



Corporation
for Travel Promotion®

August 17, 2011

The Honorable Rebecca M. Blank
Acting Secretary of Commerce
Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Acting Secretary Blank:

This letter is a follow-up letter to one sent to Secretary Gary Locke dated July 25, 2011. Immediately following, I have attached that letter.

Please accept this as a fuller explanation of our Annual Objectives FY 2011 as required by the Travel Promotion Act.

Attached please find the following:

1. Letter to Secretary Locke dated July 25, 2011.
2. Annual Objectives FY 2011 (updated)
3. Start-Up Phase Objectives
4. Standard Form 424 – Budget Information, Non-Construction Programs
5. Corporation for Travel Promotion Budget Information Financial Footnotes

Sincerely,

James P. Evans
Chief Executive Officer, Corporation for Travel Promotion

Cc: Stephen Cloobek, CEO, Diamond Resorts Int'l
Nicole Y. Lamb-Hale, Deputy Assistant Secretary for Manufacturing and Services, Department of Commerce
Laura Carrico, Director Financial Management Service, Department of Treasury

ANNUAL OBJECTIVES - FY2011

Introduction

The Corporation for Travel Promotion (CTP) is an export promotion program designed to increase travel to the U.S., thereby creating tens of thousands of new jobs and billions of dollars in new economic growth.

With an unemployment rate of 9.2% in June 2011, America faces a pressing jobs challenge. Increasing international travel to the United States is one of the best levers we have to create jobs -- the travel & tourism industry is one of American's largest employers and it is also one of the easiest sectors to expand.

Today, international travel is the largest service export - **\$134 billion** and generates a trade surplus of **\$32 billion**. It also supports **1.1 million** U.S. jobs. The average overseas visitor spends **\$4,000** per trip and **every \$170,000 of overseas visitor spending supports one new U.S. job**. (Source: OTTI, DOC)

The CTP will leverage private sector investment along with a nominal \$10 fee on foreign visitors in order to create innovative marketing and communications programs that attract more of these visitors and their spending to communities across the U.S.

The purpose of this report is to outline the annual objectives for FY2011, detail progress made to date and to describe major activities to achieve the objectives.

Annual Objectives

Primary Objective FY2011: Start-up and Stand-up the organization

Post inaugural board member appointments, FY2011 Objectives to develop the infrastructure and framework of the corporation include:

Company Formation

- Incorporate and register the organization as a non-profit under the laws of the District of Columbia.
- Submit appropriate filings with Internal Revenue Service and District of Columbia registration authorities.
- Locate and source, through RFP process, legal and accounting firms and representation.



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- Hire interim consultancy to assist with start-up activities until staff and CEO hired.

Operations/Finance

- Develop an organizational chart and search for senior and mid-level staff, including a CEO, Chief Marketing Officer, VP of Business Development, VP of Operations, Directors of Finance and Human Resources and various other start-up/stand up needed job functions.
- Obtain office space, and acquire necessary office furniture and fixtures, and other functional needs.
- Develop and install Information Technology infrastructure.
- Establish accounting and financial controls and procedures to safeguard assets, develop a general ledger for tracking receipts and expenditures, provide necessary reporting support, and prepare a 12-month budget.
- Develop benefits package
- Establish payroll services
- Develop an employee handbook and on-boarding process. and
- Establish workforce and hiring policies

Marketing

- Gather preliminary research on top international markets visiting the U.S.
- Evaluate research
- Develop a 12-month strategic plan engage agencies and other key vendors, evaluate the web site and other marketing platforms, and solicit strategic expertise from industry partners.

Business Development

- Develop an early-stage revenue strategy,
- Benchmark local, state and international Destination Marketing Organizations,



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- Search for key staff members.

Stakeholder Outreach

- Outreach to key industry and government partners to receive input on future programs and goals of the Corporation.

The attached Start-Up Phase Objectives provides further detail on the Primary FY 2011 Objectives and the path forward.

START-UP PHASE OBJECTIVES

I. BACKGROUND

MISSION: The Corporation for Travel Promotion (CTP) was created with the purpose of promoting international leisure, business and scholarly travel to the U.S. and maximizing the economic and social benefits of that travel for communities across the country.

VISION: The CTP will be responsible for positioning and promoting the U.S.A as a compelling destination for international travelers and more importantly, inspiring visitors with a refreshed understanding that there is no place in the world like America, with its limitless destinations and attractions. To do so, we will build a world-class team and organization that will execute an integrated marketing and communications strategy designed to deliver the highest possible return for the United States – in the form of job creation, export growth and increased federal tax revenues.

ENVIRONMENT: With an unemployment rate of 9.2% in June 2011, America faces a pressing jobs challenge. Increasing international travel to the United States is one of the best levers we have to create jobs -- the travel & tourism industry is one of American's largest employers and it is also one of the easiest sectors to expand.

Today, international travel supports **1.8 million** U.S. jobs. The average overseas visitor spends **\$4,000** per trip and **every \$140,000 of overseas visitor spending supports one new U.S. job.**

The CTP will leverage private sector investment along with a nominal \$10 fee on foreign visitors in order to create innovative marketing and communications programs that attract more of these visitors and their spending to communities across the U.S.

The purpose of this report is to outline the start-up phase and strategic objectives of the Corporation. Additionally, we are providing the marketing plan and the 2012 pro forma annual budget.

II. STRATEGIC OBJECTIVES

GOALS: To encourage increased international visitation to the United States of America and to regain our momentum and market share of global travel, resulting in millions of new

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international visitors, who spend billions of dollars in economic stimulus and create tens of thousands of jobs in communities across America.

As an organization, we have **4 strategic objectives**:

1. **Marketing** - The CTP will develop a marketing strategy designed to increase international travel to the United States and will employ a number of tactics to achieve this end.
2. **Business Development** - As a non-profit public-private partnership, at least 50% of the CTP's program budget will come from private sector contributions. In order to attract the necessary private investment for success, the CTP will develop a number of different revenue programs to encourage participation from companies inside and outside the travel and tourism industry.
3. **Operations** - The CTP is committed to establishing a strong operational foundation on which to build and grow the organization. We are also committed to keeping general and administrative costs low at approximately 10% of total operating budget, post start-up phase.
4. **Stakeholder Outreach** - The CTP recognizes the importance of transparency and effective communications with stakeholders. Accordingly, the Corporation will establish full visibility to our goals, processes, achievements and timelines, we will ensure that the industry and other stakeholders are engaged and invested in the program and have every opportunity to contribute and benefit from the CTP's activities.

1. MARKETING LAUNCH OBJECTIVES AND PLAN

Overview: The CTP's primary goal is to roll out the "welcome mat" and invite visitors to travel to our country. CTP will run a coordinated, multi-channel marketing campaign that reflects the great diversity of America, tells the story of why our country is worth visiting and ensure that travelers move the United States to the top of their list of dream destinations.

Our marketing activities will spread the word that America wants world travelers to come visit us, and that visiting the United States is easier than they may think. We will also communicate the value of travel to the U.S. economy, so that Americans appreciate the many benefits of welcoming international visitors to our country.

Objective: The CTP will develop a marketing strategy designed to attract increased international travel to the United States and will employ a number of tactics to achieve this end.

Activities:

- Establish a compelling **brand identity**, globally relevant name and brand attributes.

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- Develop integrated **advertising campaigns** across a full suite of distribution channels (TV, digital, web, print, mobile) that establishes a global platform for brand USA that goes beyond gateways and iconic destinations and showcases the abundance and diversity of the country.
- Audit existing **research** and identify areas where additional research analysis is needed. This includes research in the following areas:
 - International market analysis to identify key feeder and growth markets -- The number one criteria considered in deciding which markets to prioritize will be where the highest return on investment is expected.
 - Competitive marketing analysis
 - Industry trends and implications
- CTP will develop a set of **performance metrics** that measure the success and performance of its marketing efforts, demonstrating benefit to the U.S. economy and value to its partners.
- Create **cooperative marketing** partnerships that will provide economies of scale and enable smaller businesses and less traveled to communities with fewer resources to compete for international travelers by giving them access to marketing programs and increased consumer exposure.
- Raise private sector investment in export promotion activities such as **trade shows** and **sales missions** that bring together product providers (America's destinations, attractions and other industry employers) to the table to speak directly with travel professionals from the international community to build relationships and foster increased visitation, activities that would otherwise be cost-prohibitive for many tourism businesses and destinations.
- Partner with key intermediaries such as tour operators and travel agents to create **promotions and incentive campaigns** as well as hosting **familiarization** tours for agents to further their understanding of the American travel experience and expose them to a wider breadth of communities and destinations.
- Develop **educational campaigns** about improvements to the U.S. visa and entry process to counter existing perceptions.
- Establish **social media** to engage visitors (especially the exploding "Gen Y" market) to share their American travel experiences and influence others to visit the many hotels, restaurants, retailers, attractions and tourism businesses around our nation.
- Design an **earned media** and **public relations** strategy that engages international travel and lifestyle writers through media familiarization trips, proactive messaging and encourages story ideas that highlight the diversity of experiences that America has to offer its visitors.

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2. BUSINESS DEVELOPMENT LAUNCH OBJECTIVES AND PLAN

Objective: As a non-profit public-private partnership, at least 50% of the CTP's program budget will come from private sector contributions. In order to attract the necessary private investment for success, the CTP will develop a number of different revenue programs to encourage participation from companies inside and outside the travel and tourism industry. These programs will work hand in hand with the CTP's marketing activities and will offer tangible value for the investors who participate. In addition to raising revenue, these programs will ensure that the private sector has "skin in the game" and are invested in the CTP's success.

Activities in development:

- **Founder's Circle:** The Founder's Circle is a vehicle to raise early stage cash in order to underwrite the development of the CTP. This one-time investment will enable the development of long-term sustainable programs that will provide the bulk of the CTP's future revenues.
- **Strategic Alliances:** Contributors will commit a cash value for the opportunity to be affiliated with the CTP and Brand USA. The CTP will perform outreach to major industry brands and destinations, iconic American brands outside the travel & tourism sector, and a number of major U.S. foundations.
- **Membership:** Develop a tiered membership structure of sustaining and general members that creates a way for companies with mutual goals and objectives to invest up front on an annual basis and receive benefits and preferred status within the CTP's marketing programs throughout the course of the year.
- **Cooperative marketing programs:** With marketing programs and platforms, the CTP will develop in-market program opportunities for companies and destinations to "buy in" by way of ad space or promotional incentives. Programs can be built around verticals in the industry (national parks, adventure, culinary experiences, etc.) to create customized value and reach targeted audiences. Co-op platforms could include CTP or partner-led marketing programs, advertising buys or international trade show buys.
- **Sponsorships:** Sponsorships are essentially high-level co-ops in which the CTP will create packages for these partners. Sponsorships will often come with exclusivity provisions. Examples of specific sponsorship opportunities could include underwriting large projects, offering a customized package for a particular non-endemic industry sector (e.g. credit card, beverage, apparel) or offering event sponsorships.

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- **U.S. Trade Shows:** Trade shows can be huge revenue generators, in addition to creating more and better marketing and selling opportunities for U.S. sellers of travel. The CTP will discuss partnership opportunities where appropriate.
- **In-Kind Contributions:** When goods and services are donated to the CTP for the purpose of fulfilling the CTP's mission of bringing more travelers to the United States, those contributions can be recognized at fair market value and are eligible for the matching component. Opportunities for in-kind contributions could include travel packages, media familiarizations tours and sales missions, digital assets, research and other goods and services.
- **Advertising Sales:** Through the CTP's consumer web site, there will be myriad opportunities to market to consumers and also generate revenue for the program from non-traditional sources by selling advertising space within its online assets.

3. OPERATIONS SET-UP OBJECTIVES AND PLAN

Objective: The CTP is committed to establishing a strong operational foundation on which to build and grow the organization. We are also committed to keeping general and administrative costs low at approximately 10% of total operating budget, post start-up phase.

Activities:

- **Accounting and Finance:** Design operating budget, invoicing and accounts payable systems, maintain in-kind tracking and cash management, work with audit firm.
- **Organizational Infrastructure:** Establish permanent office space, necessary phone and IT solutions and policies.
- **Human Resources:** Develop benefits package, employee handbook and on-boarding policies, expense re-imbursment system.
- **Legal:** Ensure the CTP acts in accordance with statutory requirements of the Travel Promotion Act legislation, Memorandum of Understanding with the Commerce Department and Treasury, tax and other reporting requirements.

4. STAKEHOLDER LAUNCH OBJECTIVES AND PLAN

Objective: The CTP recognizes the importance of transparency and effective communications with stakeholders. Accordingly, the Corporation will establish full visibility to our goals, processes, achievements and timelines. We will ensure that the industry and

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other stakeholders are engaged and invested in the program and have every opportunity to contribute and benefit from the CTP's activities.

Key Audiences: The CTP will endeavor to keep the following constituencies updated and engaged:

- Administration officials
- Congress
- Travel & Tourism industry
- Destination marketing organizations (State and CVB's)
- Media
- Consumers

Activities:

- **Maintain a website** that updates key stakeholders on the CTP's activities, news and announcements, marketing programs and partnership opportunities.
- **Establish presence at industry conferences** and events held by trade associations and other groups that offer the opportunity to engage with industry leaders.
- **Develop and distribute an industry newsletter** updating interested parties about recent development and achievements.
- **Create a social media presence:** Develop a CTP Facebook page and Twitter handle and utilize these mediums to communicate with interested parties and feed information to the industry at large
- **Develop comprehensive media relations strategy** that distributes key messages to generate media coverage of CTP activities in strategic outlets.

III. PROGRESS TO DATE

The new CEO of the CTP began work on June 1, 2011. During the first six months, rapid progress has and will continue to be made on a variety of fronts to develop the infrastructure and framework of the program, including:

Organization: The development of an organizational chart and the search for senior and mid-level staff, including a CMO, VP of Business Development, VP of Operations, Directors of finance and HR and a variety of other functions.

Marketing: The evaluation of research, the development of a 12-month strategic plan, the search for agencies and other key vendors, early stage evaluation of the web site and other platforms, and the solicitation of strategic expertise from industry partners.

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Business Development: The early development of a revenue strategy, benchmarking local, state and international Destination Marketing Organizations, the search for key staff members.

Stakeholder Outreach: Outreach to key industry and government partners to receive input on future programs and goals of the CTP.

Office: The search for office space, IT set-up and other functional needs.

Finance: The preparation of a 12-month budget.

HR and Benefits: The development of a benefits package, workforce and hiring policies.

CONCLUSION

While start-up activities continue to dominate the current priorities for the CTP, the launch of a new brand identity in March 2012 will propel the organization to the forefront of the travel industry. This rapid development will make us well poised to achieve the maximum return on investment generated from America's greatest export – travel and tourism.

By welcoming more visitors, we will spur job creation and increase spending in communities around the country. Every sector of the economy will benefit from more heads in beds, more passengers on planes and trains, more visitors to destinations across the country, more diners at restaurants and more customers at local businesses across the country.

And even beyond such economic dividends, in this time of economic recovery, a more visible “welcome mat” will boost global goodwill toward the United States.