

ISSUE BRIEF : Q3 2019

THE “TRUMP SLUMP” IN MASSACHUSETTS TOURISM

STATE REPORT



BUSINESSFORWARD
FOUNDATION

EXECUTIVE SUMMARY

International tourism is the United States' second largest export (after transportation equipment) and accounts for 10% of all U.S. exports.¹

Foreign tourists contributed \$256 billion to the U.S. economy last year, directly supporting 1.2 million jobs.² In major cities foreign visitors spend four times more than domestic ones.³

80% of travel to the U.S. is for pleasure (not work), which means foreigners who do not feel safe or welcome in the U.S. can switch easily.⁵

America's standing in the world has fallen dramatically as a result of Trump's policies and rhetoric. Global confidence in the U.S. president fell from 55% under Obama to 27% under Trump.⁶ The percent of the world that sees U.S. power as a major threat rose from 25% under Obama to 45% under Trump.⁷

The global tourism industry is booming, but not in the U.S. As America's share of the global tourism market falls, the U.S. will lose 14 million visits, \$59 billion in income, and 120,000 jobs this year alone.⁸

Trump's anti-immigrant and anti-Muslim policies and rhetoric are not the only things hurting U.S. tourism, but they are significant - and completely avoidable.

INTERNATIONAL TOURISTS
IN MASSACHUSETTS SPEND
\$4.2B EACH YEAR

JULY 28, 2018

INTERNATIONAL TRAVELERS
CITE POLITICS AS FACTOR
IN US TRIPS⁹

Ap Associated Press

WHAT THE U.S. TOURISM INDUSTRY IS SAYING



A STRONG DOLLAR HAS HURT TOURISM INTERMITTENTLY OVER THE PAST THREE YEARS, BUT EXPERTS BELIEVE FOREIGN VISITORS ALSO WORRY ABOUT HOW THEY WILL BE TREATED HERE.

“

This lucrative market is expanding, yet our country continues to fall behind... I'm not exaggerating when I say that millions of American jobs are at risk if this trend continues.¹⁰

”

- ROGER DOW
PRESIDENT, U.S. TRAVEL ASSOCIATION

“

[Trump's travel ban has a] potential dangerous ripple effect... People make (travel) choices based on policies, based on protests of those policies, based on fear. The fallout could be wide-ranging.¹¹

”

- JONATHAN GRELLA
SPOKESMAN, U.S. TRAVEL ASSOCIATION

“

[Germany surprised] with a steep decline [in U.S. travel] in 2018, perhaps evidence of a reaction to unpopular U.S. diplomacy and policies.¹²

”

- OXFORD ECONOMICS

“

We do think we need to have a more welcoming message.¹³

”

- TORI BARNES
E.V.P. OF U.S. TRAVEL ASSOCIATION

“

At the moment there's a perception around the world that the U.S. is a little less welcoming than it was in the past.¹⁴

”

- ARNE SORENSON
C.E.O., MARRIOTT

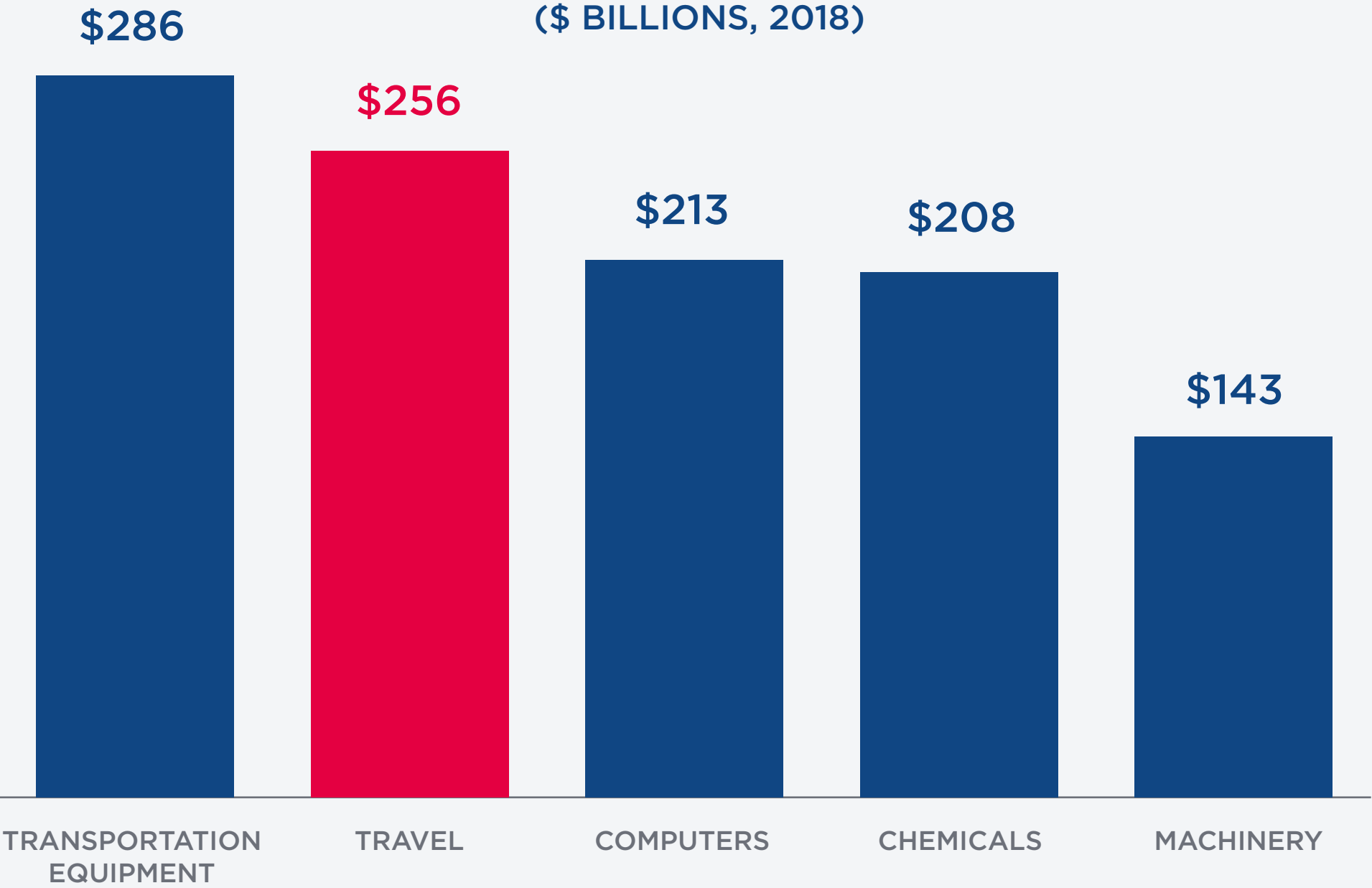
INTERNATIONAL TOURISM IS AMERICA'S SECOND LARGEST EXPORT

International tourism contributes \$256 billion to the United States' economy each year, making it the second largest export (after transportation equipment).¹⁵

EXPORTS

International tourism accounts for 10% of all U.S. exports, more than agriculture, aerospace, autos, and pharmaceuticals.¹⁶

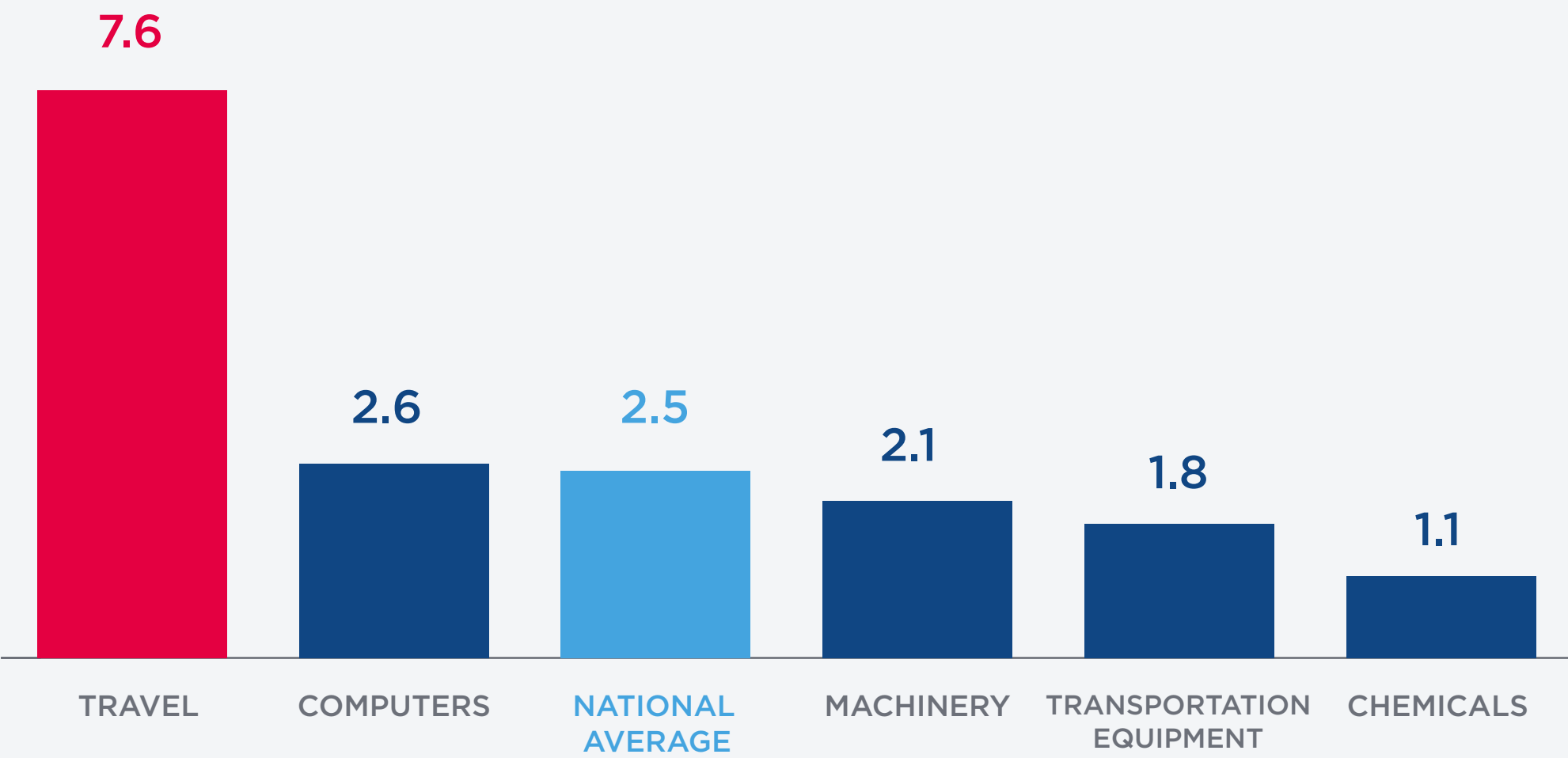
TOP U.S. EXPORTS
(\$ BILLIONS, 2018)



JOB MULTIPLIER

Tourism is a job-intensive industry, supporting more jobs per export dollar than exports, on average, and the other top four export sectors.¹⁷

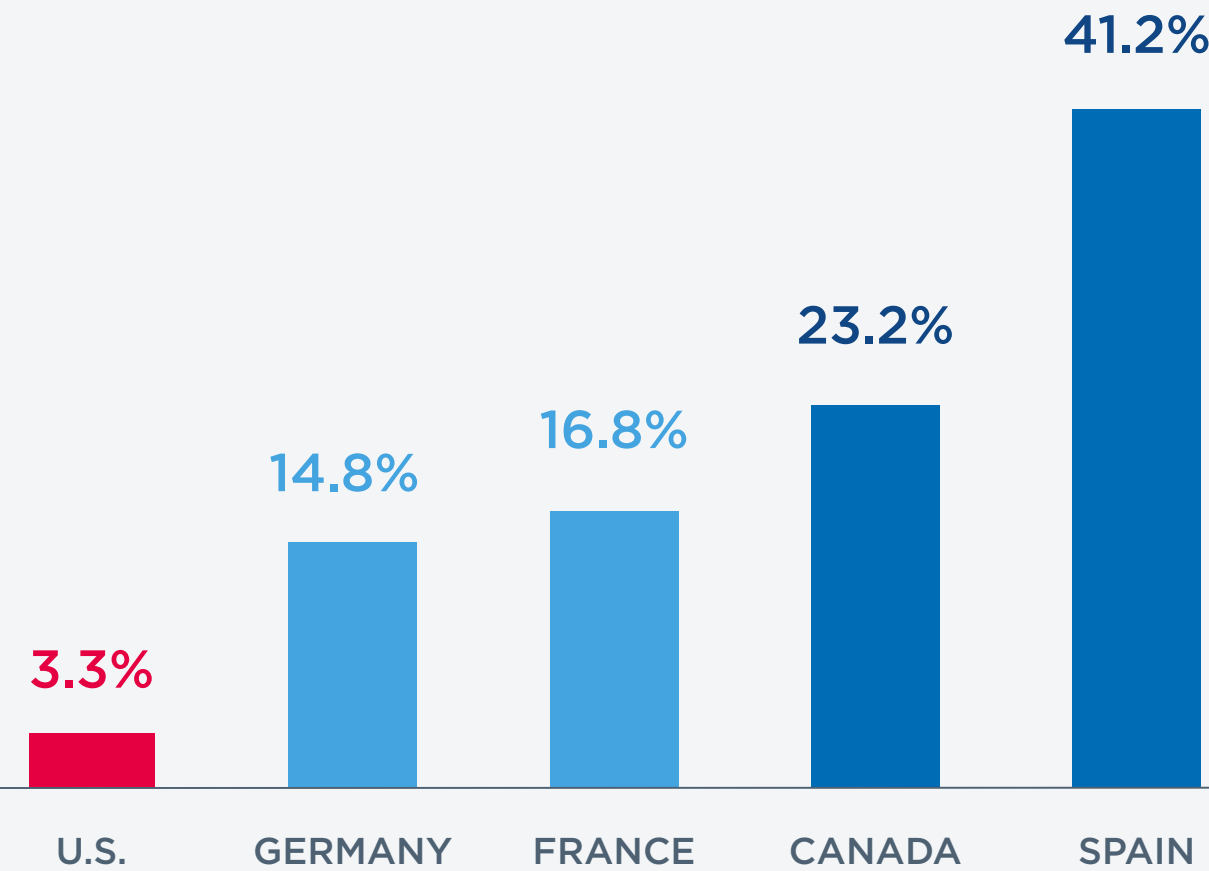
JOBS SUPPORTED FOR EVERY \$1M IN EXPORTS



U.S. TOURISM IS DECLINING

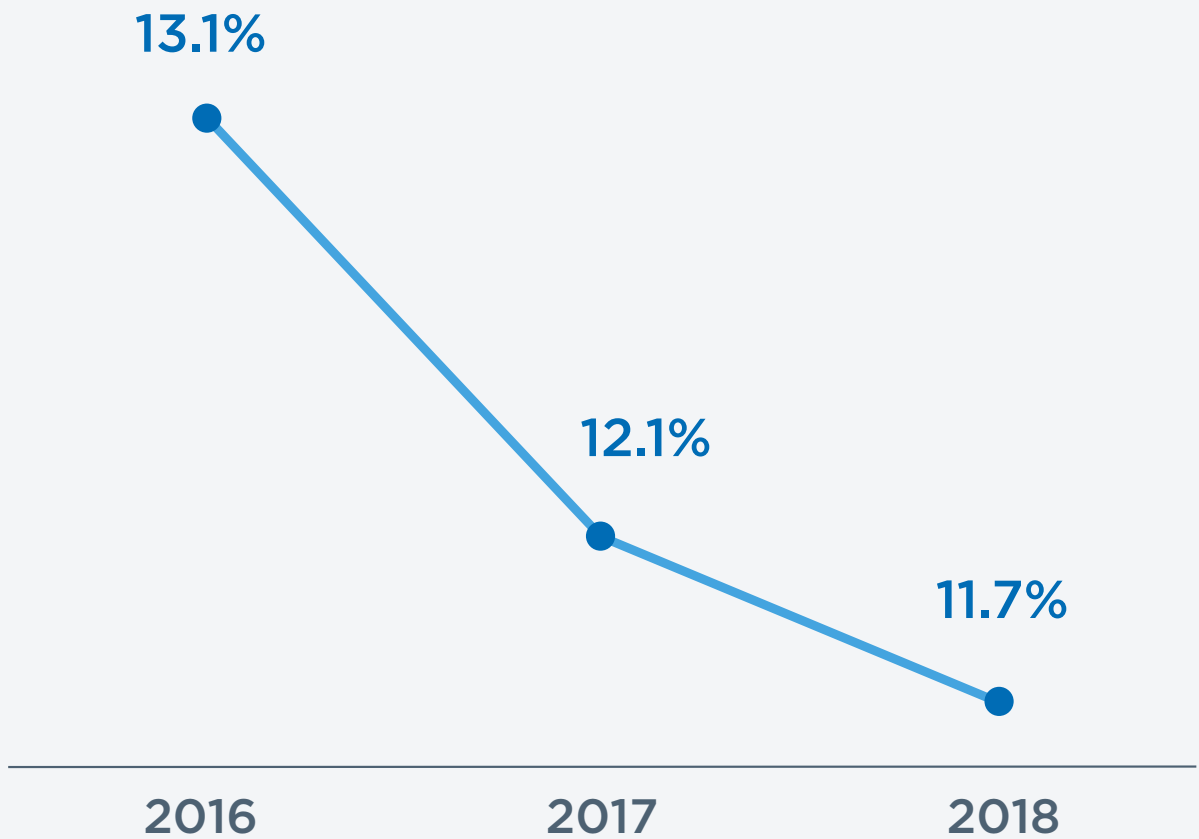
INTERNATIONAL TOURISM IS GROWING...

PERCENT INCREASE IN LONG-DISTANCE
TRAVELERS HOSTED (2015-2018)¹⁸



... BUT THE U.S. SHARE IS DECLINING ...

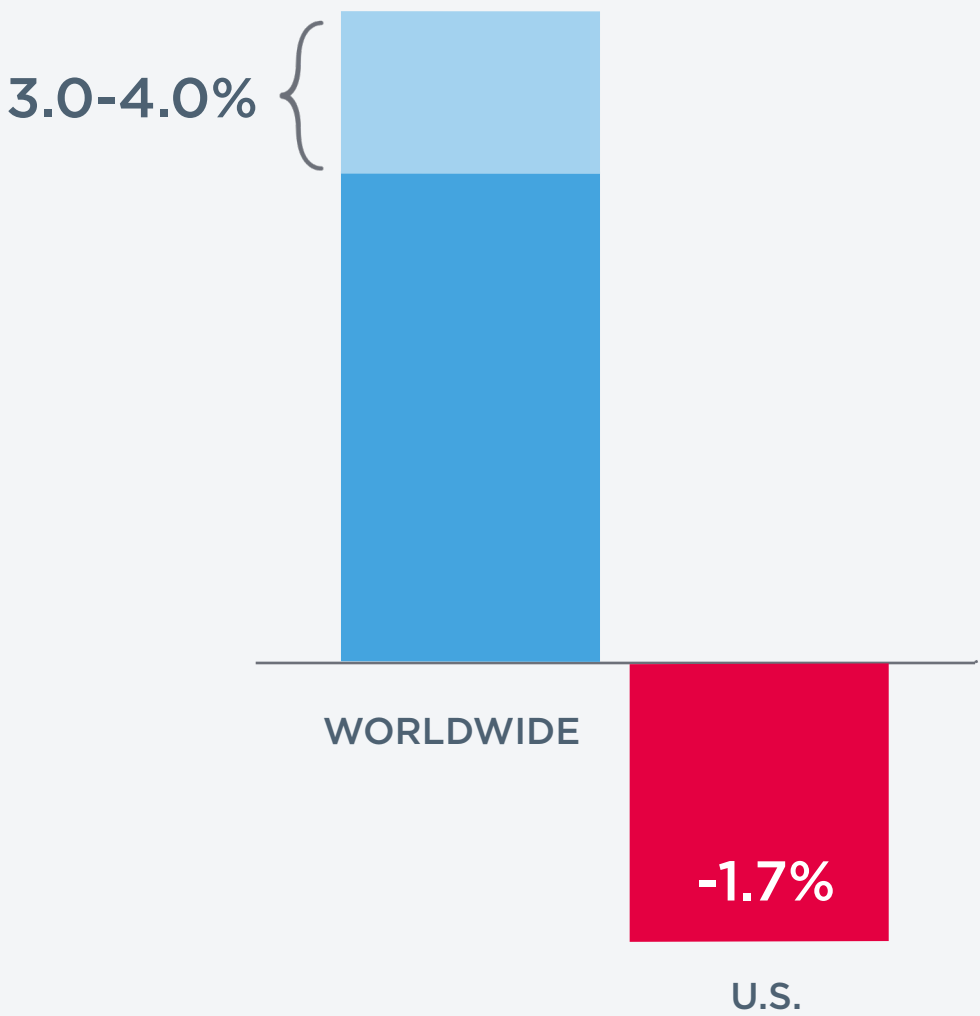
U.S. SHARE OF GLOBAL LONG-HAUL TRAVEL¹⁹



... AND IT'S GETTING WORSE.

During the first half of 2019, global tourism increased by 3 to 4%.²⁰ In the U.S., it fell by 1.7%.²¹

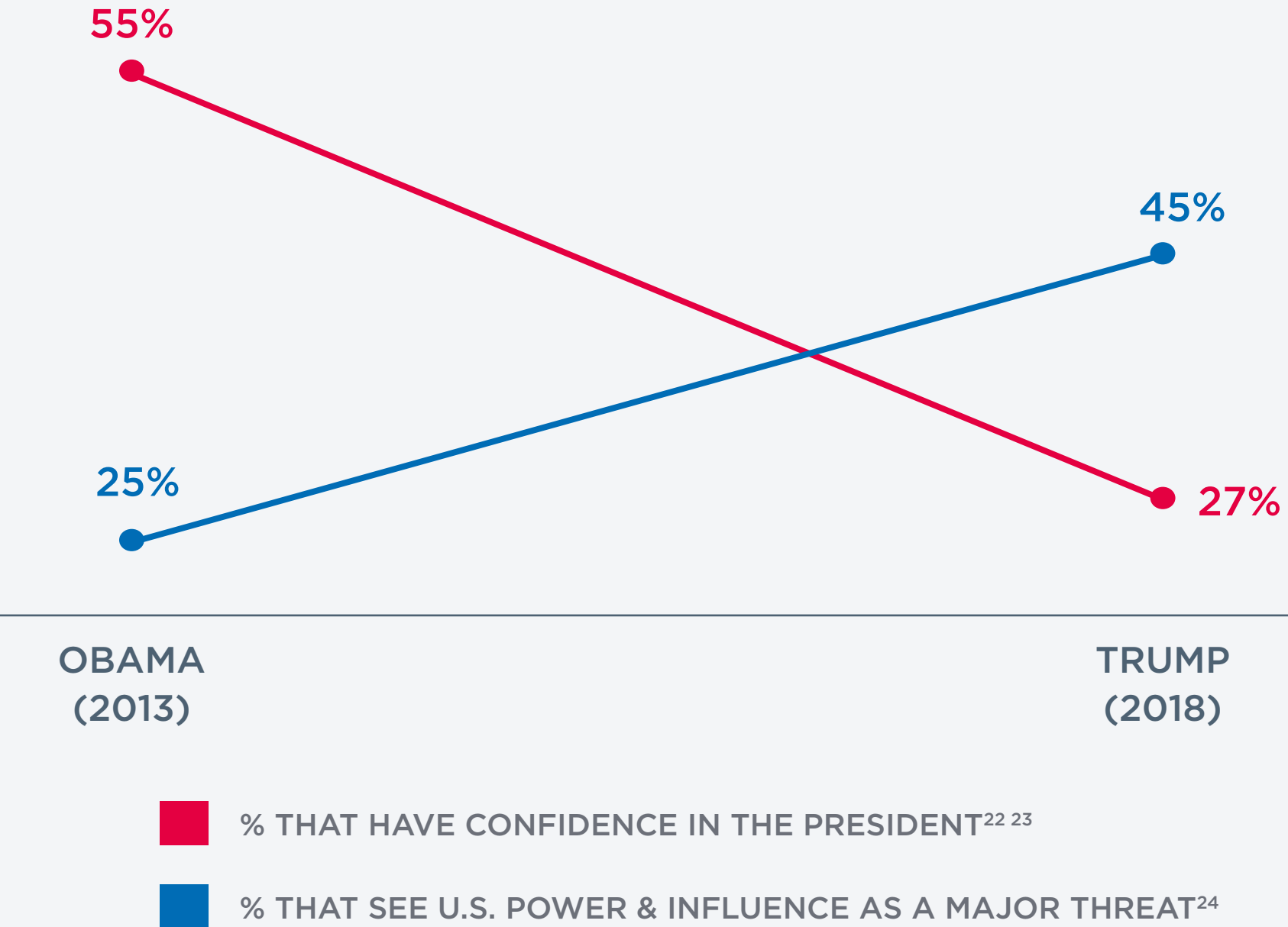
PERCENT CHANGE IN TOURISM (1H 2019)



TRUMP'S RHETORIC HURTS U.S. TOURISM

AS THE WORLD TURNS ON TRUMP,
AMERICA'S FAVORABILITY SUFFERS...

GLOBAL OPINION OF THE U.S.



... AND AMERICAN TOURISM
ALONG WITH IT.

JANUARY 24, 2018
JUSTIN FOX

DON'T BLAME ALL OF TOURISM'S DECLINE ON TRUMP. JUST MOST.

"Some combination of Trump's extreme unpopularity overseas, tougher border and immigration enforcement, and the strong signals being sent by the president that people from certain countries aren't welcome is causing foreigners to stay away."²⁵

Bloomberg

TRUMP BORDER POLICIES HAVE
CAUSED ADDITIONAL DAMAGE.

JANUARY 6, 2018
NICOLE RODRIGUEZ

TRUMP'S ANTI-IMMIGRATION RHETORIC, POLICIES KILLING TOURISM TO THE U.S., INDUSTRY ANALYSTS SAY

"The administration has also slowed the visitor visa process, placing applications in "administrative processing" and thus forcing them to undergo increased security scrutiny... [The] slowdown likely has deterred travelers from coming to the U.S."²⁶

Newsweek

LOST THIS YEAR? 14 MILLION VISITS, \$59 BILLION IN REVENUE, AND 120,000 JOBS

Eighty percent of travel to the U.S. is for pleasure (not work), which means visitors can switch easily to other destinations.²⁷ One in five U.S. visitors is Mexican.²⁸ When Trump calls Mexicans rapists, Mexican tourists switch their ski vacations from Vail to Vancouver.

The recent drop in America's share of the global tourism market (2018 vs. 2015) represents 14 million lost visits, \$59 billion in lost income, and 120,000 lost jobs this year.²⁹

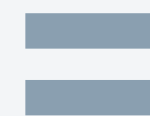
As the U.S. Travel Association has noted, that loss is equal to losing 30 auto plants.³⁰

80%
OF TRAVEL TO
THE U.S. IS
FOR PLEASURE



**1 IN 5 VISITORS
IS MEXICAN**

14M
LOST VISITS



\$59B
LOST INCOME



120K
LOST JOBS

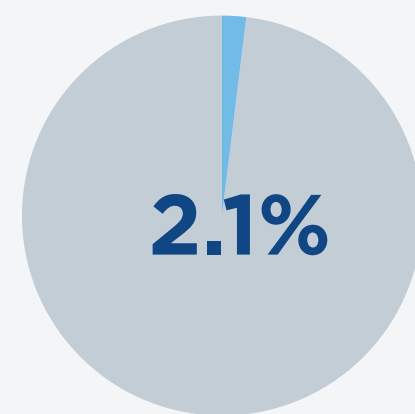
THE EQUIVALENT OF



CLOSED AUTO PLANTS

IN MASSACHUSETTS, 2.4M INTERNATIONAL TOURISTS SPEND \$4.1B EACH YEAR

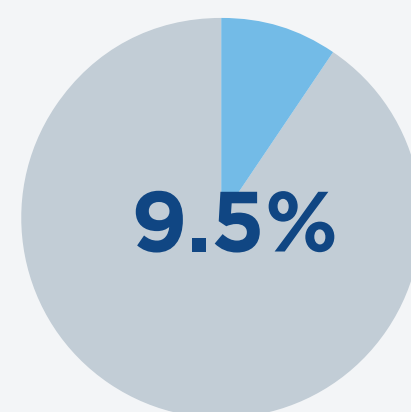
MASSACHUSETTS ATTRACTS TOURISTS FROM ALL OVER.



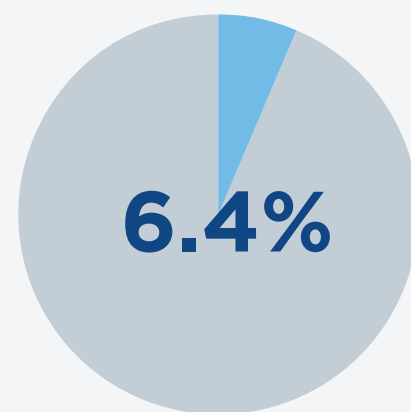
POPULATION

Massachusetts accounts for 2.1% of U.S. total population, but attracts higher shares of tourists from countries like Canada, the UK, China, Germany, and India.

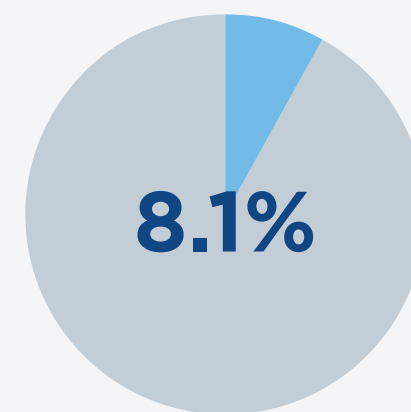
MASSACHUSETTS SHARE OF TOTAL VISITATION TO THE U.S. (2017)³¹



CHINA



GERMANY

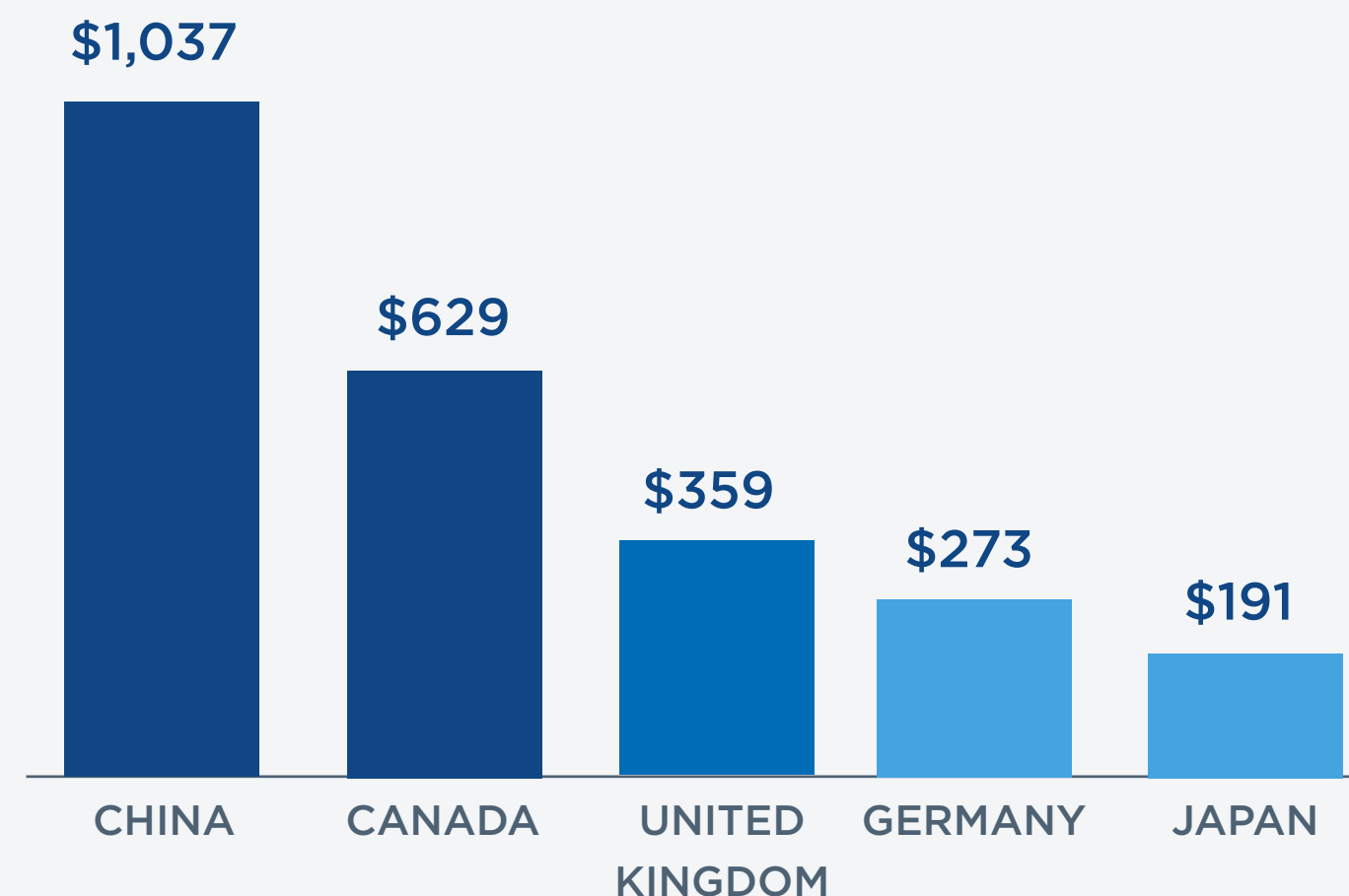


IRELAND

INTERNATIONAL TRAVELERS SPEND BILLIONS OF DOLLARS.

International travel-related spending accounts for 18% of Massachusetts' total travel spending. In 2017, 2.4M international visitors spent \$4.1B in Massachusetts.³²

TRAVEL SPENDING IN MA, TOP 5 COUNTRIES (2017, \$ MILLIONS)³³



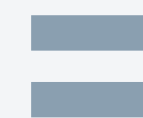
TOURISM CREATES JOBS IN MASSACHUSETTS.



FOR EVERY \$1 MILLION SPENT BY FOREIGN TOURISTS...



...7.6 JOBS ARE SUPPORTED³⁴



31,160

JOBS SUPPORTED BY INTERNATIONAL TRAVEL^{35 36}

THE “TRUMP SLUMP’S” IMPACT ON MASSACHUSETTS

TOURISM FROM CHINA IS ALREADY DOWN THIS YEAR.

According to Massachusetts’ monthly travel newsletter, the number of Chinese visitors through May 2019 dropped by 3.1% compared to the same 2018 period.

VISTORS TO U.S. FROM CHINA³⁷
(CHANGE FROM CY 2018-19 THROUGH MAY)

 **-3.1%**

“

We’re all concerned that if it continues to escalate, it will hit the travel trade.³⁹

”

- DAVID O’DONNELL
SPOKESMAN, GREATER BOSTON CONVENTION
& VISITORS BUREAU

“

When people say, ‘What keeps you up at night?’ — it’s if the Chinese all of a sudden aren’t allowed to travel here. It would be a huge hit to all of New England.³⁸

”

- PAT MOSCARITOLO
PRESIDENT & CEO, GREATER BOSTON CONVENTION
& VISITORS BUREAU

JULY 11, 2018
JORDAN GRAHAM

TRADE WAR TENSIONS STRESS STATE TOURISM OFFICIALS

“Chinese tourists, and the money they spend here, are a top concern for Boston tourist officials as trade tensions between the U.S. and China heat up.”⁴⁰

BOSTON
Herald

JUNE 19, 2019
MAX REYES

WILL THE TRADE WAR CUT THE NUMBER OF TOURISTS FROM CHINA? THE TOURISM INDUSTRY IS WARY

“Boston’s tourism industry works hard to accommodate Chinese tourists... For instance, some businesses have adopted WeChat Pay and Alipay, payment apps that are ubiquitous in China; Boston Duck Tours offers tours translated into Chinese languages... But as trade tensions between China and the United States remain unresolved, some people who count on Chinese spending here are starting to worry.”⁴¹

The Boston Globe

“

We’re a little concerned with the current political climate that people from China see the U.S. as not welcoming.⁴²

”

- DANIEL ANDREW
CHIEF EXECUTIVE, TRADEMARK TOURS

CASE STUDY: THE MUSLIM TRAVEL BAN

As a candidate, Trump argued that “Islam hates us,” and called for a temporary ban on all Muslims entering the U.S. He signed his first travel ban a week after taking office.



In May 2017, a U.S. appeals court ruled 10-3 against one of his revised bans, explaining it “drips with religious intolerance, animus, and discrimination.”⁴³

MUSLIMS REPRESENT
APPROXIMATELY

1 IN 4
POTENTIAL VISITORS

His travel ban and rhetoric hurt bookings immediately and significantly – and not just among Muslims.

“

I am concerned. It’s the tone of it. We have brought millions of Muslims to the United States, but now they may not feel welcome, they may look at going on holiday elsewhere.⁴⁴

”

- TIM CLARK
PRESIDENT, EMIRATES AIR



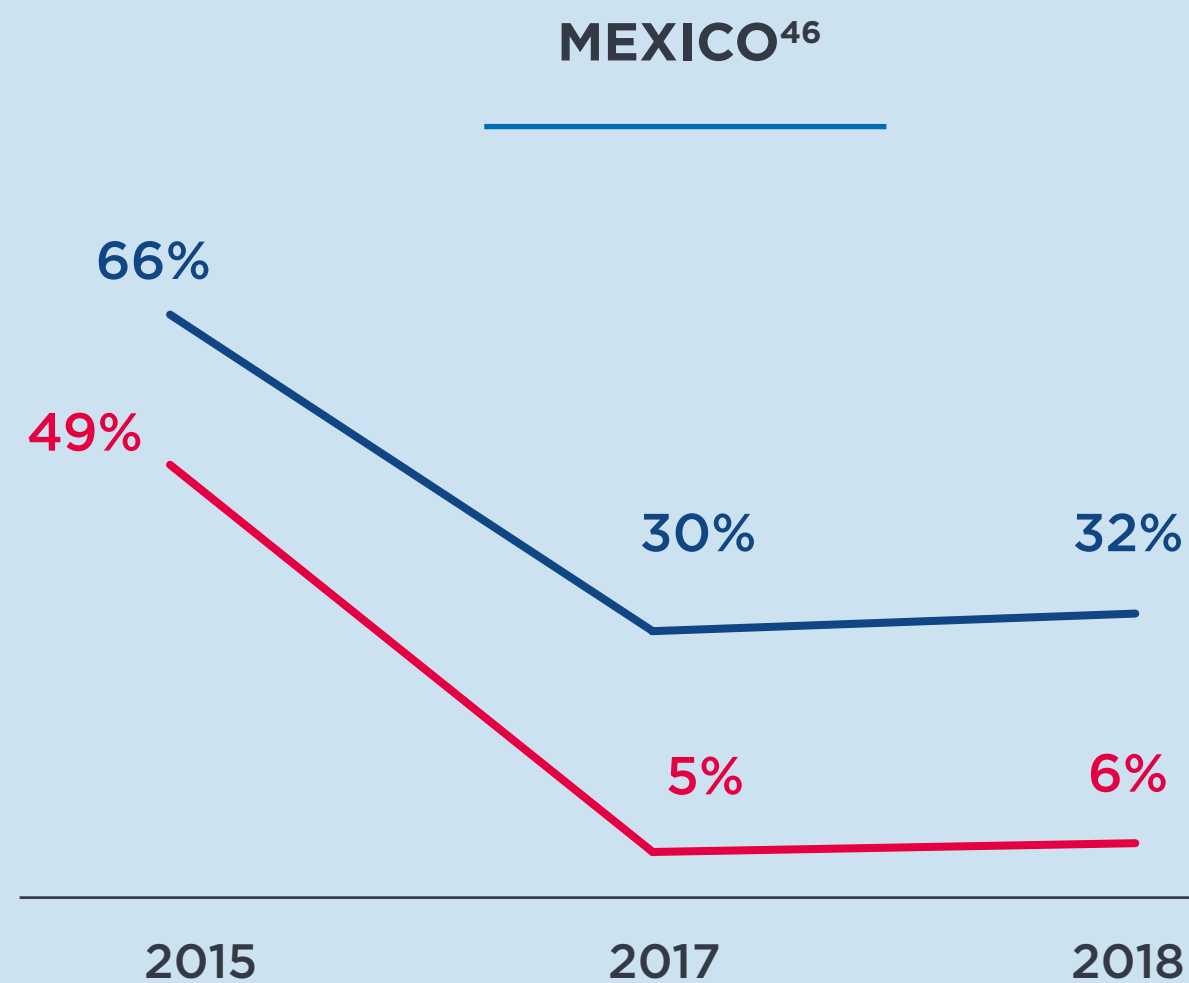
VOTED BEST AIRLINE
IN THE WORLD IN 2017

AND CONSISTENTLY RANKS IN
THE TOP 5 ON LISTS BY
TRIPADVISOR AND SKYTRAX

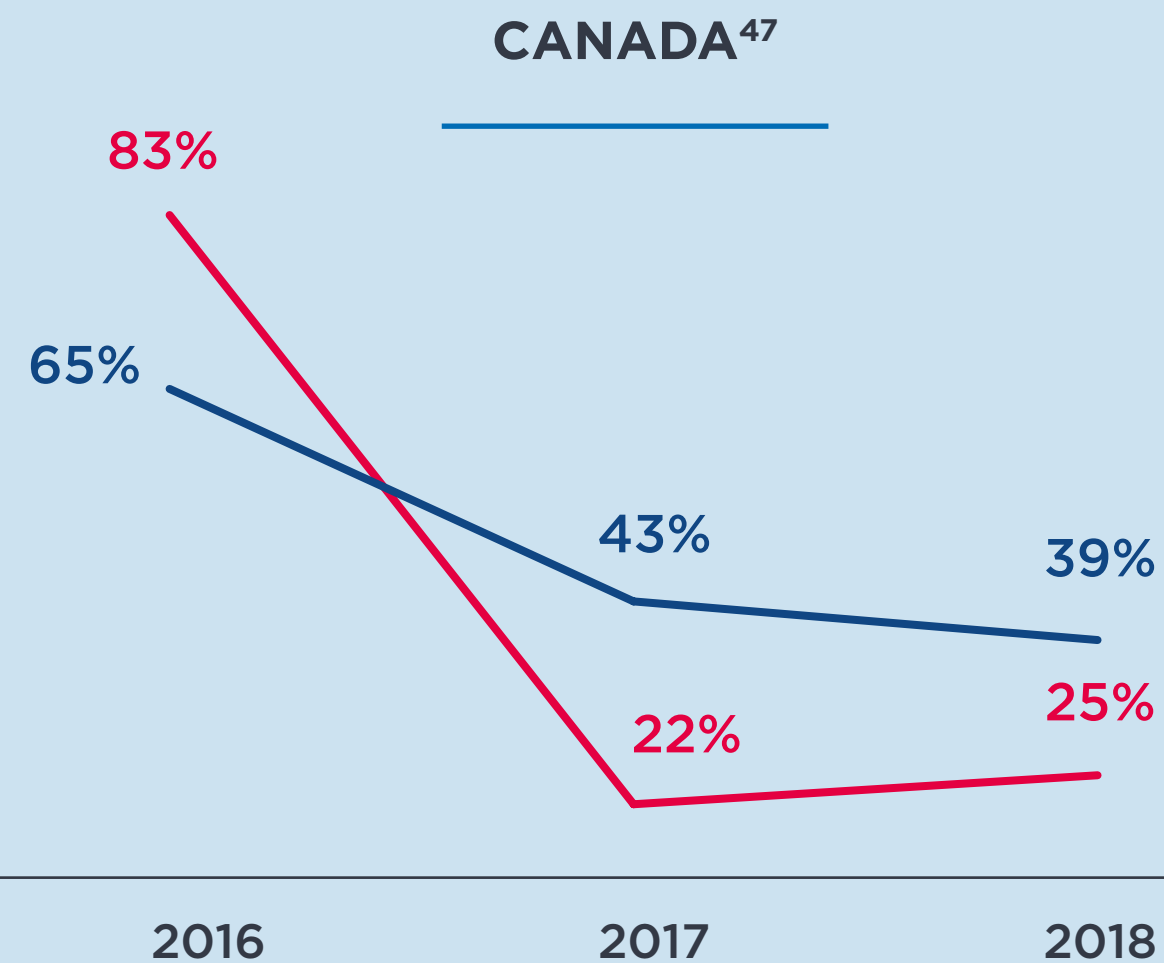
CASE STUDY: NORTH AMERICA

ABOUT HALF OF INTERNATIONAL VISITS TYPICALLY COME FROM CANADA AND MEXICO.⁴⁵

AS THE UNITED STATES' STANDING WITH ITS NEIGHBORS HAS FALLEN, TOURISM HAS FALLEN WITH IT.



■ % THAT HAVE CONFIDENCE IN THE PRESIDENT
■ % THAT HAVE A FAVORABLE VIEW OF THE U.S.



■ % THAT HAVE CONFIDENCE IN THE PRESIDENT
■ % THAT HAVE A FAVORABLE VIEW OF THE U.S.

SEPTEMBER 6, 2019

THIS IS WHY AMERICA'S TRAVEL BUSINESS IS WORRIED

“Meanwhile, the disputes between Mexico and the United States appear to be slowing travel between the two countries.”⁴⁸



NOVEMBER 1, 2017
KATIA DMITRIEVA

TRUMP IS PUSHING TRAVELERS NORTH TO CANADA, MARRIOTT CEO SAYS⁴⁹

Bloomberg

CASE STUDY: CHINA

#5

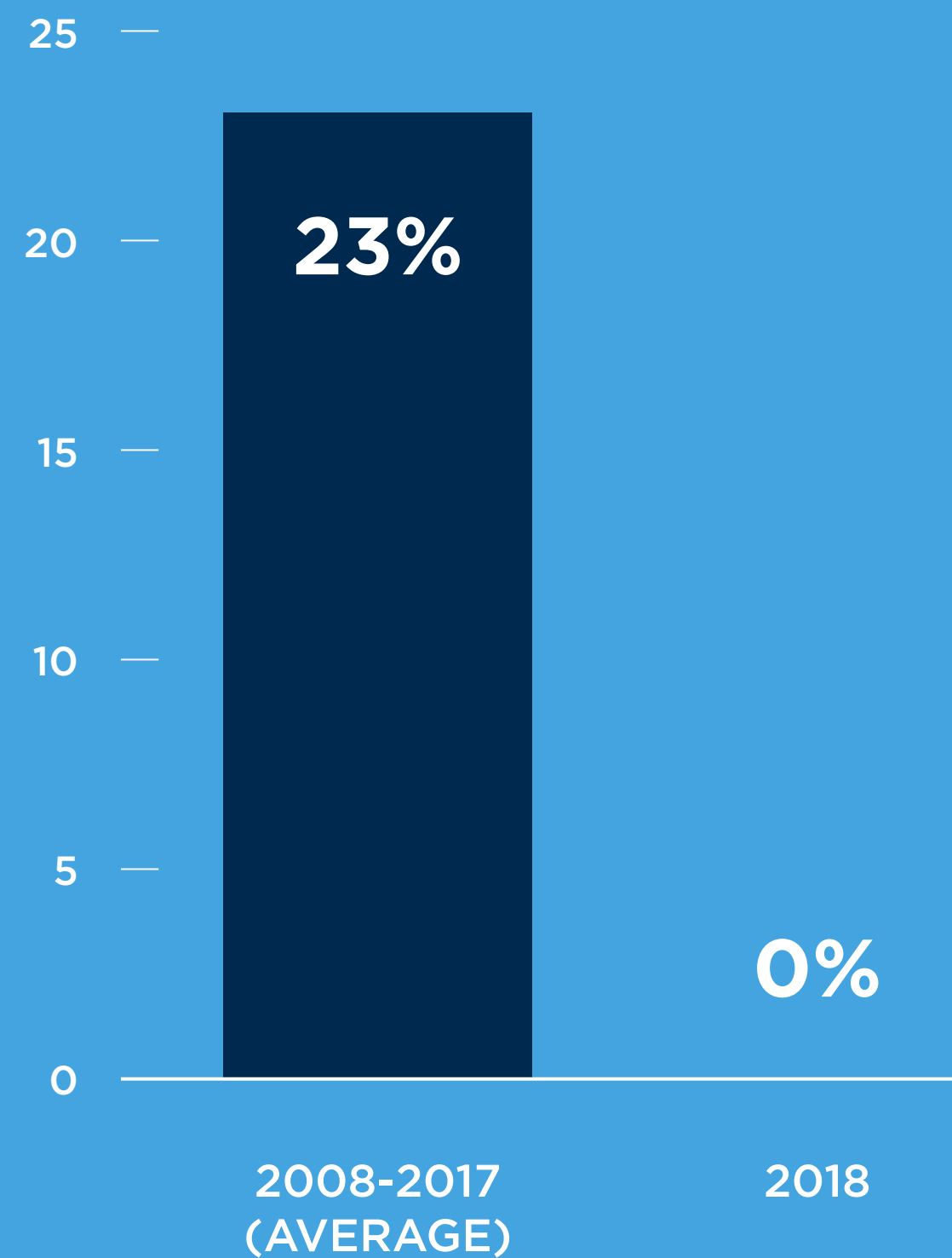
IN NUMBER OF VISITS
EACH YEAR TO THE U.S.⁵⁰



CHINESE TOURISTS SPEND
MORE THAN \$7,000
PER VISIT, ON AVERAGE.

THAT'S \$3,000 MORE
THAN THE AVERAGE
FOREIGN TOURIST.⁵¹

ANNUAL GROWTH IN TRAVEL
FROM CHINA TO U.S.⁵²



“

The trade dispute between the United States and China is a major factor in the travel fall-off...We're seeing a significant shift in Chinese attitudes about U.S. travel.⁵³

”

- TORI BARNES
E.V.P. OF U.S. TRAVEL ASSOCIATION

“

Someone should care about this as much as they care about U.S. auto manufacturing or agriculture...⁵⁴

”

- ADAM SACKS
PRESIDENT, TOURISM ECONOMICS/
OXFORD ECONOMICS

ADDITIONAL RESOURCES

For additional information about the number of tourist visits, total U.S. tourism exports, and other export data, see the U.S. Department of Commerce's: <https://www.commerce.gov/tags/travel-and-tourism>.

For industry analysis, including tourism's contribution to the U.S. economy and factors affecting America's share of the global tourism market, see U.S. Travel Association (www.ustravel.org), Oxford Economics (www.oxfordeconomics.com), and Tourism Economics (www.tourismeconomics.com).

For additional information on global tourism market share, see the World Tourism Organization (<https://www2.unwto.org>).

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