

INVEST IN YOUR INTERNATIONAL VISITATION ESTIMATES

In 2001 and 2002, the Office of Travel and Tourism Industries (OTTI) launched an Investment Plan for the industry to generate additional funds to allow additional travelers to be surveyed. The investment program was designed to improve the current and future year respondent base. OTTI offered the industry four options to directly purchase a block(s) of sample, similar to the process of ordering a custom report.

Why should your organization invest in this program? Because it will help ensure that you receive more reliable information. Your investment is also needed to reverse the decline in the sample size for this program. The total sample, collected between 1990 and 2003, has ranged from a high of over 94,000 total respondents in 1997 to a low of 59,000 in 2001. To see a table with the [1983-2003 program sample](#), with breakouts for non-residents and U.S. residents, visit OTTI's web site. During this same period of time, travel by overseas and Mexican air travelers who visited the country or U.S. residents who visited overseas and Mexico, via air, has grown from 35 million in 1990 to a peak of almost 60 million in 2000. This means that since 1990, the travel population has grown by over 69%, however, during this same time frame, the sample size (or respondent base) has declined by 30%. To see the travel population figures, click [here](#).

To ensure that the Survey of International Air Travelers (SIAT) offers representative results for more destinations, OTTI needs to survey additional travelers. Most of the states and cities within the United States rely upon this program as the only source for international visitation estimates and traveler characteristic data. OTTI hopes the industry will see that an investment in this program will help not only your business; it will also benefit the entire industry. Since the average number of states visited by overseas travelers is nearly two, the investment in the sample can have a "doubling" effect, making it a win-win proposition. Capitalize on investment already made by the federal government; expand it with additional resources from your own budgets.

The cost charged to the investors is the same cost that is paid by the government for the additional surveys. (This partnership is to enhance the total sample. At this point, there are far too many destinations that do not receive any visitor estimates. The DOC is offering this opportunity for the benefit of all destinations. Destinations could purchase 500, 1,000, 1,500, or 2,000 additional surveys).

In return for industry's investment, OTTI's plan is to:

- Use the funds to increase the national sample;
- List your organization in the OTTI web site as a partner?
- Provide the investor with a complimentary copy of the annual SIAT report on Overseas Travelers to the U.S. or the U.S. Residents to Overseas Destinations report; or with a copy of the I-92 or I-94 report, depending upon the level of investment and interest.
- Send a framed certificate of appreciation or letter of thanks from Commerce
- Provide a link to the page you designate on your web site
- List your organization in the preface of the annual SIAT reports

To assist the industry on deciding whether or not to invest, OTTI has designed a series of questions and answers for the industry to consider. In addition, OTTI also has some additional questions for the industry related to this program.

Investment Program – OTTI Questions, Issues, Concerns & Answers:

Draft Version

Q1. My state or city is not a top destination. Should I invest?

A1. Yes, and No. The more entities that invest will mean that OTTI will have additional funds to purchase additional surveys for the program. This means OTTI will be able to provide a growing number of destinations with visitation estimates not available without industry investment. But, the benefits of the extra sample will first be seen by the top destinations. As more and more destinations and businesses invest in this program, the smaller destinations will then start to see the benefits. Hopefully, the industry will monitor the OTTI website, under the Investment area, to determine who else has already invested. As destinations that are similar in size (in terms of the number of international visitors) start investing, you too, should be investing. Also, if destinations larger than yours have not invested, OTTI would like encourage you to talk to them about doing so. Until they invest, your benefits will be delayed. OTTI's final question to you is: Can you afford not to have visitation estimates that justify your (overall) marketing and sales investment in the international market?

Likewise, if you are interested in the U.S. outbound market, OTTI collects surveys on U.S. residents, as well. Commerce will look to obtain investment from travel and tourism businesses that are also interested in the outbound market. As OTTI surveys more travelers, these destinations will also benefit.

Q2. Why should I invest if other destinations do not?

A2. There will always be a concern that if you invest, and nobody else does, then your cost exceeds your benefit. On the other hand, if you don't invest but others do, then you benefit from their investments without bearing any of the cost. So there is an incentive to ride free on the investment of others. But if everyone thinks that way, and only a few entities invest, everybody loses.

Q3. The Department of Homeland Security (DHS) already collects a count on the number of travelers to the country. Why can't DHS add the states and cities visited before the travelers leave the country? Then, the industry would not need a survey, because a count would already exist.

A3. While this idea has merit, it would also take time to implement. The DHS mandate is to protect the border, not to count how many travelers visit each state and city within the country. DHS is also trying to reduce the amount of information they collect, not expand it. Furthermore, the I-94 arrival records are collected by DHS as the traveler enters the country. The departure record handling process is still in development. In addition, consider the logistical problems of

trying to list every city and state visited on this very small form.

Q4. Is OTTI looking to obtain funding from more than just the states and cities?

A4. Yes, OTTI will also look for investment from port authorities, foreign national tourism offices, other federal government agencies, major attractions, consultants, hotels, rental car firms, foreign city convention & visitor bureaus, and other travel and tourism businesses.

Q5. While obtaining money will help, there are concerns about the sampling methodology. As I understand it, airlines can choose which flights to survey and some airlines just don't participate at all. For OTTI, if the major overseas carriers decide not to participate, or participate only sporadically, it could bias even a larger sampling number. So, why should the industry do this?

A5. The airlines do not choose the flights to be surveyed. A random selection program using the Official Airline Guide (OAG) flight data generates the Survey sample. Although, the industry needs to understand that this program is voluntary. A majority of the world's major international airlines, which serve the U.S., participate in the SIAT program. In 2003, OTTI estimates that there was access to over 80% of the entire international travel population for this survey. You can see which airlines have historically participated in this program by visiting OTTI's web site at: <http://tinet.ita.doc.gov/research/programs/ifs/carriers.html>

Q6. This research is very much under priced considering its value to the industry. If the price were doubled it would still be cheap, but all users would be sharing the costs equitably. And the sample size could be increased considerably. Why not do this instead?

A6. OTTI has increased the price of this research each year since 1998. The prices for national reports have gone from \$650 in 1998 to \$1,300 for the 2003 reports. OTTI's custom reports have gone from \$1,700 in 1998 to \$3,575 for the 2003 data. OTTI has considered raising prices. But, with sample size cuts, OTTI cannot justify raising prices too high as clients are now obtaining reports based on fewer respondents. Finally, while proceeds from the sale of reports and data go back into funding OTTI programs, sales also produce money for next year's sample.

Q7. A way must be found to ensure some additional value for the investor. I understand the rationale for not designating a particular state (it would bias the results). But it should be possible to designate the airport(s) that would be targeted by the additional surveys. Surely this would not bias the survey any more than it already is and would produce tangible results for the investor.

A7. Let's use an example of data collected from this program. Take a look at the top ports-of-entry for the destinations listed. You will see that a majority of the visitors do not use the port(s) within a state as the main entry point when visiting each destination. If Commerce were to only survey additional travelers at the ports within each state, a majority of the travelers to that state would never be sampled. This is why the funds need to be devoted to the national sample.

Furthermore, take this analysis one step further. Look at the top destinations visited by the travelers to these same states. If OTTI only surveyed travelers who visited these states, the other

destinations visited for this state would benefit, but it would be at the expense of other destinations. As you can see from this analysis, the other destinations visited by travelers to the state and cities listed are dramatically different. Since the data for the program is weighted, these weights would follow the traveler to the other destinations visited. By surveying only those states that invest, OTTI would distort the national sample. This would make increasing the sample size invalid at a national level and therefore not worth doing.

You will also see that the number of destinations visited varies by where the travelers go while within the country. While OTTI expects to obtain investment from the top destinations first, the more destinations that contribute, the more all destinations will benefit. There is a tendency for travelers visiting the top destinations to stay put. But, travelers to smaller destinations generally visit more places, thus, if OTTI obtains access to more of these travelers, more states and cities will benefit from the investment.

Q8. Can you please explain to me how a State without an international gateway can benefit from this offer?

A8. This is one of the unique benefits of this program. You do not need to have an international gateway for OTTI to collect surveys for your destination. The questionnaire asks the overseas and Mexican air travelers to list up to seven (7) states, cities, or other destinations visited during the current trip. So, regardless of what airport they used to depart from the USA, if they listed your destination, OTTI can provide information on that international visitor for your destination. By surveying more travelers, OTTI can increase the likelihood of identifying visitors to the interior of the country.

Q9. I'm not a U.S. state or city, can I or why should I invest?

A9. International travelers to and from the U.S. are very mobile and active. On average, they tend to visit more than one destination per trip. Their trip length is at least two weeks long, offering travelers more time to participate in many different activities. If you compare the activity participation of international travelers to that of domestic travelers, you will see for each activity, they are three to four times more likely to participate in any activity if they are an international visitor. Furthermore, international travelers are more likely to stay in a hotel/motel. They are also extremely mobile, so this means they will have a higher incidence of renting cars, taking a domestic flight, or using other modes of transportation while on their trip. The economic impact of one international visitor to the USA is the equivalent of six (6) domestic travelers. From OTTI's research, you can see the percentage of travelers who stay in a hotel/motel, use the many different modes of transportation, and in what activities they participate. This information could be used to show travel and tourism businesses in your area that they will benefit from the extra surveys because OTTI will be able to do a better job of estimating who does what while within the country and then within your specific destination.

Q10. Why would a top destination invest? They already have the largest sample.

Q10. While the top destinations do have the largest sample, it is a matter of degree. The top destinations tend to be in more international markets. Therefore, they need numbers to justify

their marketing dollars in each market. As the sample size continues to decline, even the top destinations will see declining numbers. This means they will no longer be able to develop estimates for the many different markets in which they are working. Furthermore, the larger the sample, the more the top destinations can subset their visitors. Instead of just looking at the profile of all travelers to a destination, they could look specifically at the leisure visitors or business travelers. They could look at the package market, or travelers who stay at hotels, or who use a particular mode of transport. The finer you can subset the data, the better the picture you can obtain of the traveler. The more you know about your visitors, the better job you can do to provide them with the destination experience they want. By providing the traveler what they want, the chances of providing a positive experience should increase. The happier the traveler is with their visit, the better it is for your destination.

Q11. If I invest in this program do I receive the data for free?

A11. Yes and No. The cost of this program is the price charged by the contractor just to collect and process the data. OTTI will provide the investor with an I-92, I-94, or an annual In-Flight Survey report in return for their investment. But, the custom reports that may be developed from this research would be in addition to the price listed for the investment. The industry is being asked to pay the data program costs only.

Q12. Are there other sources that currently provide international visitation estimates for overseas travelers to the states and cities within the USA?

A12. As far as OTTI knows, there are no other comprehensive, comparable sources of data on international travel to the United States. While one or more countries may have data on their travelers to the U.S., these programs too are limited. Most do not ask those surveyed to identify the destinations they visited while within the country, only what country they visited. For U.S. outbound travel, there are several competitors for OTTI data? But, if you compare the type of data collected, the global destination coverage maintained and the price charged it is felt that you will not find another source that provides the value of OTTI's SIAT program. The Travel Industry Association of America (TIA) has also investigated alternative sources of data for the industry. Their search did not uncover any other viable alternative.

Q14. What is OTTI's strategy to obtain investment from the industry?

A14. First, OTTI will work to develop investment sources from among the top states and cities since they would benefit the most from an increased sample. Until OTTI obtains funds from the larger destinations, OTTI will not approach the smaller destinations.

This ends OTTI's discussion of the Investment Program. In addition to these questions and answers provided to help provide information on the program, OTTI also has several questions for the industry which will be used as a guide for determining whether or not to launch the investment program. OTTI would like the industry to respond to the following:

QUESTIONS FOR THE TRAVEL INDUSTRY

1. Now that you have reviewed the information provided, would your organization invest in additional sample to allow OTTI to survey more travelers? Yes _____ No _____

1a). If no, why not?

1b). What else could OTTI do to enhance the program to warrant investment in this program by your organization?

2. OTTI's plan is to offer investment options in which sample may be purchased in lots of 500; 1,000; 1,500; and 2,000. Would the industry be willing to support purchasing specific blocks of surveys for the national sample?

2a). If no, how should OTTI price the investment options?

3. What, if any, additional information could OTTI provide to increase the possibility of your organization investing in this program?

4. Is what OTTI has suggested as the return for the investment (reports, and the larger sample chief among them) enough to entice the industry to invest, or are other incentives needed to be offered? Yes _____ No _____

4a). If Yes, what other incentives should OTTI consider adding?

5. If there is any additional information your organization would like to know about this program, please ask the questions here. OTTI will respond to you and the industry.