## **SUMMARY RESULTS: MINNESOTA TOURISM BUSINESS - SUMMER 2008**

- <u>Survey Invitation Lists, and Response Rates</u>: Explore Minnesota Tourism (EMT) conducted an informal, online survey in late August 2008, soliciting responses by e-mail from approximately 1,500 accommodations (indoor lodging properties, campgrounds and state parks) throughout Minnesota that have provided EMT with an e-mail address. A total of 392 responses were received for a 26% response rate, including 359 responses to the complete survey. Results reported here reflect self-reported data from all survey respondents.
- Responses by Accommodation Type: The distribution of survey responses by type of property over-represented resorts (47% of total responses, 34% of total distribution) and B&Bs (12% of responses, 7% of distribution), and under-represented hotel/motel/historic inns (23% of responses, 36% of distribution) and campgrounds plus state parks (13% of responses, 23% of distribution). Five percent of respondents checked "other" accommodation type.
- Responses by Region: The distribution of survey responses across Minnesota's four tourism regions over-represented North Central/West Minnesota (46% of responses, 40% of distribution) and slightly over-represented Northeast Minnesota (27% of responses, 24% of distribution). By contrast, survey responses under-represented the Metro region (9% of responses, 15% of distribution) and slightly under-represented Southern Minnesota (18% of responses, 21% of distribution).
- <u>Summer 2008 (June through August)</u>: Overall, survey responses point toward lower occupancy rates for summer 2008, when compared with summer 2007. Results show 28% of respondents indicating that summer occupancy was up, 31% indicating that it was the same, and 41% indicating that it was down. The pattern of lower occupancy for summer 2008 held true for all accommodation types and all tourism regions. (Note: For this and other questions about year-over-year changes, only the direction and not the degree of change was ascertained.)

Due to increases in lodging rates, survey responses about summer 2008 revenue were relatively more positive than responses about occupancy. Approximately equal portions of respondents reported 2008 revenue being up (36% of responses) and down (38% of responses), while 26% of respondents reported that 2008 revenue was the same compared with summer 2007. Notable exceptions to this pattern were campgrounds (more "revenue down" than "revenue up" responses by 24 percentage points), and the Metro region (more "revenue down" than "revenue up" responses by 20 percentage points).

- Expectations for Fall (September and October 2008): Relative to their responses about summer business levels, survey respondents had lower expectations for the upcoming fall season. Results for both occupancy and revenue showed a shift in the portion of responses from "up" for summer to "same" for fall, while the portion of "down" responses remained similar for the two seasons. Compared with fall 2007, 15% of respondents expected fall 2008 occupancy to be up, 43% expected the same, and 42% expected occupancy to be down. For revenue, 20% of respondents expected fall 2008 revenue to be up, 39% expected it to be the same, and 41% expected revenue to be down from fall 2007. Expectations for fall were more positive for respondents representing hotels/motels/historic inns, B&Bs, Southern Minnesota and the Metro region. Expectations for fall were relatively more negative for respondents representing resorts, campgrounds and Northeast Minnesota.

Among comments about expectations for fall business, respondents noted that: part of Labor Day weekend is in August this year, shifting Labor Day business out of the September/October time frame used in the question; gas prices and uncertainties about the economy have resulted in less travel overall and more travel closer to home; the recent drop in gas prices has led to increased inquiries about fall; construction is down, resulting in less business from construction crews. Comments about advance bookings were across the board, ranging from totally booked to having no fall reservations on the books.

- <u>Financial Health</u>: Nearly three quarters (74%) of respondents rated their business' current financial health as positive; 20% of respondents rated their business as "growing" and 54% rated it as "stable, but positive". On the negative side, 15% of respondents rated their business as "stable but negative" and 10% rated it as "declining". Two percent responded that they don't know. Respondents from the Metro region provided the only notable exception to the general pattern of responses, with relatively fewer "stable, but positive" responses and relatively more "stable, but negative" responses.

The split between positive and negative responses was similar to results from the last time EMT asked this question in August 2006, when 73% of respondents provided positive responses. However, there was a shift in responses from "growing" (7 percentage points higher in 2006) to "stable, but positive" (8 percentage points higher in 2008).

- <u>Post-Labor Day School Start</u>: Nearly three quarters of respondents considered a post-Labor Day school start to be very important to their business. On a scale of 1 to 4, with 1 being very important and 4 being not at all important, 58% of respondents rated a post-Labor Day school start as "1-very important" and 15% rated it with a 2. Respondents representing resorts provided the highest importance ratings, with 79% rating a post-Labor Day school start as "1-very important". Respondents representing North Central/West and Northeast Minnesota also provided relatively higher importance ratings, while respondents representing B&Bs had the lowest ratings with only 33% providing ratings of 1 or 2.

Comments on the Labor Day question stressed the importance to many businesses of later start dates to allow a longer busy season, providing both travelers and school-aged employees. Many comments pointed toward business levels already tapering off at the end of August due to the early start of sports and other activities. Some respondents also mentioned a desire for post-Labor Day school starts in neighboring states.

- <u>- Republican National Convention</u>: Businesses in the Metro region were most likely to be affected by the Republican National Convention (RNC), with 59% expecting to be positively affected and 11% expecting to be negatively affected. Not surprisingly, on a statewide basis very few respondents (10%) expected the RNC to affect their business. Among accommodation types, only representatives of hotel/motel/historic inns expected to be affected in substantial numbers with 24% expecting to be affected positively and 3% expecting to be affected negatively.
- Responses About Trends in Customer Comments, and Other Respondent Comments: Respondents provided many insightful comments. Some reflected positive trends and observations, but more reflected negative ones.

High gas prices and the struggling economy were the focus of numerous comments, though the noted impacts varied considerably. Many comments pointed toward these factors limiting travel and distances traveled, and causing travelers to be more budget conscious by spending less on eating out and other purchases. Others reported that their businesses benefited from travelers choosing Minnesota over farther-away destinations. While a few comments noted that some travelers from greater distances stayed longer, such comments were outnumbered by comments about more shorter stays. A few respondents representing resorts that typically operate with weekly stays noted more requests to break up weeks into smaller increments.

Respondents noted that the cost of doing business has increased for them, just as the cost of traveling has increased for their customers. However, their comments expressed reluctance to raise rates to levels that would allow them to recoup their additional costs out of concern for losing too many customers. Numerous comments reflected a high incidence of customers looking for bargains and expecting more for less.

Two topics received more comments than on previous surveys. A number of comments reflected higher customer demand for wi-fi. Also, several respondents representing resorts noted that private cabin and vacation home rentals are difficult to compete with.

Summary statistics for the survey can be viewed online at: http://www.surveymonkey.com/sr.aspx?sm=hrknPnNqqR320ARENJtqG1UfKIcBf6N5zT6voIt0RUo 3d