

OXFORD ECONOMICS

The Return on Investment of Brand USA Marketing

2014 Fiscal Year Analysis

June 2015



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Executive Summary

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 2014 fiscal year (October 1, 2013-September 30, 2014). Ad tracking surveys in five 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

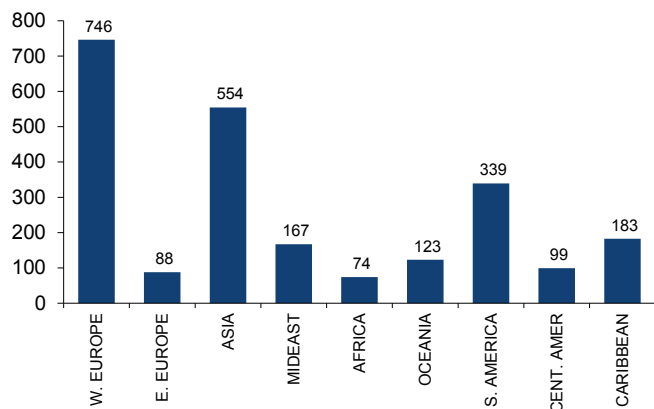
2014 was a record year for US international inbound tourism with a new peak of 74.7 million visitors. US inbound travel from overseas markets expanded 7.4% growth while total inbound (including Canada and Mexico) increased 6.8%.

An additional 2.4 million overseas visitors came to the US in 2014 compared with 2013. Including Canada and Mexico, the US hosted 4.8 million additional visitors last year. Seven of the nine key markets where Brand USA was active expanded in FY2014. In total, Brand USA markets expanded 7.4% in the 12 months through September 2014.

The US gained 0.3% percentage points (30 basis points) of market share within Brand USA focus markets in FY2014.

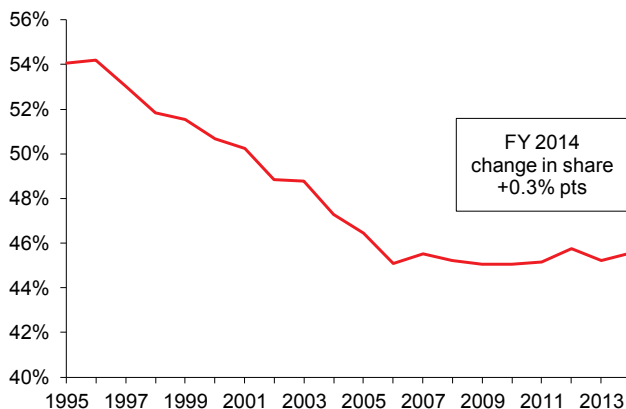
Absolute increase in US inbound arrivals

Additional visitors in 2014, '000s



US Market Share: Focus Markets

% of overseas long haul (total outbound for Canada and Mexico)



Section 3: Brand USA ROI

Ad tracking surveys in five markets identified the share of the market that was influenced by Brand USA marketing to take a trip to the US in the coming 12 months. Projections to the total visitor market found that Brand USA advertising generated \$35.40 of visitor spending per dollar invested across these five markets. An econometric model was developed to calculate the returns in the five markets where surveys could not be used. In comparing the model results with the ad tracking survey findings, the model predicts the ROI multiple with 96.3% accuracy.

Brand USA generated 903,440 visits in FY2014. This was 1.2% of all visitors to the US and represented 20% of the growth in visitor volumes in over the twelve month period. Across all markets, each dollar of Brand USA marketing generated \$19.10 dollars of visitor spending for a total of \$3.1 billion in visitor spending. The returns on Brand USA marketing were most pronounced in the Asia Pacific and Latin American regions with a combined ROI of 50:1. 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.

Summary Results: Brand USA ROI (FY2014)					
Region	Investment	Incremental visitors	Incremental Spend	ROI	
N America	\$ 24,430,162	291,777	\$ 361,753,963	14.8	
Europe	\$ 32,482,941	144,135	\$ 476,551,593	14.7	
APAC	\$ 27,020,795	281,911	\$ 1,444,423,739	53.5	
LATAM	\$ 10,460,412	71,683	\$ 413,277,921	39.5	
Other markets	\$ 9,317,453	113,934	\$ 374,385,838	40.2	
Global/Infrastructure	\$ 56,993,103				
Total marketing	\$ 160,704,867	903,440	\$ 3,070,393,054	19.1	
Overhead	\$ 12,322,995				
Total operating	\$ 173,027,862			17.7	

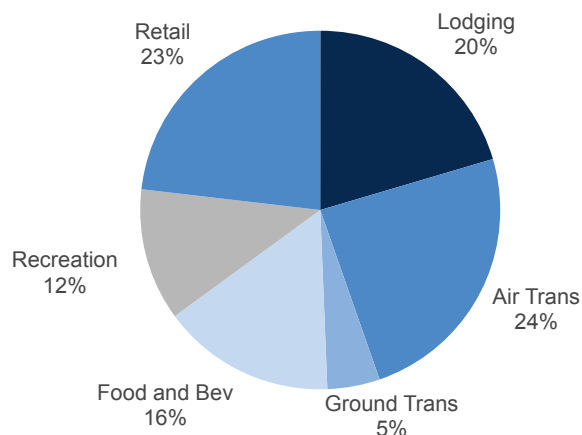
Brand USA has attracted 2 million visitors to the US over its two years of significant marketing activity and has generated \$6.5 billion in incremental international visitor spending with an implicit ROI of \$28 per marketing dollar invested across FY2013 and FY2014.

Section 4: Brand USA economic impact

Brand USA generated \$3.1 billion in incremental visitor spending to the US in FY2014. Including indirect and induced impacts, a total of \$7 billion in economic activity was generated by Brand USA. Economic activity generated by Brand USA sustained 46,510 jobs earning nearly \$2 billion in personal income. At \$462 million, Brand USA generated more than double its funding (including both public and private sources) in incremental Federal taxes and another \$415 million in state and local taxes.

Brand USA-Generated Visitor Spending by Industry

Total = \$3.1 billion



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 by addressing three challenges unique to the visitor economy.

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 27% of industry employment) and finance & insurance (representing 24% of industry employment).

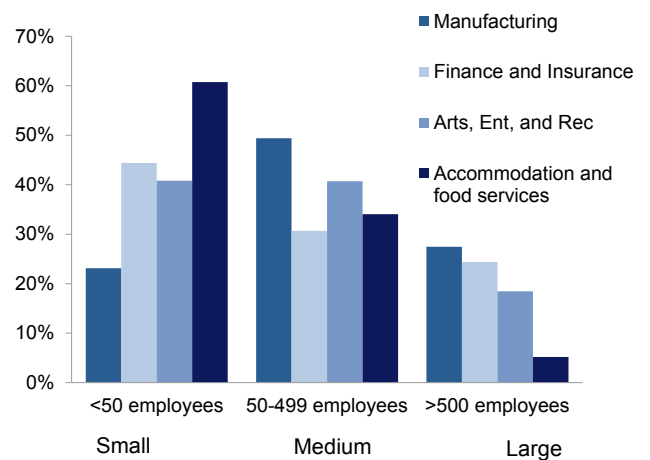
Solution: Brand USA provides the scope and strategic vision supporting a wide array of individual businesses.

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.

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;

Tourism-related businesses tend to be smaller
% of total employment by establishment size, January 2013



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.

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

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

2.1 2014 US inbound performance

2014 was a record year for US international inbound tourism with a new peak of 74.7 million visitors. An additional 2.4 million overseas visitors came to the US in 2014 compared with 2013 marking 7.4% growth from overseas markets and 6.8% growth including Canada and Mexico.

All overseas regions posted strong growth in arrivals to the US in 2014 with double-digit percentage increases in five out of nine regions.

Africa, the Middle East, and Caribbean led growth, each with greater than 15% increases. Latin America performed well with 11.9% growth from Central America and 6.6% growth from South America. Asia and Oceania also registered solid increases of 6.1% and 8.6%, respectively. Eastern European arrivals surged with a 10.2% increase.

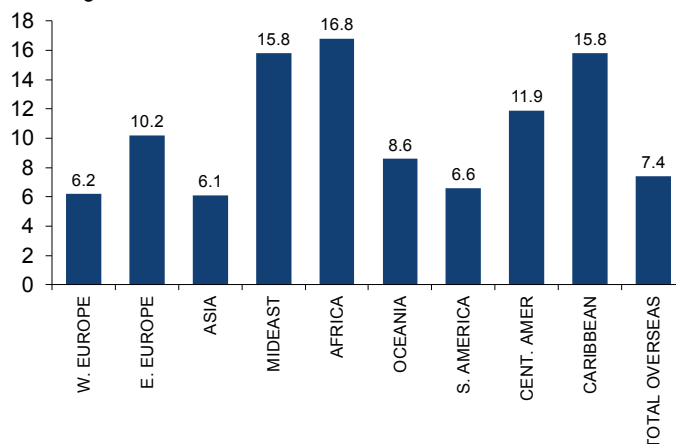
Even mature markets in Western Europe experienced a robust 6.2% expansion. Arrivals from Canada contracted slightly by 1.8% while Mexican visits surged 19.2% last year.

Western Europe generated the greatest absolute increase in visitor volumes to the US last year with a 746,000 increase. Asia followed with a 554,000 increase compared with 2013. South American markets grew by 339,000 visitors. While Canada contracted by 441,000 visits to the US last year, Mexico alone expanded by 2.8 million visitors.

Across all markets, the US hosted an additional 4.8 million visitors in 2014 compared with the previous year.

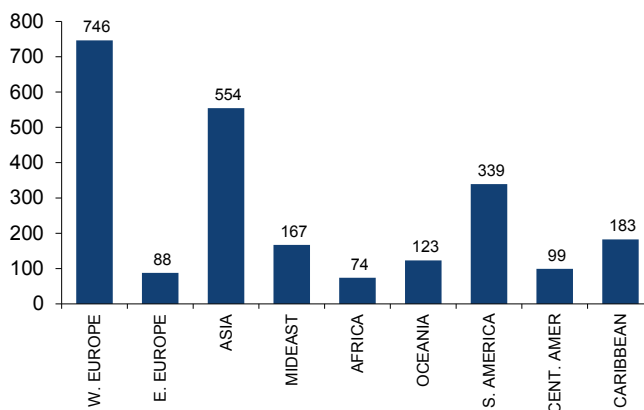
US Inbound Arrivals by Overseas Region

% change 2014/2013



Absolute increase in US inbound arrivals

Additional visitors in 2014, '000s



Source: NTOO

2.2 Performance: focus markets

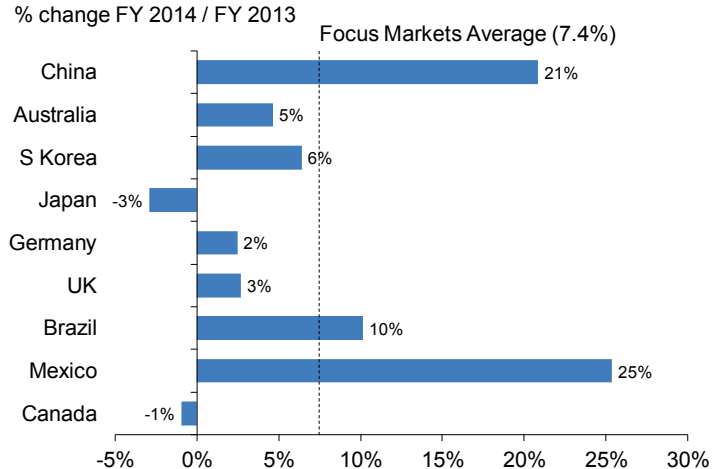
The vast majority of markets where Brand USA was active expanded during the 2014 fiscal year. Mexico and China led all markets with 25% and 21% growth, respectively. Developing markets of Brazil and South Korea also performed well. Japan contracted 3% which was directly related to the country's economic recession. Canadian visits to the US declined 1% in the 2014 fiscal year.

In total, Brand USA markets expanded 7.4% in the 12 months through September 2014. Market share is intrinsically volatile year to year. However, the US gained share within Brand USA's focus markets overall with a 0.3% increase. The US gained market share in five markets (Brazil, Mexico, Australia, Japan, and China) and lost share in four markets (Canada, UK, Germany, and South Korea).

Given the volatility of year to year performance, a more stable view of gains can be seen by comparing the 2014 market share with the average over the five previous years. US market share in FY2014 was an improvement on the average over the previous five years (2009-2013) in six out of nine markets. On this basis, the greatest market share gains have been realized in China, Brazil, and Australia. Solid share gains are also evident for Japan, Germany, and Canada. Share losses have been experience in Mexico, the UK, and South Korea.

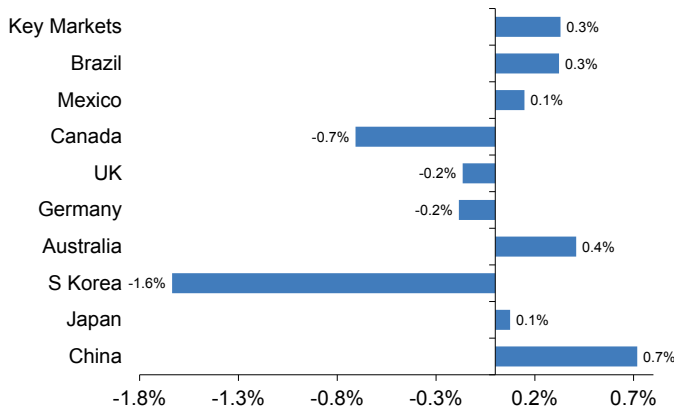
Overall, the US gained 0.3 percentage points of share across all nine Brand USA focus markets in FY2014. The US also gained 0.3 percentage points of share in Brand USA focus markets in FY2014 compared to the 2009-13 average.

US Arrivals



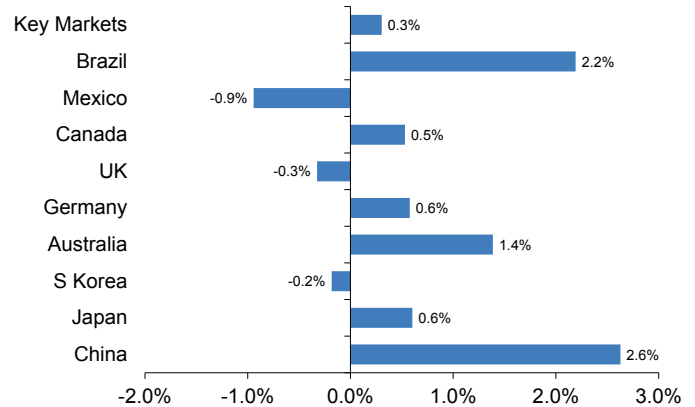
Change in US Market Share

Percentage Point Difference (FY2014 minus FY2013)



Change in US Market Share

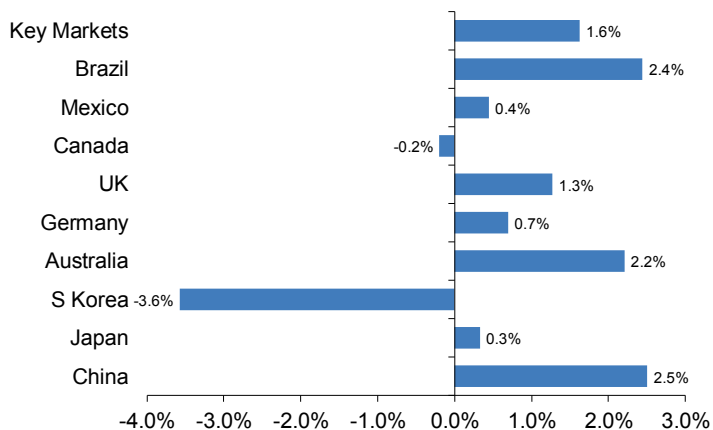
FY2014 share minus average share of previous five years



Longer run averages provide another helpful perspective. Since 2005, US market share has declined an average of -0.9% per year in key Brand USA markets. In FY2014, US market share grew 0.7%, indicating a 1.6% growth premium relative to previous trends. In FY2014, seven out of nine focus markets demonstrated a market share growth premium relative to long run US market share trends. Market share growth in FY2014 surpassed the long run average by more than two percentage points in Brazil, Australia, and China. Only Canada and South Korea experienced subpar market share performance in FY2014 relative to long run trends.

Change in US Market Share

FY2014 % change in share minus long run avg % change in share



US Market Share of Long Haul Outbound

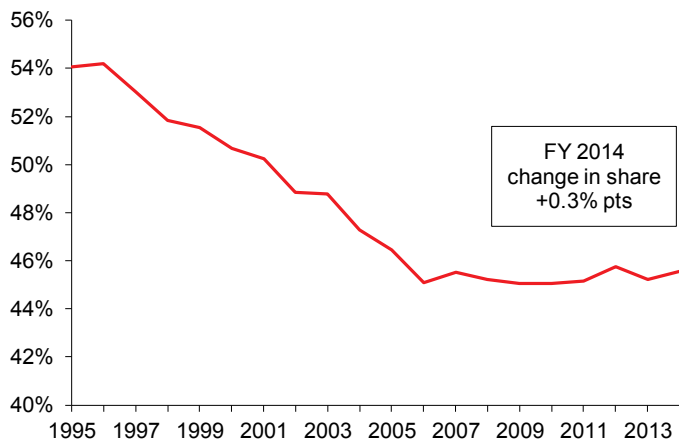
	FY2013	FY2014	FY2014 vs FY2013 Difference	FY2014 vs FY2013 % change	2009-13 Avg share	FY2014 Gain/loss	Long run trend*	FY2014 vs trend**
China	16.4%	17.1%	0.7%	4.4%	14.4%	2.6%	1.9%	2.5%
Japan	40.0%	40.0%	0.1%	0.2%	39.4%	0.6%	-0.1%	0.3%
S Korea	33.3%	31.6%	-1.6%	-4.9%	31.8%	-0.2%	-1.3%	-3.6%
Australia	15.8%	16.2%	0.4%	2.6%	14.8%	1.4%	0.4%	2.2%
Germany	18.6%	18.4%	-0.2%	-1.0%	17.9%	0.6%	-1.7%	0.7%
UK	21.5%	21.4%	-0.2%	-0.8%	21.7%	-0.3%	-2.0%	1.3%
Canada	66.3%	65.6%	-0.7%	-1.1%	65.1%	0.5%	-0.9%	-0.2%
Mexico	86.1%	86.2%	0.1%	0.2%	87.2%	-0.9%	-0.3%	0.4%
Brazil	30.2%	30.5%	0.3%	1.1%	28.3%	2.2%	-1.4%	2.4%
Focus Markets	45.2%	45.5%	0.3%	0.7%	45.2%	0.3%	-0.9%	1.6%

* 2005-2014 CAGR in market share

** FY2014 % change in market share minus long run trend

US Market Share: Focus Markets

% of overseas long haul (total outbound for Canada and Mexico)

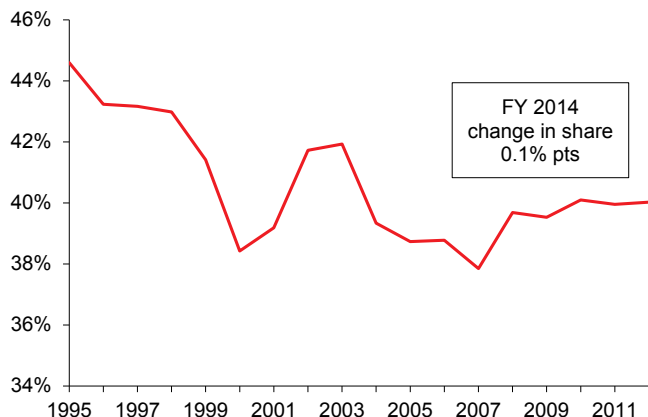


Long run declines in share of been stabilized in Japan and South Korea

The US has been steadily regaining Japanese market share in recent years with a 0.1% increase in share of long haul outbound in FY2014. The US reversed the trend of South Korea market share losses beginning in 2009. However, the US lost 1.6 percentage points of share in FY2014.

US Market Share: Japan

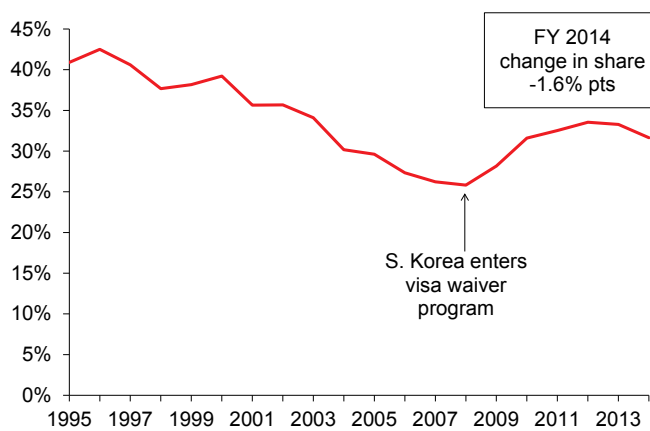
% of long haul



Source: Tourism Economics

US Market Share: S. Korea

% of long haul



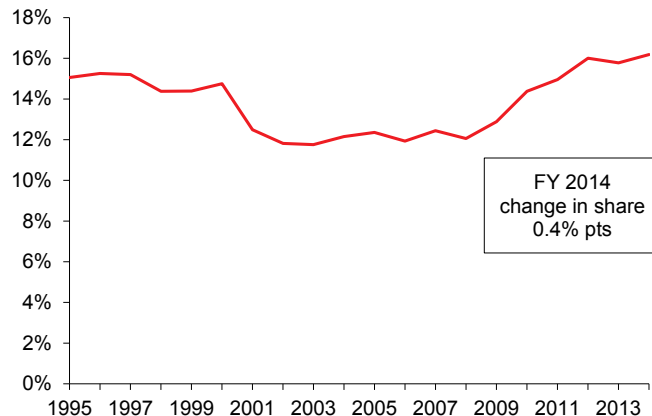
Source: Tourism Economics

The US continues to gain market share in Australia and China

The US gained 0.4 points of Australia long haul outbound market share in FY2014, continuing a strong overall trend. The US gained 0.7 points of China long haul outbound market share in FY2014. This marks the eighth consecutive year of US market share gains from China.

US Market Share: Australia

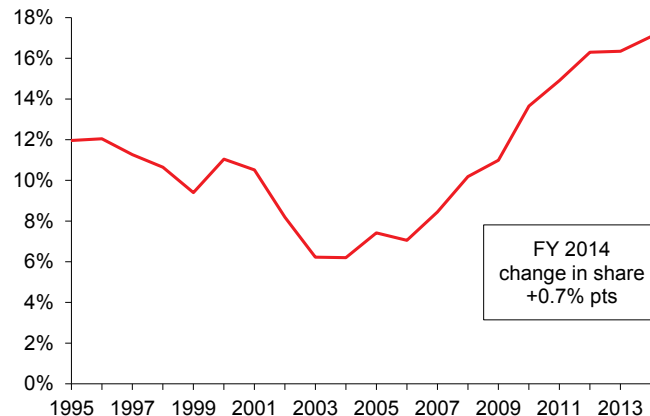
% of long haul



Source: Tourism Economics

US Market Share: China

% of long haul

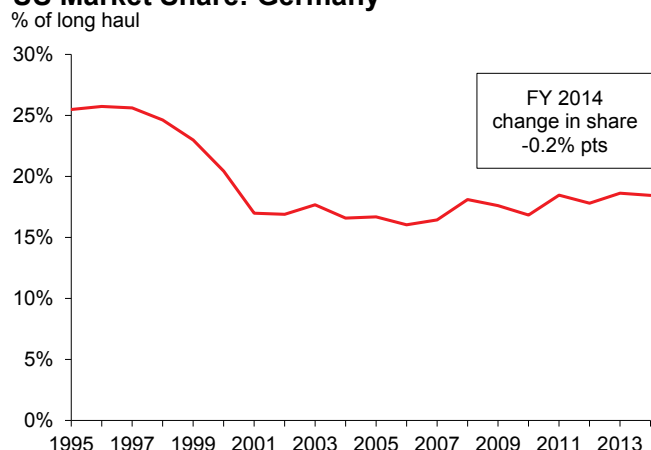


Source: Tourism Economics

The US lost modest share in its key European markets

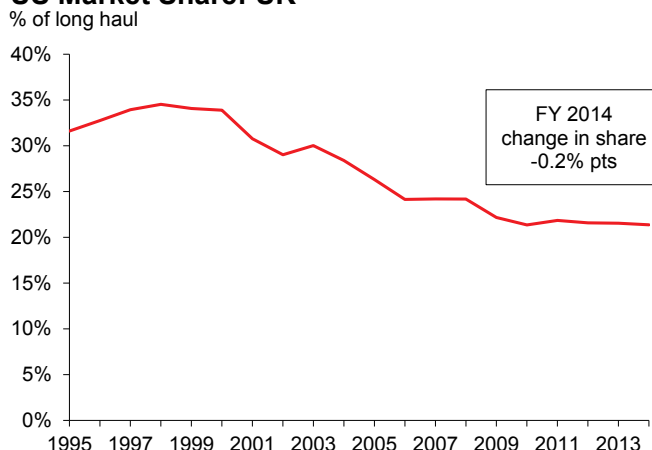
The US has been holding market share from Germany over the past decade. Although the US lost 0.2 percentage points in FY2014, the US is still holding 0.6% points more share than in 2012. The US also lost 0.2 percentage points of long haul share from the UK in FY2014 but has stabilized from share losses experienced over the past fifteen years.

US Market Share: Germany



Source: Tourism Economics

US Market Share: UK

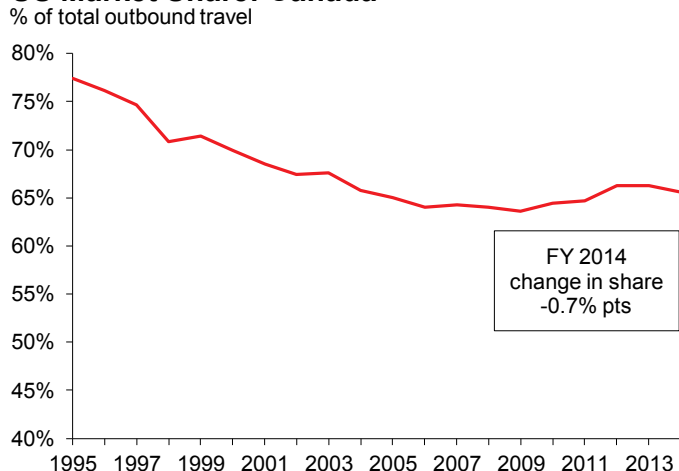


Source: Tourism Economics

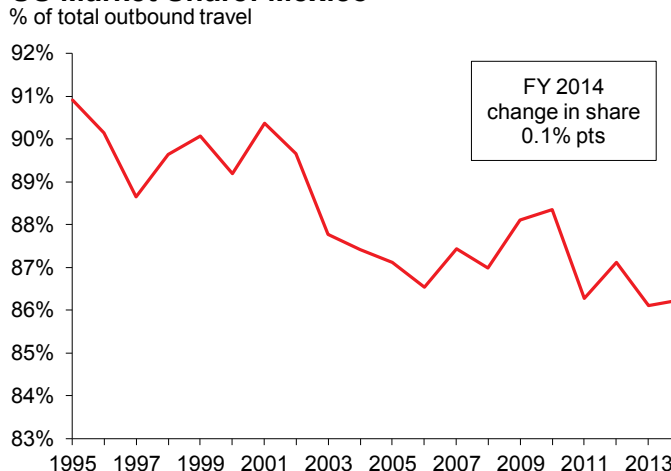
The US registered mixed results from North American markets but continues to hold significant share

After a strong trend of share increases beginning in 2010, the US lost 0.7 percentage points of total Canadian outbound travel in FY2014. The US still holds 2.0 percentage points more share from Canada than it did in 2009. The US gained 0.1 percentage points in total Mexican outbound travel in FY2014, reversing some of the loss experienced over the last few years. The US still hosts the vast majority of Mexico international travel.

US Market Share: Canada



US Market Share: Mexico

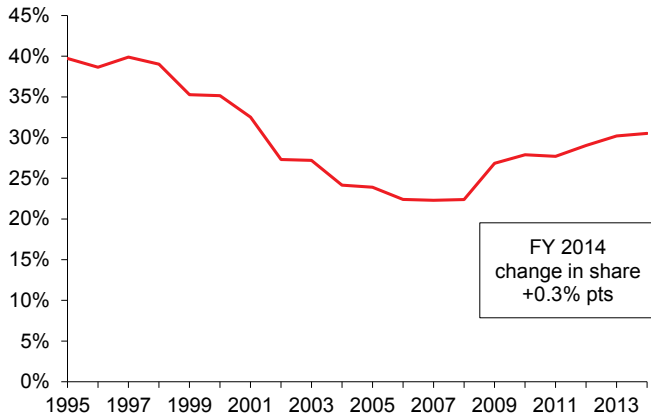


The US continued to perform well in Brazil

The US gained 0.3 points of Brazil long haul outbound market share in FY2014, continuing a strong overall trend since 2009.

US Market Share: Brazil

% of long haul



Source: Tourism Economics

3 Brand USA ROI

3.1 Advertising effectiveness survey

In-market surveys provide key metrics on the exposure and effect of Brand USA marketing activities. Ipsos, a global market research firm, conducted ad tracking surveys in key markets to determine the awareness of Brand USA advertising and its influence on traveler behavior. The respondents must have been the 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 calculated an “influence share” based on the results of these surveys. This is calculated as the share of respondents who:

- Had seen the ad
- 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, in Brazil, 40% of respondents had seen the ad, 28% of these could correctly identify the USA as the destination, and respondents who recalled the ad experienced a 9 percentage point increase in their intention to travel to the USA in the following 12 months. The “influence share” is calculated as (40% x 28% x 9% = 1.0%)

Advertising Effectiveness Metrics							
	Seen Ad	Identified USA	Intent to Visit US in next 12 months			Influence share	
			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%	

Survey of population who had traveled internationally in past 24 months

3.2 ROI projections for surveyed markets

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. The ROI of Brand USA advertising averaged \$35.40 of visitor spending per dollar invested across the five surveyed markets.

ROI Projections (survey-based)					
	Long Haul Travelers	Marketing investment	Incremental visits	Incremental spending	ROI
Brazil	7,111,380	10,460,412	71,683	\$ 413,277,921	39.5
Australia	7,636,940	7,379,119	50,404	\$ 275,735,789	37.4
Germany	10,286,800	10,765,373	35,798	\$ 124,881,786	11.6
Japan	9,336,900	7,962,828	100,839	\$ 449,386,478	56.4
Korea	4,087,000	3,516,412	45,366	\$ 154,708,326	44.0
Subtotal	38,459,020	40,084,144	304,089	1,417,990,300	35.4

3.3 Calculating returns for remaining markets

An econometric model was developed to calculate the returns in markets where surveys could not be used (Canada, Mexico, UK, China, Other) Key performance indicators (KPIs) of Brand USA marketing provide inputs into a pooled cross-sectional 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.

Brand USA KPIs				
	Media Impressions	Social Media Engagements	DiscoverAmerica and GoUSA Page Views	Market share change (FY2014)
Brazil	1,242,774,598	5,044,359	1,979,498	1.1%
Mexico	840,635,283	5,764,553	777,427	0.2%
Australia	90,138,587	664,118	815,546	2.6%
Germany	549,949,918	1,168,955	1,564,033	-1.0%
Japan	861,199,973	1,155,085	809,766	0.2%
Korea	555,685,290	1,714,478	324,739	-4.9%
Canada	420,681,807	997,306	967,263	-1.1%
UK	513,005,671	843,542	1,442,876	-0.8%
China	479,187,714	2,817,563	6,108,184	4.4%
Other	288,100,445	1,070,334	112,090	

Model Summary

For the five markets 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 FY2014

* 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:

$$\text{LN}(\text{IVIS}(i)/\text{LH}(i)) = K + b1*\text{LN}(\text{MED}(i)/\text{LH}(i)) + b2*\text{LN}(\text{ONL}(i)/\text{LH}(i)) + b3*\text{MSH}(i)$$

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

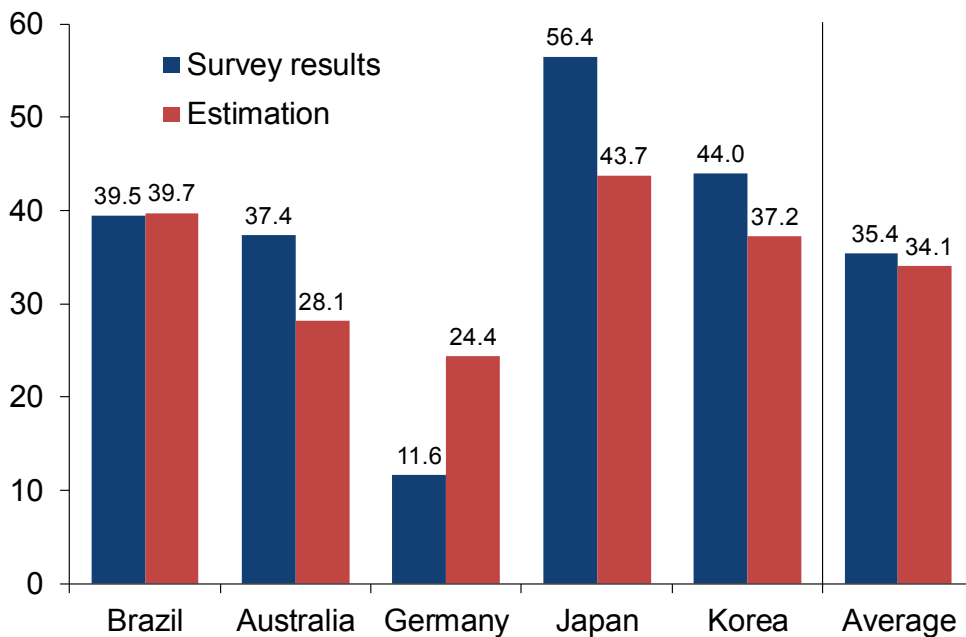
Across all five markets, the model predicts the ROI multiple with 96.3% accuracy. Accuracy by market varies from very close fits for Brazil and Korea, moderate underestimation for Australia and Japan, and overestimation for Germany. The variations reflect as much on the margin of error surrounding ad tracking survey results as it does on actual campaign effectiveness across markets, and model accuracy.

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%

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



3.4 Brand USA ROI – the world and regional breakouts

Across all markets, each dollar of Brand USA marketing generated \$19.10 dollars of visitor spending. Including all operating overhead, Brand USA achieved an ROI of \$17.1 and generated \$3.1 billion in visitor spending.

Relatively high spending per visitor drove strong returns in Asia and Latin America with an average ROI of 50:1.

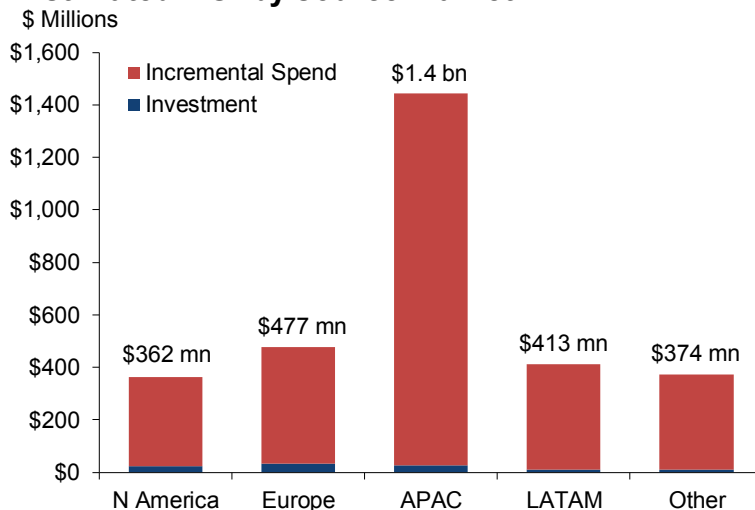
The average ROI was strong, but more subdued, in the mature markets of Canada and Mexico (where market share is highest with relatively lower average spending) as well as Europe which also trails the average spending per visitor of Asian and Latin American visitors.

Total visits generated tallied 903,440. This was 1.2% of all visitors to the US and represented 20% of the growth in visitor volumes in FY2014.

Spending while in the US as well as on US-based aviation is included in the figures.

Summary Results: Brand USA ROI (FY2014)					
Region	Investment	Incremental visitors	Incremental Spend	ROI	
N America	\$ 24,430,162	291,777	\$ 361,753,963	14.8	
Europe	\$ 32,482,941	144,135	\$ 476,551,593	14.7	
APAC	\$ 27,020,795	281,911	\$ 1,444,423,739	53.5	
LATAM	\$ 10,460,412	71,683	\$ 413,277,921	39.5	
Other markets	\$ 9,317,453	113,934	\$ 374,385,838	40.2	
Global/Infrastructure	\$ 56,993,103				
Total marketing	\$ 160,704,867	903,440	\$ 3,070,393,054	19.1	
Overhead	\$ 12,322,995				
Total operating	\$ 173,027,862			17.7	
APAC + LATAM	\$ 37,481,207	353,594	\$ 1,857,701,660	49.6	

Estimated ROI by source market



Across two years, Brand USA has generated \$6.5 billion in incremental international visitor spending with an implicit ROI of \$28 per marketing dollar invested. Brand USA has attracted 2 million visitors to the US over its two years of significant marketing activity.

Summary Results: Brand USA ROI (FY2013-FY2014)				
	Investment	Incremental visitors	Incremental Spend	ROI
Total marketing	\$ 233,445,173	2,046,626	\$ 6,472,344,254	27.7
Overhead	\$ 38,605,489			
Total operating	\$ 272,050,662			23.8

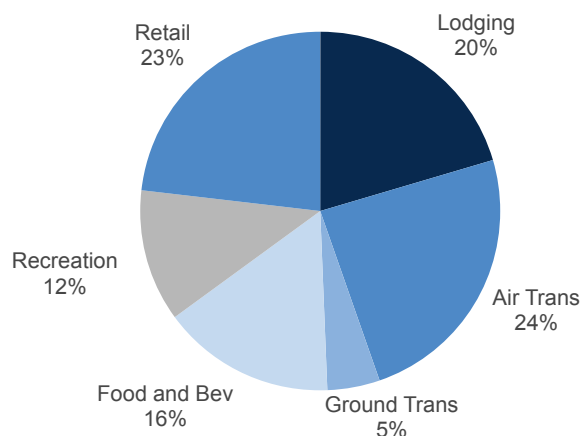
4 Brand USA economic impact

4.1 Spending Impacts

Brand USA generated \$3.1 billion in incremental visitor spending to the US in FY2014 through the supply chain and earned income that is spent in the US economy. This represents 1.7% of all international travel spending (including passenger fares) in FY2014. 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 = \$3.1 billion



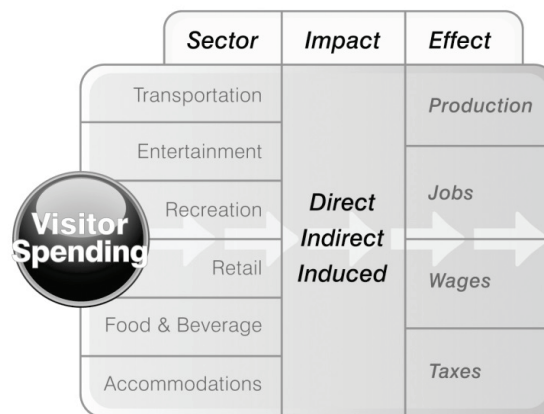
4.2 Summary of impacts

Including secondary impacts, Brand USA generated \$7.1 billion in US economic output in FY2014. 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 city economy.

Economic activity generated by Brand USA sustained 46,510 jobs earning nearly \$2 billion in personal income. Brand USA generated value added (GDP) in the US economy of \$3.4 billion and a total economic impact (sales or output) of \$7.1 billion.



Total Brand USA Economic Impact, FY 2014

	Total sales (\$mils)	Value added (\$mils)	Income (\$mils)	Jobs
Direct	3,070	1,374	799	24,396
Indirect	1,699	841	491	8,446
Induced	2,294	1,211	677	13,668
Total	7,064	3,427	1,967	46,510

Over the two-year period of FY2013 and FY2014, Brand USA generated \$14.4 billion in US economic output. This economic activity sustained 49,845 jobs earning \$4.1 billion in personal income over two years. Brand USA generated value added (GDP) in the US economy of \$7.2 billion.

Total Brand USA Economic Impact, FY2013-FY2014				
	Total sales (\$mils)	Value added (\$mils)	Income (\$mils)	Jobs
Direct	6,472	2,897	1,685	26,146
Indirect	3,399	1,774	1,034	9,052
Induced	4,588	2,553	1,427	14,648
Total	14,459	7,223	4,146	49,845

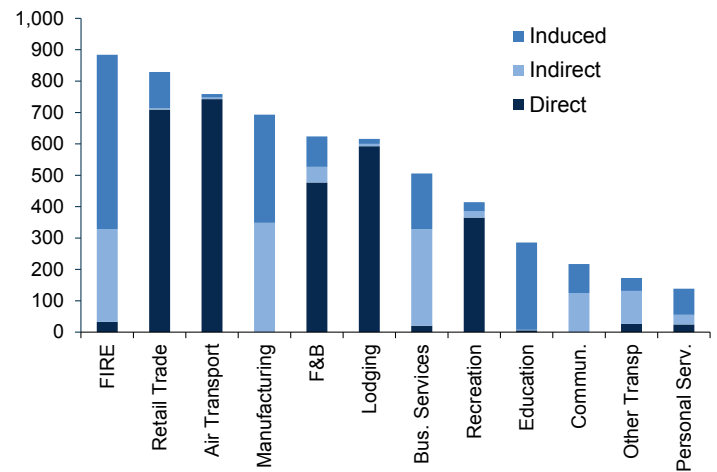
4.3 Sales Impacts

Including secondary impacts, Brand USA generated \$7.06 billion in US economic output in FY2014 in business sales spanning 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 \$900 million. Similarly, the manufacturing sector realized a benefit of \$700 million in economic output as a result of Brand USA marketing.

Sales Impacts

By Industry, \$ million



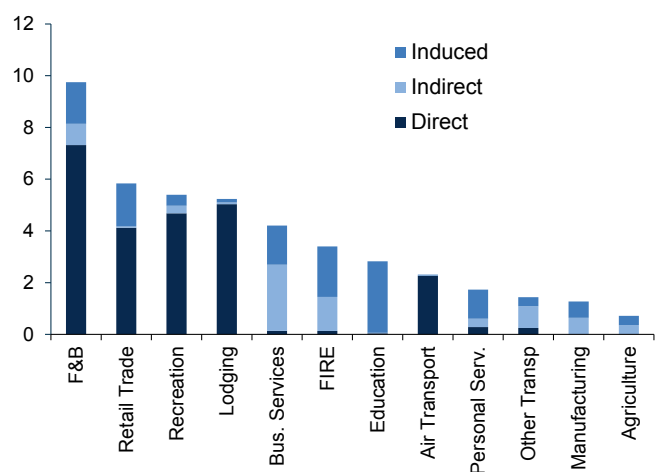
4.4 Employment Impacts

Direct employment impacts in industries directly serving international visitors tally 24,396. Including secondary impacts, Brand USA marketing in FY2014 sustained 46,510 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 46,510 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.

It is noteworthy, however, that significant employment impacts are evident in the business surveys and FIRE (finance, insurance, and real estate) sectors as dollars flow through the US economy.

Employment Impacts

Thousands



4.5 Tax impacts

Brand USA generated more than double its total funding (including both public and private sources) in incremental Federal taxes. Brand USA-generated international visitor spending is estimated to have produced Federal taxes of \$463 million, including direct impacts of \$194 million and indirect/induced impacts of \$269 million.

Another \$415 million in state and local taxes were generated by Brand USA marketing in the 2014 fiscal year including direct, indirect, and induced impacts.

Brand USA Tax Impacts			
(US\$ Million)			
Tax Type	Direct	Indirect/ Induced	Total
Federal Taxes Subtotal	<u>193.6</u>	<u>268.9</u>	<u>462.5</u>
Corporate	24.1	50.9	75.0
Indirect Business	30.4	21.4	51.8
Personal Income	50.2	73.9	124.1
Social Security	88.9	122.8	211.7
State and Local Taxes Subtotal	<u>230.1</u>	<u>185.2</u>	<u>415.3</u>
Corporate	4.4	9.3	13.7
Personal Income	15.0	22.0	36.9
Sales	88.7	62.4	151.1
Property	87.5	61.9	149.4
Excise and Fees	32.5	27.1	59.6
State Unemployment	2.0	2.6	4.6
TOTAL	423.7	454.1	877.8

5 About Oxford Economics

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