

# Chisago County Lodging Study

**An analysis of the accommodations market in Chisago County, MN**

Presented by Ryan Pesch

Sponsored by the Chisago County Economic Development Authority



# Chisago County Lodging Study

An analysis of the accommodations market in Chisago County, Minnesota

May 20, 2012

Presented by Ryan Pesch, Extension Educator, University of Minnesota

**Report Reviewers:**

Ingrid Schneider, Director, University of Minnesota Tourism Center  
Dan Erkkila, Tourism Specialist and Professor, University of Minnesota Tourism Center

**Partners/Sponsors:**

Chris Eng and Deb Johnson, Chisago County Housing and Redevelopment Authority-Economic Development Authority  
Nick Entinger, Division of Parks and Trails, Minnesota Department of Natural Resources

**Report Editor:**

Mary Vitcenda, Educational Products Coordinator, Extension Center for Community Vitality

A special thanks to all lodging and accommodations owner-operators who took the time to participate in the study.

# Table of Contents

<b>Background and Methodology</b>	<b>3</b>
<b>Inventory of Accommodations in Chisago County</b>	<b>3</b>
<b>Survey of Accommodations</b>	<b>4</b>
Respondents	4
Changes in Demand	5
Occupancy Analysis	6
Target Market	7
Other Survey Comments	8
<b>Sales Tax Trends</b>	<b>8</b>
<b>Market Profile of Chisago Visitors</b>	<b>11</b>
<b>Conclusions</b>	<b>14</b>
<b>References</b>	<b>14</b>
<b>Appendix 1: Inventory of Accommodations in Chisago County</b>	<b>15</b>
<b>Appendix 2: Geographic Summary Report</b>	<b>16</b>
<b>Appendix 3: Media Choices for Chisago Visitor Trade Area</b>	<b>17</b>
<b>Appendix 4: Copy of Chisago County Lodging Facilities Survey</b>	<b>18</b>

## BACKGROUND AND METHODOLOGY

The Chisago County EDA contracted with University of Minnesota Extension to conduct a market analysis in order to identify opportunities for local lodging start-ups and expansions. Chisago County is an exurban area located about 50 miles north of the Minneapolis-St. Paul Metropolitan Area. The market analysis examined both the existing tourist base (demand) and the current lodging stock (supply) in the county. Extension used a number of methods to conduct the market analysis, including (1) surveying accommodation operators, (2) inventorying accommodations operating in 2012 from multiple data sources, and (3) mapping zip code data from overnight guests.

Survey results profiled the current stock of lodging facilities and accommodations in the county. The written survey asked accommodation owners or managers about the number and type of units or rooms, occupancy rates, types of customers, and views on tourism in Chisago County. Local occupancy rates were compared to benchmarks, together with state sales tax data to measure the strength of accommodations in the county.

Customer zip code data from participating accommodations profiled the current tourist base according to location and media usage. This customer profile provides value to existing lodging facilities that need information about where their customers are coming from and how to reach them.

Results from the study are available to local decision makers, interested parties, and citizens. This information can assist either public or private enterprises to identify lodging opportunities and can form a base of information to conduct a feasibility analysis. This study is not a feasibility study of a single property development. The author intends for any and all parties interested in the development and health of accommodations in Chisago County to use these results.

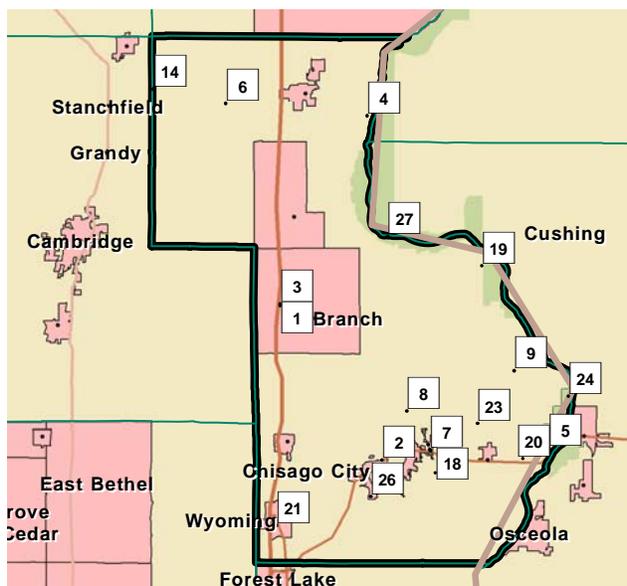


Figure 1: Location of Accommodations (see Appendix 1 for corresponding names)

## INVENTORY OF ACCOMMODATIONS IN CHISAGO COUNTY

Extension undertook an inventory of accommodations operating in Chisago County in early 2012. We identified 23 establishments through an investigation of multiple sources: InfoUSA (a national business database), Explore Minnesota website (statewide tourism association), and Google search. The Chisago County EDA revised and verified this inventory based on local knowledge of the business community. Minnesota

Department of Revenue sales tax records indicated 28 establishments in the accommodations category in Chisago County in 2009, corroborating the accuracy of the inventory—especially since a number of establishments only recently closed. Extension used the inventory to compile a mailing list to survey owners and operators about their establishments.

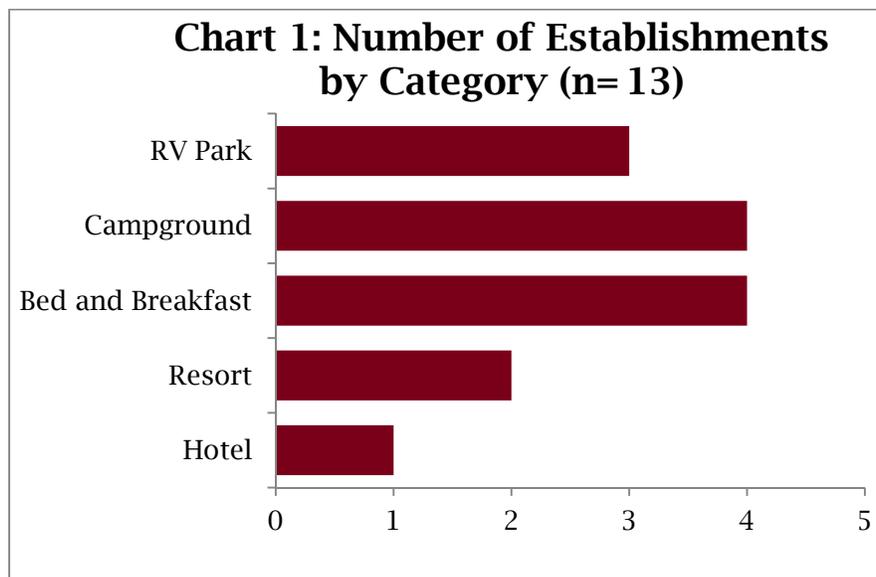
A complete list of accommodations by category is available in Appendix 1.

### SURVEY OF ACCOMMODATIONS

Extension used a modified Dilman method to survey accommodation operators in the county by mail. Establishments were mailed postcards soliciting their participation, followed by a cover letter with the survey instrument (Appendix 3) as well as a postcard reminder.

#### Respondents

Thirteen owner-operators responded to our mailed survey for a 57 percent response rate. Respondents were spread across a mix of categories (one establishment chose two categories):



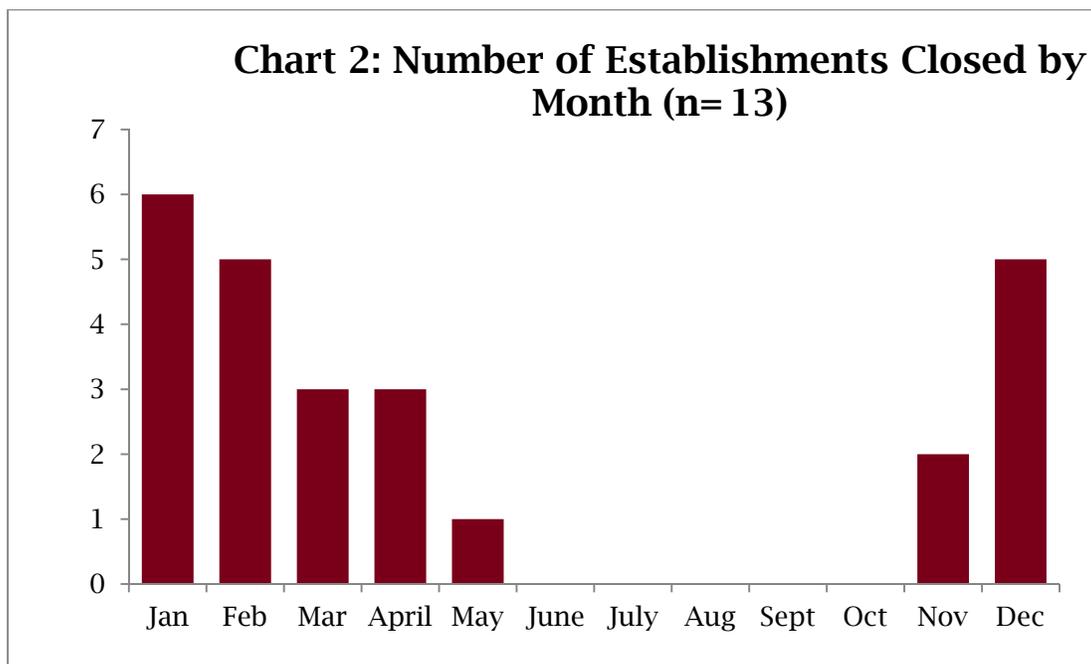
Respondents accounted for 626 units, either rooms or suites (hotels or B&Bs) or campsites/cabin (campgrounds or resorts). A sizable majority of units were campsites, especially those with hookups (Table 1).

**Table 1: Number of Units by Category Group**

	Double	King	Suite	Campsites w/ hookup	Campsites w/o hookup	Cabins
Hotels/B&Bs	42	6	8	0	0	1
Campgrounds/RV/Resorts	0	0	0	357	197	18

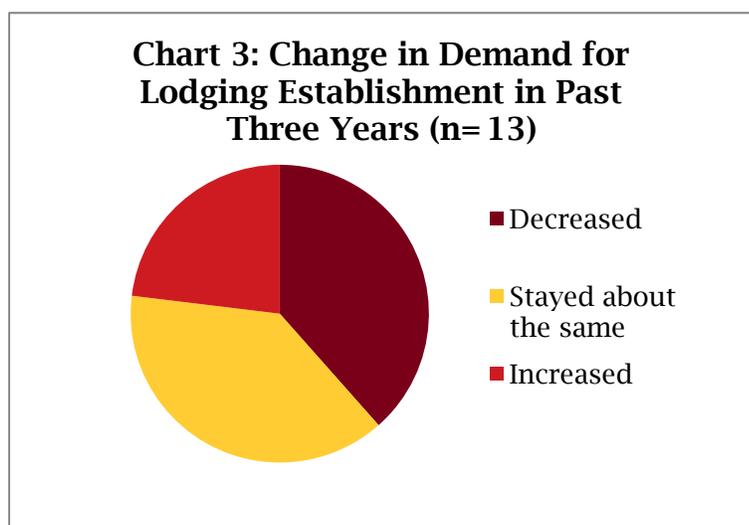
A number of respondents indicated that their facilities are seasonal and closed for a portion of the year. Chisago County is not unlike other communities where

accommodation facilities have a clear shoulder season (the period between a destination’s low and high seasons):



Like many other accommodation establishments in Minnesota, respondents do not employ large workforces. Three respondents each have three full-time employees, whereas a majority of respondents employ part-time employees, ranging from 2 to 30 part-time employees. Five establishments indicated having no employees, but are operated by the owners themselves.

**Changes in Demand**



The survey asked two questions to measure demand for accommodations. When asked about the change in demand for their establishments in the past three years, about 20 percent of respondents answered “increased,” whereas the remainder split between “decreased” and “stayed about the same” (Chart 3).

Since renovations and expansions also indicate strong demand for services, the survey asked about plans for renovations in the next 12 months. Only a minority (30 percent) indicated they had plans to do so.

## Occupancy Analysis

Occupancy rates indicate how much visitors are using and demanding the existing lodging stock. The lodging survey asked owner-operators about their occupancy rates by season. The survey also inquired about occupancy by weekday vs. weekend as these rates typically vary.

Since a number of establishments are seasonal, Extension calculated occupancy rates according to the total number of units available or open during each season (total number of units occupied divided by total number of units available).

**Table 2: Weekday Occupancy Rates by Season**

	Spring (Mar-May)	Summer (June-Aug)	Fall (Sept-Nov)	Winter (Dec-Feb)
Average Available Units	394	629	558	248
Available Unit-Nights	1,183	1,887	1,675	745
<b>Hotels / B&amp;Bs</b>				
Average Occupancy Rate	44%	70%	63%	37%
Available Units	57	57	57	56
Average Price per Unit	\$ 129	\$ 138	\$ 138	\$ 129
<b>Private Campgrounds / RV Parks / Resorts</b>				
Average Occupancy Rate	15%	28%	13%	10%
Available Units	163	398	327	18
Average Price per Unit	\$ 33	\$ 34	\$ 33	\$ 33
<b>State Parks</b>				
Average Occupancy Rate	5%	39%	16%	4%
Available Units	174	174	174	174
Average Price per Unit	\$ 16	\$ 22	\$ 16	\$ 16

**Table 3: Weekend Occupancy Rates by Season**

	Spring (Mar-May)	Summer (June-Aug)	Fall (Sept-Nov)	Winter (Dec-Feb)
Average Available Units	394	629	558	248
Available Unit-nights	1,183	1,887	1,675	745
<b>Hotels / B&amp;Bs</b>				
Average Occupancy Rate	45%	70%	64%	38%
Available Units	57	57	57	56
Average Price per Unit	\$ 129	\$ 138	\$ 138	\$ 129
<b>Campgrounds / RV Parks / Resorts</b>				
Average Occupancy Rate	60%	84%	40%	10%
Available Units	337	572	501	192

Average Price per Unit	\$ 29	\$ 35	\$ 29	\$ 29
State Parks				
Average Occupancy Rate	73%	100%	69%	15%
Available Units	174	174	174	174
Average Price per Unit	\$ 16	\$ 22	\$ 16	\$ 16

In general, the occupancy rate of all Chisago County accommodations was similar to accommodations in the Minneapolis-St. Paul Metropolitan Area; however, campground rates were higher in the off seasons than the regional average and hotel/B&B rates were lower. Regrettably, the most recent publically-available benchmark data for the Metro region is quite dated (Davidson-Peterson, 2008). In addition, this benchmark data was collected during an economic boom, so allow for a conservative comparison.

**Table 4: Metro Region Occupancy Rates Compared to Average Chisago Occupancy Rates by Season (weekend and weekday rates combined)**

	Spring (Mar-May)	Summer (June-Aug)	Fall (Sept-Nov)	Winter (Dec-Feb)
Hotels / B&Bs (Davidson-Peterson)	<b>65%</b>	<b>76%</b>	<b>70%</b>	<b>59%</b>
<i>Chisago Hotels/B&amp;Bs</i>	45%	70%	63%	37%
Campgrounds (Davidson-Peterson)	<b>21%</b>	<b>60%</b>	<b>21%</b>	<b>3%</b>
<i>Chisago Private Campgrounds</i>	28%	44%	21%	10%
<i>Chisago State Parks</i>	24%	57%	31%	7%

Sources: Davidson- Peterson, 2008 and Chisago County Accommodations Survey, 2012

The benchmark data for Minnesota's Central/West Region is also a good comparison since Chisago is in the northern part of the Metro region (near the Central/West region)—although the pattern is much the same as the comparison with the Metro region. The occupancy rates of Chisago more closely followed the rates in the Central/West region, which has greater seasonal variations than the Metro region.

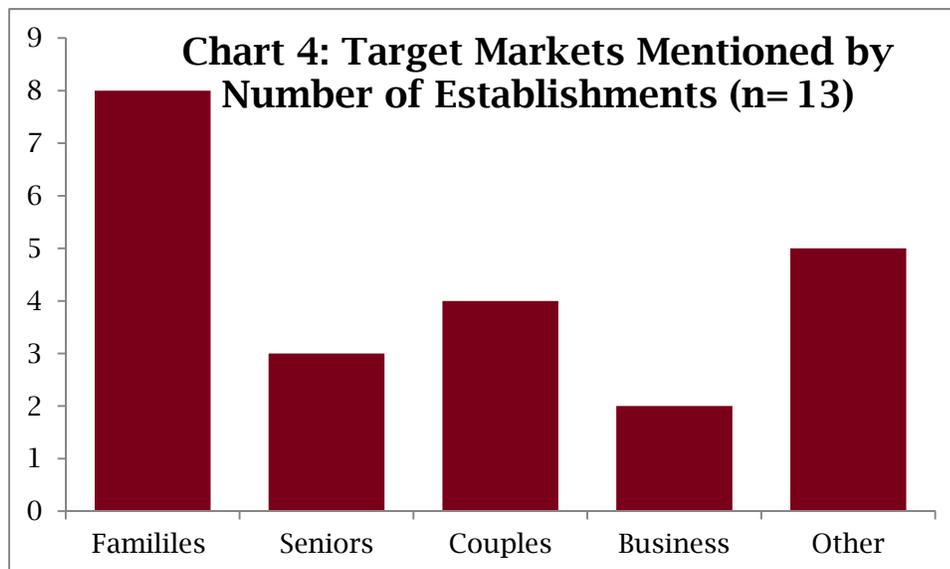
**Table 5: Central/West Region Occupancy Rates Compared to Chisago Occupancy Rates by Season (weekend and weekday rates combined)**

	Spring (Mar-May)	Summer (June-Aug)	Fall (Sept-Nov)	Winter (Dec-Feb)
Hotels / B&Bs (Davidson-Peterson)	<b>56%</b>	<b>74%</b>	<b>64%</b>	<b>56%</b>
<i>Chisago Hotels/B&amp;Bs</i>	45%	70%	63%	37%
Campgrounds (Davidson-Peterson)	<b>12%</b>	<b>53%</b>	<b>24%</b>	<b>2%</b>
<i>Chisago Private Campgrounds</i>	28%	44%	21%	10%
<i>Chisago State Parks</i>	24%	57%	31%	7%

Sources: Davidson- Peterson, 2008 and Chisago County Accommodations Survey, 2012

### Target market

Lodging businesses report that the primary target market for overnight visitors to Chisago County is leisure travelers with families.



Ten of 13 respondents estimated that between 97 percent and 100 percent of their guests are traveling for leisure. The survey also asked operators about their target market and a majority of respondents indicated

“families” or “families with children.” A mix of the other target markets mentioned included other types of leisure travelers, such as couples and seniors.

Others mentioned in the “other” category included: “anyone who wants to stay,” “young adults,” nature-lovers, hikers, skiers, etc.,” “leisure campers,” and “adults traveling for pleasure or business.”

#### Other survey comments

Lastly, the survey asked operators to provide any additional comments about how to improve tourism in Chisago County. Respondents gave a mix of suggestions:

- Encourage local businesses by keeping taxes lower and offering incentives to make improvements and expand offered services.
- Additional web-based, mobile-based marketing.
- By keeping the lakes clean and full of fish.
- More participation in promoting tourism in the county as we are not primarily agricultural any more.
- Spend some dollars on advertising. Also, don't tell me the county supports small business and then tell me my property taxes will rise because I'm a business in Chisago County. I am bringing out-of-state visitors that help patronize numerous other small businesses in our county. I can't afford to stay in business if our taxes continue to rise.

#### SALES TAX TRENDS

Since sales tax data are useful in identifying the relative strengths of industries by community, Extension gathered sales tax statistics in accommodations (NAICS code

721) for Chisago County from 2003-2009—as well as corresponding statistics for neighboring counties.

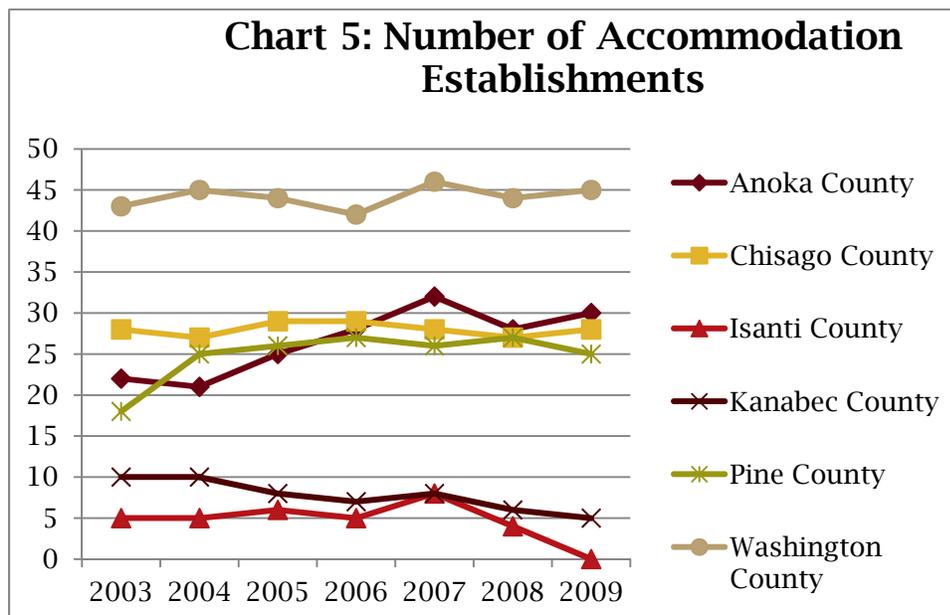
Chisago County sales tax statistics such as sales and number of establishments remained very stable through the 2000s (Table 6). Only recently has there been a dip in the number of establishments, and while existing establishments typically take up demand for services, future sales tax data releases may show a corresponding drop in sales as well.

**Table 6: Chisago County Sales Tax Statistics, 2003- 2009**

Chisago County Sales Tax Statistics for Accommodations (NAICS 721)			
	<i>Establishments</i>	<i>Taxable Sales</i>	<i>Gross Sales</i>
2003	28	\$ 2,465,693	\$ 3,111,444
2004	27	\$ 2,318,505	\$ 2,636,132
2005	29	\$ 2,296,559	\$ 2,657,522
2006	29	\$ 2,628,115	\$ 2,962,350
2007	28	\$ 2,847,379	\$ 3,254,113
2008	27	\$ 2,781,599	\$ 3,208,052
2009	28	\$ 2,604,810	\$ 2,992,400

Source: Minnesota Department of Revenue, 2012

To give some context to these statistics, Extension gathered sales tax data for neighboring counties to identify whether Chisago County’s accommodations sales were strong or weak in comparison. When examining the number of accommodation establishments (Chart 5), Chisago is quite similar in size and stability to Anoka and

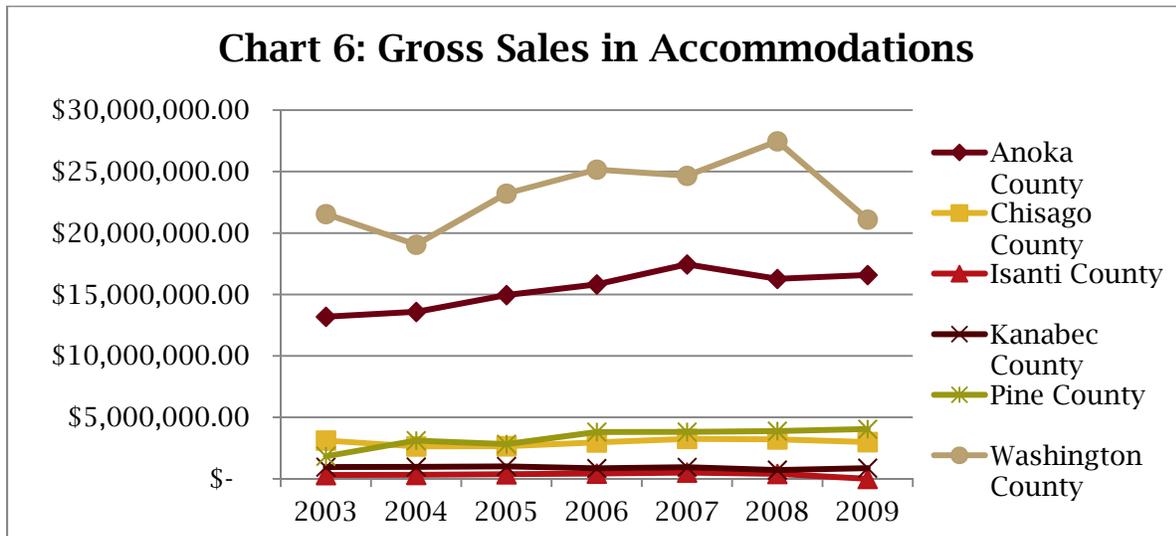


Pine Counties. All these counties have about 20-establishments and are fairly stable from 2003-2009, although Anoka and Pine counties grew in number from 2003-2007. Kanabec and Isanti dropped in size over the same time period.

Source: Minnesota Department of Revenue, 2012

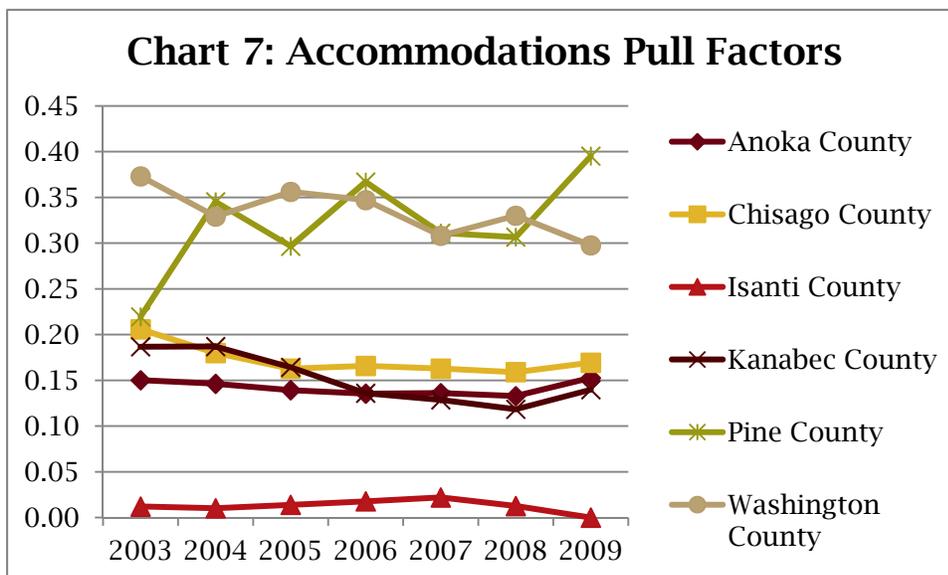
Gross sales were also constant in Chisago County between 2003 and 2009, and these figures indicate that the types of establishments in Chisago are small in comparison to

other counties. For example, Anoka and Chisago Counties had almost the same number of establishments in 2009—at 30 and 28 businesses respectively; however, the total gross sales in Anoka County were over five times the total sales in Chisago County (Chart 6). The mix of accommodation businesses in Pine County, on the other hand, was quite similar to Chisago in 2009.



Source: Minnesota Department of Revenue, 2012

Another way to put these accommodations sales figures into perspective is using a measure called a pull factor. A pull factor is a good measure of sales activity because it reflects changes in population, inflation, and the state economy. A pull factor is simply the ratio of county taxable sales per person to the state average (taxable sales per person in Minnesota).



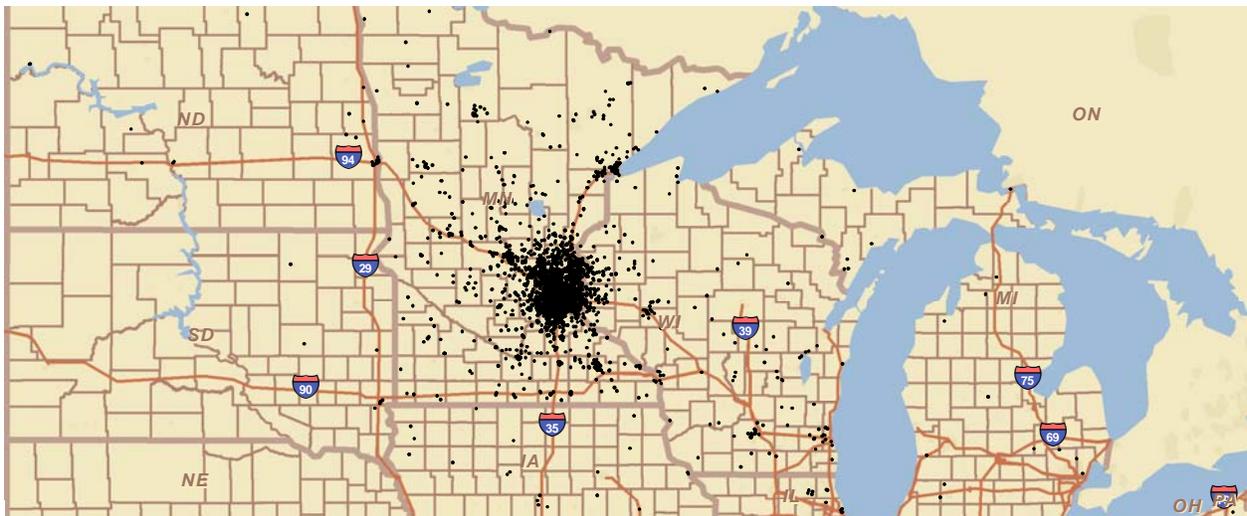
Any pull factor over 1.0 indicates that a county has sales higher than its proportion of the state’s population and is “pulling in” sales. According to this measure, Chisago County and all its neighbors are net exporters in accommodations (Chart 7); this means residents

are spending their accommodation dollars elsewhere and sales from outside the

counties are not offsetting the losses. In this measurement Pine County stands as a good comparison to Chisago County in that, although its sales and number of establishments are very similar, the Pine County pull factor in 2009 is over two times greater than Chisago County. Given the size of the county, Pine County accommodations are competing better than Chisago County accommodations.

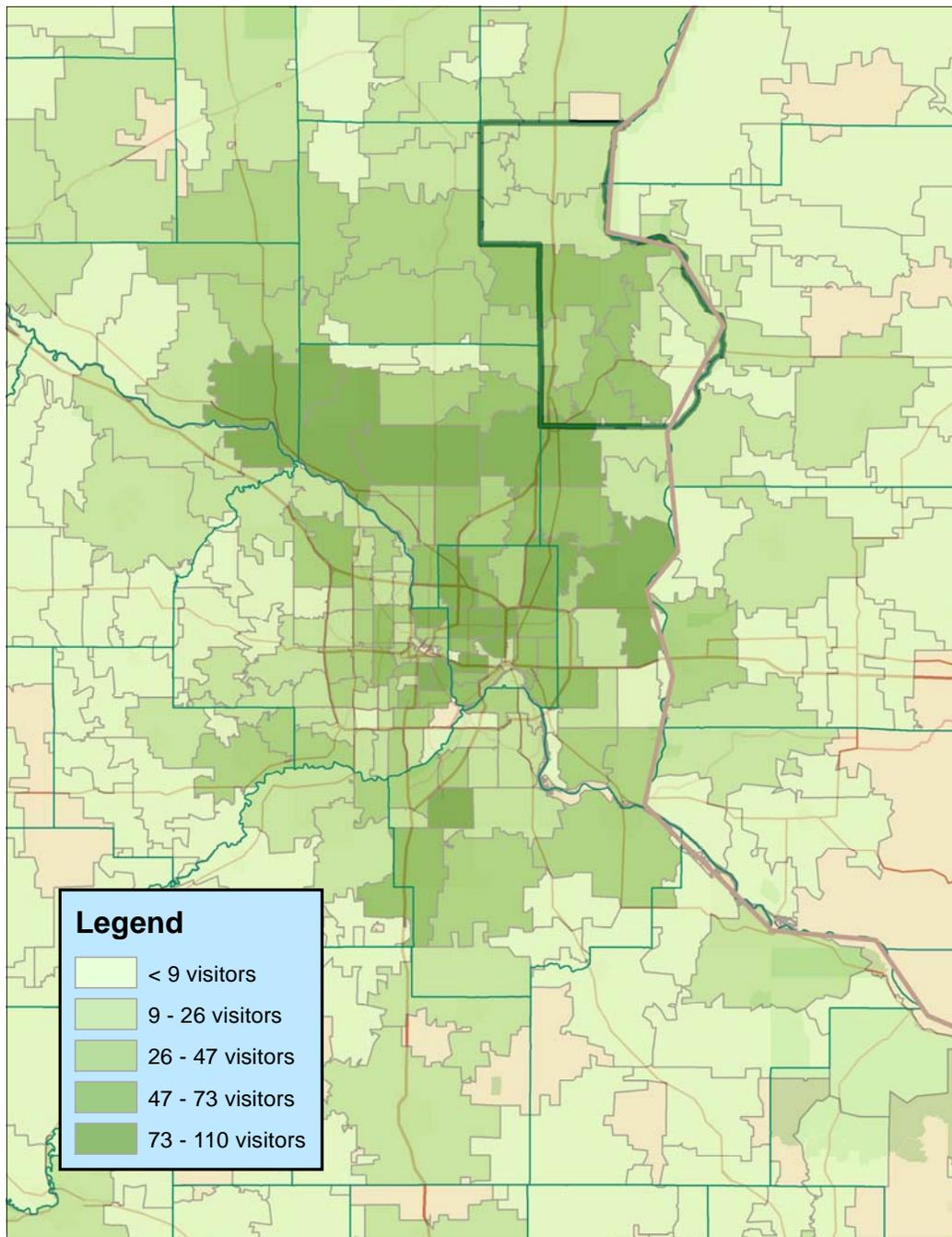
### **MARKET PROFILE OF CHISAGO VISITORS**

Extension used 6,694 visitor records from four participating properties to profile visitors to Chisago County. Each record included the zip code of a customer at a minimum, but the vast majority included a full address. Extension mapped the locations of all visitor records through a process called geocoding in Geographic Information Systems (GIS).



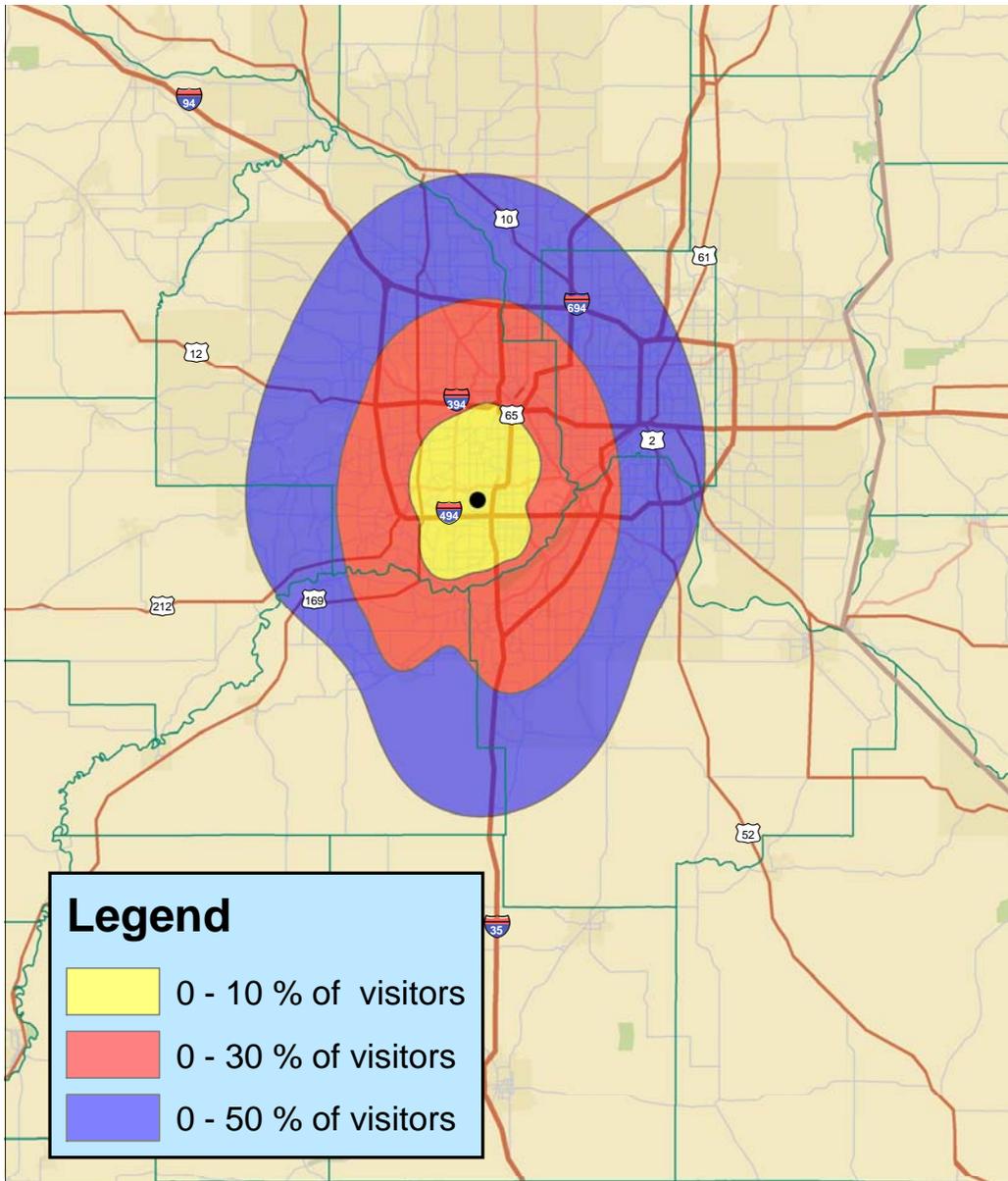
**Figure 2: Distribution of Visitors to Chisago County**

Although a simple mapping of the home locations of customers would indicate that customers come from far and wide, in truth, visitors to Chisago County are highly concentrated in Minnesota, and the Twin Cities metro in particular. Over 90 percent of visitors are from Minnesota (91 percent) and over 80 percent are from the Minneapolis-St. Paul (MSP) metropolitan area (see Appendix 2 for details). Note that within the MSP metropolitan area, the greater number of visitors to Chisago County originate in certain pockets. Looking at Figure 3, a number of zip codes in the northern and eastern suburbs are home to large numbers of visitors to the county.



**Figure 3: Number of Visitor Records by Zip Code**

In order to identify where Chisago visitors are most concentrated, Extension found the center location of where all visitors originated and built a trade area from that center point, including rings of 10, 30, and 50 percent of the nearest customers from the center. The center point for this analysis lies just north of Interstate Highway 494 in Richfield.



**Figure 4: Trade Area Derived from Visitor Home Zip Codes**

The trade area where the first 30 percent of visitors are located was also the area used to profile the media choices (see Appendix 3 for details). We used 2010 data from Mediamark research to compile the media reports. These habits are derived from an ongoing, comprehensive study of the adult population of the United States called *The Survey of the American Consumer*. The survey is conducted by Mediamark Research, a national marketing firm. Conducted continuously since 1979, Mediamark surveys the demographics, product use, and media choices of all persons aged 18 and over in the contiguous 48 states. For more information, see <http://www.mediamark.com> and follow *The Survey of the American Consumer*.

## CONCLUSIONS

Market analysis results reinforce that Chisago County is a “short trip” destination of couples and families from the Minneapolis-St. Paul Metropolitan Area. This position in the tourist market may best explain the county’s higher than average campground occupancy rates in the off season when Twin Cities residents will drive up for a short getaway (although natural amenities like fall colors also help explain the strength). Still, Metro residents may be choosing to bypass Chisago County for further-away locations for summer vacations; survey respondents indicate lower than average occupancy rates in summer.

Generally only a minority of Chisago County accommodations see strong growth in demand. Although a strong base of customers exists, there is real room to build greater demand and sales for existing accommodations before developing new ones. Sales tax data show that Chisago is not competing well against neighboring counties like Pine County in the number of establishments or pull factors. Chisago County has lost a significant number of establishments since 2009 (we identified 23 establishments in 2012) and is not increasing its share of accommodations sales. This may reflect a change in the marketplace as Chisago transitions to an exurban county from a rural county more attractive to visitors.

A promotional campaign or rebranding effort of Chisago County accommodations and attractions may be a good first step. Rebranding could include renovations of physical facilities and/or marketing cooperation among existing establishments. This would help reposition the county in the minds of visitors as a good weekend getaway spot. The findings of this report will assist in targeting customers by preferred media and location. Clearly, however, some private and/or public intervention is necessary by to give the Chisago lodging and accommodations market renewed vigor.

## REFERENCES

Davidson Peterson Associates. (n.d.). *The economic impact of expenditures by travelers on Minnesota’s Northcentral/West Region and the profile of travelers, June 2007–May 2008*. Retrieved April 20, 2012, from <http://www.exploreminnesota.com/industry-minnesota/research-reports/researchdetails/index.aspx?nid=137>

Davidson Peterson Associates. (n.d.). *The economic impact of expenditures by travelers on Minnesota’s Metro Region and the profile of travelers, June 2007–May 2008*. Retrieved April 20, 2012, from <http://www.exploreminnesota.com/industry-minnesota/research-reports/researchdetails/index.aspx?nid=137>

## APPENDIX 1: INVENTORY OF ACCOMMODATIONS IN CHISAGO COUNTY

ID	NAME	ADDRESS	CITY	STATE	ZIP	TYPE
1	AMERIC INN	38675 14TH AVE	NORTH BRANCH	MN	55056	MOTEL
2	AMERICAS BEST VALUE INN	11490 LAKE LN	CHISAGO CITY	MN	55013	MOTEL
3	CAMP SUNRISE	10809 495TH ST	RUSH CITY	MN	55069	CAMPGROUND
4	CAMP WAUB-O-JEEG	2185 CHISAGO ST	TAYLORS FALLS	MN	55084	CAMPGROUND
5	COTTAGE BED & BREAKFAST	950 FOX GLEN DR	TAYLORS FALLS	MN	55084	B&B
6	COUNTRY BED AND BREAKFAST	17038 320TH STREET	SHAHER	MN	55074	B&B
7	FLICKABIRDS RESORT	50155 CLOVER TRL	RUSH CITY	MN	55069	RESORT
8	GO-BOAT MOTEL & MARINA	516 GRAND AVE	CENTER CITY	MN	55012	MOTEL
9	HIGH WOODS BED AND BREAKFAST	35930 WILD MOUNTAIN RD	TAYLORS FALLS	MN	55084	B&B
10	HILLCREST RV PARK	32741 NORTH LAKES TRL	LINDSTROM	MN	55045	RV Park
11	INTERSTATE STATE PARK	307 MILLTOWN RD	TAYLORS FALLS	MN	55084	CAMPGROUND
12	OJIKETA REGIONAL PARK	27500 KIRBY AVE	CHISAGO CITY	MN	55013	CAMPGROUND
13	OLD JAIL CO BED & BREAKFAST	349 W GOVERNMENT ST	TAYLORS FALLS	MN	55084	B&B
14	ROSE HILL RESORT	30455 LEHIGH AVE	LINDSTROM	MN	55045	RESORT
15	RUSH LAKE RESORT & CAMPGROUNDS	51170 RUSH LAKE TRL	RUSH CITY	MN	55069	RESORT
16	RUSHMORE CAMPGROUNDS	555 510TH ST W	STANCHFIELD	MN	55080	RV Park
17	SOLEIT LEVANT B&B	42190 FERRY ROAD	NORTH BRANCH	MN	55032	B&B
18	SUMMIT INN BED & BREAKFAST	208 SUMMIT AVE	CENTER CITY	MN	55012	B&B
19	VALKOMMEN INN	12715 Lake Blvd	LINDSTROM	MN	55045	MOTEL
20	WANNIGAN POINT CABINS	150 MAPLE ST	TAYLORS FALLS	MN	55084	RESORT
21	WILD RIVER STATE PARK	39797 PARK TRL	CENTER CITY	MN	55012	CAMPGROUND
22	WILDWOOD CAMPGROUND	20078 LAKE BLVD	SHAHER	MN	55074	CAMPGROUND
23	WYOMING MOTEL	26237 FOREST BLVD	WYOMING	MN	55092	MOTEL

**APPENDIX 2: GEOGRAPHIC SUMMARY REPORT**

**APPENDIX 3: MEDIA CHOICES FOR CHISAGO VISITOR TRADE AREA**

## APPENDIX 4: COPY OF CHISAGO COUNTY LODGING FACILITIES SURVEY

### Chisago County Lodging Facilities Survey

Please complete this survey for the tourism development planning team. Your responses will be used to assess the current state of lodging within Chisago County to better market your facilities and grow the tourist base. All of your responses will be strictly confidential and used only to develop an overall profile of visitors and visitor services. If you have questions, please contact Ryan Pesch at 218-770-4398 or [pesch@umn.edu](mailto:pesch@umn.edu). Thank you for your assistance!

1. Which one of the following most accurately describes your lodging facility?

- |                                  |   |                                     |   |
|----------------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> Hotel   | <input type="checkbox"/> Motel w/ Restaurant  | <input type="checkbox"/> Campground | <input type="checkbox"/> Other: (specify) |
| <input type="checkbox"/> Resort  | <input type="checkbox"/> Motel w/o Restaurant | <input type="checkbox"/> RV Park    | _____                                     |
| <input type="checkbox"/> Cottage | <input type="checkbox"/> Bed & Breakfast Inn  | <input type="checkbox"/> Hostel     | _____                                     |

2. Please indicate the number of units you have, by type AND overall total number:

- |              |                             |                             |                  |
|--------------|-----------------------------|-----------------------------|------------------|
| _____ Single | _____ King                  | _____ Campsites w/hookups   | Other: (specify) |
| _____ Double | _____ Suite                 | _____ Campsites w/o hookups | _____            |
| _____ Cabins | _____ TOTAL NUMBER OF UNITS |                             |                  |

3. What is your average daily rate?                      \$\_\_\_\_\_ In-Season                      \$\_\_\_\_\_ Off-Season

4. Please indicate Weekday and Weekend seasonal occupancy rates and any months you are closed:

- |                           |                  |                  |               |
|---------------------------|------------------|------------------|---------------|
| <b>Spring (Mar- May)</b>  | Weekdays: _____% | Weekends: _____% | Closed: _____ |
| <b>Summer (June- Aug)</b> | Weekdays: _____% | Weekends: _____% | Closed: _____ |
| <b>Fall (Sept - Nov)</b>  | Weekdays: _____% | Weekends: _____% | Closed: _____ |
| <b>Winter (Dec- Feb)</b>  | Weekdays: _____% | Weekends: _____% | Closed: _____ |

5. In the past three years how has the demand for your lodging establishment changed?

- Decreased                       Stayed about the same                       Increased

6. What percent of your guests do you estimate are traveling for:    Business: \_\_\_\_\_ %                      Leisure: \_\_\_\_\_ %

7. Please indicate your annual employment figures for full-time and part-time positions:

- Full-time employees:                      \_\_\_\_\_  
Part-time employees:                      \_\_\_\_\_

8. Are you planning any additions or renovations within the next 12 months?     YES     NO

9. Who is your primary target market (for example, families w/ children, seniors or business travelers)?

\_\_\_\_\_

10. Please provide any additional comments about how to improve tourism in Chisago County:

\_\_\_\_\_  
\_\_\_\_\_

Source: Adapted from the *Community Tourism Development Guide*, University of Minnesota, 2011.