

Agency Purpose

The mission of Explore Minnesota Tourism is to promote the state's public and private assets and to facilitate travel to and within the state of Minnesota. The goal is to generate both revenue and jobs across the state. A key sector of Minnesota's economy, tourism in the state is an \$11 billion industry, supporting more than 245,000 leisure and hospitality jobs, which represents 11 percent of private-sector employment. In addition, it generates almost \$700 million in state sales tax revenues, which is 16 percent of Minnesota's sales tax revenues. The economic impacts of travel and tourism are felt in communities in every part of the state, both urban and rural.

Explore Minnesota Tourism, the state's tourism promotion office, works closely with tourism businesses and promotional organizations across the state to attract travelers to Minnesota communities. Explore Minnesota Tourism leverages its resources by generating almost \$7 million in cash and in-kind partnerships. Explore Minnesota Tourism promotes an integrated approach to tourism marketing with other state agencies with a tourism interest, including the DNR, the Minnesota Historical Society, the Minnesota Department of Transportation, and the Minnesota Zoo.

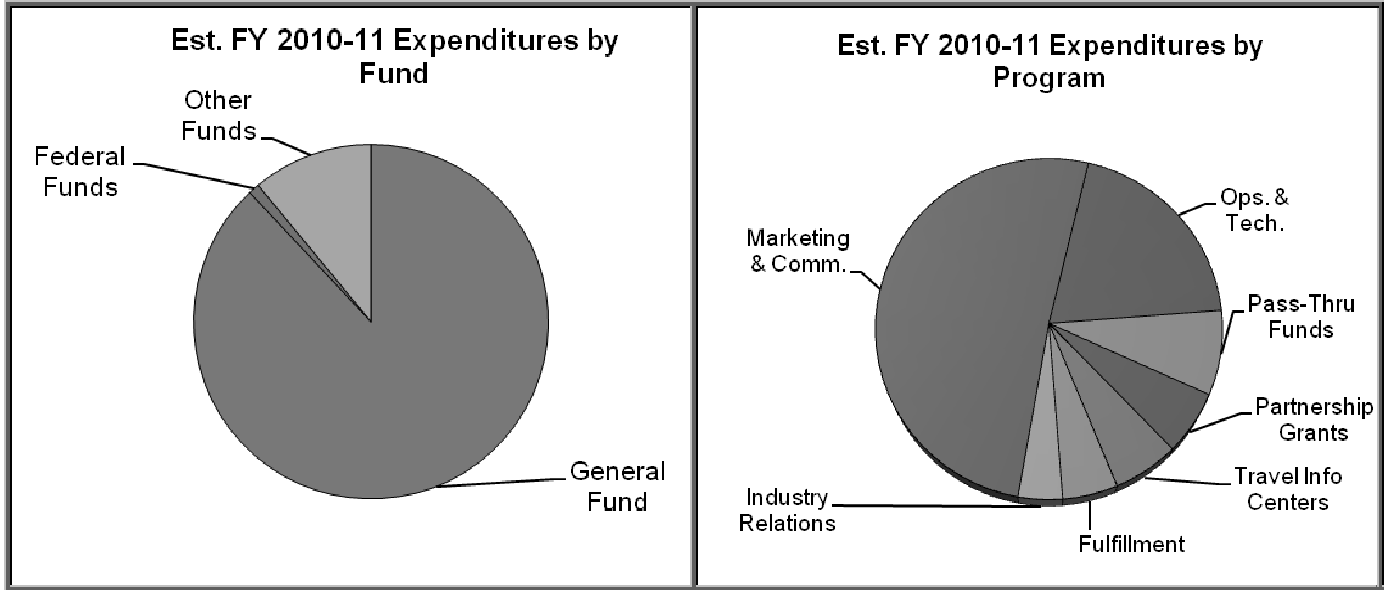
Explore Minnesota Tourism works to maximize the impact of its marketing dollars, in part by extending its reach through public and private partnerships. For every \$1 invested in state tourism marketing generates \$53 in gross sales. Tourism marketing activities result in dollars spent at Minnesota businesses, tax revenues generated for the state and jobs. Tourism marketing dollars add value to the state's capital investment in parks, trails, historic sites, sports venues and other facilities by drawing visitors to these destinations.

While the state's tourism office budget ranks 28th nationally, Minnesota is ranked 22nd in traveler spending, 18th in travel-generated employment, 14th in travel-generated payroll and 9th in travel-generated tax receipts.

The Explore Minnesota Tourism Council, which provides strategic direction to the agency, represents all major sectors of the tourism industry and its members are appointed by the Governor. Statutory authority for Explore Minnesota Tourism resides at M.S. 116U.05.

At a Glance

- Leveraged \$7 million in private industry match (cash & in-kind)
- Advertising reaches targeted Midwest markets with TV, radio, direct mail, & online/interactive media
- Achieved high advertising awareness in core markets (from 74 to 88%).
- Ad budgets are extended through marketing partnerships with media, corporations, & others
- PR outreach to media results in free exposure through radio spots, interviews, and travel stories
- Hosts dozens of U.S. and international press writing travel articles about Minnesota
- More than 340 national tour operators offer Minnesota trips
- Minnesota promoted in six overseas markets
- 2.9 million travelers served at Travel Info Centers
- 2.5 million website users
- 190,000 mail, e-mail and phone inquiries
- Awarded 98 grants to communities & organizations for tourism marketing
- Developed marketing campaign directed at Minnesota corporations to promote travel
- Promoting "Meet in Minnesota"
- Developing sports marketing website
- Working with state agencies and tourism industry to develop bicycle tourism
- Supports publication program through advertising revenues and publishing partnerships
- Increasing use of various social media to engage consumers
- Redesigning technology & look of website to benefit consumers and tourism industry
- Provides free exposure through website for approximately 2,300 lodging businesses, 1,800 attractions and 2,200 events



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/01/2012.

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Strategies

Key strategies of Explore Minnesota Tourism include:

- Develop results-driven advertising and coordinate promotions that market Minnesota as a travel destination.
- Develop local, regional and statewide marketing partnerships to leverage resources and expand marketing reach.
- Provide quality travel information and services that meet consumers’ needs and interests.
- Promote Minnesota as a travel destination for international, group and package travel markets.
- Provide timely tourism research on economic impact, customers, travel trends and marketing effectiveness.
- Provide leadership and unify the industry and state agencies on marketing and tourism initiatives in the state.

Operations

To fulfill its mission and achieve its strategic objectives, Explore Minnesota Tourism is organized into three areas: Marketing and Research, Industry Relations and Travel Information Centers, and Operations and Technology.

Marketing and Research: Advertising and promotions are strategically targeted to potential travelers, using television and radio, direct mail, select print media, electronic marketing and special promotions such as sweepstakes. Co-op advertising offers the industry a cost-effective way to reach out-of-state markets. A major emphasis is placed on developing partnerships; marketing partnerships extend the reach of Explore Minnesota advertising. The primary markets in the U.S. are in the north central region. International markets include Canada, Japan, China, United Kingdom, Germany, and Scandinavia.

This unit also markets Minnesota to group tour operators, which can bring significant revenue to communities. Research conducted in-house or provided by other sources guides the development of marketing programs.

Media relations, publications and electronic media are all key to Explore Minnesota Tourism marketing. Media relations programs generate positive media coverage of Minnesota travel opportunities and of the state’s tourism industry.

A large photo library provides the media with visual images of the state. A series of publications, many developed through publishing partnerships, promotes Minnesota destinations and activities. This unit also develops content and provides photography for the travel Web site <http://www.exploreminnesota.com>.

Industry Relations and Travel Information Centers: This program area is responsible for facilitating two-way communication between Explore Minnesota Tourism and the state's tourism industry. Regional staff located in Brainerd, Duluth, Mankato, Thief River Falls and St. Paul provides marketing assistance to communities and regional tourism associations. Industry relations staff provides leadership in emerging tourism areas, such as developing bicycle tourism and addressing issues related to vacation home rentals.

This unit provides personalized travel planning assistance to travelers on the road at ten travel information centers around the state. Some of the information centers are operated as partnerships with private-sector community organizations. Explore Minnesota also partners with approximately 60 affiliate travel information centers in communities across the state to provide Minnesota tourism information to travelers.

Industry relations staff facilitates interagency partnerships, develops educational programs, coordinates the Governor's Fishing Opener event and monitors public policy issues that may affect tourism in Minnesota.

Grants are awarded to nonprofit tourism organizations to maximize state and local marketing resources. This unit also manages advertising sales for the Web site and the Travel Guide.

Operations and Technology Services: This unit maintains the extensive database of accommodations, attractions, and events information that is the foundation of the travel Web site and a customized travel planning service. Tourism businesses and organizations can include information in this database free of charge or can enhance their listings by paid participation, providing the tourism industry an effective channel for reaching consumers.

This unit provides personalized travel planning assistance to prospective travelers through the in-house Contact Center in St. Paul. Travel counselors in the center respond to consumer inquiries by phone, mail and e-mail. The Distribution Center handles shipping and receiving functions at EMT, fulfilling thousands of requests for travel information.

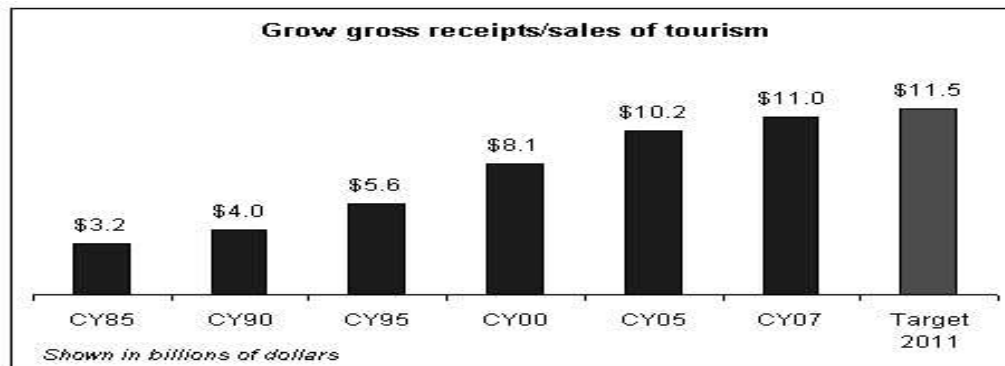
This unit is also responsible for administrative, financial and personnel functions of the office.

Key Activity Goals & Measures

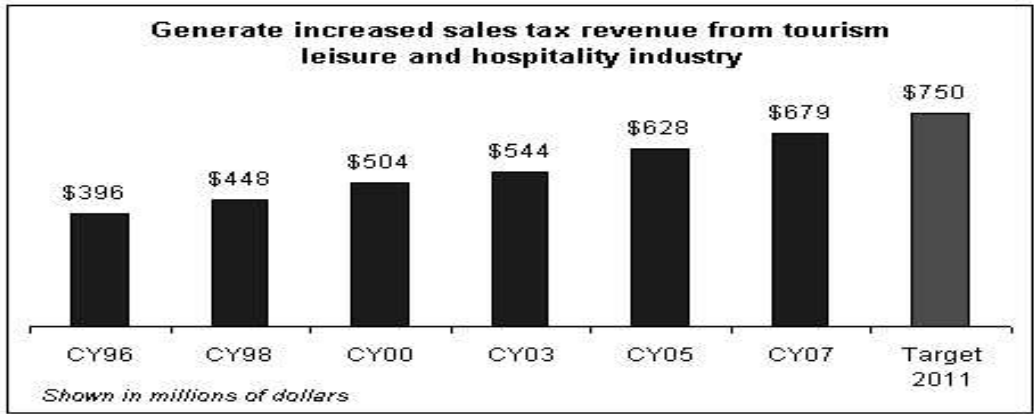
*Unless noted, all data is from calendar year 2008, which is the most recent year complete data was available.

The agency's primary goals and measures are:

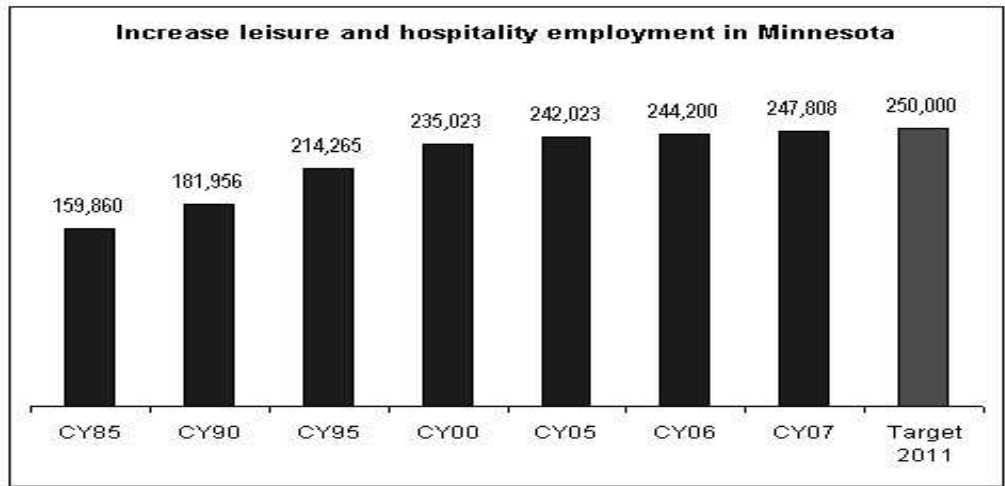
1. Increase the number of resident and nonresident travelers in the state.
Estimated # of travelers: 39 million (FY 2008)
2. Grow gross receipts/sales of tourism in Minnesota.
Leisure & hospitality gross sales: \$11.2 billion



- 3. Generate increased state and local sales tax revenue from tourism.
Sales tax revenues from leisure & hospitality: \$695 million

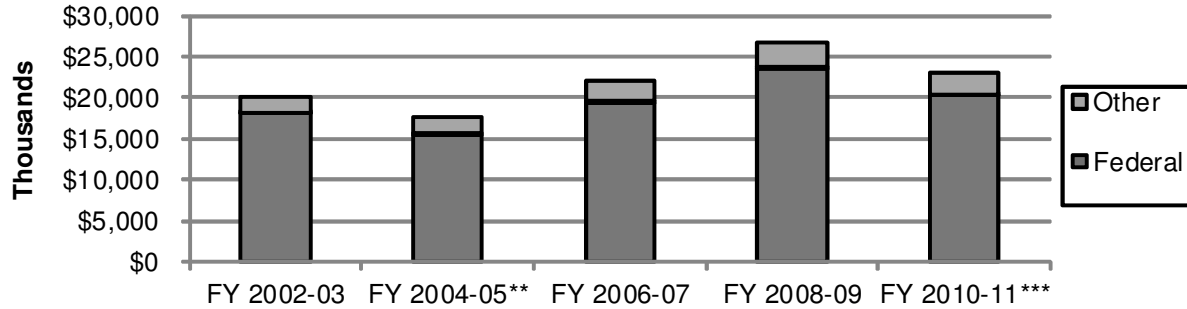


- 4. Increase leisure and hospitality employment in Minnesota.
Number of leisure & hospitality jobs: 245,788
Wages: \$4 billion



Budget Trends Section

Total Expenditures by Fund



Pass-thru funds were appropriated via Explore Minnesota Tourism to MN Film Bd., Mississippi River Pkwy Commission, St. Louis Co., and others.

** Prior to FY 2005, Tourism was a division of Trade & Economic Development

*** FY 2010-11 is estimated, not actual

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/10/2010.

External factors and trends:

In the past couple of years, the travel industry in Minnesota, as well as across the country, has taken a hit as the economy kept many consumers from traveling. Those who do travel are very budget-conscious, and spend less while they travel. The industry has now begun to slowly recover. Explore Minnesota Tourism developed its marketing programs to address recent tourism trends, including closer-to-home vacations, last-minute trip planning, shorter getaways, and consumer demand for deals and good values. It has also adjusted its marketing to take advantage of the great increase of online travel planning and the interest in social marketing and e-newsletters to receive travel information. Another factor impacting Minnesota tourism is strong competition among states, with Explore Minnesota Tourism ranking 28th in size of state tourism office. And today, competition for travel dollars is not just the neighboring state; it is global, as consumers consider destinations around the globe.

Contact

Explore Minnesota Tourism
 Office of the Tourism Director: (651) 757-1844
<http://www.industry.exploreminnesota.com>
<http://www.exploreminnesota.com>

Dollars in Thousands

	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	10,464	9,190	9,190	9,190	18,380
Forecast Base	10,464	9,190	9,188	9,188	18,376
Change		0	(2)	(2)	(4)
% Biennial Change from 2010-11					-6.5%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	11,237	9,713	9,188	9,188	18,376
Statutory Appropriations					
Miscellaneous Special Revenue	1,355	2,007	1,314	1,314	2,628
Federal	36	20	0	0	0
Total	12,628	11,740	10,502	10,502	21,004
<u>Expenditures by Category</u>					
Total Compensation	3,435	3,414	3,399	3,475	6,874
Other Operating Expenses	6,588	7,304	6,081	6,005	12,086
Local Assistance	2,605	1,022	1,022	1,022	2,044
Total	12,628	11,740	10,502	10,502	21,004
<u>Expenditures by Program</u>					
Explore Minnesota Tourism	12,628	11,740	10,502	10,502	21,004
Total	12,628	11,740	10,502	10,502	21,004
Full-Time Equivalents (FTE)	50.0	48.2	48.1	48.1	

EXPLORE MINNESOTA TOURISM

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Current Law		Biennium 2012-13
			FY2012	FY2013	
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Departmental Earnings:					
Miscellaneous Special Revenue	1,337	1,267	1,267	1,267	2,534
Grants:					
Federal	36	20	0	0	0
Other Revenues:					
Miscellaneous Special Revenue	49	47	47	47	94
Total Dedicated Receipts	1,422	1,334	1,314	1,314	2,628
Agency Total Revenue	1,422	1,334	1,314	1,314	2,628