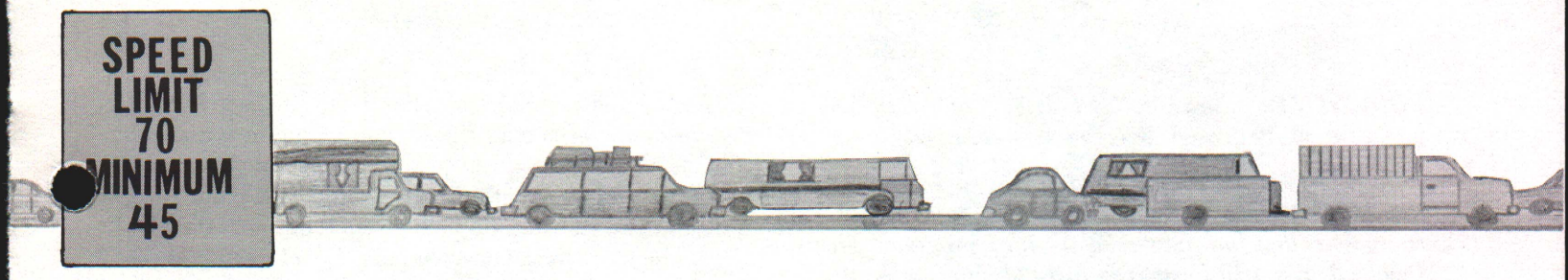

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Impact of Travel Stress on the Tourist Trade in Michigan

By Eugene F. Dice, Extension Specialist, Recreation Resource Development

(Contributions from Don Holecek, Stephen V. Smith and Ronald W. Hodgson, Department of Park and Recreational Resources, MSU). The author also extends special acknowledgement for insight, suggestions and support to the Upper Great Lakes Regional Development Commission, the Michigan Tourist Council and its Regional Tourist Associations, County Extension Directors and the tourist firms cooperating in the Tourism Monitor Project.

FOREWORD: Louis F. Twardzik, Chairman, Department of Park and Recreation Resources.

Serious concern over limited travel fuel prompted the MSU Department of Park and Recreation Resources to develop a tourism monitor program. This involved 45 tourist businesses in 18 Michigan counties. County Extension Directors established local contacts to obtain timely and direct reports from the tourist industry.

However, conditions changed constantly during the testing period of January to April 1974, and before this period was over, individual tourist travel was almost back to normal. Special tourist busing facilities were initiated by the Michigan Department of Transportation but were relatively little used. Data were therefore of less value than hoped for. Still, the authors obtained many helpful comments and observations about the individual units and the entire tourist industry. These observations led to the concepts discussed in this bulletin.

Introduction

The "near crisis" in fuel supplies of 1974 taught several things. Conditions of stress bring about changes in both the industry and the actions of customers. Individual firms and the industry can benefit from a better understanding of what can be expected during such conditions.

The 1974 stress was caused by exterior forces, not directly manageable by the individual firms or the industry. Thus, opportunity for economic success was not entirely within their own grasp. Without control of exterior causes, they must adapt to stress conditions.

The purpose of this bulletin is to discuss some of the theory of stress impact and possible actions for adapting to the conditions.

How the Tourist Monitoring System Worked

County Extension Directors (CEDs) in 18 counties of northern Michigan recruited operators from six different types of tourist facilities to assist in the monitoring project. Staff members of the Department of Park and Recreation Resources at MSU helped select types of facilities and supplied all cooperating operators with weekly reporting cards. These were delivered by the CEDs, aided by Chamber of Commerce or Tourist Association members.

Each cooperator supplied data from their business week for the 1974 period as well as figures for the same week in 1973. All data for each category were pooled and averages or means developed for both firms and the industry total. The period of January through March was used to gather data for the winter tourism season.

The lodging industry provides a fairly sensitive indicator of the effects of the fuel shortage on tourism. This is particularly true when travel for business meetings and conventions are counted as tourism. Most tourism statistics do include such business travel.

To see the effects of voluntary travel restrictions resulting from the fuel shortage, hotel and motel room use tax collections for January, February and March of 1974 were compared with the projected tax for the same months based on data from 1964 through 1973. Tax data for six Upper Peninsula counties and seven counties in the northern Lower Peninsula were collected from the reports of the Michigan Treasury Department. Groups of the tax data are shown in the graphs* on page 3.

The estimates for March in the Upper Peninsula and for January and February in the Lower Peninsula were made using all data 1964 through 1973. The estimates for January and February in the Upper Peninsula were made using the data, 1969 through 1973. The estimate for March in the Lower Peninsula was made using the data, 1968 through 1973. All estimates are thus based on relatively stable periods prior to 1974.

With dire forebodings about future fuel supplies in early 1974, it was also anticipated that the monitoring program continue for both the summer quarter and an early winter quarter. Midway into the first quarter, however, the "crisis" became a "problem" and foreign suppliers promised increased shipments to the U.S. This reversed prospects for serious travel curtailment. However, both the University and the Director of the State Tourist Council have expressed the desire to use this reporting or monitoring system in the future.

Because of the immediacy of the problem, no attempt was made to select a random sample of all tourist businesses, hence the term "monitor" rather than "representative" sample. The data are therefore from the more representative tourist counties, but not representative of the entire industry.

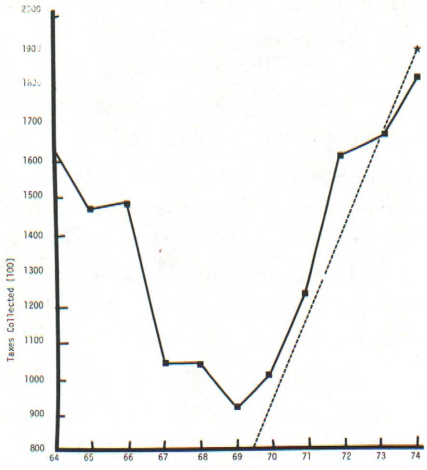
Firms recruited to provide monitoring data included winterized campgrounds, ski facilities, restaurants, liquor lounges, lodging facilities and conference facilities. Lodging and food industries provided the most complete reports, probably because of the methods of record-keeping.

Monitor reports represent both northern Lower Peninsula and Upper Peninsula tourist counties: Alpena, Antrim, Charlevoix, Clare, Crawford, Dickinson,

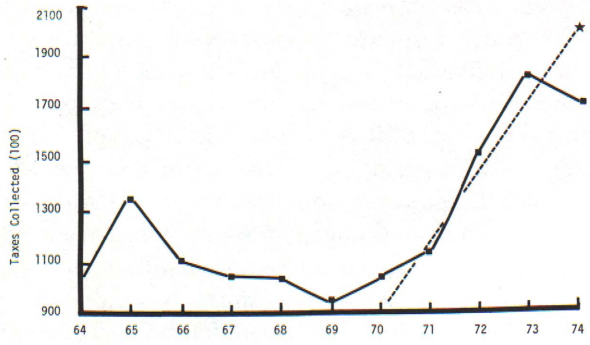
*Compiled and analyzed by graduate students Tom Mouser and Robert Schott, Department of Park and Recreation Resources, MSU, under direction of Dr. Ronald Hodgson. Data source, Research Division, Michigan Department of State Treasury.

Hotel and motel room use taxes collected on rents paid during the three months, 1964 through 1974. Actual taxes collected and projected taxes are shown for 1974.*

UPPER MICHIGAN — 6 counties
Dickinson, Gogebic, Houghton, Keweenaw, Mackinac, Marquette



JANUARY



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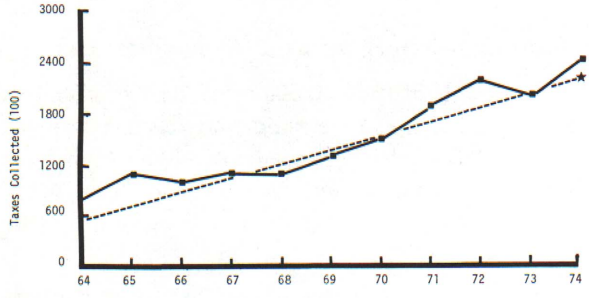
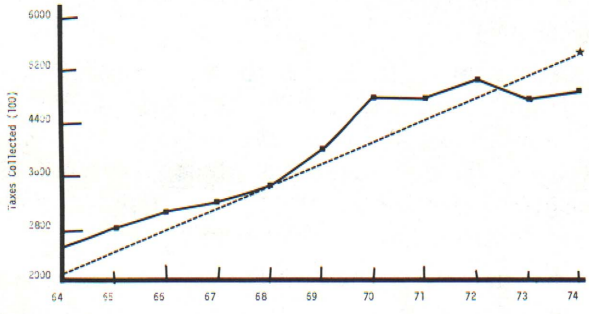


MARCH

------ Projection line using average collection for the period
—— Actual taxes collected in the month for each year
★ Predicted location of 1974 tax collection under normal fuel supplies

LOWER MICHIGAN — 7 counties
Antrim, Charlevoix, Crawford, Emmet, Grand Traverse, Otsego, Wexford



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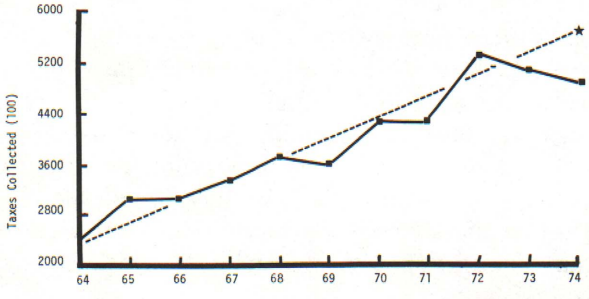

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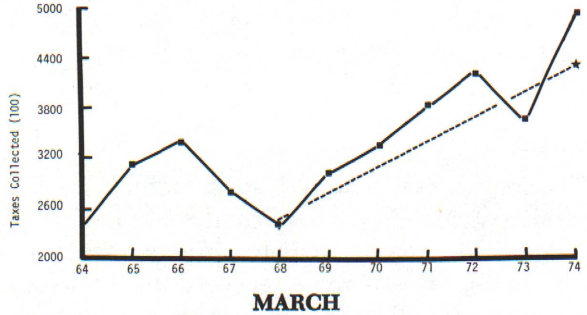


MARCH

**No adjustment was made for inflationary price advance on goods and services from 1973 to 1974.*

Emmet, Gogebic, Grand Traverse, Houghton, Iosco, Keweenaw, Mackinac, Marquette, Mason, Otsego, Roscommon, and Wexford.

Three areas of response to stress were examined: (a) consumer response (b) impact on, and response by, the individual firm and (c) impact on, and response by, the industry. Essentially, the consumer will adjust by reduced use, change in type of facility, change in transportation, or change in time period of use. Impact upon individual firms would likely vary with some types adding and some losing trade, depending on location, distance, accessibility and type of facility. If the consumer adjusts as suggested, the total industry might not experience a discernible change in total tourism revenues.

Recreation — Tourism, as a Consumer Item

The general attitude in America today is that recreation and leisure are earned and deserved rewards for work. So deeply ingrained, this is part of quality living and will be denied or altered only in case of economic disaster. Even then, activities would change but not the "need" for recreation.

Americans expect to travel, to take part in recreation, to enjoy nature and, importantly, to consume those aspects of leisure and recreation that give them the greatest status satisfactions possible. To not do this has become synonymous with being out of the mainstream of the good life.

It is not, therefore, realistic to believe that Americans will quietly and willingly revert to a state of limited travel and recreation at any foreseeable time. America's ability to substitute new methods to cope with stress, like the fuel shortage, and a penchant for bounding back is routinely expected. More efficient methods will be developed. Consumption patterns will change. One long stay at a resort may be substituted for several short stays, or conversely, and different time-block choices may be chosen. Geographic shifts and some changes in type of recreation may be expected.

Concepts

Tourist reaction to travel stress unfolds in a predictable pattern. In the very short run (months) there is a decided drop in activity. In the medium run (year, or so), there is some recovery. In the long run (several years), a new activity level is achieved which will surpass the previous high. Psychologically, the customer exhibits disbelief, fear and uncertainty in the short run; frustration, resentment, disbelief, and then new assurance in the medium run, and all-out excitement and confidence after the long run opportunity has been clarified.

In the early months of 1973, for example, there were widespread rumors that fuel would be in short supply and planning for summer trips and vacations might best be curtailed. A sufficient number of communities were out of fuel, adding realism to the rumored crisis. In the spring months, travel as well as motel and campground attendance were reported down in several areas of Michigan. Just before the July 4, 1973 holiday, it was rumored that rationing would not be necessary. Almost immediately, the flow of tourists increased and campground owners indicated after the season that overall seasonal use had exceeded the previous summer by about two percent.

This experience shows one of the types of consumer responses to the stress condition. There was still time to adapt to a different vacation "time frame" than had been planned. Those reluctant to vacation in the spring generally took trips and vacations later than planned.

Lodging tax collections for January and February 1974 were below the level expected. By March, however, the situation had improved and tax collections were slightly above that expected.

An alternative explanation of the January slump might lie in the weather. Poor skiing conditions, which might have reduced tourism in January and February as in 1973, were not present in 1974. The drop in lodging rentals is probably the result of uncertainty about the availability of fuel. The rebound in February may represent increased confidence in the fuel situation as well as possibly the expression of a "pent-up" demand.

One might conclude that the fuel shortage or uncertainty about its availability in January and February resulted in a sharp reduction in tourism. By March, however, the industry, as a **whole**, recovered to a respectable level even though some **types** and some **areas** still reported less than expected numbers.

The strength of this kind of analysis (measurement of only one of several possible causes) is admittedly limited. The only certainty is that in the counties studied, less tax was collected for hotel and motel room use in January and February and slightly more than expected in March. The cause can only be tentatively identified as the fuel shortage by the coincidence of times. However, the lack of other credible explanations and the sharp deflections from trends of several years seem to be fairly good evidence of the effect of the shortage on tourism in Northern Michigan. Note the decline in Mackinac Bridge crossings, Table 1.

Table 1. Mackinac Bridge Crossings, All Types of Vehicles*

	1973	1974	Difference
January	68,080	57,952	-14.9%
February	73,840	63,572	-13.9%
March	90,927	78,740	-13.4%

*Michigan Department of State Highways and Transportation data.

Changes in types of tourist accommodations have been gradual in the direction of a complete vacation or recreation facility. Most of the newer facilities provide food service, conference facilities, recreation and lodging all in one package. The older firms have either not been able to redevelop under the more complete facility concept or have not seen fit to do so.

An early observation during the 1974 fuel supply problem was that consumers were tending toward the complete ski facility and showing less usage of the single facility (like motel-only or hill-only facilities). This further confirms that there is a trend toward use of complex facilities. Among the motels reporting, those classified as "primary" had a 9 percent reduction in rooms rented and "secondary" motels a 14 percent drop from 1973 rentals. (No adjustments were made for weather conditions between the two years.)

Shifts in Facility Type Usage

An interesting finding shown in Table 2 is that the percentage loss in number of persons in primary motels from 1973 to 1974 was 3.1% greater than the percentage loss in number of rooms rented. For the secondary motels, the percentage loss in number of persons lodging was 2.8% less than the percentage loss in number of rooms rented.

Assuming all other factors (weather, number of conferences, special community events, etc.) are normal, these figures suggest that the size of tourist parties going to secondary motels was reduced less than at the primary motels. It appears that commercial users traveling alone or in limited numbers per party continued to use primary motels (while family-type parties shifted to secondary motels). This helps explain why rooms rented in the January to April period by primary motels dropped 9.4 percent from 1973 and rooms rented by secondary motels decreased by 14 percent.

The evidence gathered is not sufficiently reliable to support a valid statement for the entire industry. On face value, however, it suggests that shifts are made in type of facility used under stress conditions.

Short Run Psychological Impact

The psychological impact of a stress condition on an industry is evident from the comments of those directly involved. Fear, anger, disillusionment, frustration and other feelings are revealed in response to the fuel strategies over which they individually had no control.

Following are some typical comments from individual operators.

"Selling many more lower priced meals. Sunday business down. — Restaurant operator.

Bus service does not help our area. — Gaylord motel operator. *Western U.P. total business is down from first of year.* — U.P. Motel operator.

Salesmen are not coming as often. — Motel operator.

Snow conditions good for skiing. Profits down — increased expenses. Room rates same as 1973. — Motel operator.

Ski club this year, but rest of groups were smaller (couples). — Motel operator.

We have more local people using facilities this year but fewer from out of the area — especially out of state. — Ski resort operator.

Many cancellations last week due to gas announcement — we had plenty of gas here. — Resort operator.

Only people within 30 mile radius traded this weekend. — Restaurant operator.

From comments made by Detroit area customers — they are still not getting the message that the U.P. does have gas. — Campground and motel operator.

Few more people moving about. Still worried about gas. — Restaurant operator.

With 55 MPH speed limit, we have lost the Chicago weekend market. — Lower Peninsula Resort Operator.

Weekends, especially Saturday nights, much *quieter.* — Motel operator.

Much worse. How do we let people outside of the Copper Country know that we do have gas? — Motel operator.

Table 2. Rooms Rented and Number of Persons Occupying Primary and Secondary Motels in 1973 and 1974 (January-March).

	PRIMARY MOTELS*		SECONDARY MOTELS*	
	Rooms Rented	Persons	Rooms Rented	Persons
	Average Number			
1973	144	191	38	77
1974	130	167	33	70
% change	-9.4	-12.5	-14	-11.2
Reports	81	46	70	46

*Primary motels are tentatively defined as those with the most modern facilities and complex offerings like recreation development, conference facilities, restaurant, bar and etc., while secondary motels are those offering only lodging and or lodging with limited food service. Secondary motels provide minimum services while primary motels offer maximum services.

If something isn't done soon about the energy crisis, we'll have a ghost town. Spring is too early. — Motel operator.

Our business during the week is off about 50% compared to 1973 and 1973 was a bad year for snow. — Motel operator.

1974 room rental was mostly workers in the area. 1973 was mostly tourists and skiers. — Motel owner.

Calls and letters indicate people are afraid they won't get any gas coming this way. Cold weather made some go home earlier. — Campground owner.

Volume is up but receipts are down. — Motel, restaurant, bar owner.

Cost of laundry and fuel oil up. Fuel oil nearly double. — Motel owner.

Long Run Adjustments

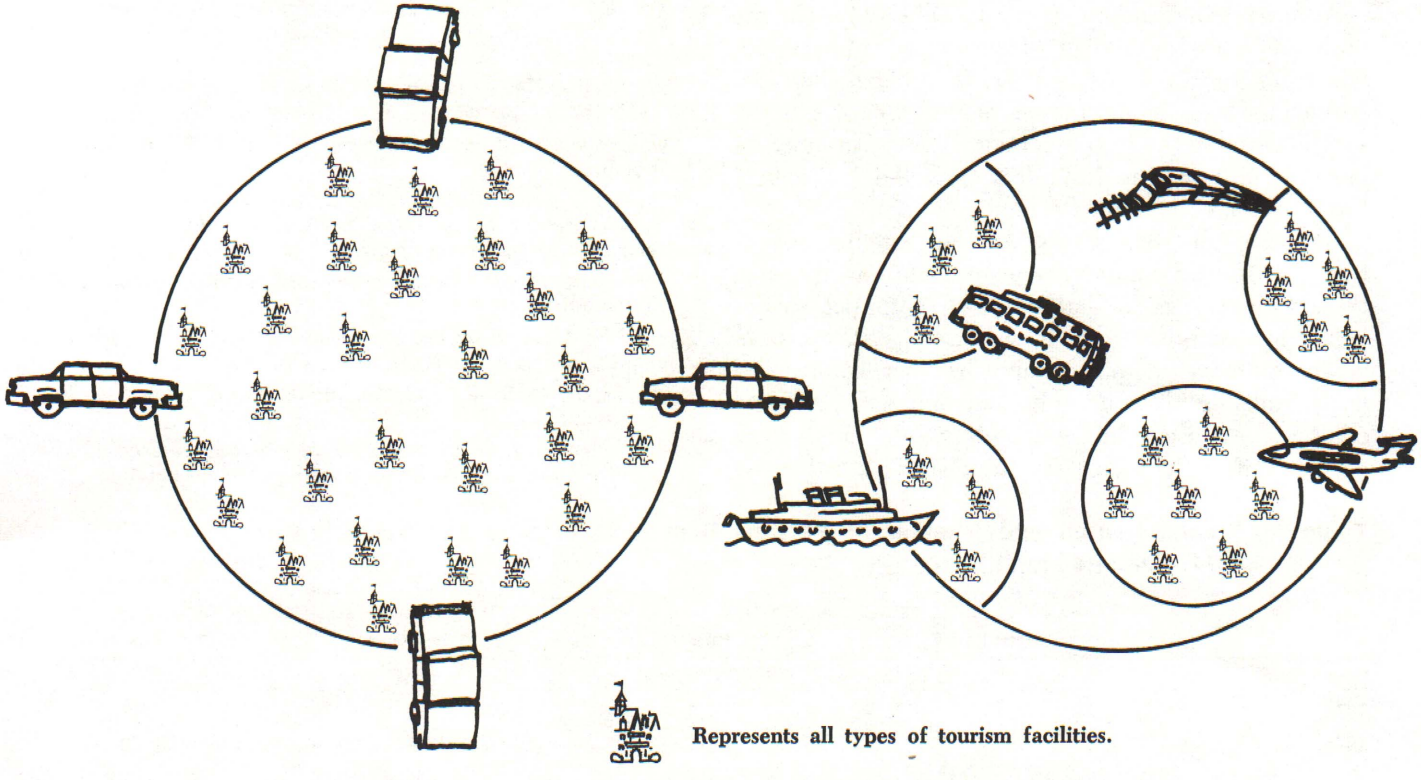
Tourist facility owners responded in different ways to stress depending mostly upon two main factors: how long one has been or intends to be in business, and the extent to which the facility can be altered to meet the needs of the new situation. **Theoretically,** the long-time operator is more apt to be burdened by outdated facilities and, therefore, may use the stress situation as a final reason for quitting the tourist business rather than risk the cost of renovation and updating. Newer facilities will probably have the latest innovations and face a smaller task in re-equipping for any new conditions. In fact, the new need may be seen as justification for responding to the new market condition with innovative changes.

Hypothetically, previous economic success of the facility plays a compelling part in determining response to the stress condition. The less successful will probably respond similar to the long-time operators while the more successful will react similar to the more innovative. Some of the less successful and (usually) smaller scale owners might "run out the string" with present facilities until an appropriate time to sell or close.

More successful owners will probably search for ways of re-investing in properties and services. Some may purchase the facilities of the less successful either as a means of increasing scale, or to relieve competition. In any event, recovery following a stress condition typically incorporates dynamic changes in types of facilities and innovation in marketing and customer relations.

Relocation as a Response

The Michigan Tourist Industry is widely distributed throughout most of the state rather than concentrated in a relatively few locations. One reason for this is the development of individual (or family) methods of travel as opposed to dependence upon public travel facilities, such as bus, train, plane, or boat. A family with its own vehicle has a much wider range of



Represents all types of tourism facilities.

Scattered tourist distribution throughout a region (maximum use of family travel vehicle under optimum travel fuel supply).

Same region as at left with centralized facilities at location of public transport terminals (maximum use of public transportation due to limited travel fuel).

destination choice than those dependent upon public transportation. Also, travel costs per individual are reduced when the entire family travels in its own vehicle.

Use of special trains and buses during the fuel crunch would foster concentrated tourist areas in clusters around the train or bus terminals. This limits choice of destination. In the short run, tourist facilities closest to the terminals would be in a favored position since customers tend to seek the facility nearest the "station."

In the experimental busing program of early 1974 some facilities more distant from the terminals provided transportation from the terminal. However, there was a rather limited distribution of bus-riding tourists into areas a few miles removed from the bus terminal. Gains from the experimental transportation program were felt by a limited number of facilities. The program resulted in dollar flow into certain communities and a few tourist facilities.

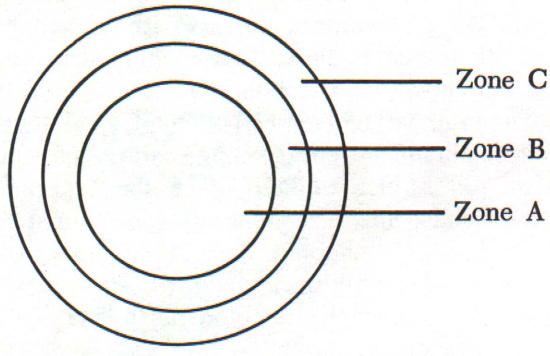
As an example of travel constraint and its effect upon the location of leisure facilities, pre-auto era travel in Michigan was dominated by watercraft. Individual families from population centers like Chicago and Detroit used passenger boats on the Great Lakes to get to their "summer place" up north. But most of these places were near the ports that were terminals for the passenger boats.

As a result, the leisure and tourist trade zone consisted chiefly of the port or shoreline areas of the Great Lakes buttressed by some inland tourist areas served by the railroad. Many of these places are still visible as major tourist centers, i.e., Petoskey, Traverse City, Whitehall, Ludington, etc. Then, as more automobiles and more and better roads emerged, there was a long period of development both of individually owned recreation (second) home areas and tourist places such as cottages and motels.

The relocation theory suggests that if serious curtailment of private travel became a reality, conditions something like the tourist shoreline zones of the Great Lakes passenger-boat era would be re-established.

The tourist industry, like prospective investors, should be alert to the impact of potential stress, such as a long term reduction in transportation energy. If a longterm condition of too little fuel (or too high cost) for family or individual travel should follow, choice of destination will be severely constrained. Such a condition would tend to encourage clustering at or near the public transportation terminals. Or, terminals could be extended to the most feasible existing cluster of facilities. Therefore, one possible longrun result of stress could be a major relocation of the industry.

This situation would tend to concentrate dollar flow rather than keep it distributed throughout the regions. All the tourist dollars to local firms, individuals, and governmental units* would be denied those areas that just happen to be farthest removed from influence and location of the terminals.



Predicted zones of influence under limited private travel.

Travel fuel supply and cost are probably the primary determinants of how, and how far, tourists will travel for vacation or weekend outings. If public transportation were to develop as the primary mode of travel, distinct zones of influence could be predicted in any longtime relocation of the industry. For example, within a 10 to 15 mile zone of the terminal points of the transportation facility would be the area of major impact (Zone A); within a 15 to 25 mile zone of the terminals, an intermediate impact (Zone B); while beyond the 25 mile zone, minimal tourist impact (Zone C). Area of the zones would probably vary by type of leisure activity, by available modes of travel from terminal to destination and by season.

Adjusting to Stress Conditions

The cost of fuel for the tourist is not the only item on the rise. The costs of operating recreation and tourist businesses will continue to climb. Faced with this, managers of tourist and recreation facilities must put more effort into encouraging the consumer. Fear and uncertainty must be replaced by reassurance. Accurate, positive information about travel conditions must be passed on to the consumer so that he will be able to make sound vacation decisions when travel stress occurs.

Appeals can be made to potential customers closer to the facility. One ski facility offering only snacks and ski slopes adjusted its emphasis in 1974 toward local trade development and specializing in training of large groups of students and youth groups. Longer stays can be encouraged (like charging less per day for additional days or weeks) to appeal to those who

*For a complete breakdown of the local benefactors of tourism dollars see Extension Bulletin E-729, *Tourism and Your Community.*

might travel the longer distances for an in-Michigan vacation. Cooperative arrangements with other public and private tourist facilities in the immediate community will give the vacationer a variety of experiences at minimal fuel cost. The total local tourist community should encourage new features of entertainment and service to help make the experience complete locally. Special community-wide tourist festivals, barbeques, shopping days, field trips, boat cruises, cultural and historic features, etc., may be possible. The general theme could be to "make your vacation complete in our town."

In the longer run, each manager must make some hard decisions about his future in the industry. He must consider the higher cost of staying in business and the resulting higher cost for his customers. New facilities, re-adjustments, and new price levels must stand the closest possible review, realizing that only the more astute businessmen will be able to stay in business over the long run.

In both short and long range adjustments to stress, remember that Michigan is a state steeped in vacation and leisure tradition. It has a strong population base inside and immediately outside its boundaries. It will pay to advertise vacationing in Michigan. Many tourists in the region will avoid taking long distance coast-to-coast trips. They must be made aware of the great opportunity within Michigan for a tremendous variety of tourist pursuits, vacation conference facilities, nature and outdoor recreation activities, and the high quality facilities and services available to them in this hub of the Great Lakes Region.

Assuming that some form of constraint upon travel may be part of the future, the tourist industry should be ready to develop new substitutes. Brainstorming and innovativeness are needed because it is not clear what the tourist of the future will want. Knowing that travel problems may change patterns is the primary lead.

The kind(s) of recreation and leisure are readily changeable. Consumers might "switch" their form of recreation rather than give it up completely. The trade must find some substitutes or new forms to offer.

In the long run, those who choose to remain in the tourist industry must consider changes in facilities and services. Those now offering limited goods and services must examine their chances of adding to this. While it may not be possible for them to develop a complete vacation complex, they could expand their offerings with the objective of capturing a portion of the consumer traffic. The trend in vacation and recreation preferences is similar to the trend toward shopping centers and away from the single store: the consumer wants more of the goods and services available at one location. Not all single facilities can become part of a tourism shopping center but efforts can be made to modify in this direction. The shopping center concept does not necessarily dictate that a single firm provide the complete center, although this is a very distinct possibility. Firms can combine their offerings at one location just as different stores work side-by-side in a shopping center.

More and more, the tourism and recreation consumer searches for high quality service and convenience. This is particularly true of that portion of tourist travel that is made up of family-size parties. Convenience and quality are more and more necessary if mother and very small children are to take part in the travel vacation.

CONCLUSIONS

- *Limited travel fuel represents one possible stress condition in the tourist industry which can bring about abrupt adjustments for suppliers of tourist facilities and on the travel and vacation habits of consumers.*

- *Sales tax revenues for the first quarter 1974 were significantly lower than the 6- and 10-year trend had predicted.*

- *In the short run, the 1974 fuel shortage was not as critical as predicted but new prices resulting from predicted shortages may affect travel in the longer run. If consumers cannot readily absorb still higher prices for travel fuel, expect changes in location and nature of facilities, and tourist and recreation patterns.*

- *Tourism firms should re-examine the nature of the market under conditions of stress and decide what kinds of adjustments to make.*

- *Cost of development and redevelopment of facilities and costs to consumers will likely rise.*

- *Facility owners and managers should expect a stronger competitive spirit in the industry.*

- *Consumers of tourism, recreation and leisure tend to prefer the "shopping center" concept, suggesting stronger community or area-wide coordination of facilities.*

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