



Michigan Tourism Strategic Plan

"a plan for the industry, by the industry"

Collaboration and Partnership

IWT Report to the Council
November 2, 2006

Section 1: Overview

The Collaborations & Partnerships Issue Work Team (C&PIWT) was co-chaired by Lee Hladki, President of the Greater Lansing CVB and George Moroz, Special Assistant to the President at The Henry Ford. The other participating members of C&PIWT are:

- Chris Dancisak, Michigan Department of History, Arts and Libraries (HAL)
- Carol Eavou, Kewadin Casino
- Ron Garbinski, AAA Michigan Living Magazine
- Linda Hoath, Sault Ste. Marie Convention & Visitors Bureau
- Frank Kelly, Michigan Department of Transportation
- Mary Kerr, Ann Arbor Convention & Visitors Bureau
- Nancy Krupiarz, Michigan Trails and Greenways Alliance
- Dave Lorenz, Travel Michigan
- Christina MacInnes, Crystal Mountain Resort
- Mickey MacWilliams, Michigan Snowsport Industries Association
- Tracy Padot, Greater Lansing Convention & Visitors Bureau
- Joan O'Neil, Crystal Mountain Resort

The C&PIWT held two meetings, one on August 30 and the second on October 13, at the Greater Lansing CVB. Minutes for each meeting were taken by Deb Bough, Greater Lansing CVB, and distributed to all team members.

The goal of the first meeting was to identify the requirements for and hurdles to successful collaborations and partnerships within the tourism industry and to draft an Issue Statement that captured those ideas in summary form. The process employed for this first meeting was for members to brainstorm their ideas in conversation facilitated by Dave Lorenz. The Issue Statement was then synthesized from the ideas expressed in that conversation.

To have a common starting point of understanding the IWT adopted the following definition of 'collaboration' for their subsequent discussions:

Collaboration: a voluntary and purposeful relationship between individuals, organizations, sectors, or industries in which all parties involved strategically choose to cooperate in order to accomplish a shared desired outcome.

The C&PIWT's Issue Statement is as follows:

Collaboration can be far more widely and effectively employed by the Michigan tourism industry as a tool for achieving its strategic objectives. Collaboration creates opportunities to leverage the

industry's diverse assets and resources through sharing information, raising awareness of the possibilities for cooperative activity and strategic alliances, and creating new or enhancing existing tourism products. Successful collaboration can result in more effective advocacy and public policy, a better appreciation of the industry's value by the public, continuous improvement and growth within the industry, and greater benefits for the industry's stakeholders and customers.

Section 2: **Challenges and Opportunities**

Following the drafting of its Issue Statement, the C&PIWT next identified a number of barriers to and requirements for successful collaboration as summarized below.

Barriers to Successful Collaboration:

- Lack of awareness of and/or access to collaborative opportunities
- Lack of trust between potential collaborative partners
- Lack of communication
- Parochialism
- Risk aversion
- Lack of "big picture" vision
- Inflexibility, unwillingness to change

Corresponding requirements for successful collaboration include:

- Regular opportunities for exploring collaborative possibilities
- Familiarity with competent and willing partners
- Frequent, candid and empathetic communication among partners
- Subordination of parochial interests to a greater common good
- Willingness to accept shared risk
- Broad vision for the industry
- Openness to change

Among the other challenges to successful collaboration identified by the C&PIWT was the very nature of the tourism industry. It is an incredibly diverse industry, and that could be one of its greatest strengths; however, the team thought that at present, this diversity of product, interest, geography, etc., is regarded more as a problem than an opportunity.

Another identified challenge was that even where successful collaboration does take place within our industry (e.g., among CVBs, on-line connection of people and resources through Destination Management Association International, cross promotion initiatives, etc.), there are few opportunities to widely share those success stories with others in the industry.

There is also a mind-set challenge operating within this sphere. While the value of collaborating can be in its ability to generate "win-win" results, industry members need to recognize and accept the fact that "mutual benefit" does not necessarily mean "equal benefit." It must also be recognized that the benefits from a collaboration may be direct or indirect, and may be immediate or realized over a longer period of time.

Section 3: Recommendations

The recommendations of the C&PIWT are based on the challenges to and opportunities for successful collaboration that it had identified, as well as the online comments that responded to the team's posted Issue Statement. Those long-term and short-term actionable recommendations are as follows.

Long-Term Recommendations:

Michigan's tourism industry must be cognizant of and open to possibilities for collaboration on a number of different levels. Successful collaboration can occur between individual organizations, various sectors within the industry (e.g., hotels and cultural attractions), various associations within and outside the tourism industry, between geographic regions, between the tourism industry as a whole and other Michigan industries (e.g., education and health industries), and between various elements of the tourism industry and public sector entities (e.g., MI Departments of Agriculture, Natural Resources, MDOT, History Arts & Libraries, etc.). [time frame: begin now; ongoing]

We should also actively explore opportunities for non-traditional collaborations (e.g., vacation rental home/cottage proprietors and realtors, active recreation enterprises and community health agencies, etc.), and possibly, collaborations with other Great Lakes States tourism agencies and enterprises (i.e., work on collaborative strategies, like multi-state park passes, to promote the Great Lakes region as a multi-destination, multi-state travel opportunity for those living outside the region). [time frame: begin now; ongoing]

We should also ensure that in considering collaborative opportunities, we recognize the potential of partnering with new, emerging market segments, like birding, kayaking, family reunions, environmental tourism, etc. [time frame: begin now; ongoing]

Establish some industry norm for tourism enterprise front-line staff that will promote both the welcoming of visitors to a particular site and the proactive encouragement of those visitors to extend their Michigan experience by visiting other Michigan sites/attractions. [time frame: within next 1-2 years]

Expand and strengthen the industry's relationships with state, county and local government officials, particularly cabinet and department heads at the state level, building a broad base of public sector support for the industry's value and strategic initiatives. [time frame: begin now; ongoing]

Short-Term Recommendations:

Establish a Tourism Collaboration Task Force to promote, stimulate and monitor collaborative activity within Michigan's tourism industry, and to explore possibilities for securing incentive funding from the public (e.g., MEDC) and private sectors (e.g., Kellogg Foundation) to encourage new creative and effective collaborative activity. [time frame: within next 1-2 years]

Make more widely known to industry members existing collaborative opportunities, like Travel Michigan's Cooperative Marketing Program designed to encourage smaller communities to pool marketing funds that can then be matched by Travel Michigan marketing dollars. [time frame: urgent; begin now; ongoing]

Promote industry-wide knowledge of best collaborative practices. Have a Tourism Collaboration Task force call for and collect case studies that can be presented at an Annual Tourism

Conference, in regional tourism meetings, and on an industry accessible web site. [time frame: within next 1-2 years]

Work to reconfigure and revitalize Michigan's Annual Tourism Conference. Specifically: infuse the theme of collaboration throughout the conference's set of schedule activities; provide formal and informal opportunities at the conference for potential industry partners to meet and explore collaborative opportunities; extend invitations to the conference to an identified set of non-traditional, but potential collaborative partners; recognize and celebrate the industry's success stories of collaborations with an annual "Creative Collaborations Awards" segment at the conference and make a big deal out of it—it should be the annual "can't miss it" highlight of each year's event (think of it along the lines of an Academy Awards model); secure funding from the public and/or private sectors needed to enhance the conference to attract the kind of audience it generated in the 1980s; secure the Governor's direct involvement and support for the event (e.g., rename the conference as the Governor's Annual Conference on Tourism in Michigan); the conference should not only be an educational forum, but also a terrific (and widely noticed) annual party that celebrates the industry's many successes. [time frame: within next three years as funding for enhancements will need to be identified & secured]

Budget Implications:

We have not assigned any specific dollar costs for implementing the recommendations listed above. The long term recommendations will likely require the investment of time and energy of people from within the industry, but no significant hard cash costs.

For the short-term recommendations, there may be some costs associated with hiring a grant researcher/writer to help secure funding for an incentive pool that could be used to reward, support and promote creative collaborations and some relatively minor expenses for organizing and hosting regional forums at which possibilities for collaboration can be discussed and explored. Likely the largest budget expenditure would be for funding to enhance the annual tourism conference as described above and to support the proposed "awards" program that would become a focal point for that annual event.

Section 4: **The Process**

Strengths of the process (thus far):

The visioning process was helpful in identifying industry priorities with regard to developing a strategic plan. A lot of good and smart people from diverse segments of the industry have been actively involved—that's particularly true of the C&PIWT—and are willingly investing their time, expertise and experience in helping develop an actionable plan. That's a tremendous resource to have behind this effort.

Weaknesses (thus far):

Still no official participation by the Metro Detroit CVB; they need to be involved.

Some lingering slight suspicion that the information that the work teams are developing might in its final output be reshaped into a more "academic" document by the Planning Council.

Some question about whether the industry will be able to organize and sustain itself given the diverse self-interests, goals and missions of the many independent organizations who compose it.



Michigan Tourism Strategic Plan

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Funding

IWT Report to the Council
November 2, 2006

Section 1: **Overview**

The members of the Funding Issue Work Team began deliberations with a face-to-face meeting held at the Michigan Hotel, Motel & Resort Association's Lansing office on August 30th. Two additional meetings were convened in MHMRA's offices on September 18th and October 9th with members attending both in person and via conference call. Through the course of these meetings, an issue statement was discussed, drafted, revised and approved.

Participating members of the Issue Work Team included:

Steve Yencich - Chair, Michigan Hotel, Motel & Resort Association
Sue Bila, Michigan Festivals & Events Association
Laura Ingles, Northeast Michigan Council of Governments
Tom Nemacheck, Upper Peninsula Travel & Recreation Association
Rich Studley, Michigan Chamber of Commerce
Brad Van Dommelen, Traverse City Convention & Visitors Bureau
Rick Hert, (West Michigan Tourist Association, PDCT Liaison)

Our discussions covered a broad range of related topics including:

- Michigan's tourism industry is the second/third largest industry in the state and has a great impact on the state's economy.
- Collectively Michigan tourism businesses pay millions of dollars in income, property and Single Business taxes. IWT team members thought it would be helpful to quantify these amounts.
- The industry already contributes approximately \$35 million in self-imposed hotel taxes and assessments to fund the destination marketing efforts of CVBs, tourist bureaus, and other destination marketing organizations, (DMOs). This is a level more than over 2.5 times greater than the temporary \$13.2 million for FY 07 and FY 08, and almost 6 times greater than the existing, fixed, appropriation of \$5.7 million from the General Fund.
- We believe a compelling argument can be made that the State should consider matching this level of funding on an annual basis to support implementation of the excellent Pure Michigan campaign on a dramatically expanded basis and, that the state should increase funding for this purpose without tax increases.
- Some attempt should be made to quantify the amount of money spent by tourism business on their own individual advertising/marketing budgets, as this would serve to

further illuminate the industry's commitment to state, destination, and tourism business marketing on behalf of the private sector.

- It would be helpful if legislators could be presented with the cumulative amounts of property, income, & SBT taxes, along with industry-imposed assessments & bed taxes paid to fund DMOs, as well as estimated tourism business advertising/marketing budgets.
- Such amounts are likely to be comparable to taxes paid by our state's agricultural and manufacturing industries, but Michigan's tourism industry receives none of the tax subsidies, abatements, incentives and budget outlays provided by state government to agriculture and manufacturing.
- A brief discussion was held regarding the possibility of a statewide hotel assessment or tax being imposed with MHMRA being legislatively identified as the organization responsible for collection and expenditures.
- It was pointed out that because over 70% of tourism is generated by Michigan taxpayers, a self-imposed excise tax would not be well-received by Republican majorities in the House and Senate. In addition, MHMRA has a long-standing position opposing such an approach.
- Funding IWT members also discussed the Funding Issue Discussion Paper supplied by the Planning Development & Coordination Team, (PDCT). General observations included that it was a well-written and comprehensive examination of the three potential means by which the state's tourism promotion program might be funded, including the New Tax Option, the General Fund Option, and the Industry Assessment Option.
- Concern was expressed with the discussion paper's inclusion of a possible gas tax increase. Based upon knowledge of the entities involved, it was believed that such approach would be extremely controversial. In addition, because allowable uses of gas tax revenues are explicitly defined in Michigan's Constitution, utilization of gas tax revenue for tourism promotion would be strictly unconstitutional.
- The Funding IWT recognizes the critical nature of increased promotion funding for tourism as a paramount issue for the state. Furthermore we believe that an increase in promotion funding will result in an increase in tourism revenues for private industry that will lead to additional investment from the private sector for product improvement and development. Recognizing tourism promotion as a paramount need for our state, the Funding IWT has selected this issue as the primary focus for our component of the plan.

Based on our collective knowledge and experience in the appropriations process, it was our opinion that no arguments could be made for expenditure of General Fund monies for purposes other than state destination marketing. Indeed, the authors of the Funding Issue Discussion Paper recognized this when they wrote:

"... the Planning Council identified issues other than increasing the state's investment in promotion that it deemed important to the sustainable development of Michigan's tourism industry. Unlike investment in promotion, the returns on these other investments are not as immediate or as easy to quantify. Thus, it will be more challenging to garner GF monies to support these other needed investments."

As a result, the Funding Issue Work Team originally struck language from the draft statement authored by MSU's Gary Warnell which included:

"Funding--

- 2) to support and enhance research efforts important to the industry
- 3) to enhance training of tourism business staff and owners
- 4) to support new product development and existing product enhancement.”

However, at the request of the PDCT, the Funding IWT included language encouraging other IWTs to seek funding from existing state and federal grants, along with solicitation of private sector sources to provide resources necessary to explore implementation of their objectives.

The final approved Funding Issue Statement is as follows:

Funding Issue Statement

Michigan's tourism industry generates over 17 billion dollars in economic activity for our state and must have the financial resources required to maximize its economic importance and sustain its development and competitiveness in the tourism market regionally, nationally and globally.

These resource requirements include \$30 million annually from the State of Michigan's General Fund:

1. To enable Michigan to effectively promote the state and compete for tourism business with our competitive set of other destinations through national marketing.
2. To support and enhance research efforts to identify and validate appropriate target markets prior to expansion of the state's promotion campaign into new markets, and to quantify the return on investment (ROI) of state promotion expenditures.

The industry's strategic plan shall encourage involvement of tourism industry employees, representatives and customers in a statewide, private sector-based, grassroots effort to increase public opinion, editorial board, media, and legislative support for increased tourism promotion funding without tax, fee or surcharge increase.

The Funding Issue Work Team believes procurement of the highest possible level of statewide tourism promotion funding from the State's General Fund to be paramount and strongly supports \$30 million in state tourism promotion funding to be competitive and to build market share.

We recognize the need for other financial resources devoted to other specific issue areas (i.e. hospitality training, research); in fact, ROI research is covered in #2 above. We encourage those IWTs to utilize a combination of existing state/federal grants and solicitation of private sector sources to provide the financial resources necessary for implementation of their objectives.

Section 2: Challenges and Opportunities

As expected, most of the challenges identified relate to how best to fund statewide tourism activities. In the process of deliberations on development of the Funding Issue Statement, these challenges were identified and addressed including:

Industry Assessment Approach

There is absolutely no industry support for a broad-based industry self-assessment approach to generate sufficient monies to fund Travel Michigan. Last year, TICOM created a special task force to explore such an approach. Without exception, representatives from a variety of tourism industry segments indicated their members and/or Boards would strongly oppose such an approach.

In addition, the political complexities entailed in the development and passage of legislation to create a broad-based assessment mechanism, seems to present more in the way of obstacles and controversy than actual revenues. In fact, very few states have pursued such an approach. The Funding Issue Discussion Paper authored by PDCT members correctly points out that:

“...only one state has gone down this path, California, and their process took a full year to implement, and only raised \$8 million. It was very complicated to design and execute, and has raised little in funding from a much bigger tourism industry than Michigan’s.”

So while no support exists for a broad-based approach, singling out an individual segment to bear the entire burden for state tourism promotion funding would present equally difficult challenges. More importantly, such an approach would destroy the industry unity forged in recent years as a wide array of industry organizations and business operators came together:

- in 2003 to stave off proposed budget cuts of 30% in funding for Travel Michigan;
- in 2005 when the industry united to pass Post Labor Day School legislation and again;
- later that same year, to successfully push for amendment to the 21st Century Jobs Fund legislation which provided for the one-time placement of \$15 million in tourism promotion funding.

Imposition of New Industry Taxes

Similar to above, no segment of Michigan’s tourism wishes to volunteer for new government taxation of their customer base. As noted previously, lodging properties have taxed and assessed guests to fund the destination marketing activities of Michigan’s network of CVBs and tourist bureaus. It is estimated that nearly $\frac{3}{4}$ of a billion dollars have been generated by such taxes/assessments since these programs were established in the early-to-mid 1980s. But neither restaurants, hotels, nor Michigan’s rental car industry support the imposition of new taxes to fund tourism promotion, nor do we think it likely other industry segments will volunteer for such new taxes.

Increases from Michigan’s General Fund

Seeking dramatic increases in appropriations without tax increase is a bold and audacious goal that presents its own unique set of challenges. We must compete with other special interests for a much larger slice of a very limited State budget. We are pushing for such an objective in an era of dwindling tax receipts and tax cuts.

Pursuit of such an objective will be arduous and time consuming. It will be an effort that will be measured not in months, but in years. It’s important to remember that it took 16 years for Travel Michigan’s budget to drift from 7th largest nationwide, to 31st largest in 2005. Accordingly, it will take a period of years of concerted, collaborative effort on the part of our industry to make progress toward this challenging goal.

We must continue to benchmark the ROI of such expenditures, and if success is realized, research should drive the gradual expansion into new markets. Legislators, taxpayers and indeed, the industry itself, all deserve and will likely demand increased accountability for such expenditures.

It was agreed that the pursuit of dramatic increases in tourism promotion funding, without tax increases, presents the best opportunity and greatest potential to generate the degree of industry unity, collaboration, and grassroots support necessary to achieve such a bold objective.

Section 3: **Recommendations**

It is recommended that the Strategic Plan call for broad industry participation in an private sector-based, industry-wide effort to increase tourism promotion funding to \$30 million annually, utilizing appropriations from the State's General Fund, and to secure such funding without tax, fee, assessment or surcharge increase.

The industry should advocate for the expansion of the well-designed and creative "Pure Michigan" campaign into new markets in which research indicates will produce positive results. As resources grow, the campaign should be sequentially expanded to include Michigan's three primary travel seasons to market tourism activities and support tourism businesses that operate in summer, fall, and winter. The industry should push to expand the Pure Michigan campaign to promote cultural tourism, and attract national and regional convention business, thereby benefiting urban restaurants, attractions and lodging properties.

Attaining such objectives will require an all-out, collaborative, unified effort similar to successful efforts in passage of legislation requiring all schools to open after Labor Day.

There is a sense of urgency to these efforts as only one year remains before the balance of the one-time placement of \$15 million in promotion funding is expended and Michigan returns to the original budget allocation of just \$5.7 million.

MHMRA has created a coalition similar to Parents for Family Vacations, (PFFV) which proved to be instrumental in the passage of Post Labor Day School legislation. The coalition's name is the Tourism Improving Michigan's Economy, (TIME) Coalition. Eighteen major trade and tourism organization have joined TIME including the State Chamber, Michigan Association of CVBs, Michigan Restaurant Association, TICOM and others.

The association has requested and received proposals from three top public relations/advocacy firms to represent MHMRA and TIME as we pursue the coalition's objectives. MHMRA has established a tentative budget for the TIME Coalition which, depending on which public relations firm is retained will range from \$48,000 to \$60,000 per year. In addition to these budgetary needs, MHMRA will be committing a minimum of \$45,000 per year of in-kind contributions in the form of staff lobbying, administrative/ accounting support and full application of the resources of our multi-client lobbying firm of Muchmore, Harrington, Smalley and Associates.

It is anticipated that the TIME Coalition will be in operation for a period of three years. Again, it took 16 years of industry and legislative neglect for funding to drift down to \$5.7 million; it will take a minimum period of three years of concerted effort to dramatically increase those funding levels. The template for success is there. We've done it before and can do it again ... if we stick together.

Section 4: **The Process**

The initial visioning process aided the discussions of the work group. It provided an overview of issues of interest to the participating representatives of the industry. Further information was generated from reviewing comments made at the regional meetings. In addition, the deliberations of the Funding Issue Work Team resulted in a broad exchange of emails, phone calls and meetings with members of other IWTs, as well as with representatives from MSU, Travel Michigan, members of the Travel Commission, numerous trade groups, and the members of the Planning Development Coordination Team.



Michigan Tourism Strategic Plan

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Hospitality Training IWT Report to the Council November 2, 2006

SUMMARY

The team believes that service quality could become a competitive market advantage for Michigan, and a point of distinction that could be marketed to out of state travelers. It recommends a coordinated, statewide, hospitality training program at two levels: 1) a basic certificate program offered to front-line service providers who would become certified as *individuals*. 2) an advanced certificate program offered to owner/managers who would become certified as *businesses*.

As part of the communications and promotion message for the Michigan tourism industry, the hospitality training initiative should be tied into the branding campaign. Industry participation would be voluntary, but those businesses earning the distinction would be eligible to display the branded icon and promote themselves as participants. The designation might be called "Michigan Hospitality" (just an example title).

Key Objectives:

- To provide a great Michigan visitor experience, leading to repeat visitors and competitive advantage in attracting out of state travelers.
- To develop an in-state sales force for promotion of area attractions/ secondary sales.

Team Members:

Mary Kerr, Ann Arbor CVB (Co-Chair)
Mary Ridderman, Kalamazoo CVB (Co-Chair)
Barb Fails, MSU Product Center (Planning Team liaison)
Mary Carroll, Mt. Pleasant CVB
Karen Gagnon, Cool Cities, Michigan DLEG
Scott Loveridge, MSU Agricultural Economics
Cindy Bowen, Sheraton Lansing Hotel
Angela Carrier, Michigan Lake to Lake Bed & Breakfast Association
Ron Cichy, MSU School of Hospitality Business
David Feathers, Island Resort and Casino
Patty Janes, Central Michigan University

Section 1: **Overview**

There is considerable importance placed on service quality within the tourism industry, driven by the traveler's demand for a positive overall visitor experience and the competition among destinations for the travel dollar. We heard this at our March planning meeting, at each of the regional listening sessions, through the website feedback forum, and across a number of other Issue Work Teams' reports. We also heard some people mention the need to elevate the professionalism of their sectors. Others talked about the need to recruit talented people to the hospitality industry.

As a point of clarification, the team suggested that this initiative target all in the service industry, rather than focus on the tourism industry. The intention is to broaden, rather than narrow, the field. The promotional program should reflect that goal to be more inclusive.

There are nearly 10 million residents in Michigan, with a significant portion of them working in some service related job. In Washtenaw County alone, there are 5,700 jobs in the hospitality area (hotels, attractions, transportation, a portion of retail), representing 3% of the work force. There is an enormous potential population of service providers in the state who would be eligible for this training program.

Building on the 2006 Detroit super bowl training program, *Get in the Game, the World is Coming*, the team considered the elements of that training program that led to its success. The program has become the impetus for a 7 county Regional Skill Alliance (RSA) that specifically identifies tourism as a key workforce development area. Its success can be attributed to the broad participation across tourism sectors (transportation, hotel/motel, attractions, sporting events) and the leadership and financial resources of Michigan Works!

Other hospitality training programs that informed our recommendations included the successful programs at Disney, the Ritz Carlton, Destination Marketing Association International, and the city of Indianapolis

Work Statement:

Excellent customer service should be a hallmark of Michigan tourism. A coordinated and recognized hospitality/service quality training program should be created and funded. This program will:

- Be available for owners, managers and front-line staff members in all sectors that have a significant impact on the traveler's experience,
- Award personal credentials as well credentials for the business,
- Include a continuing education component necessary for owner/managers to retain their credentials,
- Incorporate a method where the economic return of such a program can be verified and documented,
- Include access to an up-to-date comprehensive database of Michigan travel related attractions and service providers, managed at the state level, so service provider staff can help market related travel opportunities to visitors in their area, and
- Include a mechanism to recruit and retain quality candidates.

Components of the IWT statement emerged from these beliefs:

- An integrated, state-wide hospitality training program would significantly elevate the quality and standardization of the tourism service industry.
- A high standard of service quality would improve the customer experience, leading to repeat travelers and positive public relations for the tourism industry.
- Many sectors within the tourism industry share a common set of skills necessary to provide quality customer service; from this core we would find the elements of a basic curriculum applicable to service providers in attractions, sporting events, transportation, conventions, hotel/motels, recreation, and restaurants.
- A professional hospitality designation would help create a more professional image of the tourism service industry, thus leading to promotion of career options to recruit qualified employees.
- A sustainable program must include continuing education (beyond the initial credentials). This also provides an opportunity to stay in communication with certificate program participants, providing a structured statewide network. The network could be used for advertising (sponsors to subsidize the program costs), intra-state promotion of seasonal travel events, industry news, career opportunities, etc.
- To succeed, the Michigan Hospitality program must have commitment from owner/managers who realize an economic benefit for participating in the program. To know this, we need a research base so the impact can be quantified. A component of that program must include customer-feedback and assessment of the service quality they experienced when traveling.
- As an additional incentive, and opportunity for industry recognition, the Michigan Hospitality program should include recognition of achievements (individually and by business) and celebration of excellence.
- The Michigan Hospitality program should be centralized, coordinated, and managed by an organization that represents the tourism businesses.

Section 2: Challenges and Opportunities

Opportunities:

- As a means of differentiation in the marketplace, a better trained work force could distinguish the Michigan travel experience from that of other regions. We know of no other state with a hospitality training certificate program, state wide and industry wide.
- The program could expand our sensitivity to diversity, multiculturalism, and promote more unique destinations and travel purposes (i.e. cultural tourism). We have an opportunity to influence how visitors are served.
- A statewide training program presents an opportunity to create a (hospitality related) branded message that conveys value to an out of state traveler.
- Personal and business recognition of training program participants could motivate adoption of the program. Much like the AAA awards program, we have an opportunity to recognize outstanding hospitality performance and promote those businesses who excel. That could be connected to a visitor survey; we collect data on the visitor experience and recognize excellent service providers for awards program).
- Within the network of certified hospitality workers, there is an enormous opportunity for intra-industry communications and continuing education. A better informed service force would function as a powerful referral and sales team for Michigan tourism businesses.
- A more skillful worker adds to the business's bottom line. There should be direct economic benefits to employers for having their staff certified.
- If that is true, research should be able to quantify the economic impact of a statewide certificate program.
- We may actually enhance the ability to recruit seasonal workers if they know they will earn credentials, and if the service industry image becomes more professionally aligned.
- The branding message of the Michigan Hospitality program should be integrated with the branded message of the statewide tourism campaign (i.e. Pure Michigan).
- As part of the communications message, we could drive visitors to a common website (i.e. MichiganHospitality.org). On that website, the visitor can access the quality of the service received (our service awards program), write and read about actual travel experiences (the blog), and learn about travel packages/events (what they can find now on Travel Michigan's site). This advertising message serves the industry on more levels than is currently available. It also opens a direct communications channel to the customer, giving us candid feedback for product/service development and target marketing. With heavy traffic to the website, advertisers could sponsor the website and subsidize the marketing costs. High achieving businesses (those with Michigan Hospitality program alumni) could earn special designations (i.e. like AAA gold level) that distinguish them from the competition and reward them economically for supporting the program.
- The Michigan Hospitality program could be part of the high school curriculum, improving the industry's access to qualified entry-level service providers and recruiting young people to careers in tourism and hospitality.
- Link certified hospitality workers to one another through an online newsletter. Use this opportunity to promote jobs, education, industry news, events, and one another. This could become a unifying tool, a point of pride in what they do and the state they're working in.

Challenges:

- Consensus on the need for, and elements of, a certificate program (topics, emphasis, credentials) would be difficult, especially within a fragmented industry, and without consensus the program would have little value. Businesses must promote the program for it to succeed.
- A central management organization is needed to coordinate the program; one doesn't currently exist.
- Promotion across and within the broad tourism industry is necessary to promote the training program to businesses and service employees. This is expensive. A more limited sector could be defined to initially launch the program (i.e. lodging, attractions), with later expansion to allied sectors as the program grows (i.e. ski resorts, specialty restaurants).
- Communication across and within the broad tourism industry (and within geographic regions) is necessary to know what destinations and services to promote to travelers for more intra-Michigan travel commerce. Local and regional knowledge of area attractions must be communicated, centralized, updated, and used. This requires central coordination and would be expensive to keep current.

- Small businesses may lack willingness, and ability, to pay for training programs and to cover release time for staff. Owners need financial incentives to invest in training programs.
- Summer workers, students, seasonal, and part-time workers would be difficult to reach and train because of turnover and short term employment terms.
- Nonprofit organizations (i.e. museums, gardens) would need to find other financial resources and incentives to participate in the program.

Section 3: **Recommendations**

We recommend an initial core program and subsequent consideration of more specialized, advanced programs.

Fundamental Michigan Hospitality Certificate program (NOTE: this is just an example name)

- Develop a program for all “front line” staff who serve in the food, lodging, travel, recreation, event, cultural, attraction, and sports businesses. These are seen as general *service* industries (term of service is more inclusive than tourism).
- Design a curriculum to cover these key topics within 4 hours: sales techniques and approach (utilize role playing), courtesy and etiquette, multicultural and ethnic sensitivity, knowledge of state and regional attractions (each becomes an ambassador for tourism), problem solving for the traveler, soft skills (i.e. empathy, patience), career pathways, tourism resources.
- Require participants to pass an exam afterwards to earn their certification. This credential would award a lapel pin and a certificate. It would be a recognized credential for service providers in hospitality areas.
- Adopt a brand name and message that conveys the value to the visitor/traveler. Promote that branded message to establish market distinction and to build tourism industry pride.

Owner/ Manager Michigan Hospitality Certificate Program:

- Expect owner/ managers to know the material in the *Fundamental* Michigan Hospitality Certificate Program, then add more advanced topics. Design the curriculum to cover these additional topics for a total of 6 contact hours: hiring hospitality workers, training and motivating, resources for managers.
- Require participants to pass an exam afterwards to earn their certification. The credential is awarded to the manager and allows the business to advertise its designation (i.e. the campground becomes a member of the program. We may want to require that a minimum number of front line workers are similarly designated).

Manage both programs through a central organization (a new Michigan Travel and Tourism organization?). It should be managed and regulated by the travel and tourism industry itself.

Develop the training components through a proposed state wide Regional Skills Alliance (RSA). This organization would design and deliver the curriculum. The (new) Michigan Travel and Tourism organization should be represented on the board of the RSA.

Budget

A. Instructional Program Components

It is suggested that this portion of the initiative would be led and financed through public resources, as part of workforce development (state and federal, in partnership with local perhaps). Consider potential grants from Community Foundations, Center for Regional Excellence awards, MEDC, Michigan Community Service Commission, MSHDA, Michigan’s 21 Century Jobs Fund, and sponsors (i.e. arts councils, airlines).

Phase 1 Program Development

Perhaps 2 years or more.

Apply for public funds to create a statewide RSA for hospitality. The RSA would be responsible for creating the curriculum, resource materials, and certification exams. Limit class sizes so participants can spend some time role playing, networking. Offer classes in person rather than online to build communications skills and to network.

Ask CVBs and Chambers to augment programs with information of local attractions. They should be utilized for local promotion (customization) of the classes, and identification of local components of the curriculum. Some of the components of the program should emphasize major statewide tourist attractions and state historical facts.

Create an advisory board to evaluate and continually improve the program.

We envision an electronic bank of test questions that would randomly rotate. Participants could take the exam at any public library, logging into the RSA's website. The library would verify the identity of the test-takers.

Phase 2 Program Management Ongoing, after launch.
 Once the curriculum is developed, the RSA would select instructors, schedule and teach the program, and monitor the exams. They could set the program fees to cover all direct and indirect costs so the program would be self-funded by those earning the certificates (likely the owners of the businesses who send their employees). At this phase the program should become self supporting (break-even, nonprofit), with participants and their employers paying enrollment fees to cover costs.

B. Tourism Industry Promotional Components

This portion of the initiative should be developed and managed by the industry itself, for the industry. There is economic opportunity here for businesses to capitalize on the quality of the training program, impacts on service quality, and the recruiting of young people to the industry.

Phase 1 Promotional Development Perhaps 2 years.
 Develop the campaign to sell the program to businesses in the industry. Sell the program through association and industry meetings. Create the awards and recognition programs. Develop the website that the marketing program will direct visitors/customers to. Develop the branding message for the state, tied into the general tourism messages. Develop additional market opportunities by creating study guides, flash cards, DVDs, branded merchandise. Develop a database to monitor credentials and continuing education credits. Find sponsors and advertisers. We don't have a budget summary for this section.

Phase 2 Promotional Management Ongoing, after launch.

These management costs could be offset by revenue from the sale of related products, and from advertisers. Those potential revenues were not included in the budget.

Administrative staff	State Program Director	1.0 FTE	120,000	
	PR and Salesperson	1.0 FTE	80,000	
	Web Administrator	1.0 FTE	50,000	
	Program Assistant	1.0 FTE	25,000	\$275,000
Contractual	Newsletter/ web design/ writer		40,000	
	Marketing program		60,000	\$100,000
Administrative support	Travel, Professional Memberships		40,000	
	Office, utilities, supplies, equipment		50,000	
	Recognitions and awards program		10,000	\$100,000
			Total ongoing operating	\$475,000

Consider this expense an investment in the industry that should generate a profitable return.

Section 4: **The Process**

Positive:

- The core of team members was committed to, enthusiastic for, and knowledgeable about hospitality training. We worked well together. Team members followed through on commitments.
- Meetings rotated among team member offices, so we got to know each other better professionally.
- We met at least 5 times in person and by conference call. Members could always participate via conference call. Notes were circulated after meetings. In the interim we communicated by Email.
- Gary Warnell did an excellent job keeping IWTs informed and coordinating activities among the IWTs via the biweekly Planning Team meetings.
- The listening sessions provided a solid base for the team to build on and were inclusive.
- Notes were always accessible on the Tourism website.

Needs Improvement:

- Only half of the assigned members of the IWT participated. If they had, a more diverse representation of the tourism industry would have broadened the perspective of the team.
- Since each IWT proceeded at a different pace, and not all shared much about their deliberations, there was a communications vacuum among the 8 IWTs until near the end of the project.
- We proceeded under the guideline that we could rely on other IWTs to help with specific elements of the recommendations (as related to that IWT's topic assignment; i.e. funding, research, organization IWTs). If this was incorrect, then we didn't use our time or resources wisely.

Prepared by Barb Fails, IWT liaison.



Michigan Tourism Strategic Plan

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Industry Organization and Leadership

IWT Report to the Council

November 3, 2006

Section 1: **Overview**

The members of the Industry Organization and Leadership Issue Work Team began deliberations in a meeting held at the Michigan Historical Museum in Lansing on September 7. Two additional meetings were convened in Flint, hosted by the Flint Area Convention and Visitors Bureau. At the subsequent meetings, the issue statement was approved and recommendations deliberated upon.

Participating members of the Issue Work Team

- Chris Dancisak, Michigan Historical Museum (Chair)
- Lisa Myers, Sleeping Bear Dunes National Lakeshore-NPS
- Dan Trotochaud, Baymont Inns and Suites of Mackinaw City
- Don Clingan, Lake Michigan Carferry
- Eric Rule, Michigan Retailers Association
- Barb Barden, Livingston County Convention and Visitors Bureau
- Steve Yencich, Michigan Hotel, Motel and Resort Association
- Jerry Preston, Flint Area Convention and Visitors Bureau

The approved issue statement is as follows:

Michigan must develop the Leadership and Organization to grow Michigan's travel industry to be one of the top five travel destinations in the nation. Effective leadership will:

- Encourage Michigan's fragmented travel industry to work together synergistically promoting the state as a destination.
- Encourage the development of standards for local Destination Marketing Organizations.
- Enhance organizational structure at the state level that supports local promotional initiatives to attract out of state visitors.
- Focus on existing product enhancement and encourage new products.
- Assist with the development of industry hospitality training objectives.
- Serve as ombudsman for visitor experiences between Destination Marketing Organizations and state departments (DNR, MDOT, etc)
- Provide market research to the Michigan travel industry.
- Develop coordinated promotional opportunities for the Michigan Travel Industry.
- Elevate the status of Michigan's travel industry as an important component of the state's economy, worthy of the funding necessary to achieve dynamic growth.

At the September 7th and 28th meetings, discussion took place on several items related to the organizational structure of the industry, especially the infrastructure of state government's tourism program.

Travel Michigan—discussion centered on where Travel Michigan should be housed within state government.

Travel Commission – there was discussion as to the Travel Commission being an advisory board vs. a policy making board.

Coordination Between the Public and Private Sectors—there was discussion as to expanding TICOM, or the creation of a similar entity to represent a broad cross-section of the industry for the purpose of coordinating action on critical issues and lobbying activity as needed.

Section 2: **Challenges**

Most of the challenges identified during work group deliberations relate to political or governmental action.

The recommendations of the work group were ultimately developed as incremental changes designed as initial steps toward addressing identified concerns.

Section 3: **Recommendations**

- Membership of the Michigan Travel Commission be strengthened and structured in order to ensure the broadest possible industry representation and input. Toward that end, it is recommended that, in addition to geographic representation factors, membership on the commission be selected from names put forward by leading industry trade associations, as part of the gubernatorial appointment process.
- The Michigan Travel Commission convene an annual joint meeting with representatives of the Michigan Departments of History, Arts and Libraries (HAL); Michigan Department of Agriculture; Michigan Department of Transportation (MDOT); and the Michigan Department of Natural Resources (DNR); for the purpose of evaluating common issues that impact the Michigan travel industry, and establishing a common action agenda to positively address those issues.

Budget

The specific recommendations of the work group do not have budgetary implications. However, it is implied in the work group statement that Michigan must have an overall budget that is competitive with promotional expenditures of the other states in the top tier in order to be competitive.

Time Frame for Implementation

Legislative action would be required to implement, by statute, the recommendation of the work group regarding the composition of the Michigan Travel Commission. However, the sitting Governor could, if in agreement, begin to implement the recommendation immediately with the next gubernatorial appointments to the commission. The commission could implement the second recommendation as one of its action items.

Section 4: **The Process**

The initial visioning process aided the discussions of the work group. It provided an overview of issues of interest to the participating representatives of the industry. Further information was generated from reviewing comments made at the regional meetings.



Michigan Tourism Strategic Plan

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Promotion and Media

IWT Report to the Council

November 1, 2006

Section 1: **Overview**

The Promotions and media issues work team (PMIWT) was co-chaired by Allen Crater, Stevens Advertising and Dan Sippel, Booth Newspapers Inc. The other members of the committee are:

David Yarnell, "Naturally, Central West Michigan."
Millicent Huminsky, Southwestern Michigan Tourist Council
Van Snider, Michigan Boating Industries Association
E.J. Brown, Michigan Association of Fairs and Exhibitions
Debbie Locke-Daniel, Ypsilanti Area CVB
Captain Frank English, Michigan Charter Boat Association
Linda Jones, Michigan Grape and Wine Industry Council.
Mike Maisner, Michigan Recreation & Park Association
Jeanee Lipe, Michigan Department of Agriculture.
Dave Lorenz, Travel Michigan

The PMIWT held two meetings, one on August 25th at Stevens Advertising offices in Grand Rapids and a second on October 23rd at the Booth offices in Grand Rapids.

Background

Promotion is one of the four major "P's" of the marketing mix. While understanding the internal and external constraints of the marketing environment, the goal is to make decisions that center the four P's on the customers in the target market in order to create perceived value and generate a positive response.



While the importance of promotion is paramount, its interdependence on the other three elements of product, price and place cannot be understated. Promotion is the “end of the process”; it is the communication with the target audience about the benefits of the other three P’s. That being said, effective promotion can only take place when the other three elements are in alignment for the target market. For purposes of the summary we have made some assumptions about product, price and place.

Issue Statement:

Tourism is a key driver of the Michigan economy. An effective and cost efficient general promotion and media plan requires appropriate funding, research, partnership building, collaboration and a vision to increase travel and tourism in the State of Michigan. The development of this plan should result in:

- the establishment of collaborative methods to allow tourism industry members to better promote the product,
- research based decisions to:
 - establish promotional priorities,
 - identify product, audience and promotional methods, and
 - benchmark against competition,
- methods to measure/analyze targets and results,
- a better understanding of the industry by the industry
- increased awareness of the interrelationship of industry segments in an effort to remove barriers leading to cooperation and collaboration, and
- the development of a strategically balanced paid and earned media approach.

Section 2: Challenges and Opportunities

Challenges:

- The tourism industry within Michigan is fragmented, with many competing goals and agendas. There is the potential for dilution of message and duplication of efforts, rather than a unified, coordinated approach. The Michigan tourism industry has established “mini-kingdoms” rather than understanding that “a rising tide lifts all ships”...in other words, the success of the whole will lead to the success of all of the various entities that make the whole.
- “We don’t know what we don’t know.” In many cases we are making decisions about significant promotional investments with little, insufficient, or non-specific research. There are sufficient gaps in our understanding of the target market, the Michigan tourism product as a whole, the pricing implications, and the place (how we deliver the product to the customers).
- Additionally, while there is an abundance of existing data and information, it is not known by the constituents within the industry, nor is it in a form that they can easily use or customize, due to licensing or accessibility issues.
- Diversity of travel product leads to difficulty in marketing messages.

Opportunities:

- Benchmark against competition that have similar circumstances, - what are successful states doing?
- The establishment of collaborative marketing methods that would allow tourism industry members to better collectively promote the product.

- Invest in research that will allow the Michigan travel industry (both globally and on an individual basis) to make informed decisions within all areas of travel and tourism (product, price, place and promotion). Provide accurate, accessible and “customizable” Michigan travel data to the constituents within the travel industry. Measure the success of our efforts, allowing us to measure and demonstrate significant ROI, before investing valuable resources.
- A well researched, planned and executed promotion and media plan can deliver
- significant ROI to the state of Michigan and those within the travel industry.

Section 3: **Recommendations**

- We need to develop methods, whether organized by a state-run organization, related industry segments, or privately, to share information and provide opportunities to market together...some examples include how Ypsilanti and Ann Arbor market together, Michigan’s West Coast, America’s Summer Golf Capital, Gaylord Golf, Manistee Economic Council, Southwest Tourist Council, Wine Trails, etc. We recommend researching best practices from this state and other effective states in order to develop ideas and plans for collaboration and facilitation of partnerships.
- Develop a cooperative advertising program that includes paid and non-paid media opportunities within targeted “retention” and “opportunity” markets.
- We need to identify our current and prospective audiences- clearly establish quantitatively who exactly our audiences are, where they live, how they behave, what their travel habits are, how they gather information, what are their media uses, etc. (PRIZM or other?). Allow access and customization (by season, by industry, by market segment) at the constituent level.
- We need to identify our product - utilize research, either primary or secondary, and both qualitative and quantitative, to better understand what the “Michigan Travel” product is in the consumers mind. What sets us apart? What are travelers looking for that we have? Why should they consider us? What is the Michigan “Brand” to them? Establishing a “baseline” of benchmark awareness and conversion will increase the validity of future ROI studies.
- We need a full understanding of the existing perceptions among the key target audience segments, their intentions and current behaviors relative to travel, as well as our competitive set for different travel-related activities and situations. We also need to understand our existing equity as a tourism destination, and get insight on the key issues and differentiators Michigan has in “inventory”.
- We need establish research-based criteria for promotional priorities – where are the opportunities for maximizing ROI and what is the current customer ROI. What are the “opportunity costs” of new markets?
- We need to develop methods to measure/analyze results, - how will we gauge the success of our media and promotional efforts? Calls to an 800 number? Web traffic? Click-thru’s? A longitudinal benchmark study of the “aware non-triers” and “loyalists” for changing brand perception, intent to use, etc? Specific goals and objectives by market, target groups, seasonality and media need to be established and measured.
- Assign a team to review and or meet with agencies from successful states with similar challenges (Texas, Oregon, Florida etc.) to better understand how they are collectively

promoting their travel product and provide a synopsis with selected key thoughts and/or recommendations that can be accessed by the entire industry.

- The development of a strategically balanced paid and earned media approach. – as an industry, we need to develop a two-pronged attack; we need both a paid media effort and an “earned media” (PR) effort. Advertising can go a long ways, but we can stretch our budget, expand our geography and provide credibility to our story if it fits hand in hand with an earned media strategy and effort.

Budget:

A paid promotional effort will require investment and predict results based on substantial data including ROI, conversion rates and pre and post market penetration. The total cost of a promotion /media program is determined based on the targeted markets, levels of retention and opportunity markets, objectives of the campaign and at a more tacit level, the media choices made. It would be premature of this committee to determine the costs of attainment without the empirical structure described in this document, and reinforced by the research committee document, in place to create the premise of the campaign.

The PMIWT would recommend funding of a campaign to remain at a level to keep Michigan in the "Top Ten" State Tourism budgets in the country.

Timing:

The PMIWT would recommend that the timing would be determined by the funding to the research area to adequately identify and target markets based on the parameters outlined in the Research IWT and the PMIWT.

Long Term Recommendations:

1. Collaborative methods to a market
2. Define both state and private sector co-op needs
3. Shared and accessible research tools
4. Research by based target, goals, objectives for all media (paid and non paid)
5. Define the global relationship between current customers, economically and strategically. Include a short term and long term plan for customer retention and research defined opportunity for future customer/industry growth.
6. All media should be subject to rigid research based targeting, pre-market testing, stated campaign goals and objectives with post analysis.

Section 4: The Process

Strengths of the Process –so far

The industry needs to be involved in the unilateral discussion and sometimes, arguments, over the direction and objectives of the industry in the state. The process is serving as a well-meaning catalyst to these dialogs. Diverse segments of the industry involved, and fully engaged in the strategic process will create understanding and deeper appreciation of the full extent of the industry.

Weakness of the Process-so far

Clearer understanding of the entire process, agenda and specific timeline are lacking.

The strategic process needs to be adhered to by the IWTs. The need to have clear, objective thinking, for the good of the entire industry, with needed discussions of potential paths and outcomes. This is currently not the case with all of the IWTs.

Stronger moderation of an adherence to the process is needed to move forward.

Will the industry be able to organize and sustain the process without “pre-determined” outcomes, given the diverse self-interests, short-term fixes and multitude of organizations involved?



Michigan Tourism Strategic Plan

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Public Policy and Government Relations

IWT Report to the Council

November 4, 2006

Section 1: **Overview**

The Public Policy and Government Relations Issue Work Team discussed background information regarding the project and expectations. A timeline based upon short-term vs. long-term concepts was identified at the Team meeting held in October. The make-up of the Team consisted of Co-Chairs Peter Fitzsimons, Petoskey-Harbor Springs-Boyne Country CVB, Cathy Pavick, Michigan Licensed Beverage Association and the following Team members:

- William Lobenherz, Michigan Soft Drink Association
- Matt Groen, Michigan Restaurant Association
- George Moroz, The Henry Ford
- Bill Sheffer, Michigan Association of Recreational Vehicles & Campgrounds
- Rich Studley, Michigan Chamber of Commerce
- Sam Wendling, Muskegon CVB
- Paul Bukowski, Small Business Association of Michigan
- Kellie Dean, Dean Transportation, Inc./Dean Trailways of Michigan
- Tom Ferguson, Michigan's Sunrise Side Travel Association
- Annette Rummel, PCT Liaison, Saginaw Valley CVB

Issue Work Statement

State, regional and local politics affect all industries in Michigan. It is therefore critical that the tourism industry have a coordinated ongoing relationship with those political entities that impact it's growth and long term importance to the state's economy. To achieve that goal the industry should:

- Come together under an existing or new umbrella organization with an elected hierarchy. Incorporated within the organization will be:
 - An administrator/ lobbyist to represent industry needs and goals,
 - A communications system to keep the membership current on political issues and enable "call-to-action" when needed,
 - A system of coordinated tourism oriented committees throughout the state to assist with issues both regionally and in Lansing.
- Redefine/realign the priority of tourism and those departments/organizations responsible for its ongoing planning and development within the current state political model.

Section 2: **Challenges and Opportunities**

The challenge is that if Tourism is to call itself an 'industry' then it should have a mutually agreed upon platform (mission/agenda) giving it a common 'voice' in the cluttered political and bureaucratic arena. What has been historically consistent is the perception by legislators that the Tourism Industry 'isn't organized' or 'can't get their act together' – until recently, our ability to 'rally the troops' has been abysmal. But we are at a unique point in our history where there is a convergence of successes and failures that can propel the stature of Tourism as an 'Industry' solidly into the future. Those include:

- the unification of efforts to preserve the minimal funding levels for Travel Michigan
- the success of the Uniform Post Labor Day bill
- the effort to secure a \$15 million allocation to the state promotion budget, and
- the cataclysmic change in the Michigan, lifeblood, manufacturing sector.

Prominence in the political and administrative arena is ours to lose if we don't act decisively.

We believe that complexity invites gridlock and would hope that the elements of this and other IWT's plans reflect simple applications that will engender meaningful results.

We believe that the collective wisdom of the state-wide association partners within this strategic planning process combined with the similar tourism related members of MSAE, TICOM and TIME coalitions should convene a caucus to undertake the process of developing a common agenda for Michigan Tourism. Furthermore we suggest that these groups serve as the representative leadership and continue to meet on a periodic basis to update/monitor such agenda.

Section 3: **Recommendations**

Short-term (6-12 months):

- Examine potential revenue sources to support current recommendations
- Work together with the Industry Organization IWT to prioritize a list of the partners in the Tourism Caucus to develop the template for a common agenda for Michigan Tourism.
- Cooperatively articulate a tourism agenda with values as common as possible to all facets of the diverse tourism industry. This includes, but not limited to tourism promotion funding, transportation, environment, and return on investment research.
- Create an RFP to identify the role and needs of an administrator, a lobbyist and a public relations agency to effectively administer the plan.
- Employ an individual or firm to be the main contact for the industry in Lansing. The function of this main contact will actively involve themselves in the appropriations process and monitoring of legislative and regulatory tourism related discussions. They will further educate legislators, regulatory agencies, local officials and others on the value, role and benefits of tourism in Michigan and communicate back to the industry on relevant issues, alerts or 'calls to action'.
- We estimate that the annual cost of this program will be approximately \$75,000 to fund the administration, lobbying and communication costs.

Long-term (12 + months):

- Examine the relationship of Travel Michigan and the role of the Travel Commission within MEDC.
- Move from an advisory position to political action such as candidate evaluation, candidate development and PAC development for contributions to both local and statewide pro-tourism candidates and initiatives.
- Establish a long-term funding mechanism necessary to continue the elements of the plan.

Section 4: **The Process**

The basic 'talking points' for the committee was drafted by the co-chairs and distributed to the committee. The committee convened at a meeting in Lansing (with one member on phone conference) and worked out the basic principals of the plan. The elements were further validated and finalized via email correspondence.



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Research & Market Segmentation

IWT Report to the Council
November 3, 2006

SECTION 1 - OVERVIEW:

This Issue Work Team met in person a total of five times between July 27 and October 17, 2006 at locations in Frankenmuth, Thompsonville, and East Lansing. Meeting hosts included: Bavarian Inn Restaurant and Lodge, Crystal Mountain Resort, and Michigan State University.

Team Co-chairs:

John Thornquist – *The Grand Rapids Press*
Judy Zehnder Keller – Bavarian Inn Restaurant and Lodge

Other Team Members:

Dwight Butt – Battle Creek/Calhoun County VCB
Allen Crater – Stevens Advertising
Carol Davidson – Benzie County Area CVB
Jim Fry – Meredith Corporation/*Midwest Living*
Bill Manson – Michigan Snowmobile Association
Jacci Woods – MotorCity Casino

Other Contributors:

Jim Engel – Bavarian Inn Restaurant and Lodge
Annette Rummel – Saginaw County CVB
Rick Schmitt – Crystal Mountain Resort
Bobbie Sommer – Bavarian Inn Restaurant and Lodge
Kristin Williams – MotorCity Casino
Michael Zehnder – Bavarian Inn Restaurant and Lodge

Planning Team Reps:

Lori Langone – Michigan State University
Dave Morris – Travel Michigan/MEDC

We had extensive discussions about the types of research data required for critical tourism industry decision-making; reviewed an exhaustive collection of existing research reports; talked in length about the need for a central data clearinghouse and repository; and discussed a variety of methods that could be utilized to disseminate travel-related data and information in an expeditious, concise, and user-friendly manner.

We developed an issue statement to describe the focal areas of our recommendations to the Planning Council. It follows on the next page.

Issue Statement

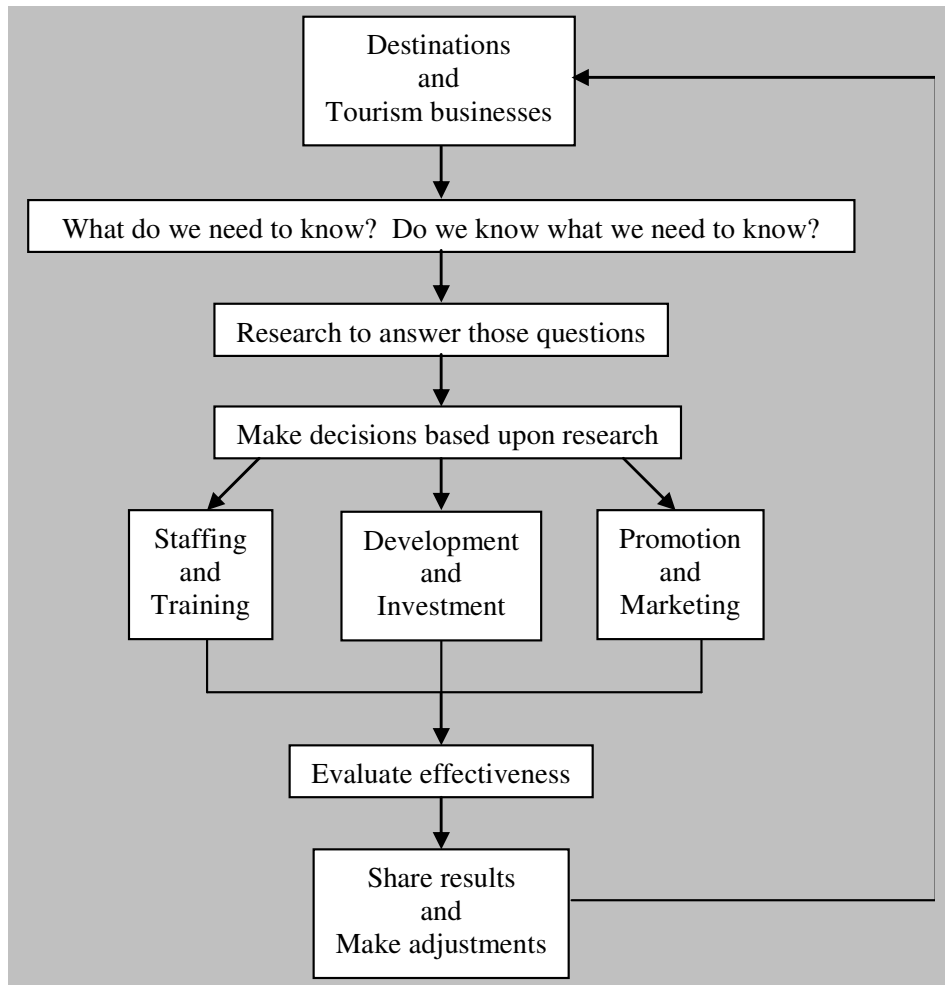
A foundation in quality research and focused market segmentation should be a hallmark of Michigan tourism industry development. To insure this foundation is established, the development of the following categories will be necessary: 1) Identification of **existing research and resources**; 2) Identification of the types of **data critical for tourism industry decision-making**, including statistical information, market segmentation data, and evaluation of the state's tourism marketing program; 3) Establishment of a **data clearinghouse**, including recommendations about staffing, location, and funding; and 4) Development of a **communication strategy** for disseminating resources, including recommendations about staffing and funding.

We decided early on that we wanted our recommendations to be reflective of sound reasoning and to include a suggested plan for implementation, thereby increasing the possibility of greater support and ultimately improving the probability of achieving funding consideration. At our second meeting, the team decided that in order to keep our efforts moving forward, a quorum would not be required to make decisions. In the course of our work we heard the following statements and questions, among others:

- “Research should be an accountable procedure.”
- “Research should be scientifically founded, and we need to think about whom to entrust with collecting and reporting data.”
- “Maybe it’s time for a fresh look at what we need and a fresh start.”
- “Travel Michigan’s research mostly focuses on analyzing Michigan.org. Travel Michigan does not do research to support Michigan’s tourism industry.”
- “Tailoring our marketing around demographics and PRIZM segmentation data is not working for us.”
- “The way things are oriented right now is a disservice to the industry.”
- “I am interested in calculating economic impact without spending a fortune.”
- “MSU’s tourism center is dissolving due to retirements, lack of funding, etc.; they’re where I go when I need research data.”
- “I’ve come to the conclusion that competing with nearby cities is no longer going to work for us; instead we’ve been working together this past year.”
- “Research is only good if you use it.”
- “Knowing how to use data is what’s important; getting more money is what’s important... for businesses, for promotion, and for research.”
- “Motivational research is important; what do vacationers want?”
- “How do we know if research is accurate and applicable? Where should we look for data?”
- “Which demographic segments (of travelers) prefer which regions of the state?”
- “We have a need for ongoing research.”
- “What are the impacts of tourism jobs?”
- “The data should all go into a database or information system that is accessible.”

- “Travel Michigan is the only state agency representing tourism. Who is looking out for my livelihood?”

The team concluded that the following diagram is a good representation of how research data are applied to critical decisions made by the tourism industry.



At a subsequent meeting we focused on identifying: 1) who would use a Michigan tourism research database, 2) how could that database be made accessible, 3) what would it contain, 4) what could users expect, and 5) how much might it cost. It was agreed that the database should contain both quantitative and qualitative data. Best practices and reports should also be contained in the database. It should be possible for users to extract meaning out of the database to help them actually make actionable decisions, and the system should be developed so that users do not need to be computer or database experts in order to extract functional data. Perhaps users should also have access to an expert (or experts) for times when they need assistance extrapolating or interpreting data.

Next, the team viewed a demonstration of how a managed database might be used by tourism businesses and destinations. The following questions about data and research findings were considered: Where should it stored? Who should have access to it? Who pays for it? Who owns it? How do we share licensed databases? How can we share some of our proprietary information? How can research work for all of us around the state? We also discussed issues

related to a clearinghouse; accessibility; interpretation, assistance, and analysis; and primary research.

Next we outlined a database profile to support the Michigan tourism industry's marketing and development needs. It is detailed in Section 3 of this report.

SECTION 2 – CHALLENGES and OPPORTUNITIES

One of the key challenges related to data collection for Michigan tourism has been that, in the past, much of the research conducted by the state has been oriented toward planning and evaluating the effectiveness of marketing programs conducted by Travel Michigan. That research has included the purchase of licensed databases, campaign effectiveness studies, and return-on-investment (ROI) studies. While some of this research has some value to the Michigan tourism industry, that value is limited because of the perspective of the research. Entirely new research and databases related to tourism would need to be created to be of direct benefit to the industry.

Another challenge in the tourism industry is the lack of expertise in conducting and applying research findings to local marketing efforts. Most Michigan DMOs (destination marketing organizations (i.e., CVBs: convention and visitor bureaus, and regional tourist associations)) have little or no expertise in these areas and require additional assistance in interpreting and applying information to their programs. As a result, the simple availability of data is generally not sufficient support for most communities.

SECTION 3 - RECOMMENDATIONS

DMOs and properties making investment decisions in Michigan often lack the marketing information needed to guide those decisions. While research and analysis by the state guides Travel Michigan's strategies and various studies and databases are in common use by specific industry groups, such as lodging, a number of issues prevent similar support from reaching regional or local investors.

The Research and Market Segmentation Issue Work Team recommends a central system of gathering and providing critical information to all levels of the tourism industry involved in investment and marketing decisions. We further recommend that Travel Michigan should have a primary leadership role in creating a system of research to support the Michigan tourism industry, as it is the only organization with an overall involvement in all aspects of the industry. However, this does not prevent Travel Michigan from calling together a central research group of the appropriate organizations and individuals to assist in creating such a system. Nor does it prevent Travel Michigan from contracting with the appropriate entity to deliver this service.

In addition to Travel Michigan, additional candidates to form this central group include Michigan State University (MSU), and the Travel, Tourism and Recreation Resource Center (TTRRC) in the Department of Community, Agriculture, Recreation and Resource Studies (CARRS) at MSU, with outside industry advisors. Once assigned, this group hereafter referred to as the Travel Database Group will:

1. Develop a hosted database that will democratize the information by making it accessible to any authorized party with an Internet connection.
2. Overcome prohibitions against sharing data below the state level by either reworking license agreements or conducting new research.
3. Establish a support system through DMOs to local properties that will provide the data expertise and analytical ability needed to address specific issues.
4. Establish credible benchmark studies of the economic impact of tourism and its affiliate industries.

5. Take a leading advisory role in the creation and execution of advertising and marketing strategies.

Following are the components of a database profile that we recommend to support marketing and development decision-making by Michigan's tourism industry.

I. Economic impact data

- A. Total sales
- B. Tax collections
- C. Direct employment
- D. Direct employee earnings
- E. Real estate and supplies investments
- F. In-state advertising investments
- G. Multiplier effects on community and state

II. Best Prospect Identification

A. Segmentation models

1. Traveler profiles, including:

- a. Date when trip started by day, month and year
- b. Day trip started and day trip ended
- c. Length of trip and length of stay
- d. Destination
 - 1) By state
 - 2) By MSA (Metropolitan Statistical Area) census region code
 - 3) By designated market area (DMA)
 - 4) By county in Michigan
 - 5) By country
- e. Distance traveled
- f. Accommodations types used
- g. Activity profiles
- h. Trip purpose profiles
- i. Modes of transportation used
- j. Party composition
 - 1) By trip
 - 2) By travel party size
 - 3) By travel party make-up
 - 4) By household
- k. Demographics of household
 - 1) Household make-up
 - 2) Age profiles
 - 3) Occupation profiles
 - 4) Income
 - 5) Lifestyle and life stage profiles
 - 6) Race/ethnicity
 - 7) Educational levels

- I. Household location
 - 1) Origin DMA
 - 2) Origin MSA
 - 3) Origin state
 - 4) Canadian origin travelers
 - 5) Origin country
- m. Past travel behavior
- n. Volume data
 - 1) Person trips
 - 2) Person nights
 - 3) Day trips
- B. Expenditure models
 - 2. Traveler profiles, including:
 - a. Spending profile detail
- C. Audience estimates
- D. Economic projections
- E. Campaign tracking
- III. Media and Marketing Metrics
 - A. Promotional opportunities
 - B. Anticipated response rates
 - C. Return on investment (ROI) model
 - D. Campaign summary
- IV. Secondary Data Sets
 - A. Studies and reports conducted by other tourism businesses and organizations
 - B. Databases from governmental sources
 - C. Purchased data sets from private suppliers

Recommended guidelines for the database include:

- The software tool associated with the database should allow for the construction of specific queries into the database. The tool should allow for ad hoc inquiries or for complex reports. Skills needed to make inquiries should be minimal, requiring only the knowledge of standard tools normally used for databases (i.e., Excel, Access, etc.)
- Sample sizes should be sufficient to conduct analysis at the county level.
- Sample sizes should be sufficient to conduct trending analysis for major variables.
- Data should be current—no more than 12 months from the time of the actual travel.
- The only costs of the database itself should be associated with actual acquisition of the database.
- There should be no licensing issues in applying findings to the Michigan tourism industry.

- A team of research experts who can quickly respond to industry inquiries should be available to assist industry stakeholders with analysis and data delivery.
- A team of experts should produce regular, periodic reports focused on industry performance and based on data in the database.
- The experts should have the ability to make interpretations of the meaning of the data and to make recommendations for actions based on the findings.
- More work will need to be done to best identify how to communicate to industry stakeholders that this database exists, including instructions for accessing and using it.

The table below includes budget estimates for implementing the recommended database and supporting research objectives.

Year 1	Total Budget: \$900,000
a. Creation/purchase of a traveler profile database.	\$300,000
b. Access to secondary data, memberships, etc.	\$100,000
c. Research center-related staffing and administration.	\$500,000
Ongoing (Subsequent to Year 1)	Total Budget: \$800,000
a. Ongoing maintenance of travel profile database.	\$200,000
b. Access to secondary data, memberships, etc.	\$100,000
c. Research center-related staffing and administration	\$500,000

SECTION 4 – THE PROCESS

At this time, our team has no recommendations for future planning initiatives.



Michigan Tourism Strategic Plan

"a plan for the industry, by the industry"

Visitor Experience

IWT Report to the Council

November 2, 2006

Section 1: **Overview**

The visitor experience team is comprised of the following individuals:

Bill Anderson, Michigan Department of History, Arts and Libraries (Chair)
Teresa Goforth, Michigan Museums Association (Vice Chair)
Gregory Hokans, Mackinac State Historic Parks
Bill Shepler, Shepler's Mackinac Island Ferry
Melissa Morang, Great Lakes Crossing - Taubman Centers, Inc
Brandon Schroder, Michigan Sea Grant
Marci Fogal, Blue Water Area CVB
Camille Jourden-Mark, Michigan's Adventure Amusement Park
Brenda Plakmeyer, MotorCities National Heritage Area
Pat Stewart, Michigan Department of Natural Resources
Dave Smyth, Travel Michigan
Bill Knudson, Michigan State University

The visitor experience begins with the process of planning and arranging the destination trip and ends when the person(s) returns home and includes the totality of the experience encompassing what the location tries to manage and what is out of its control. The marketing message is part of the experience – it sets the expectations. Key elements of the visitor experience include, but are not limited to the quality of service provided, products consumed, physical and emotional engagement the venues, and memories formed.

A positive visitor experience is the hallmark of a successful tourism industry. It can lead to repeat business and invaluable word of mouth advertising. A positive visitor experience is the result of all the different facets of the Michigan tourism industry working together to meet and exceed the visitor's expectations. Given the influence of technology and Disney, the bar of visitor experience expectation has been raised. If Michigan is going to be competitive in attracting visitors, we must offer visitor experiences that are engaging and memorable. In order to insure a positive visitor experience, public and private investment must be made in:

1. Infrastructure that improves and adds to the visitor experience.
2. Education and training of personnel involved in the provision of the visitor experience.
3. New and creative methods of packaging and providing tourism goods and services.

This issue statement was generated in an attempt to capture all the aspects of the visitor experience as well as the realization that customers have become more aware of tourism alternatives and have developed higher expectations of tourism goods and services.

Section 2: **Challenges and Opportunities**

Situation Analysis

As part of its mission the visitor experience team completed an analysis of perceived strengths, weaknesses, opportunities and threats (SWOT). In the case, strengths are internal aspects of the Michigan tourism sector that are positive attributes for the development of the industry. Weaknesses are internal aspects of the Michigan tourism sector that need to be improved and retard the development of the industry. Opportunities are forces that foster a positive environment for the Michigan tourism industry and threats are outside forces that create challenges for the industry.

Strengths

1. Good product-need to translate into experience
2. Great Lakes –coasts (recreational, cultural-maritime)
3. Available access
 - a. Lighthouses
 - b. Boat launches
 - c. Inland lakes
 - d. Accessible water falls
 - e. Rivers
4. Affordable
5. Rich variety of possible experiences and many historical locations
 - a. Mines
 - b. Autos
 - c. Cultural
6. Variety seasons
7. Outstanding golf

Weaknesses

1. Don't do enough for women
2. Don't do enough to attract out of state tourism
3. Need to broaden products to attract outsiders
4. Lack of research on outside markets and niche markets
5. Cultural experiences too passive and too static
6. Experiences may not be competitive with other states' offerings
7. Underdeveloped opportunities/authentic; e.g., underground railroad
8. Not always ready for visitors. Tend to think of experience through our own eyes
9. instead of visitors eyes.
10. Difficulty of getting from place to place (especially long drives).
11. Lack of support for people interested in the outdoors and other experiences but who are beginners in these activities.
12. Don't do enough for minorities/and non native English speakers
13. Lack of integration of destinations

Opportunities

1. Friendly people
2. Increase in the value of the Canadian dollar has led to an increase in Canadian tourism.
3. Increase in the number of Germans.
4. Technology
 - a. Wireless internet
 - b. Virtual tools
 - c. Research on niche markets.
5. Integrate the visitor experience (e.g. culture and natural resources).
6. Increase the variety of experience/make the transfer of experience easier.

7. Increase the demand through exceptional product and enhanced marketing.

Threats

1. Border issues
 - a. Time it takes to cross the bridge
 - b. Passport requirements
2. Difficult economic situation/lack of a sustaining marketing budget for statewide promotion.
3. Price of gas/difficulty of getting from one place to another.
4. Global warming
 - a. Lack of snow in the winter.
 - b. Fluctuating lake levels
5. Competition from other locations.

Section 3: **Recommendations**

There are several recommended ways that Michigan can significantly improve the visitor experience:

1. *Establish a culture of exceptional customer service.*

This culture begins with a commitment from the top down and permeates visitor venues throughout the state. It is the modus operandi of the people who provide the service. It incorporates a service philosophy of exceeding customer expectations. A service culture is an attitude. This also includes the development of a distinct theme and perhaps identifying a spokesperson to promote that theme. It is important to sell the culture to the industry as well as to the visitor, and to deliver on the promise implicit in the culture's message.
2. *Achieve the actualization of a superior service model.*

A model that this recommendation advocates includes four components: delivery, selling, guest and theme. These crucial elements must be integrated in order to be effective. Identifying best practices, training all service providers and obeying the culture are prerequisites to success. Successful venues practice the culture – you can touch and feel it.
3. *Make the visitor experience more engaging and memorable.*

Throughout the country there is a rapidly emerging new paradigm focused on providing more hands-on, interactive and memorable visitor experiences. Although education is core, we must increase the entertainment value of the visitor experience if we are to attract the 21st century visitor and compete with other attractions.
4. *Establish a best practices web site to share and celebrate exceptional visitor experiences.*

Travel Michigan or Michigan State University could develop a standard best practices format and host a searchable site.
5. *Enhance the environment (setting).*

This includes establishing a vision for the state. There are three aspects of the environment: natural, built and institutional. The natural environment is perhaps what Michigan is most known for: lakes, woods, hunting, fishing, snowmobiling, and other activities that are related to the natural resource assets the state possesses. The built environment refers to the state's infrastructure (roads and parks), golf courses, trails, cultural attractions and other facilities. We also have an institutional environment shaped by regulations and laws. Michigan's visitor environment can be enhanced in numerous ways through our stewardship, maintenance, development and improved way finding.

6. *Create an image of what Michigan has.*

Our desired image is what we are, what we represent and what makes us unique. Our image is reflected in our brand.

In order to create a culture and improve the tourist environment a practical plan of action must be in place. This plan needs to consider both the individual and the industry, and ownership of the plan by the industry is very important. The first step is to identify the stakeholders of the plan. Focus groups and other methods of data collection can be used to determine the current culture and methods that would be effective in enhancing the culture and environment to enhance the visitor experience. Additional information is needed on what constitutes the visitor experience and what tourists are looking for in a travel destination. Although the realization of some of our goals will surely take many years, we need to begin in earnest expecting to make a significant impact within three years.

Budget

Training for improving customer service and the visitor's experience with the attraction. One methodology we recommend is to train and certify a cadre of trainers who would then be available to train the employees of various tourism businesses and venues. An annual budget of \$60,000 with the state providing the cost of training the trainers and a 50 percent incentive to encourage the local business/venue investment in a training program is needed.

Highway and corridor infrastructure improvements – The recent design and construction of a number of bridges by the Michigan Department of Transportation demonstrates the potential impact of these structures and how the beautification of strategically located roadways using flowers and landscaping and regularly mowed grass can enhance the image of our state. States like Texas and Virginia offer strong examples of how infrastructure assets cause positive and lasting impressions. There is also a need for improving way finding aids to help visitors find our many attractions. Hopefully more transportation funds can be prioritized for this kind of infrastructure enhancement.

Section 4: The Process

We tried to accommodate participation by using a combination of in person and conference call connections for those located a considerable distance from Lansing. Likewise we made regular use of email to solicit input and reaction as we crafted various pieces of the report. Through this process we completed our primary charge yet fell a little short on defining action steps that would implement our proposed goals.