

# 2012 MICHIGAN TOURISM PAST PERFORMANCE AND FUTURE EXPECTATIONS

The Pure Michigan Governor's Conference on Tourism  
March 25-27, Grand Rapids, MI

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Department of Community, Agriculture, Recreation and Resource Studies  
Michigan State University

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## OUTLINE

- Overview of industry – global and national
- 2011 Michigan tourism year-in-review
- 2012 Michigan tourism forecast

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## TOURISM INDUSTRY: GLOBAL AND NATIONAL PERSPECTIVES



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## TOURISM INDUSTRY ON THE GLOBAL LEVEL (WTTC)

- “2011 was one of the most challenging years ever experienced by the global Travel & Tourism industry. However, our latest research suggests that, despite political upheaval, economic uncertainty and natural disasters, the industry’s direct contribution to world GDP grew by nearly 3%”
- In comparison to projected growth of 4.5%
- The TTE is projected to grow by 2.8% in 2012; an average growth rate of 4.2% per annum is projected through 2022
- The global contribution of travel and tourism in 2011:
  - direct – US\$2 trillion, 98 million jobs
  - indirect – US\$6.3 trillion (9.0% of GDP), 255 million jobs (8.3% of global employment)

Source: World Travel & Tourism Council  
[http://www.wttc.org/site\\_media/uploads/downloads/Economic\\_impact\\_reports\\_Summary\\_v3.pdf](http://www.wttc.org/site_media/uploads/downloads/Economic_impact_reports_Summary_v3.pdf)  
[http://www.wttc.org/site\\_media/uploads/downloads/MonthlyUpdate\\_January\\_2012final.pdf](http://www.wttc.org/site_media/uploads/downloads/MonthlyUpdate_January_2012final.pdf)

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## TOURISM INDUSTRY ON THE GLOBAL LEVEL (UNWTO)

- Tourism in 2011 – “a year characterised by a stalled global economic recovery, major political changes in the Middle East and North Africa, and natural disasters in Japan”
- Est. 980 million international tourism arrivals, up 4.4% over 2010
  - All world regions saw increases in arrivals, but higher in advanced economies (5.0%) than emerging regions (3.8%)
  - Europe +6%, Asia & Pacific +6%, Americas +4%
  - Africa 0%, Middle East -8%
- Data on international tourism receipts not yet finalized

Source: UNWTO [http://dx.doi.org/10.18004/11362/cloudfront.net/sites/all/files/pdf/unwto\\_barom12\\_01\\_january\\_en\\_excerpt.pdf](http://dx.doi.org/10.18004/11362/cloudfront.net/sites/all/files/pdf/unwto_barom12_01_january_en_excerpt.pdf)

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## TOURISM INDUSTRY ON THE GLOBAL LEVEL (UNWTO)

- Outbound international expenditures (estimated) – growth in spending led by emerging source markets
  - China +38%
  - Brazil +32%
  - India +32%
  - Russia +21%

Source: UNWTO [http://dx.doi.org/10.18004/11362/cloudfront.net/sites/all/files/pdf/unwto\\_barom12\\_01\\_january\\_en\\_excerpt.pdf](http://dx.doi.org/10.18004/11362/cloudfront.net/sites/all/files/pdf/unwto_barom12_01_january_en_excerpt.pdf)

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### TOURISM INDUSTRY ON THE GLOBAL LEVEL (UNWTO)

- “International tourism hit new records in 2011 despite the challenging conditions. For a sector directly responsible for 5% of the world’s GDP, 6% of total exports and employing one out of every 12 people in advanced and emerging economies alike **these results are encouraging, coming as they do at a time in which we urgently need levers to stimulate growth and job creation**”  
(UNWTO Secretary-General, Taleb Rifai)

Source: UNWTO [http://dtxq4w60xpw.cloudfront.net/sites/all/files/pdf/unwto\\_barom12\\_01\\_january\\_en\\_excerpt.pdf](http://dtxq4w60xpw.cloudfront.net/sites/all/files/pdf/unwto_barom12_01_january_en_excerpt.pdf)

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### TOURISM INDUSTRY ON THE GLOBAL LEVEL (UNWTO)

#### Forecast for 2012

- International tourism arrivals projected to increase 3-4% in 2012
- Emerging regions will regain lead in growth
- “International tourist arrivals are on track to reach the milestone one billion mark later this year”

Source: UNWTO [http://dtxq4w60xpw.cloudfront.net/sites/all/files/pdf/unwto\\_barom12\\_01\\_january\\_en\\_excerpt.pdf](http://dtxq4w60xpw.cloudfront.net/sites/all/files/pdf/unwto_barom12_01_january_en_excerpt.pdf)

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### TOURISM INDUSTRY ON THE GLOBAL LEVEL (UNWTO)

- “As destinations worldwide look to stimulate travel demand under pressing economic conditions, **UNWTO is urging governments to consider advancing travel facilitation**, an area in which in spite of the great strides made so far there is still much room for progress. **UNWTO advises countries to make the most of information and communication technologies in improving visa application and processing formalities**, as well as the timings of visa issuance, and to analyze the possible impact of travel facilitation in increasing their tourism economies.”
- Includes the immigration + customs experience

Source: UNWTO [http://dtxq4w60xpw.cloudfront.net/sites/all/files/pdf/unwto\\_barom12\\_01\\_january\\_en\\_excerpt.pdf](http://dtxq4w60xpw.cloudfront.net/sites/all/files/pdf/unwto_barom12_01_january_en_excerpt.pdf)

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### TOURISM INDUSTRY ON THE NATIONAL LEVEL (OTTI)

- International visitors up 4.2%
- International receipts up 8.8%
- 2011 was the 23<sup>rd</sup> consecutive year that the travel and tourism industry generated a balance of trade surplus in the US

Source: U.S. Office of Travel and Tourism Industries (OTTI) [http://tinet.ita.doc.gov/news/archive/news2012/20120307\\_2011\\_international\\_visitation.html](http://tinet.ita.doc.gov/news/archive/news2012/20120307_2011_international_visitation.html)

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### CHANGE IN TOP 15 MARKETS (2011 vs. 2010) (OTTI)

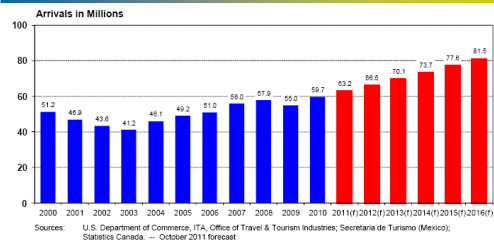
1. Canada	+5%	10. Australia	+15%
2. Mexico	0%	11. Italy	+6%
3. UK	0%	12. Spain	+9%
4. Japan	-4%	13. India	+2%
5. Germany	+6%	14. N'lands	+5%
6. Brazil	<b>+26%</b>	15. Venezuela	+14%
7. France	+12%		
8. South Korea	+3%		
9. China (ex. HK)	<b>+36%</b>		

Source: U.S. Office of Travel and Tourism Industries (OTTI) [http://tinet.ita.doc.gov/news/archive/news2012/20120307\\_2011\\_international\\_visitation.html](http://tinet.ita.doc.gov/news/archive/news2012/20120307_2011_international_visitation.html)

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### International Visitors to the U.S. and Projections (2000-2016)



Office of Travel & Tourism Industries, International Trade Administration, U.S. Department of Commerce

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**TOURISM INDUSTRY ON THE NATIONAL LEVEL**



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**MICHIGAN TOURISM:  
A LOOK BACK  
AT THE YEAR**

**2011**



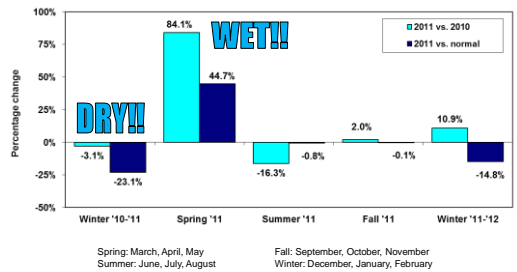
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**MICHIGAN TOURISM: A LOOK BACK AT THE YEAR 2010**

- Weather
- Hotel occupancy
- Sales and use tax
- CVB taxes and assessments
- Visits to attractions
- Consumer confidence
- Gas prices, traffic counts and bridge crossings
- Comerica Bank MI Tourism Index – no longer published

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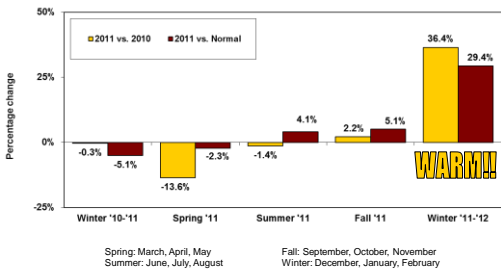
**MICHIGAN TOURISM INDUSTRY INDICATORS:  
TOTAL PRECIPITATION BY SEASON**



Source: Midwestern Regional Climate Center.

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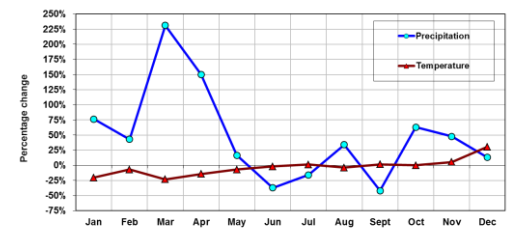
**MICHIGAN TOURISM INDUSTRY INDICATORS:  
AVERAGE MAXIMUM TEMPERATURES BY SEASON**



Source: Midwestern Regional Climate Center.

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**MICHIGAN TOURISM INDUSTRY INDICATORS:  
2011 VS 2010 WEATHER BY MONTH**

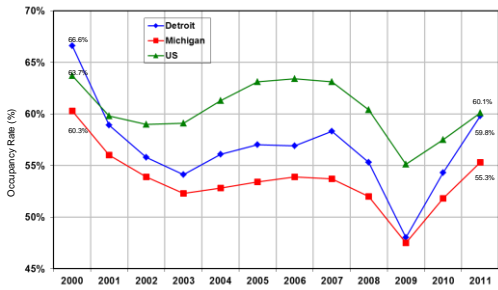


Source: Midwestern Regional Climate Center.

Annual Changes:  
Precip. 15.6% Temp. -3.2%

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### HOTEL OCCUPANCY: US/MICHIGAN/DETROIT 2000-2011



Source: Smith Travel Research.

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### MICHIGAN TOURISM INDUSTRY INDICATORS 2011 VS 2010 HOTEL DATA

	Occupancy	ADR	RevPAR
USA	+4.4%	+3.7%	+8.2%
Michigan	+6.9%	+3.0%	+10.0%
Detroit	+10.2%	+2.9%	+13.4%

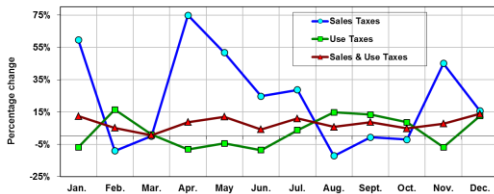
Michigan exhibited the *fifth largest improvement* in end-of-year occupancy of any US state in 2011

Detroit exhibited the *largest improvement* in end-of-year occupancy of the 25 largest US markets in 2011

Source: Smith Travel Research.

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### MICHIGAN TOURISM INDUSTRY INDICATORS: 2011 VS 2010 MONTHLY CHANGES IN HOSPITALITY TAXES (SIC 701)

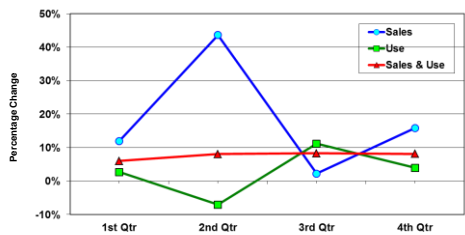


Annual Changes:  
Sales 15.9% Use 3.8%  
Sales & Use 7.8%

Source: Michigan Department of Treasury, Office of Revenue and Tax Analysis.

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### MICHIGAN TOURISM INDUSTRY INDICATORS: 2011 VS 2010 QUARTERLY CHANGES IN HOSPITALITY TAXES (SIC 701)

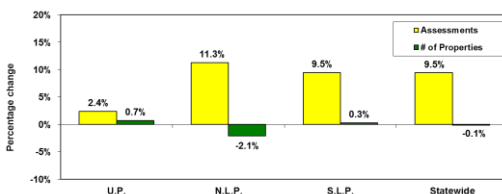


Annual Changes:  
Sales 15.9% Use 3.8%  
Sales & Use 7.8%

Source: Michigan Department of Treasury, Office of Revenue and Tax Analysis.

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### MICHIGAN TOURISM INDUSTRY INDICATORS: 2011 VS 2010 PERCENT CHANGE IN ASSESSMENTS AND PROPERTIES

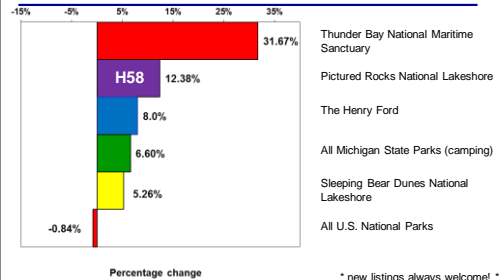


n = 35  
Thank you MACVB!

Source: 2012 Dept. of CARRS Survey of Assessments

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### MICHIGAN TOURISM INDUSTRY INDICATORS: 2011 vs. 2010 TOURISM ACTIVITY INDICATORS



\* new listings always welcome! \*

Sources: The Henry Ford; MI DNR; US National Park Service.

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**Most Beautiful Place in America**  
according to ABC's Good Morning America



The secret is out...  
Michigan state parks are best in the nation!

The National Recreation and Park Association awarded the 2011 Gold Medal to Michigan, rating our state parks #1 in the country. Discover Michigan's true natural treasures by exploring the 59 state parks and recreation areas that boast hundreds of miles of Great Lakes shoreline, exotic trails winding through pristine forests, over 12,000 campsites and fun, sunny beaches and sandbars to enjoy.

The secret is out. Your good times and future memories are waiting.

Make a reservation by calling 800-44-PARKS or visit [www.michigan.gov/campingsites](http://www.michigan.gov/campingsites) or [www.michigan.gov/stateparks](http://www.michigan.gov/stateparks)

**GEORGE ZIMMERMANN**

- State Tourism Director of the Year
- First Michigan tourism director to receive this recognition
- Only person to receive this honor twice

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**Undiscovered Wine Regions**

Not literally undiscovered, but certainly overlooked, these off-the-radar destinations are well

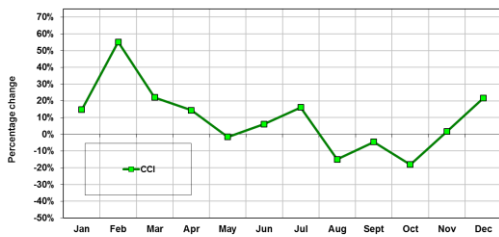
**3. Michigan, United States Northern Exposure**



Most quality wine grapes grow within 25 miles of Lake Michigan. Thanks to the lake effect, persistent snowfall helps protect the vines in winter, while generally to warm waters lengthens the growing season in autumn. Located on the 48th Parallel—the same latitude as Burgundy and Oregon—Michigan has four AVAs and nearly 50 wineries. Drinking in the most widely spaced state, where Pinot Noir has the best of both. Michigan's favorite summer vacation spot is also a haven for wine grapes: Traverse City, in 1974. Ed O'Veille

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**MICHIGAN TOURISM INDUSTRY INDICATORS:  
2011 VS 2010 CONSUMER CONFIDENCE INDEX**

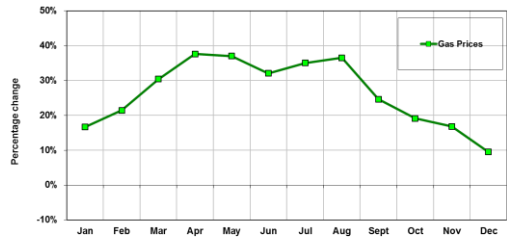


Source: The Conference Board

Annual Change:  
**+ 8.97%**

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**MICHIGAN TOURISM INDUSTRY INDICATORS:  
2011 VS 2010 GAS PRICES**

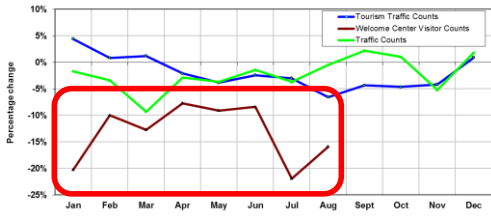


Source: AAA Michigan.

Annual Change:  
**26.3 %**

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### MICHIGAN TOURISM INDUSTRY INDICATORS: 2011 VS 2010 HIGHWAY TRAFFIC AND WELCOME CENTER VISITOR COUNTS



Annual Change:  
Traffic - 2.3% Tourism Traffic - 2.2%

Source: MI Department of Transportation.

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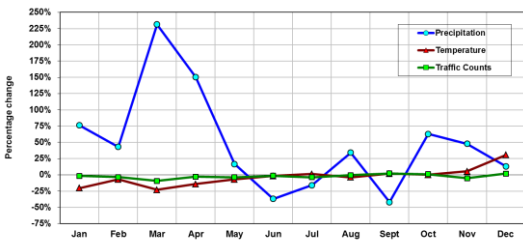
### MICHIGAN HIGHWAY TRAFFIC COUNTS YEAR-TO-YEAR CHANGE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	↑	↑	↑	↑	↑	↓	↓	↑	↓	↑	↑	↑
2004	↓	↑	↑	↑	↓	↓	↑	↓	↑	↓	↓	↓
2005	↑	↓	↓	↓	↑	No change	↓	↓	↓	↓	↓	↓
2006	↑	↓	↑	↓	↓	↓	↓	↓	↑	↓	↑	↑
2007	↓	↓	↓	↓	↓	↓	↑	↑	↑	↓	↓	↓
2008	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
2009	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
2010	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑	↑
2011	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓

Source: Michigan Department of Transportation.

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### MICHIGAN TOURISM INDUSTRY INDICATORS: 2011 VS 2010 WEATHER AND TRAFFIC

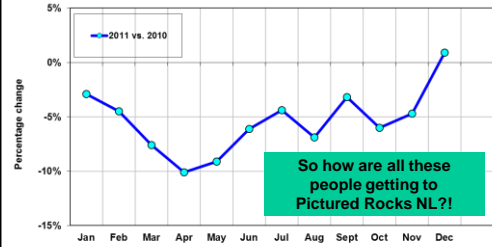


Annual Changes:  
Precip. 15.6% Temp. - 3.2% Traffic - 2.3%

Source: Midwestern Regional Climate Center; Michigan Department of Transportation.

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### MICHIGAN TOURISM INDUSTRY INDICATORS: 2011 VS 2010 MONTHLY MACKINAC BRIDGE CROSSINGS



So how are all these people getting to Pictured Rocks NL?!

Annual Change:  
- 5.6%

Source: Mackinac Bridge Authority.

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### MACKINAC BRIDGE TRAFFIC COUNTS YEAR-TO-YEAR CHANGE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
2004	↓	↑	↓	↓	↓	↓	↓	↓	↑	↓	↓	↓
2005	↑	↓	↑	↓	↓	↓	↓	↓	↓	↓	↓	↓
2006	↓	↓	↓	↑	↓	↓	↓	↓	↑	↓	↑	↑
2007	↓	↓	↓	↓	↓	↓	↓	↑	↑	↑	↓	↓
2008	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
2009	↓	↓	↓	↑	↑	↑	↑	↑	↑	↑	↑	↑
2010	↑	↑	↑	↑	↓	↑	↑	↑	↑	↑	↓	↓
2011	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓

Source: Mackinac Bridge Authority.

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### MACKINAC BRIDGE TRAFFIC COUNTS YEAR-TO-YEAR CHANGE

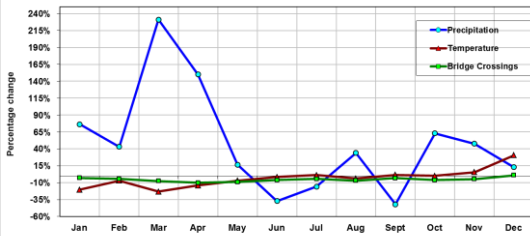
Year	Count (million)	% from prev. year
1992	3.678	+ 4.0%
1993	3.993	+ 8.6%
1994	4.333	+ 8.5%
1995	4.557	+ 5.2%
1996	4.625	+ 1.5%
1997	4.626	0.0%
1998	4.891	+ 5.7%
1999	4.836	- 1.1%
2000	4.756	- 1.7%
2001	4.676	- 1.7%

Year	Count (million)	% from prev. year
2002	4.733	+ 1.2%
2003	4.529	- 4.3%
2004	4.427	- 2.2%
2005	4.236	- 4.3%
2006	4.133	- 2.4%
2007	4.054	- 1.9%
2008	3.696	- 8.9%
2009	3.877	+ 4.9%
2010	3.948	+ 1.8%
2011	3.728	- 5.6%

Source: Mackinac Bridge Authority.

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### MICHIGAN TOURISM INDUSTRY INDICATORS: 2011 VS 2010 WEATHER & MACKINAC BRIDGE CROSSINGS

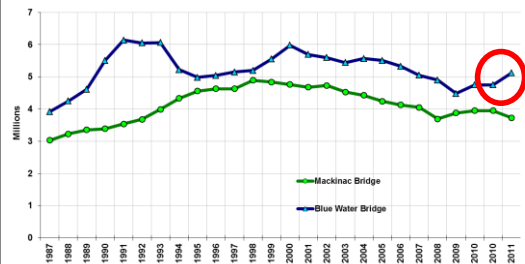


Source: Mackinac Bridge Authority; Midwestern Regional Climate Center.

Annual Change:  
Bridge - 5.6% Precip. 15.6% Temp. - 3.2%

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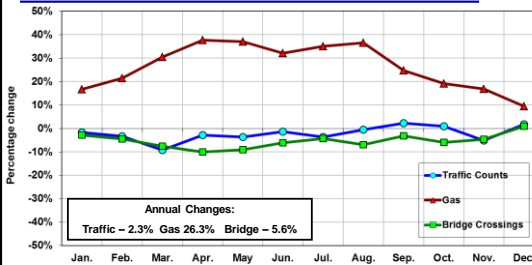
### TRENDS IN TRAFFIC COUNTS ON SELECTED MICHIGAN BRIDGES



Source: Mackinac Bridge Authority; Blue Water Bridge Authority.

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### MICHIGAN TOURISM INDUSTRY INDICATORS: 2011 VS 2010 TRAFFIC, BRIDGE CROSSINGS & GAS PRICES



Source: Michigan Department of Transportation; AAA Michigan; Mackinac Bridge Authority.

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### GIVEN OTHER INDICATORS ... HOW CAN THIS BE?

- In-state travelers
  - Traveling more thoughtfully
  - Traveling less often but longer stays
- Out-of-state travelers
  - Less frequent trips but also longer stays

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### SUMMARY OF MICHIGAN TOURISM INDUSTRY 2011 VS 2010 INDICATORS

- **Weather:** 2011 was wetter (+15.6%) and cooler (-3.2%) than 2010 (*though only 7% wetter but 3% warmer than average*)
- **Hotel occupancy:** up 6.9% (up 10.2% in Detroit)
- **Sales and use tax:** up 7.8% (*our measure of spending*)
- **Assessments:** up 9.5%
- **Visits to attractions:** varying, positive
- **Consumer confidence:** up 9.0%
- **Gas prices:** up 26.3%
- **Travel activity (as measured by traffic):** down
  - statewide traffic counts down 2.3% (tourism traffic ↓ 2.2%)
  - Mackinac Bridge down 5.6%

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## How We Develop Our Forecast

- Last year's forecast
- Economy
- Tourism trends
- Google Insights
- Pure Michigan activity
- Misc. issues (gas prices)
- CVB Projections
- Forecast Advisory Team discussion

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## The Forecast Advisory Team

Participants in 2012 Meeting:

- Dr. Don Holecek
- Lori Langone
- Dr. Dan McCole
- Dr. George Moroz
- Dave Morris
- Dr. Sarah Nicholls
- Michael O'Callaghan
- Tracy Padot
- Dr. Annie Rummel
- Rick Schmitt
- Bill Sheffer
- Dave Smythe
- Dr. Christine Vogt

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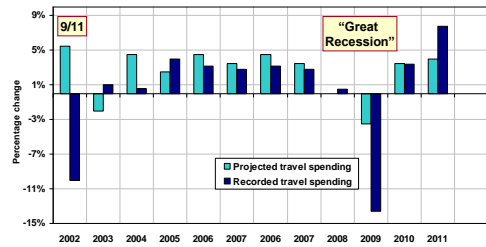
## HOW ACCURATE WERE MSU'S PROJECTIONS FOR MICHIGAN TOURISM IN 2011?

	2011	
	Projected by MSU	Actual data
Travel volume	+ 3%	-2.2%
Travel spending	+ 4%	+7.8%
Travel prices	+ 3%	+2.7%

Source: MSU Department of CARRS; Michigan Department of Transportation; Michigan Department of Treasury; Bureau of Labor Statistics.

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## HOW ACCURATE WERE MSU'S PROJECTIONS FOR MICHIGAN TOURISM OVER THE YEARS?



Source: MSU Department of CARRS; Michigan Department of Treasury.

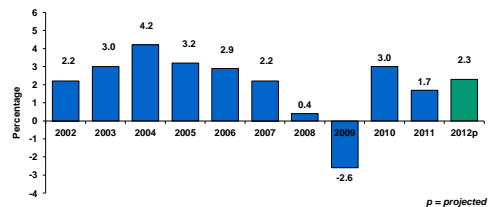
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## Economy

Ability to spend on travel  
and  
Willingness to spend on travel

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## GROWTH OF REAL GDP - UNITED STATES



Source: RSQE - University of Michigan.

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## Stock Markets

	Dow Jones Industrial Average	Nasdaq Composite	S&P 500
March 21, 2009	7,278	1,457	768
March 21, 2010	10,742	2,374	1,166
March 21, 2011	11,859	2,644	1,279
March 23, 2012	13,080	3,068	1,397
% change (from 2009)	10.3%	16.0%	9.2%
Record Highs	14,164 Nov '07	5,048 Mar '00	1,565 Oct '07

Source: Yahoo Finance

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Michigan Tourism Outlook 2012

Michigan State University, Department of CARRS

## Currency Exchange

### Currency Exchange Rates Per \$1 U.S.

	Mar 24 2012	March 18 2011	% change	US \$ is...	Value in 2000
Canada	1.00	.98	+2%	Stronger	1.46
Euro	.75	.71	+6%	Stronger	n.a.
Pound	.63	.62	+2%	Stronger	0.64
Peso	12.73	12.05	+6%	Stronger	9.36
Yen	82.30	81.03	+2%	Stronger	109.09
FRB Broad Index (Mar.)	98.77	97.09	+2%	Stronger	101.47

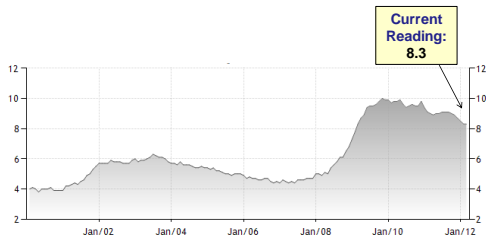
Source: Currencies - www.oanda.com; Federal Reserve Bank.

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Michigan Tourism Outlook 2012

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## U.S. Unemployment



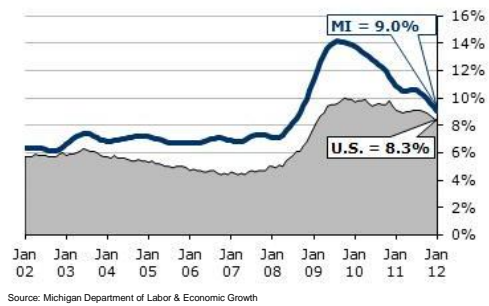
Source: The Bureau of Labor Statistics; TradingEconomics.com

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Michigan Tourism Outlook 2012

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## Michigan Unemployment



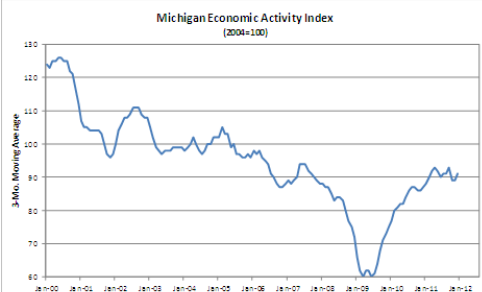
Source: Michigan Department of Labor & Economic Growth

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Michigan Tourism Outlook 2012

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## Comerica Banks Michigan Economic Activity Index

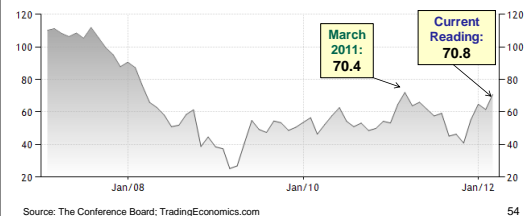


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Michigan Tourism Outlook 2012

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## Consumer Confidence Index



Source: The Conference Board; TradingEconomics.com

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Michigan Tourism Outlook 2012

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## Housing

- US home prices have dropped 34% since 2006
- Continued increase in demand for rental housing (*homeownership rate lowest since early 1990s*)
- Housing sales and starts appear to have bottomed out last year
- New residential construction finally making a contribution to GDP
- Distressed properties represent about 25% of all sales
- Prices expected to continue to slide due to shadow inventory of about 4 million homes



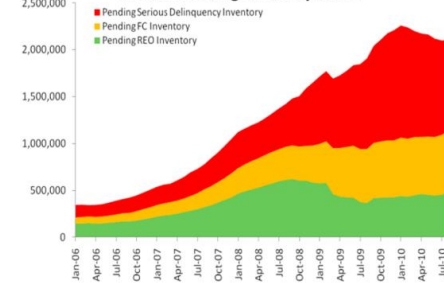
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## Housing

Shadow Pending Inventory Detail



Source: Realpropertycheck.com

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## Misc. Economy

- Half of U.S. not affected at all by recession
- Most affected by recession: Those who don't travel much or spend as much when they do
- Households that earn over \$125k (10% of all households) account for 33% of travel spending
- Households that earn < \$50k (50% of all households), account for 15% of travel spending

Sources: US Census Bureau; Adam Sacks, 2011; Ypartnership LLC

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## Summary of Economy

- A little better than this time last year on all measures
- Overall economy still has many concerns (housing and unemployment) – Many Americans are still hurting economically
- As it relates to tourism, little in the economy points to a downturn in ability and willingness to spend (other than for Europeans traveling to US)
- Gas prices will be a separate conversation

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## Tourism Trends

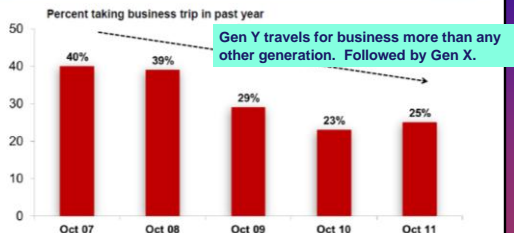


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## Incidence of Business Travel Down 15 Points Over Past 5 Years, but Stabilizing

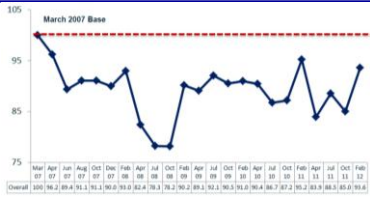


Source: U.S. Travel Association/Partnership, Intravel/horizons™ October 2011

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## Traveler Sentiment Index



- 44% of Americans plan to travel for leisure more in 2012 than 2011 (86% same or more travel).
- 61% indicated beach getaway is most desired vacation (28% indicated outdoor adventure)

Source: USTA Ypartnership

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## The Evolving Michigan Tourist

“The person we’ve been doing business with over the past 3 decades is not the person we’ll be doing business with in the future.”

- Advertising Age

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## Today’s Michigan Tourist...

...is more likely to be from another state



Out of State Visitors and Spending Up in 2010

Posted on May 25, 2011 by Doug Old Young



More good news on tourism and the Pure Michigan Campaign. Out of state spending increased by 21 percent and over 10,000 jobs were created. This is good news for businesses in the Northern Michigan Alliance region.

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## Today’s Michigan Tourist...

...is educated



### U.S. Unemployment by Education

No H.S. Diploma	14.8%
H.S. Diploma	9.2%
Some college	7.5%
BA or better	4.3%

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## Today’s Michigan Tourist...

...is Diverse

### Michigan 2000 - 2010

- 35% increase in Asian
- 35% increase in Hispanic
- 45% increase in “non-Hispanic multiracial”
- 723,277 international students studying in the U.S. this year (China: 158,000; India: 104,000; Korea: 73,000)
- 400% increase in Chinese students at MI universities in 4 years!
  - 3,300 at MSU this year



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## Today’s Michigan Tourist...

...is looking to spend quality time with friends and loved ones.

- 86% of U.S. desire a vacation that will allow them to connect to family and friends
- 71% of Americans say recession helped them identify what’s important in their lives

### MetLife survey of “The Good Life”

- Engaging in meaningful activities
- Most important: Time with friends and family



MetLife

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## Today's Michigan Tourist...



### ...is looking for a deal.

- 96% of U.S. travelers said they plan to travel more this year if they can find a deal
- 90% agree that getting a good deal makes them feel like they've won

#### % who agree or strongly agree with the these statements

**59%** I plan to spend more time shopping around/researching before booking travel because finding value for my money is important

**57%** I will take advantage of travel coupons and discounts more over the next year

**55%** I would like to stay at an upscale or luxury hotel if the price is right

**53%** I plan to spend more time comparison shopping online over the next year than I have in the past

Source: Travel Ticker Intentions Survey; Think Travel Survey - YPartnership

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## Today's Michigan Tourist...

### ...is making last minute travel decisions.

- 39% plan to take a "wait and see" approach to booking travel to get a good deal
- 29% purchased a travel service as a result of getting an unexpected email
- 30% of all travelers booked a last minute trip (< 6 days)
  - 38% of affluent travelers
- 30% took an overnight vacation within 50 miles of their home



Source: Travel Ticker Intentions Survey; Think Travel Survey

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## Today's Michigan Tourist...

### ...is more likely to make their travel decision based on a referral by a friend or "neutral stranger".



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## Today's Michigan Tourist...

### ...is less risky (thanks to the recession).

- Could you find another job if you lost yours?
  - 2007: 61% YES**    **2011: 36% YES**
- I like to take part in activities that have an element of risk or adventure
  - 2008: 39% YES**    **2011: 30% YES**

#### How Have Companies Responded?

- Hyundai's assurance if you lose job, they'll take car back (others followed)
- Foursquare app that tells you about health code violations
- Credit Cards where you can set limits on yourself (only so much can be spent on restaurants)
- Increase reliance on hotel reviews

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## Today's Michigan Tourist...

### ...is undecided where they want to vacation.

- Only 30% stated they have a specific destination in mind when planning (*down from 53% in 2011*)

Given what we know about them, what are you going to do to convince them to visit?



Source: Travel Ticker Intentions Survey

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## And Tomorrow's Michigan Tourist?

- By 2020, 50% of world's middle class will be Asian (10% will be from North America)
  - Brand USA will work to ease the barriers to coming to the U.S.
- Not just families
  - In last 10 years % of women age 40-44 without kids has doubled
  - 12% of U.S. couples are unmarried (25% increase)
- No significant difference in travel intention & ability btw. married and not married
  - 1/3 Baby Boomers are unmarried



Source: World Bank; U.S. Census; YPartnership

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**85% of Americans used the internet to plan travel in 2011**

Sources: Think Travel

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**What have they been Googling?**

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**Searches for "Michigan Vacation"**



Search terms

Rank	Search Term
1	michigan vacation
2	vacation michigan
3	michigan vacation resorts
4	vacation in michigan
5	miha michigan
6	vacation lake michigan
7	vacation central
8	michigan vacation rental
9	lake michigan resorts
10	vacation houses

**Searches for "Pure Michigan"**



Top searches

1	pure mi
2	mi pure michigan
3	pure michigan travel
4	pure michigan
5	pure michigan lakes
6	pure michigan state
7	pure michigan commercials
8	pure michigan commercial
9	pure michigan portfolio
10	pure michigan personality

**Should we be surprised?**

**63% of U.S. residents desire gourmet healthy dining when they travel**

Source: Travel Horizons Quarterly Survey

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**Most Beautiful Place in America Revealed!**

Viewers voted Sleeping Bear Dunes, Mich., the Most Beautiful Place in America. 03-02 | 09/17/2011



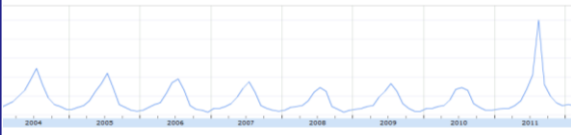
RELATED LINKS:

- WATCH: Mario Batali on Wonders of Sleeping Bear Dunes
- WATCH: Most Beautiful Places: Point Rowes, Sleeping Bear Dunes
- WATCH: Most Beautiful Places: Lanikai Beach, Grand Tetons

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## Searches for "Sleeping Bear Dunes"

U.S. Results



## Gas Prices

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## Gasoline Prices

- **Some destinations and businesses will see more of an effect**
  - Distance from population areas
  - Reliance on gas powered recreation
  - Reliance on lower income travelers (mid-lower range)
- **Gas prices could hit a tipping point at which it would have a wide scale effect**
- **Reasons why prices might not have a large effect on the overall state?**
  - Those traveling can absorb the increase
  - People will protect their vacations
  - The overall economy is a little better this year
  - There are more gas efficient cars on the roads
  - Substitution effect (*people not flying or taking long drive trips*)
  - Psychology

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## When Do Gas Prices Peak?

2007	2008	2009	2010	2011
1 <sup>st</sup> Week in May	1 <sup>st</sup> Week in June	1 <sup>st</sup> Week in June	1 <sup>st</sup> week in May	1 <sup>st</sup> week in May

**By the time people travel, what is the psychological effect of gas prices?**

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## Gasoline Prices

### What others are doing about gas prices:

- Las Vegas is running promotions in So. California letting people know it will only cost them \$20 extra to drive to and from Vegas
- Branson, MO offering gas vouchers and discounted prices
- Explore Minnesota created media talking points about gas prices last year

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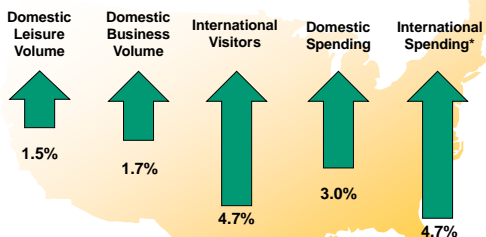
## Forecast

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## FORECAST FOR U.S. TRAVEL IN 2012



\*Excluding International Airfares

Source: United States Travel Association (Annual Travel Forecast)

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## Regional Revenue Projections and Actual Assessments and Taxes – (CVB Survey Results)\*

Region	2011 Projections	2011 Actual	2012 Projections
Upper Peninsula	+4.8%	+2.4%	+5.2%
Northern Lower P.	+5.0%	+11.3%	+2.7%
Southern Lower P.	+2.3%	+9.5%	+3.5%

\* Not all CVBs reported and results weighted by CVB scale

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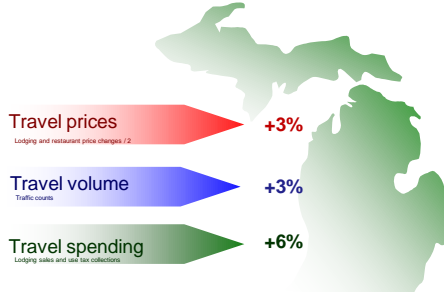
## MSU's 2012 Forecast

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## MSU GROWTH PROJECTIONS FOR MICHIGAN TOURISM IN 2012



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## THE WILD CARDS

- Gas prices & tensions with Iran
- European debt crisis – effect on U.S. markets/economy
- Terrorism
- Weather variability



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