

# Fall 2022 Industry Survey Findings

Explore Minnesota Tourism  
December 16, 2022

## Survey approach

Explore Minnesota partners with the Federal Reserve Bank of Minneapolis and Hospitality Minnesota to conduct quarterly Minnesota tourism and hospitality industry business conditions surveys.

The Fall 2022 Survey was open from December 5-16 and received 226 responses. This report contains Explore Minnesota survey findings.

Please refer to partners' reports for analysis of responses to survey questions about debt, wages, interest rates, inflation and business solvency.



## Survey findings

Across general business indicators, Minnesota's fall 2022 leisure and hospitality industry performance was slightly below summer 2022 performance and fall expectations.

While most businesses are growing or in a stable, but positive position, they would like additional customer demand and associated revenue and traffic.

- 81% of the industry's businesses are growing or in a stable, but positive financial position
- 38% of businesses with summer customer demand at or above supply
- For more than 36% of businesses fall 2022 revenue and customer traffic are up compared to fall 2019 and 2021
- For the remaining more than 50% of industry firms fall 2022 revenue and traffic have not changed or are lower relative to fall 2019 and 2021



## Survey findings

As identified in previous quarterly surveys, fall 2022 revenue trends varied by business activity and region of Minnesota.

- Overnight accommodations and food/drink businesses: 42% with fall 2022 revenue higher compared to 2021
- Attraction/entertainment companies: 58% with fall 2022 revenue higher compared to 2021
- Metro Area: 57% with fall 2022 revenue higher relative to 2021
- Central MN: 40% with fall 2022 revenue higher relative to 2021
- Other MN regions: *Directionally* 21 to 47% of businesses in NE, NW and Southern MN had higher fall 2022 revenue relative to 2021



## Survey findings

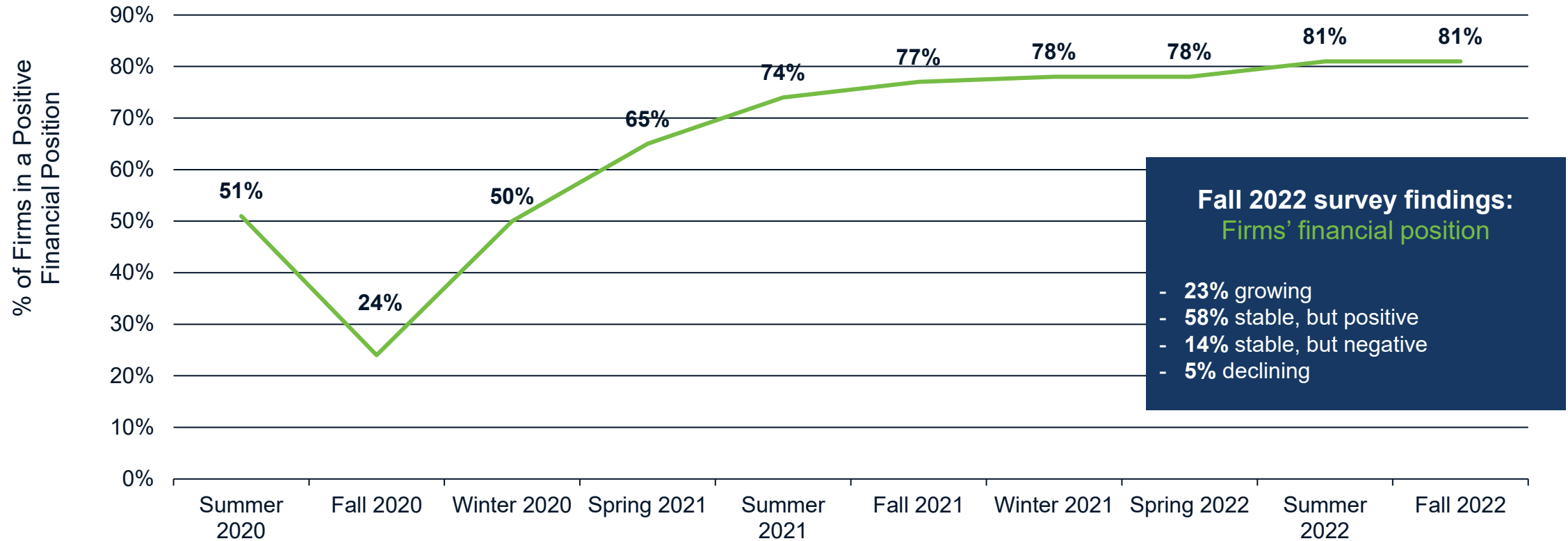
Fewer business reported severe operating challenges in fall 2022 compared to spring and summer 2022. However, the quantity of firms experiencing wholesale price changes of 5% or more and tight labor availability is problematic and impacting current and likely future performance.

- 69% reported wholesale price changes of 5% or more in the last twelve months
- A “very tight” labor market is a pressure for 44% of respondents
- For 11% of firms obtaining critical supplies is extremely or very difficult
- As of fall 2022, 43% of businesses have already met or surpassed pre-pandemic business levels; This is only a 4% over a year ago
- Only 32% of firms have expectations for higher winter 2022/2023 customer traffic compared to last winter



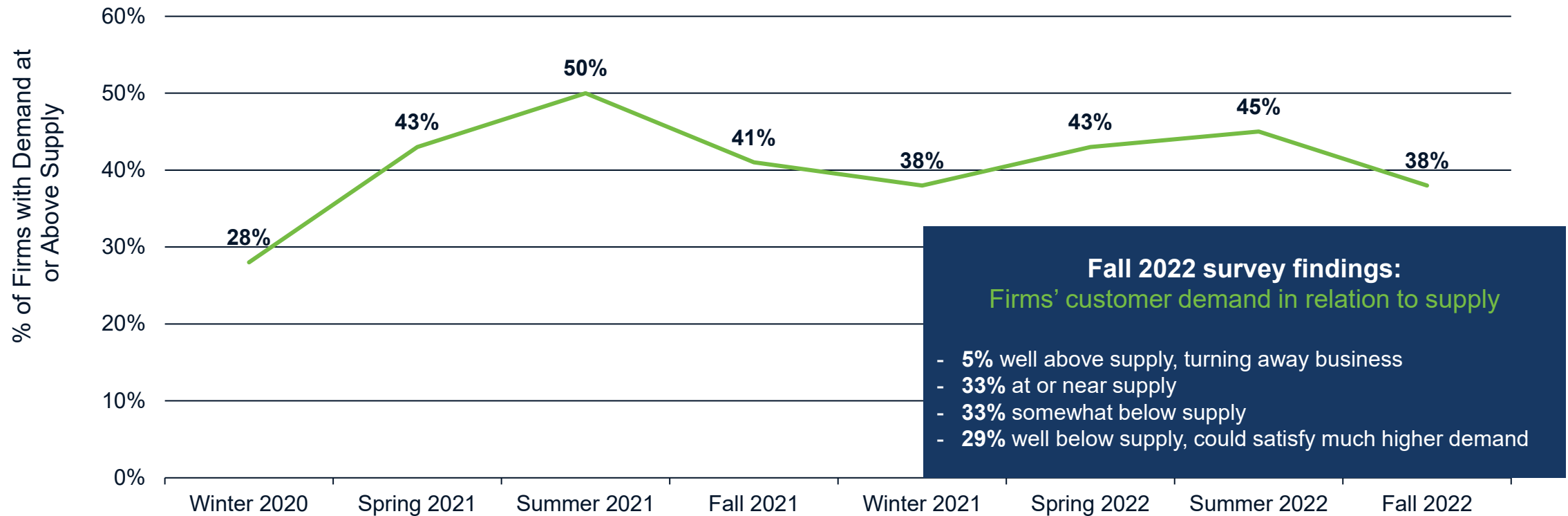
# As of fall 2022, 81% of L&H businesses are growing or in a stable, but positive financial position

## MN L&H Business Health Trend – Percent of Firms Growing or in a Stable, But Positive Financial Position Summer 2020 – Fall 2022



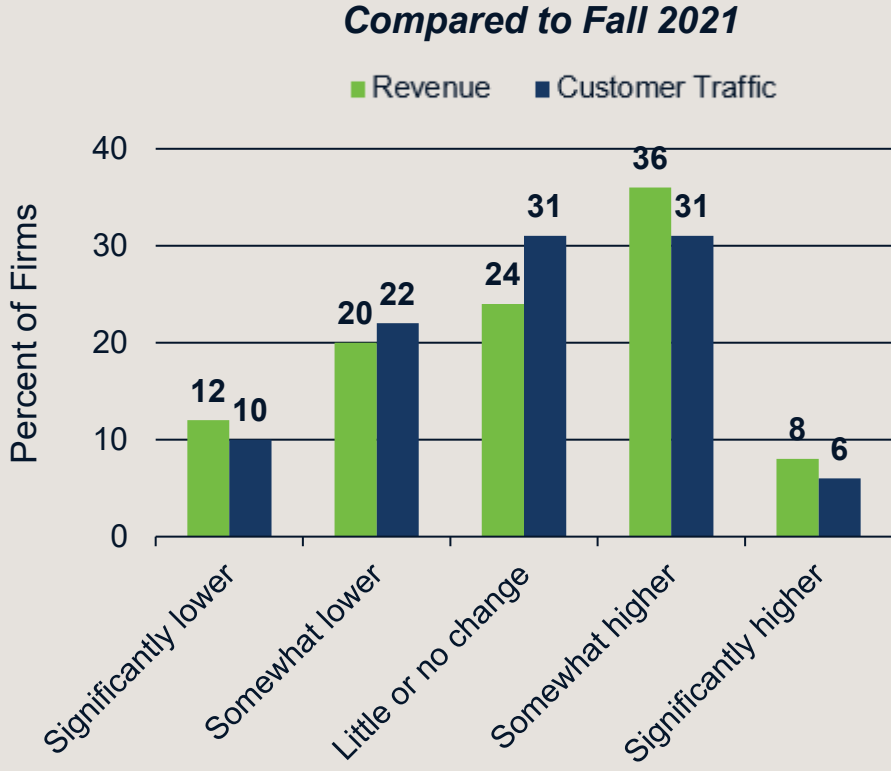
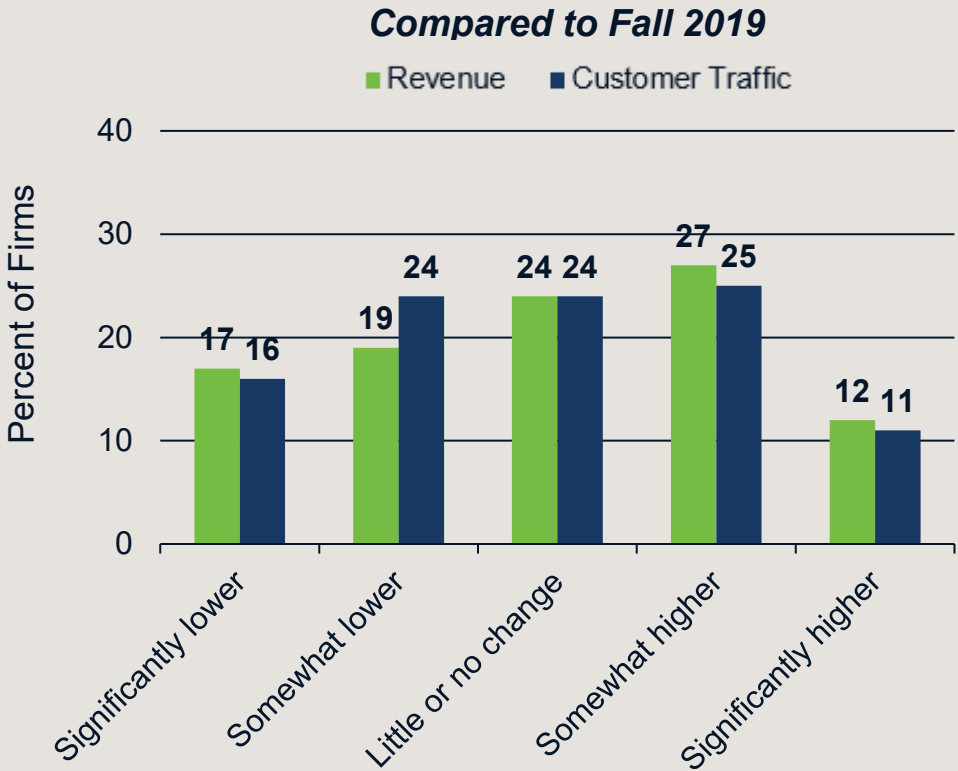
## Again, less than half of businesses (38%) reported customer demand at or above supply

MN L&H Business Health Trend – Percent of Firms With Customer Demand At Or Above Operating Capacity  
*Winter 2020 – Fall 2022*



**For more than 36% of businesses, fall 2022 revenue and traffic are up compared to fall 2019 and 2021; For the remaining firms, fall 2022 revenue and traffic are stable or lower than 2019 and 2021**

**MN L&H Business Fall 2022 Revenue & Customer Traffic**

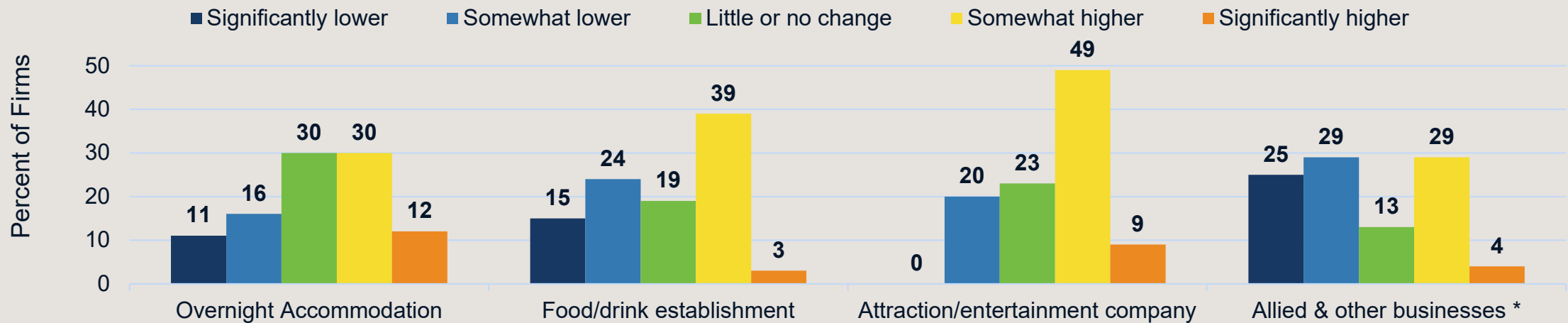




## Fall 2022 revenue trends varied by primary business activity –

- Overnight accommodations: 42% with fall 2022 revenue higher compared to 2021
- Food/drink businesses: 42% with fall 2022 revenue higher compared to 2021
- Attraction/entertainment companies: 58% with fall 2022 revenue higher compared to 2021
- Allied & other businesses: 33% with fall 2022 revenue higher compared to 2021

**MN L&H Business Fall 2022 Compared to Fall 2021 Revenue by Business Activity**

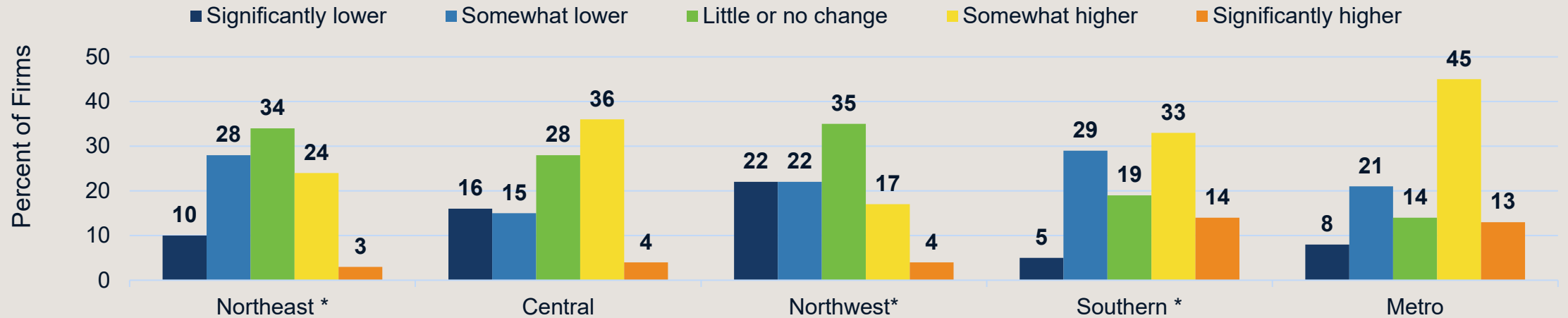


\* Results are directional due to less than 30 responses

## Fall 2022 revenue trends varied by region of Minnesota –

- Metro Area: 58% with fall 2022 revenue higher relative to 2021
- Southern MN: 47% with fall 2022 revenue higher relative to 2021
- Central MN: 40% with fall 2022 revenue higher relative to 2021
- NE MN: 27% with fall 2022 revenue higher relative to 2021
- NW MN: 21% with fall 2022 revenue higher relative to 2021

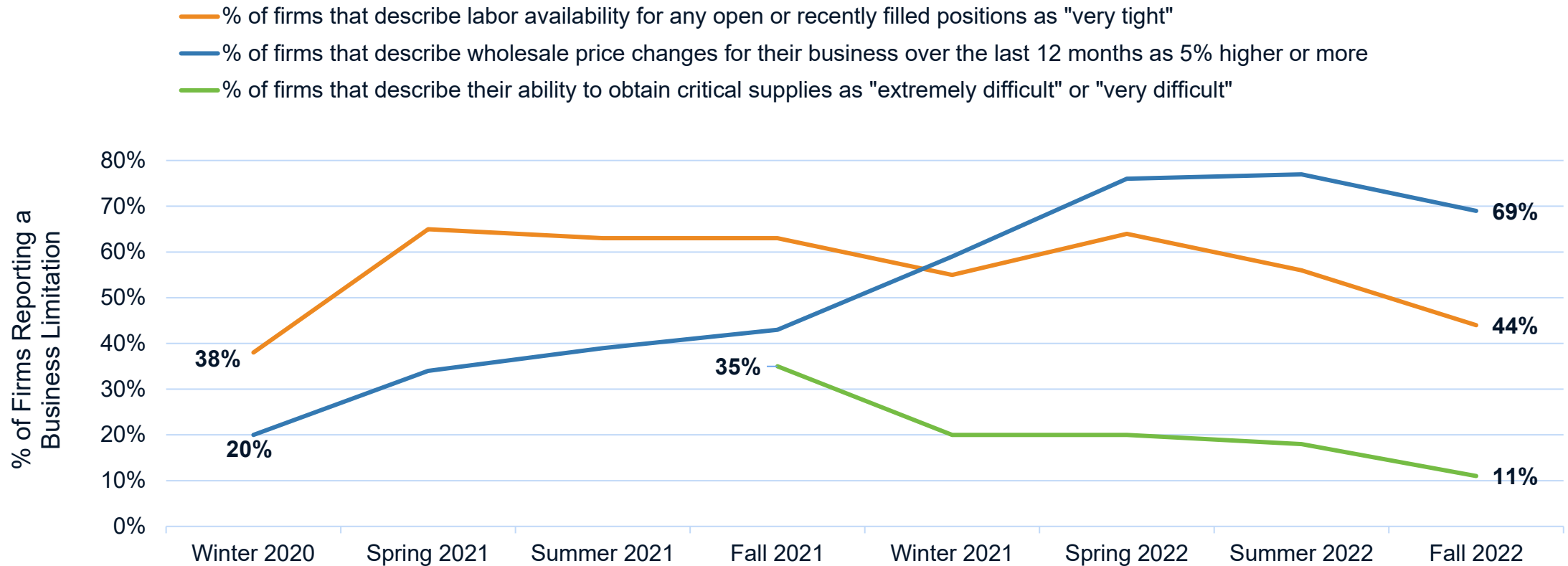
MN L&H Business Fall 2022 Compared to Fall 2021 Revenue by Region of Minnesota



\* Results are directional due to less than 30 responses

**While fewer business reported severe challenges compared to spring and summer 2022, the 69% of firms reporting wholesale price changes of 5% or more and the 44% reporting a “very tight” labor market in fall 2022 is still high**

**MN L&H Business Conditions Trend – Percent of Firms Reporting a Challenge**  
*Winter 2020 – Fall 2022*



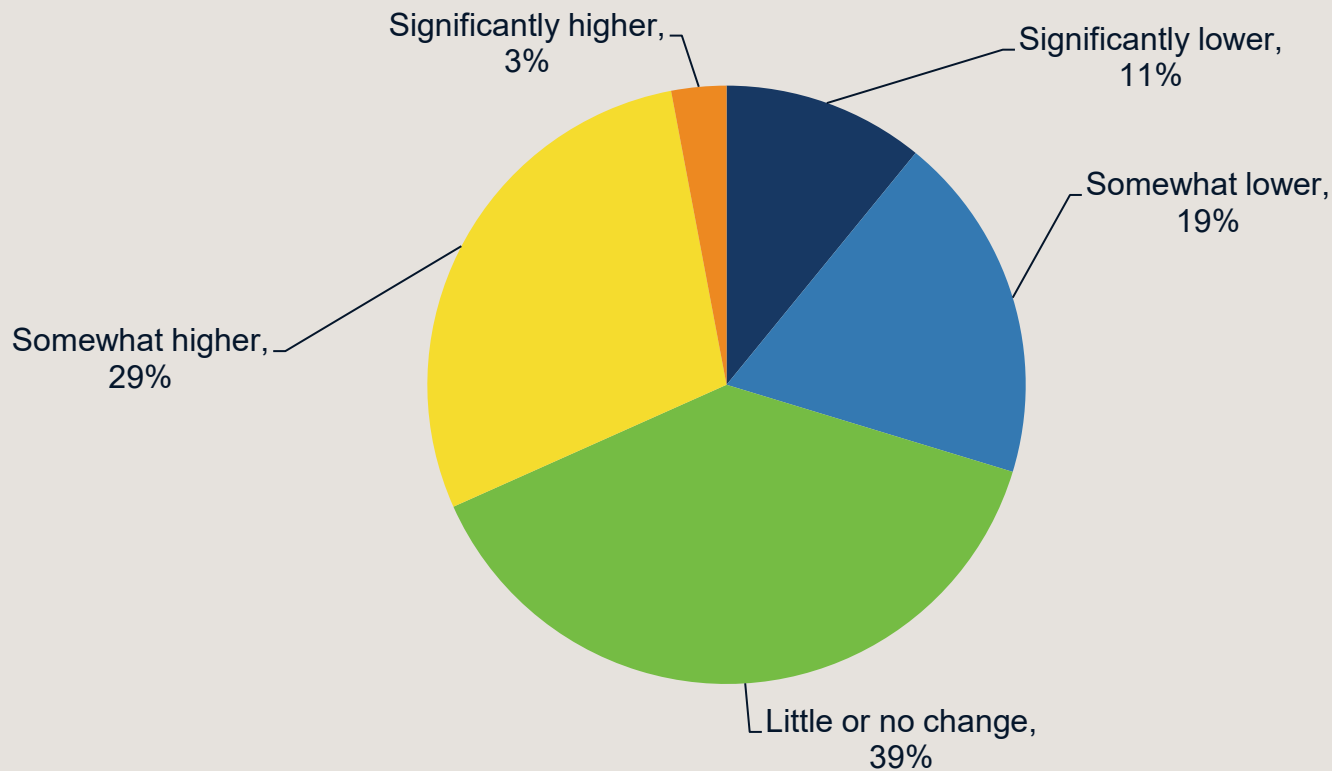
Q7 How would you describe wholesale price changes for your business over the last 12 months?

Q9 How would you describe your ability to obtain critical supplies needed to serve customers?

Q11 How would you describe labor availability for any open or recently filled positions at your company?

Only 32% expect December 2022 to February 2023 customer traffic to be somewhat or significantly higher relative to last winter

MN L&H Business Winter December 2022/2023 Customer Traffic Expectations Compared to Winter 2021/2022



**Related survey comments:**

“Waiting for the lake to freeze for ice fishing.”

“Comments from locals about the shape of our downtown and canal park. Lack of safety. Pan handlers are aggressive and it is preventing some from coming to our area.”

“We continue to have to raise prices, which effects what people are ordering.”

“Our promotional calendar strives to keep us moving forward.”

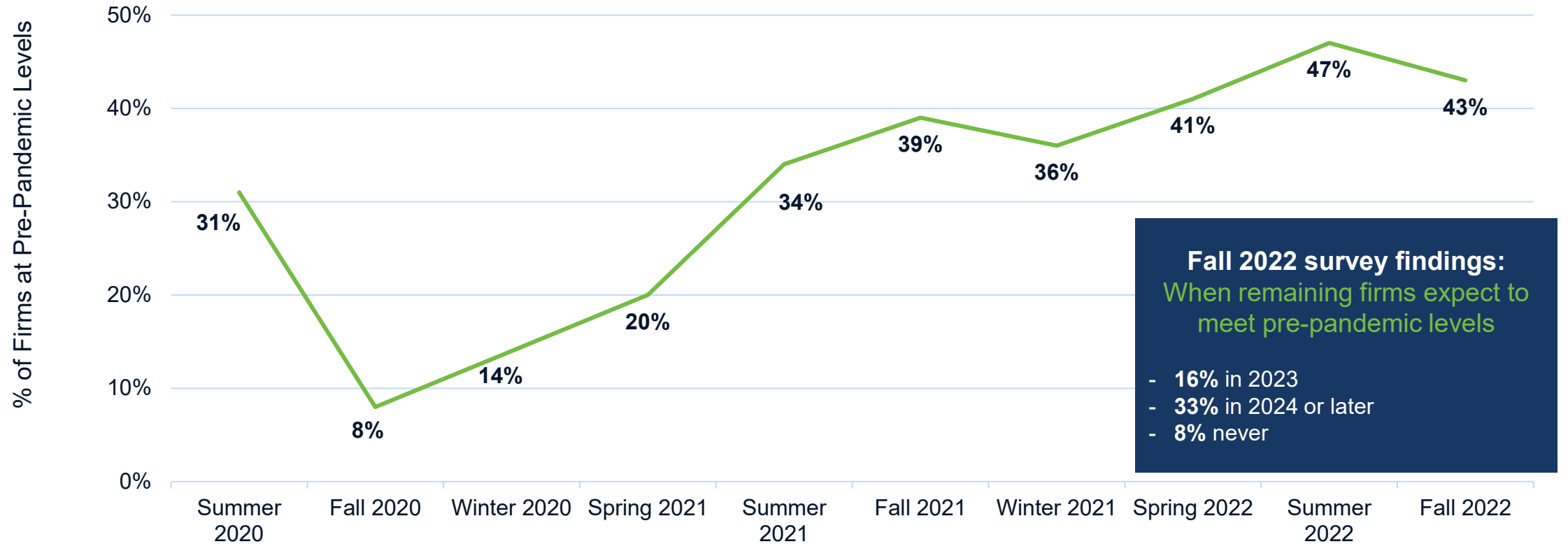
“I think people will start worrying about inflation and impending recession.”

“Robust youth and adult sports activities are a big driver here. Meetings are also starting to come back.”

“My POS (point of sale) has robust reporting capabilities allowing me to make changes when I need to. I pay close attention to airline prices; people tend to “come up north” for a staycation when airline tickets are costly.”

As of fall 2022, 43% of businesses have already met or surpassed pre-pandemic business levels; This is only a 4% increase YOY

MN L&H Business Revenue Trend – Percent of Firms At or Above Pre-Pandemic Levels  
Summer 2020 – Fall 2022



## Survey comments

Comments reflected the seasonal aspect of some leisure and hospitality businesses, and the continued complexity the industry faces.

“While we are seeing increased traffic, we are also experiencing increased cancellations.”

“Staffing is an issue. Affordable housing for staff. People want to live and work here but affordable housing is a huge problem. We need more apartments/condos, etc. for young and/or single people to live in so they can afford to work in our county.”

“Wages are so high to attract staff which makes us increase retail price.”

“Trucking labor shortages has led to a lot of mis-picked items, missed deliveries, and no product available.”

“I anticipate gross receipts to FALL to pre-pandemic levels within 12 to 18 months. The tremendous infusion of Covid monies into the nation's economy, along with significant wage increases over the last two years and subsequent higher employment figures, have contributed to higher disposable incomes and robust spending. The resulting (and necessary) factors of inflation will bring balance back to people's spending.”

“Curiosity of people is way down, so many only go places for products or services they know they want.”



## Monthly travel indicators & conclusions

Findings from the Fall Industry Business Conditions survey align to trends reported in Explore Minnesota Tourism's (EMT) [October Travel Indicators Report](#). While there is year over year improvement, the state's tourism and hospitality industry is still hurting.

- Minnesota's October 2022 hotel occupancy percentage of 60.3% was below the North West Central region average of 60.5% occupancy and the total U.S. occupancy of 67.2%.
- In October 2022, the greater Minneapolis/Saint Paul metro area's hotel occupancy percentage of 60.3% was below the National Top 25 Markets average of 71.2% occupancy.
- In October 2022 short-term rental occupancy decreased to 60.7%. Since October 2021, the number of short-term rental listings available and booked increased by more than 1,600 year-over-year to 8,179 listings available and 7,220 listings booked.
- Approximately 259k Minnesotans were employed in the Leisure & Hospitality industry in October 2022, which is down about 17k or 6% relative to October 2019.

For the most recent state and regional travel indicators, review the November Travel Indicators which will be posted on the EMT industry website and announced via email by end of day Friday, Dec. 23.



A winter night scene featuring a large wooden cabin on the left, several illuminated igloos in the snow, and a starry night sky with the Milky Way. Two people are walking in the snow in the middle ground. The scene is lit with warm lights from the cabin and igloos, and string lights are visible.

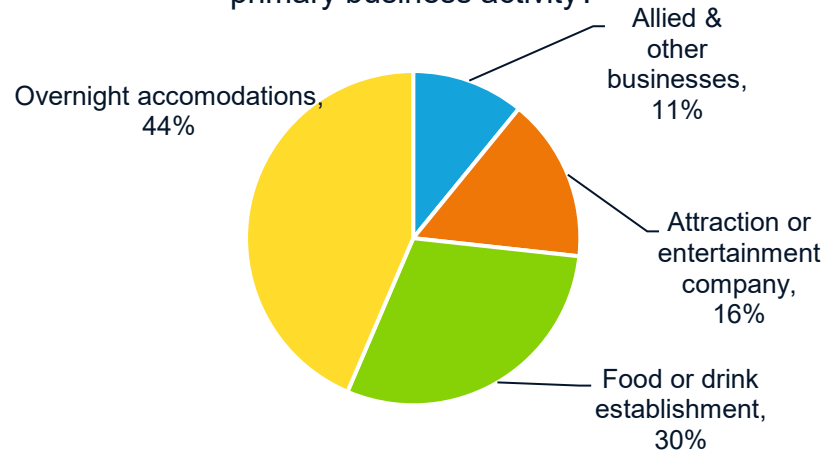
# Thank you

Appendix: Respondent data

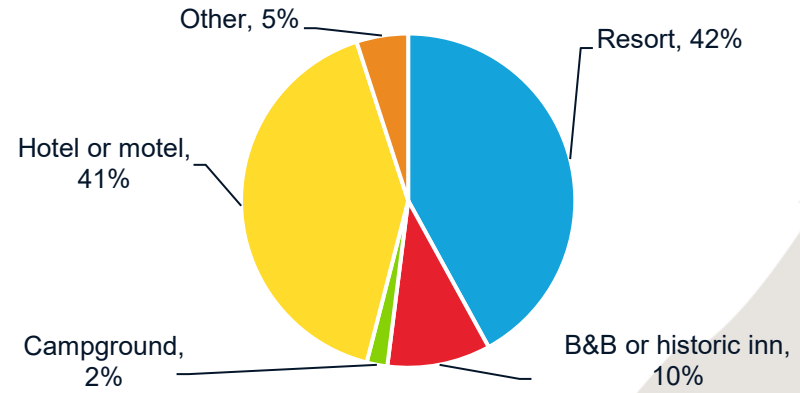


# Survey responses by business activity and type

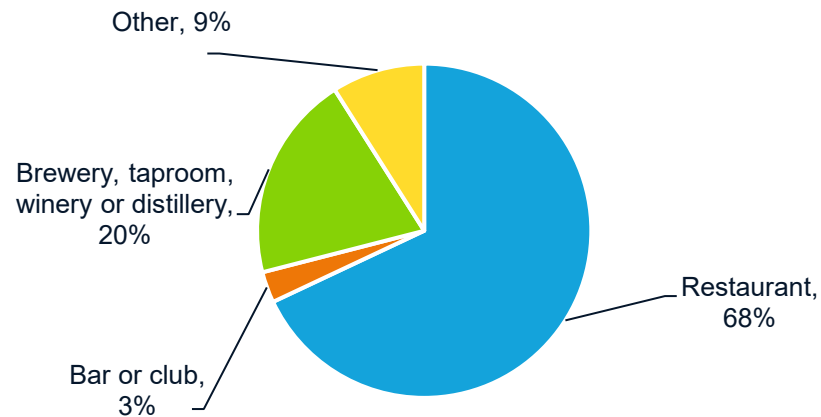
Which of the following best describes your primary business activity?



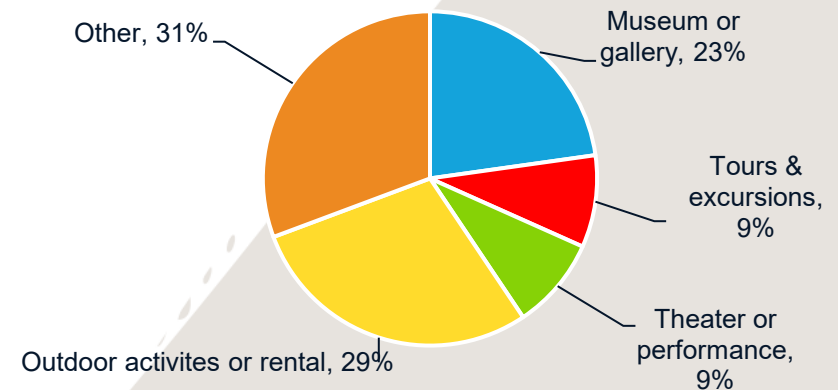
Which of the following best describes your overnight accommodation business?



Which of the following best describes your food/drink business?



Which of the following best describes your attraction/entertainment business?



## Survey responses by Minnesota region

Where in Minnesota is your business located?

