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

- <u>Survey Invitation Lists, and Response Rates</u>: Explore Minnesota Tourism (EMT) conducted an informal, online survey in May 2009, soliciting responses by e-mail from approximately 1,700 accommodations (indoor lodging properties, campgrounds and state parks) throughout Minnesota that have provided EMT with an e-mail address. A total of 356 responses were received for a 21% response rate, including 359 responses to the complete survey. Results reported here reflect self-reported data from all survey respondents.

- <u>Responses by Accommodation Type</u>: The distribution of survey responses by type of property over-represented resorts (41% of total responses, 31% of total distribution) and B&Bs (11% of responses, 7% of distribution), and under-represented hotel/motel/historic inns (27% of responses, 36% of distribution) and campgrounds plus state parks (13% of responses, 26% of distribution). Seven percent of respondents checked "other" accommodation type.

- <u>Responses by Region</u>: The distribution of survey responses across Minnesota's five tourism regions slightly over-represented Northeast Minnesota (24% of responses, 22% of total distribution) and Northwest Minnesota (22% of responses, 20% of distribution). By contrast, survey responses under-represented Southern Minnesota (16% of responses, 20% of distribution). Representation of survey responses was approximately equal to the actual regional distribution of properties for the Central Region (23%) and the Minneapolis-Saint Paul Area (i.e., Metro Area – 15%).

- <u>Expectations for Summer 2009 (June through August)</u>: Overall, survey responses pointed toward lower expectations for summer 2008 occupancy, when compared with summer 2008. Results show 21% of respondents expect the upcoming summer occupancy to be up, 32% expect it to be the same, and 48% expect it to be down from last summer. The pattern of lower occupancy for summer 2009 held true for all tourism regions. However, among accommodation types, occupancy expectations were higher for campgrounds (more "occupancy up" than "occupancy down" responses by 31 percentage points) and B&Bs (more "occupancy up" than "occupancy down" responses by 5 percentage points). (Note: For this and other questions about year-over-year changes, only the direction and not the degree of change was ascertained.)

While expectations for summer 2009 revenue followed the same general pattern as for occupancy expectations, there were relatively more "up" and "down" responses, and fewer "same" responses and non-responses about revenue expectations. In normal times, increases in lodging rates lead to relatively more positive responses for revenue compared with occupancy. Results reflect that these are not normal times. The similarity between expectations for occupancy and revenue reflect the current challenges lodging properties face, including downward pressure on lodging rates to stay competitive and attract customers.

In comments about expectations for summer business, many respondents pointed toward factors like economic uncertainty, both for the broader economy and for individual customers, and job layoffs that have left people more conservative with their travel and travel spending. While the price of gas is considerably lower than it was this time last year, numerous comments reflected on the rising cost of gas and concerns about its impact. Other responses noted declining business travel, and a reduction in convention business

- <u>Financial Health</u>: Well over half (59%) of respondents rated their business' current financial health as positive; 10% of respondents rated their business as "growing" and 49% rated it as "stable, but positive". On the negative side, 22% of respondents rated their business as "stable but negative" and 16% rated it as "declining". Three percent responded that they don't know. Respondents from campgrounds and from the Minneapolis-Saint Paul area provided the most notable exceptions to the general pattern of responses, with campground results being more positive and Metro area results more negative than the norm.

The split between positive and negative responses tended more negative than when EMT asked this question in August 2009. At that time, 74% of respondents provided positive responses of "growing" (20%) or "stable, but positive" (54%).

- <u>Expectations for Economic Recovery</u>: A new question asked respondents when they thought the beginning of economic recovery will occur for the U.S. economy, the Minnesota economy, and Minnesota's tourism economy. For each of the three economies, response options were provided beginning with "recovery has already begun" through "during 2011 or later". Responses were distributed across the response spectrum, but were higher for the three time periods beginning with "during 1st half of 2010". For each economy, between 42% and 45% of responses were split evenly between the 1st and 2nd halves of 2010, with another 11% to 15% expecting recovery "during 2011 or later".

- Post-Labor Day School Start: Nearly nine out of ten (87%) of respondents indicated that they are in favor of retaining post-Labor Day school starts in Minnesota. Respondents representing resorts as well as those from Northeast and Northwest Minnesota were more likely to be in favor of post-Labor Day. On the other hand, respondents representing hotels/motels/historic inns as well as those from Southern Minnesota and the Minneapolis-Saint Paul area were relatively less likely to be in favor.

- Experiences with Recent Travel Trends: Another new question listed a series of trends that have been generally reported in the travel industry, and asked respondents which of them they had experience at their property over the past year. Response options were "yes", "no" and "does not apply".

Trends that were experienced by the highest number of respondents were: bookings closer to the time of travel (73%); increase in customers seeking deals, multi-night discounts, etc. (69%); and shorter average length of stay (63%). All but one of the trends received more "yes" than "no" responses, with the exception being "increase in customers looking for packages, like overnight plus nearby attractions, etc." (32% yes, 40% no). A few trends had a high rate of "does not apply" responses, but high rates of experience of the trend among those to whom it applied. Among these were: "decline in meeting and conference business" (21% yes, 8% no); "decline in business travelers" (38% yes, 18% no); "decline in non-lodging sales (restaurant, gift shop, equipment rentals, etc.)" (30% yes, 21% no); and "decline in international travelers" (27% yes, 19% no).

Summary statistics for the survey can be viewed online at:
http://www.surveymonkey.com/sr.aspx?sm=7zvl3dIEIeSGnykA6g1LRs7_2b2l7x88MGgh9vka_2bJtzs_3d