



Prepared for New Hampshire  
Division of Travel of Tourism  
Development

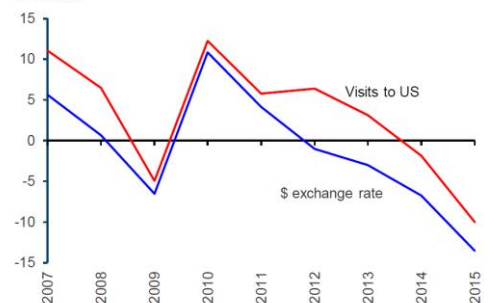
## Economy drives travel into USA

Although uncertainty in the U.S. elections can lead to instability in international markets, the primary driver of inbound traffic is the **state of the economy**.

- Exchange rates are a driving factor, and a strong U.S. dollar has made for unfavorable exchange rates for international travel to the states.
- As a result, higher levels of domestic travel are needed to keep the travel sector at prior levels – especially where international represents a significant share.

- The U.S. travel marketing organization Brand USA is currently taking a “wait and see” approach when it comes to Brexit – the British vote to leave the European Union. While it is unknown what the actual exit process will look like, Brand USA does not have concerns that Britain’s exit will impact European markets.

**Canada visits to the US and exchange rates**  
% change



Source: Statistics Canada, Oxford Economics

*By the Numbers:*  
**Increase or Decline in  
Visitation to the U.S., 2015**

	Year-over Change
1. Canada	-10%
2. Mexico	8%
3. UK	18%
4. Japan	4%
5. China	18%
6. Germany	10%
7. Brazil	-2%
8. S. Korea	21%
9. France	6%
10. Australia	11%

Source: Brand USA

## More are cutting cable TV



- A growing percentage of American households are cutting the cable TV cord each year, according to eMarketer’s first forecast for the pay TV market.
- In 2015, there will be 4.9 million US households that once paid for TV services but no longer do, a jump of 10.9% over last year. And that growth will accelerate in the coming years, with the number of cord-cutting households jumping another 12.5% in 2016.
- In fact, by the end of next year, the number of US households subscribing to cable and satellite will drop below 100 million.

[Read more here.](#)

## Targeting the right audiences

Destination marketers have consistently been focused on reaching female heads-of-household between the ages of 29-54, looking for decision makers of family travel. But...

- Only about 35-40% of travel occurs with children under 18.
- This leaves much room for non-family travel.

U.S. Travel estimates that one in four Americans age 25-34 live in multi-generational households.

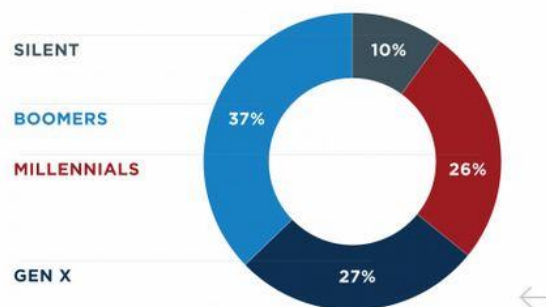
- Millennials marry later, take on more student debt and employment challenges
- Millennials are holding off on families and traveling with friends well into their 30s.

Millennials certainly make up more than a quarter of travelers, some of the biggest shifts are in the buying power of those over 50.

- Oxford Economics estimates that through 2032, consumer spending by those over 50 is expected to grow by 58% to \$4.6 trillion while those 25-50 are forecast to grow at only 13%.

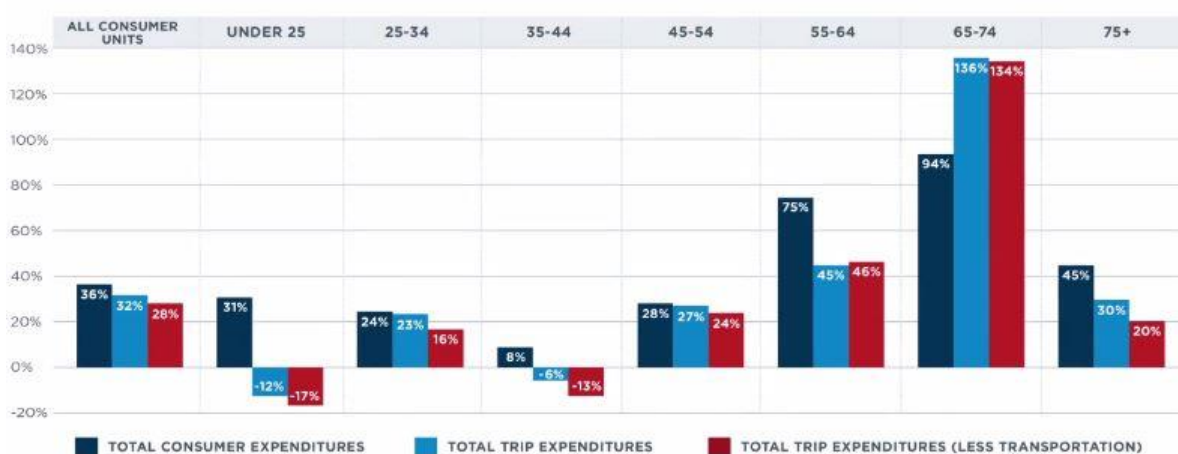
**U.S. Travel estimates that ONE IN FOUR Americans age 25-34 live in multi-generational households**

### 2014 LEISURE TRIPS BY GENERATION



Source: US Travel Changing Demographics

### TOTAL EXPENDITURE GROWTH (2003-2013)



Source: Bureau of Labor Statistics via US Travel Changing Demographics

**Some of the biggest shifts are in the buying power of those over 50**

## The right media mix for most destinations is more than just digital

One of the major issues under discussion among DMOs these days is the right media mix. Television traditionally has been a critical part of the media mix for a DMO. The travel experience is visual and active, and television was the medium that could display the destination in the best light. Of course, television was often augmented with print, digital and other options (out-of-home, public relations, social media, etc.). Television is still a major advertising component for most DMOs with a reasonable marketing budget. But there is increasing discussion of the role of digital advertising, and some destinations have decided to go all digital.



For most state tourism marketing organizations television remains the major component of their ad buy. This includes major players such as Visit California, VISIT FLORIDA and Texas Tourism, as well as states with smaller budgets, such as Wyoming, Georgia, South Carolina and Indiana (among others). In general the organizations that have moved to all digital efforts are local DMOs with smaller budgets who have trouble with the production costs involved with television as much as the actual media costs.

A key strength of television is the ability to reach a broad audience, and this continues to be the case for the programs that SMARInsights measures around the country. When considering the respondents that only recall one medium, television is the one with the strongest reach by far, followed by print, with digital having lower unique reach.

Most importantly, in almost all other DMO advertising research that SMARInsights has conducted, the synergy among media is critical in generating higher levels of travel. The combination of media is stronger than relying on a single medium to generate travel. This is probably because

different media address different consumer needs, and speak to them at different points in the decision process. Television is good at gaining attention and showing the breadth of what a destination has to offer. It inspires people to want to learn about a destination, as well as reminding them of a place they want to visit. It is the most intrusive, and best at building the brand and creating a strong positive perception of the destination.

Print is a powerful medium because people tend to have strong interactions with print publications. When they are looking at magazines they are thinking about the subject and interested in content and advertising. In focus groups consumers tell us that they don't mind the destination ads in most publications, as long as they provide information.

One of the benefits of digital is that it can be targeted specifically by interest. As a result, while the audience may be smaller, they tend to be more involved. At the same time, given that often the digital buys focus on retargeting consumers that have searched for information or expressed interest, digital is reaching people further along in the decision process – and this is one reason that the level of travel among this group is higher. Digital works to “close the sale” and get people to make the final decision. It is also critical for specific businesses to get the consumer to choose them over competition. But it is limited in terms of influencing brand perceptions.

Ideally a multi-media approach is best for destinations and for other tourism entities. If this is not possible, the organization needs to identify its key marketing goals and choose the media option that best achieves those objectives.

