International Visitor Forecast January 2020

Produced by: Travel Market Insights Inc. (TMII)

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TMII starts the forecast ranking top markets by future growth and projecting visitor volume. Given destinations' goals vary, we also provide partners with next-level insights.

The forecast provides various ways of looking at the international visitor markets through 2024. We encourage and welcome your feedback and thoughts.

Travel Market Insights Inc. (TMII)

Contact:

Scott C. Johnson

Scott@Travelmi.com

1-518-668-2559

Introduction

To kick off 2020 I have attached our annual international visitor forecast through 2024. Please let us know what you think about the future of tourism exports!

In April 2020 TMII will report final 2019 international visitor metrics for both the U.S. and all 50 states and major cities. The timely data is a result of NTTO's efforts, XBorder Canada, and other industry leaders working together.
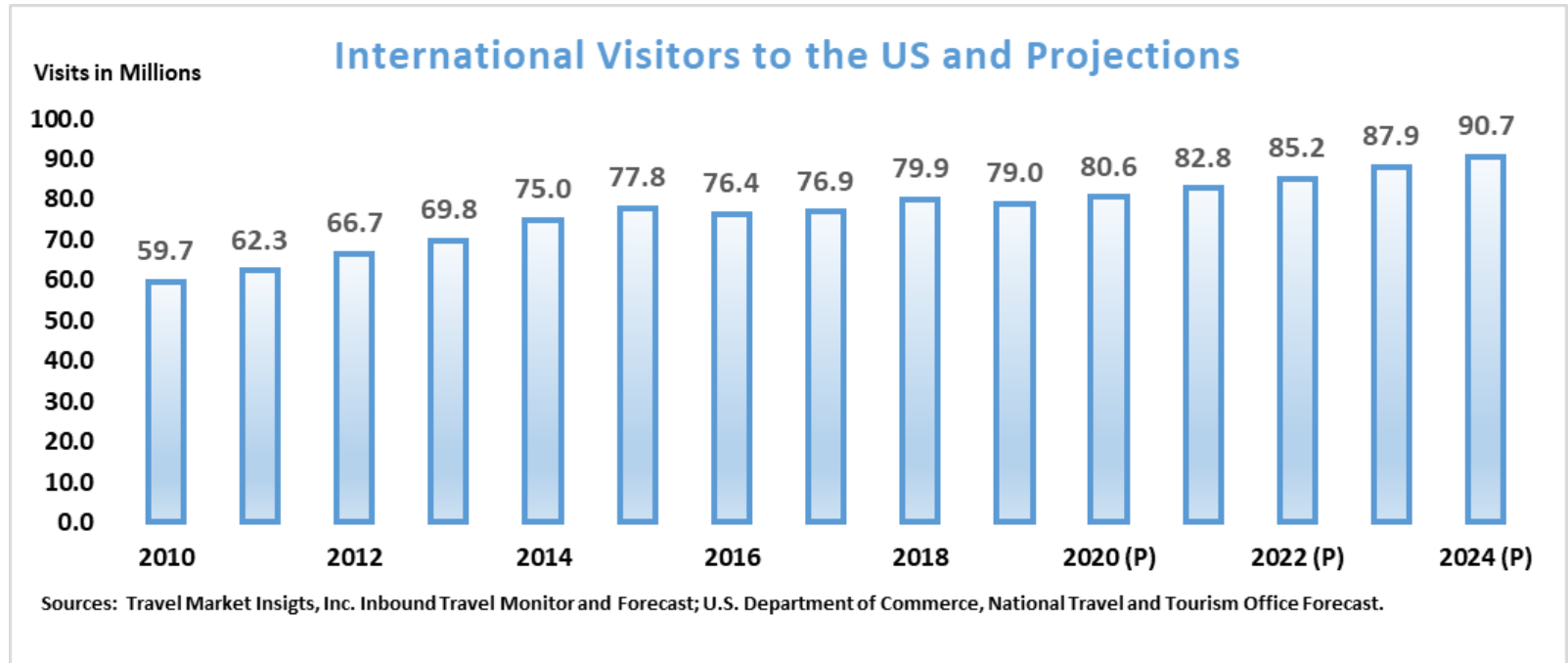
I invite you to renew our partnership now to ensure we are providing you with your destination-specific metrics and insights.

I am looking forward to talking and working with you in 2020.

Total International Visitors to the U.S. Forecast

- Record visits are projected for every year starting in 2020.

- Most concerns that negatively impacted inbound visits since the last peak in 2015 won't completely dissipate, but the level of concern should soften.

- By 2024 nearly 91 million international visitors will travel to the U.S.

- By 2024 there will be 14 countries that will report over 1 million visitors. The international visitor export opportunity will continue to be diverse and larger than ever.

"Record visits are projected for every year starting in 2020."

International Visitors to the US and Projections

Visits in Millions

2010: 59.7, 2011: 62.3, 2012: 66.7, 2013: 69.8, 2014: 75.0, 2015: 77.8, 2016: 76.4, 2017: 76.9, 2018: 79.9, 2019: 79.0, 2020 (P): 80.6, 2021: 82.8, 2022 (P): 85.2, 2023: 87.9, 2024 (P): 90.7

Sources: Travel Market Insigts, Inc. Inbound Travel Monitor and Forecast; U.S. Department of Commerce, National Travel and Tourism Office Forecast.

Volume Growth by Select Region

- Canadian visitation dipped in 2019, however, the 12-month moving average is improving. Growth in 2020 through 2024 is forecast to outpace other major regions.

- Despite recent declines in Asia, growth is forecast to rebound for the region's core markets.

- Visits from South America and Mexico to the U.S. are forecast to expand at the same pace between 2019 and 2024.

- Europe (select markets) is forecast to register double digit growth between 2029 and 2024.
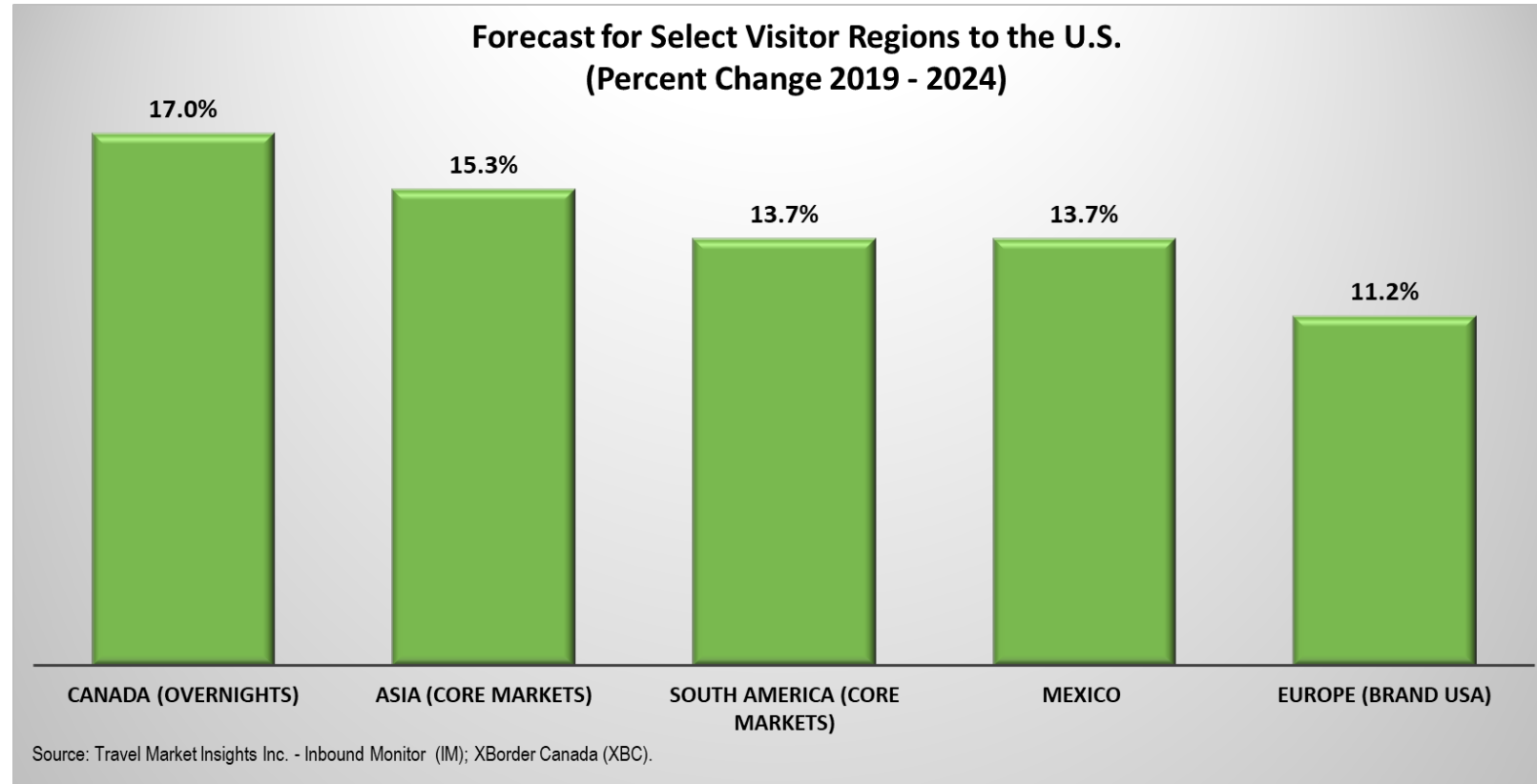
Forecast for Select Visitor Regions to the U.S. (Percent Change 2019 - 2024)

Region	Percent Change
CANADA (OVERNIGHTS)	17.0%
ASIA (CORE MARKETS)	15.3%
SOUTH AMERICA (CORE MARKETS)	13.7%
MEXICO	13.7%
EUROPE (BRAND USA)	11.2%

Source: Travel Market Insights Inc. - Inbound Monitor (IM); XBorder Canada (XBC).

Note: Definitions for Asia, Europe, and South America are on the Key Definitions slide below (slide #14). Canada and Mexico are reported as overnight visitors and excludes day visits to the United States.

Visitor Volume Rank by Select Region in 2024

- In 2024 Canada will remain the top visitor market to the U.S. and represent the country with the strongest geo-equity.

- Mexico will rank a solid second by visitor volume in 2024.

- Europe's strong traditional and emerging European markets combined will rank above Asia and South America.

- South America will lag some, but for many will continue to be an important world region.
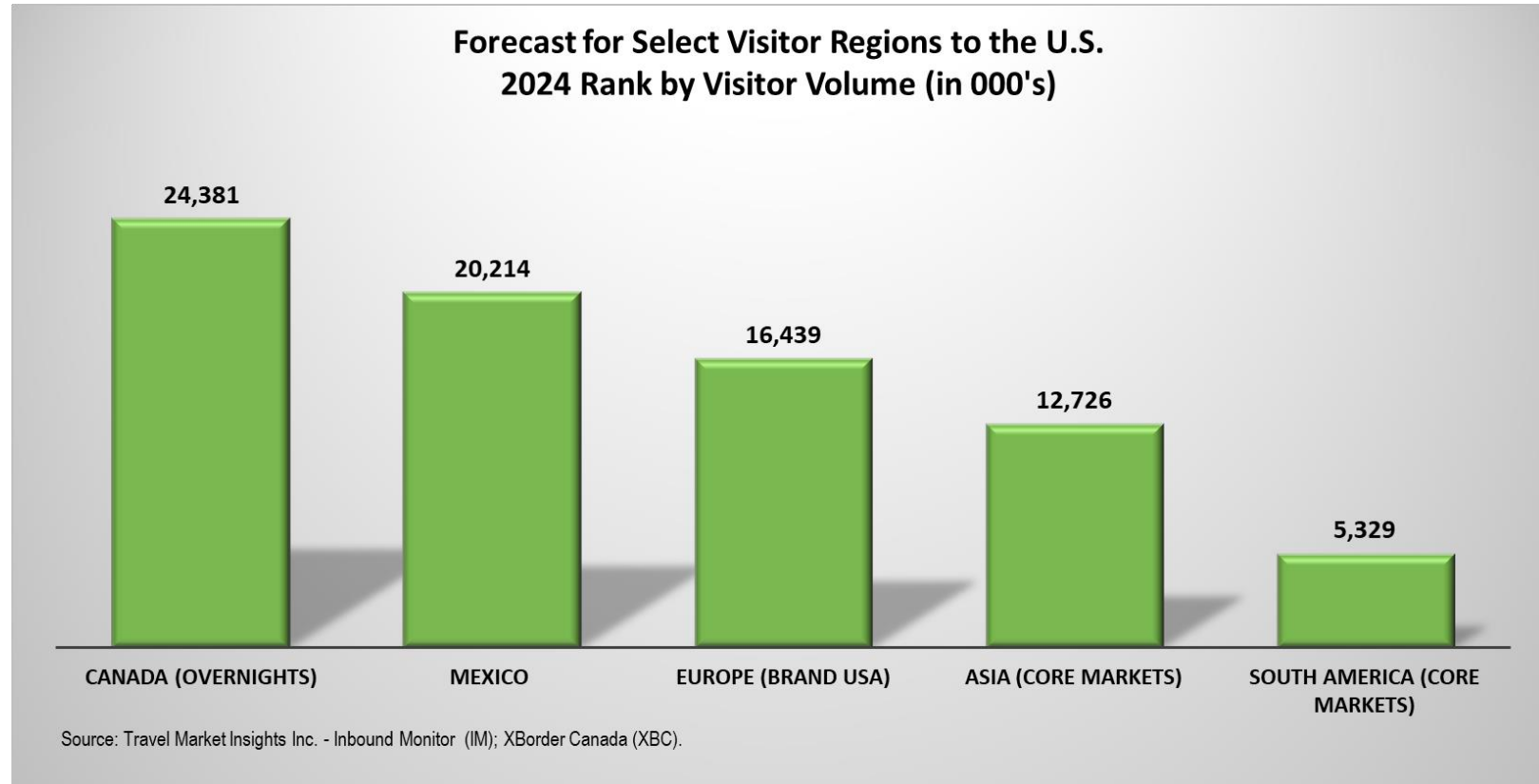
Forecast for Select Visitor Regions to the U.S.
2024 Rank by Visitor Volume (in 000's)

Region	Value
CANADA (OVERNIGHTS)	24,381
MEXICO	20,214
EUROPE (BRAND USA)	16,439
ASIA (CORE MARKETS)	12,726
SOUTH AMERICA (CORE MARKETS)	5,329

Source: Travel Market Insights Inc. - Inbound Monitor (IM); XBorder Canada (XBC).

Note: Definitions for Asia, Europe, and South America are on the Key Definitions slide below (slide #14). Canada and Mexico are reported as overnight visitors and excludes day visits to the United States.
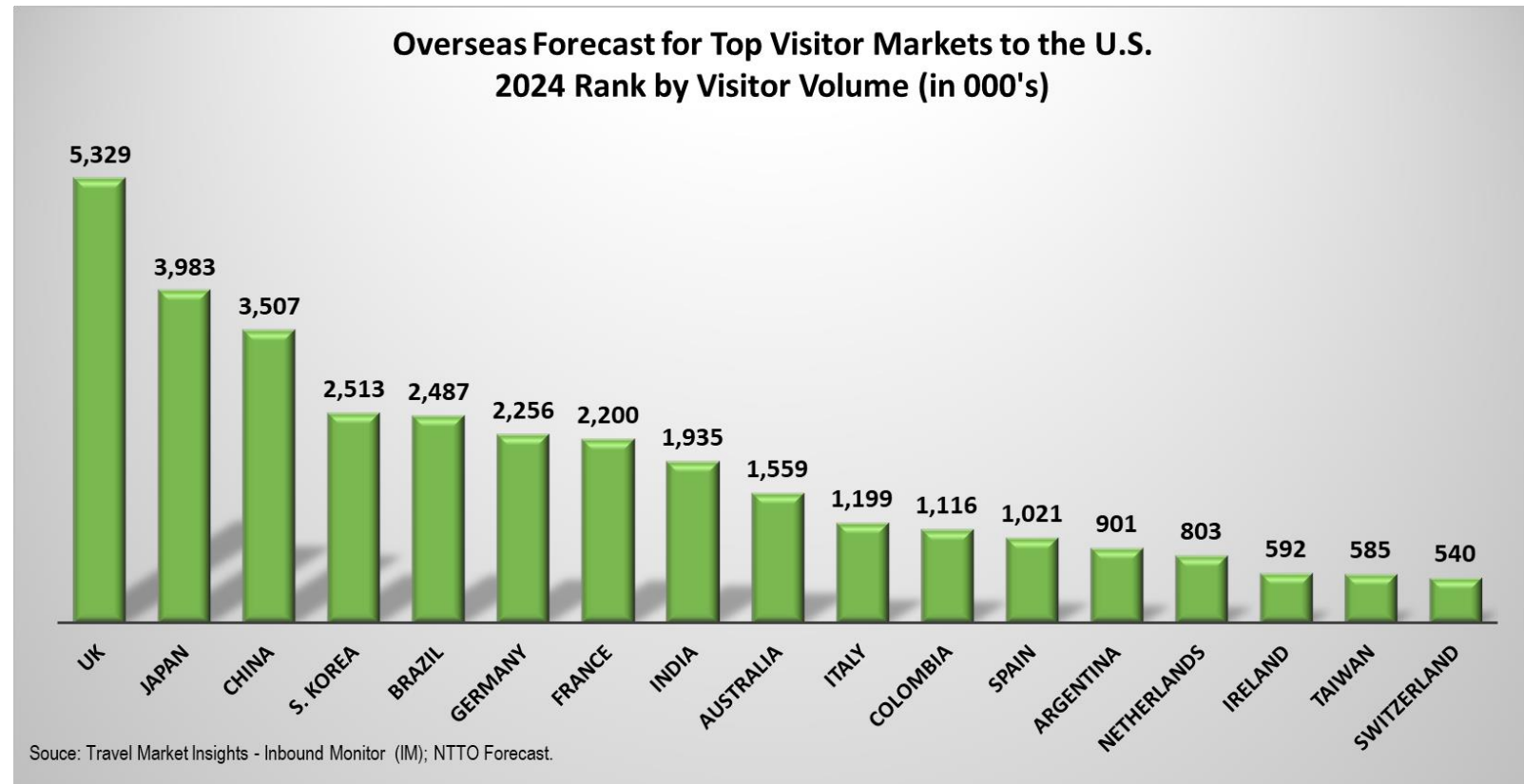
Fastest Growing Overseas Countries Between 2019-2024

- Often the headlines focus on growth in visitors.

- The chart shows the percent change between 2019-2024 for top overseas countries to the U.S.

- Visits from India are forecast to grow the most between 2019-2024, while Argentina is forecast to expand the least.

- China, France, Colombia, and Australia tied with Brazil round out the top 5 fastest growing overseas countries through 2024.

Overseas Forecast for Top Visitor Markets to the U.S.
(Percent Change 2019 - 2024)

Country	Percent Change
INDIA	31.3%
CHINA	23.9%
FRANCE	19.3%
COLOMBIA	18.2%
AUSTRALIA	18.2%
BRAZIL	18.2%
TAIWAN	17.0%
IRELAND	13.7%
SWITZERLAND	13.7%
UK	11.5%
NETHERLANDS	10.4%
ITALY	10.4%
S. KOREA	9.3%
GERMANY	9.3%
SPAIN	8.3%
JAPAN	6.1%
ARGENTINA	5.5%

Souce: Travel Market Insights - Inbound Monitor (IM); NTTO Forecast.

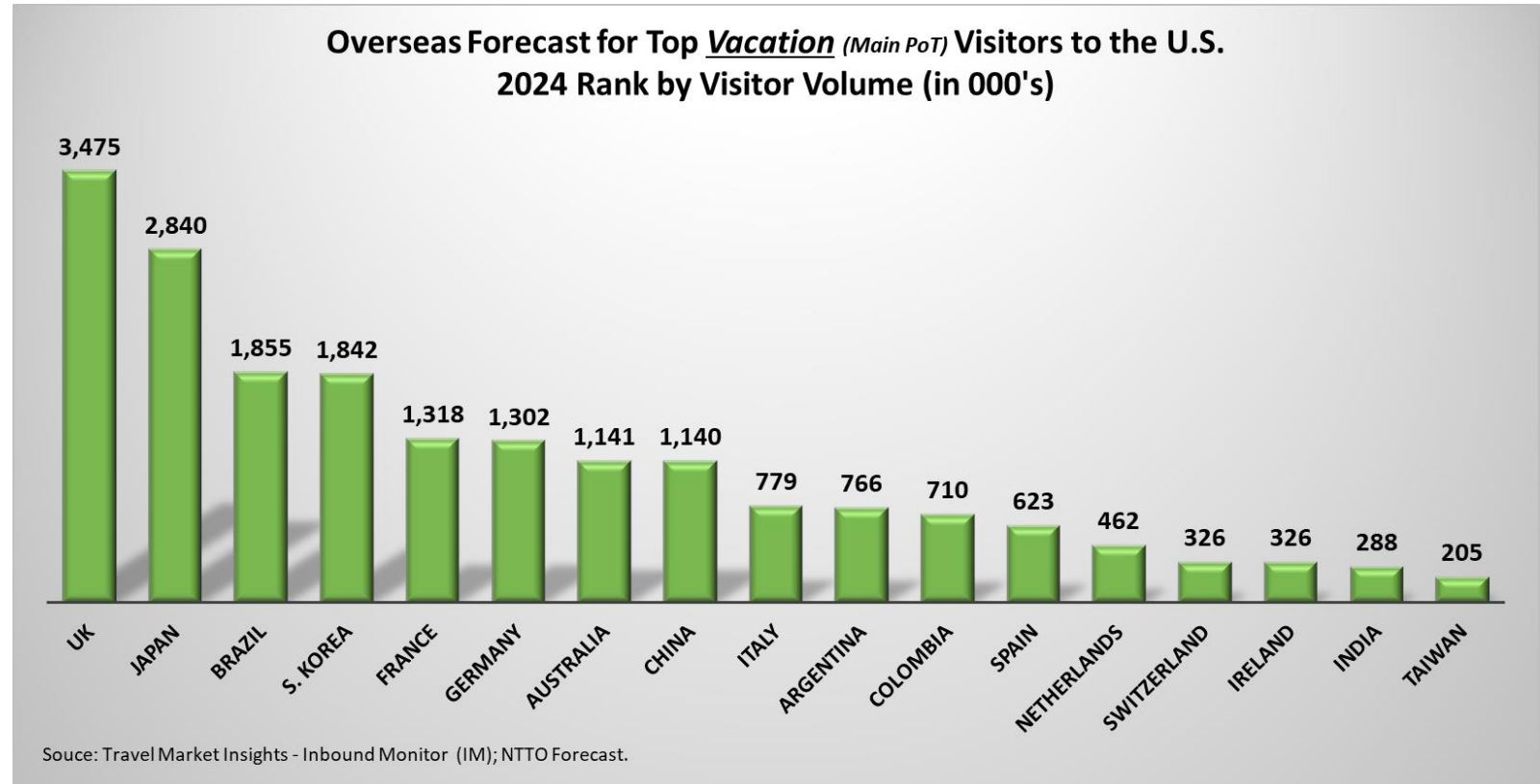# Top Overseas Countries Ranked by Visitor Volume to the U.S. in 2024

- Headlines and growth are important but looking at the volume in 2024 provides a different ranking perspective.

- The UK will remain the top U.S. country for visits through 2024.

- The top 5 markets in 2018 will still be the top volume markets in 2024.

- The remaining top 10 visitor markets will also remain the same.

- Argentina, currently ranked 11th, will slide to 13th.

Overseas Forecast for Top Visitor Markets to the U.S.
2024 Rank by Visitor Volume (in 000's)

Country	Volume
UK	5,329
JAPAN	3,983
CHINA	3,507
S. KOREA	2,513
BRAZIL	2,487
GERMANY	2,256
FRANCE	2,200
INDIA	1,935
AUSTRALIA	1,559
ITALY	1,199
COLOMBIA	1,116
SPAIN	1,021
ARGENTINA	901
NETHERLANDS	803
IRELAND	592
TAIWAN	585
SWITZERLAND	540

Souce: Travel Market Insights - Inbound Monitor (IM); NTTO Forecast.

Top Overseas Countries Ranked by *VACATION* Visitor Volume to the U.S. in 2024

- Most destinations focus their promotion efforts and target their content to vacation visitors.

- The main purpose of trip by nearly six in ten (59%) of all overseas visitors to the U.S. in 2018 was for "Vacation."

- When looking at this subset the most noticeable shifts occur for China and India.

- In 2024 China will account for 3.5 million total visits to the U.S. but will only account for 1.1 million "vacation" visitors, a difference of nearly 2.4 million visits from China that are not "vacation" related.

- India, representing nearly 1.9 million total visits in 2024, will only account for 285,000 "vacation" visitors. This is an important consideration for these two significantly sized markets.

Vacation Visitors to the U.S. in 2024

Overseas Forecast for Top *Vacation* (Main PoT) Visitors to the U.S. 2024 Rank by Visitor Volume (in 000's)

Country	Value
UK	3,475
JAPAN	2,840
BRAZIL	1,855
S. KOREA	1,842
FRANCE	1,318
GERMANY	1,302
AUSTRALIA	1,141
CHINA	1,140
ITALY	779
ARGENTINA	766
COLOMBIA	710
SPAIN	623
NETHERLANDS	462
SWITZERLAND	326
IRELAND	326
INDIA	288
TAIWAN	205

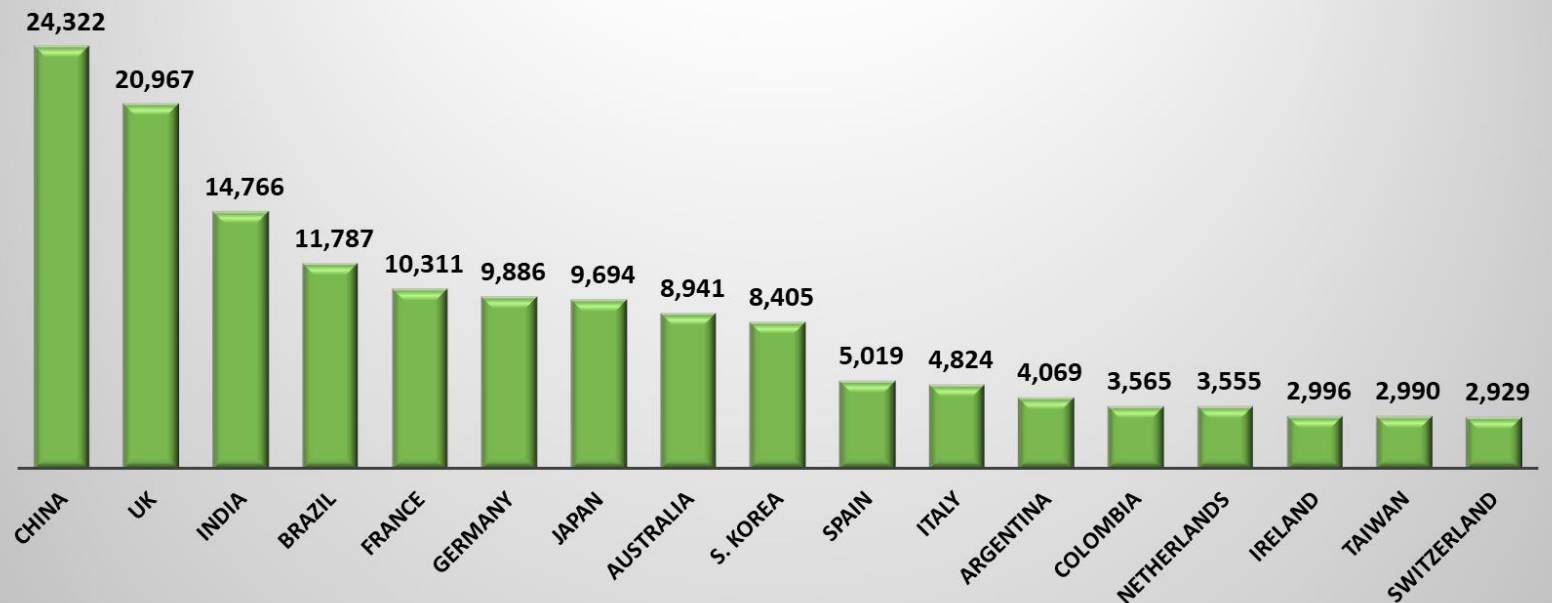Souce: Travel Market Insights - Inbound Monitor (IM); NTTO Forecast.

Note: Vacation Visitor – the primary purpose of trip was for a "vacation/holiday." Vacation/holiday does not include other leisure related purposes, such as visiting friends and relatives.

Overseas Countries Rank by Room Nights in 2024

- Heads in beds as they say is a key indicator. China is projected to book the most room-nights in 2024 primarily due to their length of stay in hotels.

- The UK, a close second, has a slightly higher propensity to stay in hotels than the average overseas visitor (81.4% vs. 76.2%).

- India, Brazil, and France spend, on average, 10+ nights in hotels while visiting the U.S. and round out the top five countries by room-nights in 2024.

Overseas Forecast for _Room-Nights,_ by Country, to the U.S.
2024 Rank by Room-Nights (in 000's)

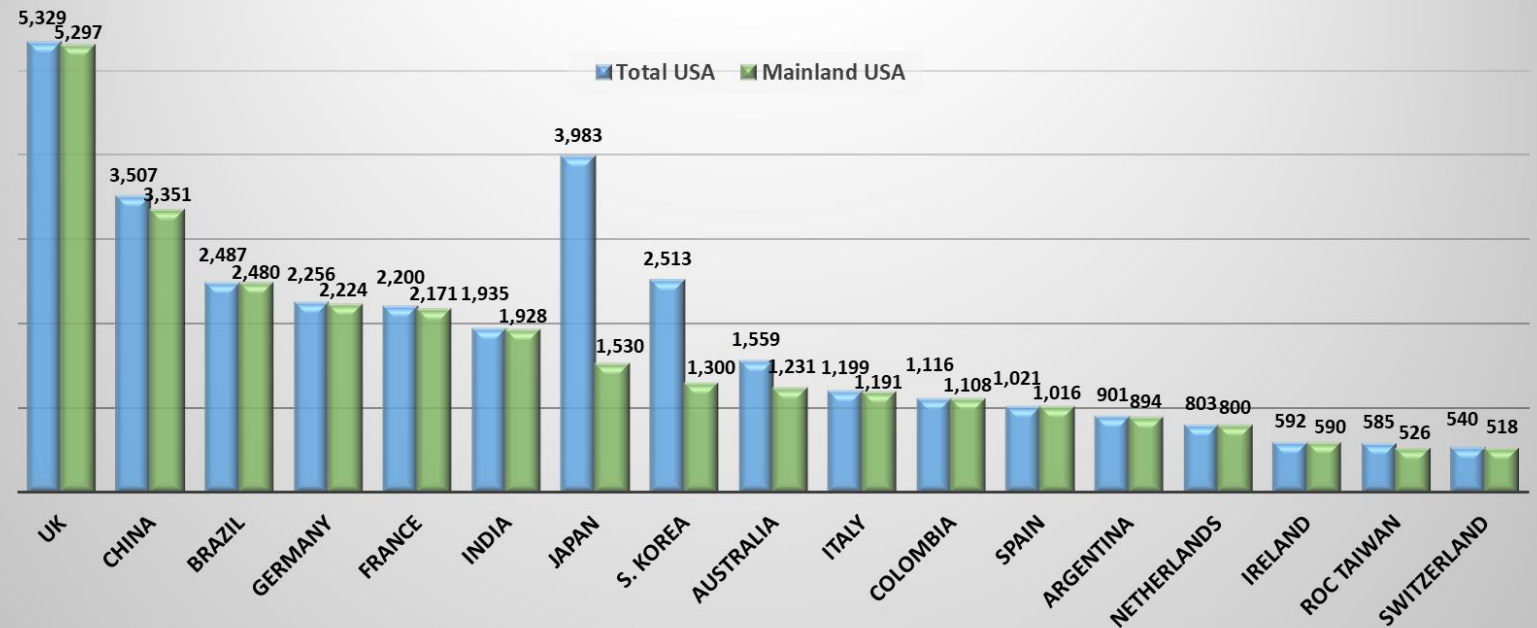| Country	Room-Nights
CHINA	24,322
UK	20,967
INDIA	14,766
BRAZIL	11,787
FRANCE	10,311
GERMANY	9,886
JAPAN	9,694
AUSTRALIA	8,941
S. KOREA	8,405
SPAIN	5,019
ITALY	4,824
ARGENTINA	4,069
COLOMBIA	3,565
NETHERLANDS	3,555
IRELAND	2,996
TAIWAN	2,990
SWITZERLAND	2,929

Souce: Travel Market Insights - Inbound Monitor (IM); NTTO Forecast.

Rank in Visits to U.S. Mainland in 2024

- Nearly 9 out of 10 visitors to the U.S. (88.9%) visit the "Mainland" each year. However, this varies by country of origin and the popularity of Hawai'i and Guam has an impact.

- The chart shows the total projected volume of visitors from each country in 2024 as well as the projected Mainland USA volume by the same countries.

- Two key visitor markets, Japan and South Korea, register a sizable shift in visits when reported as Mainland USA visits.

- Less than four in ten (38.4%) of the visitors from Japan visited Mainland USA in 2018, the lowest of any reported country.

- South Korea, at 51.7%, was the second lowest and Australia, at 79.0%, registered the third lowest percentage of all the countries to visit Mainland USA.

- This is an important consideration for these three significantly sized markets when ranking countries by visitor volume.

Overseas Forecast for Top _Mainland USA_ Visitors to the U.S.
2024 Rank by Visitor Volume (in 000's)

Legend: ■ Total USA ■ Mainland USA

Country	Total USA	Mainland USA
UK	5,329	5,297
CHINA	3,507	3,351
BRAZIL	2,487	2,480
GERMANY	2,256	2,224
FRANCE	2,200	2,171
INDIA	1,935	1,928
JAPAN	3,983	1,530
S. KOREA	2,513	1,300
AUSTRALIA	1,559	1,231
ITALY	1,199	1,191
COLOMBIA	1,116	1,108
SPAIN	1,021	1,016
ARGENTINA	901	894
NETHERLANDS	803	800
IRELAND	592	590
ROC TAIWAN	585	526
SWITZERLAND	540	518

Souce: Travel Market Insights - Inbound Monitor (IM); NTTO Forecast.

Note: Definition for Mainland is on the Key Definitions slide below (slide #14).

Destination Outlook – What to look for?

The U.S. forecast by country reflects demand to the U.S. overall. The diversity in geography, product, air lift/capacity by primary and feeder airports, product awareness and promotion, VFR (immigration), universities, and demand make forecasting by destination more complex.

Here are some key things to consider that are destination-specific indicators:

1. Purpose of Trip. Often visits are reported as business and leisure. This generally works for domestic visitors, however, international markets (depending on the destination) call for more depth in the breakdown by purpose of trip . For example, leisure combines vacation/holiday with visiting friends and family (VFR). If VFR is 30% of your leisure visitors and VFR is trending down or up to the U.S. it will impact your destination more or less than the U.S. overall. Every destination has a country-specific visitor mix that may include more vacation than VFR, or more business than convention etc. To enhance your destination's forecast it is important to know your destination's visitor mix by country.

2. Ports of Entry. Today airlines are shifting routes rapidly. Other than a few unique destinations, most visitors use various entry points. Port-mapping of your primary airports and feeder airports by country provides depth in projecting visits – especially in understanding shifts.

3. Hub Impact. Airports focus on maximizing the number of people paying to fly into and out of their airport and mostly report data in terms of people (passengers). Understanding your primary airport(s) goals and tracking the airport data by visitors along with the entry of people is vital. For example, a route from the UK to your destination could have a portion of passengers that are only using the airport as a gateway to pass on to another destination. Knowing if the people (passengers) visit your city/state overnight is key in understanding how the airport data reflects a shift in visits.

4. Residency is Key. There are over 200 types of visas people can use to enter the United States. Only 14 are used to consider a person a visitor. To be a visitor the person also must stay in the U.S. at least one night. In addition, to ensure marketing is targeted appropriately, a person entering the U.S. is also tracked by where they live, earn their income, and are influenced rather than their flight departure point. The same basic rules apply for a visitor to a destination. Once again, airport and airline data focus on people on the plane and landing at the airport, no matter their visa type, if they stay overnight, or by what country they live in. In addition, most international visitors travel to more than one city and state during their U.S. visit. Understanding your destination's visitor patterns by residency builds understanding in projecting shifts to your destination.

Forecast Model

➢ Monthly Visitor Data

➢ Monthly Passenger Data

➢ In-Country Trade Data/Input

➢ Economic Indicators

➢ NTTO Forecast

➢ Global Forecasts

➢ A model of success for over 25 years

Leading in international travel research with actionable analysis.

Key Definitions

Total International Visitors to USA – Combines Canada, Mexico, and all other countries outside the United States. It includes all overnight visitors that adhere to the UNWTO definition <u>by country of residence</u>. Day visitors from Canada and Mexico are excluded.

Mainland USA includes the states in North America, which excludes Hawaii, Guam, and other like parts of the United States.

Vacation Visitor – the primary purpose of trip was for a "vacation/holiday."

Brand USA European Markets are defined as the following countries:

Austria
Belgium
Croatia
Czech Republic
Denmark
France
Germany
Hungary
Ireland
Italy
Luxembourg
Netherlands
Norway
Poland
Portugal
Romania
Spain
Sweden
Switzerland
United Kingdom

Asia Core Markets are defined as the following countries:

India
Japan
China (PRC)
Taiwan (ROC)
Singapore
South Korea

South America Core Markets are defined as the following countries:

Argentina
Brazil
Chile
Colombia
Venezuela

TMII's Invitation

Some partners know us for our in-depth market analysis and custom reporting. Others tap into our in-country trade surveys, forecasting, quarterly updates, and more. Our most recent addition was the development of the XBorder Canada program, which replaced the Statistics Canada program reporting visits and visitor characteristics to all 50 states and added cities for the first time.

In 2020 we will continue to expand our efforts to meet our partner's needs. We welcome you to explore all the services we provide. Please call or email to set up a time to learn more.

1. Visitor volume (all markets in one report) for all 50 states and over 60 cities.

2. Country Profiles – from simple snapshots to in-depth insights.

3. Visitor Indexing – no other source provides you with the ability to index key variables to understand your visitor's interests to sharpen and adjust your visitor messaging.

4. XBorder Canada – 2018 annual and 2019 quarterly visitor data is available now! 2019 visitor metrics due in April 2020 (subscribe now).

5. UK Trade Survey – Join the UK Trade Survey, a cooperative effort with destinations and in-country tour operators. Call for details.

6. Market Optimization – Comprehensive analysis to determine the strongest mix of countries to expand your international travel exports.

7. Mexico Visitor Program – Focus is on the border states, but all invested in Mexico at the state and DMO level will benefit.

8. Mixed Data Sources – no one source provides a destination with their visitor story. For over 25 years we have quietly worked to verify the strengths and weaknesses of key data resources and combine them to meet each partner's unique needs. We love cookies, just not cookie-cutter data.

Travel Market Insights

SCOTT C. JOHNSON

1-518-668-2559

SCOTT@TRAVELMI.COM