

COVID-19 Impacts & Explore Minnesota Support – Week 2 Survey

Last week, Explore Minnesota reached out to the Minnesota tourism industry with invitations to take the second in an ongoing series of short surveys. Responses to these two surveys are providing Explore Minnesota with valuable insights about how we can support the industry throughout the COVID-19 crisis.

Results to the second (i.e., week 2) survey reflect increased levels of recent business losses, compared with results from a week earlier (i.e., week 1), and even stronger levels of projected losses over the upcoming 30 days. Many of the 458 survey respondents expressed grave concerns related to anticipated losses, and uncertainty about when things will turn positive again. However, many responses reflected hope, and offered creative ideas about how Explore Minnesota can be supportive.

Explore Minnesota will modify and repeat this short, informal survey in the weeks and months ahead to ensure our response remains timely and useful to industry members.

How Explore Minnesota Can Support the Tourism Industry

For Explore Minnesota, the most important goal of these surveys is to solicit ideas for how we can best support the industry through the COVID-19 crisis. As with the week 1 survey, respondents provided many thoughtful ideas for support. By and large, these suggestions reinforcing themes that emerged from week 1 survey responses. Comments also reflected on impacts to respondents' own businesses and organizations, and ways they are adjusting and/or looking for assistance. A more complete summary of week 1 comments can be found in the [report of results from the first survey](#). Notes below cover a few additional thoughts and suggestions that emerged from week 2 survey responses.

Marketing Messages and Timing

The week 1 summary organized suggestions about marketing through the COVID-19 crisis into four main themes. Week 2 marketing-related suggestions generally stayed within those themes.

- 1) **Continue Advertising:** Many respondents think Explore Minnesota should continue to advertise, with sensitivity to what will resonate instead of offend throughout the upcoming period of curtailed travel. This could encourage consumers to continue thinking positively about travel, especially to and within Minnesota. Respondents from greater Minnesota are concerned about recent, potentially divisive messages about metro residents being unwelcome in rural areas with a lower incidence of COVID-19 and limited medical facilities. Some comments suggested that the right advertising could help counteract those messages.
- 2) **Hit Pause:** Strong sentiments came through from many respondents in favor of scaling back or eliminating state marketing until conditions improve, then being prepared to jump in with a well thought out, positive marketing strategy at the right time. However, a number of responses acknowledged the unknown of how many would-be travelers may remain too fearful to travel, even when given the "all clear" to do so. We are in unfamiliar territory, and it will be challenging to know how to address it all with the right timing and messaging for reengaging travelers.
- 3) **Promote What's Still Available:** Outdoor activities and wide-open spaces were again the focus of many comments by week 2 respondents. Minnesota has an abundance of destinations and activities that match current needs for social distancing. Some of these places, and the concept that many such opportunities exist throughout Minnesota, could be featured in messaging.

- 4) **Hope on the Horizon:** Despite palpable anxiety among respondents, many comments insisted that positive messaging is important. A number of suggestions pointed toward encouraging travelers to postpone rather than simply cancel upcoming travel plans, keeping those travelers engaged, while also helping businesses maintain cash flow.

Communications

As was the case for the week 1 survey, many week 2 survey respondents pointed toward the need for frequently communicated and wide-ranging information to help them navigate current and upcoming challenges. These included requests for frequent updates on changes Explore Minnesota is implementing in its advertising and other programs, as well as for suggestions that relate to their own marketing/advertising strategies and operations.

Respondents are looking to Explore Minnesota as a conduit for important information about wide-ranging COVID-19 related topics. Businesses and organizations are looking for ideas and direction for low/no cost advertising and messaging they can do during and after curtailed travel, as well as ways they can pursue financial and other types of assistance to help during challenging times. Look for more on these below.

Explore Minnesota's [industry website](#) remains an important vehicle for the organization to communicate with tourism businesses and organizations throughout the state, and a newly-created [Coronavirus \(COVID-19\) page](#) serves as a gateway to a broad spectrum of tourism industry-relevant information and resources. You are strongly encouraged to make use of this resource, returning to it regularly for new and updated material.

Business Assistance/Financial Relief

Businesses, organizations and employees are feeling the pain of this crisis more with each passing day, and are working their way through addressing many issues confronting them. They are also bracing for things to get worse before getting better.

Many suggestions for how Explore Minnesota can be supportive were repeated from week 1, and numerous new ones also emerged:

- 1) Directing businesses and organizations to places they can receive help navigating everything from questions about when they should be open/closed to addressing issues with staff they are challenged to keep employed for an unknown period of time.
- 2) Advocating for forgivable loans and grants, and any other measures to help mitigate financial problems.
- 3) Compensating businesses and organizations for financial losses from mandated event cancellations, and retaining employees even when there is not enough work to justify it by many standards.
- 4) Easing requirements on (Explore Minnesota) grants, including doing away with required marketing matches.
- 5) Advocating for financial relief, included postponing or forgiving upcoming property tax payments and suspending sales tax on travel-related goods and services.

Disclaimer: Explore Minnesota is committed to supporting the industry with financial relief as much as possible, however, as a state government entity, Explore Minnesota is limited in its capacity to provide or advocate for funds. As such, Explore Minnesota's role should be viewed primarily as one of marketing

the state for travel and supporting the industry through existing programs and communications. We will be as responsive as possible to evolving industry needs within the boundaries of our legal capacity.

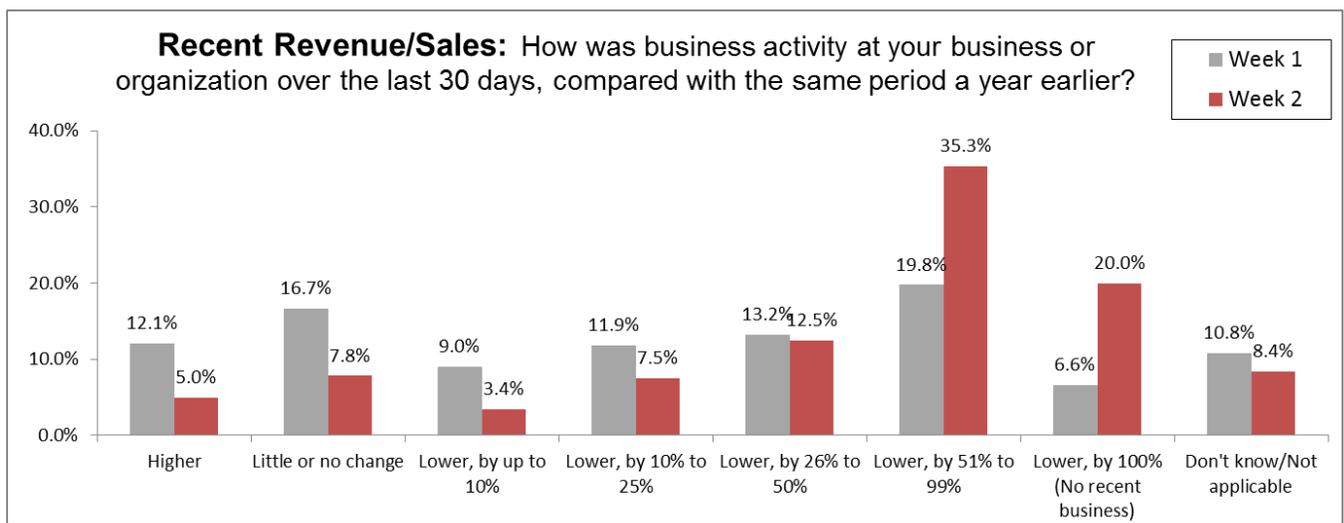
Impacts, Anticipated Timing of Downturn and Marketing Changes

Two survey questions assessed respondents' recent and projected business conditions compared with last year, both for revenue/sales and customer traffic/total customers.

Businesses had already experienced a downturn in the 30 days before the survey, and the level of that downturn reported by respondents to this "week 2" survey was substantially greater than the level reported by respondents to last week's "week 1" survey. For both week 1 and week 2, the projected downturn in the *upcoming* 30 days is markedly greater than was reported for the 30 days before each survey. The recent period before the week 2 survey refers to a 30-day period of roughly Feb. 25-March 25, and the upcoming period after the week 2 survey refers to a 30-day period of roughly March 26-April 24.

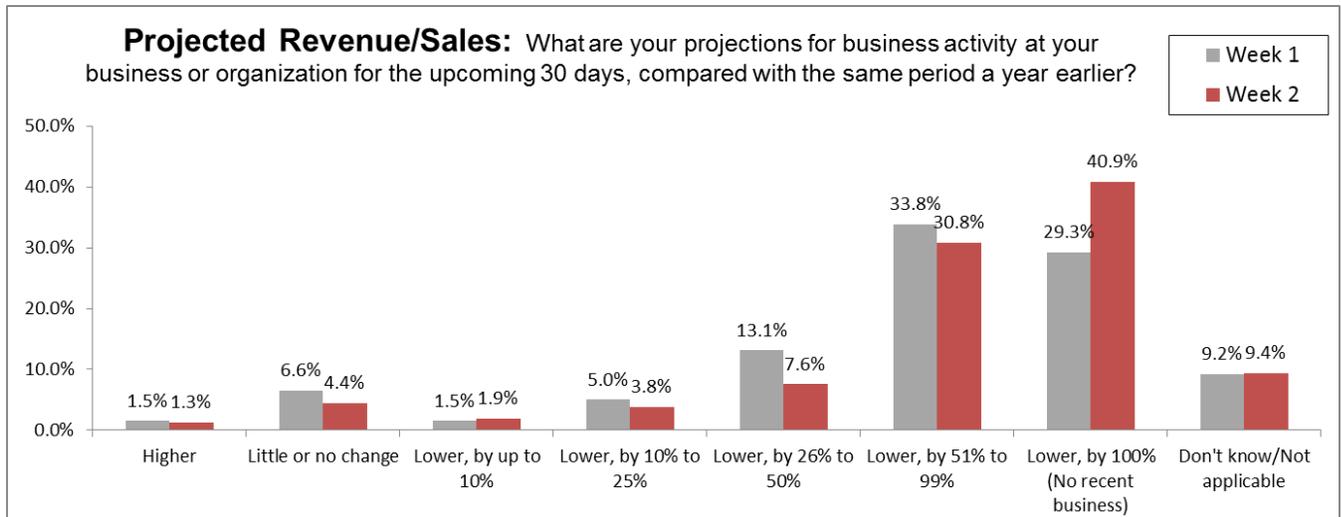
Recent activity: Roughly three fourths of week 2 respondents reported that recent business activity (i.e., over the last 30 days) was down by at least 10%, compared with a year ago, both for revenue and customers. Not surprisingly, recent 30-day loss levels reported in week 2 were significantly greater than losses reported in week 1, since the 30-day window of time reflected in week 2 responses included a week of greatly diminished travel activity that was not covered in week 1 responses. Well over half of week 2 respondents reported recent business to be down by at least 51%, roughly twice the level reported by week 1 respondents, and 20% of week 2 respondents reported recent business to be down 100% (i.e., no recent business during the last 30 days), up from six percent for week 1 respondents.. Still, 13% of week 2 respondents reported that their recent business levels were higher or unchanged, compared with a year ago.

The survey asked about business activity levels for both revenue/sales and customer traffic/total customers. Because results were quite similar for the two measures (i.e., revenue and customers), the following graph provides just revenue results. For this and some other results, graphs provide both week 2 and week 1 results.



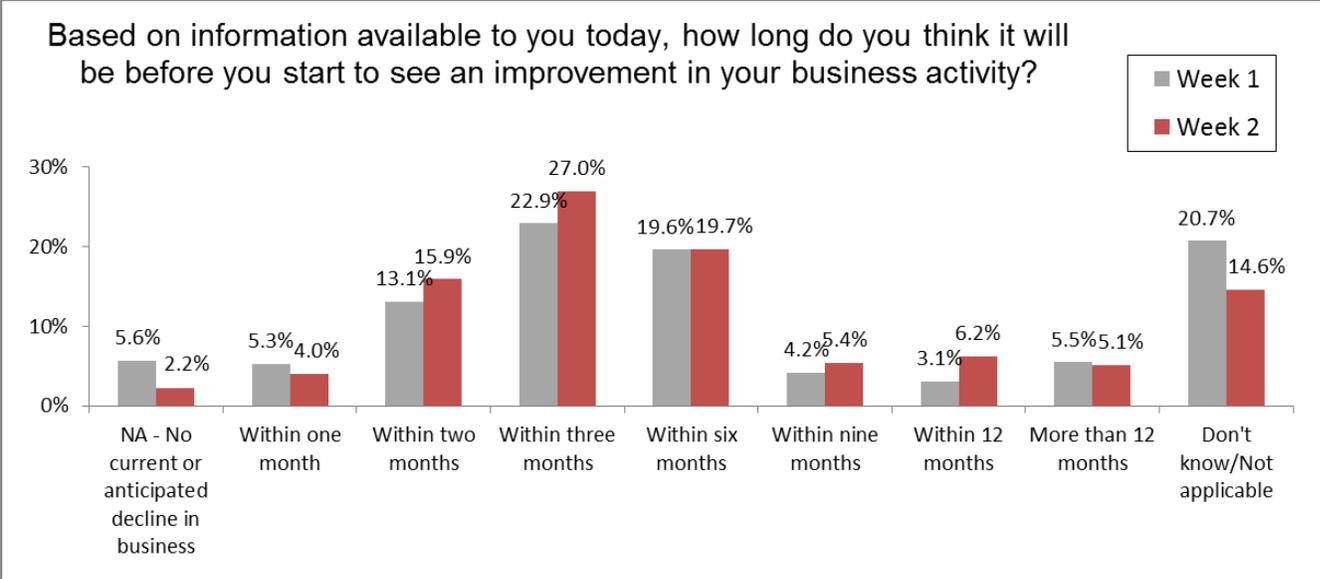
Projected activity: Relative to recent (past) business losses, respondents are projecting substantially greater losses for the upcoming 30 days. However, changes from week 1 to week 2 results for projected

losses were not nearly as dramatic as were changes in recent business losses. The biggest projected business change from week 1 to week 2 was an uptick in the portion of businesses projecting business to be down 100% (i.e., no recent business), up from 29% in week 1 to 41% in week 2. Nearly three quarters of respondents are projecting their upcoming 30-day activity will be down by at least 51%, compared with a year ago, both for revenue (72%) and customers (74%). Six percent of respondents project similar or higher business activity for the next 30 days. As with recent (past) business results, the following graph provides just revenue results, since projected business activity results were quite similar for the revenue and customers.

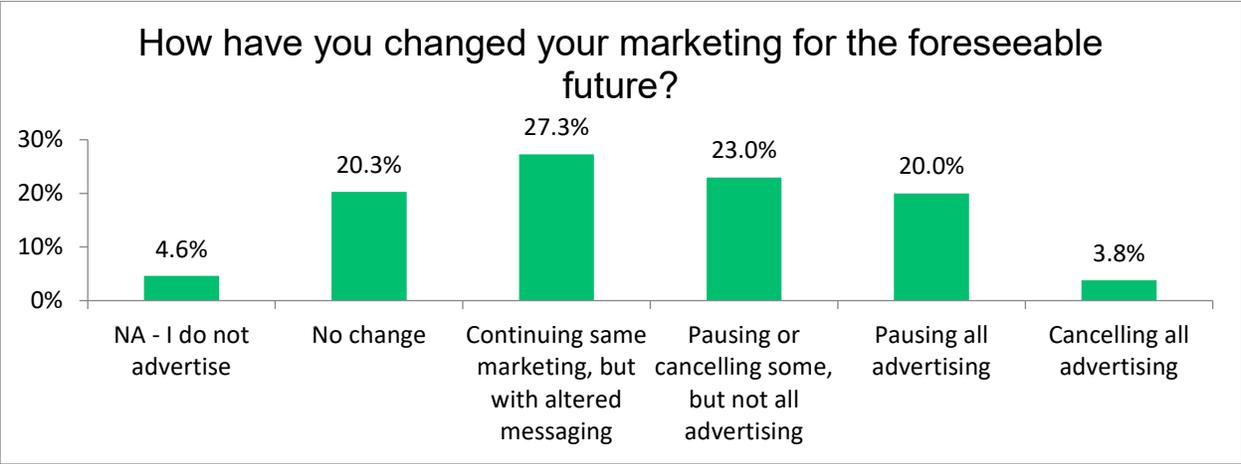


Anticipated length of time before business activity improves: Similar to results for week 1, just under half of respondents (49%) think they will start to see an improvement in their business activity within three months or are experiencing no decline. Within this group, more than half (i.e., 27% of all respondents) think the improvement will start more than two months and within three months from now. More than a third of respondents (36%) think it will be more than three months before business improves, with most of that group (i.e., 20% of all respondents) thinking the improvement will start within six months.

The biggest change from week 1 to week 2 was a six-point drop in “don’t know/not applicable” results, from 21% to 15% of all responses. Many respondents noted that there are too many unknowns to feel confident in their answers. As was the case with week 1 responses, many seasonal businesses expressed concern that their entire season may be in jeopardy. Respondents from businesses that can more easily accommodate social distancing expressed hope that business activity would not be impacted as much or as long.



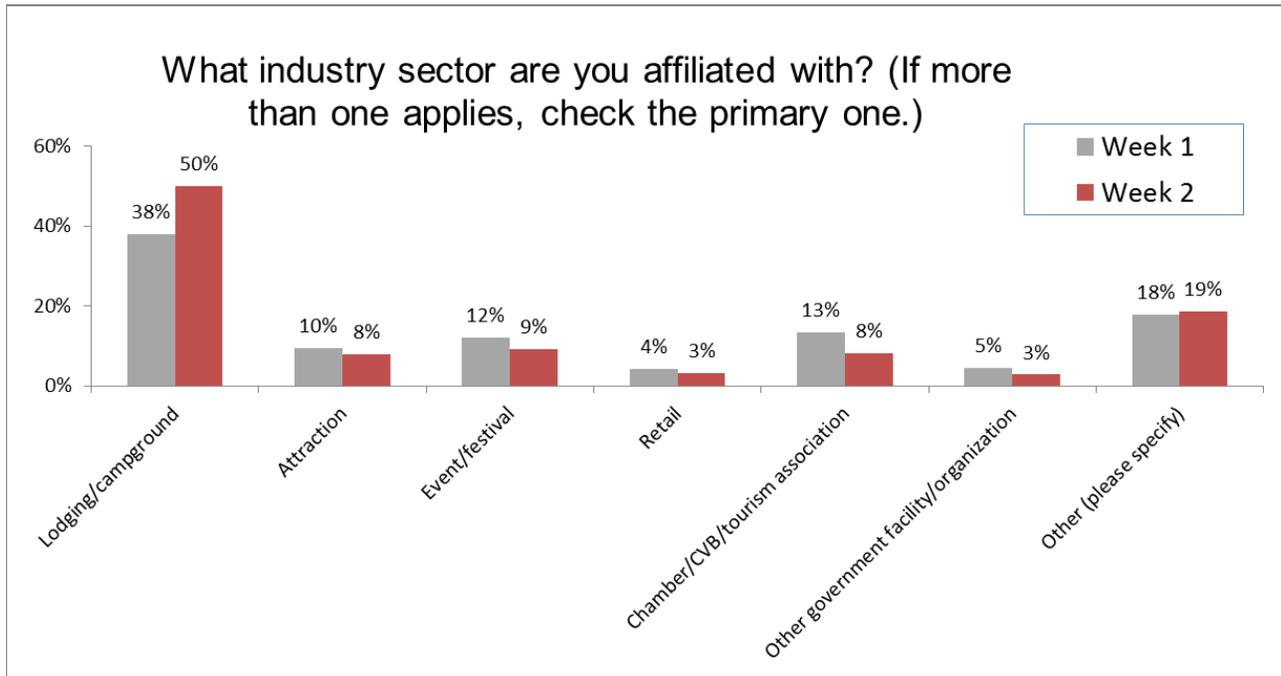
Planned changes for marketing: Most respondents have changed their marketing for the foreseeable future, with only 20% indicating no changes. Among the changes, the most common change is to continue with the same marketing, but with altered messaging (27% of responses). A combined 47% of respondents are pausing or cancelling advertising, including 23% who are pausing or cancelling some advertising, 20% who are pausing and four percent who are cancelling all advertising. Results to a week 1 survey question were similar, but the question and response categories were changed enough in the week 2 survey to prohibit detailed comparisons.



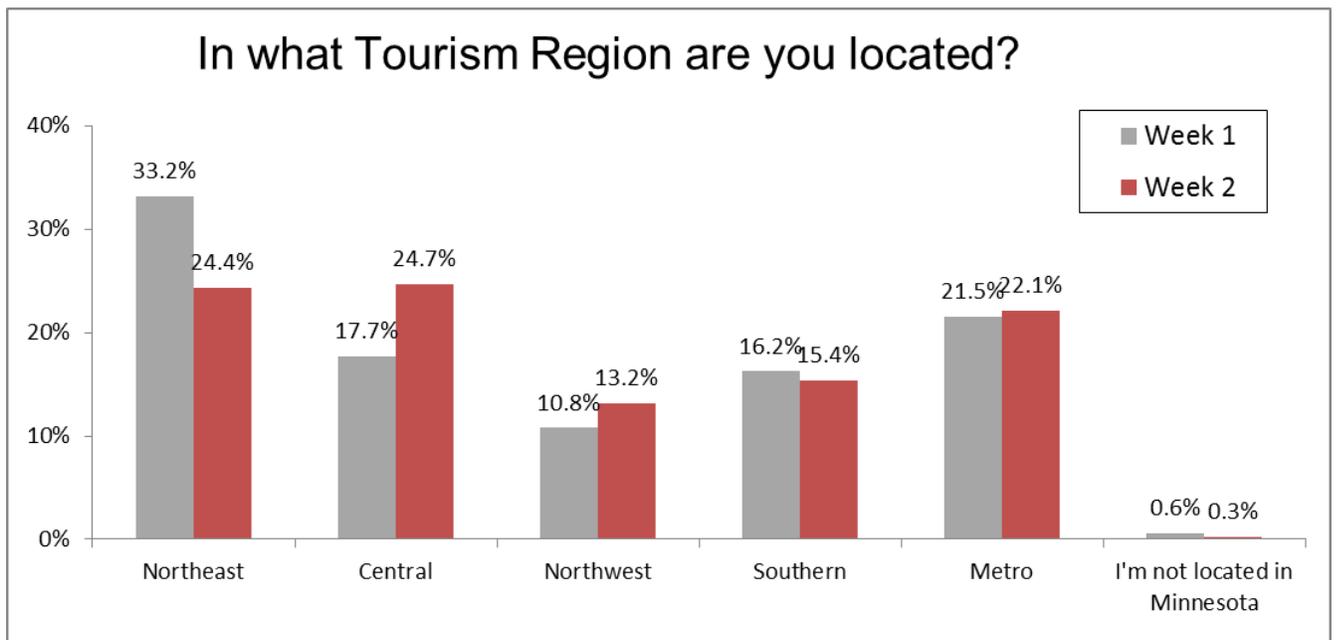
Who responded to the survey?

On Monday, March 23, notice and a link to the week 2 was included in Explore Minnesota’s EMT Express e-newsletter. Based on a low initial response rate, a separate survey invitation was included in an email message delivered to the approximately 7,500 Minnesota tourism businesses and organizations on the EMT Express list. The 458 responses represent a 6% response rate for this informal survey effort, down from 674 responses and a 9% response rate for the week 1 survey.

Lodging and campground businesses represented the largest group of week 2 survey respondents, with 50 percent of respondents, up from 39% for the week 1 survey. Events/festivals (9%), attractions (8%) and chambers/CVBs/tourism associations (8%) also accounted for numerous responses. Attractions respondents included museums (2% of all responses), performance venues/theaters (2%) and parks/historic sites (1%), all of which were separate industry categories on the week 2 survey. Restaurants/bars/other food and alcohol respondents accounted for 4% of respondents to the week 2 survey, and are included in the “other” category below.



Approximately a quarter of week 2 survey respondents were from central Minnesota region (25%) and northeast Minnesota (24%), followed by the metro (22%), southern Minnesota (16%) and northwest Minnesota (13%).



Additional notes about survey respondents:

- All 458 responded to a question asking if they were open and doing business a year ago, during the 30-day period leading up to the same date in 2019. 377 responded “yes” and 81 responded “no.” “No” respondents were not asked the questions about recent and projected business activity, compared with the same period a year earlier.
- 321 responded to the question about recent business, and 320 responded to the question about projected business.
- 371 responded to the question about how long it will be before they start to see an improvement in business activity.
- 370 responded to the question about upcoming changes to their business marketing.
- 149 respondents answered the question about what Explore Minnesota can do to support the industry.
- 455 responded to the question about the industry sector they are affiliated with.
- 357 responded to the question about what region they are located in.
- 331 responded to a question about how often Explore Minnesota should repeat and report on results to this survey.

What to expect now

Thank you for participating in the second of a series of surveys for the Minnesota tourism industry. Please look for a repeat of this survey in an upcoming edition of EMT Express.

Explore Minnesota's team is here for you. As we navigate this difficult time together, we remain fully committed to providing fact-based information, support, encouragement and solutions for Minnesota's tourism industry now and in the future. Please reach out to any of us, at any time, with your comments, concerns and suggestions.