



# TOURIST TRAVEL NOTES

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University of Minnesota Tourism Center--St. Paul, Crookston, Duluth

## Developing a Business Plan for Your Resort

By Donald Schink

*(Editor's Note: This is a condensation of a presentation the author made at the state resort seminar at Ruttger's Resort in 1989.)*

Your business plan is the key to how your resort will develop in the near future and on into the 21st Century. A business plan, developed on your own or by a hired consultant, helps you make daily management decisions as well as plan for future major changes. A plan will help you project profits, and, if the projection fails to meet your expectations, the business plan can be changed. Remember, it's much easier to reorganize a business while it's still in the planning stages. The plan is also useful in helping your banker analyze your loan requests because it answers the same questions bankers are likely to ask you, including:

- What is your business?
- What are you selling?
- Is there a need/demand for what you're selling?
- How much does it cost?
- Will you be able to pay off the loan?

Before writing a business plan, make an outline, then gather the information needed to complete the plan. Most business plan outlines are similar to the one below.

**1. Description**--Describe your current resort and also the changes you'd like to make in it. Your description can either be written or done using pictures, maps or illustrations. The following items should be included in the description:

- Physical description (photos may be used for this)
- Resort concept (e.g., theme in decor or ambiance; special services, such as hunting or skiing)
- Economic bracket your resort serves
- Location (map may be used)
- Number of units
- Amenities and profit centers (equipment rental; gift shops)
- Prices (rates sheets may be used)
- Changes planned

**2. Objectives**--State your objectives clearly, whether they are financial or nonfinancial. Financial objectives are easy

to quantify and include such things as net profit desired, owner's income required, and desired return on investment. It may be harder, although equally important, to list the nonfinancial objectives. These can include creating a job for yourself, making a career change, having a place to live, and being your own boss.

**3. Area Information**--Describe the community, collecting information on such things as population, traffic counts, employment, attendance at local attractions, and existing businesses that complement your resort, such as golf courses, ski areas, stables, restaurants, etc. Analyzing area information may help you know the market for some of your profit centers.

### *Tourist Travel Notes*

The University of Minnesota Extension Service works cooperatively with the University of Minnesota Crookston's Department of Hotel and Restaurant Education and the UMD School of Business and Economics. If you have questions about the Tourism Center's programs or activities, please call:

John Sem, St. Paul, (612)624-4947; Brian Harron, Crookston, (218)281-6510; Kjell Knudsen, Duluth, (218)726-7288.

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To have *Tourist Travel Notes* mailed free directly to you, please fill out the form below and return to: Tourism Center, Room 208, Health Services, 1518 North Cleveland, St. Paul, MN 55108. Please send any correspondence to John Sem at the above address.

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**4. Market Analysis**--Analyzing your market may be the hardest part of preparing your business plan. You'll need information on your customers, on expected occupancy or sales, and on your marketing plan.

First, describe your current customers. This segmenting is usually done using the customers' place of residence, age, occupation or income, and activities or interests.

Second, make projections for occupancy or sales. These projections will be needed in making overall financial projections. Use one of the following methods to project occupancy or sales:

--Adjust the previous year's records to include income differences from proposed changes in prices, facilities (e.g., increased capacity or additional or upgraded profit centers) or in marketing programs.

--Use a threshold analysis for some enterprises, such as golf courses, where it's easy to determine how many people play golf, how often they play, and how far they travel to play.

--Use figures from comparable businesses to determine sales. Industry averages are helpful, but actual occupancy figures at enterprises that most closely resemble yours are more precise. If you plan to add a profit center, such as a gift shop or mini-golf course, ask resort owners who operate similar centers for sales figures.

--If it's difficult to get figures using the above methods, ask an expert (e.g., a knowledgeable university specialist in resort businesses or a resort manager) to help you estimate occupancy or sales.

Third, develop a marketing plan that will provide your resort enterprise with an increasing number of customers. The plan should describe how you'll get your message to current and prospective customers in order to sell to them. The marketing plan should include advertising, promotion (including brochures, videos, etc.), referrals, special events, and vacation packages.

**5. Management/Personnel**--As the owner/manager of a resort, you need to analyze yourself and your staff to ensure that your resort will run efficiently in the future.

Start with yourself. Write your resume, including your education, training, and experience, and include it in the business plan. If you lack some of the knowledge or skills needed to run what you see as your ultimate resort, acquire the information or skills through workshops or conferences or by returning to school.

If you employ other people, develop a personnel plan (which should include job descriptions) as well as a plan for recruiting, hiring, training, and motivating employees.

**6. Financial Analysis**--All the previous information in your business plan comes together in the financial analysis. If your plan includes new or expanded enterprises, you should first give the costs in details, including land and building costs, renovation or construction costs and furnishings and start-up expenses.

Next, project your operating statement (income and expenses) for the next year. You'll need to make projections for the next three to five years if your enterprise is new or if you'll be applying to a bank for financing. If you have an existing business, use the previous year's operating statement as the basis for projections, making adjustments for changes anticipated in size, rates, or profit centers. If your enterprise is new, use your market analysis results (see number 4 above) to project income. Use local information or rely on industry averages if necessary to determine financial information for smaller items (e.g., gift shops). An alternate method of projecting income is to make an optimistic (high) and a pessimistic (low) projection and average them to arrive at the most probable figure. If you're starting a new business or have seasonal cash flow problems, do monthly cash flow projections for a full year to help you estimate how much money to tuck away to pay bills in the winter and spring. The Small Business Administration and most banks require monthly cash flow projections before they will consider loans to proposed new enterprises.

**7. Summary, Conclusions, Recommendations**--Give the conclusion you've made as the result of your study and analysis. Use the conclusion to make your recommendations for your resort of the future.

*Donald Schink is a business consultant with Chartwell Business Planning in Fort Atkinson, Wisconsin.*

## State's Food Service Income Topped \$3 Billion in 1986

More than three billion dollars was spent on various foods and beverages in state restaurants, bars, fast-food places, hotel and motel dining rooms and in other food service businesses during 1986, the latest year for which figures are available. The figures below are provided by the Minnesota Restaurant Association and Laventhal and Horwath. The total spent in Minnesota food services amounts to \$700 for each state resident.

Type of Food Service	Amount
Full service restaurants	\$1,350,000,000
Fast food restaurants	675,000,000
Bars and taverns	275,000,000
Other food-only businesses	175,000,000
Restaurants in lodgings	150,000,000
Miscellaneous	425,000,000
<b>Total</b>	<b>\$3,050,000,000</b>

## *Notes from the Center Faculty*

# **Nichemanship is Key to Successful Restaurants**

By Brian Harron

Before you open a restaurant, look for your niche, the special place that will let you operate better and differently than your competitors. A niche is a point of specialization, a place that lets you provide the signature items that make your restaurant memorable and worth returning to. When you choose your niche, you're also acknowledging that you can't be all things to all people.

In any business, in these highly competitive times, nichemanship is the art of survival. You must know your market, both from a demographic and psychological point of view, and then make your product decisions from a customer's viewpoint to ensure success. Find a few things your customers want and then do those things better than anyone else.

Want examples of nichemanship? There are many. Think of Domino's and Pizza Hut's home-delivered pizza or fast-food places that thrive on featuring convenience and low prices as well as the food itself. There are restaurants whose niche is special occasion celebrations and many that highlight particular foods, such as ribs, seafood, fried chicken, or USDA prime beef, and there are many that specialize in a single country's cuisine, such as French or Italian.

Along with finding your own particular niche, you must be sure that you're committed to the universal requirements of quality food and customer-friendly service. Once you are confident that your food and service are impeccable, head for your niche to specialize, differentiate your product, and win through nichemanship.

*Brian Harron is the director of the Center for Hotel and Restaurant Education at the University of Minnesota at Crookston*

## **Tourism Research Projects on Crafts, North East Data Base Initiated**

Two tourism research projects, which may eventually benefit the state tourism industry, have recently begun.

The Tourism Center is expanding its pilot project of building a restaurant and lodging information data base for the Lutsen-Tofte area on the North Shore to include a larger area of northeastern Minnesota.

Data collected will include average occupancy rate, room rate and length of stay for lodgings, and customer count, gross food sales and beverage sales for restaurants. The information will be used to help the tourism industry and communities plan for expansion, development and marketing.

Cost of developing the data base will be shared by the Agricultural Experiment Station of the University of Minnesota and by local tourism areas. For more information, contact Glenn Kreag at UMD's Sea Grant office, (218)726-8106.

A two-year study on the marketing of craft items to tourists in Minnesota, Iowa and Nebraska has been funded by the North Central Regional Rural Development Center. As part of the study, craft producers, retailers who sell crafts and tourists who have visited Minnesota are being surveyed. It is hoped that study results will lead to improving craft marketing programs that will contribute to the economy of state communities.

The Minnesota Office of Tourism is providing in-kind support for the study. The project is also a collaborative effort of research and extension personnel at the University of Minnesota, the University of Nebraska and Iowa State University. For more information, contact Sherri Gahring, extension textile and apparel specialist at the Minnesota Extension Service, (612)624-1708.

## **Labor Shortage Hits Tourism Businesses**

Many tourism businesses, particularly those in the East but also in the Midwest, are finding it difficult to recruit qualified job applicants, according to a report called "Food Service and the Labor Service," issued by the National Restaurant Association.

There are fewer applicants for jobs, fewer qualified applicants, turnover is increasing, and jobs are staying open longer. Also, the labor force is growing increasingly middle-aged. Strategies now being used by businesses to recruit and retain employees include: improving training, increasing starting wages, providing flexible work schedules, providing on-going training, offering more advancement opportunities, conducting regular job performance evaluations, giving formal job training, and conducting an orientation program for employees.

## **Business Analysis Available to Tourism Businesses**

What makes money for a resort, motel or bed and breakfast and what doesn't? That's one question asked of John Eix, Minnesota Extension Service Small Business Development Center Consultant who has talked with more than 300 tourist travel industry businesses in the past few years.

It's important to analyze the pricing and development of other profit centers such as rentals, game rooms and sales of goods for your business. A game room, bait sales, and boat



and motor rentals are potentially excellent sources of income in addition to lodging. If your tourism/recreation business should be evaluated for profitability, contact the Minnesota Extension Service Small Business Development Center to determine if your firm qualifies for this service, usually done at no charge. Contact: Bud Crewdson, Director, MES-SBDC, University of Minnesota, Room 248 COB, St. Paul, MN 55108 (612)625-1715.

## Tourism Videos, Report are Available

A variety of new material to help those in the tourism industry is available either directly from the Tourism Center or through the Minnesota Extension Service's Distribution Center. Minnesota residents must include sales tax. Each of the videos listed below is \$20 (\$100 for the entire set). The following can be obtained by writing the Distribution Center. (Room 3, Coffey Hall, 1420 Eckles Ave, St. Paul, MN 55108):

Managing Tourism Events and Festivals (CD-VH-3851)  
Basic Tourism Marketing (CD-VH-3852)  
Wildlife as a Tourism Attraction (CD-VH-3853)  
Developing a Bed and Breakfast (CD-VH-3854)  
Tourism Attraction Development (CD-VH-3855)  
Hospitality Training (CD-VH-3856)  
Community Tourism Development (CD-VH-3857)  
Waterfront Revitalization (CD-VH-3858)

One new publication is also available. Research Note No. 3, The Minnesota Bed and Breakfast Market: A Guest Profile, (CD-FO-3843), Barbara Koth and William Norman. \$1.

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## Tourism Courses Offered

The following courses for tourism businesses will be offered in cooperation with the University of Minnesota Extension Service Tourism Center. Call (612)624-4947 for information about other courses and a detailed schedule. Courses are at various locations around the state.

### January

27--Superior Charter Boat Captains (at Barker's Island, Superior, WI)

### February

19--How to Buy or Sell a Restaurant Business

### March

8--Restaurant Marketing

11--Cash Controls and Security

14--Food Service Management and Supervision

21-22--Service Management and Suggestive Selling/  
Managerial Leadership

28--Computers in Food Service

30-31--Festivals and Events

### April

2--Packaging Tourism

3--Current Trends in Restaurants

3-4--Bed and Breakfast Conference

5--Trouble Shooting Restaurant Operations

23-27--Housekeeping Workshop for Motels at Duluth, Detroit Lakes, St. Cloud, Faribault and Rochester.

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## More International Visitors Coming to Minnesota

*Colleen Tollefson  
manager, Travel Trade Services  
Minnesota Office of Tourism*

Since 1983 there have been more international travelers visiting Minnesota.

Reasons for the increase appear to be a combination of the decline of the dollar against foreign currencies, the international gateway status of the Minneapolis/St. Paul airport, and the international marketing program of the Minnesota Office of Tourism and local communities.

"Research shows that we get the most from our promotional dollar in international markets by implementing a targeted strategy in key markets," according to Hank Todd, Minnesota Director of Tourism.

Germany, Japan and the United Kingdom have received the most marketing attention from Minnesota, as have the Scandinavian countries. The tourism office's effort in the Canadian market is combined with the domestic marketing program.

"We expend only about 2 percent of our total budget in foreign markets, but that money goes a long way because of our cooperative efforts with such organizations as Great Lakes States USA," said Todd. The Great Lakes States USA organization is made up of state-level tourism offices in Minnesota, Wisconsin, Illinois, Michigan, Indiana and Ohio. Minnesota hosted the first Great Lakes States USA International Tourism Conference in St. Paul last October.

U.S. Travel and Tourism Administration (USTTA) research shows overseas visitors to the U.S. between 1983 and 1986 increased 13 percent. In Minnesota, almost 195,000 foreign travelers visited the state in 1986, more than tripling the 1983 numbers.

Why has Minnesota reaped such gains? "The dollar's status internationally cannot be overlooked as the key factor, according to Todd. But consistent international promotions and ongoing partnerships have also played a part in our increases," he added.

The state tourism office has been involved in several major international travel trade shows. Minnesota's longest effort has been a 15-year involvement in the Discover America International Pow Wow, conducted by the Travel

*(Intern'l continued on page 6)*

## U of M Tourism Center

### Hospitality Training for the Tourism Industry

On May 19, the Tourism Center, Minnesota Extension Service, presented a live TV satellite broadcast on hospitality training, entitled, "Explore Minnesota Hospitality." It was received at 20 locations across the state. Participants learned about Minnesota's tourism industry and how to improve individual skills in customer relations. Tourism is dependent on good service and hospitality/customer relations training is in constant demand.

Reaction to the program was good. Participants liked the variety of topics covered in the 4-hour program (TV program was 2 hours and the local segment complementing the TV program was 2 hours). Participants enjoyed a variety of speakers from Lt. Gov. Marlene Johnson and hospitality expert Dave Allison, to Minnesota Extension Service tourism specialist Larry Simonson and a group of well-known tourism business operators. Video segments kept the program fast paced. Program segments updated participants on issues and developments of local interest.

Glenn Kreag, Minnesota Sea Grant tourism/recreation agent, Duluth, directed the project. Barbara Koth, assistant tourism specialist, was program director. Production was in KTCA, Channel 2 studios, St. Paul.



Copies of the videotapes of the satellite program are available for use by businesses or community groups. The program consists of two tapes: Exploring Minnesota Hospi-

*(Center continued on page 8)*

# Travel Info Center's Tenth is Grand Portage

*James T. Riemermann, communications specialist  
Minnesota Office of Tourism*

The transfer of Minnesota's highway travel information centers (TICs) from the Minnesota Department of Transportation (MnDOT) to the Minnesota Office of Tourism coincided with the opening of a tenth TIC at Grand Portage on July 1. The 48 TIC employees will bring Tourism's staff to just under 100.

To welcome the centers to the Office of Tourism and kick off the fall tourism season, all the TICs held open houses September 9, 10.

TICs offer directions, brochures, weather information, hours and other travel information on tourist attractions, and are equipped with picnic areas and walking trails in addition to restrooms and water fountains. Minnesota is one of the few states operating full-service facilities, according to R. Douglas Olson, manager of the TICs, formerly with MnDOT and now with the Office of Tourism.

With the tourism industry overall, business at the TICs has been booming in recent years. 1987 was a record year for TIC visitors and inquiries, with an increase of more than 20 percent over 1986, up to 1,901,577. 1988 could be another banner year: the average monthly increase for the first 6 months exceeded 15 percent.

Many of the TICs are in "gateway" areas at major border entries, and their selection of brochures promotes attractions in nearby communities and along the highway. "All of the centers also serve people driving through Minnesota," said Olson. "What we attempt to do is acquaint them with our attractions and opportunities as they pass through. Many stop and spend additional time as a result of their TIC contact."

Minnesota's first TIC was built in Moorhead by MnDOT in 1969, and the state has since open one new center about every 2 years. A new TIC is scheduled to open in Worthington in fall 1989, and near St. Cloud in 1990.

The travel information centers program was part of the Beautification Act of 1965, a federal project helping states clear the nation's highways of "visual pollution" such as run-down billboards and fenced junkyards.

R. Douglas Olson, the TIC manager, is located at 375 Jackson St., 250 Skyway Level, St. Paul, MN 55101-1810. His phone number (612/297-3140) will remain the same. Supervisors and phones of the ten TICs are:

ALBERT LEA: Rodney Ask, 507/448-3311; ANCHOR LAKE: Dennis Olson, 218/744-2297; BEAVER CREEK: William Moerke, 605/757-6599; DRESBACH: Barbara Dahl, 507/895-2005; FISHER'S LANDING: Gladys Sondrol, 218/773-7879 (seasonal May-Oct.); GRAND PORTAGE: Herbert Noble, 218/475-2592 (seasonal May-Sept.); INTERNATIONAL FALLS: Norena Guerard, 218/285-7623; MOORHEAD: Myron Frannea, 218/233-7029; ST. CROIX: Doris Dahlberg, 612/296-0733; THOMPSON HILL: John Cavanaugh, 218/624-4845.



## How 1988 Property Tax Reform Affects Resort Property

*Mark L. Fermanich, research analyst  
Research Division, Minnesota Division of Revenue*

One of the top priorities of the 1988 legislature was to reform Minnesota's often maligned property tax system. Legislators found once again that tinkering with Minnesota's highly complex, interrelated, and politically sensitive property tax system is a difficult task. However, the 1988 legislative session has produced a new property tax system significantly different from current law. But, property tax reform probably will not end here. Though Governor Perpich has signed the bill, he has called for further reform in 1990 to deal with projected tax increases in the Twin Cities metro area.

The momentum behind property tax reform was based on growing concern about the complexity of the current system which groups properties into nearly 70 different classifications and supplements local budgets and reduces property owner's tax bills with a complex network of state paid aids and credits. There was also concern that the state/local fiscal relationship had become muddled because many of these aid and credit programs worked through formulas which automatically passed some of the cost of local spending increases to the state. This linkage was blamed for causing fiscal instability in the state budget and making local governments too dependent on state aids. Shrinking federal aid to local governments and rapidly rising school costs in some areas of the state also raised the spectre of significant property tax increases in 1989.

In response to these concerns, a number of proposals offering varying levels of reform were put before the legislature, some working within the framework of the existing system, others significantly altering the system. The proposals also addressed disparities in the distribution of property tax burdens between geographical regions of the state and between property types, particularly the high tax rates on commercial and industrial property.

The final plan passed by the legislature and sent to Governor Perpich is a hybrid based primarily on a proposal developed by the Senate, but including certain components, such as the retention of the homestead credit, agreed to in a compromise in the House-Senate conference committee. Major provisions of the compromise plan passed by the legislature include:

The concept of assessed value—the percentage of a property's market value that is subject to taxation—is replaced by tax capacity. Tax capacity is essentially a maximum tax burden target for a particular piece of property. The tax capacity varies by type of property, with homes and farms possessing lower tax capacities than businesses.

A new aid to local governments which serves to equalize disparities in tax rates between jurisdictions. Called the disparity reduction aid, it targets areas with high mill rates, and buys their mill rates down to approximately 128 mills through additional aid. Areas with tax rates at or below 128 mills receive little or no additional aid.

A truth in taxation provision requiring county auditors to notify property owners of tax increases by taxing authorities. The provision requires public hearings following notification. Truth in taxation takes effect in 1990.

Also beginning in 1990, the state will completely assume the cost of welfare income maintenance programs from the counties.

In 1989, the homestead credit and agricultural credit are retained with minor modifications. The homestead credit maximum is increased from \$700 to \$725. The agricultural credit on cabins is eliminated.

However, beginning in 1990, both the homestead and agricultural credits will be eliminated and replaced with a new aid to local governments known as transition aid. This aid will essentially equal the amount of credit received by taxing jurisdictions the previous year. Homestead and farm property will continue to receive the relative tax benefits they had received with credits through reduced "net tax capacity" rates.

The effects of the new system are felt primarily in high mill rate areas such as the Iron Range in the northeast and certain southern farm counties. The impact on resort properties should generally be favorable for a number of reasons.

First, tax capacity rates are closely related to the classification ratios under the old system. In most cases the tax capacity rates for property types differ from their old classification ratios by a constant factor. However, the tax capacity rates on homesteaded resorts and commercial property have been somewhat reduced relative to their cor-

responding classification ratios, thereby reducing their share of a taxing district's total tax burden.

Larger commercial resorts will benefit from the extension of the more favorable tax rate on the first \$60,000 of market value to include the first \$100,000 of market value. Some homesteaded resorts may benefit from the increased homestead credit maximum of \$725. Finally, the new disparity reduction aid tends to provide additional relief in many of the property-poor northern counties where resorts tend to be located.

The impact of the new property tax plan can be illustrated by comparing projected net taxes under the new law with estimated current law net taxes, using current 1988 market values and levies under both systems. Estimated net taxes on homesteaded commercial seasonal recreational property operated under 200 days decrease 9.2 percent statewide. Net taxes on commercial property, which includes large, year-around resorts, decrease 3.4 percent overall, with the portion under \$100,000 market value falling 8.8 percent.

It is difficult to estimate what the impact of the new law will be in 1989, the first year the law will be in effect. New assessments have not been finalized by county assessors and local governments have not yet established their budgets. However, the Research Department of the Minnesota House of Representatives has projected pay 1989 net taxes under the new law, utilizing estimated values and levies.

A comparison of projected pay 1989 net taxes to estimated current law 1988 shows taxes on homesteaded commercial seasonal recreational property *increasing* 4.9 percent statewide. Most of the increase occurs on larger homesteaded resorts, which are projected to rise 8.9 percent. Net taxes on small "ma and pa" resorts (those currently receiving the 12 percent classification) are expected to decrease 8.6 percent. However, this estimate does not fully take into account the spill-over of the homestead credit to the non-homestead portion of a resort. This spill-over occurs on properties where the market value of the residence is less than \$68,000, the maximum market value eligible for the credit. If the full impact of the homestead credit is taken into account, the decrease on small resorts is expected to be much greater. The magnitude of the net tax reduction should be similar to the projected 36.7 percent decrease in gross taxes (the tax before subtraction of credits) on small "ma and pa" resorts. Statewide, net taxes on commercial/industrial property are projected to increase 8.4 percent. But, commercial/industrial properties located outside of the seven county metro area, which contains little resort property, are expected to see a decrease of 4.2 percent.

## Eix Visited More than 100 Resort Owners

*Vic Olson*

*excerpted from Northland, Hubbard Co. Independent*

The 1,200 resorts in Minnesota are likely to drop to 900 in the next five years, but there is something that resort owners can do to avoid being one of the casualties.

They can begin to make some money.

That, in a nutshell, is the advice of John Eix, who has

met with over 100 resort owners in the past year. He has gone over their books, looked at their property, toured the cabins and talked business. And some obvious observations have surfaced.

Most of the resort owners had similar problems and they knew the solutions; they just are reluctant to make a decision and act on it.

*(Eix continued on page 7)*

# "The Regulation Maze"

William Meyer, P.E., president  
Landecker & Associates, Inc.  
Pequot Lakes, MN 56472

Considering an expansion of your resort? A new permanent dock on pilings? Need to upgrade your sewer system? Going to remodel your lodge?

All of these activities, normal to our resort industry, have several common threads: money and permits.

The regulation maze and its required permits affect many facets of construction, operation, renovation and repair of a resort. The following list covers those normally encountered, categorized by jurisdiction:

Agency	Type of permit
<b>Federal:</b>	
Corps of Engineers	Fill or excavation in Section 10 waters (Reservoirs, Navigable waters or Great Lakes) Fill in most wetlands or lakes
U.S. Fish and Wildlife	In conjunction with Corps permits
<b>State:</b>	
Environmental Quality Board	Environmental Assessment Worksheet or Environmental Impact Statement on larger projects.
Historical Society	Projects included above, cemeteries, archaeological finds.
Health Department	Mobile Homes Parks, Campground Permits, Restaurant and lodging permits, water supply, well approvals. Enforces state plumbing code statewide. Licenses swimming pools.
State Fire Marshal	Room occupancies, fire safety inspections, new construction certification.
State Electrical Inspection	Any electrical work certification.
Minnesota Pollution Control Agency	Permits for sewer systems over 5000 gallons per day with collection. Dump permits for demolition waste.
State Building Code (including Uniform Building Code)	Required in some jurisdictions, should be used for all construction.
State Board of Registration	Requires architect if building contains more than 4 units or a 4 unit is built more than once.
Department of Natural Resources	Issues water appropriate permit wells over 10,000 gallons per day, or surface water. Permits to work in bed of public waters. Administers the Shoreland Management program through local government. Approves Planned Unit Development subdivision in resorts.
Department of Commerce, Securities	Registration of any offering to sell shares or real estate.
MN. Department of Transportation	Requires permit to cross right of way with utilities. Driveway permits.
<b>Local:</b>	
City, Township or County (sometimes Township and County)	Zoning permits for most structures. Building permits. Grading permits in Shoreland areas. Variances. Sewage Disposal system permits. Subdivision approval. Driveway permits from some counties on County Highways. Private road approval for emergency vehicle (some jurisdictions). Solid waste disposal.

Agency	Type of permit
Watershed Districts (where applicable)	Grading permits, runoff water quality permits (normally do not have zoning authority)
Soil & Water Conservation Districts	Erosion control plans when required by other agency. Normally part of DNR review.

Many of these agencies require a fee for submitting an application. These may range from ten to several hundred dollars. In addition, an annual fee may be required.

Even more costly may be ongoing monitoring requirements such as for a large on-site sewerage disposal system.

Sometimes the agencies cannot handle your business or you may disagree with the findings, then the court system is needed: vacations of roads or rights of way in the county, quiet title actions, and appeals. Usually an attorney is desirable.

These rules and regulations, from the federal down to the local level are constantly being revised, upgraded and approved. Each of these approvals has a public participation time frame, and it is EXTREMELY IMPORTANT that you make *your* views known. Your local and state politicians can also assist you.

So you want to start a project of some sort? Consult engineers who deal with development on a daily basis and are familiar with the above rules; consult agencies and most important, individuals who are the agencies' representatives. Approvals can be a time consuming, frustrating experience for a novice, while a professional can sort out the requirements, approach them simultaneously and provide the information, documents and data the agencies need. This can shorten the approval process and save a lot of time (time is money) or in many instances, provide approvals which would not be achieved without help.

In addition, by dealing with professionals, your financial institutions are more comfortable, your project has fewer problems and you can concentrate on doing what you do best, running a resort business.

*(Meyer was a panelist on natural resource management concerns during the Minnesota Resort Management Seminar March 13, 1988 at Breezy Point. Minnesota Extension Service, Office of Tourism and the Small Business Development Center sponsored the event.)*

## Attraction Council Serves Duluth

William Miller, executive director  
The Depot: St. Louis County Heritage and Arts Center

The Duluth Area Attractions Council (DAAC) is an informal group of 17 organizations representing the principal visitor destinations or the tourist industry in general in the Duluth area. The Council, in its first five years, until early 1987, operated principally under the auspices of the Tourism Management and Development Center directed

by Thomas J. Wood at the University of Minnesota, Duluth. When that funding was eliminated, members agreed to continue on their own.

The Council's objectives are to:

- promote the exchange of information on topics such as visitor trends, new programs and developments, and concerns which relate to individual attractions;
- inform members of current and forthcoming tourism related issues, projects and plans which may impact the Duluth area;
- forward tourism research and information from university research and extension services, businesses, agencies and other organizations;
- express positions on funding and development needs related to Duluth's tourism economy to appropriate government officials, agency staff, private foundations and other groups concerned with economic development;
- enhance the opportunity for cooperative programs, projects and other joint endeavors among the individual attraction centers.

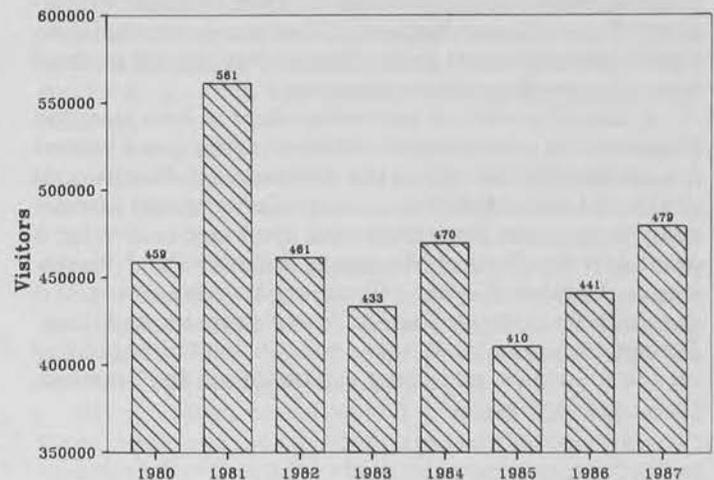
Most Council members are non-profit organizations or affiliated with publicly-funded entities such as city government, state agencies, and the University of Minnesota. There are several members representing private, for-profit organizations which attract significant numbers of visitors. These are the member organizations: Bayfront Park Development Association, Canal Park Marine Museum, Duluth Convention and Visitors Bureau, Duluth Parks and Recreation Department, Duluth State Convention Center, Duluth-Superior Excursion Company, Fond-du-Luth Gaming Casino, Glensheen, Lake Superior Zoological Garden, Mayor's Administrative Assistant's Office, Mayor's

Tourism Task Force, Minnesota Office of Tourism (North-east Region), St. Louis County Heritage and Arts Center, Sea Grant Extension Program (UMD), Spirit Mountain Recreation Area, Thompson Hill Tourism Information Center, and Tweed Museum of Art (UMD).

Other aspects of the hospitality industry, such as hotels, restaurants, and retail, are represented on the Duluth Convention and Visitors Bureau (DCVB), not the DAAC. A member of the DCVB sits on the Attractions Council as liaison.

The existence and activity of the DAAC not only reflects the growing importance of tourism in the Duluth area, but ensures that the visitor industry will remain an active part of our growing service economy.

### Canal Park Marine Museum



## How to Begin a Resort Naturalist Program

*Craig Prudhomme, assistant director  
Northwoods Audubon Center, Sandstone, MN*

Imagine this scenario which has probably been played out countless times. A family arrives for a week's vacation at a resort. The father is an avid fisherman and mom and the kids do some but are primarily looking to get away. By mid-week the kids are bored and driving mom crazy. The fish aren't biting so dad is a little edgy. Now, the weather takes a turn for the worse and everyone is cooped up inside, cabin fever sets in immediately and.... The resort owner tries to funnel the family towards positive options and experiences but is too busy to make a full-time commitment.

Enter the naturalist and a new scenario, perhaps at your resort. The family arrives on Saturday to be greeted by you and your naturalist. There is a bulletin board at the check-in desk with catchy wildlife/nature pictures listing the planned nature activities during the week, unique natural areas to visit, and phenological events. (Phenology is the study of nature's calendar of cyclical events, such as when the bluebirds are nesting, arrival of the first monarch butterfly, blooming of the ladyslippers.) The naturalist introduces him/herself and invites the family to participate in the

scheduled events. Perhaps there are some aquatics such as a catch and release fishing contest, nature photography class, or an astronomy lesson on the lake at night followed by star lore around the campfire. Suddenly the original scenario brightens with someone on staff whose main purpose is to provide a greater degree of comfort, understanding, and enjoyment of the outdoors. The guests have a more balanced, richer and more rewarding experience at your resort, no matter how the fish are biting.



## Where Did the Resort Naturalist Concept Begin?

In 1984, Superior National Forest Wildlife Biologist, Steve Hoecker, initiated the Resort Naturalist Program with seven resorts on the Gunflint Trail and the North Shore of Lake Superior. By 1985, five more resorts were participating. Naturalists took the Northwoods Audubon Center's Naturalist Training course to learn background and skills. In 1985, the program expanded to resorts in the Cook area and two resort owners even attended Naturalist Training to make better use of their naturalists.

The Quetico—Superior Foundation funded the development of a Naturalist Resource Handbook by Northwoods. In 1987, more resorts were added and the Blandin Foundation funded the development of naturalist recruitment, workshops, Curious Cub and Wise Wolf junior naturalist programs (booklets, patches, and certificates), training sessions and evaluations. In 1988, the Superior National Forest Resort Naturalist Program is expanding to other National Forests around the country and has evolved into—Partnerships in Interpretation.

A natural growth of the Partnerships in Interpretation Program is to expand opportunities for resorts not located in a National Forest. To aid this development, Northwoods Audubon Center and Deep-Portage Conservation Reserve near Hackensack, Minnesota have combined to develop a grant with the Central Minnesota Initiative Fund. Northwoods Audubon Center will maintain a similar role as it does with the Superior National Forest program, and Deep-Portage Conservation Reserve will assist in training, doing on-site followups, and doing evaluations in the Brainerd-Cass Lake region.

## How to Become Involved

There are a number of pathways to follow for the Partnerships in Interpretation Program depending on the size of your resort, location (in/out of a National Forest) and budget.

Presently, resorts in the Superior or Chippewa National Forest work directly through their Forest Service district offices. Those not in a national forest will work with Deep-Portage Conservation Reserve and Northwoods Audubon Center.

Smaller resorts or Chambers of Commerce may wish to share a naturalist rather than hire one by themselves. The Marais Chamber has hired two naturalists to interpret to visitors out of its tourism building.

Whatever the situation, it is important that the resort owner work closely with the naturalist. The best staff will be most attracted to positions which are primarily interpretive in nature with 75-100 percent of their duties falling within that realm. The resort does write its own job description, however, and it is reasonable to expect some house-keeping or other duties. The resort typically provides room and board with a stipend of \$50-\$150 per week.

For more information or to get involved please contact:

Mike Link/Craig Prudhomme Northwoods Audubon Center Route 1 Box 288 Sandstone, MN 55072	Tom Kogut Resort Naturalist Program Chippewa National Forest Cass Lake Ranger District Cass Lake, MN 56633
Steve Hoecker Resort Naturalist Program Superior National Forest P.O. Box 1085 Cook, MN 55723	Mike Naylor Deep-Portage Conservation Reserve Hackensack, MN 56452

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*(Intern'l continued from page 1)*

Industry Association of America. It provides attendees an opportunity to build relationships and qualify the interest of travel agents and tour operators in intense prearranged sessions.

Minnesota has also independently pursued the Scandinavian market with an exhibit at TUR, a travel trade and consumer show held annually in Gothenburg, Sweden. Surrounding TUR '88 in March, Minnesota will follow up with a press conference and key media contacts to further establish awareness about Minnesota among Swedish consumers.

Two special promotions relating to the forthcoming New Sweden '88 celebration have been conducted in the Swedish market. A January 1987 reception was held at the U.S. Embassy in Stockholm to promote to Swedish tour operators. Travel representatives from Minnesota and Delaware, both with sizable populations of Swedes, hosted the event, which generated great interest. Package tours and Scandinavian Heritage brochures support this activity.

The Office of Tourism has found that a sustained, three-step process is most effective when penetrating a foreign market. Initial promotions to the travel trade, followed by consistent information dissemination to the media, and awareness-building among consumers works best.

In cooperation with the Great Lakes States USA, the tourism office has also maintained a presence at the biennial Congress of the Japan Association of Travel Agents, held in Tokyo. Japan is considered to be a key market for the future due to favorable exchange rates, as well as an announced Japanese government goal to double the number of Japanese coming abroad to 10 million people by 1991.

Another important trade show has been the International Tourism Exchange-Berlin (ITE-Berlin), which provides exposure to the German and European travel trade. The World Travel Market in London also provides the opportunity to become acquainted with travel suppliers from the United Kingdom.

Familiarization tours, called "fam tours," of Minnesota sites, attractions and facilities have been hosted by tourism office staffers for international travel suppliers resulting from contacts made at these shows.

One of the programs at the October 1987 Great Lakes States conference covered an important developmental issue in the industry today, private sector participation.

Addressing the need for private sector participation to realize its international marketing objectives, the Minnesota Office of Tourism is seeking state travel businesses and organizations involvement in several projects. This includes participation in trade shows and cooperative adver-

*(Intern'l continued from page 6)*

tising, as well as involvement in a product brochure on travel businesses and areas interested in reaching the Japanese, German and United Kingdom markets.

"We must break down language barriers, provide currency exchange, develop international signing and improve our transportation infrastructure. The private sector has shown support for the current efforts by participating and assisting with fam tours. Lodging establishments, restaurants and airlines, such as Northwest, have been of great support," concluded Todd.

For information on participating in Minnesota's international promotion efforts, contact the Travel Trade Services Unit of the Minnesota Office of Tourism, phone 612/297-2333.

*(Eix continued from page 3)*

The biggest problem resort owners share? Underpricing, Eix said. And many resort owners don't even know it.

Eix has gone over dozens of resort owners' books and records to tabulate income and expenses and put them into a computer to determine a break-even point.

A 10-11 cabin resort takes about \$70,000-\$75,000 of income to meet expenses, he said, and to provide some family income. But over half of the resort owners have jobs outside the resort business to supplement income. There are some resorts, especially the bigger ones, that make enough income so that owners don't need other income, but they are not in the majority.

Many of those resort owners don't really know enough about their operation's finances to know just what kind of return they are making on their investment in a resort, Eix has found. They tend to price cabin rentals on the basis of family income for persons in this area, he said, not on the income of their guests, which is twice as high in most urban areas. He cited an example in which a resort was charging a party of eight persons \$800 for a week's stay: that's less than \$15 per person per night for a house on a lake, about half the cost at some of the cheapest urban motels.

Eix usually recommends that a tourist will spend about a week of income on a vacation up here. That about \$675 for the average annual urban family's income of about \$35,000. "And that's the kind of clientele you want to attract," Eix said.

Why don't resort owners simply raise their prices? While some resort owners, such as those who have paid off their mortgages, don't need higher prices, those with mortgages are afraid that tourists will shop around. But resort owners afraid to lose business by charging more can't afford to go under, either, by charging too little. And, Eix said, if the prices are too low some potential customers may be lost because they may think "at that price it can't be too good."

And if the resort owner isn't charging enough to make ends meet as well as improve the resort, the quality won't be there to justify the higher prices. It's that quality that Eix feels has become very important to tourists.

"One thing most could use is an interior decorator," Eix said.

That's because tourists are used to staying at today's modern motels that are noted for their excellent appear-

ance and cleanliness. The resort that still comes off as the years-ago fishing camp doesn't measure up. "They want a home away from home," Eix said. Besides quality, the personality of the resort owners is also a key.

Eix finds that many resorts tend to have guests of similar interests who come back each year to be with one another. One area resort, for example, has a lot of members of the Minnesota Orchestra who are regular guests who come at the same time.

And since the best source of new guests is from contented old guests, Eix feels resort owners should target their promotion through current guests. For example, he suggests the resort owner videotape the guests in various scenes during their stay at the resort and selling it to them. Not only do they make a buck or two on the video, but the guests will show it to their friends who may become interested in the resort, which can put a "commercial" for the resort in the tape.

Obviously, the work it takes to keep and gain customers and make the resort profitable takes a lot of work. Some persons may have bought a resort thinking it would be a good way to retire: buy a resort and wait for the guests to come up.

It's a way of life, Eix said, for persons who know they won't make a lot of money, but will be able to make a lot of friends. But they do need to make some money, he said, to live on, as well as service any debt. Plus, they have to show enough profit so that prospective customers can show their bankers how they'll pay off the mortgage. Bankers learned from farmers that loans based on rising land values alone may lead to debt-service problems when profits are squeezed and land prices go down.

But if a resort is profitable it provides that way of life many enjoy, and the basis for retirement income when it's sold. And all of that will go better if resort owners structure their business to make a profit.

What makes money for a resort and what doesn't?

- A game room is one of the most profitable additions a resort can offer, in terms of return on investment, space and time

- Bait is a real variable, Eix said. Some resort owners make money selling bait, "but others lose their shirts."

- Toll-free "800" numbers are excellent investments, Eix said. "Those that have them like them," he said.

- How is a cabin rental fee figured. Eix suggested adding up expenses and then figuring cabin rental income should account for about 70 percent of the costs of running the resort, based on 60 percent capacity for 20 weeks.

And when most resort owners calculate that way, they probably will find out their weekly rates will have to go up. But to figure any other way would mean the resort owner always is depending on a "great year" to survive, not on an average year.

- Give a discount to summer vacationers to encourage them to come back in the fall. They are the best potential customers, Eix said.

Eix is available to area resorts for consultation at no charge. He may be called at (218) 732-7525.

*(Tourist Travel Notes: Eix has been a county agent in Hubbard County until 1986 when he became an area agent—Small Business and Economic Development with the University of Minnesota's Extension Service. He will retire November 30 after some 35 years with Extension.)*



(Center continued from page 1)

tality: Minnesota's Travel Industry (CD-VH-3537), 35 minutes, \$39 purchase price; and Exploring Minnesota Hospitality: Customer Relations Training for the Visitor and Retail Industry (CD-VH-3536), 85 minutes, \$79 purchase price. If both are ordered at the same time, the cost is \$100. Minnesota residents add 6% sales tax. Make checks payable to University of Minnesota. Available from: Distribution Center, 3 Coffey Hall, 1420 Eckles Ave., University of Minnesota, St. Paul, MN 55108.

—Glenn Kreag

### Tourism Publications Printed

The Tourism Center has initiated a publication series with four new marketing bulletins. The self-help series was developed with cooperative funding from the Minnesota Office of Tourism.

“Tourism Advertising: Some Basics” (CD-FO-3311; \$2) discusses ways to set advertising objectives, determine a budget, create an effective message, select media strategies and evaluate the results. Advantages and disadvantages of advertising methods including newspaper, magazines, direct mail, outdoor advertising, television, cable and radio are outlined.

“Tourism Brochures to Boost Business” (CD-FO-3273; \$1.50) describes how to develop a brochure concept and image, write the text, decide on graphic design, assign production responsibilities and distribute brochures. Resources for brochure critiques, photo selection and small business management are listed.

“Community Travel and Tourism Marketing” (CD-FO-3272; \$2) focuses on steps in marketing community attractions and services: analyzing the current situation, identifying products, selecting a target market, setting objectives, promotion and evaluation of results. It concludes with a local organizational plan for tourism, possible funding sources and community improvement projects.

“Evaluating Tourism Advertising with Cost-Comparison Methods” (CD-FO-3372; \$1.50) shows how to calculate figures that tell you how many prospects actually become guests, and what it costs to attract them. This information on cost per inquiry, cost per visitor and return on advertising investment is used to make more effective marketing decisions.

John Sem, Larry Simonson, Barbara Koth, Glenn Kreag, editors

Minnesota *Tourism Travel Notes* is published by the University of Minnesota's Extension Service to provide a medium for discussion of topics relating to Minnesota's visitor tourist industry. The intent is to present a wide variety of information and points of view; positions taken by the authors do not necessarily represent policies of the University.

Address all correspondence to Larry Simonson, extension specialist, Tourist Services, North Central Experiment Station, Grand Rapids, Minnesota 55744. Single copies of this issue are available without cost to any resident of Minnesota. To receive copies regularly or to report a change of address, notify your county extension office or Larry Simonson.

The information given in this publication is for educational purposes only. Reference to commercial products or trade names is made with the understanding that no discrimination is intended and no endorsement by the Minnesota Extension Service is implied.

Call your county agent for copies, or contact the University of Minnesota directly:

Distribution Center/Minnesota Extension Service  
3 Coffey Hall, 1420 Eckles Avenue  
St. Paul, MN 55108  
(612) 625-8173

Future publications will cover hospitality skills, developing an image and promotional theme, and how to attract the motorcoach tour market.

—Barb Koth

### Festivals and Events Management Seminar

On June 7 and 8, 1988, the first of what promises to be an annual event took place bringing together people involved in developing or managing Minnesota festivals and events. More than 90 participants and program presenters attended.

Some of the topics discussed included: marketing your festival/event; case studies of several successful events; working together for better and more successful festivals; planning and managing your festival including risk management/financial management/volunteer coordination; and the role of festivals in Minnesota tourism.

Outcomes of the seminar included the establishment of a study committee to develop a proposal for a Minnesota Festivals Association as well as guide plans for next year's seminar to be March 30-April 1, 1989.

Over 1200 festivals or events are held each year in Minnesota. They are an important part of the attracting power of many communities as well as a great way to demonstrate community pride and progress. From the enthusiasm demonstrated at this seminar it appears that festivals and events will assume an even larger role in generating tourism/travel in the future.

Seminar sponsors were the Tourism Center of the Minnesota Extension Service, the Minnesota Office of Tourism, the Small Business Development Center (SBA), with strong support from John Giesler, previous executive director, St. Paul Convention and Visitor Bureau and past president, International Festivals Association.

—Larry Simonson

Issued in furtherance of cooperative extension work in agriculture and home economics, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Patrick J. Borich, Dean and Director of Minnesota Extension Service, University of Minnesota, St. Paul, Minnesota 55108. The University of Minnesota, including the Minnesota Extension Service, is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, religion, color, sex, national origin, handicap, age, veteran status, or sexual orientation.

# Tourist Travel Notes



Volume 23, Fall 1987

Tourist Travel Notes resumes publication four times a year with this issue. The last published issue was Volume 22, Fall 1985.

## U of M Launches Tourism Center

Larry Simonson and John Sem

Following several months of study during 1985-86 by a committee appointed by Vice President Richard Sauer, the formation of a University of Minnesota Tourism Center was announced at the 1987 Tourism Conference in St. Paul. The Center will organizationally be at home within the Minnesota Extension Service but will be broadly based across the entire University for research, educational programs, and communication to and for the tourism industry.

A proposal was included in the overall 1987-1988 extension and University budget request for support for a Center full-time director, research dollars, and a few key positions. This was not approved and, in fact, the Tourism Center at University of Minnesota-Duluth was eliminated. This represents a loss to Minnesota of three professional tourism staff, including Tom Wood. The innovation and expertise demonstrated by the UMD Center will be missed by the industry and the staff will also be missed by tourism colleagues in the University. The loss of *The Marketplace* and *The Northland Trekker* as industry communication media will leave a void in publications designed for travel businesses and the visitor industry marketing system.

In spite of this loss, the new Tourism Center is functioning with limited staff including John Sem, acting director and program leader for Community Economic Development, St. Paul; Barbara Koth, assistant extension specialist, Tourism Development, St. Paul; Glenn Kreag, Sea Grant tourism/recreation agent, Duluth; Dave Lime, research specialist on a two-year appointment, College of Forestry, St. Paul; and Larry Simonson, extension tourism specialist, Grand Rapids. Additional inputs to—and through—the Center include John Eix, area economic development agent, Park Rapids; Bud Crewdson, extension economist, Business Development, St. Paul; other specialists, area agents, and county extension personnel as interests dictate and programs develop.

The major objective of the Tourism Center is to develop and deliver to the tourism industry over time, a comprehensive system of educational programs, needed research, and useful communication with the industry. Many of you reading this newsletter have participated in industry educational events over the past 26 years. The program will be coordinated to complement other efforts such as work done by the Minnesota Office of Tourism or the many effective trade associations and industry organizations. The program will help to fill those education and research voids not now being addressed and will work closely with the entire structure of tourism as resources permit.

To insure such coordination and cooperation, a Tourism Center Advisory Committee has been established to help guide program development and develop the support base necessary to insure reasonable access to resources. This committee will be the major voice for the Center from the industry and is an appropriate place to express your ideas about program and research needs. To date, the following individuals have agreed to participate:

- Caroline Bourestom, Minnesota Extension Citizen's Advisory Committee, St. Cloud
- William Becker, Dept. of Natural Resources, St. Paul

- Jeanie Berg, Walker Chamber of Commerce, Walker
- Al Brodie, Minnesota Motel Association, Minnesota Association of Campground Operators, Burnsville
- Diane Brumwell, Red Lake Riverlands, Red Lake Falls
- Darrel Gustafson, Red Wing Chamber of Commerce, Red Wing
- Frank Hansen, Sawbill Canoe Outfitters, Tofte
- Arnold Hewes, Minnesota Restaurant, Hotel and Resort Associations, St. Paul
- Dee Larson, American Tours, Edina
- Jack Ruttger, Ruttger's Bay Lake Lodge, Deerwood
- Kay Schimke, Twin Cities Attractions Council, Science Museum of Minnesota, St. Paul
- Joseph Sullivan, Jr., National Car Rental, Minneapolis
- Hank Todd, Minnesota Office of Tourism, St. Paul
- Kris Ziifle, Northwest Airlines, St. Paul.

In addition to beginning the Center, an incentive was attached to the approved proposal. An endowment of not less than \$500,000 was granted from the Permanent University Fund providing this amount or more is matched from the private sector. Of the needed \$500,000, Curtis Carlson of the Carlson Companies has designated \$250,000 as a challenge grant for this endowment from the substantial bequest designated for the University. Other enterprise managers who have a significant interest in the travel-tourism industry are being invited to participate. The fund can also be strengthened by contributions from others and, in fact, several individuals have already made fund commitments.

The endowment is planned in a preliminary way to be used as an "endowed program" in contrast to the more traditional "endowed chair." This should enable the Center to periodically bring on board tourism/travel researchers or educators of note to develop programs or projects rather than lock resources up long-term for one individual or effort. One advantage of the endowment is that it lends permanence to the program as the endowment uses only the income from the fund and not the principal.

Again, the Industry Advisory Committee will be asked to counsel with the Center leadership in developing the most effective uses for this significant resource.

Looking ahead, assuming satisfactory completion of the match for the permanent University endowment as well as budget support for the Center from the legislature within the University appropriation, the Center could emerge as follows:

1. A location on the Twin Cities Campus of the University with outreach capability to the entire state through the extension network and coordinate campuses of the University.
2. A staff of limited scope but likely including:

- A center director with national-level tourism/travel credentials to guide the Center development and administer the program.
- Data management specialist(s) to accumulate, manage and make available, information useful to industry businesses, organizations, communities, and travel related agencies.
- Research capability to generate information to help develop and promote businesses, assist communities in building their travel industry and guide organizations and agencies in more effectively relating to tourism. This does not replace tourism/travel research now being done by the Office of Tourism and others but rather augments and complements those efforts.
- Educational delivery system to the industry through the extension network backed up with area tourism agents in key locations and specialists in fields such as marketing, business management, physical plant development, food service management, and others.
- Communication capability to develop the necessary linkages and provide information to the industry through newsletters, publications, research reports, media materials, and the like.

The scope of this program will evolve over time as the Center grows and matures and resources become available. This does not suggest a totally new program as the personnel and positions mentioned early in this article are already funded from existing sources. Further, some part

of the program could be accomplished by appropriate use of the endowment program. This cost would be a modest investment indeed to provide a comprehensive and worthwhile research and educational arm for one of Minnesota's most dynamic and growing industries now contributing nearly \$6 billion annually to the state's economy. The industry can help the Center develop by expressing your needs to the Tourism Advisory Committee, to your local legislators, and to administrators within the University.

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The Center program outlined does not address another critical need in tourism/travel education: four year travel/tourism degree programs for those wishing to enter the industry and further training to seek advanced degrees and courses. At present, efforts in this area are accomplished at a two-year program at University of Minnesota, Crookston (see *Hospitality: A Rewarding Career* in this issue), some community colleges, vocational-technical schools, and at Southwest and Moorhead State universities. At times, selected classroom courses have been taught at UMD and the Twin Cities Campuses, but not with a degree focus.

If it should prove useful to the industry and cost effective to develop, the Tourism Center and the Advisory Committee would be logical catalysts to stimulate classroom training. Activity toward this would result from industry expressed needs.

## Field Offices to Enhance Minnesota's Future in Tourism



by Harvey A. Chichester,  
deputy director,  
Minnesota Office of Tourism

According to the United States Travel Data Center, Minnesota enjoyed over \$5.3 billion in 1985 revenue from travelers. To help expand this number and the jobs, tax base, and revenue that go with expansion, the 1987 Minnesota Legislature approved a bold new move to establish closer communications and working relationships within the tourism community.

On July 1, 1987, the Office of Tourism added the facilities and staff of Minnesota's three regional tourism associations: North Central/West Minnesota Office of Tourism in Brainerd, serving counties of the Heartland Association and former Vikingland; Northeastern Minnesota Office of Tourism serving the Arrowhead Association, officed in Duluth; and the Southern Minnesota Office of Tourism in Mankato, serving counties that formerly made up Hiawathaland and Pioneerland.

The objective of regional offices is to promote closer communication and cooperation among local, regional, and state tourism marketing efforts. With field offices located close to Minnesota's varied tourism attractions, facilities, and organizations, the state will be able to respond to tourism industries needs and opportunities more quickly and efficiently. The field office managers will be able to participate in local planning, monitor results, help address coordination issues such as scheduling, advertising, theming, and other factors.

Regional offices will have their administrative overhead including salaries, rent, in-state travel, materials, utilities, training, etc., paid for through funding provided by the legislature. Field office employees will be responsible for providing equitable and comprehensive service to tourism organizations, businesses, and interested parties throughout the counties assigned. The offices will make available marketing, advertising, and administrative expertise throughout their region.

The regional field offices also will work with existing regional tourism association boards to raise funds through the sale of advertising in their existing regional marketing books, fund raisers, county funding, contributions, and other funding sources. All funds raised will then be spent to market, advertise, and promote the tourism products and services of the region at the joint direction of the local board of directors and the Minnesota Office of Tourism.

The regional associations will no longer be forced to spend more than half of the funds raised to cover overhead, but will be able to redirect them right back into tourism marketing and advertising projects. Local citizens can be effective through active participation on association boards and the state Office of Tourism's involvement will help assure productivity and coordinated statewide efforts.

Field offices enhance Minnesota's tourism effort. Just another way that Minnesota has taken the lead in developing its tourism industry. In 1985, Minnesota's travel industry provided approximately 109,500 jobs for residents, and nearly \$1.1 billion in wages and salary income. Tourism also provided \$278 million in state and \$50 million in local tax revenues. And, in the future, the new opportunities that field offices present will assure Minnesota continued growth and benefit from tourism, America's second largest employer.



You may contact field offices by writing:

Joe Egge  
North Central/ West  
Minnesota Office of Tourism  
P.O. Box 443  
Brainerd, MN 56401  
(218) 828-2335

Chuck Bloczynski  
Northeastern Minnesota  
Office of Tourism  
320 W. 2nd Street #707  
Duluth, MN 55802  
(218) 723-4692

Bob Kennebeck  
Southern Minnesota  
Office of Tourism  
P.O. Box 999  
Mankato, MN 56001  
(507) 389-6258

## Brochure Critiques Continue

Is the brochure you send out to advertise your tourism business doing its job? Could it do a better job?

Minnesota resort, motel owners, campground operators, canoe outfitters, attractions, and related tourism businesses may want to find out at no charge from the brochure critique service at the University of Minnesota. Send your name, plus the name and address of your business to: Bud Crewdson, 248 Classroom Office Building, 1994 Buford Avenue, University of Minnesota, St. Paul, MN 55108 or phone 612/625-3157.

You will receive two brief forms to use in requesting a brochure critique. Return them together with three copies of your brochure and

any special concerns you have about it. Within a month you will receive a written critique commenting on your brochure's strengths and weaknesses. An experienced communication professional who does the critiquing will also make specific recommendations on layout, photos, graphics, copy, and concept.

Nearly 500 Minnesota tourism businesses have called on the service since it became available four years ago. Funding for the free service is provided by the Minnesota Small Business Development Center at the University of Minnesota.

## Bed and Breakfast Conference Planned

A November 4, 1987 workshop in Hudson, Wisconsin is planned for individuals interested in starting a bed and breakfast or those who recently entered the business. Topics to be covered include: regulations, business management skills and marketing, and a panel of current b&b operators will speak. The workshop is jointly sponsored by the Tourism

Center, Minnesota Extension Service, the Recreation Resources Center, University of Wisconsin, and the local county extension offices. Contact Barbara Koth at 218 Classroom Office Building, University of Minnesota, St. Paul, MN 55108 (612/625-4751) to place your name on the mailing list.

## Hospitality: A Rewarding Career

*Glenn Olsen, chair, Division of Hospitality and Home Economics, University of Minnesota-Crookston and assistant director, Tourism Center; and Sandy Henneberg, Hospitality and Home Economics student coordinator, UMC*

In just two years you can complete a degree from the University of Minnesota-Crookston (UMC), and be on your way to a rewarding career in the hospitality industry. UMC has specialized programs in restaurant management, hotel and resort management, and executive housekeeping. One of the unique aspects of the Hospitality program is that you can enroll in strictly restaurant management and/or hotel/resort management.

Hospitality Management requires extensive knowledge of the lodging and food service industry. Students learn all aspects of the operation from management and accounting to food production and marketing. The UMC hospitality program not only teaches principles and theories, but also provides laboratory and internship experiences that apply those skills. Some of the courses students can take are Resort Operations Management, Front Office Practice and Procedures, Menu Planning, and Tourism and the Travel Industry. The relatively small class sizes enable students to receive a great deal of personal attention in their laboratory experiences. Instructors' expertise as well as modern training facilities are added assets.

After two years at UMC, 100 percent of the graduating hospitality students find excellent positions in their field. The hospitality industry

continues to grow, thus the demand exceeds the available supply. Students obtain positions as assistant managers, manager trainees or kitchen supervisors in restaurants. Hotel/Resort graduates obtain positions as front desk clerks, front office supervisors, catering and sales managers, and housekeepers. The graduates in the entry level positions in the restaurant, hotel, and resort industry generally move to upper level management positions after 1-3 years. Graduates are working at all the major hotel, restaurant, and resort chains in the Midwest, as well as privately run family businesses. Job opportunities are endless.

**For those already in the industry who want to keep current, it is possible to register for or to audit just one or two classes.**

UMC, a rural 97-acre campus, is located in northwestern Minnesota's Red River Valley on the northern edge of Crookston. Facilities consist of 28 buildings including classroom buildings with up-to-date laboratories, a new computer center, an athletic complex with an indoor pool, a well-equipped library, a food service, a reading learning center, five on-campus residences, and a student center.

UMC attracts students from a large geographic area and is very proud of its program. Toll free number within Minnesota for those interested in a hospitality career is 1-800-232-6466, Ext. 407. Outside of Minnesota, call 218/281-6510, Ext. 407.

## Computer Program Helps to Manage Small Resorts for a Profit

*John Eix, area agent, Small Business and Economic Development, Park Rapids*

Resorts have been an important part of Minnesota's tourism since around the turn of the century. There have always been peaks and valleys in the number of resorts and their profitability. Operating a small resort profitably has become more difficult and complex.

Increasingly, the successful resort manager is the one who has good marketing and financial management skills. Because the individuals who manage resorts come from all walks of life, their expertise is as diverse as they are.

Every owner wants the business to succeed, but current business conditions place a premium on recordkeeping and knowing those finan-

cial records. Success will hinge in large part on the ability to interpret and use financial records to adjust business operations.

There are two important indicators of business fitness. These include an income statement and a balance sheet. Three questions should be asked by every owner: Where am I?, Where do I want to be?, and How do I get there?

Resort owners can now develop an income statement and examine their resort operations using a portable computer system to run a new program entitled "Pricing Your Resort Based on Your Costs." Participants will develop a financial statement that provides them with knowledge of their assets, liabilities, and equity position. From this base, analysis of future plans can be made with an eye toward growth and

profitability.

The program will consist of a series of small group meetings with resort owners and their spouses in local areas. The series will usually consist of three meetings lasting from 3-4 hours. Suggested operating procedures would be to invite three to four couples to one couples' home. I would present the program from about 10:30 to 2:30, with a potluck

lunch.

The program is adaptable to bed and breakfast and motel owners as well.

Contact me, John Eix, for more information at the Area Extension Office, 213 West 2nd Street, Park Rapids, MN 56470 (218/732-7525).

## Preliminary Results of Resort Pricing—Occupancy Study

Barbara A. Koth, assistant extension specialist, Tourism Development

In 1973, 1979 and 1986 the Minnesota Extension Service has conducted a study of resort pricing and occupancy patterns. This regular data collection makes it possible to look at trends in the industry over 13 years. Here are some initial findings of the 1986 work. The complete results, including breakdowns by region and size of resort, will be available as a Tourism Center research note in mid-October. Call your county extension agent for copies.

A four-page questionnaire was mailed to all resorts on an agency list, with one followup reminder. There were 519 usable responses—a 52

percent response. Ninety-four percent of the resorts sampled have completely modern facilities (electricity, hot/cold running water and a bathroom). More than four out of ten also operate a campground. Less than five percent have condominium or timeshare arrangements.

The average size of Minnesota resorts is 11 units (12 units when facilities with less than 5 units are excluded, according to the Minnesota Department of Health definition). This increase since 1979 is due to expansion activities and the sale of smaller resorts as individual properties.

**Table 1. Season of operation and occupancy rates by resort sizes**

	Small resorts <5 units		Midsize resorts 5-13 units		Larger resorts >13 units	
	Percent open	Average occupancy (%)	Percent open	Average occupancy (%)	Percent open	Average occupancy (%)
Sept. 85	76	34	82	34	89	43
Oct. 85	30	23	37	19	55	36
Nov. 85	21	43	22	29	31	31
Dec. 85	8	18	12	17	34	43
Jan. 86	8	25	13	22	33	43
Feb. 86	8	27	14	27	33	46
Mar. 86	8	16	13	16	29	45
Apr. 86	10	14	14	14	26	26
May 86	87	44	94	46	95	52
June 86	97	62	100	70	100	68
July 86	99	80	100	84	100	84
Aug. 86	100	66	100	74	100	80
	N=74 (16 percent)		N=316 (67 percent)		N=84 (17 percent)	

Table 1. shows one year's season of operation and occupancy rates, broken down by resort size. More large resorts are open in the shoulder season and year-round. There is likely to be a wider range of activity options at these larger resorts, and the level of investment often makes continuous operation necessary. Still, the growth in winter season business is evidenced in that 13 percent of midsize resorts are open.

Occupancy naturally peaks in July and August for all resorts: 60 percent of the midsize properties report occupancies ranging from 90 to 100 percent in July. When deciding where to allocate marketing resources for the greatest impact, one issue then becomes whether to invest in increasing already heavy summer season business or to redirect efforts toward slower nonpeak times.

The larger resorts consistently report higher occupancy rates from October to April, with the exception of November when deer hunters book small and midsize facilities. October and April are apt to be problems for the industry.

Table 2. presents average weekly rates for completely modern, mid-size and large resorts. Use this information *only* as a guideline, and use the ranges to determine where you fall within the industry price structure. The large resorts charge 30 to 45 percent more than midsize facilities. Although some of this difference is certainly based on more amenities, other factors contribute. Larger resorts must be run as a full-time business, so owners know what rates will allow them to recover their costs and make a profit.

Average daily rates for housekeeping cabins with more than four units follow: 1 bedroom-\$41.00; 2 bedroom-\$51.75; 3 bedroom-\$65.75; and 4 bedroom-\$91.00. From 14 to 26 percent of the respondents, increasing with cabin size, said they did not offer daily rates. This means over three-quarters have taken note of changes since 1979 toward two-income families and short getaway mini-vacations. Note that the higher daily rates reflect the added expenses. For example, some resorters charge enough for four days to equal a week's income.

**Table 2. Average weekly rates for modern housekeeping cabins (1986 peak season)**

	Midsize resorts 5-13 units	Larger resorts >13 units	All resorts >4 units
	Average rate (\$)	Average rate (\$)	Range
1 Bedroom	201	264	90-550
2 Bedroom	261	340	110-725
3 Bedroom	319	436	150-850
4 Bedroom	413	596	158-1025

## Helping Resorts, Campgrounds, and Motels to be Energy Efficient

Energy is a large expense for Minnesota's tourism industry, and the long-term prospect is that it will rise. A new program designed to confront that problem and cut energy costs is under development at the Energy Division of the Minnesota Department of Public Service.

The new program will be aimed directly at resorts, campgrounds and motels. Energy costs are typically high for these facilities and will go up unless steps are taken to get them under control, said Dan Flaherty, energy specialist, and program coordinator.

While details are still under discussion, the program will use techniques and information that have proven successful in residential and school programs. The Energy Division is currently assessing the results of a pilot program of a sample of resorts, campgrounds, and motels. Some of the findings will be presented in the resort management workshops scheduled this fall.

"Tourism businesses are in an intensely competitive environment," Flaherty said. "There are a lot of states out there advertising for customers, which creates pressure on existing businesses to add amenities and remain competitive." An energy cost control program tailored to each individual business or improvement will prove to be a good investment.

Participation in such a program will pay off both now and in the future because it's a smart business move, Flaherty said. The cost of energy is still high, despite a recent period of stability. With interest rates as low as they are now, investing in energy efficiency improvements is just good economic sense.

It isn't difficult to see why today's tourism businesses spend a great deal of money on energy. Many of the buildings were constructed during times of cheap energy and have little or no insulation. Most have inefficient heating and cooling systems that must handle very large areas. And almost all of the businesses are outside of metropolitan areas and must use higher-priced energy.

Many business owners are looking for ways to extend their seasons, and to appeal to a broader range of potential customers. For example, owners may consider adding a heated swimming pool or hot tubs to complement cross country skiing or as a part of a general upgrade of their facilities. This would be a perfect time to look at the costs associated with these improvements, as well as their individual history of energy use.

Those interested in the program should begin now to gather their energy bills, make a list of problems and consider what improvements they may be making in the future. "Domestic hot water, lighting and electrical load management are frequent topics of interest with resort owners I've been talking to," Flaherty said.

The full program is expected to begin upon completion of the assessment. Anyone who would like to apply—or has questions—should call Dan Flaherty, 612-297-3293 or write him at 900 American Center, 150 E. Kellogg Blvd., St. Paul, MN 55101.



## Tax Benefits Available for Renewable Energy Systems in Tourism Facilities

Swimming pool heaters, water heaters, furnaces or even electric trolling motor batteries using renewable energy—solar energy, wood, etc.—may be better investments this year, than next, in tourist facilities.

The federal government has begun a phase-out of the renewable energy tax credits while enhancing the depreciation schedules. The combined effect is that, for purchases made in 1987, a renewable energy system may be eligible for tax savings of up to 30 percent of the initial cost of the system, spread over the first three years. For purchases made in 1988, the benefits for solar systems would drop by 2 percent and biomass energy systems by 10 percent.

The Minnesota Department of Public Service Energy Division has compiled a summary of the federal benefits for specific applications in tourism businesses. To receive a copy, call the Energy Information Center at 1-800-652-9747 and ask for "Energy," or 296-5175 in the Twin Cities metro area.

# Minnesota Resort Museum Captures Resort History

Ted Leagjeld

(Introduction by Larry Simonson)

**Introduction:** One of the rapidly developing parts of the total attraction base that helps bring people to an area, encourages them to stay longer, and stimulates economic activity is interpretive facilities. Iron-World at Chisholm, the Forest History Center at Grand Rapids, and the emerging Farm America Center at Waseca suggest that Minnesota is on the cutting edge of application of interpretive science/art to attraction development. These centers all speak to interpreting a specific Minnesota industry.

Appropriately, an effort is now being made to interpret the Minnesota resort industry by Ted and Sue Leagjeld and family at Driftwood Family Resort near Pine River. They have developed a Resort Museum.

The Leagjelds have owned Driftwood since 1959, third in a line of ownership that dates back to 1900. The resort itself has much character that is original in construction, albeit remodeled and modernized. For example, the dining room is to a great extent original in decor, dating back to 1925, and original parts of several cabins are still used.

Much of the material for the displays came from storage at the resort. Most durable items such as kerosene lamps, wood stoves, and wooden boats were put into storage when obsolete.

As the Leagjelds modernized Driftwood, and more items joined the collection, the idea of a resort museum emerged. Several visits with Minnesota Historical Society leaders confirmed that no comprehensive display of early resorting existed and this also resulted in development ideas.

Now, with this introduction, Ted Leagjeld tells "the rest of the story."

Son Tim was assigned the job of designing the museum's home. We started with the many items that would go into each set and designed a building large enough to accommodate them. Everything fell in place as Tim had designed a two story building that measured 36 by 36 feet that would house a theater, office and a gift shop.

The New Minnesota Resort Museum displays are in chronological order. The Ice Age display shows how and why Minnesota has a topography that features so many lakes. There is a display of Indian items recognizing their time in our state. From there the logging display shows the many tools used to remove the beautiful stands of pine that once graced our lake country.

The museum has a large display with a cedar strip boat built right here in Jenkins, Minnesota by Joe and Marilyn Gleason. Mrs. Gleason was at our open house and enjoyed explaining how their boats were built. The large boat display shows a dock and many items used by those early fishermen. We even have displays of fish that can be caught in our many lakes on the Whitefish Chain. In those early years the fish could be caught on a silver spoon, but often on just a hook or a bit of pork rind. There were no depth finders then.

Our ice house display spans the period from 1900 to 1962 when we closed the old ice house and bought a deep freeze. The guests enjoyed the



ice for cooling their beverages as well as for icing down their catch of the day. Harvesting ice was a hard, but necessary job. It was done during the coldest weather and the ice would be about 3 feet thick. The ice was crystal clear and we called it "Tinkle" ice. It made a tinkle sound when we took it out of the sawdust and put it in a beverage.

The storage room (cellar) and kitchen display tells a story of the good meals that have been served these many years. The woodburning stove and the wood box, the hot water reservoir, all bring back good memories. There is an icebox for perishables. Each day fresh ice had to be brought from the ice house. A simple, but daily task.

The dining room display shows the old china and flatware used in those early days. Meals served were hearty and everything was homemade. The fresh loaves of bread and rolls were baked daily. Fish was served every day. Fresh vegetables were from the garden. The tennis court and our swimming pool cover the areas where corn, beans, and cabbage once grew. The dining room set brings back fond memories of friends the guests met annually. They became very well acquainted as they relaxed after meals.

The cabin set is simple and displays the iron bed with a homemade quilt. There is a bedside table with a kerosene lamp. The wash stand has basin and pitcher. The dresser is made of pine and is rather fancy, but actually cost very little when new. There is a wood burning stove and a wood box. Some cabins even had a spittoon. Some guests came to stay 2 or 3 months. We boast of having had two families as guests a long time: one couple has come for 57 seasons and another for 55 seasons.

The second floor of the museum has a large garden tool display. The garden played a big part in the early days of Kamberling's resort (1900-1942). There is also a display of winter equipment both for work and for pleasure. How many can remember a "skate-scooter?" It must have been fun to use on the ice when the first clear freeze made Whitefish mirror-like.

We will continue to expand. Each Leagjeld family member is in charge of a project that will be built and displayed in the future. There will be changes taking place all the time as we have so many old items to share with tourists who come to see the New Minnesota Resort Museum.

We have received many gifts for our displays and have a list of those items and the donors. We will continue to accept gifts that can be used in the sets.

The New Minnesota Resort Museum is open to the public from 10 a.m. to 5 p.m. daily from Memorial Day to mid-September and by appointment at other times. We are happy to conduct tours for groups: call for a time and special rates. The museum is at the Driftwood Family Resort on Whitefish Lake, just off highway 371 or off county road 15 (Crow Wing County), telephone number 218/568-4221.



## New Tourism Materials Available

The Tourism Center, with funding from the Minnesota Office of Tourism, has two new publications dealing with tourism development and marketing for businesses and communities:

Tourism Brochures to Boost Business (CD-FO-3273)

Tourism Advertising: Some Basics (CD-FO-3311)

As part of a home-based business program, the Minnesota Extension Service also developed educational materials for individuals interested in starting a bed and breakfast:

Starting a Bed and Breakfast or Farm Vacation Business (CD-FO-3225)

Establishing the Ambience in a Bed and Breakfast or Farm

Vacation Home (HE-FO-3219).

Video — Bed and Breakfast Operation: More than Antiques and Atmosphere (CD-VH-3167-VHS; CD-VC-3279-3/4")

Call your county extension agent for copies, or contact the University of Minnesota directly:

Distribution Center/Minnesota Extension Service

3 Coffey Hall, 1420 Eckles Avenue

St. Paul, MN 55108

(612) 625-8173

There is a small charge to cover materials and video rental/purchase.

## North Shore Tourism—A New Growth Period?

*Uel Blank, tourism consultant, Columbia, Missouri and former extension economist, Tourism, University of Minnesota and Glenn Kreag, recreation tourism agent, Sea Grant Extension*

In 1981, more than 1.4 million tourists visited Minnesota's North Shore, spending over \$24 million. This tourism income equaled 35 percent of the North Shore's total retail goods and services sector, according to a Minnesota Sea Grant study.

The real significance of this study was not to measure tourism's scale, impressive as it was, but to identify major new dynamic tourism elements on the North Shore. It was thought these elements pointed the way to a period of new growth, not only for the North Shore, but for tourism in many other parts of Minnesota. A Sea Grant study of 1986 and 1987 data for the Lutsen-Tofte area shows that this growth has continued.

### A Change from Past Minnesota Resort Trends

Market and income problems have plagued the tourism industry of many parts of non-metropolitan Minnesota during the past 20 years. These were analyzed in a 1977 issue of Minnesota Tourist Travel Notes entitled, "Minnesota's Resort-Tourism in Critical Transition."

The total number of resort rooms in Minnesota has stayed about the same in recent years as some resorts have grown larger. But the number of individual resorts has declined by more than half from the peak which occurred in the early 1960's. This setback occurred following a half-century of almost steady growth, despite substantial growth in demand for recreational services, and in the face of growing tourism in Minneapolis-St. Paul and out-of-state tourism regions. Competition from overseas and sunbelt destinations, and travel technologies that were difficult to apply to the North Shore and many other outstate Minnesota locations were important contributing factors. Minnesota's resort industry, having benefited from the early wave of mass U.S. tourism that was based on earlier technology—the automobile and public road system—suffered from obsolescence.

### Bright Spots in the North Shore Tourism Industry

Among the numerous signs suggesting potential for future positive growth of the tourism industry on the North Shore are the following:

- Many North shore communities recognize tourism as the industry with some of the best potential for them. This is a key beginning point in tourism's development, and it is strangely lacking among the business leadership in many Minnesota communities that have substantial tourism income and the potential for much more. Like any other industry—whether factory, mine, or farm—tourism can generate jobs, profits, rents, and taxes. Emphasis on the tourism industry does not preclude development of other types of industry. It is desirable to develop a balanced, diversified set of industries in every community.
- In 1981 and 1986 studies, winter business in one part of the North Shore, equaled 70 percent of the summer tourist registrations. Such year-round use of tourist facilities and work force contributes greatly to profitability. The Lutsen-Tofte area has this winter business. Grand Portage also has recently increased its winter business considerably.
- Fall business is rising dramatically. In 1981, September business was as large as June. By 1986, October business had topped June, and September was equal to July. This market is based on a combination

of successful promotion of the enjoyable fall weather and beautiful leaf colors along with business meeting trade.

- A new generation of business leadership is emerging, demonstrating successful operation of hospitality businesses.
- Travel by bus instead of family automobile is used increasingly by fall and winter North Shore tourists.
- Facilities are being added for activities that include downhill skiing, cross-country skiing, snowmobiling, and hiking. These facilities are partly responsible for the changes in seasonal tourism patterns.
- Two Harbors, formerly interested mainly in iron ore shipments, is greatly upgrading its appeal to travelers. Iron ore shipping still is one of its important attractions.
- Information services to travelers have been greatly improved. Visitor information facilities are located in virtually every North Shore community with the completion soon of the Grand Portage-Border welcome center.
- The North Shore was one of the first Minnesota areas to offer condominium lodging. Growth in the number of North Shore condo units has continued through 1987.
- Sea Grant's recent tourism research found evidence that North Shore travelers are more "up-scale" (have better education and higher income) than formerly.

### Some Problem Areas Remain

Despite the upbeat nature of the North Shore's tourism industry, there continue to be problem areas. Some existing resorts will cease to operate as resorts: they may be converted to second homes or some other alternative use. Especially serious marketing problems exist for operations located between Grand Marais and Grand Portage: the heaviest volume of summer traffic goes only as far up the Shore as Grand Marais. As in other parts of the Upper Great Lakes region, many North Shore resort owners work part-time. Because of the small scale of many of the resorts, they must hold other jobs, or operate other businesses. Dividing their time and energy, they are not able to devote the needed attention to tourism marketing and business management. These are among the types of challenges faced by North Shore tourism businesses in realizing full potential.

### What Attracts Tourists to the North Shore?

Research of North Shore tourism included a look at things that were important to tourists to that area. The major findings:

- The outstanding visual qualities of its natural features were by far the leading attractors for travel to the North Shore. Sightseeing is the top summer attraction. In this respect the North Shore is unique—in no other part of Minnesota is "sightseeing" ranked first. This finding highlights the importance of maintaining the area's superb natural qualities.
- Man-made features are attractions, too. These include the picturesque villages, views of unusual industrial activities such as loading iron ore and features of historical interest.

- The North Shore has some of the most dependable snow east of the Rocky Mountains. This, along with its rugged terrain and developed facilities, provides the base for winter tourism.

#### Part of a Larger Region

The North Shore is part of a larger complex of attractions in north-eastern Minnesota that, together, exert a powerful travel attraction influence. Their attraction power has long been recognized: the Minnesota Arrowhead Association was organized over 60 years ago to promote tourism in northeast Minnesota.

The area's major attractions include:

- Lake Superior and the shore itself.
- Duluth, one of the most picturesquely sited, most visually accessible cities in the world.
- The Boundary Waters Canoe Area Wilderness, offering a unique experience with nationwide appeal and reputation.
- Voyageur's National Park, the only water-based national park in the U.S.

- Grand Portage, including the Grand Portage National Monument, which interprets the voyageur era, and the Indian village.
- Canadian Border, many tourists are thought to be "lost" into Canada, but the International border generates added travel, making possible contact with travelers who would not come otherwise.
- The Mesabi Iron Range, which is recognized nationally but is currently undersold to travelers.
- Northwoods environment, the general boreal (northern coniferous forest) ambiance is appealing to many: the Superior National Forest helps to make it more accessible.

In a narrow sense, these attractions compete with each other. In the broader view, however, they complement each other. The real competition is outside Minnesota: the sunbelt, Europe, and other distant destinations.

## New Grounds Management Section of Resort Manual Available

New material dealing with grounds management issues has been added to the resort manual, *Managing Small Resorts for Profit*. With an introduction on the principles of grounds management, topics covered include development of cross-country ski trails and campgrounds, electrical system management, landscape planning, and trail networks. There is also a case study where the grounds of a hypothetical resort are critiqued and redesigned.

The 75-page addition was developed with funding from the Small Business Administration and Minnesota Extension Service. It is available for \$5.00 from Bud Crewdson, Small Business Development Center, 248 Classroom Office Building, 1994 Buford Avenue, St. Paul, MN 55108. The entire 205-page manual containing marketing and financial management information can be purchased for \$20.00 from the same source.

Larry Simonson, Barbara Koth, Glenn Kreag, editors

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Address all correspondence to Larry Simonson, extension specialist, Tourist Services, North Central Experiment Station, Grand Rapids, Minnesota 55744. Single copies of this issue are available without cost to any resident of Minnesota. To receive copies regularly or to report a change of address, notify your county extension office or Larry Simonson.

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# Tourist Travel Notes



Volume 22, Fall 1985

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### Explore Minnesota: Change is Inevitable, Fast

Henry R. Todd, director of tourism

In 1982, Minnesota government had gone through a series of budget cuts, and the Office of Tourism was no exception. The budget had been reduced to \$1.2 million a year, one of the lowest of the 50 states. The awareness of tourism and its value existed, but at a very low level.

As we wind down 1985, the Office of Tourism budget is over \$5.1 million, and the awareness and value of tourism has grown markedly. As with any greatly expanded program, there is change, and a great deal of it. Reorganization of the office and its programs has occurred. The office has established program in many areas including motorcoach, meetings and conventions, and travel agents, as well as our more traditional seasonal programs.

With all this change, what has happened to the tourism industry in Minnesota? The goal we have for our program is "to generate greater travel into and throughout Minnesota and to generate greater sales at tourism businesses, increase tax revenues and increase the employment levels in the travel industry in Minnesota."

Minnesota's travel industry stood at a little under \$4 billion in 1982. The collective travel industry had gone through its worst year in the last decade. An actual decline in lodging receipts was seen for the first time in 1982. Late in the fall of 1982, the Office of Tourism, working with industry leaders and businesses, developed "Explore Minnesota" to be used as a major public/private partnership for the 1983 summer season. Major promotion efforts were launched in March of that year with the tremendous support from the business community. This effort, along with the expanded funding that became available in July 1983 and the renewed strength of the economy, helped to establish 1983 as one of the best growth years in the Minnesota travel industry.

Travel expenditures rose to a little over \$4.4 billion, an 11.4 percent increase. This compares to a national growth of only 7.3 percent. Lodging sales alone showed an actual increase of 18.1 percent, the largest in 10 years.

Tax revenues derived from travel expenditures rose to \$234 million in 1983, a 27 percent increase over the previous year. The sharp increase was due, in part, to a change in the sales and use tax rate from 5 percent in 1982 to 6 percent in 1983.

Employment growth in travel-related industries outpaced that for total non-agricultural industries in 1984 over 1983. Based on adjusted annual averages, the statewide increase in jobs for lodging establishments and eating and drinking places was up 7.5 percent and 9.7 percent, respectively, compared to a 6.2 percent increase for total non-agricultural employment. Employment outside the Twin Cities metropolitan area showed gains of 10.2 percent for lodging establishments and 8.7 percent for eating and drinking places.

The Office of Tourism has concentrated on marketing and to this point has demonstrated what can be done with solid marketing concepts and adequate funds. The creation of the *Minnesota Explorer* newspaper is a current example of our efforts to break away from the competitive

pack by using a new strategy. By writing feature stories on new events, developments, and expansions, we will now have timely travel news for the consumer each fall, winter, and spring. We will be able to reach more people and to motivate them to travel into and throughout Minnesota.

The key to the success of the *Minnesota Explorer* newspapers will be the stories themselves. Early indications from our fall issue show a very positive response. The first week of its announcement saw inquiries shoot up to an all-time weekly high of 16,000. Research indicates a 90 percent positive response from consumers who have seen the publication. In order to maintain and improve the *Explorer*, we need news stories and items from your area. I would urge each of you to contact our office in writing about those items you feel are newsworthy for inclusion in future issues of the *Explorer*.

Marketing strategies are not the total answer to a healthy industry. We must continue to develop programs and concepts for upgrading our facilities. Currently, through the Department of Energy and Economic Development, a loan program has been developed to meet some of the need. We also need to look at the development, both public and private, that will bring more people to our state. This area becomes a big challenge for everyone in the industry to work together in a positive fashion to improve our product.

Secondly, we need to develop more information resources and educational programs for all the operators and employees in our industry. We must keep up with ever-changing trends in the travel industry. We must explore new concepts and ideas, and improve our overall market-

See **EXPLORE MINNESOTA**, page 7

### DAYTON LARSEN

It is with deep regrets that I report the passing of Dayton Larsen (extension area agent, forestry and recreation). He died on May 4th after an extended illness in Grand Rapids where he lived since retirement.

During his career, Dayton developed a host of friends in the tourism industry. For several years he was co-editor of *Tourist Travel Notes* and contributed many articles for the publication. He was also continuously involved in individual consultations with recreation businesses, participated in several research studies and publications, and was actively involved in industry educational programs.

Dayton was a real friend of Minnesota tourism. The industry will miss him, and his University colleagues and many personal friends are deeply saddened by his passing.

With regrets,  
Larry Simonson

# Growth in Minnesota's Lodging Industry

Chad Dawson, former marine recreation and tourism agent, Minnesota Sea Grant Extension Program

Can we accommodate more tourists now, even with fewer hotel/motel and resort businesses? In spite of substantial decreases in the number of state-licensed hotel/motels and resorts, the Minnesota Department of Health has suggested that the overall number of rental units has remained constant or has increased from 1968 to 1983 (see *Tourism Travel Notes*, Summer 1984). The explanation for these seemingly contradictory trends was based on observations of facility expansion at existing businesses or of larger, newer businesses replacing smaller, older businesses.

Recently, several statewide surveys were conducted to determine whether more tourists could be accommodated. Comparisons to 1984 information were made against a 1970 statistical study of "Minnesota's Lodging Industry."

From 1970 to 1984, the number of hotel/motel businesses declined 12 percent from 1,208 to 1,060. However, the number of rental units increased an estimated 53 percent from 36,849 to 56,421 in the same time period. The average number of rental units per business was 31 in 1970 and 53 in 1984. Thus, the size of the average business increased substantially during that 15-year period, resulting in large increases in

the number of rental units available. The greatest number of new rental units added was in the Metroland (9,500 units), while the proportionally greatest regional increase (98 percent) was in the Heartland.

From 1970 to 1984, the number of resort businesses declined 38 percent from 2,527 to 1,560. The number of rental units declined an estimated 18 percent, from 18,580 to 15,260 in the same time period. The average number of rental units per business was 7.4 in 1970 and 9.8 in 1984. The number of rental units did not decline at the same rate as the number of businesses due to the increase in the size of the average business. The largest percentage decline in rental units within a region was 63 percent for Metroland, while the smallest decline (5 percent) was estimated for the Arrowhead.

Overall, the number of rental units for hotels/motels and resorts has increased 29 percent during the 15-year period from 55,429 to 71,681 units available. In all regions, the increases in the number of hotel/motel units available exceeded the decline in the number of resort units lost. Therefore, every region had estimated increases in the total combined number of hotel/motel and resort units available. The Metroland region had the greatest increase in the total number of rental units available.

The Minnesota lodging industry can accommodate significantly more tourists now than it did in 1970.

## Hotel and Motel Businesses

Minnesota Tourism Region	Number of Businesses			Number of Rental Units		
	Survey Respondents 1984 <sup>a</sup>	Total Estimated 1984 <sup>b</sup>	Total Estimated 1970 <sup>c</sup>	Survey Respondents 1984 <sup>a</sup>	Total Estimated 1984 <sup>b</sup>	Total Estimated 1970 <sup>c</sup>
Vikingland	71	127	153	2,433	4,352	2,597
Pioneerland	89	159	195	2,868	5,124	4,319
Hiawathaland	82	146	173	4,607	8,203	6,366
Metroland	126	224	227	15,422	27,417	17,881
Heartland	96	171	176	2,769	4,932	2,496
Arrowhead	131	233	284	3,594	6,393	5,425
Total	595	1,060	1,208	31,693	56,421	36,849

## Resort Businesses

Minnesota Tourism Region	Number of Businesses			Number of Rental Units		
	Survey Respondents 1984 <sup>e</sup>	Total Estimated 1984 <sup>f</sup>	Total Estimated 1970 <sup>c</sup>	Survey Respondents 1984 <sup>e</sup>	Total Estimated 1984 <sup>d</sup>	Total Estimated 1970 <sup>c</sup>
Vikingland	276	351	551	2,445	3,109	4,077
Pioneerland	38	48	96	306	387	595
Hiawathaland	8	10	27	76	95	170
Metroland	13	17	43	69	90	245
Heartland	563	715	1,176	5,799	7,366	9,055
Arrowhead	330	419	634	3,318	4,213	4,438
Total	1,228	1,560	2,527	12,013	15,260	18,580

<sup>a</sup>Source: Minnesota Office of Tourism, 1984 Hotel and Motel Survey, Preliminary Data

<sup>b</sup>Survey data extrapolated to the 1,060 businesses located by the Minnesota Office of Tourism in its 1984 survey. The same number were licensed by the Department of Health in 1983.

<sup>c</sup>Source: "Minnesota's Lodging Industry: Statistics and Characteristics," Agricultural Extension Service Bulletin #386, 1975, U. Blank, et. al.

<sup>d</sup>Survey data extrapolated based on estimated total number of businesses and average number of rental units in each region.

<sup>e</sup>Source: Minnesota Office of Tourism, 1984 Resort and Campground Survey, Preliminary Data.

<sup>f</sup>Survey data extrapolated to 1,560 resorts based on an extensive telephone survey conducted by the Minneapolis Star and Tribune in 1984-85. The Department of Health had listed 1,700 licensed resorts in 1983.

# Catch and Release Fisheries Management

Dexter Pitman, fisheries research scientist supervisor, Minnesota Department of Natural Resources

Minnesota is, among other things, a great fishing state. The state has a lucrative water resource which provides the basics necessary for a wide variety of fish species and communities for equally varied fishing opportunity. Fishing recreation, consequently, is substantial, and more Minnesotans per capita fish than people of any other state. In 1980 an estimated 1.7 million licensed anglers in Minnesota fished a total of 22 million days and caught more than 250 million fish. In addition, Minnesota's fishing attracts more non-resident anglers than any other state, with nearly 400,000 angling licenses sold each year.

The attraction for all of these anglers is, if course, good fishing. Good fishing means different things to different people. Catching a limit of fish may be one angler's measure while catching only large fish may be another's. Undoubtedly the 250 million fish estimated caught in 1980 provided for many diverse fishing expectations.

Annual production of 250 million fish does not come easily. There are limits to the productive capability of each lake and stream. Only so many fish (pounds of fish per acre) can be produced. For example, a lake that produces 50 pounds per acre can produce 50 one-pound fish, 100 half-pound fish or five 10-pound fish per acre. The size of each fish is determined by several factors, one of which is fishing harvest. In simple terms, the older a fish is the larger it will be. As more fish are harvested by anglers the younger, and therefore the smaller, they become. As fishing use and fish harvest increases at a lake, an angler expecting big fish for good fishing finds it more difficult to have a good fishing trip.

Contemporary anglers are becoming more aware of the value of big fish in their fishing experiences. Many remember the "good old days" or grandpa's stories of the big fish caught "every trip" at his favorite lake. Others remember the thrill of the "big one" he caught last year.

The Department of Natural Resources, Division of Fish and Wildlife, is involved in various programs to manage selected species or waters to promote larger fish. The basic premise to manage for that goal is that not all fish caught can be taken home for lunch. Some big fish that are caught must be released to be caught again at another time or by other anglers. Some small fish caught must be released to live longer and be caught again when larger. The primary elements of this management are catch and release.

Catch and release management is important for maintaining diverse fishing opportunity. It can be successful for many fish species but not necessarily for all species, nor for a single species in all situations. Important aspects such as natural mortality, fish growth rates, natural fish reproduction rate; interspecies relations, and fishing harvest must be known and interrelated to evaluate whether catch and release management can be effective at a particular body of water.

Muskie and lake (rock) sturgeon are both suited for catch and release management and are managed exclusively in that manner statewide. Both species are long-lived, grow to large size, and mature at relatively old ages and large sizes. Release of fish less than certain lengths fulfills a dual role of protecting fish until they reach large size for angling and for recruitment of each species. In addition, fish less than the legal minimum size provide fishing for fun opportunity. Minimum sizes vary depending on the growth rates and potential lengths of strains (genetic differences) in different waters.

Other species are being managed by catch and release in various waters throughout the state. The primary goal in these instances is to provide or maintain larger fish for fishing satisfaction. Other goals, such as providing efficient predators (larger) on standard forage species is also desirable for fishing (bluegill, yellow perch), but over-

See **CATCH AND RELEASE FISHERIES**, page 6

## Managing Small Resorts for Profit

The newly published handbook, *Managing Small Resorts for Profit*, is available through the cooperative efforts of the Minnesota Office of Tourism, and the Small Business Development Center and Agricultural Extension Service of the University of Minnesota. The manual focuses on marketing and financial management issues and aims to help managers sharpen those skills. It is written for that majority of small resorters who fall between the extremes of highly skilled "professional manager" and total novice.

The volume, edited by Gary Ballman and Larry Simonson, contains organizational worksheets for you to apply to your own situation and results from research conducted at small resorts.

The Table of Contents for *Managing Small Resorts for Profit* follows:

### Marketing

- Marketing Planning for Small Resorts
- Planning Tourism Brochures
- Advertising That Sells
- Developing a Positioning Strategy for Effective Marketing
- Package Tours and Resorts

### Financial Management

- Financial Management and Analysis
- Pricing Strategies for Resort Businesses
- So You Want to Run a Resort

The appendix contains reprints of articles referred to throughout the text.

The three-ring binder format permits insertion of supplementary

materials, including a section currently being written that outlines grounds management and planning, such as functional and service considerations, site development, and special use areas. Other ideas for subsequent sections might treat industry and societal trends on a national and state level, Minnesota resort visitors data, and industry structure and organization systems. We welcome suggestions from recreation businesses for other ideas. Individuals who purchase the manual will receive supplements for the cost of reproduction.

The most important objective in expanding this handbook is that it be a useful, practical tool resorters can use for more profitable management. To that end, input, participation, and feedback from resorters will improve the utility of this effort. Other ideas being considered are inclusion of information on financing for expansion and improvement, evaluation tools, and more specific marketing materials. Of the original printing of 500, only about 100 remain. We will reprint if orders exceed the supply.

The cost of *Managing Small Resorts for Profit* is \$12, which includes postage. This charge is only for the cost of reproduction and the binder. All development costs are underwritten by the sponsors. Please make checks payable to the University of Minnesota and send to:

Larry Simonson  
Agricultural Extension Service  
North Central Experiment Station  
1861 Highway 169 East  
Grand Rapids, MN 55744  
(218) 327-1790

# State Resort Owners Facing New Demands

The following article is reprinted with permission from the April 21, 1985, issue of the Minneapolis Star and Tribune.

By Dan Wascoe Jr.  
Staff Writer

Ice still covered some lakes in northern Minnesota last week, but many resort owners were sprucing up for summer visitors, rolling to the seasonal rhythm that paces their industry.

Alan Gunsbury of Pleasant Acres resort near Brainerd watched work on a \$250,000, four-season building that boasts oak woodwork, balconies, fireplaces, extra insulation and a whirlpool.

Ted Leagjeld of Driftwood Resort near Pine River was working on a two-story resort museum that will hold frog boxes, old cane poles and other memorabilia. He hopes it will become both an attraction and a historical resource.

On the other hand, Evelyn Mellum Hendrickson of Manatauk resort near Brainerd was getting nervous about hiring someone to put in her dock once the ice melts. In any event, she won't open until June.

Such differences in style and ambition are common among resort owners, according to a study by the *Minneapolis Star and Tribune*, including a survey of 1,273 owners by the Minnesota Poll. In some ways, the state's resort industry resembles an angler with one foot on the dock, the other in a boat. And the boat is starting to float away.

Already aboard are resorts that appeal to upscale guests by offering carpeting, ceramic-tile baths, maid service, time-share condominiums, tennis courts and cookies on every pillow at night. In addition, the survey found that about one of five resorts remains open all year.

Still on the dock—often by choice—are hundreds of owners who rely on simplicity, low rates, repeat business and word-of-mouth advertising to fill their lakeside housekeeping cabins during peak summer months.

Tom Ryan, whose Ryan Development Co. owns Sugar Lodge resort and has built hundreds of condominium units at others, said, "Twenty years ago, you could count on one hand the number of tennis courts and indoor swimming pools at Minnesota resorts, but today's vacationers are not willing to accept substandard accommodations...."

"Just because of where we are in the history of this country, our generation has expectations that our parents' generation and our grandparents' generation didn't have," he said. "You'll find the market (for small, fishing-only resorts) will be narrower and narrower as those customers die off."

Resorts and tourism are assuming higher profiles in Minnesota these days. They're considered economic adrenaline for outstate Minnesota as mining and farming fall upon hard times. Mark Dayton, the state's commissioner of energy and economic development, told a tourism conference in December that "it is crucial to expand this part of the state's economy as other parts decline."

But the economic impact of tourism and resorts is hard to pin down. The U.S. Travel Data Center, an industry research group based in Washington, D.C., said that in 1983, travel was the second-largest retail business, after food. The center used a computer model to estimate that in 1983, U.S. travelers spent \$4.4 billion in Minnesota for transportation, lodging, food, entertainment, recreation and incidentals, up 11.4 percent from 1982.

By comparison, Minnesota Poll researchers used their survey to estimate gross revenues of resort owners last year at slightly more than \$100 million—less than the annual revenue of one large Twin Cities-

based company, such as International Dairy Queen, Inc.

According to the poll, two-thirds of individual resort owners estimated their profits last year at less than \$10,000.

Resorts clearly are a small slice of the tourism pie, although some owners suggest that their dollars turn over many times and help sustain related businesses. Experts disagree over the effects of such multipliers, but using one generous estimate, the total economic impact of resorts in Minnesota is about \$500 million.

The travel data center also said that tourism spending generated about 111,000 jobs in Minnesota, or 6.5 percent of total nonagricultural employment. Resort owners responding to the Minnesota Poll's survey reported a total of 9,460 employees, most of them seasonal.

Because of the spending and jobs involved, Minnesota isn't the only state stalking more tourists. According to the travel center, Minnesota's tourism budget, nearly \$4.7 million in 1984-85, ranked 16th nationally; Illinois was first, with a \$14.4 million budget.

Gov. Rudy Perpich favors an increase. Advertising alone could jump from \$1.5 million to \$2.5 million each of the next two years if legislators agree. Last year, the Minnesota Office of Tourism pushed its ads and commercials into places such as Chicago, Omaha, Kansas City and Des Moines. The state also is starting a program to write off loan costs for tourism businesses, to meet fierce competition from the likes of Michigan, Wisconsin and Canada.

How fierce? A resort in Wisconsin offers trained carp as an attraction. Another has booked big-name pro wrestlers. A Michigan resort is completing a \$2 million golf course designed by Arnold Palmer. Even Alaska sponsored a booth at the recent Northwest Sportshow in Minneapolis.

But suppose Minnesota's hype works. Suppose folks take the bait. What will they find at Minnesota resorts?

Judging by the Minnesota Poll survey, a split is developing in the attitudes and strategies between owners who operate only during the summer (78 percent) and those who remain open all year. The year-rounders, for example, tend to be younger and offer a broader variety of activities.

Another example: When given a range of choices that the state might pursue to help tourism and use of resorts, year-round operators were slightly less likely to choose fishing improvements than were seasonal owners. The favorite choice of assistance among all-year owners was low-interest loans to improve their resorts.

About three-fourths of both groups favored requiring schools to start after Labor Day, a proposal now under legislative consideration. Almost as many supported increased tourism advertising and improved lake quality.

Competition, changing consumer tastes and the state's sense of urgency appear to be stirring some soul-searching among resort owners.

"My sense is there are more (owners) going through this process" of reevaluating their business, said Hank Todd, director of the state tourism office. But they don't always agree on strategy.

Some of them, strapped by expansion-related debts, have turned to aggressive marketing.

One year-round resort owner said that colleagues who rely only on family-vacation business are taking an economic risk and ought to recruit conferences. But a seasonal operator said too many all-year resorts will dilute the market.

Todd's assistant, Ginger Sisco, said tradition sometimes dampens the pace of change. She cited the example of a hypothetical resort owner

debating whether to accept credit cards: "Why change if you don't need to?"

Whatever their views, Sisco said, resort owners are the most vocal part of the tourism industry, writing more letters, pro and con, than anyone else.

Alan Gunsbury, of Pleasant Acres, often is among the critics of state tourism programs. He contended last week that other states and Canada outshine Minnesota in publicizing the variety and supply of fish.

He also wants the state to better advertise the diversity of state resorts, not just the fancy ones on the cover of state resort guides.

Todd and Sisco said that instead of promoting individual resorts and tourism businesses, they favor promoting the variety of attractions in specific areas—lodgings, recreation, restaurants, the arts—and marketing those areas as a destination package.

"Eleven years ago, the competition was the person across the lake from you," Todd said. But not anymore.

Another change is the construction of condominiums on resort property. Ryan's company, based in Grand Rapids, has built 350 condos at such resorts as Quadna and Sugar Hills and plans 200 more. Ryan said that condos help resort owners cash in some of their property's value without depleting their equity. Utility costs and taxes on such units are paid by their owners, not by the resort.

He added that building and selling modern condos enable a resort to

offer more amenities, which in turn helps to attract time-sharing customers. The tradeoff is learning an array of financial complexities, managing rentals, keeping control through tight contracts and perhaps helping with resales.

But Dutch Cragun, who for 28 years has owned Cragun's Pine Beach Lodge and Conference Center near Brainerd, doesn't favor the condo trend. He wants to ensure that "everyone is happy" when they visit his resort, he said, and he's not sure he could guarantee happiness if ownership were diluted.

"I don't think we have the kinds of controls over our facilities when people feel they own a part of it," he said.

He also observed that resort owners do best to expand in manageable bites instead of building a big complex at once. He added that some new owners don't realize that running a resort "is a commitment instead of a business." Making a resort work requires caring as well as sound economics, he said.

But too much caring can be dangerous, especially when personal ties among owners and guests grow stronger every summer.

"I hear owners say, 'I couldn't raise my rates last year. My guests are my friends,'" Cragun said. "Committed (owners) go under, too. Commitment (to guests) doesn't have anything to do with financial sense."

This table compares the amenities and attitudes of seasonal resort owners in Minnesota with those of the state's year-round resort owners. The sample includes 212 owners of year-round resorts; 813 seasonal-resort owners were questioned.

	Owners of qualified year-round resorts	Owners of qualified seasonal resorts	Total N = 1025
<b>How they're different</b>			
<b>What they offer:</b>			
Boats	90%	97%	95%
Guide service arrangements	73	57	60
Special package rates	61	37	42
Bar or lounge	55	29	34
Dining room/restaurant	48	19	25
Snowmobile trails	42	10	16
Running/jogging paths	38	30	31
Cross-country ski trails	35	6	12
Credit cards accepted	33	13	17
Convention facilities	30	8	13
Snowmobiles	24	6	10
Sauna	23	10	12
Swimming pool	17	8	10
Tennis courts	15	6	8
Toll-free phone information	15	6	8
<b>Think following might be very helpful:</b>			
Stocking different types of fish	39%	46%	45%
Changing focus of tourism promotion in Minnesota	41	34	36
Making low-interest loans available to resort owners to improve facilities	88	78	80
Changing regulations on fishing limits	27	35	33
<b>Estimated profits, 1984:</b>			
Less than \$10,000	53%	64%	62%
\$10,000 to \$24,999	13	16	16
\$25,000 or more	13	5	6
Don't know	13	10	11
Refused	8	4	5

	Owners of qualified year-round resorts	Owners of qualified seasonal resorts	Total N = 1025
<b>Approximate gross revenues during past 12 months:</b>			
Less than \$20,000	9%	17%	15%
\$20,000 to \$49,999	15	24	22
\$50,000 to \$99,999	14	11	12
\$100,000 or more	24	6	9
Don't know, refused or no answer	36	43	42
<b>Said last year's profits are lower than previous year after adjusting for inflation</b>			
	32%	38%	37%
<b>How they're alike</b>			
<b>What they offer:</b>			
Reservation service	96%	93%	93%
Fishing equipment	75	76	76
Child care arrangements	56	57	57
Bicycles	19	14	15
Golf course	6	1	2
Horseback riding	5	2	3
Downhill ski runs	3	*	1
<b>Think following might be very helpful:</b>			
Stocking more fish	76%	81%	80%
Increasing advertising expenditures to promote tourism	76	71	72
Having schools start after Labor Day	76	76	76
Improving lake quality	70	70	70
Developing special seminars for resort owners	33	30	30
<b>Resort owners with family members who work at resort</b>			
	83%	85%	85%
<b>How most customers learn about resorts:</b>			
Word of mouth	47%	51%	50%
Repeat customers	31	29	29
Paid advertising	17	13	14

\*Less than 1 percent.  
Source/Minnesota Poll Special Survey of Resorts

# Shipwreck Diving Attracts Tourists

*Howard Bell, Minnesota Sea Grant Extension*

North and South Shore communities could benefit from a lesson learned in Michigan: shipwrecks attract tourists. Sport divers are flocking to towns like Munising, Michigan, home of the 113 square mile Alger Underwater Preserve. "The preserve has created a demand for charter boats, dive shops, lodging, and restaurants," according to Michigan Sea Grant agent Ron Kinnunen.

Before the preserve was established in 1980, the Munising shipwrecks attracted relatively few sport divers. "We've seen a 142 percent increase in diving revenue in just two seasons of operation," said Kinnunen. "Designating an underwater preserve is like hanging your shingle out. Once you name an area, it becomes a destination." The Alger Preserve created five full-time diving charters and a dive shop. One charterboat operator's gross revenue increased from \$500 per season to \$500 per weekend. "You can drive by motels and see wet suits hanging out to dry," said Kinnunen.

In 1984, 23,000 visitors to Munising spent almost \$7 million on direct and indirect diving-related expenses. About 6,000 of those visitors were divers who contributed \$1.2 million in direct out-of-pocket expenses. The balance of visitors were non-diving friends and relatives. They spent an additional \$2.2 million.

Of the 6,000 divers using the Alger Preserve in 1984, 85 percent relied on charter services and spent an average of over two days at the preserve. Wisconsin and Illinois each made up 30 percent of visitors. Twenty percent were from Michigan; 6 percent from Minnesota.

Michigan's 1980 Submerged Lands Act created the legal and political prerequisites for underwater preserves. The state owns the preserves but local support is the most important requirement for establishing a

preserve, according to Kinnunen. The number of shipwrecks in the area is of secondary importance. Alger Preserve contains ten wrecks; Thunder Bay Preserve near Alpena contains 20; Mackinac Bottomland Preserve has five.

Underwater preserves have become a community asset for towns like Munising. The Munising Chamber of Commerce has produced promotional brochures. Police, hospitals, emergency medical personnel, and charter operators have organized a community plan for handling diving accidents; however, there has been no need to use the plan. "We've had no major accidents," said Kinnunen. "This is due primarily to our professional charter captains who assess the competence of divers."

Munising is also using the Alger Preserve to promote awareness of the area's maritime history. The city is currently raising funds for an underwater preserve interpretive center that will be of interest to divers and non-divers alike.

Preserve regulations prohibit removal or destruction of shipwreck artifacts; however, the protection is on paper only, according to Kinnunen. "The Michigan DNR is reluctant to create a line item in their budget for protection of wrecks," said Kinnunen. Instead, the charter operators have successfully policed the wrecks. "They realize that if the wrecks deteriorate, their business deteriorates," Kinnunen said.

Interest in Great Lakes sport diving has grown as more sophisticated gear makes diving in the cold Great Lakes water safer and more comfortable. Minnesota and Wisconsin do not have underwater preserve legislation, nor can the North and South Shores match Michigan's high concentration of shipwrecks. But North Shore communities could still attract tourists by "hanging out the shingle" and promoting and preserving area shipwrecks.

## Catch and Release Fisheries Management

*continued from page 3*

crowded and small at present, may also be addressed by catch and release management. Largemouth bass are presently being managed at Hyland and Rebecca lakes, Hennepin County, for those purposes. A catch and release slot limit is in effect for bass from 12 inches to 16 inches in length. Fish of these lengths can be caught for fun but must be released. Smaller bass and very large old bass can be kept.

Walleye have not lent themselves to minimum size (release all fish smaller than) catch and release management. In many cases where a catch and release program is suggested, walleye reproduction is substantial, fishing pressure and fish harvest is high, and larger walleye are few relative to the numbers of anglers. Enactment of catch and release management would reduce the total harvest (fewer fish kept). Minimum size limits of 16 inches could reduce walleye harvests by 60-75 percent, and of 14 inches by 20-30 percent at Minnesota's large, popular walleye lakes.

Many anglers do not place great value on large fish but instead place higher value on sufficient numbers of smaller fish for eating and faster catching. A minimum size and reduced harvest can conflict with the expectations those anglers have for a good trip. On the other hand, numbers of large walleye can be made available to more anglers with large fish expectations by a maximum size, catch and release program which restricts or prohibits harvest of walleyes over a large size. Experimental management at Mille Lacs and Saganaga lakes with maximum size restrictions has been initiated. Large walleye are exceptional at Mille Lacs relative to the great amount of fishing use the lake provides and at Saganaga relative to this lake's reputation for producing large walleye. Only one walleye larger than 20 inches (Mille Lacs) or 22 inches (Saganaga) may be harvested per angler. Additional large walleye are released to be caught again by different anglers or during future trips.

Trout have been managed historically in Minnesota with minimum regulations to protect sub-adult and pre-migrant anadromous trout in Lake Superior and its tributaries. In addition, a restricted limit of three fish greater than 16 inches has helped distribute large trout to more anglers.

More recently, trout streams in southeastern Minnesota have been selected for experimental large trout management. Portions of the South Branch Root River and Hay Creek provide complete catch and release fishing. Natural reproduction by trout in these streams is limited and fishing use prior to catch and release management was heavy.

Catch and release angling at Trout Run Creek and South Branch Whitewater River is directed toward harvest of underutilized and stocked "frying pan" trout and building numbers of larger trout. Catch and release management in this instance permits keeping smaller trout but catching and releasing larger trout. The sizes for keeping or releasing are different at each stream. Small fish harvest is supported by extensive reproduction by Trout Run brown trout and by upstream rainbow and brown trout stocking at South Branch Whitewater River. Fishing use and trout harvest before catch and release management was heavy at both streams and had kept the numbers of large trout at a low level.

Expectations by the many anglers fishing Minnesota's lakes and streams are as varied as the waters and fish populations they fish. Fulfilling these expectations is an important part of fisheries resource management. Management programs such as catch and release fishing provide some means of providing for these expectations and at the same time promoting wise use of our fisheries resources for good fishing trips tomorrow.

# Center Helps Small Tourism-Related Businesses

Tom Wood, head of Tourism Management and Development, University of Minnesota, Duluth

In April 1984, the School of Business and Economics at the University of Minnesota, Duluth (UMD) initiated the Tourism Management and Development Center. The goal of the center is to assist private businesses and public and non-profit organizations, which serve tourists in northern Minnesota.

Through educational programming, research, and technical assistance, the center brings the resources of the University of Minnesota together to focus upon the needs of the northern Minnesota tourism industry. With the aid of the UMD Small Business Development Center, the center develops seminars and workshops on specific topics for the tourism industry.

People in the state need to know that tourism in Minnesota is big business. Toward that end, the center works with the UMD Bureau of Business & Economic Research to encourage and support university and other experts in the field in doing research that documents this important fact.

One example of such research is the study of the impact of tourism on Mora and Kanabec County conducted by Don Ireland, UMD business administration professor, and Matthew Fust, research assistant, during the spring of 1984. This study showed a \$10 million yearly tourism business in that area.

A survey on cross-country skiing in Duluth was made in 1983-84 by Don Stauty, program advisor for the center. The results show how many people ski, what their ages are, how they obtained their equipment, and where they go to ski. The impact of instituting a fee by the Minnesota Department of Natural Resources (DNR) was also addressed and found to have little effect on the number of people skiing.

Graduate students in the School of Business' masters in business administration (MBA) program may devote some of their research requirements to specific tourism questions, such as examination of marketing techniques of resort/campgrounds, participation rates of leisure-time activities, and determination of the changing clientele in northern Minnesota resorts.

Undergraduate students projects consist of compiling trend information at Indian Point Campground, surveying and producing a directory of Minnesota county fair attractions, and assisting in international visitor demonstration projects and surveys, *Northland Trekker* preparation, and center workshops.

Tom Wood, director of the center and long-time advocate of recreation-related business, is working with communities who are actively pursuing an image as a major attraction. The Bryant Development Corporation in Babbitt has made headway toward spurring into action a tourism economy in the area. Biwabik and Virginia are striding toward capitalizing upon a tremendous economic upsurge with the area's Giant's Ridge ski-training center project.

Children are tourists when they travel and visit natural and cultural attractions such as parks. Educating them to appreciate and enjoy such experiences when they are young will ensure their continuing to be tourists when they become adults. Children are also good press agents for attractions, as they encourage their parents to get out and participate in activities. Utilization of local and state parks through planned programs keeps visitors in the area longer, resulting in greater expenditures in nearby communities.

In a summer program called Discover Duluth Up-Close, the center, through its program advisor Don Stauty, helped the city promote the use of parks and beaches for educational hikes and field experiences. Led by experts, the programs increased the natural and cultural awareness of resident and visitor alike.

Also in the summer of 1984 and through a grant from the Ordean Foundation, the center was able to provide two highly-trained university students who worked with several of Duluth's non-profit organizations for disadvantaged youth. These youngsters were taken on canoe and tour boat trips, attraction visits—such as one to the Jacobean-style



Tom Wood, left, and the staff of the Tourism Management and Development Center, University of Minnesota, Duluth.

manor house Glensheen—and picnics on beaches and in parks. This project assisted the center in understanding the needs of special populations and the importance of mainstreaming them into the utilization of services and facilities offered by small businesses. A follow-up inventory was then conducted to identify facilities and programs that provided accessibility for these special people.

When a busload of senior citizens arrives in a community for a recreation experience, the tourism business thrives. The *Northland Trekker*, a newsletter, is produced by the center under the direction of publications editor Jane Seybolt. Its purpose is to promote tourism in northern Minnesota by motor coach touring. One of the center's assumptions is that encouraging barrier-free attractions will ensure that everyone would enjoy them. The newsletter is sent to more than 2,500 travel agents, tour brokers, community education programmers, travel editors, and senior citizen tour planners, principally in Minnesota and Wisconsin.

The center's student interns work with tourism-related businesses. For example, Indian Point Campground is owned by the city of Duluth and managed by UMD students under the supervision of the Tourism Management and Development Center staff.

Other interns have worked at Grand Portage Lodge on the creation of an outdoor education program that would enhance tourists' stay in the area and keep them there longer. The students prepared slide shows on Grand Portage and its history, organized car caravans into the hinterlands to observe wildlife, and presented craft activities at the Lodge.

A tourism library of relevant national, state, and regional publications is kept at the center and is continually being enhanced by information specialist Hazel Peterson. The center staff also tracks and documents tourism-related legislation and issues of national, state, and local importance.

## Explore Minnesota

*continued from page 1*

ing and management capabilities. Information and education will be the key to the future growth and health of the travel industry in our state.

Lastly, we must continue to aggressively market ourselves, not only at the state level but locally and as individual businesses. What has been started must be expanded and pursued.

Having been with the Office of Tourism for 12 years with nearly eight years as director, I have seen a great deal of change. In the last two years I have seen more positive change than at any time in the last 12 years. As with anything, nothing is perfect. Some areas of our state have problems we must address together. We must strive to improve travel in all parts of Minnesota.

Change is inevitable. Now is a time of great change and a time when change is occurring at a very fast pace. We have to embrace change and direct our efforts in the most beneficial course. Working together we should see real growth in the travel industry for the balance of the 1980s.



# Rental Unit Energy Efficiency Standards for 1985

Article reprinted from the January 31, 1985 News and Views Column, Cook County News Herald, by Robert E. Sopoci, county extension agent, CNRD, and County Extension Director.

Earlier this month, I attended an Energy Auditors Training Session sponsored by the Minnesota Department of Energy and Economic Development. The training covered indoor moisture, indoor air quality, heating system efficiency and safety, ventilation technology, attic by-passes, foundation insulation, and energy programs for rental housing.

During the training, my mind was constantly comparing my own house and former family resort business with the current standards originally established by the Minnesota Legislature in 1976. With the record cold snap last week, I was glad my home met or exceeded most of the standards outlined at the training. One device, the positive shut off on my wood stove, may have actually saved our lives. As the temperature lunged to 40 degrees below zero and the winds picked up to 25 to 30 miles per hour, moisture condensing on a chimney cap almost completely closed the chimney opening. Smoke began to down draft into the house setting off the smoke alarm at 2 a.m. Fortunately, I was able to shut the stove down quickly thanks to a good positive shut off air vent and stove damper.

If my home or former resort business was classified rental housing

## Critique Service Available

Attention Minnesota resort and motel owners, campground operators, canoe outfitters, attractions, and related tourism businesses! Is your publicity brochure doing the job you want it to? Does it project a clear, distinct, appealing image? Is it designed to most effectively communicate your product's benefits to your market? Could you produce a better brochure at a lower cost? You can now get individualized answers to these and other questions about your brochure from an experienced communications professional with the Agricultural Extension Service.

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Larry Simonson and Gary Ballman, editors

Minnesota *Tourist Travel Notes* is published by the University of Minnesota Agricultural Extension Service to provide a medium for discussion of topics relating to Minnesota's tourist industry. The intent is to present a wide variety of information and points of view; positions taken by the authors do not necessarily represent policies of the University.

Address all correspondence to Larry Simonson, extension specialist, Tourist Services, North Central Experiment Station, Grand Rapids, Minnesota 55744. Single copies of this issue are available without cost to any resident of Minnesota. Write to Communication Resources/Distribution, 3 Coffey Hall, University of Minnesota, 1420 Eckles Avenue, St. Paul, Minnesota 55108. To receive copies regularly or to report a change of address, notify your county extension office or Communication Resources/Distribution.

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(to rent living quarters to the same renter for 1 year), I should have already met the mandatory 1980 and 1983 standard, and now should be working on compliance with one additional standard and the revision changes of three existing standards for 1985. (See MS 116J.27 and MN Rules Chap. 4170.0100-4170-9920.)

A few of the changes for rental units include:

### 1980-1983-1985 Standards

Caulking and weatherstripping all cracks, joints, and gaps around windows, door, foundations, frames, trim boards, and interior surface walls.

### 1983-1985 Standards

Install storm or insulated door on all extension door openings unless a single door, enclosed entry way, etc., provide R-2 efficiency.

### 1983-1985 Standards

Install positive shut off on all fire places and wood stoves.

### 1985 Standard

Install insulation to R-38 in all ceiling or attics not heated. (Building with five or more units may opt for 25 percent increase annual energy consumption due to prior changes.)

### 1985 Standards

Install insulation to R-19 in all rim joint areas unless existing insulation is R-11 or more.

### 1985 Standards

Walls and floor, which includes basement walls, must also be insulated to R-11. (Exteriors insulated—insulation should extend down two feet below surface; interior installed on the interior should extend from the rim joint to the foundation slab on floor. Case examples of cracked basements due to interior insulation on basement walls may change this ruling for northeast Minnesota counties.)

### 1985 Standards

Modify existing heating system so it operates at minimum steady-state efficiency of 75 percent as demonstrated by flue gas analysis.

### 1983 Standards

Intall energy conservation measures that have, had, or are predicted to have a cumulative energy savings of 30 percent as designated in an energy audit conducted by a registered professional engineer, architect, or other person determined qualified by the department.

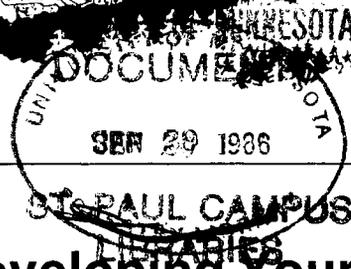
If you have any questions or would like a copy of the standards, call:

Minnesota Energy Information Center  
296-5175 in the Twin Cities  
Minnesota toll free 1-800-652-9747  
—Ask for "Energy"

Write:

Energy Division  
Minnesota Department of Energy and  
Economic Development  
900 American Center Building  
150 East Kellogg Boulevard  
St. Paul, MN 55101

# Tourist Travel Notes



Volume 21, Summer 1984

## Developing Your Community for Tourism

Larry Simonson, extension specialist, Tourist Services, and Gary Ballman, extension specialist, Tourism Development

The "Community Tourism Development Workshop" is a new program designed to increase awareness of tourism as an industry among individuals in a community. It also recognizes the important role of each person who meets and serves visitors.

Tourism dollars flow through the entire economic fabric of a community. During 1982 there were nearly \$4 billion in tourist/travel expenditures in Minnesota. This included the purchase of supplies and services at many local businesses.

In addition, tax dollars are generated by tourism. The U.S. Travel Data Center estimated in 1982 that nearly \$186 million in Minnesota state tax receipts and over \$32 million in local taxes were generated by the tourism industry. This additional revenue helps to reduce local and state taxes for everyone, even for those who have little direct contact with visitors.

With these facts in mind, it makes sense for communities to do their best to bring in tourist dollars whenever possible.

The "Community Tourism Development Workshop" is a part of this process. The workshop is a one day event whose primary audience includes all those individuals—both employers and employees—who meet and serve tourists.

It is a joint venture with the Minnesota Office of Tourism, the Small Business Development Center, the Agricultural Extension Service, and local chambers of commerce or other associations. This past spring twenty-one workshops were conducted in thirteen communities—from Worthington to Winona, Grand Marais to Glenwood, and many cities in between. Since then, seven more requests have been received to hold the workshop.

The following is an outline of a typical program which can give interested communities an idea of the program's scope and content. Each workshop has some standard parts and then one section that is tailored to the community and conducted by local people.

### Community Tourism Development Workshop

#### *The Value and Responsibility of Being a Host Community*

A discussion of the economic and social impact of tourism in your community and the entire state. Who benefits and in what ways? Examples are given of what other communities are doing to enhance their industry. The presentation is given by extension personnel.

#### *The Art of Hospitality*

A lively and informative discussion of how we can all do a better job of being a host. Stress is placed on the concept of U-ability or putting ourselves in the other person's shoes. The presentation is filled with real life examples of good and bad hospitality. The speaker is Mrs. Jane Preston, consultant and retired educator from

the Minnesota Department of Education, and her comments are based on a career of traveling about the state of Minnesota.

#### *The State's Role in Tourism and Its Value to Your Community*

A discussion of the expanded role of the Office of Tourism in marketing Minnesota tourism and how a local community can take advantage of several parts of the program, including the small grant programs for new, innovative marketing thrusts. Also, the variety and quality of the new state brochures and media programs are discussed. The presentation is given by a representative of the Office of Tourism.

#### *Know Your Community To Be a Better Salesperson*

A panel of local people discusses some of the following topics to provide information to strengthen the sales approach of the community. The topics include:

- a light touch of community history,
- accommodations and services to please and serve visitors,
- the recreation resources of the area,
- the events and festivals schedule of the community, and
- regional and local marketing efforts to bring in visitors.

*continued—page 2*

### Resort Management Events

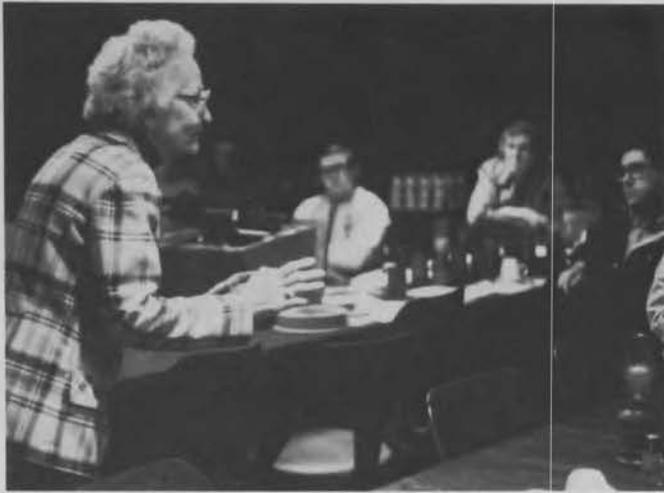
A series of four resort tours and follow-up workshops will be held during September and early October.

The program for each will include afternoon tours of three to five resorts led by the host resort, and discussions of management problems and opportunities with guest resource people from the industry, Office of Tourism, and University of Minnesota. Dinner will follow. An evening program will include short presentations from the Office of Tourism on their expanded programs, Roger Machmeier discussing sewerage treatment and disposal, Larry Simonson introducing a new resort management manual, and open discussion periods for everyone to participate in.

These resort management programs are joint ventures with the Office of Tourism, Small Business Development Center, and the University of Minnesota's Agricultural Extension Service.

Although specific to the areas listed below, resorters from other areas are welcome. Contact the local county extension director of the host county or the editor of this newsletter for specific programs.

- Sept. 19—Crow Wing County—Whitefish, Chain
- Sept. 26—Hubbard, Cass, Beltrami counties—eastern Hubbard County
- Sept. 27—Itasca County—eastern Itasca resort area
- Oct. 9—Cook and Lake counties—North Shore, Lutsen/Tofte area



**Mrs. Jane Preston speaks on the art of hospitality to participants at a Community Tourism Development Workshop.**

The workshop takes about three hours and is primarily motivational in thrust. It should be followed up with other educational efforts in local communities to make the program continuous in effect. In two communities, the presentations were video-taped for later use on local television or future programs. Local media coverage often helped spread the message to a broader audience.

## Fishing In Minnesota

*Larry Shannon, director, Fish and Wildlife Division, and Richard Hassinger, fisheries chief, Minnesota Department of Natural Resources*

Fishing in Minnesota is big business.

The national survey of fishing, hunting, and wildlife associated recreation for 1980 indicated that 1.7 million licensed anglers in Minnesota fished a total of 22 million days in 1980 and caught more than 250 million fish. These anglers spent \$515 million, including \$226 million for travel and \$289 million for equipment. The average fisherman went fishing 13 days in 1980 and spent about \$369 pursuing the sport, an average of \$26 per day. These fishermen enjoyed the scenic beauties and natural wonders on more than 5,000 fish lakes in the state and 15,000 miles of streams including 2,000 miles of trout streams.

Fishing pressure in Minnesota waters is high with more anglers per capita than any other state. Minnesota ranks third in overall fishing license sales, trailing only California and Texas which have much higher populations. Minnesota also leads the nation in sales of nonresident fishing licenses with nearly 400,000 sold.

Management of this vast resource and large user group is vested in the Department of Natural Resources, Division of Fish and Wildlife. The management program is supported entirely by license fees collected from the anglers using the resource. With an annual budget of approximately \$8 million and a staff of 200 employees at 27 area offices, 5 coldwater hatcheries, and 14 walleye hatcheries, programs have been developed to enhance and continue the tradition of sport angling in Minnesota. The \$8 million budget is expended in habitat protection, fish propagation, and lake and stream assessment. Other activities include rehabilitation of lakes, rough fish control and commercial harvest of non-game species, research, and maintenance of facilities.

Minnesota leads the nation in production of walleyes with more than 600 million walleye eggs taken on an annual basis. Nearly 200 million fry are stocked in lakes in addition to 400 million stocked in rearing ponds from which nearly four million, five-

In total, over 700 people participated in this year's events.

If your community would like to explore a future event of this nature, contact Larry Simonson (218-327-1790) for details and planning assistance.

An example of the program for a workshop held in Grand Rapids last April is on page 8.

\* \* \* \* \*

A series of six tourism marketing workshops was also held this past winter and spring in Walker, Beaver Bay, Winona, Alexandria, Eveleth, and Sleepy Eye.

The workshops were targeted on individuals who are engaged in marketing tourism. These all-day workshops focused on such important marketing topics as promotional organization structure, marketing planning, developing effective brochures and ads, working with printers, the new state marketing programs, and developing package tour business.

Also included in the agenda was a panel of representatives from local, regional, and state tourism marketing organizations. These panels explored marketing opportunities, marketing activities, and ways in which various organizations do and could work together toward common objectives.

Evaluations showed that the workshops were successful in meeting some of the marketing needs of the 224 individuals who attended. However, the evaluations also showed a demand for additional, more intensive workshops on selected marketing topics. The co-sponsoring organizations are now exploring how to best meet this need during the coming year.

inch walleye fingerlings, weighing a total of 126 thousand pounds, are planted in lakes throughout the state.

Minnesota stocks nearly three million northern pike on an annual basis. The state also has a major trout and salmon rearing program with a total of 3.8 million trout and salmon planted, including nearly 2.8 million stocked in Lake Superior. Other programs include rearing of catfish, musky, hybrid musky, and panfish hybrids, such as the tiger musky and the splake.

The major emphasis in protecting and distributing the harvest of fish includes regulations such as seasons, bag limits, and methods of take. Regulations are important in achieving the goal of the fisheries program to protect and manage the state's fisheries resource for long-term recreational and economic benefits.

In 1983 the legislature passed the Omnibus Fishing Bill which provided a major thrust to accelerate fisheries programs in the state. The bill had wide support from the fishing organizations and sport fishermen across the state. The bill consisted of three major features: special regulations; a surcharge on the license to increase and intensify the fisheries programs; and a buy out of Lake of the Woods commercial walleye fishing. The special regulations feature of the bill allows the state to establish experimental regulations on 100 lakes and 25 streams without regards to limits and method of take and seasons.

The bill also provides for a \$2.50 surcharge on the license. These monies are designated to rehabilitate and improve marginal fishing waters; expand opportunities for fishing, including lake aeration, shore fishing areas, piers, upgrade propagation capabilities for walleye fingerlings and other species through expansion of rearing facilities; habitat improvement, such as trout stream improvement; and increased enforcement efforts with work teams. The buy out of Lake of the Woods commercial walleyes provides for a quota of 164,000 pounds established in 1984 and the phase out of the fishery by 1992 with gill nets being removed from the lake after 1987.

*continued—page 3*

Recently under provisions of special regulations, three streams were designated as experimental streams. These include the Knife River on the North Shore and two trout streams in the southeast part of the state, the south branch of the Root River and Trout Run, where artificial lures only will be used in one-mile sections on each stream.

We have developed a program called Cooperative Opportunity for Resource Enhancement (CORE) in which organizations may participate with us in the development of fisheries projects on a cost-share basis, such things as lake aeration, fishing piers, and rearing programs. Money for the CORE projects will be appropriated by the legislature and be available in July of 1985.

Several new regulations have been implemented for the 1984 fishing season. Transportation of fish has changed in that the fish must be identifiable and accountable. All fish must be wrapped and packed in such a way as to be unwrapped, unpacked, separated, and counted. Filleted fish should not be reduced to more than two single fillets. All dressed fish and fillets except bullheads, sunfish, and crappies must retain a one-inch square patch of skin with scales intact on the body other than the belly. When so dressed, saugers are counted as walleye. Undressed fish must have tails, fins, and skins intact. Frozen fish must be packaged and frozen separately so as to be counted and identified.

Changes in transportation regulations for nonresidents will be accomplished by legislation which is presently working its way through the 1984 legislative session. Should those regulations become law, they will be similar to the resident requirements for the transporting and storage of fish.

Special regulations will continue on Mille Lacs Lake in 1984, with the limited night fishing ban to be in effect from 10:00 p.m. to 6:00 a.m., May 14 through June 10. The night fishing ban will not include the opening weekend. In addition, the winter spearing season is delayed until December 20 and the summer angling season for northern pike is delayed until July 4.

Regulations concerning musky size limits have changed in that 30-inch size limits will apply in Cook, Hubbard, Lake, Otter Tail, and St. Louis counties which are north of Highway 210. For all other counties north on Highway 210, the 36-inch size limit will apply. Also changed in 1984 is the season on the designated stream trout lakes that will now close on October 31 rather than September 30.

In closing, we wish you a successful fishing season and to quote Commissioner Joseph Alexander, "The anticipation—the bite—the strike—all are part of the fun of fishing. May I suggest that you release a portion of your catch, I do. Sharing is part of Minnesota's fishing fun."



**Jody Goplin, a seasonal laborer with DNR fisheries at the metro hatchery in St. Paul, holds a tube containing 100,000 walleye eggs. Water is forced up into the tube and the eggs undergo incubation.**

## Brochure Critique Service Still Available

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# Recreation/Tourism Industry in Northeastern Minnesota

Chad Dawson, marine recreation and tourism agent, Minnesota Sea Grant Extension

Have changes in the recreation/tourism industry contributed to the economic stability of northeastern Minnesota?

The Minnesota resort industry was described as being in a critical transition in the mid-1970's (see *TTN, Fall 1977*). By 1984 there were some suggestions that a revitalized resort and tourism industry were showing positive signs of health and development (see *TTN, Winter 1984*). In addition, several factors have combined in northeastern Minnesota in recent years to highlight the importance of tourism to the area economy: the severe economic conditions that restrained the taconite and transportation industries in northeastern Minnesota, and the recognition by the governor and Minnesota legislature of the statewide economic impact of the recreation/tourism industry.

During 1968 to 1983, the number of state licensed resorts and hotel/motels was declining at an alarming rate in northeastern Minnesota and statewide (see Table 1). The greatest changes were experienced during 1968 to 1975 and followed by less severe changes during 1980 to 1983. Since 1980, the trend has been towards a small decrease or increase in the number of state licensed businesses. The Minnesota Department of Health has indicated that while the number of businesses has declined in recent years, the number of rental units has remained constant or increased somewhat due to facility expansion at existing businesses or larger, newer businesses replacing smaller, older businesses.

During 1970 to 1983, the number of state licensed campgrounds increased substantially from 318 to 654 (see Table 1). Since 1980, there has been a slight decline in the number of campground businesses operating in northeastern Minnesota and statewide.

These trends for resorts, hotel/motels, and campgrounds suggest that the number of tourism businesses has reached a more

stable equilibrium between supply and demand. Despite the loss of many businesses over the last several years, there are indications from the Department of Health that there has been an increase in the total number of tourists that can be accommodated statewide.

The number of visitors to the northeastern region of the state is difficult to document. The information from various attractions centers over the last four years suggests that there are individual annual variations with no definite upward or downward trends evident (see Table 2). Furthermore, the total number of visitors to the 11 centers listed in Table 2 have fluctuated up and down only a few percentage points over the last four years.

A 1981 Sea Grant research report by Uel Blank and T. Knopp indicates that 1.4 million tourists visited the North Shore of Lake Superior, excluding Duluth. Nearly one-half of the tourists were in the area during June, July, and August. Those tourists spent \$24.5 million in direct expenditures which is equal to about one-third of all retail goods and service sales on the North Shore. During 1981, tourists to Duluth spent \$55.9 million in out-of-pocket expenditures. When each of the local area expenditures are totaled across the three-county region, an economic impact in excess of \$227 million is realized which contributes over \$47 million in payroll and over 7,000 full-time job equivalents (Table 3).

Tourism spending is greatest during summer months in northeastern Minnesota (Table 4), although the industry seems to be coming a year-round enterprise with less seasonal variation.

The tourism industry in northeastern Minnesota is relatively stable and is a significant contributor to the regional economy. Prospects for the near future appear bright with an increased emphasis on cross-selling, year-round development and marketing, plus tourism promotion throughout the Midwest via the "Explore Minnesota" state program and tourism association initiatives.

**Table 1. Number of State Licensed Recreation/Tourism Related Businesses in Three Northeastern Minnesota Counties<sup>a</sup>**

Business Type/Area	Number in		
	1983	1968 to 1983 <sup>b</sup>	Percent change 1980 to 1983
<i>Resort Licenses</i>			
St. Louis Co.	106	-66	c
Lake Co.	53	+13	- 9
Cook Co.	46	-62	-16
Statewide	1,708	-54	- 5
<i>Hotel/motel licenses</i>			
St. Louis Co.	108	-49	c
Lake Co.	15	-59	-12
Cook Co.	32	- 3	+10
Statewide	1,060	-43	+ 2
<i>Campground licenses</i>			
St. Louis Co.	26	+189	- 7
Lake Co.	20	+233	- 5
Cook Co.	8	+167	0
Statewide	654	+106	-10

<sup>a</sup>Minnesota state and county departments of health.

<sup>b</sup>Campground comparison is with 1970 to 1983 data.

<sup>c</sup>Data not available.

**Table 2. Visitor Statistics for Some Selected Publicly-Owned Attractions in Three Northeastern Minnesota Counties<sup>a</sup>**

Area/Attraction	Estimated number of visitors in 1983	Percentage change compared to 1980-82 average
<i>Duluth</i>		
Arena Auditorium	675,197	+15%
Canal Park Visitors Center	433,159	-12%
Thompson Hill Information Center	227,915	+11%
St. Louis Co. Heritage and Arts Center	129,359	+ 3%
Glensheen	121,869	- 6%
Spirit Mountain Ski Area	96,148	- 7%
Tweed Museum of Art	83,416	-13%
<i>Eveleth-Chisholm</i>		
Iron Range Interpretative Center	114,033	+47%
U.S. Hockey Hall of Fame	15,916	-13%
<i>Grand Rapids</i>		
Forest History Center	28,430	-19%
<i>Two Harbors</i>		
R.J. Houle Information Center	21,677	+19%
Total number of visitors	1,947,119	+ 3%

<sup>a</sup>*Duluth and Northeastern Minnesota Visitor Statistics Abstract, 1983, Minnesota Sea Grant Extension Program.*

**Table 3. Impact of Travel on Three Northeastern Minnesota Counties in 1982<sup>a</sup>**

Area	Total travel expenditures	Travel generated payroll	Travel generated employment (jobs)
St. Louis Co.	\$ 170,040,000	\$ 35,505,000	5,149
Lake Co.	\$ 16,973,000	\$ 3,377,000	534
Cook Co.	\$ 40,798,000	\$ 8,321,000	1,354
Statewide	\$4,001,724,000	\$876,469,000	108,422

<sup>a</sup>U.S. Travel Data Center, 1983, *The Economic Impact of Travel on Minnesota Counties in 1982.*

**Table 4. Tourism by Seasons**

Season	1983 dollars spent in Duluth <sup>a</sup>	1981 dollars spent on the North Shore <sup>b</sup>
	Percentage	
Winter	20	14
Spring	23	16
Summer	32	50
Fall	25	20
Total	100	100
Total expenditures	\$57.1 million	\$24.5 million

<sup>a</sup>*Duluth and Northeastern Minnesota Visitor Statistics Abstract, 1983, Minnesota Sea Grant Extension Program.*

<sup>b</sup>*Tourisms Market Potentials on the North Shore, 1983, Uel Blank and T. Knopp, University of Minnesota Sea Grant Research Note No. 5.*

# Resort Planning in the “Age of Change”

Don Brauer, president of The Brauer Group, Inc., Eden Prairie, MN

The following article was originally given as a talk by Don Brauer at a statewide resort seminar held last April at Breezy Point Resort.

In the next three decades, individuals and institutions will experience more significant change than has accrued over the past three centuries. Because of this reality and the sheer magnitude of the differences, the concept of change itself will never be the same.

## A Thirty Year Age?

The “Agricultural Age” spanned some 3000 years and the “Industrial Age” will soon fade into history after about 300 years. If the numbers hold true, the next age will last but 30 years.

If the role of change continues at the same level as during the past 300 years, the impact of the same amount of change will take effect in just 30 years. There is no precedent, no experience to use

as a guide or reference, and certainly not enough time to complete a “change survival training course”. Survivors will have to get by with “on-the-job training” for most of what’s ahead.

## Change

Every day we hear such maxims as: there is nothing new under the sun; experience is the best teacher; the more things change, the more they stay the same; and if it works, don’t fix it. We are told that everyone needs stability, reliability, consistency, and so there is a built-in distrust, resistance, and even a fear of change.

The next 30 years will bring continued physical changes. But as the focus moves from things to information and from objects to ideas, understanding and acceptance will be much more difficult to achieve. Thirty years is a short fuse for the kind of change which is taking place today, let alone for what lies ahead.

Consider some comparisons and projections of basic social ideas or factors by futurists today:

Social Factor	Agricultural Age	Industrial Age	Information Age
• Primary Asset	Land	Capital	Information
• Orientation	Last Year	Now	Next Year
• Finance	No Banks	Large Banks	Non-Banks
• Basic Tools	Animals	Machines	Skills/Access
• Objective	Survival	Leisure	Understanding
• Basic Social-Economic Unit	Family	Individual	Networks
• Recreation	Rest	Relief/Reward	Meaning/Satisfaction
• Perspective	Organized Pre-Historic Age	Mechanized Agricultural Age	Restructured New Age

## Redefinition/Restructuring

John Naisbitt tells us that there are two important questions which need to be examined by every organization and institution today. They are:

- What is the business?
- What should the business be?

These questions need not challenge the basic purpose or the why of a business, but that question may be considered as well. The two questions above can be answered in the manner of any good investigative process. Identify the who’s, where’s, when’s, what’s, and how’s of the business. Do the same in describing any future potential business.

The relative importance of the planning function must also change. For the most part, planning has been one of those peripheral management functions. It is used or abused when convenient or required for effect, but seldom is it considered vital to the mission of an organization.

Organize your physical planning around the following headings:

—The *Resource Base* is the most important aspect of your plan. What it means to people and what they believe it is—is as important as what it actually is. Keep on top of the physical facts; manage the land, water, plants, and vistas; program/utilize all of these aspects in your business; and expect to profit from the process.

—Leave as many *Options* as you can. Construct at least three scenarios. Each plan should be structured to leave as many options and alternatives as possible.

—Remember that *Planning is a Process*, not a product. It’s the going rather than the destination that counts. Schedule some time

every month for one or several of the basic planning steps: inventory, research, analysis, alternatives, implementation/doing, review, and then back to the beginning again.

—Register or acquire some *Vested Interests* (rights). If you have a formal plan for development, get it reviewed and approved by the appropriate public agency. Get it “on the record”. Acquire some development rights, no matter how tentative they may be.

## Guides

Five general guides may be useful for those willing to meet the challenges of the Information Age.

1. Vision is vital. Valid, alternative, long-term (five years) scenarios must be developed, adopted, and utilized in day-to-day operation decisions and choices.

2. Accept uncertainty and use it. Options must increase, not decrease. One “master plan” will not meet the reality of a multiple option future. Build strength from flexibility rather than from rigidity. Multiple option is not indecision, it simply provides several packages of related decisions which can meet new and changing situations.

3. Learn from the future. Create a complete future scenario and put yourself into that context. Look back to the present. What must happen and what decisions must be made to move from the present to that future scenario. Everybody knows that “hindsight is always better”.

4. Think globally, act locally. Worldwide factors and influences will increase and extend into every corner of the country. Become aware of these factors and understand them. The analysis,

*continued—page 7*

interpretation, and application will become more local. Also, the resources to meet the needs must be generated locally.

5. Understand the three critical factors which will dominate public and private decisions. They are:

a) Water—its depletion, degradation, contamination, security, and reliability of systems are the real problems. The myths of abundance, free, pure, and ownership rights will disappear.

b) Food—its increasing cost, contamination, irregular quantities and quality, and distribution system problems.

c) Energy—its increasing costs, use of waste and bio-mass as alternative fuels, and less reliability in large systems.

## Let's Play the Odds

*Jack Gray, extension specialist—Wisconsin, Recreation Resources Center*

When devising marketing plans, we talk about identifying what we're trying to sell, who we're going to sell it to, and ultimately, how we're going to do it.

Once we've figured out what we are selling, a real challenge arises. The challenge is to determine who would or could buy what we're selling. Let's play the odds and try to constantly increase those odds.

We probably will never know enough about our own guests or where they fit into the demographics of the U.S. or Canadian picture. We can conduct our own research by looking at registration cards and recording everything they offer, like origin of the guest, size of party, length of stay, and gross sales per party. But let's also take advantage of other research that might be available to help us reach our target market so we can get "better odds" on our marketing dollar investment.

In the U.S., the Amusement Park Industry has gone through some rather rapid changes in the past four years for one basic reason. Today there are six million less children in the country than ten years ago. The market has changed for this industry and it has responded with different rides, foods, music and marketing mix. They saw it coming.

Wisconsin tallied some information in 1984 including the home addresses of people that were on a 33-mile bicycle trail in the west central part of the state. They found that the average distance from home was 211 miles. This meant a round trip of over 400 miles. There had to be an impact on the Elroy-Sparta Trail from cyclists because of this distance. Most of these people would require lodging, food, gasoline, and other services. There were over 50,000 of those cyclists on that trail, and no active marketing plan. People go where they are invited and stay where they are wanted. Think what *could have been* had they been invited! Over 10 percent of the cycling parties came from Cook County (Chicago) in Illinois, a one-way distance of about 245 miles.

In order to find out more about bicycling, reference was made to Simmons Market Research Bureau, Inc., and the 1982 data the firm had on this activity. It was discovered that one out of six adults in the U.S. participated in bicycling in the twelve month period of the study, and over 30 percent of those did so on twenty-five or more days. Other facts included: about one-third of the people were between the ages of 25 to 34; the dominant occupation group was definitely "white collar"; two-thirds were married; the north central states had the largest proportionate share of the market; metropolitan areas dominated as residence (possibly explaining the Cook County use in Wisconsin); and 51.2 percent of the users' household income was \$25,000 or more annually. Here's a real target market to shoot for.

The Simmons study went further. It ranked the media that could best be used to reach the highest percentage of avid bicyclists. The ranking was magazines, outdoor advertising, newspapers, radio and television.

The task of collecting all this information and data is much more than the average resorter can hope to accomplish alone. Your resort association will continue to be your primary source, but a modest investment in an annual membership in the World Future Society will bring you surveys of thousands of publications every month.

Remember, information is the real power base in the Information Age and understanding it is the key to success.

So, we've identified the product: bicycling. We know where the bicyclists come from in our own user study. Simmons told us what they read, watch and listen to—so let's go get 'em. This is an example of a total marketing plan concept with very little effort but one which gives us better odds in reaching the market.

In order that our marketing investments continue to pay off and with better returns, we have to constantly study our own product, communicate our excitement to the potential buyer, learn more about that buyer—and then start the same cycle over again.

The market changes. The tastes in the marketplace change. We have to be prepared to change with them. Let's find out more about our guests so we can go into their hometowns and get more "just like 'em". Sure, it will take some effort and a little more homework, but that's how we play the odds.

Incidentally, those odds are returned to us in the form of dollars.





# Community Tourism Development

April 30, 1984  
 Holiday Inn  
 Sawmill Room  
 Hwy. 169 S.  
 Grand Rapids, Minnesota



Two complete sessions at 1:30 p.m. and 7:00 p.m.  
 No registration required.

	PART I		PART II
1:30-3:00 p.m.	<b>SETTING THE SCOPE OF OUR POTENTIAL</b> Skip Drake, President, Grand Rapids Chamber of Commerce	3:00-4:00 p.m.	<b>KNOW YOUR COMMUNITY TO BE A BETTER SALESPERSON</b> A panel presentation and discussion of tourism interests and organizations at the local level and how individuals can get involved in their tourism industry.
or		or	
7:00-8:30 p.m.	<b>DEVELOPING AND MANAGING COMMUNITY TOURISM</b> Gary Ballman, Extension Specialist, Tourist Services, University of Minnesota.  <b>THE ART OF HOSPITALITY</b> Jane Preston, Hospitality Consultant and former Educator with Minnesota Department of Education  <b>THE STATE'S ROLE IN TOURISM AND ITS VALUE TO YOUR COMMUNITY</b> Joan Hummel, Information Officer, Minnesota Office of Tourism  Coffee Break	8:30-9:30 p.m.	Topics: <ul style="list-style-type: none"> <li>• "So You Thought You Knew EVERYTHING About the Grand Rapids Area!"</li> <li>• "How to Increase Your Sales, Hold the Visitor Longer, And Get Him Back!"</li> <li>• "You're A Key Partner in the VCB 1984-85 Marketing Program."</li> </ul> <b>MOTIVATIONAL WRAP-UP</b> Jane Preston, Hospitality Consultant and former Educator with Minnesota Department of Education

This workshop is sponsored in cooperation with:

Grand Rapids Visitor & Convention Bureau  
 Grand Rapids Chamber of Commerce  
 Itasca County Resort & Tourism Association

Example of the program for the Community Tourism Development Workshop held in Grand Rapids last April.

Larry Simonson and Gary Ballman, editors

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Address all correspondence to Larry Simonson, extension specialist, Tourist Services, North Central Experiment Station, Grand Rapids, Minnesota 55744. Single copies of this issue are available without cost to any resident of Minnesota. Write to Communication Resources/Distribution, 3 Coffey Hall, University of Minnesota, 1420 Eckles Avenue, St. Paul, Minnesota 55108. To receive copies regularly or to report a change of address, notify your county extension office of Communication Resources/Distribution.

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