



EXPLORE
MINNESOTA™
INDUSTRY-WIDE CALL – MAY 7, 2020

-TRANSCRIPT-

John Edman: Hi, everyone, this is John Edman. I appreciate everyone taking the time to be on today's industry-wide call. This is the third industry call we've had since the start of COVID-19 and the severe impacts that it has had on the travel/tourism industry. We found out the impact with the travel/tourism industry and how devastating this is to so many folks, on the second call, we tried to respond to a lot of the questions we were hearing from people regarding funding, we had someone from the Department of Employment talking about the deed and grant programs. For today's call, we wanted to do something a little bit different. Today's call, which coincides with the start of tourism week in the United States, which is usually a celebration of travel and tourism, today, I think it is a recognition of how significant our industry is for communities around the state, country, and throughout the world. We need to talk about what's happening in our industry, we will share the results, and will explain that briefly. And a new crisis grant program we are planning to announce today that will be effective later in summer. We will provide more details on that later. Regeneration programs, P.R., as well as closing remarks regarding the Tourism Council and a few other things. For everyone during this call, and to be respectful of everyone's time, I wanted to introduce Pat Simmons. I do want to say all of us at Explore Minnesota Tourism, a lot of the open-ended comments that we've received from the industry, I really appreciate all of those comments. Sometimes they are specifically directed toward Explore Minnesota Tourism but there are other agencies in forms of government that are better to respond or to hear those comments and those comments have already been sent onto the Commissioner of Economic Development and the governor's office for their consideration. Let me turn it over to Pat Simmons to talk about the recent survey results.

Pat Simmons: As John mentioned, I am Pat Simmons, I am recently overseeing the fourth of a series of surveys we have conducted since pretty early on after we realized the kind of an impact or starting to realize the impacts being foisted upon us and those that are still emerging. I wanted to speak to the results of that survey and also spend a couple minutes speaking a little more broadly about research, resources that are available because while we are addressing some research needs, both for us and the tourism industry with the work we are doing on our own surveys, there is a wealth of information. In fact, an overwhelming amount of information coming in from a variety of different sources that may be of interest to folks on this call. I wanted to spend a little bit of time talking about that. We have links to a lot of different research resources on the coronavirus page on our web site, I encourage you to visit that to get further information on some of the things I will touch on today. One of the resources I rely on heavily and I think provides some data that can be of a guiding nature at a national level and state level is a company called Tourism and Economics. In normal times, they are of a different nature, but they are the primary company informing us about the impacts of the travel industry at the state level. On the recent report, they included projections. I expect to see an update soon. They were projecting a loss of 8 million jobs by the end of April. Leading to a GDP impact nationally of \$651 billion just in this year alone. The most recent results broken down on a weekly basis, the U.S. has shown an 89% drop travel, in

addition to the loss to the travel economy. And then they break it down on a state-by-state basis. There was an 89% match to the national drop in travel spending contributing to a cumulative over \$1.5 billion in losses to the travel economy in Minnesota. These are pretty big numbers, we are starting to get a sense of how significant the impacts are. I think it's becoming less and less surprising to us but nonetheless, it's helpful to have the quantified results for these weekly, every Thursday. There will probably be some results through last week that will be released today. A couple of other companies to pay attention to you along with international ones, Destination Analysts, surveying on the consumer side, helpful to get a sense of impacts and attitudes of consumers at this point in time. They've been doing this on an ongoing basis, so they have timelines of results and they chose some leveling off of results and even a few places where there is optimism among the results. For instance, I will throw out a couple of things, indicating among Destination Analysts, indicating they are not traveling until -- there are different ways consumers are coming to terms with the current restrictions and trying to figure out moving forward what are going to be their limitations and I think we have established there are perhaps going to be ways that the economy will be opening with safety measures taken into account, people are starting to think about things differently. Closer to home, at the University of Minnesota, if you are at all inclined, I encourage you to tune in to the webinar on Friday morning at 10:00, check the U of M's web site. It's clear that many Minnesota traveling/tourism businesses are struggling and on the verge of failing. In our most recent surveys, substantiating that, business losses continue to accumulate with more than 7 of 10 respondents to our recent survey reported that recent business activity over the last 30 days was down by 200% or more than half compared to a year ago. This was a case for both revenue and customers. A third of respondents reported recent business to be down 100%. In other words, it closed. Among the few bright spots in this last survey conducted last week, survey results showed a 13.5% reduction and those of those respondents expecting business revenue to be down. 40% of respondents represented businesses or organizations experiencing unplanned, saying it's not at all clear when they will be opening. For the remainder of this group, varying greatly, changing to policies, including stay-at-home orders, business-operated perceptions for visitors to travel when things do open up, some considerations that will play a role in their decision to not be opening. More than half of respondents expect more than three months until business improves. Our previous survey, even though more businesses are starting to see some revenue, as a general goal, the understanding is that it will be a longer period of time before things start to really improve. About 20% of respondents expect it will be more than 12 months for this to be improved, up 9 points since our previous survey. We asked for ways that Explore Minnesota Tourism can support the industry and the several items we noted, the two that popped to the top were general marketing and awareness campaign and public relations campaign for consumers, two of the things that are probably most going to impact the broadest spectrum of respondents, businesses, organizations in the Explore Minnesota Tourism industry. Many other respondents are looking to Explore Minnesota for health and safety, putting the onus on Explore Minnesota on explaining what we are and what we are not able to do. Really expanding beyond the scope of what we are positioned to do. Both to address the concerns and pass on the ones that we can't. One of the other questions that we asked was about people's interest in participating in a private Facebook group that Explore Minnesota would put together. Two-thirds of respondents reported that on a six-point scale, with four points or higher saying they -- there were open-ended questions, what they were doing to safely welcome customers and visitors and if they would be willing to share, this overlaps with an effort that D.E.E.D. is taking. For an aggregation of suggestions for businesses about what they are doing. In addition to those, we got an overwhelming number of great comments about

what measures were being taken. They make it clear that the industry is diligently following the health and safety guidance to do what they can to protect customers and as importantly, themselves. A question here about how we are using this information, certainly one of the primary things we are trying to get out of these surveys is a sense of what we can be doing. Providing the best level of support and most directly meeting the needs in the travel and tourism industry. You will see through the rest of this call, the agenda items match up really closely with what was being, what came through in the results from the survey. The advertising campaign and public relations campaign being high on the list and tweaks as they need to be made are major overhauls to existing and no new programs that match up. As far as future surveying, we heard loud and clear that respondents are feeling deluged with way too much information for them to be able to absorb. We are taking that into account as we are looking to what we are going to do with these surveys in the future. It's an ongoing communication within the offices, what the content is going to be to both direct what we are doing and provide some intelligence that might be helpful to the industry. Keep that in mind as we move forward and keep your eyes open for the invitation to take another survey. Thank you very much to those that have participated and I will turn it back to John now.

John Edman: Thank you very much, Pat, for that brief explanation of our recent survey. The analysis that Pat provided, actually a lot more is available on the Explore Minnesota industry site. I think Pat ended up transitioning very well to the other part of this call, what are the things that Explore Minnesota can do and in talking internally about a number of different programs and ideas, P.R., marketing that we can do to respond to the industry concerns? It has to do with a new crisis plan, organizations around the state are not receiving any launching, they are facing quite a challenge with digital marketing, when things start to recover, so we've crafted this new grant program to help communities all throughout the state to explain a little bit more about that. I will turn it over.

Beth Helle: Thanks, John. I would like to talk specifically about a couple of programs that serve our promotional partners around the state. And the new tourism marketing crisis grant program. Again, as we were considering what we could do to support communities and primary tourism promotion agencies at this time, we looked at our current marketing grant program that runs on a calendar year. This program is available to qualifying nonprofit organizations, with the primary purpose of P.R. and marketing for their communities. While we are only a few months into the grant program right now, we found that most marketing programs and commitments by our partners under this program are either on hold or uncertain to run both based on financial match needed to unlock these grant dollars and of course, the timing. When we are in the middle of a grant cycle, as we are now, the dollars are all committed to that program and not available for repurchasing. In order to utilize the funds that may not be used for the rest of the cycle as we anticipate, without losing those dollars to this program and for the industry, we've decided to end the current program and launch a larger, more immediate relief marketing program. We will end the current 2020 grant program effective tomorrow, May 8th. Notices will be sent to all current grantees with the process for completing the 2020 grant cycle. All qualifying expenses for this program that were incurred by any of the grantees through January 1st through May 8th will be paid out. The deadline will be June 15th, 2020. All of the remaining funds for this program are going to be rolled and added two additional funding to create the crisis marketing grant program available to qualifying organizations. The new program funding will be available on July 1st, 2020, for the period of July 1st through May 1st, 2021. The funding -- our grant awards will be higher in all of the categories and will be based on the historical average of grant consumption. Qualifying, again, tours and

promotion agencies are available -- eligible for these awards. Even the qualifying promotion agencies that have not used this grant program may also qualify for an award. There will be no match requirement. The money will be free of any match requirement. Very different from the program that we have run in the past. There will be no in-state and out-of-state requirement. You can market closer to home if you choose. Grant funds tend to either be reimbursed just as we do now, or we can fund those in advance with the completion of a hardship waiver. That is a very broad overview of the program and there are more dissident guidelines being worked on right now. We estimate we share it out with the industry on June 1st. The current grant cycle for 2020 and a new crisis grant program with larger awards, no match, and no geographical limitations, will be available on July 1st. The second thing you want to talk about is the newly revised web site generation program. Again, this is among the partner opportunities available on ExploreMinnesota.com . Sharing consumer leads from the web site. You receive leads to send out brochures. This is a paid opportunity for eligible communities and historically, this program has produced 100,000 leads annually from consumers. In an effort to support communities, for qualifying -- we will provide unlimited leads for qualifying communities available at no charge. Communities must be able to fulfill requests with a single brochure or electronic brochures that matches the name on the order form. The one thing is that communities must be able to respond to requests at the time to join the program. If, for some reason, you are unable to fulfill brochures or information requests at this time, you can join at any time in the year for the remaining part of the year at no charge. The revised form for joining the program at no cost will be available on the industry site, it will be linked to the email that will follow this call, and also shared in Monday's email. The current partner of communities enrolled in the program do not need to reapply the program and any accumulated lead charges today, after the launch of our web site in February, will be waived to all of those partners. More information on both the crisis grant program and a lead generation program will be shared on the industry site and through weekly, upcoming weekly editions. That's it for me.

John Edman: Thank you very much, Beth. Look to EMT Express in the coming days. We feel the dollars, that the industry is unable to use now, we want to repurpose that under a new program to allow more flexibility and allow it to be used in state, with -- without a match. Our industry is desperately in need of support, it's the least we can do. As well as the leads program. The other two items we wanted to touch on today, the new P.R. campaign, to travel this summer and beyond to talk about both the P.R. campaign as well as our interim marketing campaign. I will turn it over to Leann Kispert.

Leann Kispert: Thank you, John. As Pat mentioned, the latest survey indicated that the marketing and P.R. campaigns are areas where the Minnesota industry is looking for Minnesota to execute. We are in the process of developing a robust public relations campaign with our agency, Belmont Partners. The plan will take a phased approach, with each phase recognizing what's happening in the industry, what is open, what activities are approved and available, as well as considering the psychology of the consumer and the continuum of their journey. We want to gently continue to move people from where they are today doing outdoor activities in their neighborhoods to feeling confident and safe about taking overnight and longer trips that are more involved. Each phase will be strategically driven with tactics developed to build up that consumer confidence with storytelling that really communicates the industry's preparedness. We hope to have the details of this plan finalized within a few weeks and we will begin executing again as soon as possible. These phases are also very complementary to the approach that we are taking on the advertising side of the business. As we have talked about previously, there is an interim campaign that is ready to launch at the appropriate time. The creative emphasizes

our true nature by featuring outdoor recreation activities throughout the state. It is encouraging, uplifting, hopeful with the ultimate goal of raising awareness of existing travel opportunities in Minnesota throughout the region. The media plan includes broadcast, digital, and paid social that would be targeted currently to the bistate area. After this campaign has been marketed for a few weeks, the plan is to begin transitioning back to our "True North" summer camping campaign. We will be ratcheting up more direct messaging and happy up the media in more regionalized markets when we get a picture of what the new normal is. On our last industry call, we told you that marketing and communications were nearly 100% paused. We are reintroducing our consumer newsletters and continually revving up strategic marketing of our web site content, relevant to the approved outdoor activities, business sectors that are open, as well as very specific articles about Minnesota tourism during COVID. We posted just yesterday a new article about the pivot to virtual events. That is one example of the type of content that we are promoting but also we are looking for those details and that information from destination and event organizers so we are able to keep promoting those types of creative and innovative takes on tourism and events throughout the summer and will keep that promotion going on an ongoing basis as long as we need to. So that is kind of the state of the state as it relates to P.R. and marketing, lots of planning and lots of production happening right now. And everything will be launched as soon as possible.

John Edman: Great. Thank you, Leann. We want to get into the marketplace as quick as we can with messages to instill confidence in the consumers and get them thinking about travel again and slowly build and recover travel and tourism as Leann mentioned. I want to add as an aside, there's been some discussions with the Commissioner of Economic Development, Steve Grove, about developing protocols to ensure the safety of consumers when they travel. I know there is so much on the part of the industry to protect consumers and deal with the right social distancing and safety for travelers when they come. The other side of it we are trying to address is instill the confidence on the part of the consumers, that they still can travel, they can still be taken care of when they travel, and they can get back to the travel and tourism industry as we were several months ago. With the industry efforts as well as promotion and public awareness as well as the systems to deal with the crisis grant programs, trying to do everything we can within our power, to get our industry back on track. Those are primarily the things we wanted to mention to everyone today during this industry call. The final thing, one item I wanted to mention, is that there are some open seats on the Explore Minnesota Tourism Council. I know some members are hoping to be able to continue through with our appointments by the governor. But right now, there are openings for various categories, including bed and breakfast, Chamber of Commerce, golf representative, lodging representative, Visitors Bureau, restaurants, Trails and Trail Associations, as well as resort. If there's anyone on this call that is at all interested and would like their name considered for a possible appointment to the Council by the governor, I encourage you to do so as soon as possible. I think that is about it for the updates I wanted to provide here today. We're going to continue these calls over the next several weeks or so, depending on how updates develop. We are working on a new phased approach for a co-op program. Our co-op program is available to nonprofit as well as for-profit companies. We wanted to dramatically reduce our buy-ins in the industry, with a phased in co-op program. That'll be announced around June 1st or by that start. I think that concludes everything we wanted to talk about today. I appreciate everybody's time on this call and if you have any other questions or feedback, things that you would like to hear or want sent directly to me, feel free to email me or call me on my cell. Let's try to get our industry back on track. Thank you very much, have a great rest of your day.