Summer 2020 Survey Results Are Mixed, Reflect COVID Challenges for Minnesota Tourism Businesses

- **Overview**: Results from a recent Explore Minnesota survey of Minnesota lodging and camping properties revealed a downturn in business activity during the COVID-influenced 2020 summer season, marking an end to a long string of strong summer travel seasons in Minnesota. However, the results were mixed, revealing a divide between resorts and campgrounds faring much better than hotels and motels, and greater Minnesota reporting stronger summer tourism business than the metro region. Results and responses to open-ended questions on the informal survey also provided insights into the challenges tourism businesses are facing while operating during a pandemic.

The survey also provided an assessment of business expectations for the upcoming fall season that mirrored summer experiences, with a similar downturn overall and a continued divide by accommodation type and geography. Responses of positive financial health slightly outnumbered negative financial health among Minnesota accommodations, but represented a sharp downturn in this metric compared with comparable results from recent years. Many respondents anticipate a long road to recovery, including 33% who don't think their business activity will return to pre-COVID levels until the second half of 2021, and 21% who don't anticipate business returning to pre-COVID levels until at least 2022, if ever.

- **Summer 2020 (June through August) Demand and Revenue**: Survey results indicated lower demand and revenue for summer 2020 compared with summer 2019. (*Note:* For this and other survey questions about year-over-year changes, only the direction but not the degree of change was ascertained.) For demand, a weighted average 31% of respondents reported that summer 2020 demand was up, 11% reported that it was the same and 58% reported that it was down compared with summer 2019. For revenue, a weighted average 29% of respondents reported that summer 2020 revenue was up, while 11% reported that it was the same and 61% reported that it was down from 2019. (*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 the weakest summer for Minnesota travel in recent years. They also represent a break from a run of strong Minnesota summer travel business growth that extends back to the beginning of the industry's recovery from the Great Recession in 2010. These trends are consistent with national trends over the same period.

The 2020 questionnaire asked respondents whose business activity was down to indicate the extent to which their activity was down. Results reflected sharp business declines for many businesses, for both demand and revenue. Twenty-one percent of respondents reported that their summer revenue was down more than 50%, with another 21% reporting that revenue was down between 26% and 50%, and 19% reporting that revenue was down between 1% and 25% compared with summer 2019. Results for 2020 summer demand declines were similar.

Summer business activity results varied widely by accommodation type and by geography. Resorts and campgrounds fared much better than hotels and motels, and greater Minnesota fared much better than the metro region. These findings are consistent with results from other research reported by Explore Minnesota during the COVID-19 pandemic, including a mid-July Explore Minnesota survey of Minnesota destination marketing organizations. Resorts and campgrounds have been a good fit for consumers looking for getaways that provide opportunities to manage their risk of exposure to COVID-19, with greater confidence that they can easily maintain social distancing while enjoying outdoor experiences. By contrast, hotels and motels have suffered the most of any lodging sector, due in part to a severe downturn in meeting, convention and event business during the pandemic. The metro region, where many of the state's large group activities typically occur, suffered the greatest declines in summer 2020 business. Civil unrest in the metro has also posed safety concerns for some would-be visitors to the region. Within the metro, STR lodging reports have shown Minneapolis to have the state's sharpest declines in lodging performance in recent months.

State parks were not included in Explore Minnesota's survey, since park use data is available separately from the Minnesota Department of Natural Resources (DNR). State parks experienced a strong summer of overnight use consistent with survey results for private sector campgrounds noted above. The summer occupancy rate of Minnesota state park campsites and indoor units jumped 17% during the June 1 through August 15 period this year, compared with the same period of 2019. This summer's 63% occupancy rate was based on lower numbers of available and occupied nights, a result of COVID-related delays in the opening of many state park campgrounds and lodging/cabins. The DNR reported just under 172,000 occupied state park campsites and indoor units between June 1 and August 15, 2020.

- **Guest Origin and Progression of Business Activity over the Course of the Summer**: Anticipating shifts in summer 2020 experiences of Minnesota's lodging and camping properties, two new survey questions were added to this year's survey to address visitor origin and the progression of activity over the course of the summer. Consistent with close to home travel trends during the pandemic, nearly half (47%) of respondents reported that Minnesotans made up a bigger share of their summer guests, compared with other recent summers. Still, 30% of respondents reported that their guest origins were similar to other recent summers. Consistent with the loosening of travel restrictions early in the summer, the biggest share of respondents (40%) reported that business activity picked up strength more than usual during the summer. However, another 30% reported that business activity dropped off more than usual over the course of the summer, perhaps related to renewed travel concerns after a mid-summer resurgence of confirmed COVID cases in Minnesota and elsewhere.

- **Expectations for Fall (September and October 2020)**: Respondents' outlook for fall 2020 business levels was quite similar to their reported summer activity levels. Weighted average expectations for fall 2020 demand compared with fall 2019 demand were as follows: up 24%; same 20%; and down 56%. Weighted average expectations results for fall 2020 revenue compared with fall 2019 revenue were: up 22%; same 20%; and down 59%. Fall expectations by accommodation type and region showed similar patterns to summer business levels, with resorts, campgrounds and greater Minnesota having the most positive expectations and hotel/motels and the metro region showing the most negative expectations.

- **Financial Health and Anticipated Return to Pre-COVID Business Levels**: Despite recent business hardships, more than half (51% weighted average) of respondents rated their business's current financial health as positive, including 18% responding "growing" and 35% responding "stable, but positive." The 51% result was considerably lower than the summer 2019 positive financial health result (80%). Forty-five percent of respondents rated their financial health as negative, including 27% "stable, but negative" and 18% "declining." Three percent of respondents did not know how to rate their current financial health. The 45% negative result was up from 18% a year ago. Consistent with other results, resort, campground and greater Minnesota financial health results were substantially more positive, and hotel/motel and metro results were substantially more negative than overall results.

Nearly one third of respondents stated that business activity has already surpassed or has returned to pre-COVID levels (31%). However, 33% of respondents don't think their business activity will return to pre-COVID levels until the second half of 2021, and another 21% don't anticipate business returning to pre-COVID levels until at least 2022, if ever. Resort and campground respondents and respondents from greater Minnesota were more likely to have already returned to pre-COVID levels, while hotel/motel respondents and respondents from the metro were more likely to respond that they anticipated a later return to pre-COVID activity levels.

- **Themes in Comments**: Open-ended questions asked respondents why they did not open for business this summer, what their biggest challenges have been since the onset of CCOVID-19, and for ideas about how Explore Minnesota can best support Minnesota's tourism industry right now and in the near future. Among the small number of respondents who were not open for business at all during the summer, reasons for not opening reflected concerns about the economic viability of operating during COVID, along with concerns about the health and safety of business operators and their guests alike.

An overarching theme among responses to open-ended questions was the amount of extra effort required to navigate business operations during a pandemic. Many respondents commented on the challenges involved in keeping up with continuously changing rules and regulations. Additional burdens noted in responses included endless cleaning and sanitizing protocols, extra laundry, continuous demands of guests and potential guests to reassure them of their safety and provide other information, dealing with much higher than normal numbers of cancellations, and special challenges to meet staffing needs at a time when many potential employees were either reluctant to work for safety concerns or had less incentive to (return to) work if they were receiving generous unemployment benefits. A number of respondents commented on the level of physical and emotional exhaustion they were experiencing, with a few noting how hard it has been to not be able to have the level of personal connection with their guests that they are accustomed to. Even for respondents whose properties have been thriving, i.e., mostly resort and campground operators, the amount of work required during COVID has been exhausting. Some comments noted how quickly cancellations could be filled, sometimes by the next caller shortly after hanging up from the cancellation call.

Suggestions for how Explore Minnesota can support the tourism industry included numerous notes of encouragement to continue providing education and guidance to direct the industry through applicable government programs, or emphasized the need for Explore Minnesota and others to reinforce the notion that Minnesota is open for travel, and that tourism businesses are taking safety and health concerns very seriously. Some comments urged Explore Minnesota to advocate for changes in policies like Canadian border crossing restrictions or police and safety issues, actions Explore Minnesota is generally unable to perform because of lobbying and advocacy limitations of state agencies. Interestingly, comments about the prolonged Canadian border closure included a greater number of respondents who reported benefitting from business of U.S. residents unable to go to Canada, compared with comments by respondents with complaints of being hurt by the closed border.

- **Survey Invitation Lists, and Response Rates**: Explore Minnesota conducted an informal online survey in late August 2020, soliciting responses by email from 1,573 accommodations (indoor lodging properties and campgrounds) throughout Minnesota that have provided Explore Minnesota with an email address. A total of 307 responses were received for a 19.5% response rate. All but 11 respondents qualified to take the survey based on their response to a question confirming that they were open during at least a portion of the summer 2020 season. Among respondents whose properties were only open during a portion of the summer, the majority were open at least 75% of the summer. Of the 296 qualified respondents, 280 (95%) 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 (37% of responses, compared with resorts representing 36% of the distribution of accommodations). The distribution of survey responses also over-represented B&B/historic inns (8% of responses, 7% of distribution) and "other" accommodations including vacation home rentals and vacation properties (10% of responses, 6% of distribution). The distribution of survey responses under-represented hotels/motels (35% of responses, 36% of distribution) and campgrounds (11% 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 26% of responses compared with 22% of distribution. Eighteen percent of respondents were from the northwest region, the same portion as the region represents in the total distribution of accommodations. Two regions were under-represented – the Minneapolis-St. Paul metro region, with 12% of responses compared with 18% of distribution; and southern, with 17% of responses compared with 19% of distribution.

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