

# International Marketplace: What's Happening in the Face of the Strong US Dollar?

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# THE STRENGTH OF THE USD OUR WEAKNESS??

A DESTINATION'S POINT OF VIEW  
OCT. 28, 2015



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# IMPORTANCE OF INTERNATIONAL TRAVEL TO NEVADA

19% of all visitors to Las Vegas (2014)

12% of all visitors to Nevada (2014)

Top inbound markets

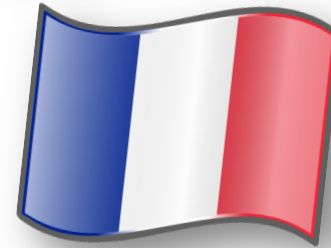
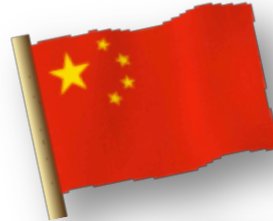
- ❖ Canada
- ❖ Mexico
- ❖ United Kingdom
- ❖ Australia
- ❖ Japan
- ❖ Brazil
- ❖ Germany
- ❖ China



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# NEVADA REPRESENTATION

- ❖ Canada
- ❖ Mexico
- ❖ United Kingdom
- ❖ Germany
- ❖ France
- ❖ Brazil
- ❖ China
- ❖ Australia
- ❖ South Korea
- ❖ India



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# CURRENT IMPACT OF EXCHANGE RATE ON NEVADA

- Impact seen in retail. Major mass market shopping malls have seen drops in sales of products that have normally been sold to international visitors.
- Many of the operators that sell Las Vegas have seen a drop in sales. For the more mature markets, like Canada and Mexico, some of the drop from the operators has also been the loss to the OTAs.
- The UK continues to be strong as the Sterling has been one of the few currencies not to be affected by the strong US dollar. But, as the Euro has dropped, travel throughout Europe has become a bigger draw for the UK traveler.



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# CURRENT IMPACT OF EXCHANGE RATE ON NEVADA

- Brazil
  - ❖ Major operators down by 5%
  - ❖ Smaller operators down more than 33%
- Australia
  - ❖ 2015 2% decline – not peak travel time
- Mexico
  - ❖ Not changing plans
  - ❖ Nearby, higher demo traveler
- Top tier/luxury will continue to travel.
- Travel in the DNA of younger people – shorter trips, lower expenditure, will still travel.



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# GLOBAL INSIGHT

*The outlook for world growth continues to be revised downward*

In addition to a strong U.S. Dollar:

- Brazil is in its worst recession of a generation.
- Latin America / Caribbean market growth is less than 2%.
- Canada has been in a recession.
- China's economy has cooled from multiple years of double-digit growth.
- China clamped down on corruption, government travel.
- Euro Area growth is improving, but not as fast as might be expected.  
The Australian dollar at \$0.70; could reach \$0.60 by Spring 2016.



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WHAT DOES THIS MEAN FOR  
DESTINATION MARKETERS?



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# REALITY

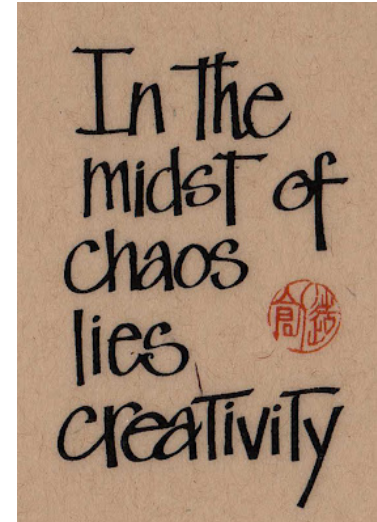
- The exchange rate just one of several factors influencing travel decisions
- Global economic, social, political elements interrelated
- U.S. is just one destination



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# PSYCHOLOGY OF UNCERTAINTY

- Uncertainty = Fear
- Fear deters travel
- Alleviate fear to increase travel
- Value of government/quasi government DMOs
- Create opportunities/programs that reduce financial anxiety
- Build trust
- Commit to a long-term investment



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# DESTINATION BRAND ADVANTAGE

- ❖ Create a resilient brand
- ❖ Diversify portfolio
- ❖ Target messaging
- ❖ Convey (the right) value
- ❖ Anticipate correction
- ❖ Prepare for what's next



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# CREATE A RESILIENT BRAND

- A strong brand
  - ❖ Insulates from threat of competition
  - ❖ Highlight bucket list-ability
  - ❖ Cut through the clutter
  - ❖ Increase demand
- A PR-driven approach
  - ❖ Provides education foundation
  - ❖ Cost effective
  - ❖ Reaches many audiences with pinpoint messaging
- Develop an authentic, but pliable brand, understand breaking points



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# DIVERSIFY PORTFOLIO

- A foot-print in multiple countries helps to hedge shifts in demands from any particular country.
- The power of partnerships
  - ❖ State tourism offices
  - ❖ DMOs
  - ❖ Regional consortiums
  - ❖ U.S. Commercial Services – new program for smaller destinations



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# TARGET MESSAGING

- Simplify
- Assess experiential attributes
- Develop salient messages for each country
- Ensure consistent sales and marketing messages
- Incorporate the right messages for the most impactful media channels



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# CONVEY VALUE

- Know your market
- Showcase monetary and organic value – illustrate real value against competitors.
- Avoid broad pricing cuts
- Tout ADR, overall price vs competitors
- Develop/highlight commissions paid to operators/agents
- VIP, special offerings – extraordinary experience
- Reward loyalty



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# ANTICIPATE CORRECTION

- Travel patterns will stabilize when the exchange rate stabilizes.



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# PREPARE FOR WHAT'S NEXT

- Monitor fluctuations in consumer decisions – across all applicable consumer categories
- Expect the next
- Use research to amalgamate issues, impact
- Create a plan

