



The data reported here come from studies conducted in 1969 and 1970. The study involved that area of northern Minnesota from Rainy and Kabetogama Lakes west to Lake of the Woods, where tourists spent an estimated \$10.4 million in 1970. This area, with a population of about 33,000, includes Roseau, Lake-of-the-Woods, and Koochiching Counties and a part of northwestern St. Louis County.

**Who Are the Tourists in the Area?**

A tourist is defined here as anyone who travels into a given area from outside that area for any short-time purpose. In the popular view, tourism is primarily linked to vacation and/or recreational travel. But people travel for a wide variety of purposes and still use the same services — restaurants and lodging and automobile services. Further, travel motivation is complex. For example, many business visitors also fish, play golf, and attend evening entertainment.

Tourist volume in the Lake of the Woods-Rainy Lake (LOWRL) area is substantial. It is estimated at 706,000 annual visits (counting each out-of-the-area person each time he enters the area, regardless of length of stay).

Table 1 classifies the area's tourists into 10 groups according to primary travel purpose and lodging services used. About two-thirds of the annual visits (475,000) were for purposes primarily associated with recreation, vacation, or leisure. The remaining visits (231,000) were primarily for business reasons. The first six categories depend upon natural resources, but each category also depends upon provision of specific services and facilities.

Resort guests were the largest class that could be accurately measured. They accounted for fewer than one-third of the total visitor days for which estimates

**Tourism in the Lake of the Woods-Rainy Lake Area**

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Nearly all Minnesota communities would like to increase their sales to tourists. Tourism, like any other economic activity, can be systematically developed. But establishing a viable tourist industry imposes unique demands upon a community's human and natural resources.

This article analyzes selected dimensions of the tourist industry in a specific area of Minnesota, but its implications apply to any area that wants to increase its tourist trade.

**EXPANDING TOURISM**

The study upon which this report is based identified major features that make a specific area attractive as a travel destination.

Identifying such features is an important early step in expanding tourism. The principal steps in the process include:

- Developing major travel attractions. This step involves analyzing markets and area resources and attempting to match resources to the available market.
- Providing high quality services (food, lodging, travel, rental equipment, etc.) and activities (hiking, evening entertainment, hunting, fishing, sightseeing, tours, etc.).
- Establishing a set of sales programs.
- Attending to environmental quality management, not only to appeal to travelers but to improve living quality for area residents.

**ECONOMIC BENEFITS OF EXPANDING TOURISM**

People who are away from home need nearly all the services they need when they're at home. Marinas, sporting goods

stores, and theaters are easily identified with tourists. But tourists also patronize clothing stores, drug stores, variety stores, grocery stores, real estate agencies, and bowling alleys, and they use medical services and transportation systems.

All the economic components in a community share indirectly in the income from tourists. They do so primarily through the expenditures of local people for the supplies and services they need to operate businesses that make direct sales to guests. Studies in northern Minnesota have shown that a dollar of expenditure by tourists generates total local economic activity ranging from \$2.63 in the case of eating establishments, to \$3.37 in the case of resorts because of responding by local firms. In the study area discussed below, tourists generate total economic activity amounting to \$27.2 million, assuming an average of \$2.75 of local economic activity for every dollar of sales by all firms selling to travelers.

**Table 1. Tourist visits to the LOWRL area, 1970**

Type of visitor	Person days*
<b>Traveling for recreational or leisure purposes (475,000 annual visits†)</b>	
Resort guests	258,000
Campers	39,000
Sightseers staying overnight in hotels and motels	11,000
Second home users	192,000
Fishermen, hunters, marina patrons, and sightseers not staying overnight or classified in other categories	‡
Winter sportsmen and spectators	‡
Travelers driving through area, mostly into Canada, not staying overnight	‡
Visitors to friends and relatives	160,000
<b>Traveling for business purposes (231,000 annual visits)</b>	
Travelers staying in hotels and motels	75,600
Travelers not staying overnight in commercial lodging	‡

\* Person day data were generated from use studies of accommodation facilities, with the exception of visitors to friends and relatives. A person day analysis counts each person each day he is in the area; e.g., a family of four staying for 5 days counts as 20 person days.

† Annual visit data were generated from an analysis of highway travel. An annual visit analysis counts each person each time he enters the area.

‡ Reliable data on person days not available.

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**Table 2. Per person expenditures of recreation consumers by type of lodging, 1970\***

Expenditure class	Type of lodging		
	Hotels and motels	Resorts†	Camps
Lodging .....	\$6.31	\$3.24	\$ .65
Food in restaurants and resorts .....	3.65	.61	.29
Groceries .....		1.21	.88
Auto expenses .....	2.42	.30	.67
Entertainment .....	.32	.08	.08
Fishing .....	.58	1.42	.80
Other .....		.15	.10
	<u>\$13.28</u>	<u>\$7.01</u>	<u>\$3.47</u>
Average number per party .....	2.5	4.0	3.6

\* Source: survey conducted in summer of 1970 in LOWRL area.  
 † Resort guests included those in both American plan and housekeeping resorts. The figure is an average for all resort guests.

were available. As indicated in table 2, resort guests spent an average of \$7.01 per person per day while in the area.

Campers represented a relatively small proportion of the tourist market. Of all those traveling from outside the area for recreational purposes, only 20 percent in 1968 and 22 percent in 1969 had any kind of camping equipment. The average person camping spent approximately half of what resort guests spent, or \$3.47 per day.

Sightseers as a general category include those interested in nature, history, and current communities. Sightseeing is an important, growing component of travel motivation. While most tourists sightsee to an extent, an insignificant number travel to the LOWRL area primarily for this purpose. This small demand reflects the area's failure to promote itself as a sightseeing destination. Significantly, sightseers using motels are among the area's highest spending tourists (see table 2).

Second home users were the second largest class. There are 640 second homes in Lake-of-the-Woods, Koochiching, and Roseau Counties. Of these, 328 are owned by people residing in counties other than that in which the second home is located. Only 268, about 42 percent, are owned by individuals residing outside the area. Based upon a survey conducted in 1970, second homes are used an average of 75 days per year by an average of four persons. According to this survey, second home owners spend \$1,130 annually in the local county, and an estimated \$720,000 is spent in the area by all owners because of second homes. Only an estimated \$300,000 is spent by second home owners from out of the area. While the latter figure applies to this study, the \$720,000 figure is relevant in the sense that much of it might not accrue to the local economy if appropriate resources for second home sites were not available.

**Fishermen, hunters, and marina users**

are difficult to classify, since they are represented in most other classes, including those traveling for business purposes. Also, substantial numbers of these travelers are day users — individuals who drive in for a day and return home without staying overnight.

Winter sportsmen travel to events such as snowmobiling races and hockey games, which generate major volumes of winter travel. The fact that most participation in these sports takes place on weekends complements winter weekday business travel for auto, food service, and lodging facilities. Lodging operators report that winter weekend business sometimes surpasses the mid-week volume. Individual snowmobile events have been estimated to result in over \$30,000 of participant and spectator spending in a single community. This category is currently undergoing rapid expansion.

Individuals driving through the area, especially those enroute to Canada, are commonly regarded as a large group, although precise numbers are not available. These travelers represent potential tourists, since they are vacationers who already prefer the northern woods and waters. Upgrading services should increase sales to these individuals. And development efforts may transform their view of the area into that of a destination.

Visitors to friends and relatives are often overlooked in the tourist picture. Visitors to this area were assumed to be in the same proportion to local population as for the entire U.S. population, and were estimated on that basis. When friends visit, it is common to eat out, go fishing, or picnic. So visitors may stimulate recreational expenditure and activities on the part of local citizens. For example, LOWRL restaurant guests who reported visits to friends and relatives as their primary reason for travel accounted for 10 percent of all summer restaurant sales.

Business travelers use the same food, lodging, and travel services as other tourists. Their reasons for travel may be as varied as the economic and social structure of the community. Apparently, many business tourists to the LOWRL area do not remain overnight in commercial lodging facilities, one of the many questions open for further market study.

Selected data on the origins of tourist service consumers are shown in table 3. Note that much more business than recreational travel originates in Minnesota and that summer travelers come from a more widely dispersed area than winter travelers.

**Table 3. Origin of selected tourist market components, LOWRL area, 1969**

Origin	Out-of-area recreational traffic*	All motel registrations†		Out-of-area gas station customers‡	
		Summer	Entire year	Business	Recreational
Minnesota .....	36	49	60	58	36
Illinois .....	13	8	5	42	64
Canada .....	12	6	5		
Iowa .....	8	7	4		
Wisconsin .....	7	4	5		
North Dakota .....	3	6	6		
All others .....	21	20	15		

\* Analysis of highway traffic on main roads leading into the LOWRL area, July-November 1969.  
 † Analysis of registrations, 1969.  
 ‡ Survey data, July-September 1969.

**Table 4. Dollar sales to tourists by service firms, LOWRL area, 1970**

Firm	Sales to tourists
Gasoline services	\$3,100,000
Resorts	2,728,000
Restaurants and food services	2,025,000
Hotels and motels	701,000
Grocery stores	550,000
Other (taxes on second homes; expenditures for entertainment, sporting goods, medicine, fares, etc.)	1,330,000
Total	\$10,434,000

**Who Supplies Tourist Services in the Area?**

In order for tourism to have economic impact in terms of profits, employment opportunities, and a tax base, services must be offered for sale to the traveler-tourist.

Over 400 firms provide services directly related to travelers and tourists in the LOWRL area. Among those that are most directly tourist-related are:

Type of firm	Number
Food and beverage establishments	133
Gasoline service stations	52
Motels and hotels	44
Resorts	101
Bait dealers	38
Private campgrounds	10
Children's camps	3

Most of the above firms also serve the local population. Dollar sales by firms to tourists are shown in table 4. Gasoline stations were found to make 37 percent of their total sales to travelers. At \$3,100,000, gasoline and related services accounted for the largest dollar volume of all firm types. Over half of these tourist sales were to those traveling for recreational purposes. An even larger proportion of restaurant sales was made to tourists: 54 percent of all sales were to customers from outside the LOWRL area. Of the total (\$2,025,000), about 80 percent was to parties traveling into the area for recreation-related purposes. Grocery stores also serve both tourists and local citizens. They were estimated to realize \$550,000 in sales to second home owners, campers, and housekeeping resort guests. The "other" category in table 4 includes a broad array of firms, agencies, and local economic components that profit directly from tourists.

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**What Attracts Tourists to the Area?**

Fishing currently provides the greatest travel attraction for nonbusiness tourists to the LOWRL area. The area's excellent fishing should not be de-emphasized, but many of the area's other features have potential for broadening its appeal to tourists. (Systematic study should produce a similar list for any Minnesota community.)

**Voyageur Waterway and Voyageur National Park.** This feature combines a rich historical lore with the natural setting of waters, woods, and beaver habitat that supported the early fur trade. With the passage of legislation, the Voyageur Highway will be commemorated at a specific site to be developed into a national park. This feature will exert a decisive influence upon travel into the area in the coming decades.

**Lake of the Woods and Rainy Lakes.** These lakes, which lie between the United States and Canada, are two of the most unusual water bodies on the continent. Although they are close to each other, they have marked differences. Their fish production is excellent, but many other activities could be based on their waters and shores. The natural scenic beauty of these waters is a currently under-emphasized asset.

**Rainy River.** This river connects Lake of the Woods and Rainy Lake. It forms a unique part of Minnesota's international boundary with Canada.

**Big Fork River.** This river has been recommended for inclusion in a national system of wild and scenic rivers.

**Big Bog.** This vast bog is a dominant natural feature of Minnesota's northern area. It supports a unique plant and animal ecology.

**Canadian Edge.** Thousands of tourists pass through the LOWRL area on their way into Canada. Some people in the area think these tourists are "lost" to Canada. But the readily accessible international border can add a distinction and appeal not easily available elsewhere in the United States.

**Northwest Angle.** This most northerly part of the United States has special political, historic, and geographic significance.

**Logging and Wood Processing Industries.** Watching the processing of logs is a rare experience for most Americans, but few appreciate the science involved, the industry's contributions to our economy, and its future potential.

**Glacial Lake Agassiz.** At one time this lake covered nearly all of the LOWRL area. Its beaches provide high points of interest in interpreting the area's geology.

**Winter.** Many people seek unique features such as our Minnesota winters. Area citizens have capitalized on the winter weather to develop sports that are compatible with it. Visitors usually find such sports attractive, especially when they are treated to good hosting as a part of the package.

**Indian Culture.** Interest in the first Americans has never been greater. One large burial mound in the area has been acquired by the Minnesota Historical Society, others remain. The LOWRL area provides a rich history of Indian activity, as well as a present Indian culture.

**Game and Wildlife.** Hunting is only part of the appeal. Many travelers find pleasure in seeing and photographing the wild creatures that abound in considerable variety.

**Berries, Wild Flowers, and Northern Plants.** These important components of the northern area's ecology add greatly to visitor enjoyment and appreciation.

**Agriculture.** Like most other features of the LOWRL area, agriculture is distinctive. Mink ranching, bluegrass seed production, and potato seed production, all common here, are not common to many areas.

**Laurentian Shield.** The Shield really is a part of the voyageur story. It comprises the remains of some of the continent's oldest mountains.

Developing these major attractions does not necessarily mean physical intrusion. In many cases, providing printed or verbal information and/or visual access may be the best form of use.

Similarly, increased numbers of visitors need not degrade resource quality for most purposes. There are number limitations, but present LOWRL visitor volume is well below the potential. What is essential is resource management that assigns priorities for kinds and intensities of use and that considers compatibility of uses. For the 1970's, resource demands require an appropriate mixture of intensive use of certain localities and preservation of the wild character of others. ■



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Views expressed herein are those of the authors, but not necessarily those of the sponsoring institutions.

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# IN PERSPECTIVE



## A Model of Travel-Tourism

Uel Blank

A simple model of a travel-tourist system consists of a market (those who travel) and a destination (where travelers go), linked by a transportation and communications flow. The destination component consists of two parts: a travel attractor (why tourists travel) and services (features needed for traveling and living away from home).

The market usually is defined in relation to a destination or in terms of a consuming unit, such as a family on a vacation trip. A market can be geographically defined, but normally consists of a number of geographic regions. Each market has different tourist types who can be defined by socio-economic characteristics, reasons for travel, mode of transportation, services purchased, etc. Business travelers generally are not considered tourists, but any traveler from outside a destination area can be considered a tourist, since all travelers use some of the same services, and many trips include both business and pleasure.

The travel attractor provides the reason for travel to a specific destination. Business and economic activity and governmental, health, and educational facilities constitute important reasons for travel to a given area. These may be owned and managed by either private or governmental agencies. People are important travel attractors: 42 percent of all trips made in 1967 were to visit friends and relatives. Recreation and sightseeing generate two and a half times as much travel as business does. Most travel has more than one purpose, so the destination areas that offer the greatest number of complementary travel attractors are visited the most often. The accompanying table gives travel purposes for the U.S. population in 1967.

Services provide the facilities travelers need while away from home, and services generate economic impact in the destination area. Travelers require lodging, food,

Travel purposes of U.S. individuals, 1967\*

Purpose	Person trips, millions†	Percentage
Business . . . . .	50.4	14.0
Conventions . . . . .	8.0	2.2
Visits to friends and relatives . . . . .	152.3	42.2
Outdoor recreation . . . . .	62.1	17.2
Entertainment . . . . .	12.7	3.5
Sightseeing . . . . .	26.2	7.2
Other pleasure travel . . . . .	42.1	11.7
Personal and family affairs . . . . .	6.9	1.9
No response . . . . .	.5	.1
Total . . . . .	361.2	100.0

\* Source: National Travel Survey, 1967. Each trip constitute one person traveling 100 or more miles from home or staying overnight.

† Counting each person each time a trip is taken; e.g., two people traveling together would be two person trips.

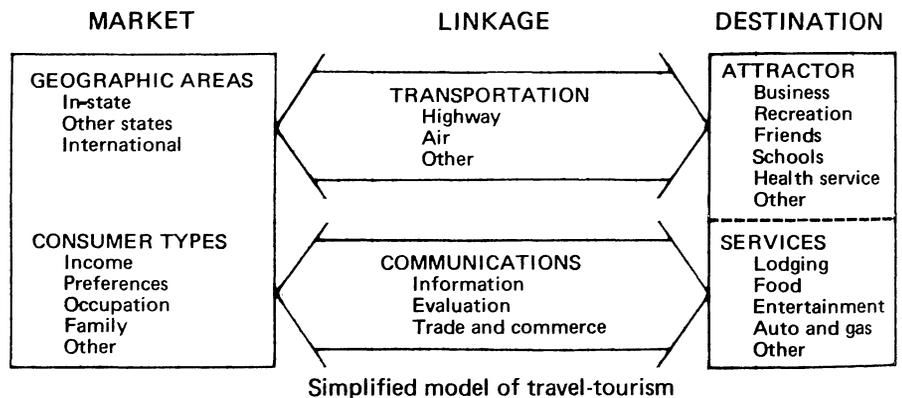
entertainment, and transportation. Since 44 percent of the person trips (see footnote to table) taken in 1967 involved vacation travel, facilities that provide recreational services are important too. Travelers also need most of the other services they need at home, such as clothing, medicine, and equipment, although their consumption rate may differ sharply from their pattern at home. Travelers add to local revenue only when they purchase goods and services. So any community seeking tourist dollars must offer

an attractive set of goods and services for sale. The close relationship between travel attractors and services is crucial: Few travelers could enjoy Minnesota's great outdoors without ready access to food, lodging, and travel services. In some cases, the service may be the major travel attractor, which often is the case with conventions.

The transportation link is of obvious importance. Fifty years ago, water and rail systems dominated. But automobile transportation has revolutionized vacation and recreational travel just as it has revolutionized manufacturing and commerce. And today, air travel and freeways are generating more changes.

The communications link consists of how travelers learn about a destination area and the methods suppliers use to evaluate their markets. Formal advertising and promotion provide communication, but much more is involved. One important aspect of the link is the personal report a satisfied (or dissatisfied) customer delivers to others.

Emphasis can be on any one component, but all of the components are complexly interrelated. An advertising program stresses the communications link, but must consider the market to which it is directed as well as the attractions and services it promotes. Constructing a new lodge might depend upon public investment in an attractor such as a college. Airport enlargement emphasizes transportation, but development of attractions and services in the destination area and market response must be considered along with it.



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