



CARRS Tourism Resource Center Michigan State University

News Release

From: MSU Tourism Resource Center
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Michigan's tourism industry projected to finally rebound in 2005

After four consecutive difficult years, Michigan's tourism industry will experience modest growth this year if a forecast to be presented at the May 3, 2005 Michigan Tourism Outlook & Legislative Conference proves to be correct.

A research team headed by Dr. Don Holecek, director of Michigan State University's Tourism Resource Center, projects that the number of Michigan travelers will increase by 2 to 3 percent in 2005 over last year, and travelers spending will increase by a similar amount. In preparing their forecast, the team reviewed trends in a multitude of factors known to influence travel activity in Michigan and surveyed industry leaders across the state.

The projected growth for Michigan's tourism industry is slightly below the average registered over the last 20 years and would not be enough to recoup losses registered since 9/11 and the subsequent economic recession. Holecek noted that many of the economic variables the research team considers are less favorable for industry growth than they were at this time last year. For example, increasing interest rates and oil prices are combining to slow economic growth in the US. The unemployment rate in Michigan remains high, the highest in the nation in February. So, if not the economy then what forces do the MSU researchers believe will boost tourism in 2005?

An aging population with more leisure time and disposable income whose taste for travel is growing provides a base that is fueling long-term growth in demand for travel. Weakening current economic conditions will only partially offset this overall long-term travel growth trend. Even more important in the team's projection is the weather factor. Michigan's prime tourist attraction is its abundance of natural resources. These are most attractive when weather conditions are favorable for outdoor recreation activities. Unfavorable and abnormal weather conditions persisted in late spring and across much of the summer travel season in Michigan last year. This depressed performance of the industry in 2004 and a return to more normal weather conditions, assumed in MSU's forecast, supports concluding that tourism business will be better than last year, especially in areas of the state and businesses that cater to outdoor enthusiasts.

A Michigan vacation will remain a relative bargain in 2005 despite a projected increase in prices, other than for gasoline, of about 3-4%. The higher price of gasoline is not expected to significantly influence Michigan's overall tourism industry, largely because positive impacts, such as encouraging trips of shorter distance, will offset negative impacts, such as some reduction in total number of trips taken.

The weather factor weighs more heavily on the MSU researchers' forecast this year than ever before. Holecek notes that his team hasn't developed into long-range weather forecasters, but results from weather variability and climate change research funded by EPA at MSU have shed light on how important the weather factor is to the tourism industry's performance in Michigan. The weather factor trumps all other factors included in models explaining historical tourism activity in Michigan. These research results have led the MSU research team to pay more attention to the weather factor in developing its annual outlook for Michigan's tourism industry.

The climate change/weather variability research team is hosting a conference on May 9, 2005 at the Soaring Eagle Casino and Resort in Mt. Pleasant to showcase its tourism industry-related results and tools it has developed to incorporate the weather factor in the tourism management and planning processes.

For more information about Michigan Tourism Outlook and Legislative Conference on May 3, and Climate Change, Weather Variability & Michigan Tourism Workshop on May 9 please go to <http://www.tourismcenter.msu.edu/conferences&workshops.htm> or call 517-353-0793. Both events are open to the public.