

**TRAVEL BUSINESS
ROUNDTABLE**



A Strategic Partner to **TIA**



**Travel Industry Association
of America**

**STATEMENT SUBMITTED FOR THE RECORD
BY
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TRAVEL INDUSTRY ASSOCIATION OF AMERICA
AND
TRAVEL BUSINESS ROUNDTABLE
TO THE
SUBCOMMITTEE ON NATIONAL PARKS
COMMITTEE ON RESOURCES
U.S. HOUSE OF REPRESENTATIVES
HEARING ON
VISITATION TRENDS IN THE NATIONAL PARK SYSTEM
THURSDAY, APRIL 6, 2006**

INTRODUCTION

The Travel Industry Association of America (TIA) and the Travel Business Roundtable (TBR) would like to thank Chairman Pearce and Ranking Member Christensen for convening this important hearing regarding visitation trends in the National Park System. This statement presents background information on overall U.S. travel trends that might be useful for your deliberations.

The Travel Industry Association (TIA) is the national, non-profit organization representing all components of the U.S. travel industry. TIA's more than 2,000 members include all 56 state and territorial tourism offices, more than 300 convention and visitor bureaus and hundreds of other travel businesses, such as hotels, airlines, rental car companies, cruise lines, tour companies and attractions. TIA's mission is to represent the whole of the U.S. travel industry to promote and facilitate increased travel to and within the United States. The Travel Business Roundtable (TBR), TIA's strategic partner, is a CEO-based organization of more than 85 member corporations, associations and labor groups. TIA and TBR are formal partners, working with Congress and the Administration to advance the public policy interests of the U.S. travel and tourism industry.

THE IMPACT OF TRAVEL AND TOURISM

Travel is a favorite leisure time activity here in America and in many countries throughout the world. Americans value travel as an entitlement, rather than the privilege it once was. It's viewed as a fundamental American freedom. Despite the very limited amount of vacation time that Americans receive as compared to citizens of other major industrialized nations of the world, travel has become nearly ubiquitous with more than three-quarters of all U.S. adults traveling on an annual basis. In fact, about one-third of the U.S. population travels each month, on average.

Since the late 1970s, travel by U.S. residents has grown more than two and a half times faster than the U.S. population, more than doubling in volume as compared to only about a one-third gain in population. Air travel has increased even more, especially international air travel that has more than tripled in passengers since the late 1970s. And while there is no question that domestic travelers are the travel industry's bread and butter, starting in the 1980s, travel companies began to benefit from very large gains in international visitors to the United States.

Travel is a significant contributor to the U.S. economy. In 2005, direct travel spending in the U.S. totaled \$646 billion, with \$564 billion being spent by domestic travelers and \$82 billion by international visitors. This spending generated 7.3 million jobs for Americans and more than \$100 billion in tax revenue for federal, state and local governments.

TRAVEL AND TOURISM IN A POST-9/11 WORLD

Growth in many sectors of the industry, of course, came to an abrupt halt in the wake of the terrorist attacks on September 11, 2001. Some sectors, such as airlines and inbound international tourism, suffered major declines. While domestic air travel demand is generally back to pre-9/11 levels, international travel to the United States has yet to reach the peak it achieved in 2000. TIA's forecasts predict that it will do so this year, however. Travel from Mexico is up significantly and travel from Canada now slightly exceeds the 2000 level. But overseas travel to the U.S. continues to lag and, at the end of 2005, was still down 17 percent from 2000 levels with the largest deficits continuing to be in our South American and Asian markets.

Other sectors of the travel industry, however, such as the lodging industry, while showing large declines in the immediate aftermath of 9/11, recovered more quickly. And, one of most significant changes to emerge from the shocks and structural changes that have affected our industry since 2000 is the burgeoning importance of leisure travel. The number of hotel rooms sold to leisure travelers has now overtaken those sold to business travelers. And the domestic travel market has become more important than ever.

In the wake of 9/11, leisure travelers changed their travel behaviors rather significantly in response to the new economic, social and political realities. New concerns about safety, security and a weak and unpredictable economy prompted Americans to get back to the basics. They traveled even more than usual by car and recreational vehicle, and less by air. They traveled closer to home and tended to prefer more rural over city destinations. And they reduced their travel to other countries in favor of domestic destinations. American travelers also became more focused on reconnecting with what is important in their lives, especially their family and friends. This sparked a renewed interest in travel to attend family gatherings and reunions. They also exhibited later planning and booking patterns and,

newly empowered by their wide-scale adoption of planning and buying travel online, they actively searched and waited for the best deal.

These very obvious changes in travel patterns, however, obscured some of more long-term and fundamental shifts that were already underway in our society and that are now once again emerging as major influencers of Americans' travel preferences and choices.

In past few years, high gasoline prices, very low airfares, a greater level of comfort with flying, and the increasing time pressures many Americans face have encouraged many to get back on airplanes. International air travel to and from the U.S. is again growing twice as fast as domestic air travel.

TRENDS IN U.S. TRAVEL DESTINATIONS

U.S. theme park attendance has resumed its growth pattern but the increase has not been universal. Destination parks in Florida and California are experiencing significant growth in attendance, while visitation to regional theme parks is basically flat.

Casino gaming continues to flourish in the 443 commercial casinos and 348 gaming facilities operated by 221 Indian tribes in 30 states. Casino revenues are two and a half times greater than 10 years ago.

Cruise demand is strong, with more than 11 million people taking a cruise last year, up from less than 2 million two decades ago. But cruise offerings have changed as well. Reacting to Americans' shift away from air travel after 9/11, many cruise lines repositioned some of their ships to dozens of new ports to make it easier for people to get to them by car. Cruise lines have also introduced a wide variety of new ship design concepts and innovative themed cruises, focusing on a variety of special interests ranging from jazz, film and theatre, and antiques, to baseball, wine and food and World War II history. One cruise line has had great success with its advertising slogan, "It's way more than a cruise!" which touts the ever-increasing variety of on-board and on-shore activities available to their guests.

Other new vacation experiences are also being offered to receptive audiences – resort spas, timeshares and condo hotels, and a wide variety of new package travel options. More and more tour operators are customizing tours as opposed to just providing off-the-shelf products with well over half of all tours sold in 2005 being customized. A growing demand from consumers for unique experiences has resulted in many more operators offering events-related tours, as well as ones focused on special interests such as music, wine tasting, agricultural and eco-tours. And, changing consumer demographics and new affinity groups are reflected in the growth in offerings for soft adventure, family, and gay/lesbian tours.

At the same time, tour operators are reducing some of their more traditional tour packages, such as those involving national parks or spectator and participatory sports. Reacting to an aging population, hard adventures tours have also declined in popularity among U.S. tour operators.

In the attractions area, there is tremendous diversity in historic and cultural activities and venues now offered to travelers. But many attractions across the country, including several of our iconic historic sites, report having experienced virtually no growth in their attendance for the last several years.

National park service sites have also faced challenges. Approximately seven percent of all U.S. domestic travelers include visits to national or state parks on their trips – a number very similar to the share who report going to the beach, enjoying nightlife, visiting theme parks or gambling while traveling. Interestingly, overseas visitors to the U.S. are even more eager to visit national parks with 18 percent of them doing so each year. But, national park visitation has essentially been flat for the last decade, despite the very positive attitudes and high levels of satisfaction expressed by those travelers who visit them. The longer-term shifts toward shorter trip durations, greater reliance on air transportation and the rise of mega-destinations such as Las Vegas and Orlando, are no doubt at least partially contributing to the difficulties that national parks have faced. But, in addition, the ever-increasing competition from the new, innovative offerings mentioned before - cruises, gambling, spas, customized tours – is surely also having an effect.

VALUE OF THE U.S. TRAVEL EXPERIENCE

While the basic motivations for leisure travel - to spend time with family and friends, to seek rest and renewal, to be active, to gain new experiences and learn - all remain important, the manner in which these motivations are being satisfied is also changing. There has been considerable discussion and research about the increasing importance of “the experience”. More than three-quarters (76%) of U.S. travelers now say they want to travel to somewhere they have never been before, even if they are completely satisfied with destinations they have already visited.

This growing emphasis on experience, and on what has been labeled “enrichment tourism,” is being fueled by an aging population. Baby Boomers (those born between 1946 and 1964) have been the dominant age demographic for travel for many years, and comprise a large share of national park visitors as well. The first Boomers turn 60 this year and are moving into their retirement years. Many are shifting their focus from the acquisition of material goods to collecting experiences.

CHANGES IN THE TRAVELER MARKET

As more and more of the Boomers retire, travel is expected to benefit. With more discretionary money and time available, Boomers will be more likely to take more frequent and longer duration trips. Leisure trip durations, which averaged more than 5.5 nights per trip two decades ago, have now declined to just over 3 nights per trip. Only 14 percent of leisure trips today have durations of a week or more, but this share could rise in the years ahead, potentially benefiting destinations and parks somewhat more off the beaten path.

Women, whose influence in both American business and home life has been increasing steadily, will play a disproportionate role in this evolving mature traveler market. A growing number of women are living alone – singles, divorced and widowed – and increasingly they will be older women. By 2010, there will be 11.3 million women aged 55+ living alone in America, many more than the 4.7 million older men living alone. Special interest travel for women is on the ascent, among these women but also among married women, 50 percent of whom report that they traveled without their spouses in the past year. Not only are more women signing up for active vacations with women-only operators, they are also taking all-female trips to spas and vineyards, filling up theater and shopping tours, and trekking in national parks.

Younger age groups are also increasingly seeking quality experiences when they travel. Gen Xers, those Americans now largely centered in the 30 – 40 age group, have been receiving much more

attention by travel companies in recent years and with good reason. While Boomers still account for the largest share of U.S. hotel room-nights, that share is being eroded by the growing share of GenXers, who are increasingly patronizing hotels for business, as well as leisure travel. Described as being much more concerned with balancing their work and personal lives than the Boomers, GenXers seek different amenities from the travel industry, including cutting-edge technology and self-service options, as well as social opportunities and personally satisfying experiences. The growing influence of GenXers may also help explain the findings of a Canadian sociologist, Michael Adams, who has reported a significant rise in recent years in Americans' desire for intensity and thrill-seeking, and a heightened penchant for risk.

National park visitors today are disproportionately comprised of Baby Boomers, and Boomers are likely to remain an important market in the future. But attention needs to be increasingly paid to how best to attract and serve the needs and desires of all these younger visitors.

Other groups are seeking different experiences. America is becoming increasingly diverse in terms of both ethnicity and life style. Hispanics, African-Americans and Asian-Americans combined now make up nearly one-third of our population, will grow to 39 percent of our population by the year 2020, and will become 50 percent of the population by 2050. This ethnic and cultural diversity is unprecedented in the U.S. and will continue to evolve as these consumer segments increasingly make their way into the mainstream—growing in stature, increasing in purchasing power, and impacting the way America communicates and consumes products and services. While Asian-Americans tend to be active travelers, African-Americans and Hispanics show travel propensities somewhat below average and these groups exhibit different travel preferences than those of non-Hispanic whites. National Park Service statistics show below average tendencies to visit national parks among these groups. Current efforts by the National Park Service to reach out to these markets with programs meaningful to them are certainly a step in the right direction. This trend is also apparent in the broader travel industry, with greater promotional efforts being targeted at members of these groups, as well as product development initiatives underway, such as the significant number of new African-American museums scheduled to open in the next few years.

Changing demographics and social values, as well as the rapid evolution of technology, are affecting consumer attitudes and behaviors in other ways as well. American consumers today have become smarter and more sophisticated; empowered; more active, involved and demanding; less forgiving and more resistant when dissatisfied; and are increasingly expecting a new collaborative relationship with those companies they patronize.

THE ROLE OF TECHNOLOGY IN TRAVEL

Travel has become the number one category for online spending, forecasted to reach almost \$75 billion this year. According to TIA's latest research, 79 million American adults now research their trips on the Internet, while the use of other planning sources has declined. And, more and more Americans are now booking their trips online too, with nearly 65 million U.S. adults doing so in 2005.

The majority of Internet users now have broadband connections which open up all kinds of new opportunities for them, as well as for advertisers. Online advertising spend grew 30 percent last year, as compared to only a 3 percent gain in advertising expenditures overall. Paid search is coming on strong, taking advantage of consumers' new interest in "electronic snacking" – the way they access the quick "sound bites" of information they need. New technologies such as WiFi, RSS (Really Simple

Syndication) and podcasts, as well as new devices such as Blackberries, Treos, and iPods, are making this electronic snacking a mobile activity and new forms of advertising and marketing will be sure to follow. Within two years, holidaymakers and business travelers will be able to receive travel tickets, booking and destination information, and after care customer service direct to their mobile phones. And by 2010, mobile technology could be sophisticated enough for customers to browse and book holidays direct using their handsets.

These new technologies have given travelers unprecedented control - control over what they want to see and where and when they want to see. Some travelers, mostly young and tech-savvy, are insulating themselves from advertising and marketing pitches, making them very difficult for travel companies to reach. Instead, they are receiving messages from like-minded friends and people they meet online, whom they often rely on for help in purchasing travel and other products. User-generated content, such as blogs, is becoming ever more important, as what has been called “social networking” gains momentum.

Understanding these new technologies and how they are changing businesses’ relationship with their customers will be critical in the years ahead. Knowledge of what travelers expect in terms of technology services when they visit their destinations will also be required.

At the same time, there are some signs of a growing resistance to the intrusion of technology into all aspects of our lives. The vast majority of air travelers, for example, say they don’t want other passengers to be allowed to use their cell phones while in flight, although they do want access to a high-speed Internet connection. For certain people and in certain National Park Service sites, perhaps promoting a “Technology Free Zone” would have an appeal.

STAYING ON TOP IN THE GLOBAL MARKETPLACE

Keeping current on all of these trends in the U.S. is critical to success in the future. But increasingly, an awareness and understanding of what else is happening in the world is vital too. Shifts in global travel patterns are becoming apparent as “the world flattens” – to use Thomas Friedman’s term. China, for example, is now the largest source of tourists in Asia with outbound travel tripling in the last five years and expected to double again in the next five years. While now affecting primarily Asian destinations, China, as well as India, will become a major focus of tourism development throughout the world including in the U.S. And in Europe, Central and Eastern Europe are taking center stage as both travel origins and destinations, while Western Europe is losing market share. While Japan, the UK and Germany have traditionally been the origin of the majority of international visitors to America’s national parks, many more are likely to be arriving from these emerging markets in the years ahead.

CONTINUING TIA’S PARTNERSHIP WITH THE NATIONAL PARK SERVICE

Over the past few years, TIA has worked closely with the National Park Service, conducting research on travelers who visit the parks and participating in a very unique and successful 2004 partnership that included the National Park Service, the National Park Foundation and the Proud Partners of the America’s National Parks. TIA’s See America’s National Parks campaign was designed to reignite the public’s interest in the nation’s scenic beauty, culture and heritage. The primary goals of the program were to build awareness of the breadth and diversity of the National Park System among Americans as well as residents of some of our major international markets, to encourage visitation to some of the lesser known parks and to promote sales of the National Parks Pass. TIA also sought to engage the

entire U.S. travel industry by encouraging them to promote National Park Service areas within their states.

TIA and the travel industry as a whole have enjoyed our close working relationship with the National Park Service and pledge to continue our efforts as we move forward. I hope that this brief summary of some of the major trends we see affecting travel will help members of this subcommittee as you plan for the future.



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The Travel Business Roundtable (TBR), a strategic partner to the Travel Industry Association of America (TIA), is a CEO-based organization representing all sectors of the travel and tourism industry. The mission of TBR is to educate elected officials and policymakers about the importance of the travel and tourism industry to the nation's economy.