Germany

Nearly two decades ago, the United States welcomed 2.0 million international visitors from Germany. In 2013, however, the United States received 80,000 fewer travelers from Germany than in 1996, and those who did travel to the United States spent less than the previous year. In fact, German spending abroad increased appreciably in 2013—just not in the United States. As the third largest importer of travel and tourism goods and services, Germany presents itself as a tremendous opportunity – and challenge – for the United States. To attract an increasing number of visitors from Germany, the U.S. Government will work to maximize and communicate updates on entry processes and better coordinate work in market, including with the private sector, through a travel and tourism country plan. The private sector must ensure that German traveler preferences and growth segments match up with U.S. products.

Overall Rank

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As the third largest overseas market—in terms of global spending on travel and tourism—the German travel market is profoundly important to the United States. Indeed, visitors from Germany spent more around the world in 2013 than visitors from Brazil, Canada, Japan, and Mexico combined. Yet all of these countries rank higher than Germany in terms of spending in the United States.

In 2013, German travelers spent an estimated $91.4 billion globally on travel and tourism-related goods and services, an increase of more than 12 percent when compared to 2012. This appreciable increase, however, was not realized in the United States. Spending by German travelers in the United States actually declined three percent in 2013. Put simply, those who did visit the United States spent less, and at a time when German spending had risen significantly elsewhere around the world.

As length of stay remained virtually unchanged and the mean number of states visited by German travelers is only down one-tenth of one percent, it is difficult to know what has caused this decrease in spending on travel items such as food, lodging, recreation, gifts, entertainment, local transportation, etc. Potential contributing factors include the decrease in business travel (down three percent in 2013) combined with a material drop in air travel in the United States (down 3.5 percent, favoring instead rental cars), or that 2012 was such a record-setting year that German spending in the United States could not keep the same pace in 2013.

Germany is the second largest export market for the United States in Europe (behind the United Kingdom) for travel and tourism, accounting for slightly more than 14 percent of all European visitor spending in the United States in 2013. The decline in spending by German travelers in 2013 marks the sixth year of decline in the last 14 years. In fact, visitors from the United Kingdom now spend 82 percent more than visitors from Germany.

Once ranked as high as fifth (2008), Germany has slipped to eighth in terms of total spending in the United States and, with the growth of South Korean visitor spending, Germany will be hard-pressed to maintain the eighth position in 2014.

When comparing 2013 to 1999, German visitor spending has only increased roughly $510 million a year (eight percent), by far the lowest growth rate of any of the European markets. By contrast, U.S. travel and tourism exports to Europe have increased 43 percent over the same period.

The future does not look much brighter. Growth in German visitation to the United States is projected to be among the slowest of the top 20 markets, increasing only two percent by 2019. And with German travelers being among the top spenders, the United States needs to do more to ensure the U.S. travel and tourism industry remains competitive in this important market.

Market Intelligence

The National Travel and Tourism Office's Survey of International Air Travelers provides key insights into travelers from Germany to the United States:

Purpose of Trip—As to the main purpose of their trip to the United States, the majority of arrivals from Germany were on vacation/holiday (53 percent), followed by visiting friends and relatives (19 percent), business (15 percent), convention/conference/trade show (seven percent), and education-related travel (three percent).

Ports of Entry—The top U.S. ports of entry used by German travelers included New York, New York (18 percent), Newark, New Jersey (10 percent), Miami, Florida (nine percent), Chicago, Illinois (eight percent), and Los Angeles, California (eight percent). These top five ports accounted for more than half (52 percent) of all arrivals from Germany in 2013.

Number of States Visited—The majority (66 percent) of German travelers visited only one state during their stay in the United States; nearly 16 percent visited two U.S. states; and 18 percent visited three or more states.

U.S. Destinations Visited: States and Cities—The top U.S. states visited included New York (32 percent), California (22 percent), Florida (18 percent), Nevada (11 percent), and Pennsylvania (six percent).[xix] The top cities visited included New York City, New York (31 percent), San Francisco, California (13 percent), Los Angeles-Long Beach, California (11 percent), Las Vegas, Nevada (10 percent), and Miami, Florida (10 percent).

Leisure Activities—The top leisure activities of German visitors were shopping (87 percent), sightseeing (79 percent), visiting small towns/countryside (42 percent), visiting national parks/monuments (41 percent), and visiting historical locations (40 percent).

Transportation Used in the United States—The mode of travel most popular with German visitors while in the United States was rented auto (46 percent), followed by city subway/tram/bus (37 percent), private or company car (31 percent), air travel between U.S. cities (29 percent), and taxicab/limousine (28 percent).

Accommodations and Nights in the United States—The majority of German visitors stayed in hotels (74 percent), while 38 percent stayed in private homes. The average number of nights German visitors stayed in the United States is 18 nights, with six percent staying 36 or more nights and 25 percent staying four to seven nights.

Income—The average annual household income of visitors from Germany was nearly $106,000 in 2013, with 15 percent of German visitors making less than $20,000 a year and four percent making $300,000 or more. More than half (57 percent) made less than $100,000 a year.

Export Opportunities

In 2013, travelers from Germany spent a record-setting $91.4 billion[xx] abroad, positioning Germany as the third largest consumer of travel and tourism-related goods and services in the world (behind China and the United States, respectively). This represents an increase of more than 12 percent when compared to the previous year. So, those Germans who are traveling are spending more around the world.

This is not the case in the United States, however. In 2013, visitors from Germany spent an estimated $7.2 billion experiencing the United States, a decrease of three percent when compared to 2012 and one of only a handful of countries that posted declines in spending in 2013.

These data clearly highlight Germany's significant upside potential, but the United States is a long way from fully capitalizing on the opportunity. In 2013, the United States held a six percent share of global German spending abroad.[xxi]

With regards to visitation, the National Travel and Tourism Office Forecast for International Travel suggests a compound annual growth rate of two percent for Germany, culminating in 2.2 million arrivals from Germany in 2019—the third lowest rate of growth of all Forecast countries behind only Venezuela (-6.3 percent) and Japan (-0.2 percent) during the forecast period. The difference between annual visitation in 2013 and 2019 is a mere 242,000 visitors and, if this lackluster growth is realized, Germany would slip another position to seventh overall for failing to keep pace with other origin markets in the top 20. For comparison, China, which had a similar number of arrivals in 2013 as Germany, is projected to grow by 18 percent during the same period, and the National Travel and Tourism Office projects more than twice the number of arrivals from China in 2019 than from Germany.

Brand USA will continue to promote the United States as an attractive destination in Germany. By increasing its marketing in Germany, targeting growing segments, and communicating progress made in U.S. entry/exit processes, Brand USA has a significant opportunity to help grow travel and tourism from Germany. The Hannover Fair in spring 2016 is an example of an opportunity on which Brand USA could capitalize, as the United States will be featured.

Germany is already a mature market, which provides the opportunity for the U.S. travel and tourism industry to offer non-traditional product offerings, particularly for repeat visitors who may have already seen primary U.S. destinations. In turn, this also provides an opportunity to increase promotional content for younger audiences.

There are other opportunities that could increase growth in visitation from Germany. For example, following a successful pilot program, in December 2014, the United States and Germany announced a bilateral agreement allowing German citizens to apply for Global Entry and U.S. citizens to apply for EasyPASS, Germany's expedited entry program. This agreement makes Germany the second country in the Schengen region with which the United States has an agreement, and represents a potentially significant expansion of the program. Ease of entry signals that the United States respects our German allies by allowing them to become "trusted travelers."

Challenges & Barriers

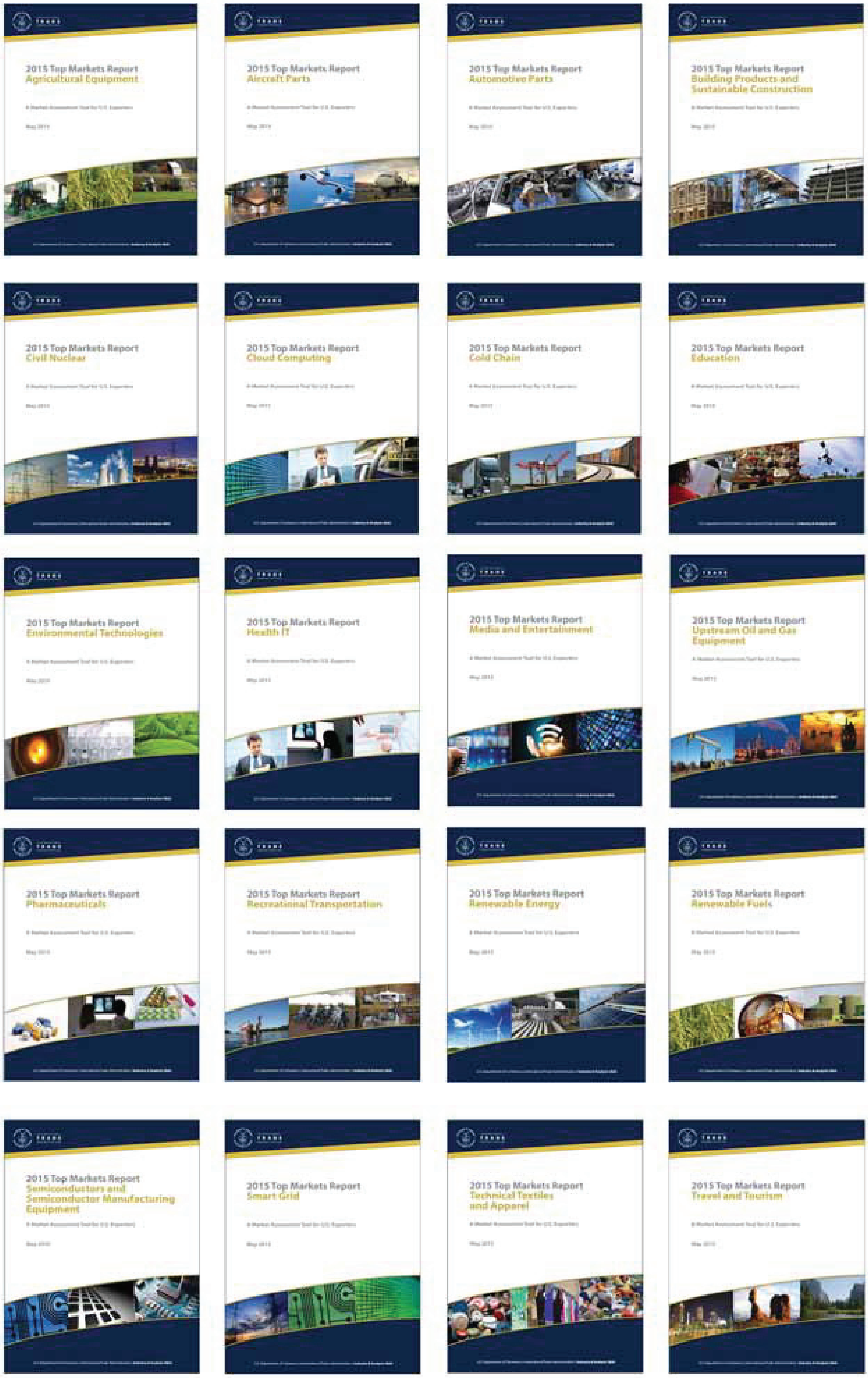
Although Germany remains a top market for the United States, there are a number of challenges that may affect greater growth from this market:

- **Airline departure tax.** Germany has the second highest air passenger tax in Europe (behind the United Kingdom). For German passengers, it currently costs an extra 42 euros ($47) to travel to the United States. While there has been discussion of eliminating this tax, as it has been shown to decrease travel, the tax still remains.

- **Exchange rate.** The U.S. dollar has recently strengthened against the euro, which may cause U.S. travel and tourism operators to raise prices, which could discourage travel to the United States.

- **Entry/exit experience.** Despite efforts to improve the entry/exit experience for international travelers, there remains the perception that entering the United States is a difficult and overall negative experience.

The perception of the entry/exit experience in particular is a significant challenge that may dissuade German travelers from visiting the United States. As there have been many process improvements recently, and will continue to be more in the coming months, better communication about these improvements will be key to reducing the negative perception, as will Germany's addition to the Global Entry program.



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