY2017)

Including secondary impacts, Brand USA generated \$8.5 billion in US economic output in FY2017.

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

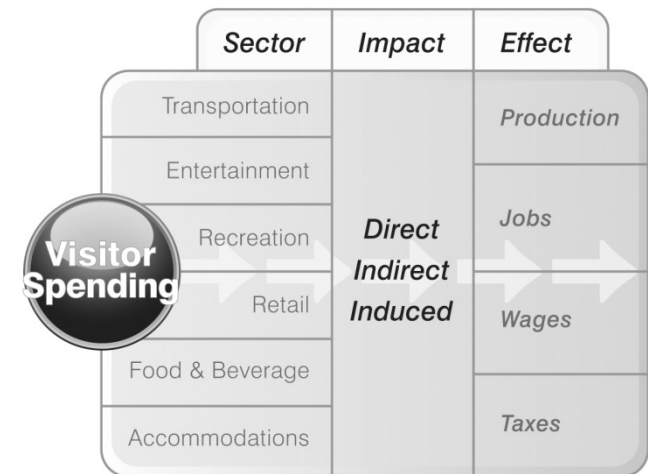
Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.

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 51,905 jobs earning \$2.5 billion in personal income.

Brand USA generated value added (GDP) in the US economy of \$4.3 billion and a total economic impact (sales or output) of \$8.5 billion.

Total Brand USA Economic Impact, FY 2017				
	Total sales (\$mils)	Value added (\$mils)	Income (\$mils)	Jobs
Direct	3,891	1,742	1,013	27,226
Indirect	1,944	1,066	622	9,426
Induced	2,624	1,534	858	15,253
Total	8,458	4,342	2,493	51,905



Summary of impacts (FY2013-FY17)

Economic activity generated by Brand USA sustained an average of 51,118 jobs earning \$11.2 billion in personal income over five years.

Brand USA generated value added (GDP) in the US economy of \$19.5 billion and a total economic impact (sales or output) of \$38 billion over this four-year period.

Brand USA generated \$38 billion in US economic output from FY2013-FY2017 combined and supported an average of 51,118 jobs.

Total Brand USA Economic Impact, FY2013-FY2017				
	Total sales (\$mils)	Value added (\$mils)	Income (\$mils)	Jobs (average)
Direct	17,483	7,826	4,552	26,813
Indirect	8,899	4,791	2,793	9,283
Induced	11,625	6,894	3,855	15,022
Total	38,006	19,511	11,200	51,118

Sales impacts

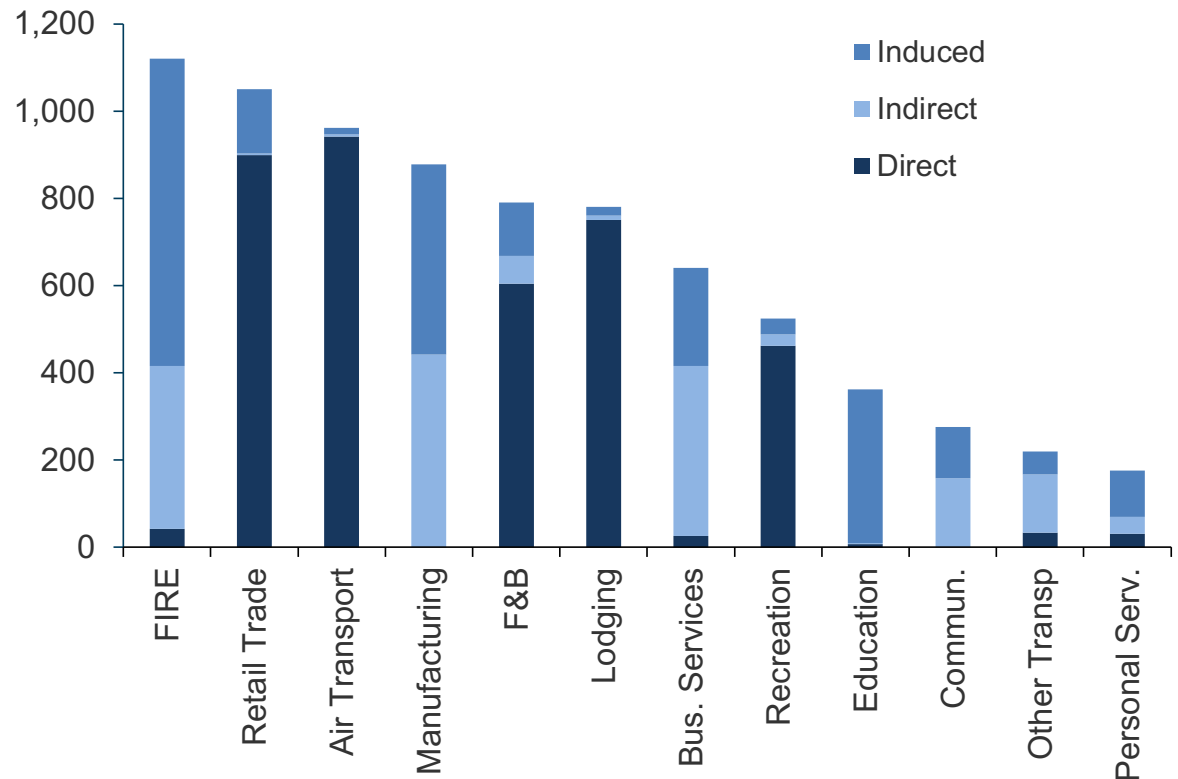
Including secondary impacts, Brand USA generated \$8.5 billion in US economic output in FY2017.

A total impact of \$8.5 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 \$1.1 billion.

Similarly, the manufacturing sector realized a benefit of \$878 million in economic output as a result of Brand USA marketing.

Sales Impacts

By Industry, \$ million



Sales impacts

The entire US economy benefits from Brand USA activities, either directly or through indirect or induced impacts.

Brand USA-Generated Sales				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	91.8	69.9	161.7
Construction and Utilities	-	97.5	68.7	166.3
Manufacturing	-	441.5	436.6	878.2
Wholesale Trade	-	43.1	90.4	133.5
Air Transport	941.3	5.9	14.3	961.5
Other Transport	33.7	132.9	52.5	219.0
Retail Trade	898.8	4.8	147.4	1,050.9
Gasoline Stations	92.6	0.3	9.7	102.6
Communications	-	158.1	117.3	275.4
Finance, Insurance and Real Estate	42.1	374.2	703.8	1,120.1
Business Services	26.0	390.0	224.8	640.8
Education and Health Care	7.4	2.1	352.9	362.4
Recreation and Entertainment	462.5	25.5	36.8	524.8
Lodging	750.8	9.8	19.8	780.3
Food & Beverage	604.7	63.1	122.5	790.3
Personal Services	31.2	38.8	105.9	175.9
Government	-	64.1	50.6	114.7
TOTAL	3,891.0	1,943.5	2,623.9	8,458.4

* Direct sales include cost of goods sold for retail sectors

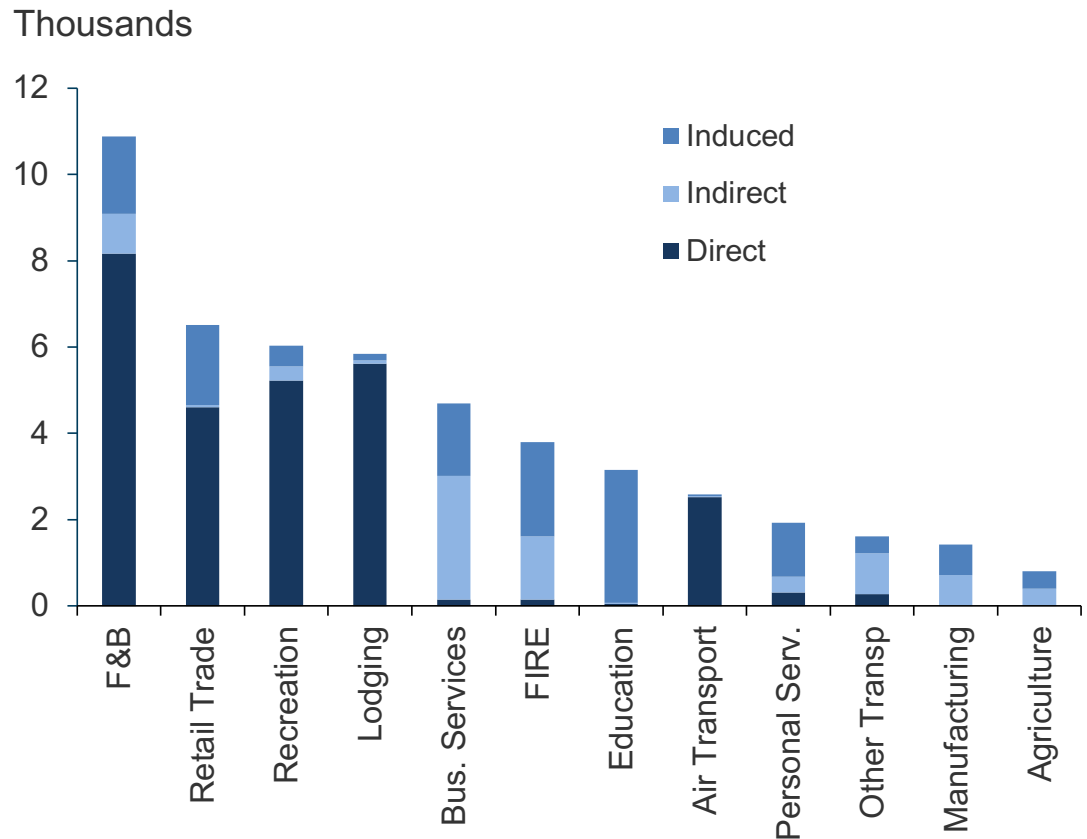
Employment impacts

Direct employment impacts in industries directly serving international visitors tally 27,226. Including secondary impacts, Brand USA marketing in FY2017 sustained 51,905 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 51,905 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.

Employment Impacts



Employment impacts

Brand USA activities support jobs across every major US industry, either directly or through indirect or induced impacts.

Brand USA-Supported Employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	403	397	799
Construction and Utilities	-	291	191	482
Manufacturing	-	718	703	1,422
Wholesale Trade	-	224	470	694
Air Transport	2,523	16	38	2,577
Other Transport	277	942	386	1,604
Retail Trade	4,597	59	1,853	6,510
Gasoline Stations	158	4	110	272
Communications	-	417	283	700
Finance, Insurance and Real Estate	148	1,468	2,180	3,796
Business Services	151	2,858	1,686	4,695
Education and Health Care	45	23	3,086	3,154
Recreation and Entertainment	5,223	329	473	6,025
Lodging	5,620	73	152	5,844
Food & Beverage	8,169	918	1,791	10,877
Personal Services	315	363	1,251	1,929
Government	-	320	203	524
TOTAL	27,226	9,426	15,253	51,905

Tax impacts

Brand USA-generated international visitor spending is estimated to have produced Federal taxes of \$586 million, including direct impacts of \$245 million and indirect/induced impacts of \$340 million.

Another \$526 million in state and local taxes were generated by Brand USA marketing in the 2017 fiscal year including direct, indirect, and induced impacts.

Brand USA generated 3.8 times its funding in incremental federal taxes in FY2017.

Brand USA Tax Impacts (US\$ Million)			
Tax Type	Direct	Indirect/ Induced	Total
Federal Taxes Subtotal	245.3	340.8	586.1
Corporate	30.6	64.5	95.0
Indirect Business	38.5	27.1	65.6
Personal Income	63.6	93.6	157.2
Social Security	112.6	155.6	268.3
State and Local Taxes Subtotal	291.6	234.7	526.3
Corporate	5.6	11.8	17.4
Personal Income	18.9	27.9	46.8
Sales	112.4	79.0	191.4
Property	110.9	78.4	189.4
Excise and Fees	41.2	34.3	75.5
State Unemployment	2.5	3.3	5.8
TOTAL	536.9	575.5	1,112.4

3. National Parks Adventure: Travel and Economic Impacts

Film impacts on travel to the US (FY2017)

National Parks Adventure is estimated to have generated 46,710 trips to the US and \$173 million in visitor spending in FY2017.

Brand USA funded the production of a documentary on US national parks that was released in select markets around the world in early 2016. Total viewership in theaters (excluding streaming) reached 3.2 million through March 2018 and is expected to exceed 4 million. Fiscal year 2017 impacts focus on viewers from February-September 2016 given the expected lag between seeing the film and traveling.

Travel impacts are based on surveys conducted in Mexico City, Mumbai, Paris, and Toronto. Viewers were asked how the film had influenced their intentions to travel to the US. On average 4.8% of viewers stated that they planned to take a trip to the US within the coming 12 months as a result of seeing the film.

National Parks Adventure: Travel Impacts (FY2017)						
	Canada	Mexico	Europe	China/Taiwan	Other Asia	Total
Attendance (Feb '16 - Sep '16)	70,240	100,820	140,816	495,424	168,348	975,648
12-month trip influence share	16.7%	8.6%	1.3%	3.7%	3.7%	4.8%
12-month trip impact	11,707	8,659	1,760	18,349	6,235	46,710
Average spend per US visit	\$ 1,119	\$ 730	\$ 3,152	\$ 6,695	\$ 4,038	\$ 3,703
Spending impact	\$ 13,096,054	\$ 6,320,551	\$ 5,548,022	\$ 122,838,897	\$ 25,180,358	\$ 172,983,881

Film impacts on the US economy (FY2017)

National Parks Adventure generated a total economic impact of \$376 million in FY2017.

Including indirect and induced impacts, the film also supported 2,308 jobs with \$111 million in personal income.

More than \$26 million in federal taxes and \$23 million in state and local taxes were also generated by visitors influenced by the film.

Nat'l Parks Adventure: Economic Impacts		
FY2017		
Incremental visits		46,710
Visitor Spending	\$	172,983,881
Total Impact (direct, indirect, induced)	\$	376,043,068
Jobs supported		2,308
Personal income (direct, indirect induced)	\$	110,816,213
Federal taxes generated (direct, indirect, induced)	\$	26,056,534
State and local taxes generated (direct, indirect, induced)	\$	23,399,693

Film impacts on travel to the US (all years)

National Parks Adventure is estimated to generate 151,809 trips to the US and \$562 million in visitor spending across three years of influence.

Impact analysis is limited to the 12-month window of influence. While viewers indicated that seeing the film would encourage them to visit the US in the second and third years, the realization of these intentions is less certain.

The FY2018 impacts are, therefore, only the 12-month trip influence of those seeing the film between October 2016 and September 2017.

National Parks Adventure: Travel Impacts (FY2017-FY2019)						
	Canada	Mexico	Europe	China/Taiwan	Other Asia	Total
Attendance						
Pre-FY2017 (Feb '16 - Sep '16)	70,240	100,820	140,816	495,424	168,348	975,648
Pre-FY2018 (Oct '16 - Sept '17)	105,360	151,230	211,224	743,136	252,522	1,463,472
Pre-FY2019 (Oct '17 - Mar '18)	52,680	75,615	105,612	371,568	126,261	731,736
Total (Feb '16 - Mar '18)	228,280	327,666	457,652	1,610,128	547,130	3,170,856
Influence shares						
12-month	16.7%	8.6%	1.3%	3.7%	3.7%	
Visits Impacts						
FY2017 Visits	11,707	8,659	1,760	18,349	6,235	46,710
FY2018 Visits	17,560	12,989	2,640	27,524	9,353	70,066
FY2019 Visits	8,780	6,495	1,320	13,762	4,676	35,033
Total Visits Impact	38,047	28,143	5,721	59,634	20,264	151,809
Spending Impacts						
FY2017 Spending	\$ 13,096,054	\$ 6,320,551	\$ 5,548,022	\$ 122,838,897	\$ 25,180,358	\$ 172,983,881
FY2018 Spending	\$ 19,644,081	\$ 9,480,826	\$ 8,322,033	\$ 184,258,345	\$ 37,770,537	\$ 259,475,822
FY2019 Spending	\$ 9,822,040	\$ 4,740,413	\$ 4,161,016	\$ 92,129,172	\$ 18,885,268	\$ 129,737,911
Total Spending Impact	\$ 42,562,175	\$ 20,541,790	\$ 18,031,071	\$ 399,226,414	\$ 81,836,163	\$ 562,197,613

Film impacts on the US economy (all years)

National Parks Adventure generated visitor spending of \$562 million across three years of impact in theaters and \$700 million including streaming.

Including indirect and induced impacts, the film also generated \$1.5 billion in economic output and supported an average of 2,500 jobs over three years.

Approximately \$105 million in federal taxes and \$95 million in state and local taxes were also generated by visitors influenced by the film.

Nat'l Parks Adventure: Economic Impacts				
In Theater Viewing	FY2017	FY2018	FY2019	Total
Incremental visits	46,710	70,066	35,033	151,809
Visitor Spending	\$ 172,983,881	\$ 259,475,822	\$ 129,737,911	562,197,613
Total Impact (direct, indirect, induced)	\$ 376,043,068	\$ 564,064,602	\$ 282,032,301	1,222,139,972
Jobs supported	2,308	3,461	1,731	2,500
Personal income (direct, indirect induced)	\$ 110,816,213	\$ 166,224,319	\$ 83,112,159	360,152,691
Federal taxes generated (direct, indirect, induced)	\$ 26,056,534	\$ 39,084,800	\$ 19,542,400	84,683,734
State and local taxes generated (direct, indirect, induced)	\$ 23,399,693	\$ 35,099,539	\$ 17,549,770	76,049,002

Film Impacts: Theater and Streaming	
All Years	
Incremental visits (Theater)	151,809
Incremental visits (Streaming)	20,526
Incremental visits (Total)	172,335
Visitor Spending	\$ 699,612,453
Total Impact (direct, indirect, induced)	\$ 1,520,860,857
Federal taxes generated (direct, indirect, induced)	\$ 105,382,509
State and local taxes generated (direct, indirect, induced)	\$ 94,637,237

Data from Youku in China show 1.26 million streaming views. This may indicate only partial views so this figure is discounted by 50% to remain conservative.

Consumer surveys in China indicate that after streaming the film, an additional 3.3% of viewers intend to travel to the US in the coming 12 months.

Total Brand USA ROI (FY2017)

Marketing and National Parks Adventure generated visitor spending of \$4 billion and an ROI of 26:1 on visitor spending and 3.9:1 on federal taxes.

Total Brand USA ROI (Marketing & Film)		
FY2017		
Incremental visits		1,158,645
Visitor Spending	\$	4,063,941,648
Total Impact (direct, indirect, induced)	\$	8,834,447,911
Jobs supported		54,212
Personal income (direct, indirect induced)	\$	2,603,425,353
Federal taxes generated (direct, indirect, induced)	\$	612,150,861
State and local taxes generated (direct, indirect, induced)	\$	549,733,224
Brand USA ROI (visitor spending / marketing budget)		28.9
Brand USA ROI (federal tax impacts / marketing budget)		4.4
Brand USA ROI (visitor spending / total budget)		26.1
Brand USA ROI (federal tax impacts / total budget)		3.9

Total Brand USA ROI (FY2013-FY2017), including film

Across five years, Brand USA has generated \$17.7 billion in incremental international visitor spending with an implicit ROI of \$27.1 per marketing dollar invested.

Summary Results: Brand USA ROI (FY2013-FY2017)				
	Investment	Incremental visitors	Incremental Spend	ROI
Total marketing	\$ 650,327,291	5,424,347	17,656,307,242	27.1
Overhead	\$ 82,339,578			
Total operating	\$ 732,666,869			24.1

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Federal tax impact (mn)	\$ 512	\$ 462	\$ 457	\$ 615	\$ 612	\$ 532	\$ 2,660
Visits impact	\$ 1,143,186	\$ 903,440	\$ 1,025,183	\$ 1,193,893	1,158,645	\$ 1,084,869	\$ 5,424,347
Spending ROI	\$ 34	\$ 18	\$ 19	\$ 28	26.1		24.1
Tax ROI	\$ 5	\$ 3	\$ 3	\$ 4	3.9		3.6

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