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- Tourism in the 1990's : Minnesota



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# T O U R I S M I N T H E 9 0 s :

## M I N N E S O T A D I R E C T I O N S

*A report prepared by the statewide Tourism Advisory  
Committee based on information gathered from  
Minnesota's travel and tourism industry  
at fourteen public meetings*

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**MINNESOTA CITIES REPRESENTED  
AT TOURISM IN THE 90s: MINNESOTA  
DIRECTIONS MEETINGS**

**1990 TOURISM ADVISORY COMMITTEE**

*Sustaining Members*

Leo H. Berg, Executive Director  
Minnesota Festival & Events Association  
Heritage Fest Incorporated

Al Brodie, Executive Vice President  
Minnesota Motel Association  
Minnesota Association of Campground Operators

Bonnie Carlson, President  
Minnesota Association of Convention & Visitors Bureaus  
Bloomington Convention & Visitors Bureau

Tom Decker, Past President  
Minnesota United Snowmobilers Association

Chuck Dougherty, President  
Minnesota Bed & Breakfast Guild  
Rivertown Inn

Sherwin Friedman, President  
Minnesota Hotel Association  
Holiday Inn International

Arnold J. Hewes, Executive Vice President  
Minnesota Restaurant Association

Don R. Kottke, Jr., President  
Minnesota Association of Campground Operators

Joseph "Mac" McGuire, Past President  
Minnesota Resort Association  
McGuire's Piney Ridge

*Regional Associations*

Butch Eggen, President  
Minnesota Arrowhead Association  
Nelson's Resort

Bill Schimmel, President  
Southern Minnesota Tourism Association

Jack Weiler, President  
Minnesota Heartland Association  
Buck Point Resort

*At-Large Members*  
Rick Anderson, General Manager  
Grand Portage Lodge

Warren Anderson, President  
Northland Lodge

Irene Bender, Director  
Cokato Museum

James P. Bovis, Area Manager  
Minnesota Power

Connie R. Converse, Owner  
Crow Wing Crest Lodge

Sanra Forsman, Board of Directors  
Tour Managers Association of Twin Cities  
Minnesota Air Guard Museum

Bill Foussard, Owner  
Americanna Inn & Conference Center

Sandra Fultz, Executive Director  
Tracy Area Chamber of Commerce

Anne Hittler Grover, Marketing Manager for Popular Music  
Minnesota Orchestra & Orchestra Hall

Marilyn D. Hagerman, Director of Community Affairs  
Minnesota Renaissance Festival

Mary Hilke, Vice President  
Voyageurs National Park Boat Tours Incorporated

Linda John, Executive Director  
Iron Trail Convention & Visitors Bureau

Eileen McMahon, Associate Director  
St. Paul Convention & Visitors Bureau

Michael Mulléady, General Manager  
Holiday Inn Willmar

Mick Myers, Executive Director  
Pipestone Area Chamber of Commerce and  
Convention & Visitors Bureau

Susan Monk-Kjos, Executive Director  
Blue Earth County Historical Society

Lance Reasor, Chief Executive Officer  
Park Inn International

Mike Trumbull, Owner  
Mariner Motel-Outter Inn Restaurant

David T. Tuttle, Owner  
Bearskin Lodge

John Zavada, Director of Conference Services  
Greater Metropolitan Hotel Association

Scanticon-Minneapolis Hotel & Conference Center

*Chair*

Marlene Johnson  
Lieutenant Governor

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## **BACKGROUND**

In June of 1990 the Minnesota Statewide

Tourism Advisory Committee began a process of identifying the goals and directions of the state's tourism and travel industry. The committee is composed of representatives of statewide travel and tourism organizations, business owners and operators, executives from chambers of commerce and visitor and convention bureaus, and officers or staff of local and regional tourism related organizations from all areas of the state. Its function is to advise the state on matters of importance to the industry and to participate in the development of state travel and tourism related programs. ❖ With the Minnesota Office of Tourism providing support for the project, the committee scheduled eight participatory meetings in all geographic regions of the state to gather industry members' ideas and goals. Brochures announcing the meetings were mailed to more than five thousand industry members. In addition, and as opportunities were available, the same goal-setting program session was conducted by committee members at regularly scheduled meetings of industry organizations. ❖ In all, nearly four hundred people presented the committee with their views in face to face discussions. Participants included resort and motel operators, historic site administrators, state and national park officials, bait and tackle shop owners, restaurant owners, hotel managers, bed and breakfast owners, museum managers, houseboat rental business representatives, marketing representatives for attractions such as orchestras, government officials, electric utility representatives, forest products managers, and many others. ❖ Still others submitted ideas in interviews, letters, notes and telephone conversations. All meetings were held between mid-October and early December, 1990. ❖ This was not a new process. Minnesota's travel and tourism industry has traditionally set its own directions and goals. In 1979 Thomas von Kuster and Associates was commissioned to analyze Minnesota's position in the Midwestern vacation market. The results of that study significantly influenced the direction of the industry in attracting and retaining Midwestern vacationers. ❖ In February, 1983, the 36 member Minnesota Tourism Economic Recovery Commission chaired by Curt Carlson presented a report that identified major elements of the industry and recommended changes that would improve the state's competitive position. Many of those changes did take place, often at the

instigation of the industry and with cooperation among its members, and between the industry and agencies of state government.

█ In 1988 nearly four thousand Minnesota travel related businesses were surveyed to help determine what kinds of programs should be emphasized in developing the state's travel and tourism business. █ During 1989 and 1990 the Minnesota Office of Tourism conducted an internal strategic planning process that aided in the development of mission statements, three- and five-year agency objectives and strategies for the next eighteen months. Even though this process was primarily internal to the agency, it produced positive changes in the structure and operations of the office. █ The process reported in this document continues the tradition.

**THE PRESENT** Minnesota's travel and tourism industry is characterized by several major

trends. As lodging needs of the traveling public have changed, the number of resorts in the state has decreased while the overall number of beds available in paid accommodations increased. As the industry has broadened its product offerings, new attractions, events, tourism promotion organizations, and festivals have come into existence. █ During the period from 1980 to 1988, the industry's gross sales rose steadily. The Minnesota Department of Revenue reported industry gross sales are shown in the table below.

█ In addition, the place of the industry in the state's economy is only now being realized. When compared to some of the other major sectors of the state's economy, travel and tourism may play a far greater role than many had previously realized. █ Casey Stengel's great admonition, "If you don't know where you're going, you might wind up someplace else," is all too true. In order to have the type of future they want, members of Minnesota's travel and tourism industry expressed their perceptions of the

issues they will confront in the coming decade, and offered their goals and hopes for resolving the issues by the year 2000. These statements were collected, grouped by similar ideas and distilled into the following alphabetical categories of issues and recommendations: Communications, Development, Education, Environment, Marketing, Partnerships, Public Policy, Research and Transportation.

<i>Gross Sales for Hospitality and Tourism 1980-1988</i>				
(\$ Millions)				
Year	Lodging	Food & Beverage	Amusement & Recreation	Total
1980	376	1,668	276	2,320
1981	433	1,819	284	2,536
1982	420	1,877	295	2,592
1983	493	2,015	307	2,815
1984	532	2,192	336	3,060
1985	540	2,268	341	3,149
1986	532	2,386	360	3,278
1987	568	2,536	438	3,542
1988	591	2,649	495	3,735

Source: Minnesota Dept. of Revenue, Tax Research Division

Communication needs of the industry are expanding rapidly and three important areas can be identified. First, communication between consumers and businesses is becoming faster and relies more on electronic transmission of information; second, communication between members of the industry, especially as relates to consumer needed information and data services is more common; and third, communication between the members of the industry and leaders in government and other industries is greatly expanding.

#### RECOMMENDATIONS

*A. Provide on-line access to Office of Tourism databases for individual businesses, convention and visitors bureaus, chambers of commerce, and other organizations.*

*B. Offer on-line linked communication exchange between state, local and private travel information centers throughout the state.*

*C. Maintain regular and ongoing communications between the travel and tourism industry and the other major segments of the state's economy.*

*D. Provide linkage between the travel and tourism information networks in the state and the state park reservation system and provide more services to park reservation customers.*

*E. Greatly increase communication between the hospitality and travel trade segments of the travel and tourism industry.*

#### ISSUES

##### *Lead Sharing*

The Office of Tourism currently generates nearly one million consumer inquiries per year plus hundreds of requests from groups and organizations contemplating holding a conference, meeting, or convention in the state. The system to disseminate leads must be swift and efficient.

##### *Data Access*

Information contained in the Office of Tourism's various databases is difficult to access and sort. Easier and faster access to this information is sought.

##### *Information Networking*

The present Minnesota Office of Tourism Travel Information Service electronic communications and data network is isolated and cannot be accessed by the industry or consumers. A broader based network allowing industry, consumer and non-state travel information center participation is desired.

##### *Business-to-Business Communication*

Communication between the Minnesota travel and tourism industry and other major segments of the state's economy is informal and irregular. Regular inclusion of the industry's voice in statewide deliberations and an appropriate vehicle are needed.

##### *Community Sharing*

Neighboring communities often fail to fully communicate the availability of services, products and attractions to each other and thereby forego the opportunity to cross sell. Cooperation between communities to sell each other's programs and products is mutually beneficial.

##### *State Park Reservations*

Considerable dissatisfaction is being voiced over the state park reservation system. Industry members strongly feel that the service should involve on-line conversations with well-trained and informed staff who can provide information services in addition to taking a reservation order.

##### *Travel Trade Communications*

As new products are developed, greater effort should be made to communicate them to the travel trade. The industry has only limited communication with travel agents, tour operators, transportation companies and others who serve customers before they reach their Minnesota destinations. Informing them of Minnesota products and services will increase sales opportunities.

**D**evelopment of the travel and tourism industry involves several aspects. Physical plant expansion for existing businesses, construction of new properties, infrastructure improvement, new product creation, expansion of seasons and activities, plus planning, financing and operating are all elements of concern.

#### RECOMMENDATIONS

- A. Adapt existing business assistance programs of state and local units of government to meet the unique development needs of travel and tourism businesses, especially of existing businesses.
- B. Secure industry participation in the development of natural resource based facilities and attractions, especially those that occur on public lands and with use of Environmental Trust Funds.
- C. Encourage the development of new travel and tourism based products, events and services to meet the needs of emerging markets.
- D. Continue and expand the present tourism loan program, especially to assist in maintaining the physical facilities of small and medium businesses, and return proceeds of the plan to a self-perpetuating revolving fund.
- E. Carefully plan development of tourism businesses with attention to the environment and to the importance of complementary services and features, and make public planning officials aware of the benefits of such developments.
- F. Develop and implement services and programs for the disabled that provide access to the state's travel and tourism facilities.

#### ISSUES

##### *Government Development Programs*

The travel and tourism industry in Minnesota includes many small to medium sized businesses, which depend to a great extent on outside sources of technical and financial assistance to conceive and execute business or plant expansion projects. Except for the tourism loan program, however, there are no public programs specifically designed to provide financial assistance for the unique development needs of the travel industry.

##### *Natural Resource Development*

A large portion of Minnesota's travel and tourism industry depends on the type and condition of the state's natural resources. Trails, parks, fish and wildlife resources, public and private forests, wetlands and waters are all resources upon which the industry greatly depends. As public funds are allocated for the development, management and promotion of these resources (especially funds from the newly created Environmental Trust Fund) the impact on the travel and tourism industry of the state must be considered.

##### *New Product Development*

Continued health of the industry requires constant development of new tourism products and services. Firms that are unable to recognize and adapt to emerging markets are candidates for failure. Change is constantly occurring in the industry and, as the speed of communication and transportation increases, the time available to adapt is decreased. Developing new products and attractions, increasing and balancing the use of existing resources and facilities, and discontinuing unprofitable and detrimental activities are all required for economic vitality.

##### *Redevelopment*

The physical condition of many of the smaller travel and tourism businesses, especially resorts and smaller lodging properties in rural areas, is deteriorating. While many public agencies and community development programs are available to assist in the creation of new and expanded businesses, few programs are available to help existing small businesses with rehabilitation and expansion. Redesign of these programs to assist long established businesses seems to be in the state's best interest.

##### *Events Development*

Festivals and events, including sports, arts and cultural expositions and competitions of all types, are rapidly being recognized as major economic stimuli to both hospitality and Main Street retailers. Development of these "products" is often a creative method of sustaining or infusing business into a community. A program to assist in developing events and festivals is needed.

##### *Cluster Development*

Mixtures of tourism related businesses appear to provide better income opportunities than do isolated individual properties. Consumers appear to prefer the availability of a variety of attractions, entertainment and recreational opportunities within reasonable distances of lodging facilities. Development officials, community planners and investors need to understand this concept and encourage development accordingly.

##### *Development for the Disabled*

Minnesota is a national leader in programs that provide access to public accommodations for persons with disabilities. The travel and tourism industry should actively participate in these programs, especially in site development and construction, and in the development of programs and events.

**E**ducation needs of the industry are varied. Training and development of travel and tourism business employees continue to be important, but expansion of hospitality training to employees of "Main Street" businesses is also seen as very beneficial to the industry. Educating citizens, elected officials and business leaders about the economic significance of tourists and travelers in a community is becoming more crucial and education of teachers and school children is seen as a long term investment by the industry.

#### RECOMMENDATIONS

- A. *Implement more programs in the state's educational system to educate all types of employees needed by the industry.*
- B. *Promote education for employees of indirectly related businesses in important hospitality skills and practices.*
- C. *Educate public officials and the state's business leaders on the economic importance of the travel and tourism industry and have decisions made by these individuals be more supportive of industry needs.*
- D. *Develop training programs that help the industry become a greater participant in rapidly developing domestic and international markets.*
- E. *Develop educational materials for use in the state's primary and secondary schools that identify the role of tourism in the economy of a community and the state, develop hospitality skills in students and encourage employment and careers in the industry.*

#### ISSUES

##### *Educated Work Force*

While the travel and tourism industry continues to be a major employer in the state, public educational institutions offer relatively few supporting educational programs. The industry hires a large number of students as seasonal and part-time employees, yet many of the students view their employment only as a source of income while preparing for a career outside the industry.

##### *Hospitality Training*

Hospitality training is an ongoing and critical activity of the industry. At present, it is confined to employees of progressive hospitality related businesses and organizations, with lesser efforts aimed at employees of Main Street retail and service establishments. Since all contacts within a travel experience contribute to the satisfaction level of the customer, hospitality training must extend to all front-line employees in communities that hope to capture and maintain travel and tourism customers.

##### *Educated Officials*

The travel and tourism industry's contribution to the overall economy of communities and the state is poorly understood by most business and government leaders in Minnesota. Greater efforts by the industry to educate these individuals will result in more favorable reception of the industry position on decisions of importance.

##### *International Education*

As the state emerges into world markets, new educational programs are needed to bridge cultural and language barriers. As European and Asian visitors are drawn to the attractions and businesses of the state, better educated and culturally sensitive employees must be on hand to serve their needs. Attempting to develop these markets without first addressing visitor needs may result in long-term damage to the industry's reputation.

##### *New Product Education*

Many members of the industry hope to develop new products, events and programs for the organized group tour market. Greater Minnesota in particular could benefit from such products, yet few industry members in rural communities have experience in packaging and promoting such tours. An educational program to help communities work with tour operators to identify, develop and package such products, especially when several communities are involved in a cooperative project, is not presently available.



The state's environment is the foundation of much of Minnesota's travel and tourism business. Air and water quality practices; wise management of forest resources to produce timber products, wildlife and recreation; and nationally recognized programs of recycling, shoreland and wetland management all add to the image that draws customers to Minnesota. The industry is extremely involved in the process by which the state's environment is managed and regulated and is committed to the perpetuation of these resource values.

#### RECOMMENDATIONS

*A. Promote wise development and management of the state's natural resources with full awareness of the effects on the state's economy.*

*B. Establish the industry as an even more active participant in resolution of issues that impact the state's environment.*

#### ISSUES

##### *Environmental Stewardship*

Minnesota is widely regarded as an environmentally healthy state and much of the travel and tourism business of the state is premised on this perception. It is in the industry's interest to support and sustain measures that insure the continued high quality of the environment. However, difficult choices sometimes must be made in the public arena to balance economic needs and environmental safeguards. Only by taking active roles in resolving issues such as wetland and shoreland development, surface and ground water protection, enhancement of representative populations of plants and animals, production and management of fish, wildlife, forest, soil and mineral resources can the industry achieve the necessary balance between the state's environmental and economic health.

##### *Continuous Participation*

The industry's relationships with legislative and regulatory bodies are crucial in achieving decisions and implementing programs that recognize industry needs. While Minnesota has a long tradition of open and reasoned processes for determining solutions, many of the processes require sustained cooperation with the officials involved. Intermittent or irregular contact in contested settings is not sufficient to achieve the long-term goals of the industry.

## ISSUES

*Targeted Advertising*

Advertising is the primary method of generating inquiries for information about the industry's products and services. The Office of Tourism targets its advertising in major Midwestern markets. It also cooperates with other states and provinces in Japan and Europe to generate inquiries from these markets. Regional and local cooperative campaigns, often with financial assistance from the state, draw additional inquiries, and individual businesses select even more targeted markets to secure individual requests. Opportunities exist for more cooperative targeting of these efforts.

*Specific Product Advertising*

Advertising may be of such a generic nature that it fails to identify specific events and features. The public may not be attracted to respond. As new and improved products are offered in the state (e.g. events, festivals, arts, attractions, sports, fairs, tours and trips), advertising themes should be examined to be certain that the new materials are included.

*Image Marketing*

Considerable emphasis must be placed on capturing the market that has been traditional for Minnesota's industry. The state's image as a place where summers are cool, the lakes and forests are attractive, the streets are safe and the people are friendly has generated a traditional market niche that should be perpetuated and increased. The popular and endearing values associated with most of Minnesota are attractions that should not be overlooked.

*Public Relations*

Marketing involves many things beyond advertising, and while the industry itself deals with matters such as pricing and positioning within markets, the supporting public and private organizations (Office of Tourism, convention and visitors bureaus, chambers of commerce, etc.) conduct much of the industry's public relations activities. Promotional events such as the Governor's fishing opener, travel writer familiarization tours and annual statewide participation in National Tourism Week are all important to the industry's place in the market.

*Positive Climate*

Minnesota's climate is a major attraction for visitors during spring, summer and autumn. Conversely, it is often viewed as a major obstacle to

winter business. Greater emphasis must be placed on marketing programs that increase the amount of winter travel and tourism business in the state.

*Meetings & Conventions*

Expanded meeting and convention business is an area where Minnesota might greatly increase its market share. Not only should the state become a host for more international and national conferences and meetings, but regional and local meetings may be captured if more resources are available to develop the market.

*In-State Market*

While making greater efforts to lure customers from outside the state, Minnesota businesses realize that Minnesota residents are still a dominant segment of the market. Even if different marketing strategies are needed, the industry must retain and enlarge this local market share.

*New Media*

As new advertising products become available (e.g. cable television, video, home computer shopping services, interactive video presentations), the industry must explore them as additions or alternatives to the traditional advertising media.

*"Traveler" versus "Tourist"*

Because the public often dislikes the term "tourist" the name of the Office of Tourism should be changed.

*State Expenditures*

As travel and tourism related expenditures in the state increase and make greater contributions to the state's economy, the tax-supported programs that serve the industry must be increased accordingly if the state is to remain competitive. Allocation of lottery or other directly related proceeds may be appropriate, but some level of general tax revenue also seems equitable.

*Crisis Marketing*

As political and economic crisis develop, the industry should implement a previously prepared crisis management plan. While not all crises can be foreseen, matters such as flood, drought, wildfire, lack of snow or lake ice, forest insect or disease outbreak, motor fuel price increases or shortages can be managed on the basis of past experience with minimal disruption in the marketplace.

*M*arketing remains a major element of the state's travel and tourism program. While many marketing efforts are carried out by individual businesses, many others result from cooperation among industry members or between the industry and state government. Increasing business is largely a matter of attracting new customers, a function best accomplished by increased and improved marketing programs.

## RECOMMENDATIONS

*A. Expand the state's share in traditional vacation markets while greatly increasing Minnesota's share of European, Japanese, group tour, meeting and convention, shoulder season and winter markets.*

*B. Increase public investment for state marketing programs consistent with the industry's contribution to the state's economy.*

*C. Consider changing the name of the Office of Tourism to one that is more reflective of the broader travel related mission of the agency.*

*D. Improve marketing of the state's travel and tourism products by providing more relevant and consistent information that better meets customer needs to differentiate between offered products and services.*

*E. Greatly improve industry efforts to market through travel trade representatives.*

*F. Prepare plans to meet market share goals in the event of a foreseeable crisis.*

**P**artnerships serve many purposes for the industry. Many of the more effective relationships involve both public and private partners and mixtures of tax and non-tax funds. Others, including those teaming the travel and tourism industry with other segments of the state's economy, are also effective in reaching declared goals.

#### RECOMMENDATIONS

- A. *Secure greater support from elected public officials throughout the state for travel and tourism industry needs.*
- B. *Continue and expand the partnership that exists between the industry and the Minnesota Office of Tourism.*
- C. *Develop more effective relationships with the educational institutions of the state at all levels, especially with the University of Minnesota Tourism Center at Crookston, Duluth and the Twin Cities and with the other state institutions of higher education.*
- D. *Achieve still more cooperative partnerships between greater Minnesota and the Twin Cities and other metropolitan areas to reach mutual goals.*
- E. *Seek more productive relationships with agencies of federal, state and local government and with trade associations, and make every effort to inform these bodies of the needs of the industry.*
- F. *Further improve the relationships among the associations and organizations that support the industry to gain more consistent and effective public forum representation.*

#### ISSUES

##### *Statewide Participation*

Because the travel and tourism industry is composed of so many elements, it can often accomplish goals only with the cooperation of many participating partners. While the industry is often viewed as composed primarily of northern Minnesota family-owned and operated resorts, it is actually a statewide collection of businesses and interests of all sizes and types, and needs constant communication and cooperation to succeed.

##### *State Government*

One of the industry's major partnerships is with state government. While the legislature and the Office of Tourism are the focal points of interaction, cooperation is also ongoing with the Department of Natural Resources, the Minnesota Department of Transportation, the Pollution Control Agency, the Minnesota Historical Society, the Minnesota Department of Health, the Department of Revenue and dozens of other agencies. Some agencies provide promotional and technical services while others carry out inspection, enforcement and protection programs and may place industry members in contesting situations. Viewing the regulatory relationships in their broadest context is often difficult, but given overriding goals such as protecting the state's environment or insuring the safety and welfare of guests, the partnership must be sustained.

##### *Educational Institutions*

Industry partnerships with educational institutions throughout the state are essential to the development of a productive and effective work force. Besides educating students for participating in the industry, these relationships depend upon the industry providing employment for students, being willing partners in internship programs, financially supporting the schools and participating in valuable in-service training and workshops.

##### *Local Government*

As communities recognize the significance of travel and tourism in the local economy, relationships between the industry and units of local government are strengthened. The degree of this recognition varies among the communities of the state and is constantly evolving. In regions without a long history of tourism-based businesses, the recognition is yet developing and must be nurtured by the industry.

##### *Business Sectors*

Relationships with the other major components of the state's economy, (e.g. agriculture, forestry, mining, manufacturing, financial services, health care, retailing, etc.) are relatively weak. Again, because the industry varies greatly in importance among the state's communities, the strength of the relationships also varies. As an active member of the state's economy, the industry must develop and maintain these partnerships.

##### *Metro/Greater Minnesota*

An often times divisive situation recurs within the state when issues are framed as metropolitan (mainly Twin Cities) versus greater Minnesota. While some issues clearly divide along these lines, the state's travel and tourism industry as a whole can best achieve its goals if participants in resolving these issues focus on the advantages both receive from travel and tourism activity.

##### *Forest Industries*

Partnerships involving the industry and the many groups interested in the use and management of lands and waters are very important. Forest management practices contribute greatly to the aesthetics of many tourism-based communities and cooperation between the two industries seems particularly crucial.

##### *Multi-State/Province*

The Minnesota Office of Tourism participates in regional and international promotion programs through multi-state/province agreements. These partnerships on behalf of the industry often resolve issues or gain exposure in marketplaces that would otherwise be too costly to penetrate.

##### *Trade Associations*

Partnerships with trade associations, especially with equipment manufacturers (e.g. snowmobile and skiing), prove beneficial in the promotion of travel and tourism in the state. These relationships often provide access to targeted market segments at relatively low cost and frequently gain favorable public exposure for the industry.

##### *Local/Regional Intra-Industry*

Other partnerships in which the industry members participate include local and regional tourism industry organizations, local chambers of commerce, convention and visitors bureaus, senior citizen host programs, volunteer relationships with local groups and statewide tourism organizations and associations.

*P*ublic policy is one area where the industry may need greater emphasis. While individual businesses are often able to negotiate a local decision that affects them alone, most regulatory, tax, and business opportunity cost issues are satisfactorily resolved only after sustained and concerted participation in the statewide public arena.

#### RECOMMENDATIONS

*A. Provide productive jobs at levels of compensation and reward that are competitive with other states and industries.*

*B. Obtain equitable business opportunity costs and conditions when compared with competing states.*

*C. Gain better appreciation for the impact of school calendar decisions on the economy of the state's travel and tourism industry.*

*D. Implement a currency exchange program that meets the needs of international visitors.*

*E. Position the Office of Tourism within state government at a level commensurate with the industry's contribution of the state's economy.*

#### ISSUES

##### *Quality Jobs*

Travel and tourism businesses provide significant numbers of jobs in their communities. A common perception is that the jobs are mainly unskilled, seasonal or part-time, pay minimum wage, and are not valued by the community. Another difficulty, often shared with other service businesses, is in recruiting well-educated professional and managerial career employees.

##### *Competitive Work Force*

Hospitality businesses, especially those in border communities, must compete for employees with businesses in neighboring states and are sometimes at a disadvantage because of Minnesota wage laws. Without exploitive wage practices, the industry needs to be competitive with neighboring states labor markets.

##### *Free Trade/Free Travel*

Free trade and free travel practices can significantly improve the market for Minnesota's travel and tourism businesses, most immediately with Canadian visitors. At the same time, Minnesota businesses need a well understood and uniformly accepted currency exchange system.

##### *Fair Taxes*

Taxes are a significant element in the cost of travel and tourism business operations. Owners need fair and equitable tax treatment given the nature of their businesses. Seasonal operations, operations that compete with agriculture or forest production uses of the land, and other variables are important in property taxation.

##### *Shared Support*

The industry often shows its willingness to undertake direct taxation by supporting local option lodging taxes, with most of the proceeds dedicated to the promotion of travel and tourism in the community. Some businesses in the community that offer travel services other than lodging are exempt from these taxes, even though they directly benefit from travel expenditures.

##### *School Schedules*

Since much of Minnesota's vacation travel market is limited to the summer months and because many of the industry's summer guests are from within Minnesota, the industry's contribution to the state economy is greatly influenced by school calendars. Decisions regarding the school opening and closing dates should consider this impact on the state.

*I*ndustry research should generate information that supports better decisions and creates more economic benefit for Minnesota. Some research is best carried out by the state or its educational institutions, but the primary beneficiaries must be travel and tourism businesses.

#### RECOMMENDATIONS

- A. Conduct research to determine the significance the travel and tourism industry plays in the state's economy.
- B. Identify the benefits travelers and tourists have on "Main Street" businesses.
- C. Research Minnesota's position in the domestic and international marketplace and identify barriers to further market development.
- D. Present research findings to the industry more quickly and in more understandable and usable formats.
- E. Study development of agricultural and forestry based tourism products, especially farm stays and forest industry tours.
- F. Research the need for and development of a statewide vacancy and event system, and determine who might operate it most efficiently.
- G. Investigate information technologies that will be needed to improve the state's position in serving travel and tourism customers.

#### ISSUES

##### *Economic Significance*

The significance and role of the travel and tourism industry within the state's economy is not clearly identified and appreciated. Research into the value of the industry in comparison with other major economic sectors statewide, by region, county, and community should be identified and monitored on a continuing basis.

##### *Main Street Impact*

The value of travelers and tourists to "Main Street" merchants and service providers is also unclear. Research to identify this market segment and its significance is needed.

##### *International Potential*

Minnesota's opportunities for developing products and services needed to become a major player in the world travel market are not well understood. Identification of existing and needed services for full participation in the international travel and tourism market could help direct appropriate development. Greater understanding of the state (and the Midwest's) image with international travelers may help build positive perceptions in these markets.

##### *Agricultural/Forestry Based Products*

There is continuing interest in agricultural and forestry related tours and farm stays within the state. Investigation of the barriers to development of this type of attraction (transportation and lodging issues, on-farm and in-plant liability issues, health codes relating to food preparation, etc.) need identification and clarification.

##### *Gambling Potential*

Opportunities and issues relating to gambling as a tourism attraction are developing slowly and somewhat randomly in the state. Conscientious planning for the growth of this industry segment seems appropriate.

##### *Information Technology*

Information needs for travelers are changing, but delivery mechanisms for the information are improving slowly. Technological innovations in information access, transmission and dissemination need to be identified and utilized. Minnesota needs a state-of-the-art communication network that can rapidly disseminate information to both national and international travel information networks.

*T*ransportation supports the travel and tourism industry. Improvements in the public transportation system contribute to industry growth only with continuous industry and government cooperation.

#### RECOMMENDATIONS

- A. Improve scheduled air service within the state.*
- B. Secure additional international air service for the state.*
- C. Enhance passenger ship service on the Mississippi River and Lake Superior waterway.*
- D. Further improve directional signage that serves the needs of the traveling public.*
- E. Continue development of a highway system that increases safety and convenience of motor vehicle travel.*
- F. Consider improving and restoring passenger rail service to the major metropolitan cities of the state.*
- G. Encourage the development of urban rail mass transit systems that will be familiar and easy to use, especially by international guests arriving in the state on scheduled air carriers.*
- H. Continue development, improvement and maintenance of recreational trail systems in the state and in conjunction with neighboring states and provinces.*

#### ISSUES

##### *Alternate Transportation Systems*

While travel in Minnesota is primarily by motor vehicle, issues relating to other transportation systems are also of concern to the industry. Among these issues are improved and reasonably priced air, passenger rail and bus service to greater Minnesota; more international airline access to the state; and revitalized passenger shipping on Lake Superior and the upper Mississippi River.

##### *State Roads & Highways*

With its close ties to motor vehicle transportation, the industry is vitally concerned with the condition of roads and highways in Minnesota. Ready, year-round access to locations in greater Minnesota, development of parkways and scenic byways, trail system development and management and extension of expressways outside the metropolitan area are concerns.

##### *Directional Signage*

Because travelers are often infrequent users of particular highways, directional signage continues to be a problem. While the existing procedure for locating highway signs is generally workable, it seems to be poorly understood within the industry.

##### *Mass Transit*

Urban, particularly Twin Cities metropolitan, businesses must develop within the framework of anticipated mass transit systems. Increasingly, and especially with international travelers, visitors to the state will depend on public mass transit systems rather than on private automobiles.

##### *Motor Fuel*

Changes in the price and availability of motor fuels greatly influence the success of Minnesota's travel and tourism businesses. While long-range stability in fuel supply is of great concern, short-term political and economic events throughout the world have caused immediate and unnecessary disruptions in Minnesota businesses. Lesser dependence upon imported motor fuel supplies and more realistic appraisals and reactions to critical situations in oil-producing regions of the world are important to the industry.

##### *Trail Systems*

Recreational trail systems function as both attractions and transportation systems. Minnesota has been a national leader in developing these systems and some deliver significant economic benefit to adjoining communities. While some trail uses are incompatible, great progress has been made in accommodating the needs of various trail user groups. Redevelopment of abandoned rights-of-way into trails is common in the state and has resulted in many outstanding trail segments. Continued development of the systems to serve both attraction and transportation needs is in the industry's interest.



## HAT NEXT? Minnesota isn't alone in trying to resolve most of these

issues. The travel and tourism industry in most states will also encounter them. But we are the only ones who can devise and implement the actions necessary to meet and overcome these challenges. With full realization that the service and product businesses that comprise Minnesota's travel and tourism industry must work harmoniously with many associations, organizations, institutions and branches of government; it becomes crucial for all these elements to cooperatively determine how and who will complete the work of meeting the goals presented here.

### GLOSSARY

For purposes of this report the following terms are defined as:

#### *Event*

An organized activity such as a fair, festival, competition or celebration that involves more than one business in a community and that creates economic activity within the community. Events usually occur over a one-day to two-week period and most often attempt to draw visitors from outside the host community.

#### *Farm Stay*

A travel product wherein a group of people, often a family, visit a working farm where food, lodging and farm related activities are provided.

#### *Lead Sharing*

A process whereby names and information about potential customers is collected (often by a public or quasi-public organization) and distributed to interested businesses or organizations offering travel opportunities and services.

#### *Product*

A travel-related service offered for sale in the marketplace.

#### *Regulatory Body*

A public agency or authority empowered to enforce specific laws or regulations.

#### *Service*

In the travel industry, "service" is often synonymous with "product" in that the service is the item, in whole or in part, for which the customer pays. Some services, such as providing information and making reservations, are usually offered at no cost to the consumer.

#### *Travel Trade*

The group of travel related businesses that organize, package and market travel products. Examples of businesses in the "trade" are travel agencies, group tour organizers, meeting and convention planners and tour packagers.

#### *Minnesota Office of Tourism*

The agency of Minnesota state government responsible for delivering most travel and tourism related services and programs to Minnesota travelers and travel related businesses.

### FOR ADDITIONAL COPIES CONTACT

Minnesota Office of Tourism  
375 Jackson Street  
250 Skyway Level  
St. Paul, Minnesota 55101 USA