

Tourism By the Numbers and Travel Trends in Michigan

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The U.S. Travel Industry (TIA)

- **Peaked in 2000**
- **Between 2000 and 2003:**
 - **Business travel was down 15%**
 - **Airline travel was down 14%**
 - **Hotel demand was down 1.5%**
 - **Number of international visitors to the U.S. was down 21%**

But Leisure Travel Has Been Resilient (TIA)

- **Slow but steady**
- **Stay closer to home**
- **Travel more by auto**
- **Short getaways**
- **More visits to small towns and rural areas**

Recovery Evident in 2004 (TIA)

- **Domestic and international travel up solidly from 2003**
- **Strong gains in air and hotel volume from 2003**
- **But, overall travel volume below 2000 peak**

Greatest Gains (TIA)

- **Adults travelers – young adults, couples, retirees**
- **Spending per trip up 4%**
- **Business /convention travel**
- **VFR travel**
- **Activities: arts, museums, shopping, sporting events, parks, cities**

Domestic Leisure Travel Trend (TIA)

| <u>Year</u> | <u>Million-Person-Trips</u> |
|---------------|-----------------------------|
| 2000 | 866 |
| 2001 | 895 |
| 2002 | 912 |
| 2003 | 930 |
| 2004 forecast | 956 |
| 2005 forecast | 973 |
| 2006 forecast | 989 |

Domestic Business Travel Trend (TIA)

| <u>Year</u> | <u>Million-Person-Trips</u> |
|---------------|-----------------------------|
| 2000 | 162 |
| 2001 | 153 |
| 2002 | 142 |
| 2003 | 138 |
| 2004 forecast | 144 |
| 2005 forecast | 149 |
| 2006 forecast | 152 |

Travel Expenditure Trend (TIA)

| <u>Year</u> | <u>Billions of Dollars *</u> |
|---------------|------------------------------|
| 2000 | 581 |
| 2001 | 551 |
| 2002 | 540 |
| 2003 | 554 |
| 2004 forecast | 593 |
| 2005 forecast | 624 |
| 2006 forecast | 653 |

*) Nominal, not adjusted for inflation

U.S. Domestic Travel Forecast (TIA)

| | <u>2004</u> | <u>2005</u> |
|--------------------|-------------|-------------|
| Total person-trips | 3.0% | 2.0% |
| Leisure travel | 2.9% | 1.7% |
| Business travel | 4.0% | 3.6% |
| Auto travel | 2.9% | 2.0% |
| Air travel | 5.0% | 2.0% |
| Hotel room demand | 4.0% | 3.0% |

Observations

- **Leisure travel continues steady growth benefiting from aging population with high propensity to travel.**
- **Business travel growing fast but still below 2000 peak.**
- **Spending is growing but economizing still dominates.**
- **Transparent prices and price sensitive business and leisure travelers continue to limit industry's pricing power.**
- **The Internet has changed the landscape – more access to price information and consumers are conditioned to delaying decisions until they find “a bargain”.**

The Mantra of Today's Travelers

“No Discount – No Deal”

Michigan Hotel and Motel Sales and Use Tax Collections

| | 2000 | 2003 | 2004 | Percent change from 2000-2004 | Percent Change from 2003-2004 |
|-----------------|---------------------|---------------------|---------------------|----------------------------------|----------------------------------|
| <i>January</i> | \$7,037,866 | \$6,246,253 | \$6,301,509 | -11% | +1% |
| <i>February</i> | \$7,060,352 | \$6,207,476 | \$6,342,321 | -10% | +2% |
| <i>March</i> | \$7,668,706 | \$6,475,814 | \$6,757,378 | -12% | +4% |
| <i>April</i> | \$7,433,885 | \$6,633,069 | \$6,816,898 | -8% | +3% |
| <i>May</i> | \$7,465,008 | \$6,294,713 | \$6,312,322 | -15% | 0% |
| <i>June</i> | \$8,953,366 | \$8,493,622 | \$7,808,460 | -13% | -8% |
| <i>July</i> | \$10,390,538 | \$9,309,427 | \$9,044,510 | -13% | -3% |
| Total | \$56,009,722 | \$49,660,375 | \$49,383,398 | -12% | -1% |

Michigan Hotel and Motel Use Tax Collection

| | 2000 | 2003 | 2004 | Percent change from 2000-2004 | Percent Change from 2003-2004 |
|-----------------|---------------------|---------------------|---------------------|----------------------------------|----------------------------------|
| <i>January</i> | \$3,415,799 | \$3,199,638 | \$3,444,294 | +1% | +7% |
| <i>February</i> | \$3,716,843 | \$3,488,467 | \$3,814,997 | +3% | +9% |
| <i>March</i> | \$4,168,209 | \$3,654,564 | \$4,014,283 | -4% | +10% |
| <i>April</i> | \$5,411,547 | \$3,809,680 | \$4,088,966 | -24% | +7% |
| <i>May</i> | \$4,492,714 | \$3,587,747 | \$3,582,821 | -20% | 0% |
| <i>June</i> | \$5,024,989 | \$4,858,896 | \$4,659,903 | -7% | -4% |
| <i>July</i> | \$6,459,935 | \$5,683,062 | \$5,891,494 | -9% | +4% |
| Total | \$32,690,037 | \$28,282,054 | \$29,496,758 | -10% | +4% |

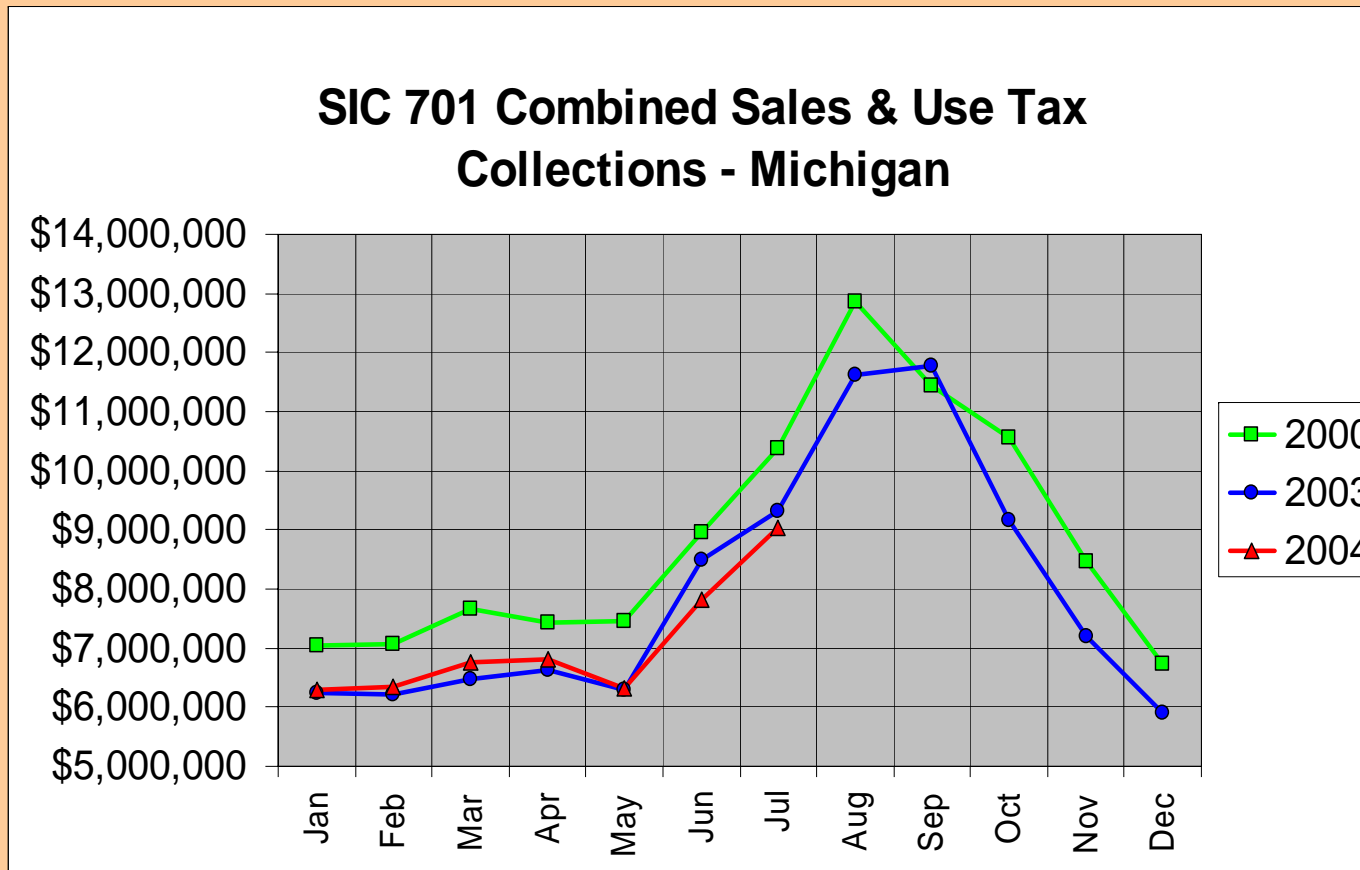
Michigan Hotel and Motel Sales and Use Tax Collection

| Year | Amount | Percent change from prior year |
|------|---------------|-----------------------------------|
| 1999 | \$98,489,101 | |
| 2000 | \$106,078,543 | +7% |
| 2001 | \$102,820,412 | -3% |
| 2002 | \$94,784,826 | -8% |
| 2003 | \$95,304,895 | +1% |

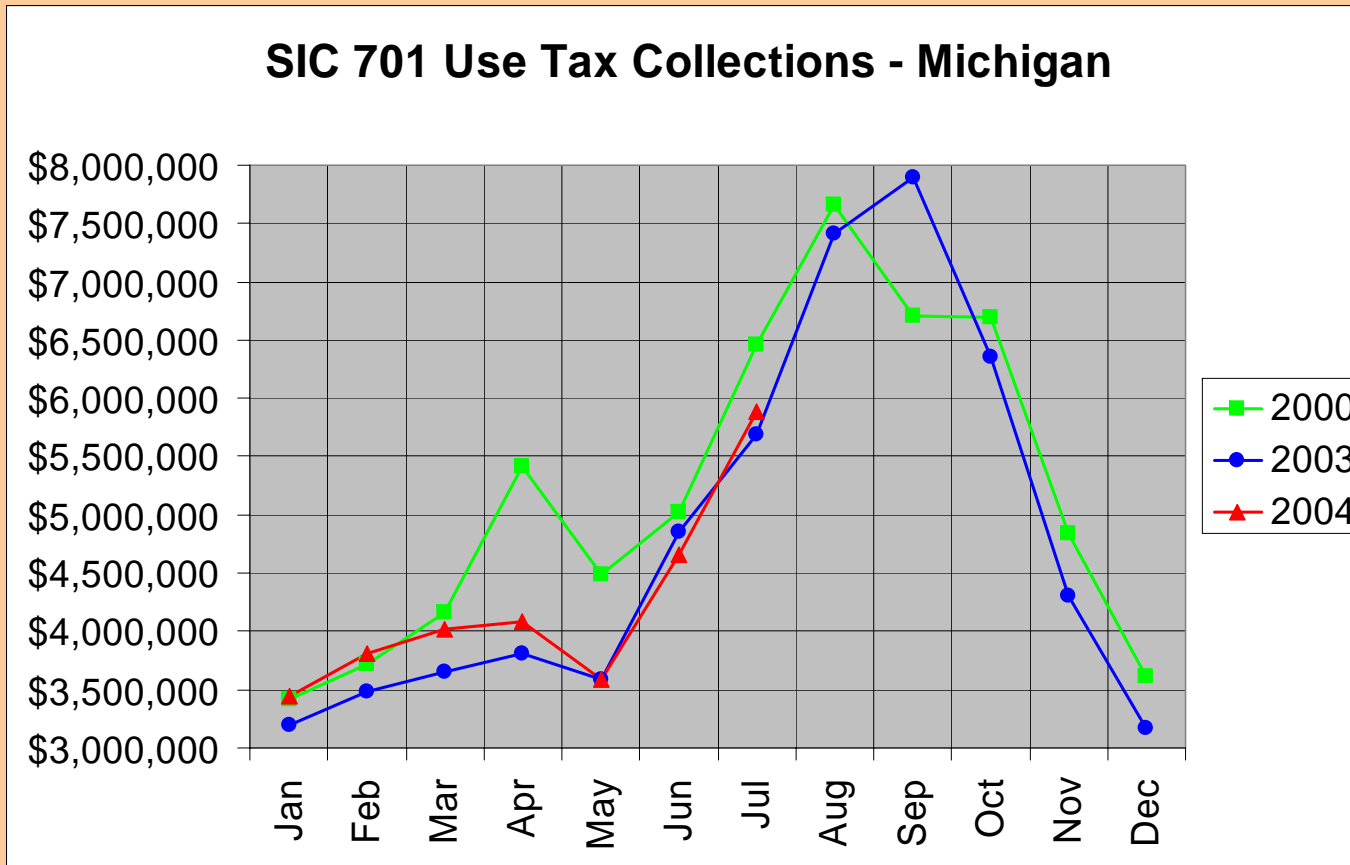
Michigan Hotel and Motel Use Tax Collection

| Year | Amount | Percent change from prior year |
|------|--------------|-----------------------------------|
| 1999 | \$54,336,609 | |
| 2000 | \$62,193,467 | +13% |
| 2001 | \$60,002,477 | -4% |
| 2002 | \$56,103,506 | -7% |
| 2003 | \$57,419,805 | 2% |

Michigan Monthly Hotel and Motel Sales and Use tax Collections



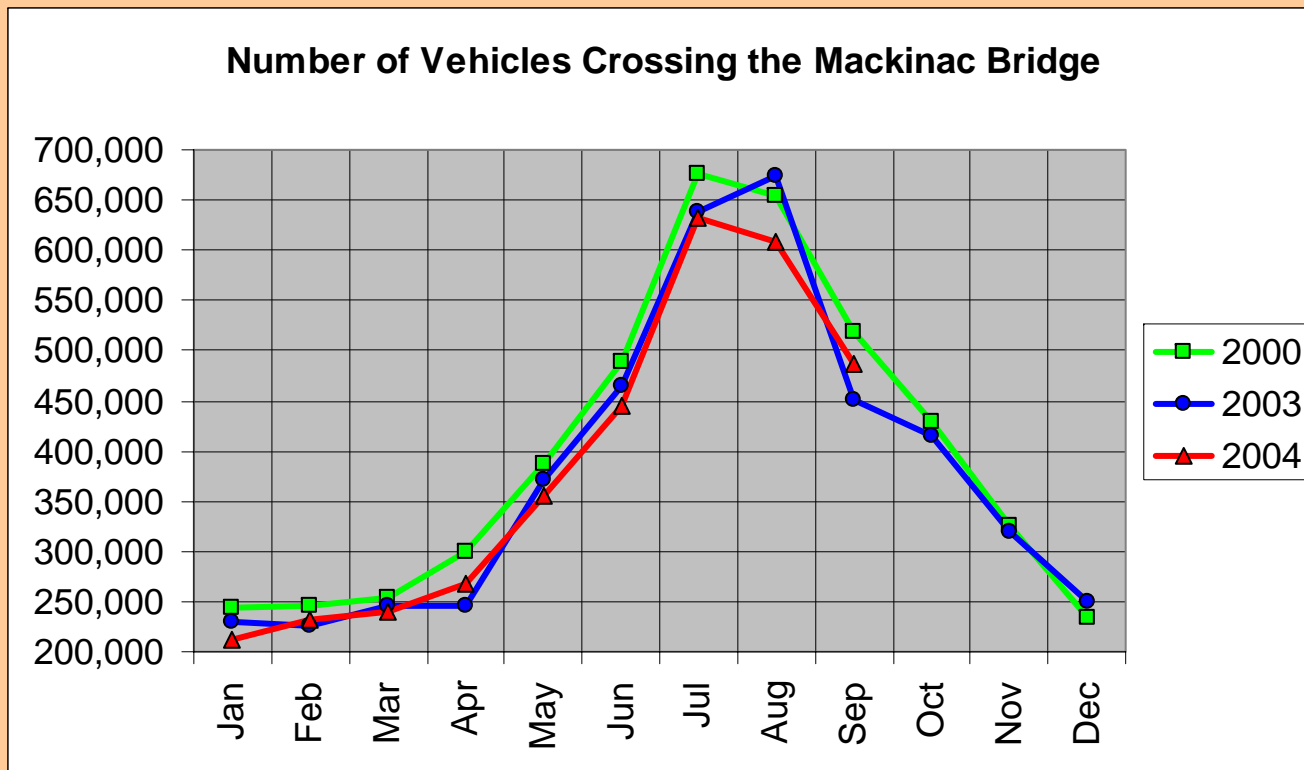
Michigan Monthly Hotel and Motel Use tax Collections



Mackinaw Bridge Crossings (Traffic Report)

| Years | Jan | Feb | Mar | Apr | May | Jun | July | Aug | Sept | Oct | Nov | Dec |
|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1999 | 212240 | 254438 | 261063 | 261063 | 407369 | 508900 | 726400 | 684558 | 538392 | 440420 | 244224 | 255169 |
| 2000 | 244724 | 246391 | 253352 | 253352 | 387129 | 488368 | 675564 | 653648 | 518908 | 429446 | 325182 | 232964 |
| 2001 | 230499 | 229118 | 259749 | 259749 | 372026 | 483479 | 675901 | 678767 | 487396 | 392469 | 336157 | 250854 |
| 2002 | 225788 | 238647 | 256872 | 256872 | 383865 | 493491 | 685603 | 692396 | 493683 | 416971 | 320785 | 262338 |
| 2003 | 230336 | 226199 | 245427 | 245427 | 370850 | 464103 | 638340 | 673205 | 451732 | 414221 | 319185 | 248869 |
| 2004 | 212333 | 232806 | 240155 | 240155 | 355780 | 444780 | 633202 | 608244 | 486341 | | | |

Mackinac Bridge Crossings

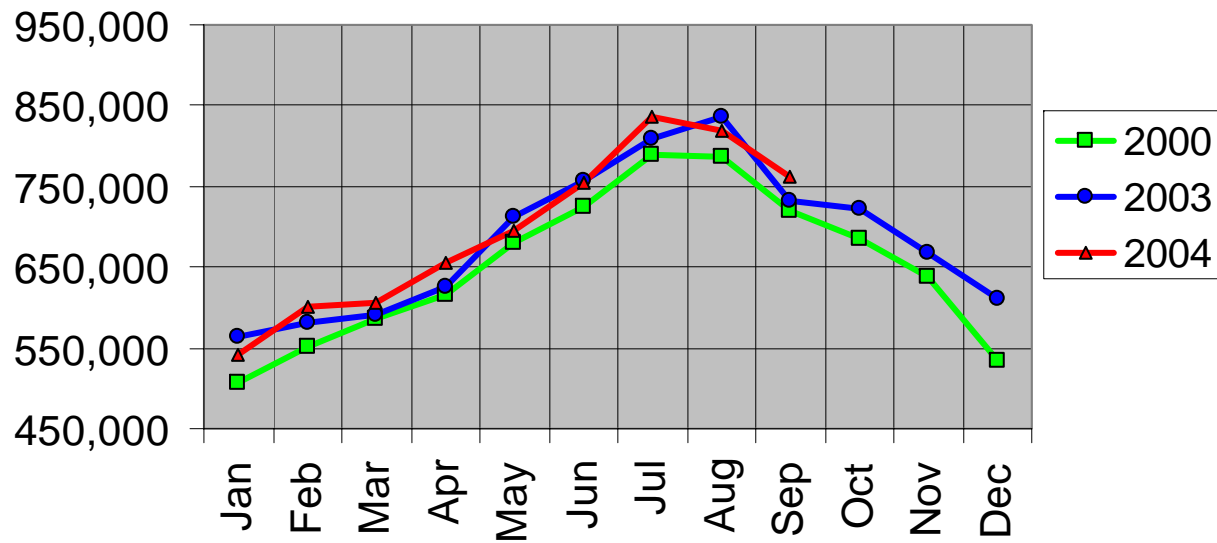


Statewide Traffic Report

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1999 | 471893 | 535874 | 541556 | 594154 | 646276 | 702974 | 780172 | 766861 | 708881 | 666751 | 627134 | 552973 |
| 2000 | 507323 | 550983 | 585408 | 615085 | 679832 | 723533 | 788436 | 786121 | 720886 | 685845 | 639049 | 533418 |
| 2001 | 542263 | 568059 | 587907 | 613086 | 672156 | 729533 | 805785 | 764903 | 702454 | 674243 | 654349 | 583764 |
| 2002 | 549211 | 579978 | 583847 | 624303 | 705004 | 759786 | 830819 | 834280 | 736870 | 707455 | 661561 | 602851 |
| 2003 | 563141 | 580546 | 591011 | 624571 | 711266 | 755844 | 809604 | 837052 | 731749 | 722722 | 668738 | 609935 |
| 2004 | 540835 | 600451 | 606745 | 654671 | 695449 | 755133 | 834954 | 819052 | 762257 | | | |

Statewide Traffic

Number of Vehicles - Statewide
(Selected MDOT Stations)

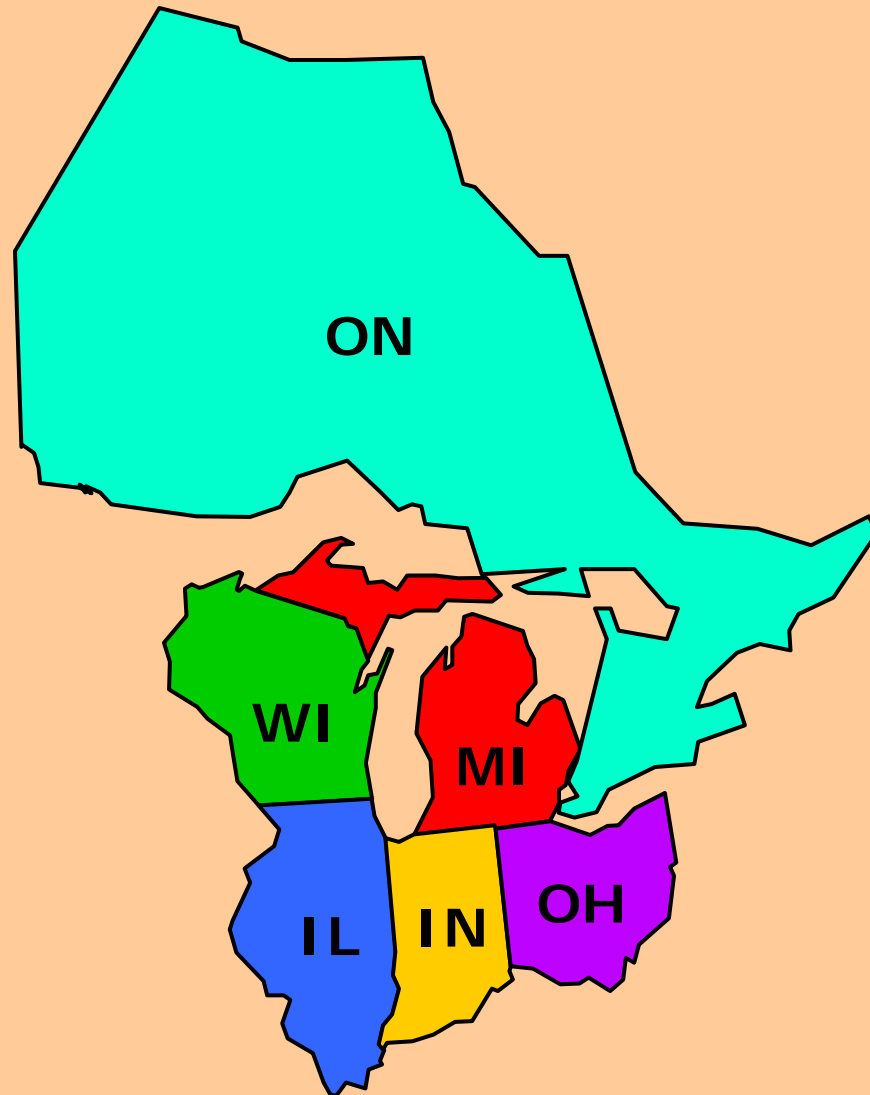


**What Our Research Has Revealed
About Pleasure Travel/Tourism
in Oakland County?**

The Regional Michigan Travel Market Survey

- Telephone survey of randomly selected households in Michigan's prime travel market (about 90% of Michigan's domestic tourism market)
- About 425 completed surveys per month (January 1996-June 2003)
- About 15 minute interviews with adult household members.

Study Region



About Oakland County

- Oakland County has about a 4% share of Michigan's Pleasure/Tourism market
- Ranks number 4 among 83 counties in Michigan

Type of Trips

| | Oakland County | | Michigan * | |
|-----------------------|----------------|----------|------------|----------|
| | Percent | Trend | Percent | Trend |
| Day Trip | 83% | Downward | 83% | Downward |
| Overnight Trip | 17% | Upward | 17% | Upward |

* 82 counties in Michigan excluding Oakland County

Selected Trip Characteristics

| | Oakland County | | Michigan * | |
|---------------------|----------------|----------|------------|----------|
| | Percent | Trend | Percent | Trend |
| Duration | 4.1 nights | Upward | 3.6 nights | Downward |
| Lodging: | | | | |
| - Hotel/Motel | 37% | Upward | 46% | Flat |
| - VFR | 58% | Downward | 25% | Upward |
| Expenditures | \$256 | Downward | \$480 | Downward |

* 82 counties in Michigan excluding Oakland County

Primary Trip Purpose

| | Oakland County | | Michigan * | |
|----------------------|----------------|-----------------|------------|-----------------|
| | Percent | Trend | Percent | Trend |
| VFR | 44% | Upward | 27% | Downward |
| Vacation | 8% | Flat | 22% | Upward |
| Entertainment | 27% | Downward | 13% | Upward |
| Relaxation | 10% | Downward | 13% | Upward |

* 82 counties in Michigan excluding Oakland County

Most Popular Trip Activities

| | Oakland County | | Michigan * | |
|--------------------------|----------------|----------|------------|----------|
| | Percent | Trend | Percent | Trend |
| Shopping | 70% | Upward | 58% | Upward |
| Dining | 44% | Downward | 49% | Upward |
| Touring | 40% | Downward | 55% | Downward |
| Attractions | 37% | Downward | 42% | Downward |
| Nightlife | 35% | Flat | 31% | Downward |
| Special Events | 32% | Downward | 22% | Downward |
| Number Activities | 3.5 | Flat | 4.4 | Flat |

* 82 counties in Michigan excluding Oakland County

Season of Trip

| | Oakland County | | Michigan * | |
|----------------------------|----------------|-----------------|------------|-----------------|
| | Percent | Trend | Percent | Trend |
| Winter (Dec.-Feb.) | 23% | Downward | 16% | Flat |
| Spring (March-May) | 23% | Upward | 17% | Upward |
| Summer (June-Aug.) | 21% | Downward | 42% | Downward |
| Fall (Sept.- Nov.) | 33% | Upward | 25% | Upward |

* 82 counties in Michigan excluding Oakland County

Trip Planning Behavior (Oakland County)

- **Use of internet to obtain travel information increased between 1996-1998 and 2001-2003 by 50%.
77% now use the Internet.**
- **Trip planning horizon becoming shorter
(average=34 days; 70% planned less than 30 days
in advance of travel).**

Selected Party Characteristics

| | Oakland County | | Michigan * | |
|----------------------------|----------------|----------|-------------|----------|
| | Percent | Trend | Percent | Trend |
| Party Size | 3.3 persons | Upward | 3.7 persons | Downward |
| Average Age | 39 years | Upward | 39 years | Upward |
| From Michigan | 50% | Downward | 58% | Upward |
| With children | 45% | Downward | 49% | Downward |
| Income < \$65000 | 44% | Downward | 46% | Downward |
| White | 92% | Upward | 93% | Flat |
| Retired | 13% | Upward | 15% | Upward |

* 82 counties in Michigan excluding Oakland County