January 1996

A New Vision: U.S Travel and Tourism Industry

Greg Farmer
U.S Travel and Tourism Administration

Follow this and additional works at: https://digitalcommons.fiu.edu/hospitalityreview

Part of the Hospitality Administration and Management Commons, Recreation, Parks and Tourism Administration Commons, Sustainability Commons, Tourism Commons, and the Tourism and Travel Commons

Recommended Citation
Available at: https://digitalcommons.fiu.edu/hospitalityreview/vol14/iss1/1

This work is brought to you for free and open access by FIU Digital Commons. It has been accepted for inclusion in Hospitality Review by an authorized administrator of FIU Digital Commons. For more information, please contact dcc@fiu.edu.
Abstract
Greg Farmer, U.S. Under Secretary of Commerce for Travel and Tourism, envisions a new proactive role for travel and tourism in the U.S. He has written this article especially for the FIU Hospitality Review.

Keywords
Greg Farmer, Tourism
A New Vision:  
U.S. Travel and Tourism Industry

by

Greg Farmer

Greg Farmer, U.S. Under Secretary of Commerce for Travel and Tourism, envisions a new proactive role for travel and tourism in the U.S. He has written this article especially for the FIU Hospitality Review.

The travel and tourism industry is one of the unsung heroes of the American economy. In so many facets — job creation, export growth, return on investment — the travel and tourism industry is improving the quality of life for many Americans.

• **Job Creation**: the travel industry is the nation's second largest employer, providing jobs directly for more than 14 million Americans.

• **Export Growth**: Travel and tourism is our nation's single largest service export. In 1994, international revenues generated a $21 billion trade surplus as inbound travel to the U.S. surpassed spending by Americans traveling abroad.

• **Return on Investment**: Direct and indirect tourism expenditures generate 13.9 percent of our Gross National Product. In 1994, the travel industry directly generated more than $58 billion in tax receipts for federal, state and local governments — with $7.6 billion coming from international travelers.

For the past 10 years, travel throughout the world has increased at an annual rate of more than 5 percent. Each day in 1994, 1.4 million people traveled to a country outside of their own, and spent an average of $920 million. And in 1994 the United States produced some impressive numbers of its own as more than 45 million international visitors generated $78 billion in revenues for our economy.
Tourism Is Important to the U.S.

And yet far too few people in the United States realize how important tourism is to this country. Here are just a few examples of what the industry means to the U.S. economy:

- Without travel and tourism, 6.2 million workers would be displaced ... more than the entire populations of 39 separate states ... more than Maryland, more than Vermont.
- To equal the export value of travel and tourism, the U.S. would have to export 4 million cars, 1.5 billion pairs of blue jeans, or 5.5 billion bushels of wheat.
- If the tax revenue generated by this industry had to be replaced, the average American household would pay an additional $652 in income taxes every year.
- The idea that the industry support generates “low-paying, dead-end” jobs is nothing but pure fiction. More than 650,000 executive positions exist in the tourism and travel industry, and the rate of growth of these high paying jobs is expected to outpace that of the overall economy over the next 10 years.

Fortunately, through the White House Conference on Travel and Tourism, we have a new vision for the industry — to make travel and tourism America’s premiere industry in the coming century, creating jobs that are good-paying and challenging. This new plan brings together all of the diverse elements of this industry — hotel chains, travel agents, airlines, rental car companies, restaurants and the like.

National Tourism Strategy Requires Action

The following recommendations are the action steps needed to achieve the main goals and objectives outlined in the new National Tourism Strategy. While these goals have been selected as the most critical, the additional steps will also be carried out.

- **Goal One:** Demonstrate the economic power of the travel and tourism industry.

- **Objective One:** Articulate the economic significance of the industry to economic, social, and political segments that will result in greater awareness of travel and tourism as a generator of quality jobs, tax revenues for federal, state, and local governments, and the number one service export in our national economy.

  - **Recommendation:** Beginning in 1996, state travel offices and local convention and visitors bureaus should work together to expand their communications with constituent populations on the significance of the travel and tourism industry to national and local economies.

- **Objective Two:** Develop a reliable economic analysis of the $417 billion-a-year travel and tourism industry by adopting uniform public...
and private sector data collection and reporting methods and better representation of the industry in government accounting systems.

- **Recommendation:** By December 1998, the U.S. Department of Commerce should accurately account for the expansion of travel and tourism-related businesses in the new North American Standard Industrial Classification System as a revision to the Standard Industrial Classification (SIC).

- **Objective Three:** Increase awareness of travel and tourism's contribution to job creation and enhance career and employment opportunities and worker skills through improved public and private sector coordination of educational training initiatives.

- **Recommendation:** By the year 2000, the Travel Industry Association of American (TIA) should convene a consortium of industry, government, and school system leaders and consult with the National Employer Leadership Council and National School to Work Office to develop a specific strategic plan for curricula and development of tourism-related programs including K-12, apprenticeships, retraining, and higher education in 1,000 schools.

**America's Travel Should Be Unparalleled**

- **Goal Two:** Ensure an American travel experience that is second to none.

- **Objective Four:** Preserve our natural, historic, and cultural resources for future generations and expand urban and rural economic development opportunities through a national strategy for fostering environmental and cultural travel and tourism.

- **Recommendation:** By January 1998, the National Council of State Travel Directors should convene a series of regional natural and cultural tourism summits to identify conservation and management strategies to meet the unique needs of each region of the country.

- **Objective Five:** Mobilize the industry to respond to concerns about traveler safety and security through community partnerships and disaster preparedness programs.

- **Recommendation:** By January 1997, TIA, working with key associations of the industry, should consult with the telecommunications industry on extending toll-free multi-lingual visitor information services to include emergency assistance to all parts of the country.

- **Objective Six:** Increase use of new and emerging technologies that will enhance the visitor experience and dramatically change the way the travel and tourism industry does business.

- **Recommendation:** Beginning in January 1996, federal inspection agencies should leverage technology to enhance facilitation of travel to and within the U.S.
Objective Seven: Ensure appropriate funding for the U.S. transportation and natural resource tourism infrastructure needed to keep pace with increasing demand and changing travel patterns.

Recommendation: By September 1996, Congress should adequately fund current and future transportation needs through the use of the transportation trust funds.

Goal Three: Promote and facilitate travel to the U.S. as the international destination of choice.

Objective Eight: Improve visitors' experiences with gaining access to and arriving in the United States by reducing barriers to entry, continuing and expanding the Visa Waiver Pilot Program, and improving customer services at international ports of entry.

Recommendation: By September 30, 1996, Congress should enact legislation to make the Visa Pilot Program permanent.

Objective Nine: Create Visit USA, Inc., a private-sector managed, federally sanctioned entity to promote the United States as the premier destination in the world, stemming the tide against fragmented industry efforts and lost global market share.

Recommendation: By September 1996, Congress should enact legislation to create a structural framework and funding strategy for a new national tourism office. This organization should be chartered by the federal government but managed by the private sector. Its purpose should be to improve U.S. competitiveness in international markets through the promotion of travel to and within the United States.

Goal Four: Create a structural framework to implement this national tourism strategy.

Recommendation: Form a public/private partnership that will drive the efforts of the industry, Congress, federal agencies involved in tourism development, and state and municipal travel and tourism organizations to achieve the collective goals of the travel and tourism industry established by the White House conference on Travel and Tourism.

Tourism Is Crucial to World Economy

These findings recommended are an important step in helping the U.S. travel and tourism industry to fulfill its economic potential in the 21st century.

What exactly is that potential? Author John Naisbitt has looked into the future and what he sees is an industry crucial in the world’s economy in the next millennium. In his book The Global Paradox, Naisbitt predicts tourism will be the “strongest sector in funding the global economy” in the next century. The future of tourism is incredibly bright, he says, and he spends an entire chapter explaining why.
The opportunity that we, as a nation, have before us is that international travel and tourism is growing rapidly. By the year 2000, more than 661 million people will be traveling throughout the world. That's twice as many people as traveled in 1985.

As those people travel, they create jobs: jobs with airlines, hotels, rental car companies, restaurants, and cultural and other attractions. If growing numbers of people travel to the United States, those jobs will be created here.

But the current trend lines suggest that a serious problem accompanies that opportunity. Since 1993, the U.S. share of worldwide international tourism receipts has dropped from 18.7 to 15.6 percent. That translates into a loss of more that 17 percent of U.S. market share.

That decline in market share has had a direct impact on our balance of trade. By the end of this year, the trade surplus this industry generates will have dropped from a high of $22.5 billion in 1993 to $18.1 billion — a drop of 19 percent in just two years.

But even more alarming than the decline in trade surplus is the effect a drop in market share is having on the employment front. This loss has already meant that 177,000 jobs which could have been created in this country went elsewhere — because the travelers went elsewhere. That number of jobs is equal to the number of jobs that have been lost since 1992 through layoffs at General Motors, Boeing, Digital, McDonnell-Douglas, and Bell South combined. And the storm clouds are only beginning to gather.

At a time when this nation is losing tens of thousands of jobs in declining industries, we have to find ways to replace those jobs, and a perfect opportunity is provided by the travel and tourism industry — if we market ourselves in the right way.

So what's going on? Why is the nation's second largest industry slipping? It's another case of an American industry failing to do what it must to stay globally competitive. In many ways we're like the automobile industry in the '60s. Comforted by short-term revenue growth brought about by demographic changes in the country, they did not focus on the fact that their international market share was dropping. And soon they no longer had the commanding position in the world they once enjoyed.

We should not make the same mistakes.

U.S. Fails to Make Tourism High Priority

Our country has failed to make travel and tourism international marketing a high economic priority. For a decade, the U.S. Travel and Tourism Administration (USTTA) has been funded at low levels compared to the national tourism offices of other nations.

This new national tourism strategy puts the muscle of the public and private sectors together to market our nation. One fundamental feature of the new strategy that has been recommended is that a new marketing entity be created. The U.S. Travel and Tourism Administration needs to be replaced, and its replacement needs to be a public/private partnership:
• a partnership in which both industry and government have confidence and to which both industry and government will be willing to contribute
• a partnership which can be run with relatively little overhead and substantially more marketing impact
• and, just like any business, it should be judged on the return generated by the investment.

Australia and Canada have recently created similar public/private partnerships. These new organizations are each spending $100 million this year and have developed creative and aggressive national tourism promotion programs.

As we in the United States move hopefully to a public/private partnership, it is important that the USTTA be funded at the President’s requested $16.3 million level for one final year, at which time a new partnership would be operational.

This transition period is enormously important. It gives us time to begin implementing the recommendations that will emerge from the White House Conference, time to help kick off the 1996 Summer Olympics in Atlanta when the whole world will be watching.

The opportunity that is before us is enormous and very exciting. Travel and tourism is a powerful engine that will drive the U.S. economy in the next century. It is an incredibly vibrant, growing industry, producing new jobs.

We know how to bring them to the United States. The only question is whether we as a nation can mobilize ourselves, in both the public and private sectors, to achieve this economic growth together.

Implementing the recommendations of the White House Conference provides an historic chance to prove that we can.

Greg Farmer is U.S. Under Secretary of Commerce for Travel and Tourism.