**SUMMARY RESULTS: MINNESOTA TOURISM BUSINESS - SUMMER 2009**

- Survey Invitation Lists, and Response Rates: Explore Minnesota Tourism (EMT) conducted an informal online survey in late August 2009, soliciting responses by e-mail from more than 1,500 accommodations (indoor lodging properties and campgrounds) throughout Minnesota that have provided EMT with an e-mail address. A total of 332 responses were received for a 22% response rate. Ninety-five percent of the respondents (314) progressed through the entire online questionnaire. Results reported here reflect self-reported data from all respondents.

- Responses by Accommodation Type: The distribution of survey responses by type of property over-represented resorts (48% of total responses, 31% of total distribution) and B&Bs (11% of responses, 7% of distribution), and under-represented hotel/motel/historic inns (25% of responses, 35% of distribution) and campgrounds plus state parks (13% of responses, 26% of distribution). Three percent of respondents checked "other" accommodation type.

- Responses by Region: For three of Minnesota's five tourism regions (Northwest, Central and Southern Minnesota), regional representation of survey respondents closely reflected the region's representation among statewide accommodations (i.e., within 2 percentage points). On the other hand, Northeast Minnesota was over-represented (26% of responses, 22% of total distribution) and the Minneapolis-Saint Paul Area (i.e., Metro Area) was under-represented (10% of responses, 15% of distribution).

- Summer 2009 (June through August): Overall, survey responses pointed toward lower occupancy rates for summer 2009, when compared with summer 2008. (Note: For this and other questions about year over year changes, only the direction and not the degree of change was ascertained.) One quarter (25%) of respondents reported that summer 2009 occupancy was up, 25% reported that it was the same and 50% reported that it was down from 2008 levels. However, occupancy results varied considerably by accommodation type and region. Resorts closely reflected the overall pattern of responses, while B&Bs were more positive (33% reported summer occupancy up and 45% reported down) and campgrounds were even more positive (39% reported occupancy up and only 22% reported down). By contrast, results for hotels/motels/historic inns were more negative, with only 12% reporting summer occupancy up and 70% reporting occupancy down from 2008 levels.

On a regional basis, results for three regions (Northeast, Central and Northwest Minnesota) were similar to overall results (i.e., roughly a quarter up, a quarter same and half down), while results for Southern Minnesota were more positive (33% up and 38% down) and results for the Metro Area were more negative (16% up and 66% down). The Metro Area results for declining occupancy and revenue (see below) reflect the region's greater dependence on business travel and meetings and conventions, which have suffered disproportionate declines during the recession.

Overall, 29% of respondents reported that summer 2009 revenue was up, while 20% reported that revenue was the same and 51% reported that it was down compared with summer 2008. These revenue results were slightly more positive overall when compared with occupancy results – a surprising finding given a documented recent downward trend in indoor lodging rates. The unexpected result may be attributable to a combination of: including campgrounds in the survey – a sector that performed well enough to allow some rate increases; a high response from resorts – a sector which may be more inclined to hold rates steady rather than reduce them in challenging times; and a low response from both hotel/motel/historic inns and Metro Area accommodations – the industry sector and geographic area that experienced the strongest pressures for reducing rates.

Campgrounds bucked the trend as the only accommodation type with generally positive revenue growth (47% up and 17% down). Similar to occupancy results, Southern Minnesota (slightly more positive) and the Metro Area (considerably more negative, with 84% reporting revenue down) were the two regions that differed most from the overall pattern of revenue results statewide.

- Expectations for Fall (September and October 2009): Expectations for fall 2009 occupancy compared with fall 2008 occupancy were as follows: up 20%; same 35%; and down 45%. Relative to their responses about summer 2009 occupancy levels, responses about fall occupancy expectations shifted toward the middle, with decreases of 5 percentage points for both occupancy "up" and occupancy "down" and a corresponding 10 percentage point increase for "same" occupancy.

Expectations for fall 2009 revenue compared with fall 2008 revenue were as follows: up 18%; same 30%; and down 52%. Unlike the shift toward the middle seen from summer occupancy results to fall occupancy expectations, the summer to fall revenue shift was downward approximately 10 percentage points from "up" for summer to "same" for fall, while the portion of "down" responses remained similar at just over half for both summer and for fall expectations. Expectations for the upcoming fall were relatively more positive for respondents representing campgrounds and Southern Minnesota. Expectations for fall were relatively more negative for respondents representing hotels/motels/historic inns and the Metro Area.

- Financial Health: Nearly two-thirds (65%) of respondents rated their business' current financial health as positive, including 14% "growing" and 52% "stable, but positive". And one third (33%) of respondents rated their financial health as negative, including 24% "stable, but negative" and 8% "declining". Two percent responded that they don't know. Results for hotel/motel/historic inns and from Metro Area respondents were more negative than for other lodging types and regions.

The split between positive and negative responses tended more negatively than when EMT asked this question in August 2008, but more positively than results just a few months ago in May 2009. In August 2008, 74% of respondents provided positive responses of "growing" (20%) or "stable, but positive" (54%). In May 2009, 59% of respondents provided positive responses of "growing" (10%) or "stable, but positive" (49%).

- Things that are Working During the Recession, and Other Trends: Among several open-ended questions, one new question on the 2009 summer survey asked respondents to note things about their property or operation that are working to their advantage during the current economic downturn. A few themes jumped out of the responses. Respondents emphasized the added importance of good customer service, consistently meeting guests' expectations, cleanliness; and upkeep and constant upgrading of properties as ways to differentiate themselves. Numerous comments pointed toward customers' increased interest in specials, packages and otherwise getting the best possible deal. "They find more to complain about to get some sort of discount." Some respondents indicated that they found themselves being asked to negotiate rates more than ever before, or were throwing in perks such as free boat usage (resorts) to provide added value without needing to lower rates. Fiscal discipline was stressed, including a heighted need to contain costs and responsibly manage debt in order to avoid financial disaster during challenging times.

Repeat customers were an important asset to numerous respondents, perhaps especially those who are committed to the value of vacations even during tough times. "Comment most often shared was that if finances were a problem, family vacation traditions are to be continued." Respondents' comments reiterated recent trends of closer-to-home travel, shorter stays, and reduced spending on extras. Customers/travelers are downsizing, including shifts from indoor lodging to camping facilities at the same properties and occupancy shifts from premium resort cabins to economical cabins at the same properties. "Everyone to a man or woman has been more frugal in how they spend their resources."

Finally, numerous responses emphasized that a good web-based marketing strategy is important to their success.

Summary statistics for the survey can be viewed online at:
http://www.exploreminnesota.com/industry-minnesota/research-reports/researchdetails/download.aspx?id=3091.
(Copy and paste the link into your browser.)