

Chapter I

LOWERING COSTS

OBSERVATIONS

A great potential exists for attracting more visitors. But the cost of coming to and traveling within the United States as compared with alternative destinations is a deterrent. The potential tourist to the United States is also confronted with high hotel, food and entertainment bills. He is perplexed by an uneasiness over hidden costs and believes that all prices in the United States are high. Thus, part of the problem is a lack of knowledge.

If the U.S. is to compete in the international travel market, substantial cost reductions must be implemented. The prime effort should be to obtain reductions which will meet the needs of middle income families abroad—a significant potential foreign visitor category. Furthermore, the nature of the cuts should be such that the U.S. travel industry would show increased rather than reduced profits.

A recent German survey shows that less than one percent of West Germans who vacation outside their country come to the United States. However, the United States would be the most popular destination if the price were right; sixteen percent saying they would visit the United States if travel costs were lower. Surveys in France and the United Kingdom show a similar pattern.

The price of visiting the United States must be attacked within each area of expenditure, if potential tourist markets are to be tapped more effectively and profitably. Package tours, a concept familiar to Europeans and Asians, which enable visitors to know their costs in advance, offer a promising opportunity.

Because of the urgency for action on costs, the Task Force concentrated on exploring with the travel industry the possibility of offering price reductions. The response has been enthusiastic. In the past few days the railroads, domestic and international air carriers, car rental agencies, bus companies, steamship lines, and package tour operators have agreed to lower prices for foreign visitors if the approval of pertinent regulatory bodies can be obtained.