

International Visitations to the U.S. from

# GERMANY

**INTERNATIONAL INBOUND TRAVEL MARKET PROFILE**



# 2018



## SUMMARY

With 2.1 million visitations to the U.S. in 2018, Germany is the United States' sixth largest overseas inbound market, though it has fallen from the third largest in 2012. Valued at \$8.4 billion, travel is the third largest U.S. industry export to Germany and accounts for 9% of all U.S. exports of goods and services to Germany. Nevertheless, travel from Germany to the U.S. has slowed down (and even declined) in recent years, due to weakened interest in the U.S. as a travel destination as well as general demographic factors that limit growth in the overall German market.

### GERMAN MARKET SUMMARY, 2018

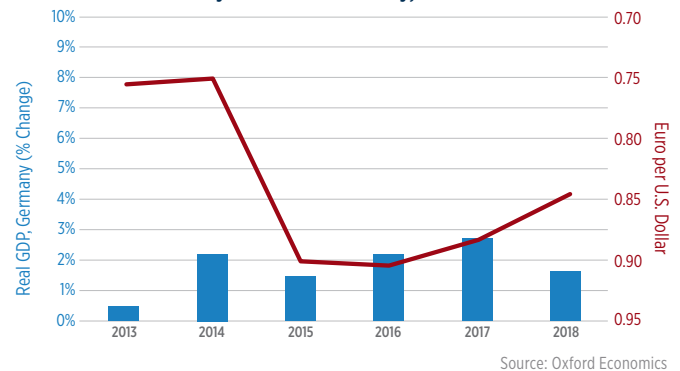
U.S. Visitations from Germany	2.1 million
Travel Spending	\$6.1 billion
Average Spending per Visitor	\$3,817
Total U.S. Travel Exports	\$8.4 billion
U.S. Travel Trade Balance	\$0.6 billion

VWP Member	Free Trade Agreement	Global Entry	Preclearance	Open Skies
✓	✗	✓	✗	✓

## MACRO OVERVIEW

With a \$4 trillion economy and a population of 82 million, Germany ranks fourth in GDP and 17th in population globally. A member of the European Union, Germany is Europe's largest and most diverse economy. In terms of per capita GDP, which is a good measure of a country's prosperity, Germany ranks 19th globally, just behind Hong Kong and just ahead of Belgium. Germany is a leading exporter of machinery, vehicles, chemicals and household equipment and benefits from a highly skilled workforce. After achieving solid and consistent economic growth over a number of years, Germany's GDP growth slowed to 1.5% in 2018. For 2019, Germany's GDP is estimated to have increased by just 0.6%. Still, the country has achieved low levels of both inflation and unemployment, and the federal government has generated consistent budget surpluses. Germany is a democratic federal parliamentary republic.

### Germany GDP and Currency, 2013-2018

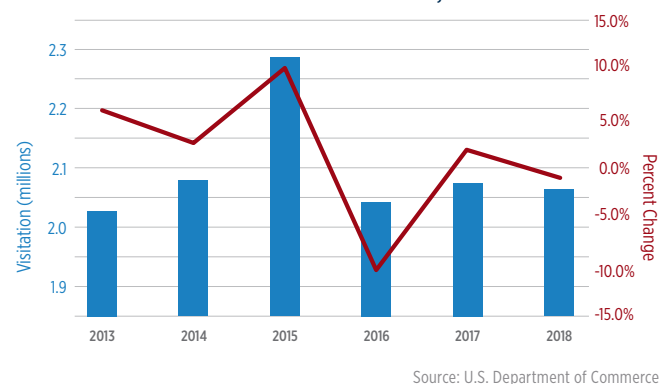


## TRAVEL IMPACT: VISITATION

After declining by a staggering 10.4% in 2016, German visitations to the U.S. grew by 1.7% in 2017, but then declined again in 2018 by 0.9%. Visitations from Germany, which totaled 2.1 million in 2018, accounted for 5.2% of all overseas travel to the U.S., making Germany the sixth largest overseas inbound market to the U.S. (a decline from the country's fifth-place rank in 2017 and third-place rank in 2012).

Although more U.S. residents visited Germany in 2018 (3.0 million) than Germans visited the United States (2.1 million), Germans spent more money in the United States than U.S. residents spent in Germany. This is attributed to the fact that many U.S. visitors to Germany also visit other nearby countries and spend less time in Germany itself while traveling through Europe. As a result of the higher German spending in the United States, the U.S. had a travel trade *surplus* with Germany. Despite a slowdown in visitations, the U.S. remains the largest long-haul market for travel from Germany. Nevertheless, the United States' share of long-haul travel (i.e., destinations outside Europe) from Germany fell from 20% in 2015 to 15% in 2018. This is a result of a sharp decline in travel to the U.S. in 2016, very slow growth in 2017 and a further decline in 2018 at a time when German travel to other long-haul destinations increased.

### German Visitation to the U.S., 2013-2018



Visitations from Germany did not experience any growth in the first 10 months of 2019 compared to the same period in 2018—in fact, visitation declined by 0.2% during this time. The U.S. Department of Commerce estimates that growth in visitations from Germany will remain flat for 2019 as a whole and will grow by a moderate 1% in 2020.

Although German travel to other destinations is projected to grow faster than travel to the U.S., the projected slowdown in German visitations to the U.S. over the medium term is also a factor of demographics. Just like Japan's, Germany's population is growing at a very slow rate, and its median age is increasing. While the U.S. has lost market share and is expected to keep losing share, the overall number of Germans traveling out of the country will likely slow as well.

TRAVEL IMPACT: ECONOMIC

Travel, valued at \$8.4 billion in 2018, accounted for 9% of all U.S. exports of goods and services to Germany in 2018. The average German visitor to the U.S. spent more than \$3,800 per U.S. visit in 2018. With travel exports to Germany valued at \$8.4 billion, and travel imports (i.e., spending by U.S. travelers in Germany) valued at \$7.8 billion, travel—including passenger fares—generated a \$581 million trade surplus with Germany in 2018.

The travel trade surplus, however, was pushed down by passenger spending on foreign airlines, since the number of U.S. residents flying on German airlines (particularly Lufthansa, which they often use to connect to other countries) is much higher than German residents flying on U.S. airlines. When passenger fares are excluded from the calculation, travel generated a trade surplus of \$2.9 billion.

For more about the contribution of visitations from Germany to America’s trade balance, see Addendum A, Page 4.

TOP U.S. EXPORTS TO GERMANY, 2018		
INDUSTRY	U.S. EXPORTS IN BILLIONS (\$)	SHARE OF TOTAL EXPORTS OF GOODS AND SERVICES
Transportation Equipment	16.1	17.4%
Chemicals	8.8	9.5%
Travel	8.4	9.0%
Computers & electronics	8.1	8.7%
Professional and management consulting services	7.0	7.6%

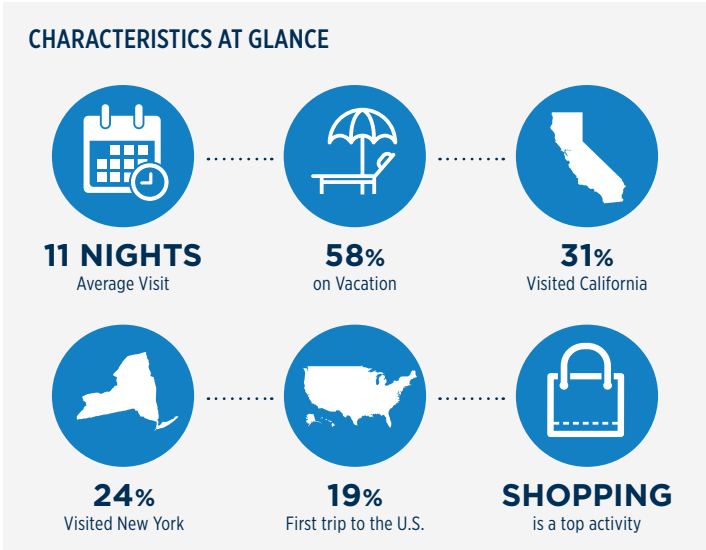
Source: U.S. Department of Commerce

MAJOR TRAVELER CHARACTERISTICS

In 2018, 31% of German travelers in the U.S. visited New York. Other top destinations include California (24%), Florida (17%) and Nevada (11%). Top cities visited included New York City (30%), Los Angeles (14%), San Francisco (12%), Las Vegas (10%) and Miami (10%).

- The average German traveler spends 11 nights visiting the U.S.
- Main purposes of visiting the U.S. are: vacation/holiday (58%), visiting friends/relatives (19%), business (14%), convention/trade show (5%) and education (3%).
- Top activities in the U.S. include: shopping, sightseeing, national parks/monuments, small towns and historical locations.
- Bucket list destination, visited before and wanting to return, general atmosphere, visiting friends of family and connecting with nature were the top incentivizing factors for Germans to visit the U.S.
- 19% of German travelers indicated this was their first trip to the U.S., down from 27% in 2010.

For more Traveler Characteristics and Demographics see Addendum B, Page 5.



THE COMPETITION

German travel to the U.S. declined by nearly 10% over the three-year period between 2015 and 2018, while travel from Germany to all long-haul destinations *increased* by nearly 17% over the same three-year period. (Examples by outbound destination include: Egypt +61%, Thailand +17%, UAE +17%, and China +5%.) As a result of these trends, the U.S. lost a significant amount of German long-haul market share, declining from 20% in 2015 to 15% in 2018.

Despite the increase in competition from other markets, Germany remains an attractive market to the U.S., particularly due to its relatively large size and spending power. With an expected slowdown in outbound travel from Germany, the loss of U.S. market share translates into an even greater effect on the actual number of visitors. **Every effort should be made to slow the decline and ensure that the United States remains Germany’s number one long-haul destination.**

TOP GERMAN LONG-HAUL DESTINATIONS 2015 & 2018			
DESTINATION	VISITATIONS, 2015 (IN MILLIONS)	VISITATIONS, 2018 (IN MILLIONS)	% CHANGE IN VISITATIONS, 2015-2018
1 United States	2,285	2,062	-9.7% ▼
2 Egypt	1,021	1,638	60.5% ▲
3 Thailand	762	890	16.8% ▲
4 United Arab Emirates	644	752	16.7% ▲
5 China	623	655	5.0% ▲
Total Long-Haul Travel	11,606	13,542	16.7% ▲

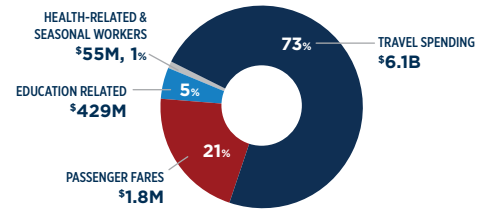
Source: Tourism Economics and U.S. Department of Commerce (for U.S. arrivals)

## TRAVEL FROM GERMANY TO THE U.S. IS “MADE IN AMERICA”

### 1 Spending by German residents in the U.S. produced \$8.4 billion in export income for the U.S. economy.

Although travelers from Germany are physically on U.S. soil when they visit the United States, the goods and services they consume while in America are U.S. exports. In 2018, U.S. travel exports to Germany totaled \$8.4 billion, which included travel spending by German visitors to the U.S. (\$6.1 billion), education-related expenses by Germans in the U.S. (relatively low at just \$429 million) and international passenger fares by Germans flying on U.S. airlines (\$1.8 billion).

#### Breakdown of U.S. Travel Exports to Germany



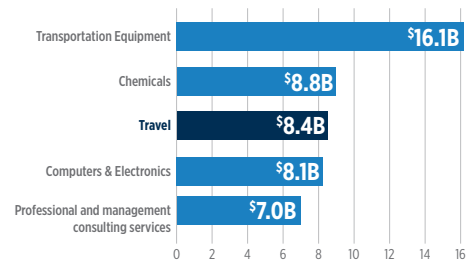
Total U.S. Travel Exports to Germany = \$8.4 Billion

Source: U.S. Department of Commerce

### 2 Travel is the third largest industry export to Germany.

As the third largest industry export to Germany in 2018, travel accounted for 9% of all U.S. exports of goods and services, behind only transportation equipment (16.1%) and chemicals (8.8%).

#### Top 5 U.S. Exports to Germany, 2018



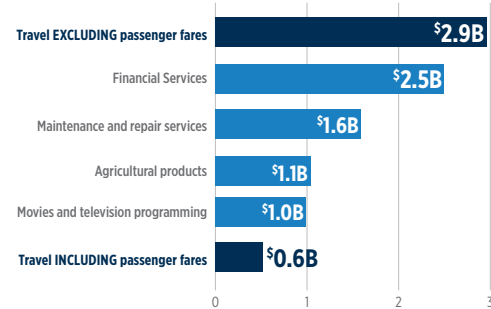
Source: U.S. Department of Commerce

### 3 Travel generated an \$581 million trade surplus in 2018.

After taking into account U.S. resident spending in Germany (\$7.8 billion), the U.S. had a \$581 million travel trade surplus with Germany. Without this surplus, the U.S. trade deficit with Germany (\$67.4 billion) would have been \$68.0 billion, or 0.9% larger.

These numbers include international passenger fares in the calculations, which actually lower the travel trade surplus in 2018 by \$2.4 billion. This is due to the fact that the U.S. had a \$2.4 billion trade deficit with Germany for spending on international passenger fares, since more Americans flew German carriers (mostly Lufthansa) than Germans flew American carriers. If we exclude passenger fares from travel exports and travel imports, the U.S. actually had a \$2.9 billion travel trade surplus with Germany in 2018. This is higher than the U.S. trade surplus with Germany in any other industry.

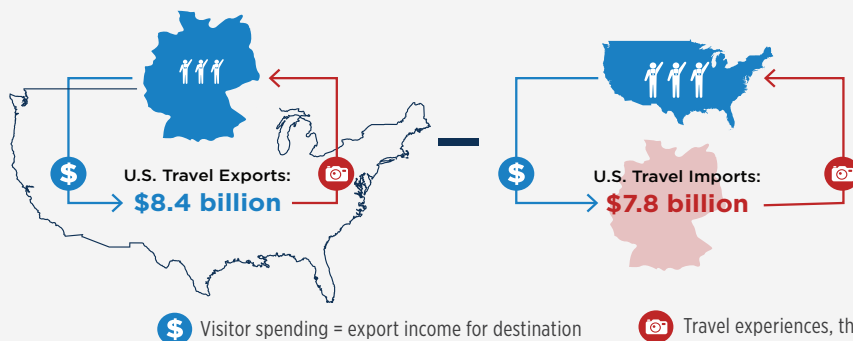
#### Top Industries by U.S. Trade Surplus with Germany, 2018



Source: U.S. Department of Commerce

## CALCULATING THE TRAVEL TRADE BALANCE WITH GERMANY

Spending by German visitors constitutes a U.S. travel export while spending by U.S. residents in Germany constitutes a U.S. travel import.



= **\$529 Million**

Travel Trade Surplus with Germany

Since travel exports are greater than travel imports, the U.S. enjoys a travel trade surplus with Germany.

## TRAVEL CHARACTERISTICS AND DEMOGRAPHICS

### TOP MOTIVATIONS FOR INTERNATIONAL TRAVEL<sup>1</sup>



Dining


Cultural/Historical  
Attractions


Ecotourism and Nature



Urban Attractions



Shopping

### IMPRESSIONS OF THE U.S.<sup>1</sup>

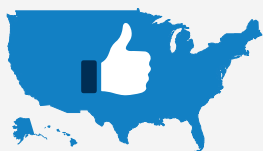
DIVERSE

ADVENTUROUS

ENERGETIC

FORWARD-THINKING

FRIENDLY



**12%** say the U.S. is  
a top desired destination<sup>2</sup>

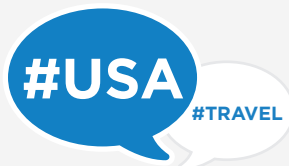
PLANNING/BOOKING BEHAVIORS	2018	2017
Use of social media to plan trip <sup>2</sup>	10%	12%
Pre-paid package <sup>3</sup>	9%	9%
Average trip decision time in days <sup>3</sup>	127	126

### MOST INFLUENTIAL CONTENT WHEN DECIDING ON DESTINATION<sup>2</sup>

ICONIC ATTRACTIONS

NATIONAL PARKS

WAYS TO EXPERIENCE  
NATURE

HISTORICAL  
ATTRACTIONS


**10%** use social  
media to plan trip<sup>2</sup>

DETERRENTS TO VISITING THE U.S. <sup>2</sup>	2019	2018
Airfare is too expensive	37%	
The U.S. is too far away	30%	
Too expensive	27%	45%
Uncomfortable with national politics	27%	28%
I don't have enough holiday time	17%	18%

PRIMARY TRIP PURPOSE <sup>3</sup>	2018	2017
Vacation/holiday	58%	58%
Friends and Relatives	19%	18%
Business	14%	13%
Convention/trade show	5%	6%
Education	3%	3%

ACTIVITY PARTICIPATION <sup>3</sup>	2018	2017
Shopping	84%	83%
Sightseeing	80%	82%
National Parks/Monuments	41%	45%
Small Towns	40%	41%
Historical Locations	36%	36%

DEMOGRAPHICS <sup>3</sup>	2018	2017
Average age	40.5	40.4
Average annual household income	\$109,979	\$93,834

1. Brand USA

2. Destination Analysts, 2019

3. National Travel and Tourism Office, U.S. Department of Commerce