

# The State of Michigan Tourism

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# Michigan's Tourism Industry

## Direct Infrastructure

- **Lodging** – Hotels, Motels, B&Bs, Campgrounds, Second Homes, Resorts
- **Restaurants**
- **Attractions** – Green field Village, Sault Ste. Marie Locks, Casinos, Museums
- **Festivals, Fairs, Events**
- **Shopping** – Malls, Curio Shops, Grocery Stores
- **Health Care Facilities**
- **Gasoline/Vehicle Service Stations**
- **Outdoor Recreation Facilities** – Golf Courses, State Parks, Waterways, etc., etc., etc.

# Michigan's Tourism Industry

## Indirect Infrastructure

- **Wholesalers**
- **Media**
- **Construction**
- **Legal Services**
- **Insurance**
- **Utilities**
- **Accounting Services**
- **etc., etc., etc.**

# Two Approaches to Tracking Tourism

## I. Household Survey

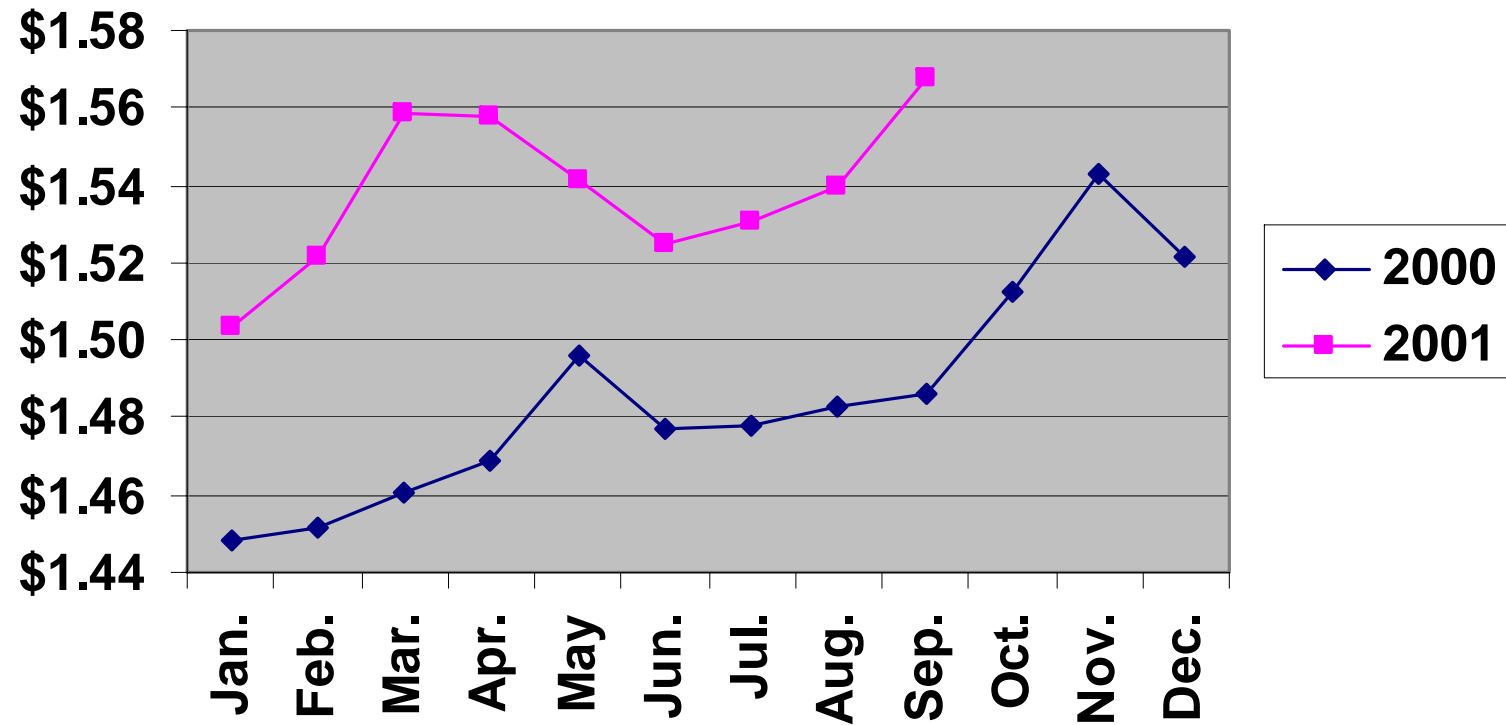
- **American Travel Survey/U.S. Census** – Too infrequent to track trends but a useful calibration tool
- Commercially available monthly travel surveys (e.g., **U.S. Travel Data Center**) – Expensive, vary in reliability and scope of coverage
- **MSU's Regional Travel Market Survey** – Region specific, customizable, produces a wealth of information of state and regional relevance at a moderate cost. But, funding what is essentially a public service is a problem.

# Two Approaches to Tracking Tourism

## II. Secondary Data

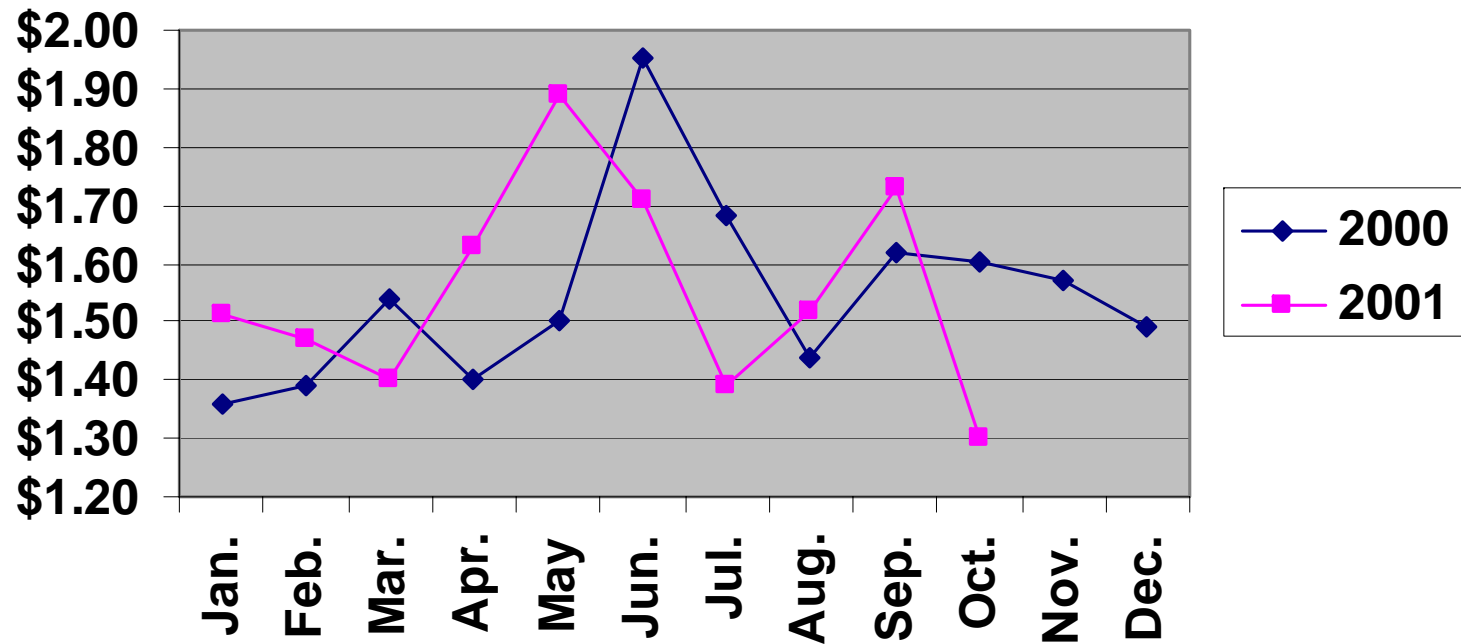
- There is no tourism **Standard Industrial Code** to use to track sales or employment classification to count employees.
- **MDOT traffic data** are high quality but do not provide trip purpose information.
- **Michigan Sales and Use Tax** collection data are quality indicators of state and local tourist expenditures but releasing them in a timely fashion is not a Treasury Department priority.
- **General economic data** (e.g., consumer confidence), weather data, gasoline prices, exchange rate (esp. U.S. vs. Canada) are helpful in forecasting and explaining tourism activity.

## Exchange Rate (\$CAN/\$US)



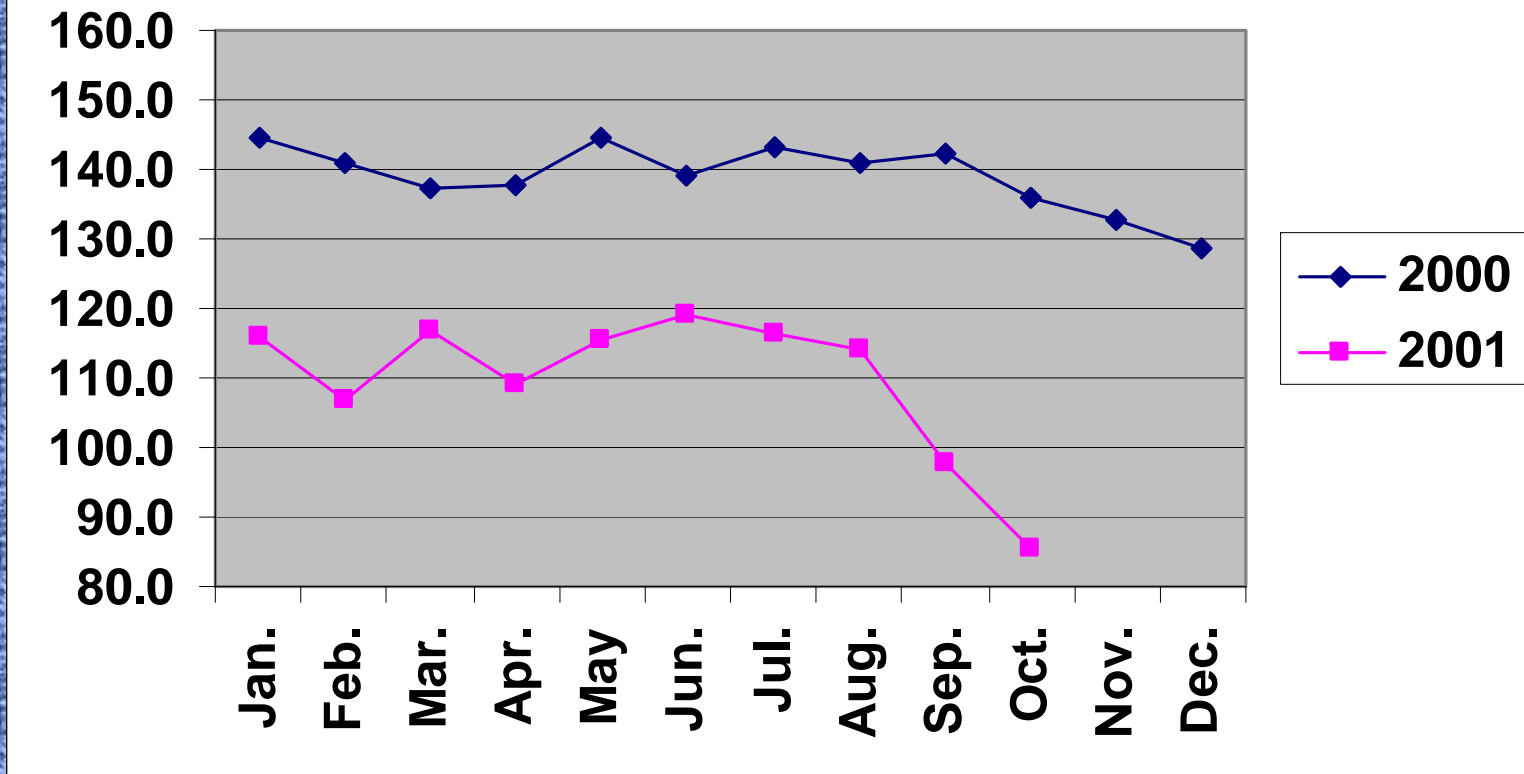
Source: Federal Reserve

## Michigan Statewide Gasoline Prices (Regular Unleaded)



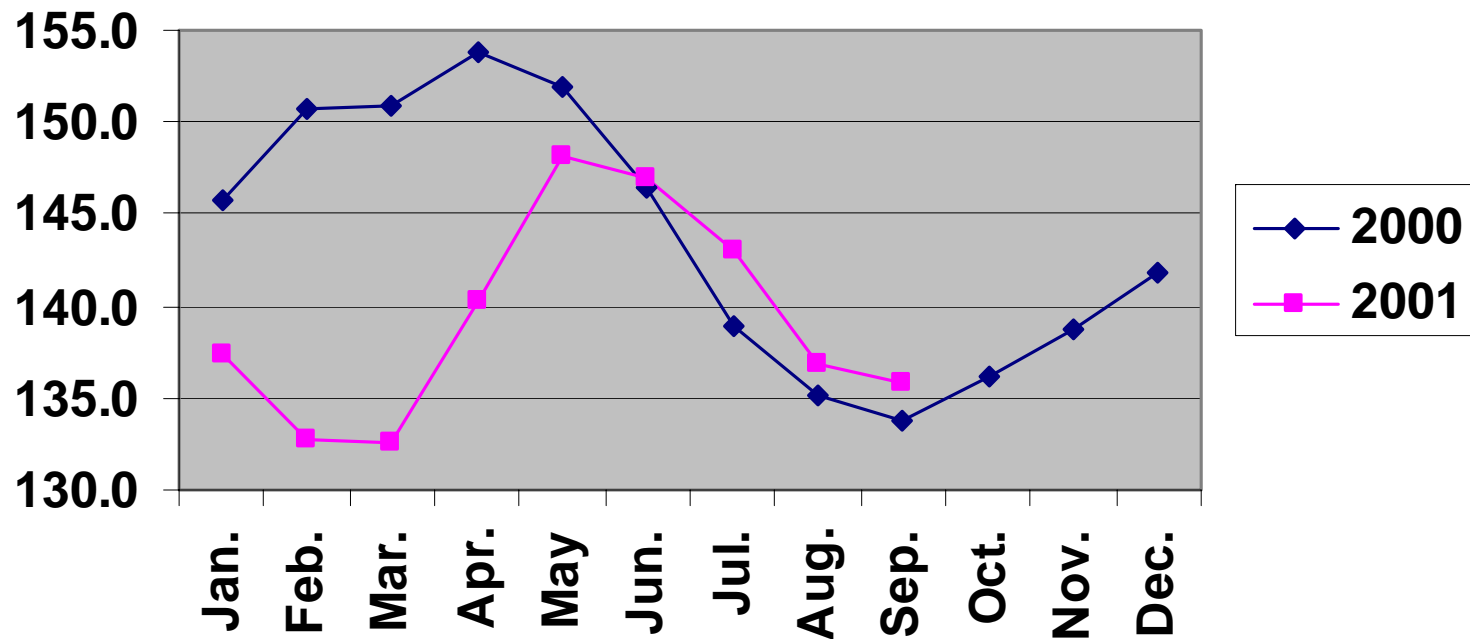
Source: AAA Michigan

## Consumer Confidence Index



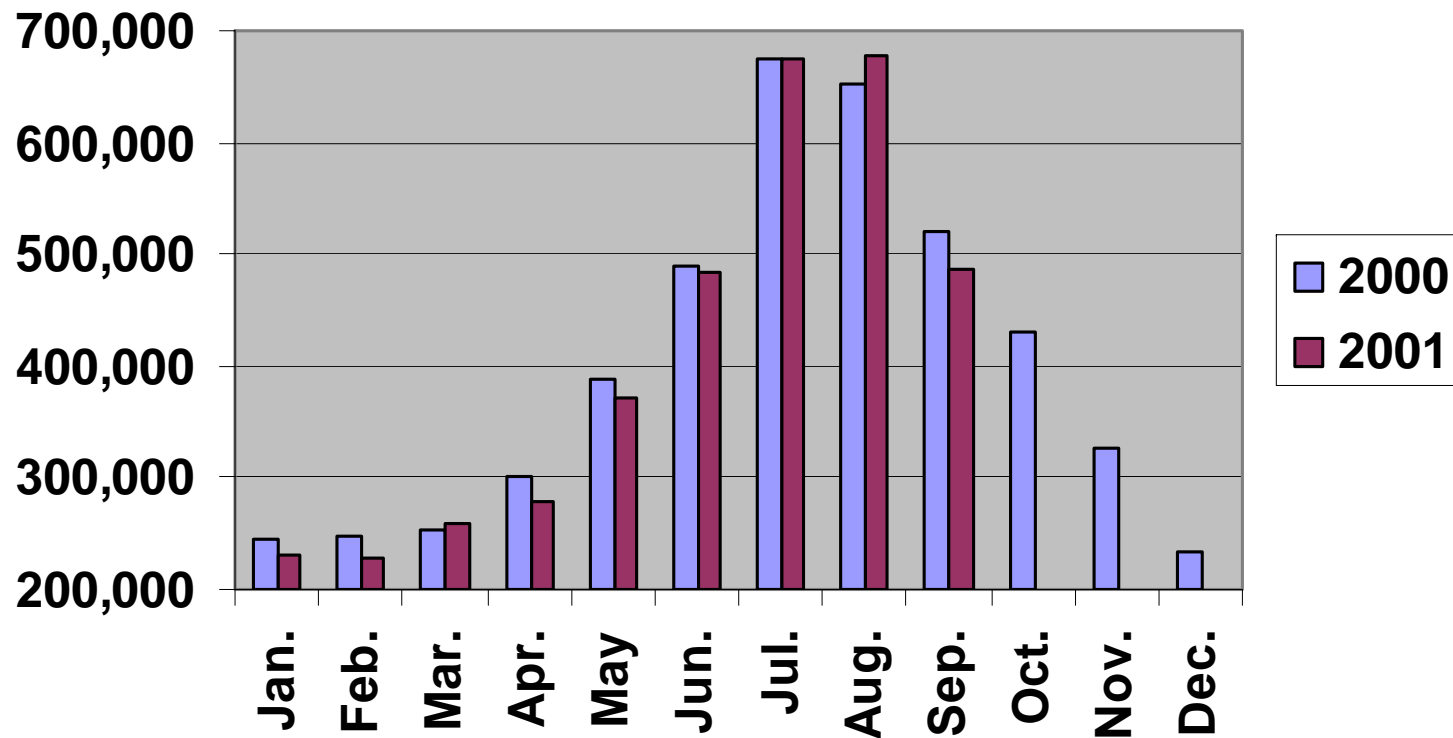
Source: The Conference Board

## Michigan Travel Intentions Index (Based on a Moving 3-Month Avg.)



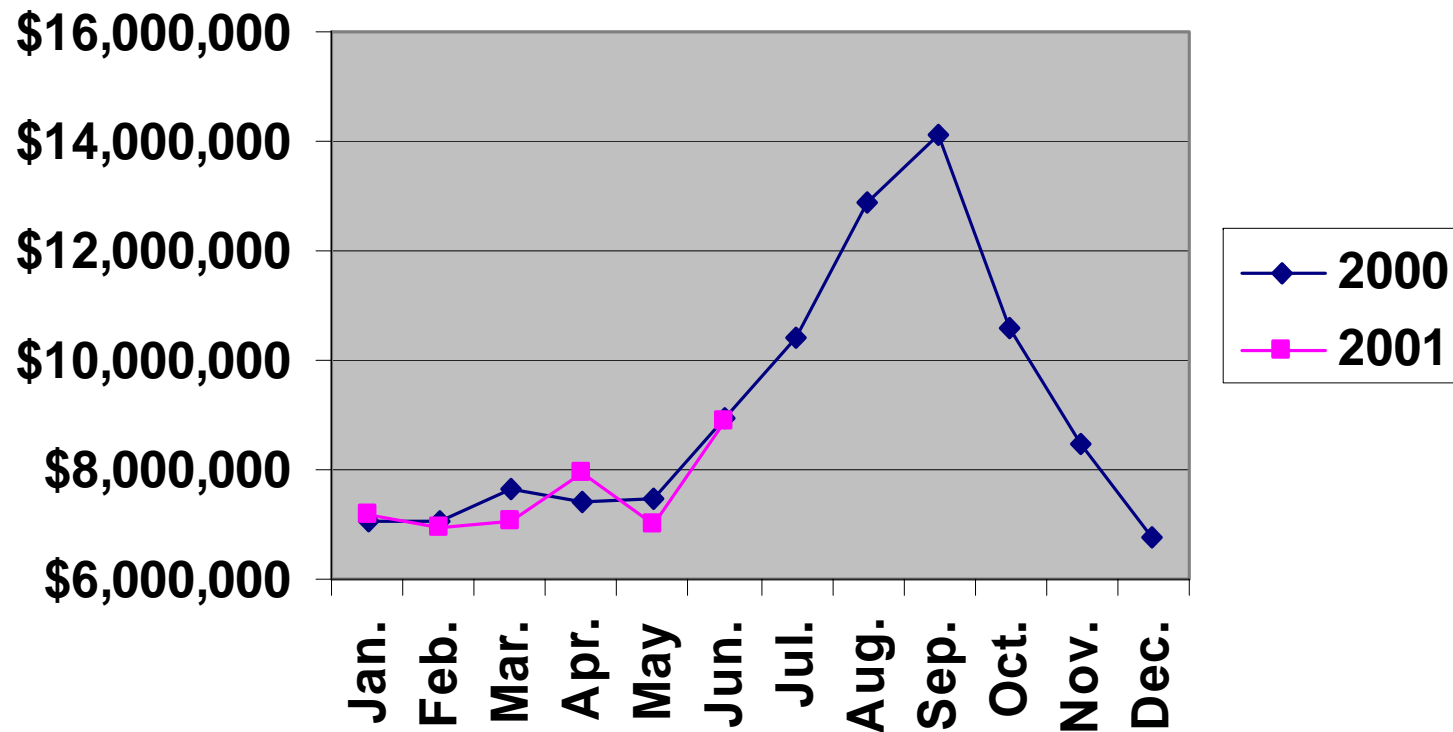
Source: MSU Tourism Resource Center

## Mackinac Bridge Crossings



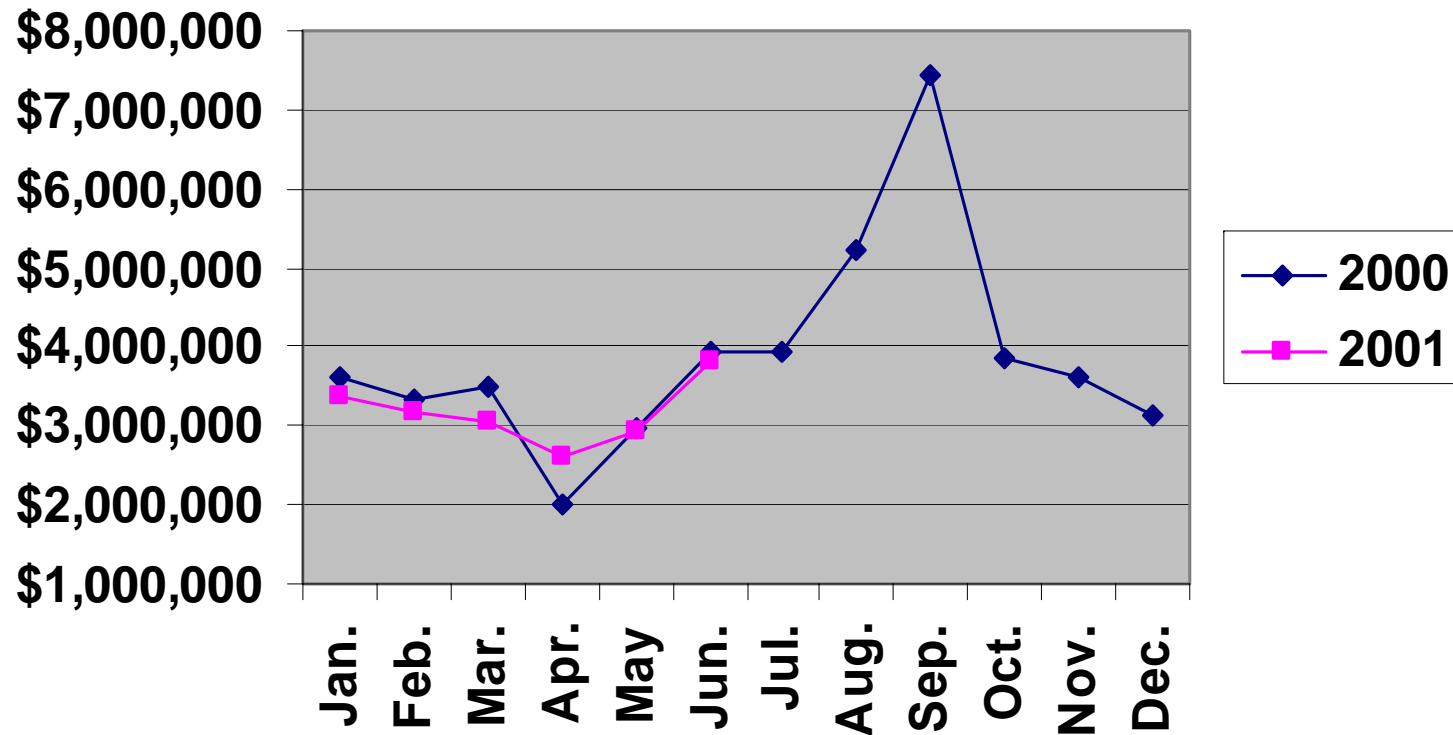
Source: Mackinac Bridge Authority

## Unadjusted Sales & Use Tax - SIC 701



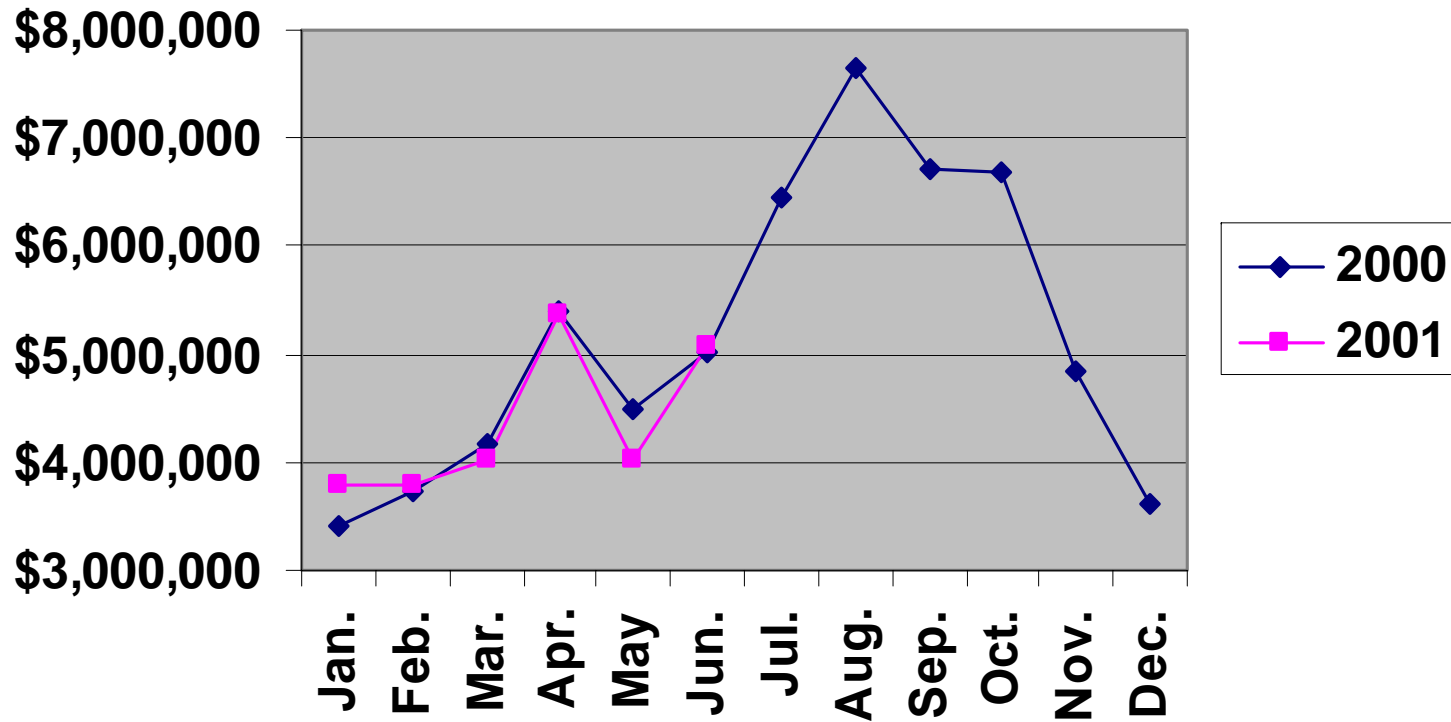
Source: Michigan Department of Treasury

## Unadjusted Sales Tax - SIC 701



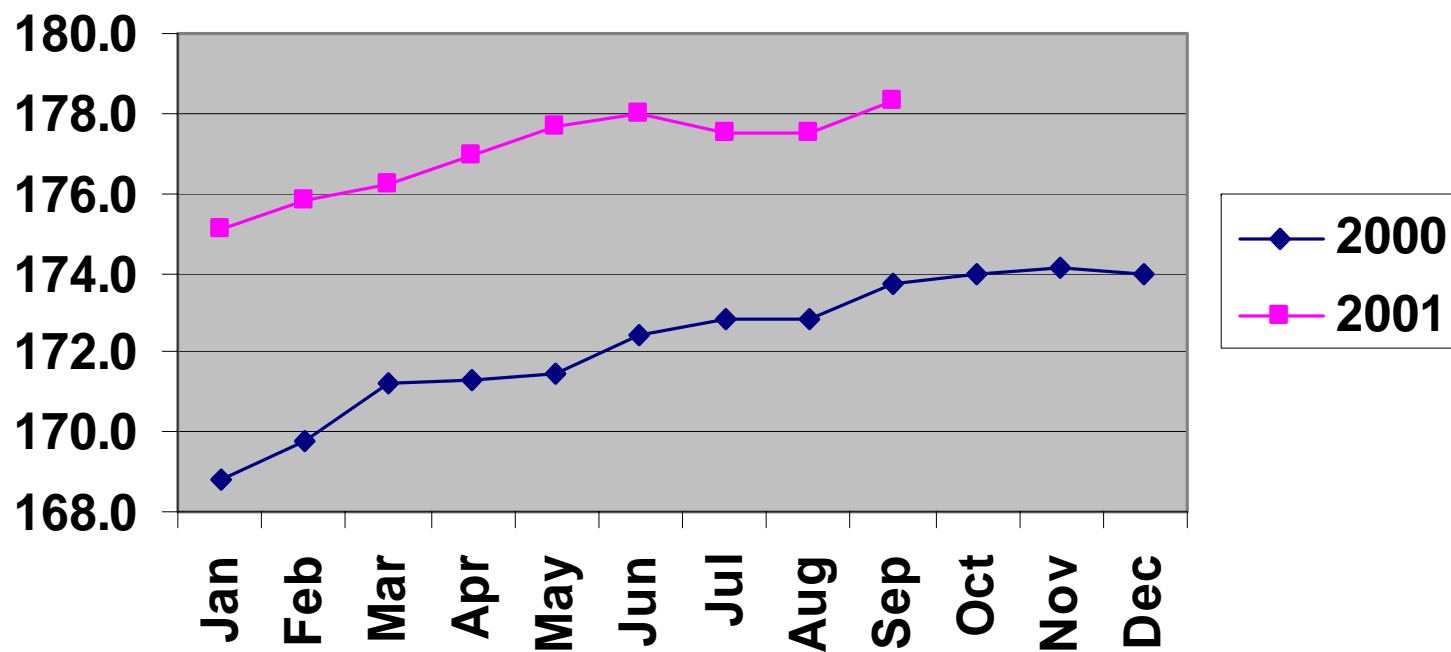
Source: Michigan Department of Treasury

## Unadjusted Use Tax - SIC 701



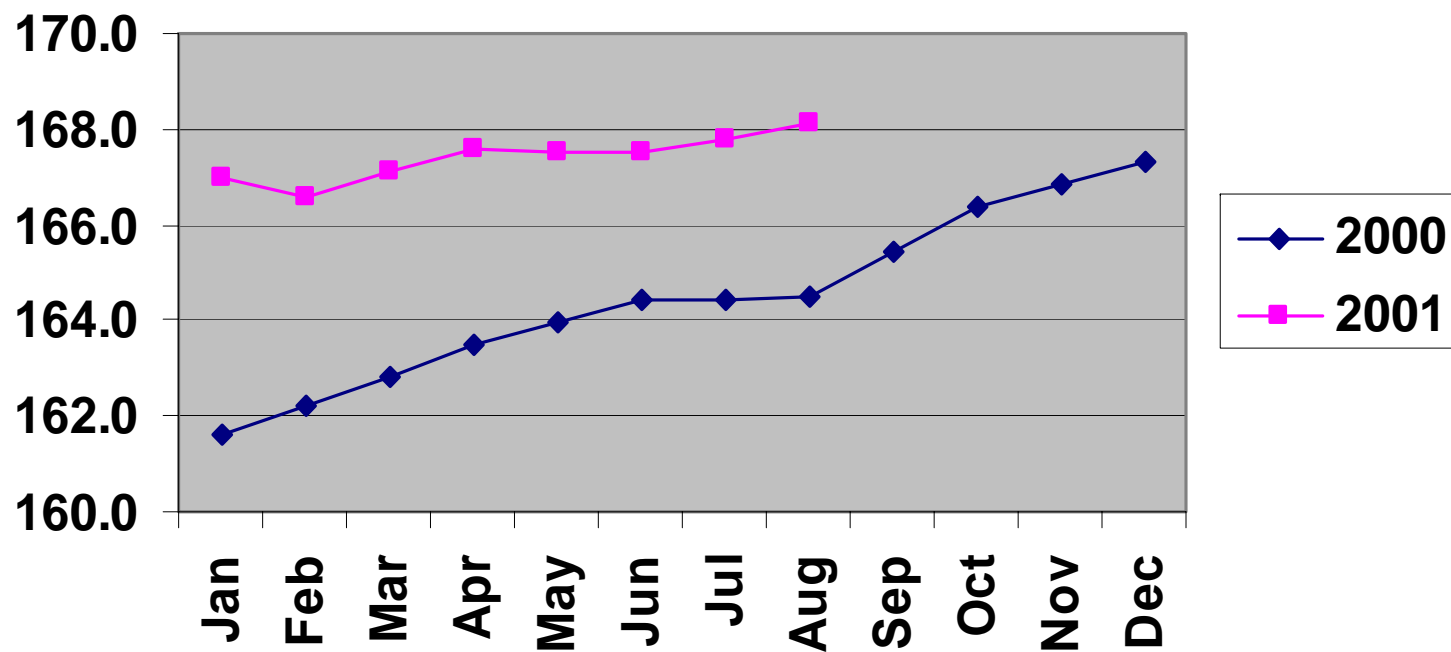
Source: Michigan Department of Treasury

## CPI-U.S. City Avg. Not Seasonally Adj. 1982-84=100



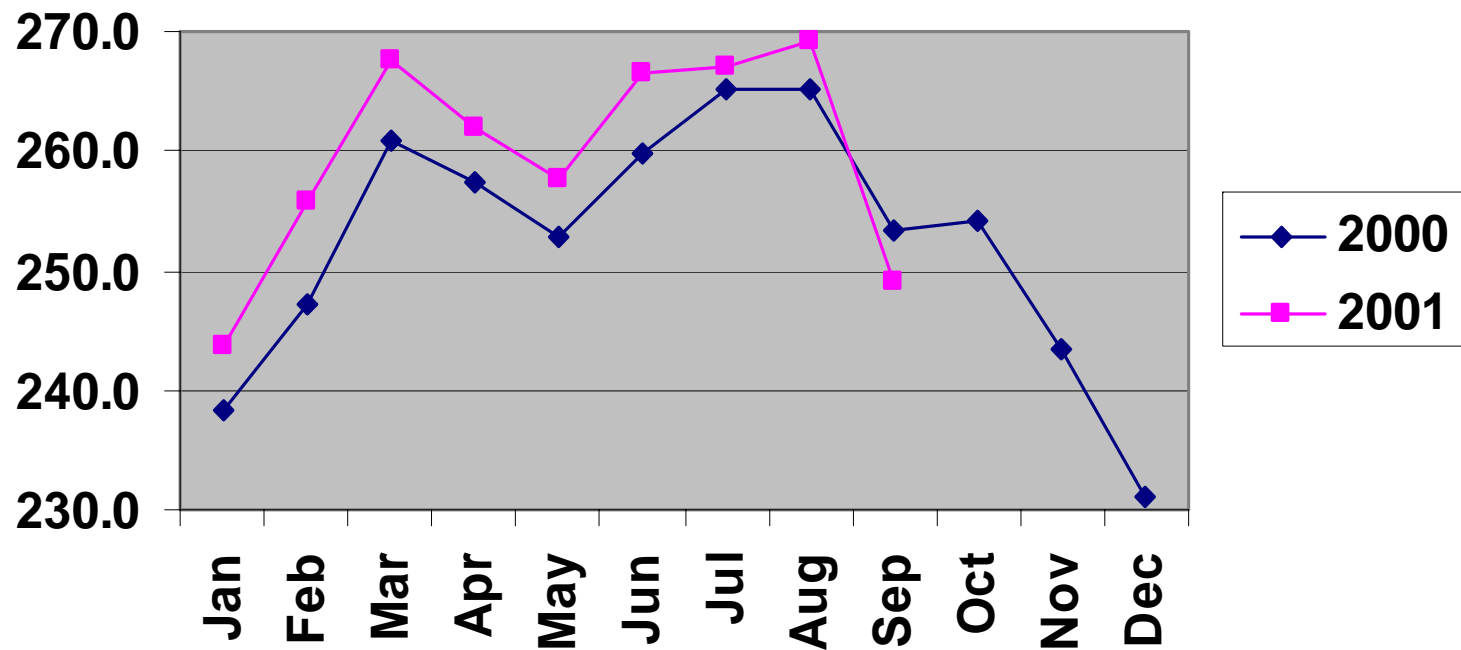
Source: Bureau of Labor Statistics

## Price of Food Away From Home Detroit-Ann Arbor Area



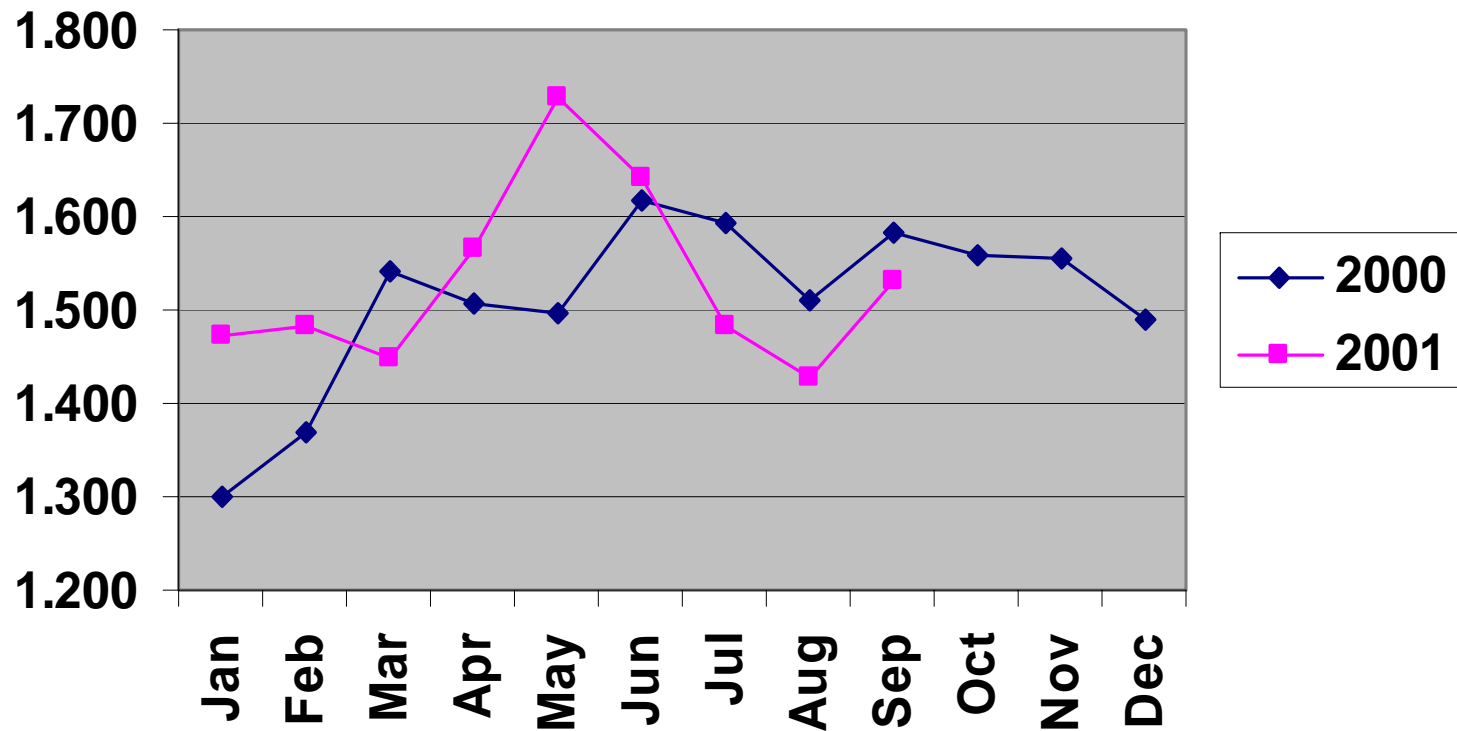
Source: Bureau of Labor Statistics

## Lodging Price (U.S. City Avg.) - Lodging While Out of Town



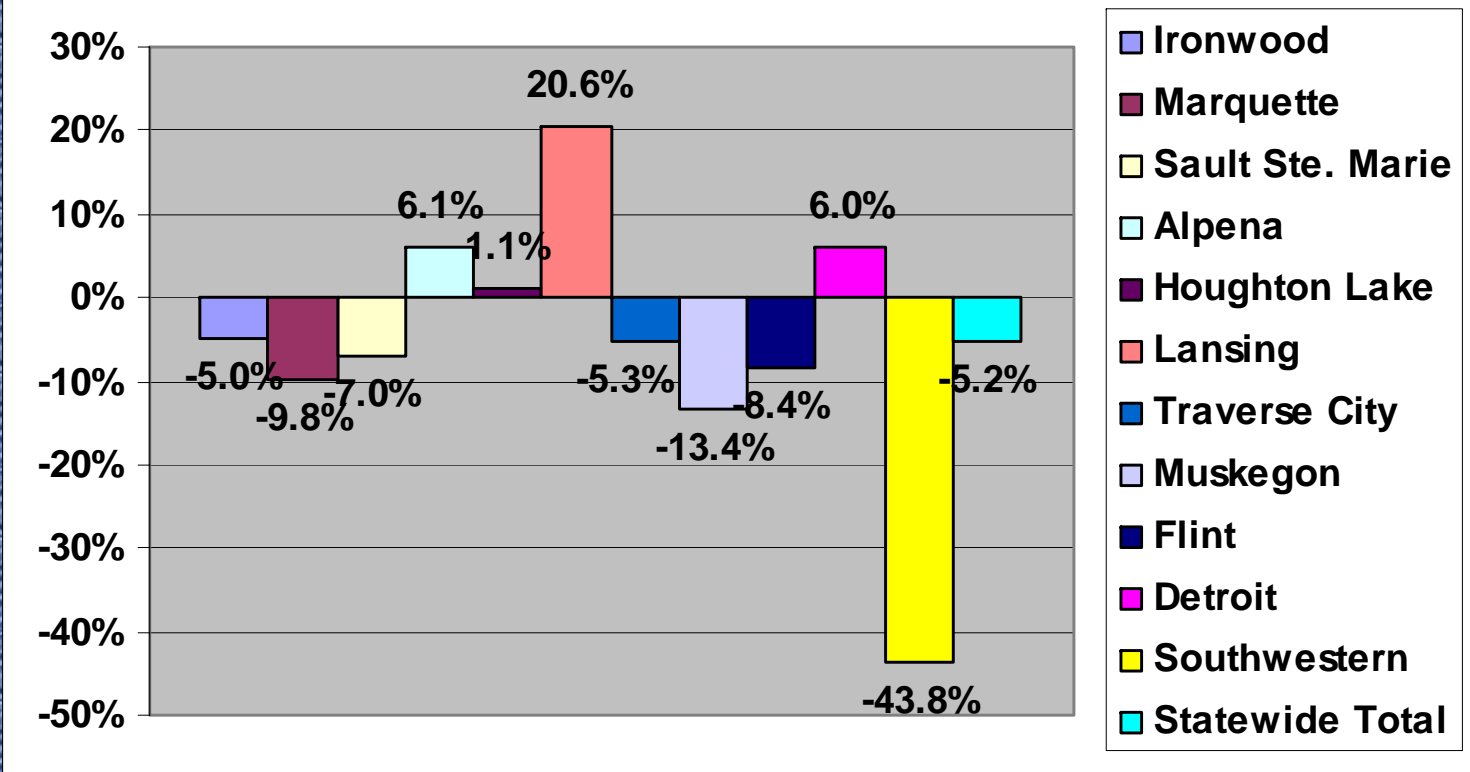
Source: Bureau of Labor Statistics

## Gasoline Unlead. Reg. - U.S. City Avg.



Source: Bureau of Labor Statistics

**Percent Change in Occupied Campsites at MDNR State  
Park Campgrounds in Selected Regions  
(Between 10/01/99-09/30/00 and 10/01/00-09/30/01)**



Source: MDNR Parks & Recreation Bureau

## Percentage Changes in Various Attraction Visitor Counts and Highway Traffic Counts from 2000 to 2001

	Visitor Counts	Traffic Counts
<b>Ironwood</b>	NA	<b>-9.3%</b>
<b>Marquette</b>	<b>-0.6%</b>	<b>-3.0%</b>
<b>Sault Ste Marie</b>	<b>-8.4%</b>	NA
<b>Alpena</b>	NA	<b>-7.4%</b>
<b>Lansing</b>	<b>-19.0%</b>	<b>+3.0%</b>
<b>Houghton Lake</b>	NA	<b>-0.60%</b>
<b>Traverse City</b>	<b>-9.9%</b>	<b>+0.8%</b>
<b>Muskegon</b>	NA	<b>+10.1%</b>
<b>Flint</b>	<b>-3.0%</b>	<b>-5.1%</b>
<b>Detroit</b>	<b>-4.6%</b>	<b>+4.2%</b>
<b>Southwestern</b>	<b>+9.0%</b>	<b>-2.5%</b>

Sources: Pictured Rocks & Sleeping Bear National Lakeshores,  
Sault Ste. Marie Locks, MI Historical Museum, Flint Cultural Center,  
Henry Ford Museum & GFV, Cook Energy Info. Center, MDOT

**Question:** Do you plan to take more, fewer or the same number of pleasure trips in Michigan in the coming twelve months as you did in the last twelve months?

	08/12/00-09/10/00	09/11/00-10/10/00
More	34.5%	41.3%
Fewer	6.0%	7.0%
Same #	59.5%	51.7%
	<b>M-F=28.5%</b>	<b>M-F=34.3%</b>

	08/12/01-09/10/01	09/11/01-10/10/01
More	38.0%	40.9%
Fewer	5.4%	6.9%
Same #	56.6%	52.2%
	<b>M-F=32.6%</b>	<b>M-F=34.0%</b>

Source: MSU Tourism Center

## What We Know or Think We Know

- 1) Through August, Michigan tourism was up slightly (1-2%) over the same period last year but well off its average 4-5% annual growth rate.
- 2) Gasoline prices and supply are not a problem.
- 3) Consumer confidence has fallen sharply to a level seen only in periods of serious economic recession.
- 4) Business, convention and air travel are all down markedly and are expected to stay down for months.
- 5) Urban and destinations which rely heavily on commercial air are being hit the hardest.

## What We Know or Think We Know

- 6) Travel is on sale at real prices we haven't seen in a least a decade.
- 7) These discount prices are being pushed with major increases in destination promotion budgets.

**Conclusion: Consumers have less discretionary income to spend, business travel budgets have been slashed, and the competition for the travelers' dollars is fierce.**

**“Dozens of states, facing layoffs at hotels, restaurants and attractions, have begun pleading with residents to spend their tourism dollars at home, and thousands of people have already begun to comply.”**

Some Examples Include:

- **Rediscover Your Missouri**
- **Georgia for Georgians**
- **Explore Minnesota Now**

**Source: New York Times 11/04/01**

- **Hawaii** is distributing 40,000 phone cards so that Hawaiians can call friends and relatives on the mainland to encourage them to visit.
- **Maryland** has dropped all bridge tolls and transit fees on weekends.
- More than 60 hotels in **New Orleans** are adding a third night free to two-night stays under its “New Orleans for a Song” promotion.
- **New York** hotel rooms are on sale at steep discounts: Regency Hotel \$199 (normally \$545), Inter-continental and Crowne Plaza (rooms at half-price, 50% off room charges, two free cocktails, and \$50 in museum discounts.)
- Royal Caribbean is offering three-day cruises to the **Bahamas** for \$149/person (normally \$309).

Source: New York Times 11/04/01

## **MEDC Backs Off Tech Worker Recruitment**

“Yet another sign of the slowdown: the Michigan Economic Development Corp. is back in the business-attraction business, as opposed to the worker-attraction business. MEDC CEO Doug Rothwell unveiled the business promotion group’s new ad campaign Wednesday. It carries the tagline, “And you thought all we make in Michigan is cars.” And it touts very cool biotech and microsystems companies in the state. But Rothwell also said MEDC has largely abandoned its efforts to get tech workers to move to Michigan because the worker shortage isn’t nearly as much of a factor. Instead, the state will again try to convince tech companies to locate here. The ad campaign is targeted at sight selection consultants, financial analysts and execs in IT, life sciences and advanced manufacturing. Geographically speaking, the \$3.5 million ad buy includes publications in northern California, Boston, Chicago and Texas.”

**Source: Great Lakes IT Report 11/02/01**

## **What We Can Do To Cope**

- 1) We need to counter the competition with our own additional investment in promotion of Michigan tourism, but new investment should be targeted to return maximum return of investment.
- 2) We need to meet the competition's discounted travel prices, as painful as this may be, when revenues are already soft.

## What We Can Do To Cope

3) We need a comprehensive strategic tourism marketing plan:

- Which is inclusive of all interests – private and public sector, rural and urban
- Which is driven by facts from objective research and evaluation
- Which recognizes marketing includes more than promotion
- Which is backed by implementation funds with long-run (5 years) goals and objectives and updated annually

## What We Can Do To Cope

- 4) We need to recognize that our competition is big, in fact global, and is getting better. Individual organizations lack the human and fiscal resources to effectively compete. But, we can compete if we marshal the abundant resources available in this state including: its universities, state agencies, convention and visitors bureaus, industry associations, and individual businesses. We need to see Michigan tourism as tourists see it; not as a patchwork of individual competing businesses scattered across political boundaries but as a system that provides the highest quality travel experiences available anywhere.