



Packaging - A Strategy for Increasing Revenue and Customer Base for Michigan's Tourism Industry



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PREMISES

- ❏ **TIA's data**
- ❏ **TTRRC's data**
- ❏ **Decline in travel**
- ❏ **Michigan's leakage**
- ❏ **Need for a consolidated image for Michigan**



TIA's data show substantial economic impact of package travel.

Year	% of package travelers among leisure travelers	Number of package travelers	Economic impact
1995	4% ¹	55 mil passenger days in the U.S. ⁵	\$8.6 bil. ⁵
1996	4% ²		\$9.6 bil. ⁶
1997	5% ³		
1998	5% ⁴		

1: TIA (1996). *1995 Travel Market Report- Full Year Results of the National Travel Survey*. p. 41

2: TIA (1997). *1996 Travel Market Report*. p. 41

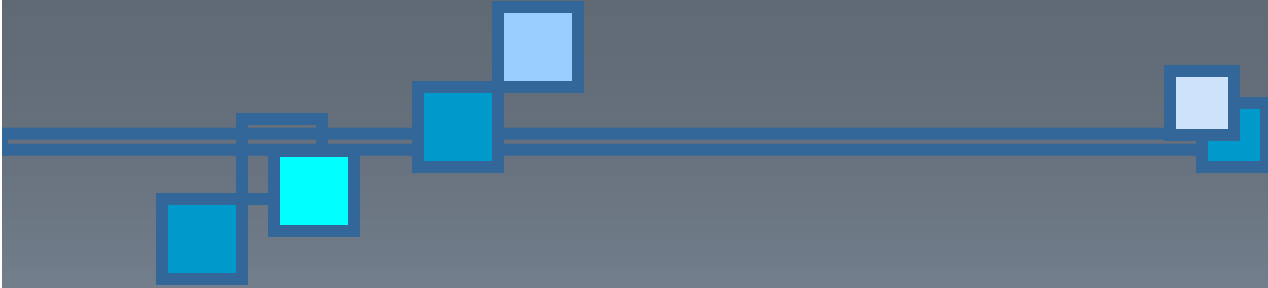
3: TIA (1998). *1997 Travel Market Report*. p. 36

4: TIA (1999). *1998 Travel Market Report*. p. 46

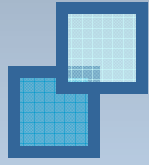
5: TIA (1996). *1997 Outlook for the Travel and Tourism - Proceedings of the TIA's 22nd Annual National Outlook Forum*. p. 136

6: TIA (1997). *1998 Outlook for the Travel and Tourism - Proceedings of the TIA's 23rd Annual TIA Marketing Outlook Forum*. p.252





Package segment shows promise in the longitudinal study by TTRRC.

- ❏ **Longitudinal survey of resident households in Illinois, Michigan, Minnesota, Ohio, Wisconsin, and Ontario/Canada.**
 - ❏ **9.2%, 12.9%, and 14.3% of the pleasure travelers were package travelers in 1996, 1997, 1998 respectively.**
 - ❏ **Package travelers engage in more activities and spend double as much on average as that of non-package travelers.**
- 



Decline in long-distance travel due to perceived risk

- ❏ **Not only international travel but also domestic long distance travel has been suffering due to the perceived risk of getting on airplanes and being in unfamiliar environments.**
- ❏ **This perceived risk might increase the demand for package travel not only at international but also at domestic level.**



Michigan's tourism leakage.



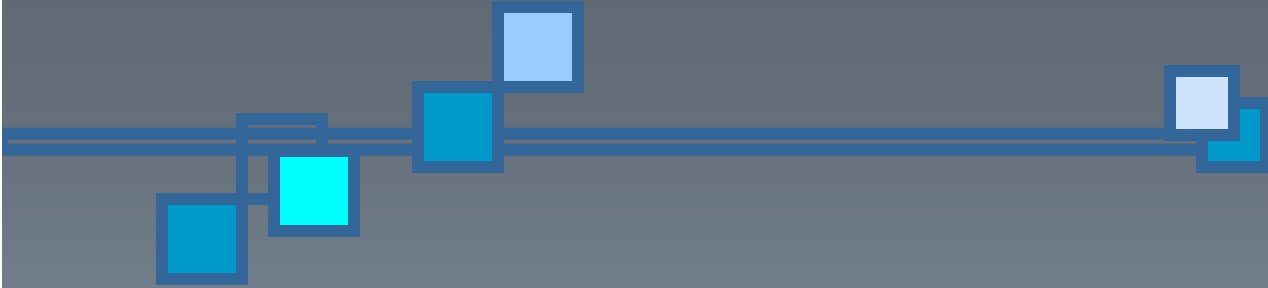
**Michigan has leakage in tourism dollars:
More outbound trips than inbounds.**

	Michiganians traveling out	Outsiders traveling into Michigan	Deficit
Household trips ¹	25,431,000	21,940,000	3,491,000
Average # of nights spent away from home ¹	5.9	6.3	
Total nights away from home	150,043,000	138,222,000	11,821,000
Average Spending per Night = \$ 132.241/night²			
Deficit in Dollars = 11,821,000 x \$132.24 = \$ 1,563,209,000			




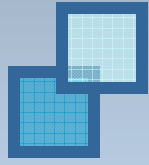


¹: U.S. Department of Transportation, Bureau of Transportation Statistics. (1995). *1995 American Travel Survey*.

²: Household Survey Data from Tourism Resource Center (for the period of 1995-2001).



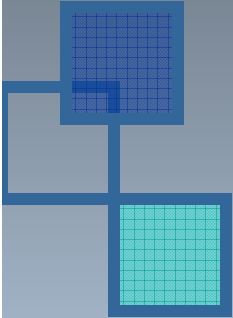
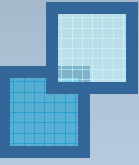
Need to consolidate an image of Michigan, e.g. “A plethora of Choices”.

-  **Michigan does not have a mouse named “Mickey”**
 -  **Small attractions dispersed throughout the state**
 -  **Variety of attractions**
- 





DEFINITION of PACKAGE TRAVEL

- 
- ☐ **National Tour Association: "...travel that consists of two or more components sold for a single price."***
 - ☐ **A combination of travel products such as transportation, lodging, meals, attractions, entertainment, and guide services into a one-price product.**
- 

*: TIA (2001). *2001 Domestic Outlook for Travel and Tourism*. p. 271





TYPES of PACKAGES

- ☐ **Full-package:** A fixed schedule of air and/or sea cruise including transportation, lodging, meals and attractions.
- ☐ **Quasi-package:** A fixed set of places and dates but with choices of lodging and attractions.
- ☐ **Open-package:** A fixed set of dates only.



Quasi & Open are suitable for Michigan due to lack of public transportation.

NTA's PACKAGE TYPES*

- Adventure (hard and soft)
- Agricultural/Industrial
- Alumni
- Amusement Parks
- Cruises
- Cultural
- Dinner Theater
- Ecotours
- Ethnic
- Events
- Fall Foliage
- Family
- Gaming
- Garden
- Gay/Lesbian
- Historic/Heritage
- Holidays
- Intergenerational
- Learning
- Museum
- Music
- Mystery
- National Parks
- Religious
- Reunion
- Science
- Spectator Sports
- Sports (participatory)
- Theater
- Wine Tasting

*: TIA (2001). *2001 Outlook for the Travel and Tourism*. p. 276



BENEFITS of PACKAGING

For Tourism Industry



- ☐ **Increases customer volume & profit.**
- ☐ **Reduces the impact of seasonality.**
- ☐ **Reduces marketing costs.**
- ☐ **Diversifies tourism products and markets.**



BENEFITS of PACKAGING

For Consumers



-  Offers good value for money.
-  Offers convenience – time and effort.
-  Offers diverse tourist experiences.





TRENDS in PACKAGE TRAVEL*







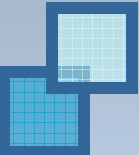
- ☐ More and diverse variety of packages
- ☐ Globalization of the marketplace both inbound and outbound
- ☐ Increasing student travel
- ☐ Use of technology for info gathering, but use of travel agents for purchasing
- ☐ Family travel-intergenerational group tours
- ☐ North American destinations popular- Branson, New York City, Washington D.C., New England, and Orlando
- ☐ Preferences for flexibility, variety, and action-oriented packages (experience-based travel that is educational, fulfilling, and stimulating)
 - ☐ Historical/Heritage tours-museum
 - ☐ Cultural and art-related tours- theater and dinner theater
 - ☐ Fall color tours
 - ☐ Cooking, wine-tasting, quilting, Broadway-related tours,
 - ☐ Cruises



*: TIA (2001). *2001 Outlook for the Travel and Tourism*. p. 271-274



REQUIREMENTS of SUCCESSFUL PACKAGING

-  Know your products.
 -  Know your current and potential customers.
 -  Mix and match various tourism assets for different segments.
 -  Use themes and USPs.
 -  Partner and cooperate with different players of the Industry.
 -  Use IT if possible.
- 





Know your products-

MICHIGAN'S ASSETS

- 
-  **Agritourism** (wineries, food festivals, u-pick farms, staples, farm markets, barns)
 -  **Cultural/Heritage tourism** (museums, lighthouses, festivals/fairs, small towns, B&Bs, reservations)
 -  **Nature-based tourism** (parks, forests, trails, campgrounds, underwater parks,
 -  **Special interest tourism** (auto-shows, sporting events, theaters, spas, concerts, casinos, schools, theme parks)
 -  **Convention** (hotels, golf courses, resorts)
- 





Know your current and potential customers-
MICHIGAN'S MARKETS

-  **Midwest States**
-  **Baby boomers**
-  **Senior market**
-  **Conventioners**
-  **Students, especially international college students and high school students**

There is a need for research on the preferences of these segments in terms of package travel





WHY INTERNATIONAL STUDENTS?

- ❏ "...Student travel marketplace is the fastest growing market in the industry, and it will soon be a larger population base than the baby boomers..."¹
- ❏ The number of International students in MI is 21,120.²
- ❏ Their contribution to Michigan's economy is \$432 million.²
- ❏ International students have potential due to their
 - ❏ Traveling more
 - ❏ Cultural differences / curiosity
 - ❏ Loyalty

1: TIA (2001). *2001 Outlook for the Travel and Tourism*. p. 277

2: Institute of International Education (2001)



SAMPLE PACKAGES in MICHIGAN



Ski packages

<http://www.thehomesteadresort.com/winter/default.html>

Golf packages

<http://www.michiweb.com/golf/lodging/specials/>

<http://www.golfpackages.com/michigan/>

Fishing packages

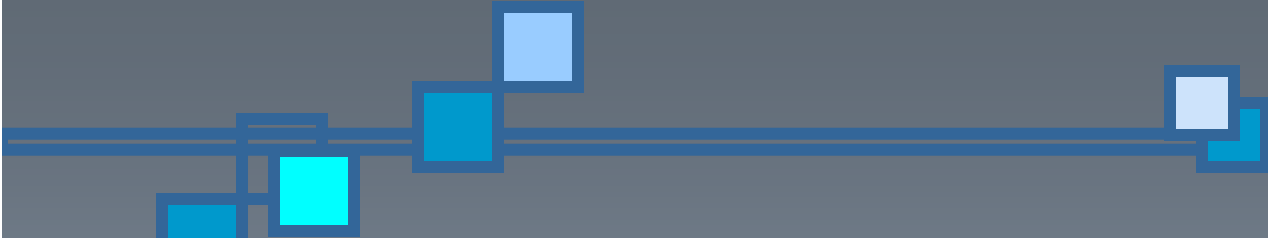
<http://www.exploringthenorth.com/northland/packages.html>

Lodging packages

<http://www.sanctuaryatwildwood.com/special.htm>

<http://www.bbonline.com/mi/ski.html>





Find a creative way of mixing and matching between various tourism assets for different segments-



- Matching product to market segment

- Creative

- Innovative and trendsetter

Chips-Ahoy

A package for Dr. Holecek
A gaming coupon of \$20 value for a two hour stay followed by wine tasting tour and a gourmet dinner at a restaurant - \$100



Me-Day

A package for Vicky
A 2-hour spa session followed by a massage and a classical music concert - \$100

Use themes and USPs-
e.g. PATRIOTISM



“know your county”,
“know other counties” and
“become a state”.





Partner and cooperate with different players of the Industry-

COOPERATIVE MARKETING

- Government units, academic community, CVBs, local businesses, Economic Development Offices should collaborate to harness the opportunities in the market for mutual benefits.
- Involvement of travel agents is crucial because package travelers are far more likely to use their help (64% in the HHS).

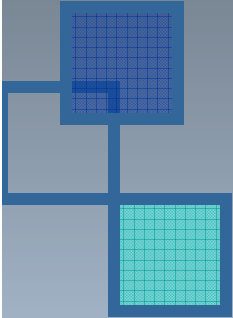
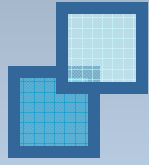




Use IT if possible-

CONVERGENCE MARKETING



- 
- ☐ **Integrating the online marketing media vehicles with the conventional marketing media in an attempt to develop more comprehensive communication and to eventually gain competitive advantage.**
 - ☐ **Also implies the connection to partners' online media when cooperative marketing is implemented.**
- 





WHY CONVERGENCE MARKETING?

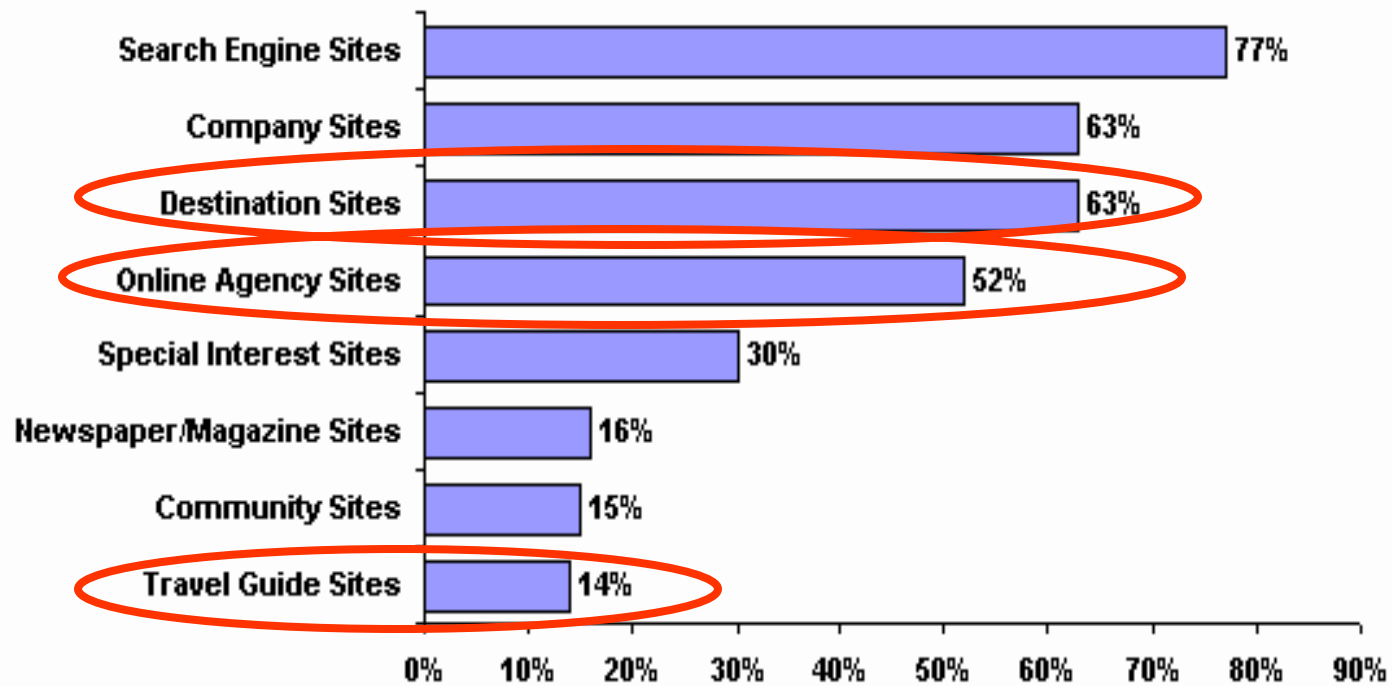
- ❏ **Cyber consumer**
- ❏ **Approx. 44 % of the U.S. adult population are online travelers.**
- ❏ **In 2000, 59.4 million U.S. adults used the Internet to make travel plans, and 24.7 million U.S. adults used the Internet to make travel reservations in the past year**

Source: <http://www.tia.org/Travel/internetuse.asp>



Types of Internet Sites Used for Travel Planning

(Among 59.4 million Online Travelers
Who Used the Internet to Make Travel Plans)



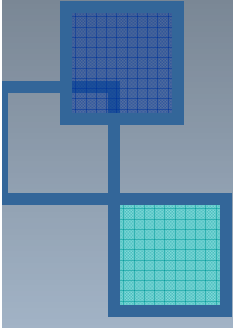
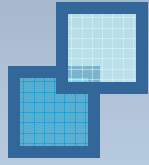
Source: *Travelers' Use of the Internet, 2000 Edition*
Travel Industry Association of America

Source: <http://www.tia.org/Travel/internetuse.asp>





A sample of IT: Travel.World.Net (TWN)

- 
- ☐ **Maintained and monitored by the software professionals.**
 - ☐ **Tour operators can create a range of tour components or options from full to open packages.**
 - ☐ **Online reservation confirmation 24 hours a day.**
 - ☐ **Ability to network with the partners.**
- 



For more info, visit: http://4seasons.travel.world.net/tour_op.html

CONCLUDING REMARKS



- ☐ There is a potentially lucrative package traveler market in the Midwest.
- ☐ Initiate and support research on package travelers.
- ☐ Create enticing packages at affordable prices.
- ☐ Cooperate, communicate, and converge.
- ☐ Reap the benefits: lower costs, lower risks, higher profits, and stable business.



Thank you!!!

QUESTIONS OR COMMENTS?

