Survey Results Reveal Successful Summer 2018 Minnesota Travel Season

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- Overview: Results from a recent Explore Minnesota survey of Minnesota lodging and camping properties reveal a successful summer 2018 travel season. The informal survey showed summer 2018 occupancy and revenue levels to be up overall, compared with summer 2017. Positive results extended across all accommodation types, especially resorts and campgrounds, and most regions of the state. Minnesota’s hotel/motel sector showed positive results, despite challenges related to significant pre-Super Bowl room supply growth that was concentrated in the Metro region.

The survey also provided a positive assessment of business expectations for the upcoming fall season for all accommodation types and Minnesota regions, as well as a continuation of positive financial health among Minnesota accommodations. Open-ended responses attributed the successful summer to sustained strength in the economy and payoffs from respondents’ improved marketing efforts, but also noted challenges related to increased room supply and private vacation rentals.

- Summer 2018 (June through August) Occupancy and Revenue: Survey results indicated higher occupancy and revenue for summer 2018 compared with summer 2017. (Note: For this and other survey questions about year-over-year changes, only the direction but not the degree of change was ascertained.) For occupancy, a weighted average 47% of respondents reported that summer 2018 occupancy was up, 28% reported that it was the same and 25% reported that it was down compared with summer 2017. For revenue, a weighted average 50% of respondents reported that summer 2018 revenue was up, while 24% reported that it was the same and 26% reported that it was down from 2017. (Note: Percentages may not total 100% due to rounding. Also, see the “rebalancing by accommodation type” section below for an explanation of weighted averages.) These results portray a strong summer for Minnesota travel. They also represent a return to a pattern of strong summer travel business growth in recent years that was interrupted briefly by more modest growth in 2017.

All accommodation types experienced positive summer 2018 occupancy and revenue results, defined here as results where more respondents reported that occupancy or revenue was up than reported that occupancy or revenue was down. Resorts and campgrounds showed the strongest growth. Also, with the exception of the Southern region, each of Minnesota’s other four tourism regions had positive occupancy and
revenue results. Occupancy rates and room rates at Minnesota hotels and motels continue to be impacted by substantial room supply growth that was concentrated in the Minneapolis-St. Paul Metro region in the lead up to Super Bowl LII last February. After a big payoff for this investment over the Super Bowl, room rates and room demand at hotels and motels have sustained levels that allowed modest year-over-year occupancy and revenue growth over the summer period.

The number of occupied state park campsites and indoor units, reported separately by the Minnesota Department of Natural Resources, were up 1% year-over-year from June 1 through August 15.

- Expectations for Fall (September and October 2018): Respondents’ outlook for fall 2018 business levels was also quite positive. Weighted average expectations for fall 2018 occupancy compared with fall 2017 occupancy were as follows: up 31%; same 53%; and down 16%. Weighted average expectations results for fall 2018 revenue compared with fall 2017 revenue were: up 33%; same 52%; and down 15%. Relative to results for summer 2018 business levels, results for fall 2018 expectations shifted toward the middle (i.e., toward same) for both occupancy and revenue. Respondents provided more same responses for fall expectations (53% for same occupancy and 52% for same revenue) than for summer results (28% for same occupancy and 24% for same revenue). All accommodation types and regions reflected positive expectations for fall occupancy and fall revenue.

- Financial Health: More than eight out of 10 (83% weighted average) respondents rated their business’s current financial health as positive. The 83% result was slightly higher than the summer 2017 positive financial health result (81.5%), slightly lower than the summer 2016 positive financial health result (84%) and relatively high among positive financial health results that have ranged between 69% and 87% since 2010. The positive responses included 27% “growing,” same as a year ago, and 56% “stable, but positive,” up slightly compared with a year ago. Only 15% of respondents rated their financial health as negative, including 13% “stable, but negative” and 2% “declining.” Two percent of respondents did not know how to rate their current financial health. At least 74% of respondents from each accommodation type and at least 79% of respondents from each tourism region rated their financial health as positive.

- Trends and Other Comments: Open-ended questions asked about new and recurring trends in customer comments, and things that impacted summer business or are likely to impact fall business, or anything else. Positive themes among comments included the effects of a continued strong economy and payoffs from better marketing, social media
strategies, positive guest reviews, good customer service and property renovations/improvements. Numerous responses cited increased group business. Many others addressed how unlicensed rentals have undermined respondents’ business levels, but with some adding that they would not mind this new form of competition if it was held to the same taxation and regulation standards. A few respondents from traditional establishments in this and other recent surveys say they have signed up with private rental services to sell rooms.

Many outdoor-oriented businesses reflected on negative impacts of a late spring and wet start of summer, but the benefit of good weather for the remainder of the season. Nearby room supply increases hampered business levels for a number of respondents, while closings of nearby businesses benefited a few resorts. Numerous comments noted problems related to workforce shortages, an increasingly prevalent theme. A few respondents cited DNR overregulation, with Mille Lacs Lake being the only specific mention. Political comments ranged from a few nods to President Trump as contributing to their good fortunes, to this: “We are weary of the national political climate and how that affects consumers and their desire to spend money in travel/entertainment.”

Customers continue to search for the best possible deal, book with short notice, and have very high expectations for facilities and services, including Wi-Fi and customer service in general. Respondents noted increased demand for one-night and partial-week stays at resorts and B&Bs that are not set up to accommodate them. One respondent observed that their customers’ enjoyment suffers from cramming their vacations into busy schedules.

- Survey Invitation Lists, and Response Rates: Explore Minnesota conducted an informal online survey in late August 2018, soliciting responses by email from 1,723 accommodations (indoor lodging properties and campgrounds) throughout Minnesota that have provided Explore Minnesota with an email address. A total of 211 responses were received for a 12.2% response rate. All but three respondents qualified to take the survey based on their response to a question confirming that they were open during the summer 2018 season. Of the 208 qualified respondents, 202 (97%) progressed through the core questions of the online questionnaire. Results reported here reflect self-reported data from all respondents.

- Responses by Accommodation Type: The distribution of survey responses by type of accommodation over-represented resorts (39% of total responses, compared with 37% of Minnesota’s distribution of accommodations). The distribution of survey responses also over-represented B&B/historic inns (14% of responses, 7% of distribution) and
“other” accommodations including vacation home rentals and vacation properties (14% of responses, 5% of distribution). The distribution of survey responses under-represented hotel/motels (26% of responses, 37% of distribution) and campgrounds (8% of responses, 15% of distribution).

- Rebalancing by Accommodation Type: Results for most survey questions were rebalanced to minimize the distortion caused by substantial over- or under-representation of respondents in some accommodation types. Weighted average results reflect Minnesota’s distribution of properties by accommodation type (found above under “responses by accommodation type”).

- Responses by Region: Two of Minnesota’s five tourism regions were over-represented by survey respondents – Northeast, with 27% of responses compared with 23% of Minnesota’s total distribution of accommodations; and Central, with 23% of responses compared with 22% of distribution. Three regions were under-represented – Northwest with 17% of responses compared with 19% of the total distribution of accommodations; Southern, with 17% of responses compared with 19% of distribution; and the Minneapolis-St. Paul (i.e., Metro), with 16% of responses compared with 17% of distribution.

- Summary statistics for the survey can be viewed online at Results for Survey Questions.