MINNESOTA STATE PARKS FISCAL YEARS 2009–10 MARKETING PLAN

Minnesota Department of Natural Resources
Division of Parks and Recreation

Minnesota State Parks

March 2009

Executive Summary

The mission of Minnesota State Parks is to work with the people of Minnesota to provide a state park system that preserves and manages Minnesota's natural, scenic, and cultural resources for present and future generations while providing appropriate recreational and educational opportunities. Therefore, it is highly appropriate that Minnesota State Parks should address the trend of per capita declining participation in outdoor recreation among individuals under the age of 40.

This focus is reflected in the target markets selected. Core customers withstanding, the target markets encompass individuals between the ages of 25 and 49.

Minnesota State Parks' experiential product offerings are in the late maturity stage of the product life cycle and are on the verge of the decline stage. To remain viable, Minnesota State Parks must grow the number of occasions the parks are utilized. Growth will come from two areas: 1) effecting a change in consumption by core customers by encouraging more frequent use and more consumption per use in the form of longer visits, and 2) acquisition of new customers.

At the center of Minnesota State Parks' strategy is to differentiate Minnesota State Parks by establishing a recognizable brand that conveys the unique attributes and benefits of this system of parks to target markets, while integrating the Minnesota DNR brand. Differentiating Minnesota State Parks from other nature-based parks, campgrounds, and domestic vacation destinations is key.

(continued)

Goals

Financial Goals

1. Increase sales of calendar year 2010 annual vehicle permits by five percent over calendar year 2009 sales based upon the number of permits sold.
2. Increase overnight visits (camping and lodging) in calendar year 2010 by two percent over calendar year 2009 overnight stays based on the number of nights.

Non-Financial Goals

1. Increase the mean number of nights during an overnight stay from 2.0 to 2.25.
2. Achieve statewide distribution of annual vehicle permits in two additional outdoor recreation retail chains.
3. Serve as the Minnesota Department of Natural Resources Gateway to the outdoors by successfully introducing new prospects to outdoor activities.

To achieve its goals, Minnesota State Parks will employ an integrated marketing strategy, fully utilizing each element in the marketing mix: product, price, promotion, and distribution (place).

Product (Visitor Experience at a Minnesota State Park)

Minnesota State Parks offers four synergistic, experiential products (products that are consumed as an experience by the user):

1) a destination experience which encompasses on-site overnight camping or lodging,
2) an outdoor recreation experience as a day visitor,
3) conservation education opportunities, and
4) a view of Minnesota's past scenic, natural, and cultural landscape.

The strategy will place an emphasis on rejuvenating the current product through changing the target markets' attitudes, and new product introductions and product modifications to meet the needs of new market segments. Experiential products will be modified and new products introduced to increase the relevancy of Minnesota State Parks to the target markets.

Price

As a government agency, Minnesota State Parks has a number of considerations that impact a price strategy. Minnesota State Parks charges a fee for access, campsites, lodging, facility rental, and outdoor equipment rental. Fees for Minnesota State Parks vehicle permits are set by the Minnesota Legislature. Other fees are established via a Fees and Charges Order approved by the commissioner of the Minnesota Department of Natural Resources. Minnesota State Parks will establish prices to ensure the agency contributes to the generation of funding while remaining committed to offering products at fees that are all-inclusive. New pricing strategies, such as bundling, will be established.

Promotion

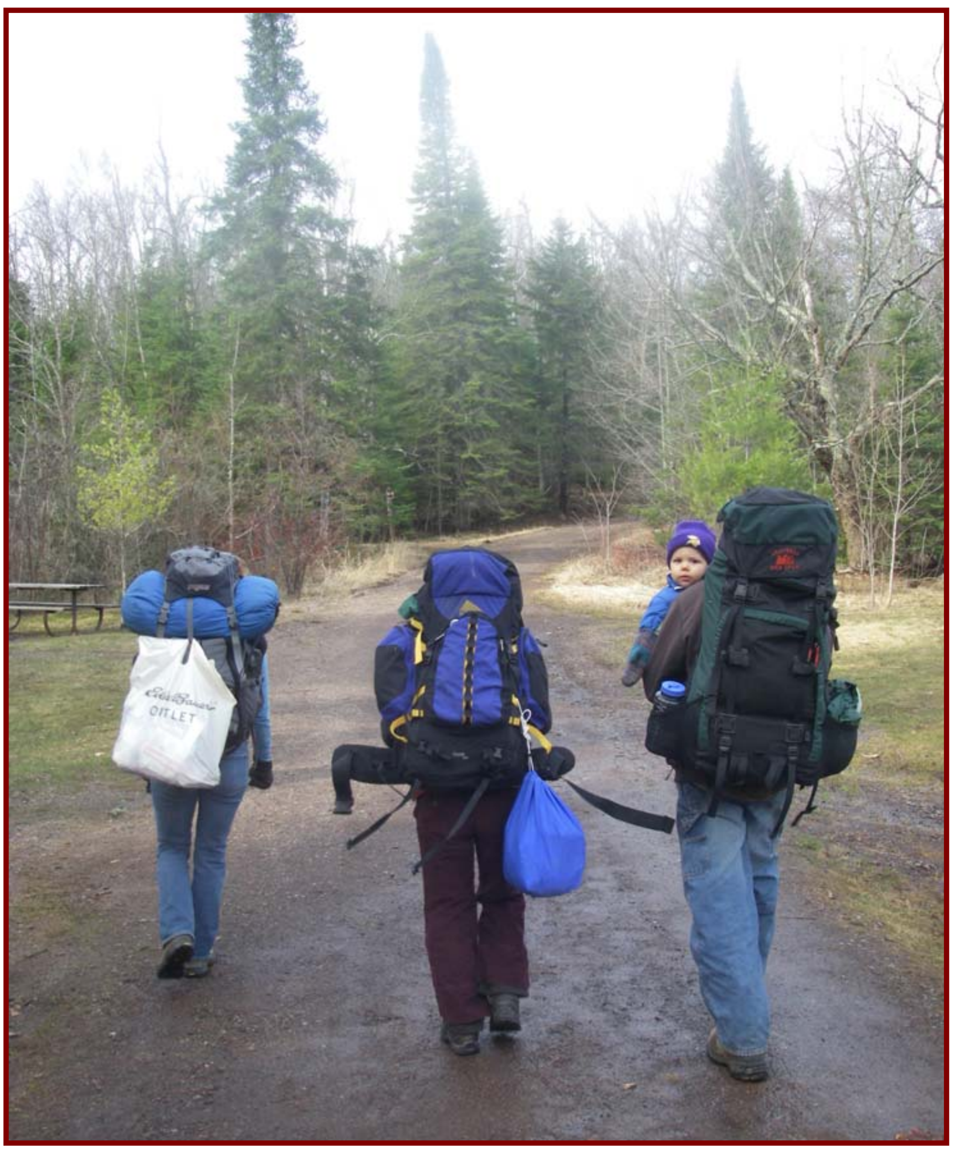
As a product in the late maturity stage, Minnesota State Parks needs to retain and increase its user base through intensified promotion. A notable constraint to visiting Minnesota state parks that became evident through Minnesota State Parks' 2007 research is a lack of information. This indicates that executing a promotion strategy could have a significant effect on visitation. It should be noted that "promotion" as an element of the marketing mix encompasses advertising, sales promotion, personal selling, public relations, and direct marketing.

Historically, Minnesota State Parks has concentrated promotional efforts on the parks and agents who sell permits and other products (utilizing a push strategy). To achieve the growth needed for the system requires the addition of a strategy that markets directly to target markets to encourage potential customers to seek out and "ask for" the brand (a pull strategy).

Distribution (Place)

As mentioned previously, Minnesota State Parks offers experiential products, two of which are consumed exclusively on site at Minnesota state parks. The vast majority of transactions involve Minnesota State Parks selling directly to the consumer (a two-level channel: park to consumer). In 2009 and 2010, Minnesota State Parks will acquire new agents, increasing the number of sales transactions through agents (a three-level channel: park to agent to consumer).

Minnesota State Parks has a great deal to offer Minnesotans. Leading the charge for a new Minnesota Department of Natural Resources' initiative, the Gateway Initiative, the Division of Parks and Recreation has the opportunity to work collaboratively within the Department and with external partners to effect change—to reach individuals under the age of 40 and excite them about experiencing the outdoors. Outdoor recreation is changing, creating exciting opportunities for Minnesota State Parks.



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1. Agency Description

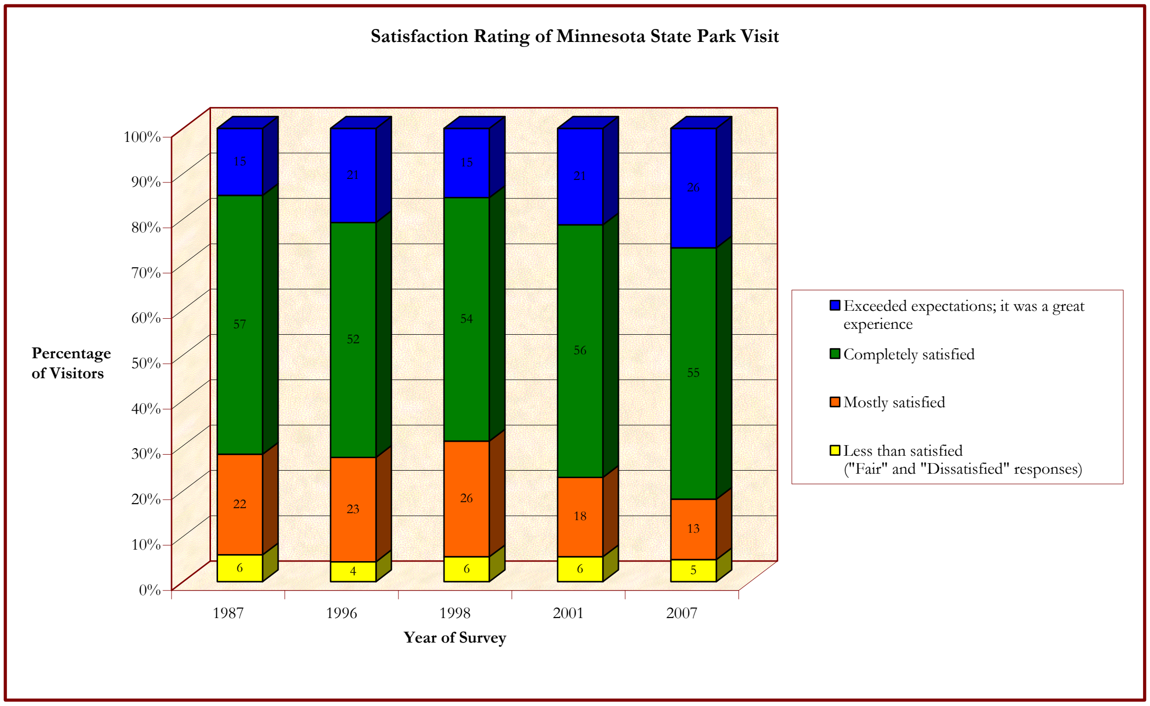
- Encompassing 268,327 acres, Minnesota State Parks is a dynamic collection of 67 state parks, seven state recreation areas, and eight state waysides dedicated to preserving Minnesota's natural, scenic, and cultural resources and connecting individuals to nature. The Division of Parks and Recreation also administers 54 state forest campgrounds and 47 day-use areas.

- Minnesota State Parks embraces the individuality and spirit of each park and recreation area and their unique natural beauty.

- Minnesota State Parks skillfully combines a natural setting with a level of modern, yet unobtrusive, conveniences to offer a genuine outdoor experience.

- Nine of the 35 most-visited Minnesota tourism attractions are in state parks.

- Minnesota State Parks offers a quality experience. The results of a 2007 Minnesota State Parks visitor survey show that 26 percent of visitors (26.35%) feel that the visit "exceeded expectations"—a five percent increase from the 2001 survey.



- Due in part to this positive image with the public, Minnesota State Parks was chosen to lead a new initiative for the Minnesota Department of Natural Resources, the Gateway Initiative.

2. Strategic Focus and Plan

2.1 Mission/Vision

- The mission of Minnesota State Parks is to work with the people of Minnesota to provide a state park system that preserves and manages Minnesota's natural, scenic, and cultural resources for present and future generations while providing appropriate recreational and educational opportunities.

2.2 Goals

- Minnesota State Parks seeks to achieve the following goals by December 31, 2010:

  Financial Goals

  3. Increase sales of calendar year 2010 annual vehicle permits by five percent over calendar year 2009 sales based upon the number of permits sold.
  4. Increase overnight visits (camping and lodging) in calendar year 2010 by two percent over calendar year 2009 overnight stays based on the number of nights.

  Non-Financial Goals

  4. Increase the mean number of nights during an overnight stay from 2.0 to 2.25.
  5. Achieve statewide distribution of annual vehicle permits in two additional outdoor recreation retail chains.
  6. Serve as the Minnesota Department of Natural Resources Gateway to the outdoors by successfully introducing new prospects to outdoor activities.

2.3 Core Competency and Sustainable Competitive Advantage

Core Competency

- In terms of core competency, Minnesota State Parks provides an extensive amount of largely natural land—268,327 acres within 74 parks and recreation areas—and an array of stunning natural scenery. This is combined with the ability to effectively manage natural and cultural resources that allow the target markets to have an authentic outdoor experience and genuine connection to nature. Minnesota State Parks also excels at providing outdoor education.

Sustainable Competitive Advantage

- To translate these core competencies into a sustainable competitive advantage, Minnesota State Parks will manage this collection of parks to provide natural, "unspoiled" settings that are conducive to a feeling of freedom and respite from the daily demands of life while maximizing target markets' opportunities for trial and participation in outdoor recreation activities. This will involve managing for well-maintained facilities and ensuring the availability of the amenities that provide the target markets with a range of outdoor experiences that appeal to and excite new and existing outdoor recreationists.

3. Situation Analysis

3.1 Industry Analysis: Trends in Outdoor Recreation and Leisure Travel

Outdoor Recreation

- Fully two-thirds of Americans ages 16 or above participate in outdoor activities each year, according to the Outdoor Industry Association.[1]
- These 159 million Americans participated an average of 52 times each in human-powered outdoor activity outings in 2004, representing more than 8.3 billion total outdoor activity outings.[1]
- Forty-five percent of these outdoor recreationists say they would like to try a new outdoor activity.[1]
- Participation is up from 1998 (persons age seven and above), but, as of 2006, has not grown since 2001.[2]
- Certain key sports have seen phenomenal gains in participation, while others remain stalled.[1]
- As noted in a 2004 research study conducted by RoperASW on behalf of the Recreation Roundtable, Washington, DC, beginning in 2001 and even more strongly in 2003, a long-time pattern of increasing outdoor recreation participation changed into a downward trend.[3]
  - For 2003, only six tracked activities showed an increase in participation, while 21showed a decline. Concerns about travel arising from the events of September 11, 2001, are likely to have contributed to this decline, but other factors, including leisure time opportunities on the Internet and increased offerings through cable and satellite TV channels are also likely factors.[3]
- There was also a significant reported decline in <u>frequency</u> of participation in outdoor recreational activities.[3]
  - There was a five point drop between 2001 and 2003 in the percentage of adults reporting participation in recreational activities several times per week (26% versus 21%) and a seven point drop in those reporting participation several times per month (29% versus 22%). The drop in frequency of participation was especially noteworthy among young adults.
  - Midwestern residents exceed the national participation rates for every one of the monitored activities and report participation in an average of seven different activities annually (2003). Only eight percent of those in the Midwest report no participation in outdoor recreation. (The West had the lowest percentage of residents reporting <u>no</u> outdoor recreation participation at six percent.)
- The climate in Minnesota plays a major role in visitorship and sales. Many outdoor recreation activities and camping, for the most part, are seasonal activities.
- While hiking, biking, camping, fishing, and paddling log the highest participation numbers and comprise the outdoor industry's essential foundation, the greatest growth in participation since 1998 is happening in specific areas that are low commitment, "done before dinner" activities:[1]
  - Canoeing +16%
  - Snowshoeing +50%
  - Trail running +20%
  - Skateboarding +48% since 1999 (National Sporting Goods Association)

Sales of Outdoor Recreation Equipment

- The health of the outdoor industry can be measured, in part, by sales and financials.
- Sales of outdoor product grew more than eight percent in 2004, outpacing U.S. retail gains. In 2004, outdoor industry sales outpaced national retail by nearly one percentage point, demonstrating a comeback. Sales dropped more than four percent below national figures in 2001, perhaps because of factors associated with that year's terrorist attacks.[1]
- Outdoor product sales are stronger than they've been since 2001, but consumers are not buying the same things they used to. The mix of popular products is changing.[1]
  - The focus is on family and leisure more than ever.
  - The line between core and non-core has blurred. The aura of knowledge, experience, and innovation that attracts core customers to a specialty retailer is, to a certain extent, lost on dabblers who incorporate price and convenience into their buying decisions. Mass merchants are positioned to gain market share in the form of consumers who are interested in outdoor sports but who are not brand aware or brand loyal.
  - Some people value the gear for its functionality; others for the potential it inspires. Others are simply looking for a bargain.
- Sales of outdoor product have been on the upswing since 2001 even as participation has remained flat at best, indicating that a certain percentage of sales are aspirational—they are feeding consumers' desire to be part of an outdoor lifestyle.[1]

Fitness Activities

- The Sporting Goods Manufacturers Association (SGMA) proclaims in its Sports Participation in America (2007 edition) report that, with more than 100 million overall participants (of which 70 million are core participants), walking for fitness is the number one fitness activity, a position it has held since 1990.
- Exercising with equipment, which had taken over the number three position from camping, held that spot, although it experienced a 3.4 percent decline to 52.4 million participants.[4]
- Camping, with strong 5.7 percent growth, held the fourth position with 48.6 million participants.[4]

Fitness Activities

Activity	Number of Participants (2006)	Increase/ Decrease (from 2005)
1. Walking for Fitness	100 million+	+1.5%
2. Swimming	55.2 million	-2.6%
3. Exercising With Equipment	52.4 million	-3.4%
4. Camping	48.6 million	+5.7%
5. Bowling	44.8 million	-1.3%
6. Fishing	40.6 million	-2.5%
7. Workout at Club	36.4 million	+4.8%

A participant is defined as a person age seven or older who takes part in the activity more than once in a calendar year.

Source: Sporting Goods Manufacturers Association Sports Participation in America (2007 edition)

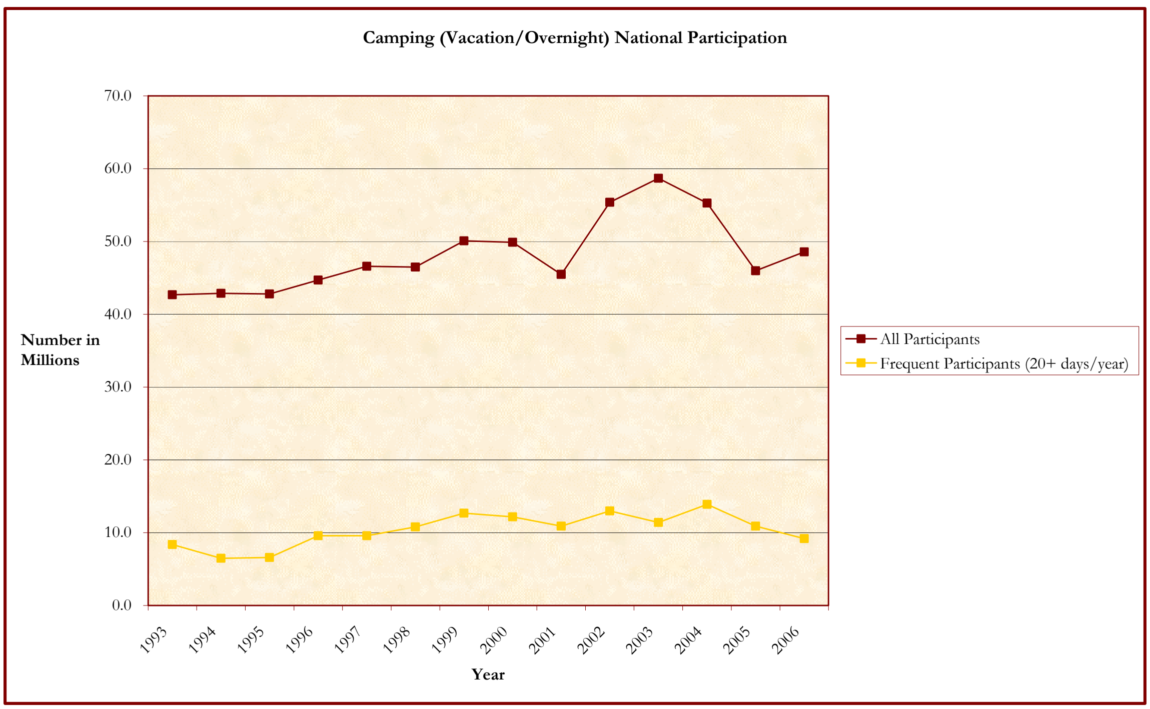
Camping

- Between 1993 and 2006 (most current data available), the greatest number of individuals who participated in camping (vacation or overnight) was 58.7 million, which occurred in 2003.[2]
- In 2006, the most current data available, 48.6 million Americans participated in camping.[2]
  - This reflects a 2.6 million increase from the previous year, but is 10.1 million lower than the peak three years earlier.[2]

Camping, Vacation/Overnight Participation

Item	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
All Participants	42.7	42.9	42.8	44.7	46.6	46.5	50.1	49.9	45.5	55.4	58.7	55.3	46.0	48.6
Percent Change	-	0.5%	-0.2%	4.4%	4.3%	-0.2%	7.7%	-0.4%	-8.8%	21.8%	6.0%	-5.8%	-16.8%	5.7%
Frequent Participants (20+ days/year)	8.4	6.5	6.6	9.6	9.6	10.8	12.7	12.2	10.9	13.0	11.4	13.9	10.9	9.2
Percent Change	-	-22.6%	1.5%	45.5%	0.0%	12.5%	17.6%	-3.9%	-10.7%	19.3%	-12.3%	21.9%	-21.6%	-15.6%

Numbers are in millions
Source: National Sporting Goods Association



- The number of frequent participants, defined as individuals who camped 20 or more days per year, was 9.2 million Americans in 2006.
- The number of frequent participants has been steadily declining since 2004, when there were 13.9 million frequent participants.
- The 2007 Minnesota State Parks visitor survey reflects this decline in frequent participation.
  - On average, visitors spent nine days in Minnesota state parks in twelve months, with a median of two days.
  - This average reflects a decrease of three days from the 2001 visitor survey.
- Minnesota State Parks guests visited an average of four parks within this same 12-month period.

- On a national level, the largest gains in participation in the past year have been among the following age groups:
  - 45 to 54 (+1.9%)
  - 55 to 64 (+1.4%)
- On a national level, declines were seen in these age groups:
  - 18 to 22 (-2.2%)
  - 35 to 44 (-1.8%)
  - 12 to 17 (-0.3%)
  - 25 to 34 (-0.2%)
- More than two percent (2.3%) of the nation's campers reside in Minnesota. Minnesota has 2.8 percent of the United States population.
- Traditionally, outdoor recreation was synonymous with the backcountry. But as Americans battle the inactivity crisis, and outdoor enthusiasts increasingly seek activities that can be done before dinner, close to home recreation opportunities are more sought after than ever.[1]
  - Echoing a trend seen across the country, tent sales reinforce the notion that the average outdoor consumer is spending less time in the backcountry and more time car camping, family camping, and getting outdoors in a less hardcore way. Sales figures show that recreation tents—defined as heavy car-camping-type tents, usually weighing in excess of 10 pounds—are up 117 percent from 2002–03 to 2004–05. Meanwhile, sales of three-season tents, high-tech lightweight models built for backcountry use, have declined nearly 14 percent in the same time period.
- The active outdoor lifestyle has gone mainstream—representing wellness, quality of time with family and friends, and a way to be outdoors in an urban center, in the front-country and/or in the backcountry, according to a spokesperson for the Outdoor Industry Association.[1]
  - Many new consumers don't subscribe to the same vision that has long been the industry's postcard image: snowcapped peaks, alpine streams, and the honest sweat that comes from hauling your home on your back. "The focus is changing from the activities to consumers and their lifestyles," says Rob Mitchell, vice president of marketing and product at SmartWool.
  - Many new customers are less "core" than before.
  - Although not necessarily healthier, Americans are more health-aware than ever before, and they recognize the value in the active outdoor lifestyle.
- As mass product has gotten better and the mix of popular activities has shifted toward the mainstream, the line between core and non-core customers has blurred.
  - "The average outdoor recreationist is more 'average' at a lot of different sports these days," says Matt Hyde, vice president of merchandising at REI. "There'll always be that core, but it's not as singular as it once was."

RV Industry

- Nearly eight million households owned an RV in 2005, according to a study by the University of Michigan Survey Research Center.[5]
  - This translates into eight percent of all U.S. households owning some type of RV.
- The number of households that owned a motorhome, travel trailer, fifth-wheel travel trailer, a folding camping trailer, or a truck camper grew by 58 percent from 1980 to 2005.[5]

RV Industry Sales

- The RV industry has realized steady growth, with 2004 and 2005 recording the best sales figures ever.
- High gas prices and a week housing market contributed to a 10 percent drop in RV sales in 2007, and 2008 forecasts called for a decline.

Profile and Travel Habits of the RV Owner

- The typical RV owner is 49 (35- to 54-years-old) and married, owns a home, and has a $68,000 annual household income.[5]
- The typical RV owner travels an average 4,500 miles per year, according to the study by the University of Michigan.[5]
- The average RV owner travels 28 to 35 days annually.[5]
- Although experts say Baby Boomers are largely responsible for the sales spike, there's speculation that a number of young families are buying RVs in hopes of squeezing in more quality time with the kids.
- The fastest growing segment of RV owners is 18- to 34-year-olds.
  - The latest industry survey conducted by the University of Michigan showed the percentage of 18- to 34-year-olds who own an RV rose from 2.3 percent in 2001 to five percent in 2005. By comparison, the percentage of RV-owning 35- to 54-year-olds remained the same and the percentage of 55 or older RV owners dropped.[5]
- Many of the under-35 RV owners used to RV when they were young with their parents.
- The Campfire Canvass Survey of RV owners, conducted by the Recreation Vehicle Industry Association, revealed that nearly half (48%) of RV owners said fuel costs will not affect their RV travel plans in the spring/summer of 2007.[6]
  - Of those who said their plans would be affected, 60 percent will adjust to higher fuel prices by traveling to destinations closer to home. Fifty-six percent said they would stay longer in one place.
- People like one- to four-day getaways according to a spokesperson for RVIA; they can't, or don't want to, take two weeks' vacation.
  - Many families are taking shorter, more frequent getaways in their RVs to accommodate busy schedules.
  - According to the survey, 91 percent of RV owners were planning three or more short RV trips (one to four days) for the spring/summer of 2007.
- America's national parks are among the most popular destinations for RV trips for the spring/summer of 2007, according to the survey.
  - More than 100 national parks were mentioned, with Yellowstone, Yosemite, and Zion the most popular destinations for RV travelers.

- RVers participate in an array of activities while traveling in their RVs. Favorites include:
  - Cooking out 76%
  - Sightseeing 74%
  - Scenic drives 72%
  - Visiting family and friends 60%
  - Visit festivals and fairs 40%
  - Other favorites include shopping, antiquing, and visiting theme parks or zoos.
  - Outdoor sports and activities 45% with hiking (53%), fishing and hunting (52%), and biking (32%) mentioned as favorites
- According to the survey, 57 percent of RV owners bring pets along on trips.
  - Most RVers traveling with pets are bringing dogs (88%), but some are also bringing cats (18%) and other pets such as parakeets, parrots, ferrets, and even horses.
- Travel tops most Boomers' lists of what they want to do in retirement and a number of them are buying RVs. According to the RVIA, this generation wants the amenities of golf courses, swimming, tennis, spas, and wireless connections for their laptops.
- For many, an RV is a way to afford what many Boomers are angling to have in their next phase of life: a second home.
  - Thousands of seasoned RV enthusiasts eventually buy a recreational park trailer or "park model," place it on a leased site at their favorite campground and stay there for weeks or months at a time, enjoying an outdoor-oriented lifestyle and establishing new, long-term relationships with other campers who have a similar background and love of the RV life. This allows them to continue the RV lifestyle without having to find a new place to camp each night.
  - Bill Garpow, executive director of the Recreational Park Trailer Industry Association (RPTIA), said the idea of purchasing two or more park models and placing them in different geographic locations (one in the north for a summer retreat and one in the Sunbelt for use as a winter vacation home, for example) is a newly emerging phenomenon.
- Respondents of a survey generally believed that RVing strengthens family relationships.
  - Eighty-four percent of the married respondents said RVing has brought them closer together.
  - Eighty-five percent said RVing has contributed to a greater family bond.

Travel Industry

- A national study conducted by Destination Analysts, Inc., a San Francisco-based tourism industry research company, shows that in 2005–06, the average leisure traveler took a trip nearly every other month (defined as a trip of more than 100 miles round trip for purely leisure or personal reasons), averaging 5.5 leisure trips a year.[7]
  - On average, two percent (2.0%) of these were day trips with no overnight stay.
- Increases in gasoline prices have impacted travel. Almost half of all leisure travelers and 55.3 percent of women—the gender often viewed as the travel decision maker—say they would have taken more leisure trips in the previous year had gas not been so expensive.
- Traveling by car remains the most common mode of travel, being used by 88.3 percent of travelers.[7]
- The destinations Americans plan to visit are diverse. In the survey conducted by Destination Analysts, Inc., travelers were asked in an open-ended question where they most wanted to visit in the upcoming year. More than 600 unique destinations were mentioned by 1,043 respondents.[7]
- On average, the most miles (one-way) Americans are typically willing to travel for a weekend getaway trip are 328 miles.[7]

At most, how many miles (one-way) would you typically be willing to travel for a weekend getaway?

Under 100 miles	7.5%
100 to 250 miles	53.6%
251 to 500 miles	23.8%
501 to 1,000 miles	3.7%

Average: 328 miles

Source: Destination Analysts,

Distance Individuals Traveled to Visit a Minnesota State Park*

25 miles or less	27.3%
26 to 50 miles	11.8%
51 to 100 miles	15.2%
101 to 200 miles	20.9%
More than 200 miles	24.8%

Average: 96.5 miles

Source: 2007 Minnesota State Parks Visitor Survey

* The 2007 Minnesota State Parks Visitor Survey was conducted prior to the marked increase in gasoline prices.

- Individuals are traveling approximately the same distance to Minnesota State Parks in 2007 as they did in 2001.
- The greatest proportion of day visitors, 29.9 percent, travel 25 miles or less to a park from their home.

- Safety was revealed as the number one attribute Americans consider when choosing their travel destination.[7]
- Scenic beauty ranked second as the attribute Americans consider.[7]

What is generally important to you in choosing the destinations you visit on leisure trips? Evaluate the destination attributes below using a four-point scale where "1" equals "Not at all important" and "4" equals "Very Important." (Percentage reporting "Important" or "Very Important")

Safety	88.8%
Scenic beauty	86.3%
Good weather	86.2%
Lots to see and do	85.4%
Food and dining	80.0%
Easy to get there	79.2%
Good hotels	78.8%
Quiet and relaxing	76.6%
Exciting	76.6%
Interesting culture	68.8%
Historical attributes	62.2%
Good beaches	58.3%
Museums	47.6%
Nightlife	47.6%
Shopping	44.2%
Good for kids	38.3%

Source: Destination Analysts, August 2006

In the past 12 months, which of the following have you done while on leisure trips (of 50 miles or more one-way)?

Did something totally new and and exciting	29.5%
Traveled specifically to get away from my work	23.5%
Brought my pet(s) with me	11.7%
Done something risky or dangerous	10.8%
Extended my vacation because I was having so much fun	10.2%
Took my work with me on vacation	9.0%
Took a class or educational seminar	7.0%
Came home early because I was bored	2.9%

Source: Destination Analysts, August 2006

- The main reason Americans travel is relaxation (39.5%), followed by spending time with family (37.4%). Nearly seven percent (6.7%) of Americans travel to participate in outdoor activities.[7]
- Almost one-third of leisure travelers (29.3%) visited a state or local park.[7]
  - National parks were enjoyed by one in four vacationers (26.0%).[7]
  - National forests were enjoyed by nearly one in five (17.2%).[5]
- Overall, fishing and camping remain popular travel activities as well, at 18.2 percent and 18.1 percent respectively.[7]

Please think about why you usually travel for leisure. From the list below, select the three (3) most important reasons why you travel for leisure.

Relaxation	39.5%
Spend time with family	37.4%
Escape day-to-day routine	33.4%
Spend time with my spouse or partner	31.8%
Visit unfamiliar place(s) of interest	26.1%
Excitement or adventure	18.8%
Spend time with friends	17.8%
Experience other cultures	13.5%
To enjoy food or dining	13.5%
Visit familiar place(s) that I like	10.7%
Attend special events or festivals	8.5%
It's good for my children	8.4%
Go shopping	6.7%
Participate in outdoor activities	6.7%
Personal growth/development	6.0%
Romance	5.3%
Attend theater, opera, or the arts	1.8%
Visit wineries	1.6%

Source: Destination Analysts, August 2006

In the past 12 months, which of these activities did you participate in (at least once) while on leisure trips (of 50 miles or more one-way)?

Go to a beach or lake	47.2%
Visit a state or local park	29.3%
Visit national parks	26.0%
Day hiking	18.7%
Fishing	18.2%
Camping	18.1%
Visit a national forest	17.2%
Visit environmental/ecological sites	11.3%
Bird watching	7.2%
Horseback riding	5.4%
Mountain biking	4.7%
ATV or off-road vehicles	4.5%
Canoeing or kayaking	4.4%
Hiking trip (one or more nights on trail)	4.2%
Hunting	3.9%
Whitewater rafting	3.6%
Rock climbing	2.1%
Mountaineering	2.0%

Source: Destination Analysts, August 2006

- Nearly 50 percent of Minnesota State Parks visitors are on an overnight trip away from home. Of these, 31 percent stayed in a Minnesota state park at least one night.
- Of those Minnesota State Parks visitors who are on an overnight trip away from home, 47 percent stayed at a private resort/hotel or inn.
- The most popular shelter among Minnesota State Parks visitors is tents at 49 percent, followed by recreational vehicles/fifth-wheel/hard-sided trailers at 30 percent. Fourteen percent of visitors stay in pop-up trailers.
- The proportion of visitors who stayed in camper cabins and other lodging— seven percent in 2006—increased from 2001 (2001 Minnesota State Parks Visitor Survey).

3.2 Position Within the Destination, Park, and Campground Industries

- Minnesota State Parks can be, and will be, a complementary service for hotels, resorts, and private campgrounds.
  - Minnesota state parks act as an attraction to encourage individuals to visit an area, thereby generating tourism—room nights or a need for camping facilities.
  - Of all visitors who stay overnight at a Minnesota state park, 47 percent also spend at least one night at a motel or private resort; and 19 percent stay at least one night at a privately owned campground.

- From a business perspective, Minnesota State Parks competes with all entertainment options for target markets' time and dollars.

- More directly, target markets will make a choice among vacation or travel destinations.

3.3 Organization Analysis

- The Organization Analysis provides details of the organization's strengths and marketing strategies that will enable it to achieve the mission, vision, and goals identified earlier in the plan. This will be developed as part of the branding initiative.

3.4 Customer Analysis

Demographics: Outdoor Recreation

- The Outdoor Recreation in America 2003 study conducted by RoperASW shows a clear correlation between education, income, and higher participation in outdoor recreation.
  - Those with a college degree or higher reported participation in an average of 5.9 activities, compared to the national average of 4.7 and 3.7 for those with a high school degree or less.[3]
  - Similarly, those with household incomes of $75,000 or more reported participation in an average of 5.8 different activities while those with household incomes below $30,000 reported an average of 3.8 activities.[3]

- There was also disparity in participation by ethnic background.
  - White Americans participated in an average of 5.2 different outdoor recreation activities compared to 2.3 for African Americans and 3.5 for Hispanic Americans.[3]

- Recreation participation by families with children is generally above the national average.
  - Family members participate in a mean number of 5.4 activities annually versus 4.7 for the average adult.[3]
  - Families with one or more children under the age of seven are the most active.
  - Families participate above the national average in most activities and especially in:[9]

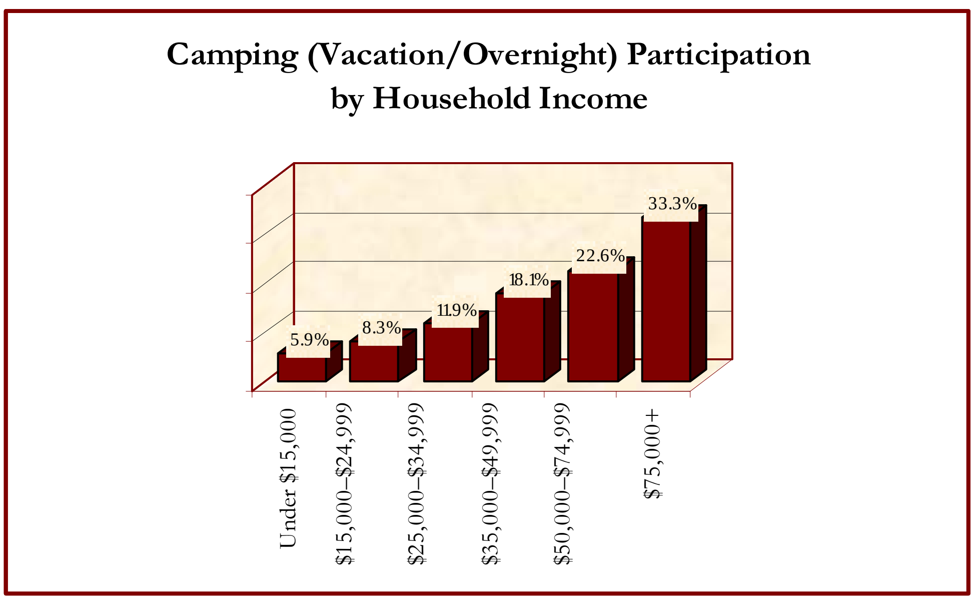
Swimming	14 points above average
Picnicking	8 points above average
Tent camping	6 points above average
Walking	6 points above average
Fishing	5 points above average
Camping	5 points above average
Bicycling	4 points above average
Wildlife viewing	3 points above average
Horse-riding	3 points above average

Demographics: Camping

- As measured in 2006, 51 percent of individuals in the U.S. who participate in camping are male; 49 percent female.[7]

- The largest group of participants based upon household income was those with household incomes of $75,000 or above, representing 33.3 percent of campers in the U.S.[7]

- Participation in camping increases as income increases.
  - While individuals with household incomes of $50,000 or above comprise 40.4 percent of the United States population, this group represents 55.9 percent of campers.[7]
  - Although 17 percent of Americans have household incomes of $15,000 or under, approximately six percent in this category participate in camping.[7]



- Twenty-five percent of campers are either professionals or executives/managers/administrators. This compares to 20 percent of all U.S. adults. Less than eight percent of campers are retired (National Sporting Goods Association Research Newsletter, May 14, 2007, based on an MRI 2004 report).

- With regard to market size, residents of cities having a population of 50,000 to 499,000 represent the largest percentage of campers at 39.4 percent.[8]

- Individuals with a child(ren) under the age of 18 appear more likely to participate.[3]
  - Nearly 62 percent (61.9%) of participants have at least one child under age 18.
  - Participants with no child under age 18 represent 38 percent (38.1%) of participants, despite representing 51 percent (51.4%) of the United States population.

Profile of the Minnesota State Parks Visitor

Age

- Minnesota State Parks' customer base is aging more quickly than the general population.
  - The median age (including all visitors) increased four years since 2001 from 36 to 40.
  - This is in contrast to the state's population, whose median age increased by approximately one year (0.8%) to 36.3.
  - As these customers are aging, they are not being replaced by the next generation. On a national level, participation in outdoor recreation is declining among persons age 16 to 40.

	Minnesota State Park Visitors		Percent Change
Age Class	**2001**	**2007**	**2001 to 2007**
Age 12 or Under	25%	**20%**	-5%
Age 13–18	7%	**9%**	2%
Age 19–34	16%	**12%**	-4%
Age 35–44	21%	**17%**	-3%
Age 45–54	17%	**20%**	3%
Age 55–64	8%	**15%**	7%
Age 65+	7%	**7%**	0%
	Minnesota State Park Visitors		**Percent Change**
Age Class	**2001**	**2007**	**2001 to 2007**
Under Age 45	68%	**58%**	-10%
Age 45 or Above	32%	**42%**	10%
	Minnesota Residents		**Percent Change**
Age Class	**2001**	**2007**	**2001 to 2007**
Under Age 45	65%	**62%**	-3%
Age 45 or Above	35%	**38%**	3%

Education Level

Highest Education Level Attained

2.1%	9.3%	30.7%	26.7%	31.3%
Less Than 12th Grade	High School Graduate (12th Grade/GED)	Some Vocational-Technical School/ Vocational-Technical Graduate/Some College (Not Grad.)	College Graduate	Some Post-Graduate Study/Post-Graduate Degree

Source: Minnesota State Parks 2007 Visitor Survey, table based on visitors 25 years of age or older

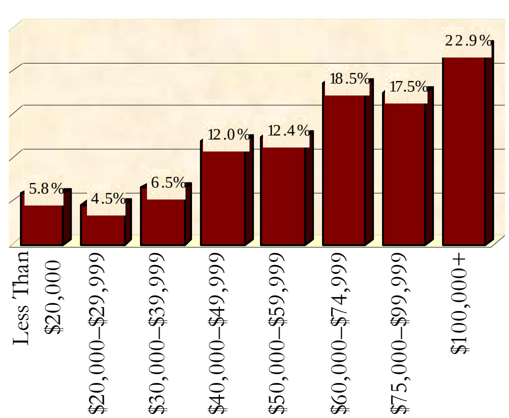
- The percentage of Minnesota State Parks visitors (age 25 or above) who have an education level equivalent to a high school graduate or beyond is 99 percent, and 59 percentage have a Bachelor's degree or higher.

- The percentage of Minnesota residents (age 25 or above) who have an education level equivalent to a high school graduate or beyond is 93 percent, and 34 percent have a Bachelor's degree or higher. *(Source: U.S. Census Bureau, Current Population Survey, 2006 Annual Social and Economic Supplement)*

Household Income Level

The section of this plan addressing demographics of individuals who camp (refer to page 13) points out that campers have a higher household income than the market average. As shown in the chart below, nearly 23 percent of Minnesota State Parks visitors have a household income of $100,000 or above.

Household Income Levels



Race/Ethnicity

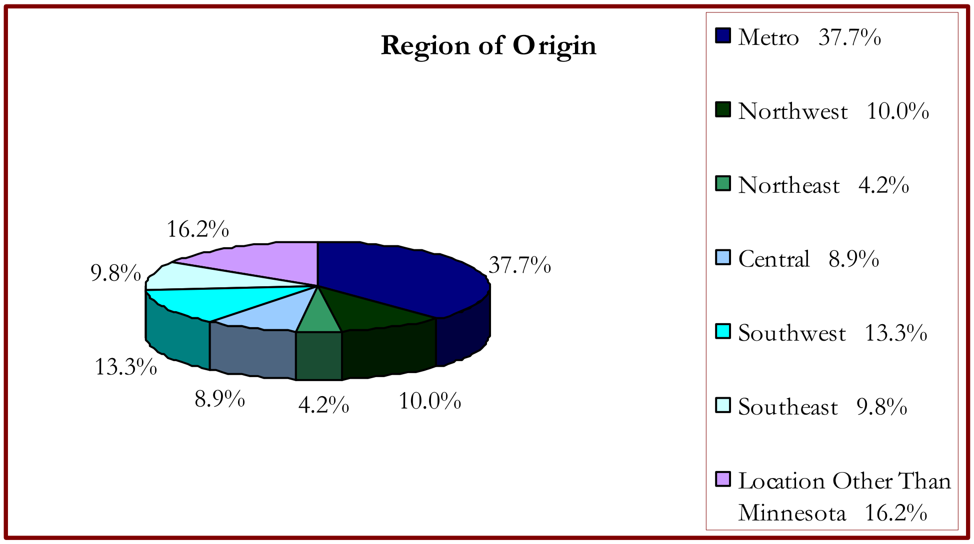
Race and Ethnicity		
	Minnesota State Parks Visitors	Minnesota Residents 2006
Race		
African American/Black	**0.7%**	4.4%
American Indian or Alaska Native	**0.7%**	1.2%
Asian	**0.6%**	3.4%
Causasian/White	**97.9%**	89.5%
Native Hawaiian or Other Pacific Islander	**0.2%**	0.1%
Two or More Races	**0.0%**	1.5%
Ethnicity		
Hispanic and/or Non-White	**2.7%**	14.1%
White and Non-Hispanic	**97.2%**	85.9%

Sources: U.S. Census Bureau and Minnesota State Parks Visitor Survey 2007

According to Wilkinson (1993), race is "a category of persons who are related by a common heredity or ancestry and who are perceived and responded to in terms of external features or traits," whereas ethnicity often refers to "a shared culture and lifestyle."

Geographic Area

Minnesota State Parks Visitors



Minnesota State Parks Visitors Who Reside in Minnesota

Region of Origin	Visitors From Minnesota (2007)	Minnesota Population (2006)	Minnesota Population (2006)
Northwest	12%	7%	384,096
Northeast	5%	6%	304,865
Central	11%	14%	719,283
Southwest	16%	10%	507,752
Southeast	12%	9%	484,154
Metro	45%	54%	2,766,951
Totals	100%	100%	5,167,101

Sources: Minnesota State Parks Visitor Survey 2007 and U.S. Census Bureau

Psychographics/ Lifestyle

Minnesota Department of Natural Resources Activities: Boating, Fishing, and Hunting		
Activity/License	**Minnesota State Parks Visitors 2007**	**Minnesota Households 2006**
Member of household has a boat(s) registered in Minnesota	**46%**	26%
Member of household holds a current Minnesota fishing license	**57%**	47%
Member of household holds a current Minnesota hunting license	**30%**	24%

Psychographics of Outdoor Enthusiasts

- According to the Outdoor Industry Association, "active living" might be the best descriptor of the Baby Boomer lifestyle. Boomers seek a varied and healthy lifestyle based on wellness, travel, and outdoor activity. Boomers are defying traditional profiles of an outdoor enthusiast.[1]
  - Their activity mix has changed in both intensity and broadened in terms of what they seek from the activities they pursue. The activities in which individuals age 45+ participate (jogging and working out, swimming, vigorous walking) are "easy entry" in terms of cost, commitment, and availability of partners or companions.[1]

- Millennials pursue activities compiled from different and often incongruent cultures: from machine-powered sports like moto-cross and wakeboarding to human-powered activities like bouldering and snowboarding that fall more closely within the traditional boundaries of outdoor sports. [1]
  - Millennials respond to activities that are accessible—visually in the media and practically in how much time it takes them to do it.[1]

- Where Millennials differ from Baby Boomers is in their interpretation of "active." While Boomers' active lifestyle ambitions include the great outdoors and healthy living, Millennials see activity in terms of big air, structured competition, and achievement.[1]

- Boomers and Millennials have similarities as well: the activities they pursue place a heavy emphasis on social interaction with fellow participants, and they both want the adventure to be "done before dinner." [1]

Definition of Generations (as defined by the Minnesota Department of Natural Resources)

Generation	**Year Born**	**Current Age**
Pre-Boomer	Prior to 1946	62 or above
Baby Boomer	1946–1964	43 to 62
Generation X	1965–1980	28 to 42
Generation Y	1981–1994	13 to 27
Millennials	Younger Gen Y and before 1994	Up to 13/15

- An Outdoor Industry Foundation published study shows that nearly 85 percent of young Americans ages 16 to 24 participated in a traditional outdoor sport at least once in 2004—a total of 34 million young adults.[1]
    - These young adults participate on average in more than three activities—more than any other demographic group.[1]
    - Additionally, they do their sports with increasing frequency.[1]
    - While they have embraced some traditional outdoor industry sports, they are also redefining what it means to be active by taking up "action sports" like skateboarding, wakeboarding, and surfing.[1]

- The 2004 Outdoor Industry Foundation report confirmed that young adult (age 16 to 24) outdoor participants value "outdoor connection." There is an opportunity to capture these youth as they mature.[1]
    - The question is what action sports kids will do as they mature. With a solid background in adrenaline-inducing rail slides and backside airs, they are not just sitting on the couch. There is already a good deal of cross-over between outdoor and action sports—bouldering, kayaking, free skiing, and single-track are aligned on a more traditional sports trajectory, meaning they take place in a "wilderness" setting, yet they tend to attract youth.[1]

- According to the Outdoor Industry Foundation, the mix of popular (or frequently participated in) outdoor activities is changing to reflect a more holistic consumer—one who integrates activity into a broader lifestyle picture and who values social connection to fellow recreationists more than the sports themselves. Boomers and Millennials have this in common. There is a new and varied active outdoor participant base.[1]

Environmental Attitudes

- The Outdoor Recreation in America 2003 study shows interesting correlations between recreation participation and environmental attitudes, with those most concerned about the environment being especially active in recreation.[3]
    - Eighty-two percent (82%) percent of Greenback Greens, environmental spenders—people willing to pay to improve the environment, but with little time to get involved themselves—reported participation in outdoor recreation at least monthly.
    - Seventy-five percent (75%) of True-Blue Greens, environmental leaders and activists, reported participation in outdoor recreation at least monthly.
    - Fifty-seven percent (57%) of the public overall reported participation in outdoor recreation at least monthly.

- The outdoor recreation industry once again was credited by the public with a high level of environmental responsibility, scoring higher than any other industry.[3]
    - The highest ratings come from young adults (ages 18 to 29), blue-collar workers, and those living in the South and Midwest.

4. Market-Product Focus

4.1 Marketing and Product Objectives

- Growth at Minnesota state parks will come from two areas:

1. Effecting a change in consumption by core customers by encouraging more frequent use and consuming more of the product during each use in the form of longer visits.
    - Incremental sales of campsite/lodging nights to current visitors, as well as day visits, will be grown by motivating these customers to add a first-time visit to a park outside of their current range of experience and to add an additional one-night's stay to habitual, repeat visits.
        - To accomplish the former, Minnesota State Parks will implement a vigorous cross-promotion program to increase target markets' awareness of Minnesota State Parks as a brand of parks. This brand image and increased knowledge of product offerings will increase visitors' desire to visit unexplored parks. We also will redesign existing frequency-use programs—the Passport Club and Hiking Club—to attract new members. A Passport Club for children will be created and launched in 2010. Additionally, we will offer a system-wide geocaching program in 2009 and 2010. Not only will a geocaching program encourage visitors to visit a greater number of parks than would be typical, and thereby increase use, it is expected to increase day visits during shoulder seasons (spring and fall), as geocaching is much less weather-dependent than many other outdoor recreation activities. Finally, merchandising will be leveraged to have a slight effect on motivating current visitors to explore a wider variety of Minnesota state parks. Visitors will be made aware of the Minnesota State Parks pin and patch collections and will be encouraged to collect them.
        - Promotions will play a major role in accomplishing the second objective. A promotion for core customers will focus on increasing the mean number of campsite/lodging nights per stay from two to 2.25 by offering an incentive.

2. Acquisition of new customers who will spend their vacation and a weekend(s) at Minnesota state parks with the result of increasing the number of customers age 25 to 49 and laying the foundation for future customers to ensure the long-term success of Minnesota State Parks.
    - New visitors will be acquired by increasing consumer awareness and communicating how these new market segments' needs may be met by Minnesota State Parks.
        - An advertising campaign (contingent on funding) will create brand awareness of Minnesota State Parks among the two market segments that offer the best prospects: 1) adults, 25 to 49, who are active and have a child(ren) in the household, and 2) adults, 25 to 44, who are active and outdoor recreationists. In addition to creating brand awareness, the campaign will support publication distribution and drive inquiries to the Division of Parks and Recreation's information center and Web site, www.mnstateparks.info.

- Cooperative marketing will play a key role. Strategic alliances will be formed with outdoor recreation retailers, as well as corporations and organizations sharing the same target markets as Minnesota State Parks. Sponsorships will be sought to provide marketing opportunities.

- Minnesota State Parks also will have a positive impact via outreach efforts to engage youth in the outdoors.

4.2 Target Markets

- Minnesota State Parks aims to address a major trend: declining per capita outdoor recreation participation rates among 18- to 40-year olds and an increasingly aging customer base. Minnesota State Parks will mitigate this threat by focusing marketing efforts on the top two target markets, while simultaneously including the target market of current core customers.

Target Market Adults, 25 to 49, skewed female, with active lifestyles and a moderate to high appreciation of the outdoors, who have children age three to 15 in the household.

Motivations/Needs: To have fun, enjoy natural scenery/nature, get away from life's usual demands, spend time with family, introducing children to the outdoors

Target Market Adults, 25 to 44, who are active and who are outdoor recreationists, participating in activities such as walking, running, hiking/backpacking, geocaching, biking, rock climbing, bouldering, canoeing, kayaking, fishing, horseback riding, cross-country skiing, snowboarding, and snowshoeing.

Motivations/Needs: To have fun, enjoy natural scenery/nature and connecting with nature, spend time with family, get away from life's usual demands, feeling a sense of freedom, and feeling a sense of peace

Target Market Adults who are traditional outdoor recreationists and are currently core customers of Minnesota State Parks. These individuals have a college degree or higher. The psychographic qualities of the market segment are individuals who hold nature and outdoors, and generally conservation, in esteem.

Motivations/Needs: To have fun, enjoy natural scenery/nature, get away from life's usual demands, spend time with family

- The target market that is listed first is particularly important in addressing the decline in outdoor recreation among Millennials. As the Minnesota State Parks Household Survey 2007 indicates, participating in nature-based activities as a child is strongly associated with participating in nature-based activities as an adult.
    - The activities participated in as a child that are most highly associated with being a Minnesota state park visitor as an adult are:
      1) Visiting state or national parks
      2) Hiking/backpacking
      3) Camping
      4) Canoeing/kayaking

4.3 Points of Difference

- The characteristics that make Minnesota State Parks unique within the industry fall into three important areas:

1. An authentic, "wild" camping experience that is accessible and comfortable.
   Wilderness areas, such as the Boundary Waters Canoe Area Wilderness, provide a wilderness experience. However, a moderate to high level of knowledge is needed to enjoy this setting. Regional parks provide a wide range of options and amenities for outdoor recreation, but the influences of the city are heard and felt. While regional parks are viewed more in terms of what you can do, Minnesota State Parks are viewed in terms of where you can go to see scenery and "get away from it all." In 2009 and 2010, we will focus not only on the beauty of the parks, but the many activities that can be done, thus combining the best attributes of each type of experience. Minnesota State Parks delivers a wilderness-feeling experience that can be enjoyed by individuals possessing various levels of experience.

2. A depth and breadth of natural beauty.

3. A depth and breadth of outdoor recreation experiences.

4. High-quality customer service; guests feel "cared for."

4.4 Positioning

- The camping experience is often viewed as one in which there are campgrounds that offer convenience, relative ease, and many recreation options, but without natural scenery and with campsites that are placed close together without screening; or a wilderness camping experience that requires a greater knowledge of the outdoors and associated skills, and offers limited recreation options.

- Minnesota State Parks will be positioned as an authentic, natural, scenic camping and destination experience that is wholesome and that provides a respite from the demands of daily life and also offers a wide range of "must see" natural settings and outdoor recreation options. This method of positioning would involve educating target markets about the authenticity of the experience, the breadth of recreation opportunities, and the quality and amenities of the parks in the Minnesota State Parks system.

- Minnesota State Parks' position, or niche, in the minds of target markets will be further refined with the input of staff as branding is developed.

5. Marketing Program

Minnesota State Parks will employ an integrated marketing strategy, fully utilizing each element of the marketing mix: product, price, promotion, and distribution (place).

5.1 Product Strategy

- Minnesota State Parks is facing a major trend: declining per capita outdoor recreation participation rates among adults age 18 to 40. Additionally, Minnesota State Parks has an increasingly aging customer base. These two factors result in a slowing of visitor growth and, if not addressed, spell a decline in Minnesota State Parks visitors (both factors signaling that Minnesota State Parks is in the late maturity stage of the product life cycle and is on the verge of the decline stage).
  - In the text "Marketing: The Core," authors Roger A. Kerin, Steven W. Hartley, and William Rudelius describe the maturity stage as follows:

    > The third stage, maturity, is characterized by [among other things] a slowing of total industry sales for the product class.

- To sustain success, Minnesota State Parks must find ways to grow the number of park visitors.

- Minnesota State Parks will grow the number of occasions (visits/nights) through: 1) a strategy called product differentiation that helps target markets perceive the product as being different than other products of the same type, 2) product modification, 3) and finding new visitors. Finding new visitors will necessitate developing product offerings that have the benefits these new market segments seek.
  - According to the Minnesota State Parks Household Survey 2007, the top five motivating forces are: having fun, enjoying natural scenery, enjoying smells and sounds of nature, and getting away from life's usual demands.
  - The Minnesota State Parks Household Survey 2007 provides valuable insights into the types of product modifications that might be implemented to further differentiate our products and attract new visitors. Respondents indicated that they would visit, or visit more often, if:
    1) They could find park programs for their child(ren).
    2) The park had equipment they could use or rent.
    3) They could attend special events in the park.
    4) They could attend programs to develop outdoor skills.

- The key to promoting Minnesota State Parks, and the foundation for differentiation, is to establish a recognizable brand that conveys the unique attributes and benefits of this system of parks to the target markets. This brand needs to differentiate the park system from other nature-based parks, campgrounds, and domestic vacation destinations as a whole.
  - Nature-based parks are viewed as "all the same" by a number of members of the target markets, who see little to no difference between parks. They do not perceive a difference between a Minnesota state park, a regional park, and a county park, nor do they have knowledge about which of the various parks are a part of each system. A focus group study conducted on behalf of Minnesota State Parks brought to the forefront the lack of knowledge about Minnesota State Parks and the confusion regarding the various park systems.

- The absence of a strong brand image, which manifests itself as a lack of awareness and knowledge among the target markets, serves as a constraint to these market segments visiting state parks, as shown by the Minnesota State Parks Focus Group Study 2007 and Minnesota State Parks Household Survey 2007. This issue is demonstrated in the focus group participant comments:

  "… I would love to do it or experience it, but … I don't know how, because I don't know what is involved, like, you know, if you need a permit or a pass or whatever or how to get that or like parking. Where do you go? So that is why I have never been [to a nature-based park]."

  "If I make a point of going all the way there with all my gear, is it just going to be a bunch of cars lined up and a bunch of tents lined up? Or is it going to be something I'm looking for? So, I guess, for me, it's just a lack of knowledge about which parks would be best suited for what I hope for."

- Additionally, Minnesota State Parks is a relatively complex product. This complexity exacerbates the issue of a lack of a strong brand.
  - Making the decision to visit a Minnesota state park—in other words choosing a vacation destination or weekend travel destination—is a moderately high-involvement purchase. This purchase can be viewed as expensive, can have serious personal consequences (if family or friends do not enjoy the trip or if all available discretionary income for a vacation is spent on a disappointing trip, for example) or could reflect on one's social image. Therefore, the target markets engage in a more extensive information search.
  - It is more difficult to evaluate an experiential product prior to its first use.
    - This idea is reinforced by the Minnesota State Parks Household Survey 2007. Survey respondents were asked the question, "Do you have an interest in visiting Minnesota State Parks at all or visiting them more often?" Minnesota State Parks looked at the answers from respondents who have not visited a Minnesota state park since 2002, if ever. Approximately 23 percent of these respondents responded "No." Nearly 39 percent of respondents in this group—nearly an equal amount to those who answered "Yes"—selected the answer "Don't Know." The high percentage of "Don't Know" answers illustrates the target markets' lack of understanding of the brand and the experiential product.
  - Based on these factors, a strong brand is essential to facilitate product selection.

- Minnesota State Parks will take the important step of branding—developing a distinguishable, positive, and memorable brand (contingent on securing an ad agency on a largely pro bono basis).

- Minnesota State Parks will offer special events as "trials" to the experiential product.

- Minnesota State Parks will pilot tent rental to provide trial opportunities and to help mitigate the obstacle of not having equipment.

Product Line

- Minnesota State Parks offers three synergistic, experiential products (products that are consumed as a real experience by the user):
  1) a destination experience which encompasses on-site overnight camping or lodging,
  2) an outdoor recreation experience as a day visitor, and
  3) conservation education opportunities (programs).

- Minnesota State Parks also offers products to appeal to outdoor enthusiasts through its merchandise program.

Unique Product Quality

- A unique product quality is the genuinely natural, unspoiled setting and natural beauty found in Minnesota State Parks. This setting maximizes the outdoor recreation experience by promoting feelings of connection to nature, freedom, and "getting away."

- Minnesota State Parks offers a premium camping experience, blending this natural environment with a level of safety, comfort, and convenience.

Product Modifications

- While remaining true to its mission and its brand, Minnesota State Parks will modify its products to meet the needs of target markets. As noted in the situation analysis, a threat to the continued success of Minnesota State Parks is the declining per capita outdoor recreation participation rates of individuals age 18 to 40.
  - Focus group study results indicate that individuals are concerned about the scope of activities offered at Minnesota State Parks. Individuals age 20 to 40 have concerns about being bored, while individuals in this age group who are parents voice concerns that the activities offered would not appeal to family members of various ages.
  - Other constraints were a lack of equipment to participate, and a lack of skills or "how to" knowledge.
  - Camping and a number of other recreation opportunities available at Minnesota state parks require a certain level of commitment of time and money. Participating requires equipment that prospects are not likely to have. To encourage trial, Minnesota State Parks will expand the range and quantity of rental equipment offered.

- Minnesota State Parks will evaluate its products and modify them with the aim of reaching the next generation of park users.

- Minnesota State Parks will serve as the Gateway to Minnesota DNR outdoor experiences; products will be modified to maximize this purpose.

5.2 Price Strategy

- Minnesota State Parks outlines its fees via an annual Fees and Charges Order and charges a fee for access, campsites, lodging, facility rental, and certain outdoor equipment rental. The Fees and Charges Order is approved by the commissioner of the Minnesota Department of Natural Resources.

- Minnesota State Parks, to a large degree, has employed a blend of customary pricing (an approach in which tradition, a standardized channel of distribution, or other competitive factors dictate the price) and at-market pricing (an approach using a benchmark of the "market price" of a product or what customers are generally willing to pay).

- However, the fees for Minnesota State Parks vehicle permits are set by the Minnesota Legislature.

- There are four price points for campsites.

- Minnesota State Parks will outline a four-year price strategy for annual and daily vehicle permit fees, and campsite and camper cabin fees to ensure efforts are cohesive. This plan will be reviewed each year to adjust for market factors.

- As a government agency, Minnesota State Parks has a number of considerations that impact a price strategy.
  - Any pricing strategy that sets fees at the highest in the industry, such as premium pricing or skimming pricing, would be considered exclusive by some.
  - At the other end of the spectrum, Minnesota State Parks may not directly compete with the private sector, eliminating any pricing strategy that attempts to offer one of the lowest prices in the industry.

- With these considerations, Minnesota State Parks will establish prices to ensure that the agency contributes to the generation of funding. Minnesota State Parks will employ a small measure of yield management in that it will set fees for higher demand periods (i.e., weekends), high-occupancy parks, and/or highly desirable campsite loops at a slightly higher price than other dates/locations. Then these fees will be gauged against a customary pricing strategy and at-market pricing and slight adjustments made as needed.
  - Campsite fees and lodging rates, among other fees, for 2010 will be established by December 31, 2008.

- Minnesota State Parks will remain committed to offering its products at a fee that is all-inclusive of the various income levels of Minnesota citizens and visitors to ensure the parks may be enjoyed by all.
  - Nearly 80 percent (79.7%) of respondents of the Minnesota State Parks Visitor Survey 2007 indicated that Minnesota State Parks annual permit fees were a "good" value; 65 percent (65.3%) indicated campsite fees were a good value, indicating that the fees are set at a level to be accessible.

- As part of the Gateway Initiative, Minnesota State Parks will implement "bundling," packaging products together for a combined price. Bundling will package outdoor recreation experiences with campsite fees, fishing licenses, and other Minnesota DNR products.

- Minnesota State Parks will bundle Minnesota State Parks products to create packages, pairing canoe-in campsites with canoe rental, camper cabins with snowshoes, etc.

- The concept of bundling also will be implemented with members of the hospitality industry, partnering with resorts/hotels to combine Minnesota State Parks products (such as a daily vehicle permit or tour) with overnight accommodations to create travel packages.

- Minnesota State Parks will implement a pricing tactic to sell annual vehicle permits to corporations as employee rewards/gifts.

Merchandise Program Price Strategy

- As a general rule, Minnesota State Parks uses standard markup pricing, keystoning in particular, combined with odd-even pricing, which involves setting prices a few dollars or cents under an even number (i.e., $9.95 instead of $10), for retail products.

5.3 Promotion Strategy

As a product with a slowing of visitor growth and an impending decline in visitors (signaling that Minnesota State Parks is in the late maturity stage of the product life cycle and is on the verge of the decline stage), Minnesota State Parks needs to retain and grow the number of visitors and visits through intensified promotion. A notable constraint to visiting Minnesota state parks that became evident through Minnesota State Parks' 2007 research is a lack of information. This indicates that executing a promotion strategy could have a significant effect on visitation.

The promotional plan to be adopted by Minnesota State Parks has three key objectives.

1. A solid brand will be established which will convey the unique attributes and consumer benefits of Minnesota State Parks and differentiate the collection from other park systems.
2. New customer acquisition will increase visitorship of Minnesota State Parks and revenue for the agency.
3. The plan will seek to motivate current visitors to increase their consumption/use of Minnesota state parks.

- Historically, Minnesota State Parks has concentrated promotional efforts (directed elements of the marketing mix) on the parks and agents who sell permits and other Minnesota State Parks products (utilizing a push strategy).

- To achieve the growth needed for the system requires the addition of a strategy that markets directly to target markets to encourage customers to seek out and "ask for" the brand (a pull strategy).

- A first-time "purchase" of a visit to a Minnesota state park involves the trial of a product perceived as having moderately high risk. Promotion efforts must reduce the perceived risk in the target markets' minds. This will be accomplished by building brand awareness, providing target markets with the quantity and type of information they seek, and providing low-commitment opportunities for trial.

- The advertising campaign will be planned to maximize the very limited budget. A flighting pattern will be used. Flighting is an intermittent pattern with gaps of time when no advertising is done. Flighting will place advertising at the most advantageous times.

- The promotion strategy will take into consideration the two target market constraints of a lack of time and competing leisure activities. First, there will be an emphasis on delivering information in a style that uses a consumer point of view. All marketing communications will use this filter. i.e., What do the individuals in the target market care about, what is meaningful to them, what message connects with them, in what manner would they like to receive this information? Information should be easy for target markets to access and use. In short, information should be delivered in the style that target markets want. Second, the promotion strategy will aim to change target markets' attitudes and beliefs about Minnesota State Parks. Research shows that some individuals believe there is not much to do at a nature-based or Minnesota state park. There is also concern that the activities will not fit well with the members of the family, who are different ages. Some individuals are hesitant to visit, because they lack the equipment or skills they believe are necessary to enjoy time at a Minnesota state park. Through effective messaging, Minnesota State Parks will work to change these beliefs and will communicate the parks' attributes that help target markets overcome these obstacles.

Negotiation Strategy	*Tactic*
Try to plan ahead for the park visits	Deliver information in a consumer-centric manner.
Take more short trips to the parks	Better communicate locations of parks.
Choose activities that all of us can participate in as a family	Communicate variety of activities.

Acquisition of New Customers

The absence of a strong brand image, which manifests itself as a lack of awareness and knowledge among consumers, serves as a constraint to target markets visiting Minnesota state parks.

An advertising campaign will create brand awareness for Minnesota State Parks among adults, 25 to 49, with a child(ren) in the household; and adults 25 to 44 who are outdoor recreationists. The advertising campaign also will support publication distribution; and drive inquiries to the Division of Parks and Recreation information center and www.mnstateparks.info, thus generating new buyer growth.

Because of the complexity of Minnesota State Parks' product, the correct media mix is pivotal. A main component of the campaign will focus on a source widely used by individuals for planning travel: the Internet. The Minnesota State Parks Visitor Survey 2007 shows that 54 percent (54.0%) of visitors get their trip planning information from the Minnesota Department of Natural Resources Web site. This is second only to family and friends as a source, at 56 percent (56.3%). The percent of Gen X/Gen Y/Millennial visitors who receive information from this site is even higher at 66 percent (66.2%), competing with friends and family as a source, also at 66 percent (66.1%). The number of visitors who utilized the Minnesota Department of Natural Resources Web site in their information search increased by 20 percent from 2001 to 2007. In contrast, the number of visitors who utilized the Minnesota State Parks Guide in their information search declined by 8.4 percent during the same period, signaling a shift from a reliance on publications to reliance on the Web. Minnesota State Parks will update the Web site with new features, particularly those that aid in trip planning, to leverage this trend. One new feature will be virtual tours. Sixty-four percent of current visitors indicated they support having virtual tours on the site.

The target markets are receptive to online messages. Fifty-four percent of visitors support Minnesota State Parks contacting them via e-mail. An e-mail campaign will focus on advance travel planning, delivering the message to highly qualified prospects during a period when they are most likely to be in the information gathering stage of the buying process. New media (online, etc.) efforts will include leveraging traffic to complementary Web sites via links. Ads will be placed on Web sites that the target markets frequent.

In addition to new media, the campaign will integrate print, radio, outdoor, and indoor advertising. Print will be especially useful in addressing consumers' lack of information about Minnesota State Parks. Only print that is highly targeted will be included. Radio will be utilized in May and June, when consumers are more mobile. Radio will be especially effective in building awareness. Outdoor will effectively reach prospects by either: a) targeting Twin Cities residents, or b) targeting consumers traveling to/from vacation or weekend destinations. Radio and outdoor will work in concert to reach people while they are commuting and during "cabin rush-hour."

Cooperative marketing will play a key role. Strategic alliances will be formed with outdoor recreation retailers, as well as corporations and organizations sharing the same target markets as Minnesota State Parks. This will provide additional advertising, as Minnesota State Parks is included in partners' advertising and/or receives in-store marketing. As noted in the upcoming section, Distribution Strategy, developing partnerships with agents to increase sales outlets will be vital to increasing sales. Finally, Minnesota State Parks will partner with outdoor organizations to provide a low-commitment trial opportunity by presenting skill-building classes and experiences such as the "I Can Camp!" program conducted in cooperation with REI.

Public relations will be a vital component of the promotion mix. Public relations will be especially valuable in targeting communities in which parks are located.

Increasing Consumption by Core Customers by Encouraging More Frequent Use and More Consumption Per Use in the Form of Longer Visits

Minnesota State Parks will strive to maintain top-of-mind awareness among existing visitors. Minnesota State Parks will communicate with current visitors via new channels. Permission-based e-mail marketing will be implemented and an e-newsletter established. The newsletter will inform visitors of Minnesota State Parks programs (i.e., geocaching), upcoming special events, and special offers. We will take steps to transform the Web site into a consumer-driven site by adding features valued by current park visitors, as well as potential visitors. Virtual tours will be one such feature. One to three virtual tours will be created and posted by December 2009. The number of day visits and sales of incremental campsite/lodging nights will be grown by motivating core customers to add a first-time visit to an untried park and to add an additional one-night's stay to habitual, repeat visits.

To accomplish the former, Minnesota State Parks will implement a vigorous cross-promotion program to increase consumer awareness of Minnesota State Parks as a brand of parks. As it builds a brand image, the program will increase awareness of other desirable parks to visit and motivate customers to try them. Permission-based e-mail marketing will complement these efforts, providing an additional incentive to visit a variety of parks in the collection.

Promotions will play the major part in accomplishing the second objective of increasing consumption of campsites and lodging. Promotions for core customers will focus on increasing the mean number of camping/lodging nights per stay from 2.0 to 2.25.

5.4 Distribution (Place) Strategy

- As discussed in the Product Strategy section of this plan, Minnesota State Parks offers experiential products, two of which are consumed exclusively on site at Minnesota state parks.

Minnesota State Parks Permits

- For the vast majority of transactions related to annual vehicle permits, Minnesota State Parks utilizes a two-level channel:

  Parks (service provider) → Customer

- In 2009, Minnesota State Parks' Web site will develop the capacity for direct sales online.

- Although the experience is consumed at the parks, Minnesota State Parks enlists agents (such as the Minnesota Department of Natural Resources Licensing Bureau and outdoor retailers) to sell annual vehicle permits, creating a three-level channel:

  Park (service provider) → Agent → Customer

- Due to tradition and budgetary constraints, Minnesota State Parks has relied largely on a push strategy, directing the promotional mix to channel members (parks' retail operations and agents) to gain their cooperation in ordering and stocking the permits. A form of personal selling was the main tactic within this push strategy.

- The first agents were the Minnesota Department of Natural Resources Licensing Bureau, utilizing the Electronic Licensing System (ELS); government service centers; and another government agency, Minnesota's Bookstore. Government service centers and Minnesota's Bookstore hold much lower sales potential.
- In 2006, Minnesota State Parks secured REI as an agent, which has proved to be a tremendous success. Annual permits are sold at three REI metro locations: Bloomington, Maple Grove, and Roseville.

- Building upon the success of the cooperative alliance with REI, in 2009 and 2010, Minnesota State Parks will aggressively seek new agents to increase the distribution of the Minnesota State Parks annual permit and to promote the system of parks.
  - Minnesota State Parks will solicit outdoor retailers Cabella's, Gander Mountain, Joe's, and Dick's Sporting Goods, among others, in order to target outdoor enthusiasts and families.

Destination Experience and Outdoor Recreation Experience as a Day Visitor

- In 2007, Minnesota State Parks moved from using a self-administered point-of-sale (POS) system, Campground Manager, to ReserveMN, with Infospherix acting as an agent for camping and tour reservations and sales.

  Park (service provider) → Agent → Customer

  - Target markets can reserve campsites, lodging, and tour appointments via a call center or online.
  - As the system continues to be custom-built and offer more customer-valued features, sales should see a positive impact.

Conservation Education Programs

- In addition to providing a service within Minnesota State Parks, interpretive programs will continue to operate as outreach programs. An Outreach Work Plan will be developed.
  - Interpretive programs will be offered at special events, such as the Minnesota State Fair, Farm Fest, Minnesota Environthon, and others.
  - Naturalists and other Minnesota State Parks education staff will continue to provide interpretive programs at public and private schools. Park managers, resource managers, and other Minnesota State Parks associates will also provide educational programs at public and private schools.
  - Park managers, resource managers, and other Minnesota State Parks associates will provide educational programs at civic organizations meetings and, depending on the opportunity, at corporations or outdoor retailers.
  - Minnesota State Parks will collaborate with other Minnesota Department of Natural Resources divisions and other organizations to deliver educational programs. Project GO is one such initiative.
  - The Minnesota State Parks Web site will be a key educational tool by delivering educational content. This will include such things as online children's activities. Educational offerings will be expanded on the Web site to include downloads of Junior Park Naturalist activity books, virtual tours, and podcasts.
  - Naturalists will collaborate with environmental and outdoor recreation Web networks to provide educational content for their sites. These networks include the Children in Nature Network, Children in Nature Collaborative, the Outdoor Resource, Seeking Environmental Education Knowledge (SEEK) Web site for educators, and the Natural History Education Clearinghouse. An emphasis will be placed on the Children in Nature Network, as Minnesota State Parks collaborates to bring more children outdoors.

Merchandise Program

- The merchandise program markets Minnesota State Parks through nature-inspired, quality, eco-friendly products while generating a profit to support resource management and interpretive management efforts. Minnesota State Parks operates 60 gift shops and counters within parks which collectively generate $2.6 million in revenue.

- These retail operations are categorized into five tiers to deliver an efficient system.
  - Depending on the tier designation, parks' merchandise program point persons (MP^{3}s) may order product directly from vendors and the St. Paul warehouse. The St. Paul warehouse is operated by Minnesota State Parks, but holds the unique position of acting as an intermediary for the individual parks. Minnesota State Parks employs two buyers, who, along with other duties at individual parks, purchase products to be stocked at this warehouse.

- Other organizations and retailers have been identified as reaching Minnesota State Parks' target markets and have offered retail outlets for select Minnesota State Parks products.

6. Financial Data and Projections

6.1 Past Sales Data

Annual Vehicle Permit and Daily Vehicle Permit

Sales History of Minnesota State Parks Annual Permits and Daily Permits Fiscal Years 1990–2008

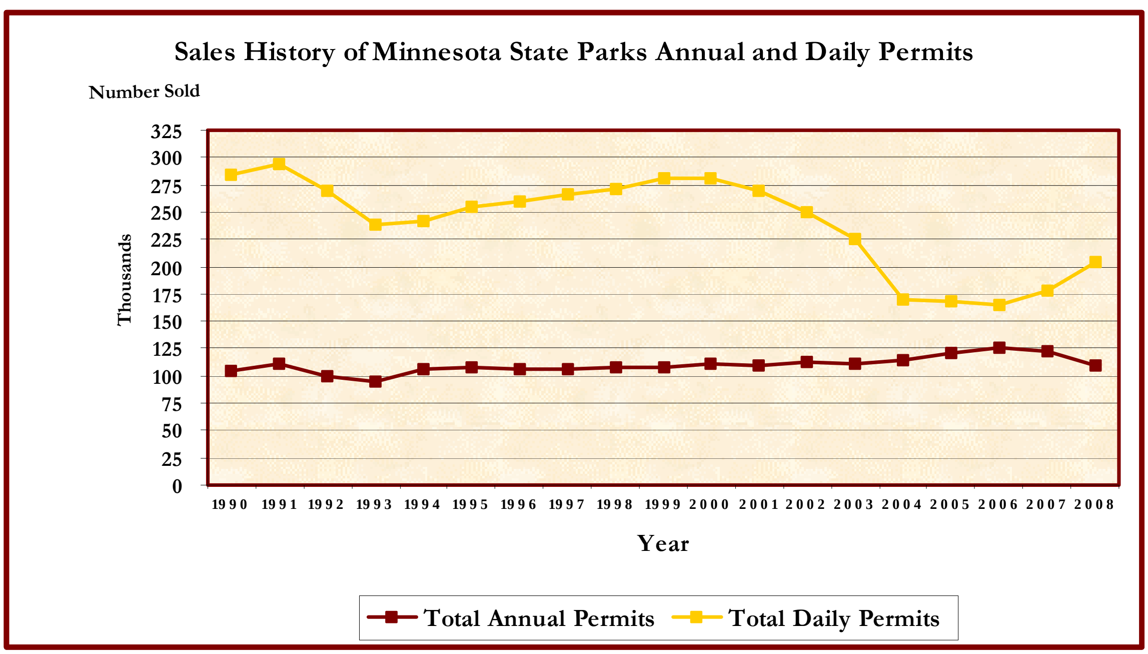
Fiscal Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Regular Annual Permit	85,548	90,116	81,848	78,300	88,805	89,487	88,805	94,048	98,090	97,953
Other Annual Permits	18,805	20,488	17,633	15,882	17,355	17,557	17,988	11,331	9,695	10,177
Total Annual Permits	**104,353**	**110,604**	**99,481**	**94,182**	**106,160**	**107,044**	**106,793**	**105,379**	**107,785**	**108,130**
Percent Change	**-**	**6.0%**	**-10.1%**	**-5.3%**	**12.7%**	**0.8%**	**-0.2%**	**-1.3%**	**2.3%**	**0.3%**
Regular Daily Permit	267,255	278,428	256,613	233,394	236,134	249,266	252,339	259,172	263,658	273,337
Other Daily Permits	16,591	15,738	12,063	4,847	5,819	6,301	7,768	7,759	7,460	7,954
Total Daily Permits	**283,846**	**294,166**	**268,676**	**238,241**	**241,953**	**255,567**	**260,107**	**266,931**	**271,118**	**281,291**
Percent Change	**-**	**3.6%**	**-8.7%**	**-11.3%**	**1.6%**	**5.6%**	**1.8%**	**2.6%**	**1.6%**	**3.8%**

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Regular Annual Permit	99,452	100,393	105,031	103,022	106,890	113,120	117,295	114,460	103,126
Other Annual Permits	11,021	9,120	8,250	7,965	7,927	8,184	8,406	7,960	6,949
Total Annual Permits	**110,473**	**109,513**	**113,281**	**110,987**	**114,817**	**121,304**	**125,701**	**122,420**	**110,075**
Percent Change	**2.2%**	**-0.9%**	**3.4%**	**-2.0%**	**3.5%**	**5.6%**	**3.6%**	**-2.6%**	**-10.1%**
Regular Daily Permit	272,211	261,005	237,016	211,202	163,573	161,024	159,295	170,632	197,405
Other Daily Permits	8,409	8,723	13,291	14,785	6,764	6,508	6,131	6,701	7,089
Total Daily Permits	**280,620**	**269,728**	**250,307**	**225,987**	**170,337**	**167,532**	**165,426**	**177,333**	**204,494**
Percent Change	**-0.2%**	**-3.9%**	**-7.2%**	**-9.7%**	**-24.6%**	**-1.6%**	**-1.3%**	**7.2%**	**15.3%**

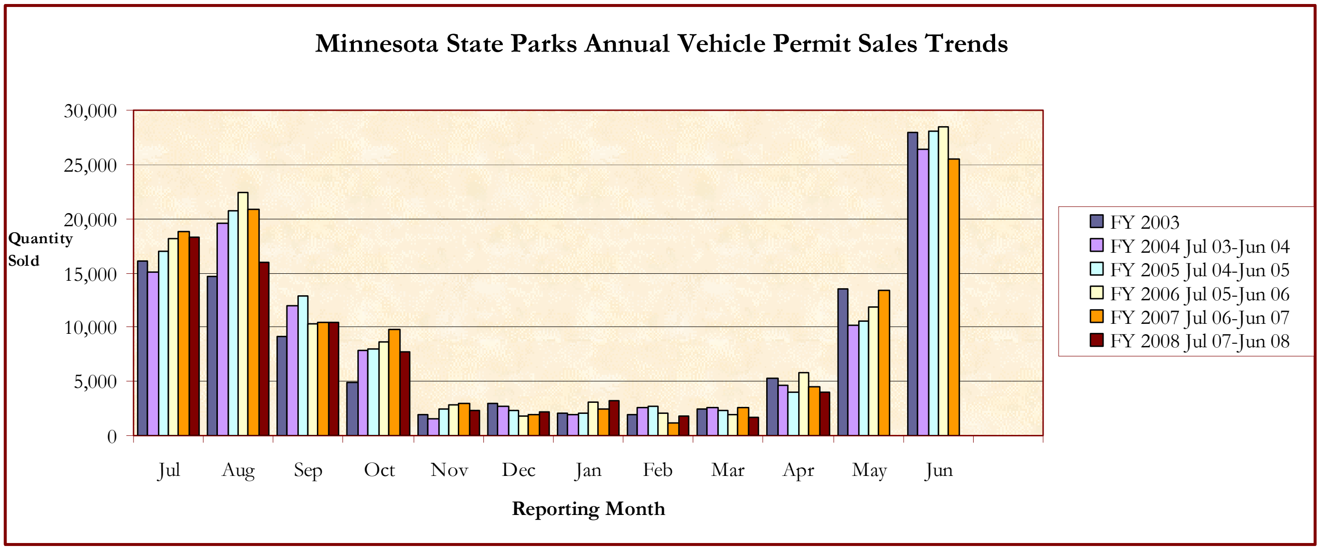
The category of "Other Annual Permit" includes the special annual permit (handicapped), senior annual permit and/or second vehicle annual permit.

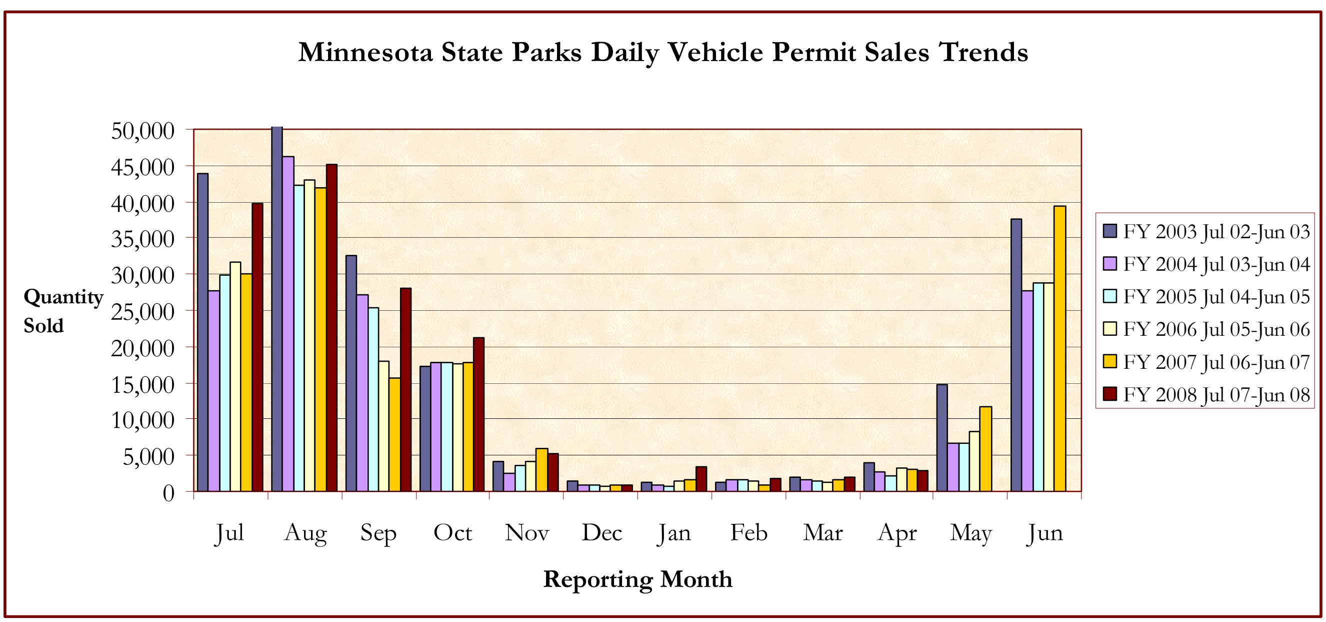
The category of "Other Daily Permits" includes the special daily permit (handicapped), senior daily permit and group daily permit.

Source: Minnesota Department of Natural Resources, Division of Parks and Recreation

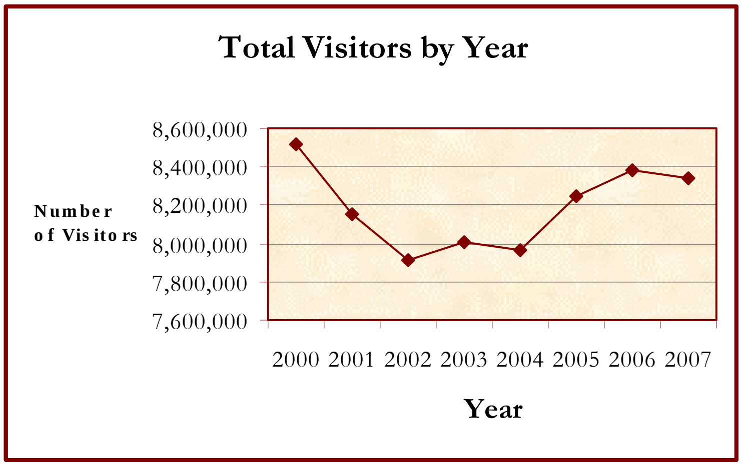


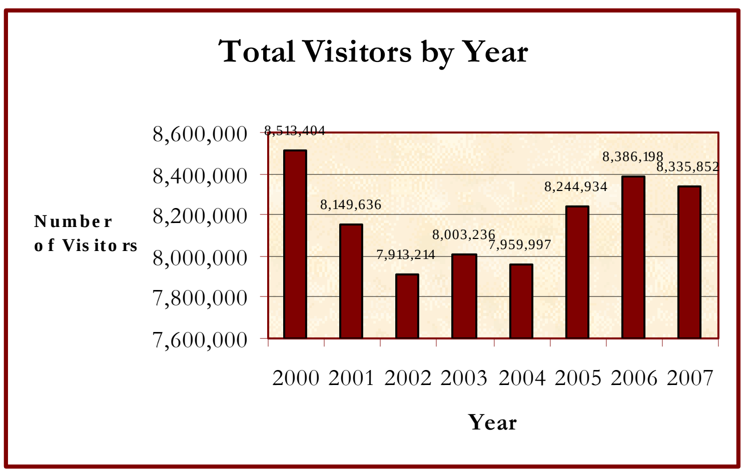
Annual Vehicle Permit and Daily Vehicle Permit (continued)

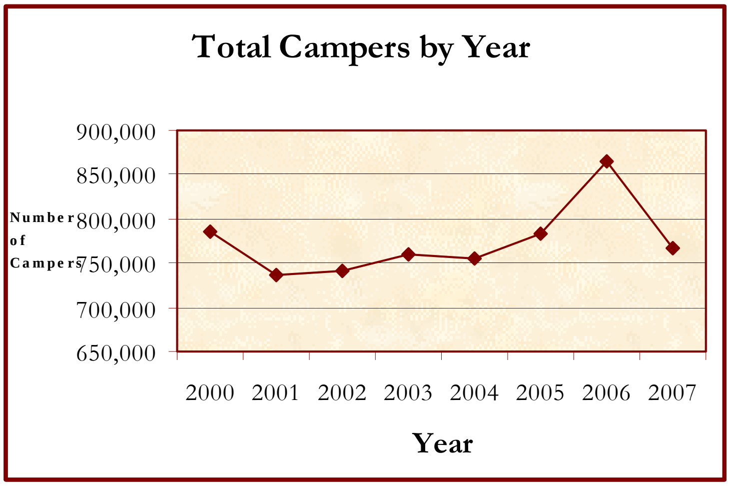


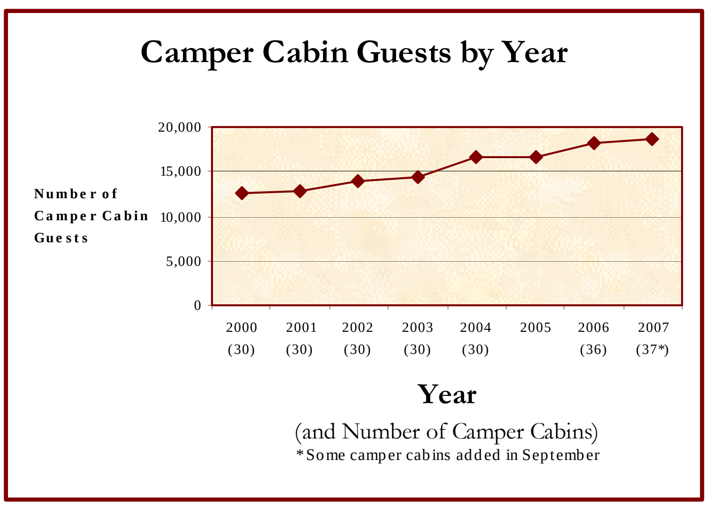


Visitation


Total Visitors by Year
8,600,000
8,400,000
8,200,000
8,000,000
7,800,000
7,600,000
Number of Visitors
2000 2001 2002 2003 2004 2005 2006 2007
Year


Total Visitors by Year
8,600,000
8,400,000
8,200,000
8,000,000
7,800,000
7,600,000
Number of Visitors
8,513,404
8,149,636
7,913,214
8,003,236
7,959,997
8,244,934
8,386,198
8,335,852
2000 2001 2002 2003 2004 2005 2006 2007
Year


Total Campers by Year
900,000
850,000
800,000
750,000
700,000
650,000
Number of Campers
2000 2001 2002 2003 2004 2005 2006 2007
Year


Camper Cabin Guests by Year
20,000
15,000
10,000
5,000
0
Number of Camper Cabin Guests
2000 (30) 2001 (30) 2002 (30) 2003 (30) 2004 (30) 2005 2006 (36) 2007 (37*)
Year
(and Number of Camper Cabins)
*Some camper cabins added in September

7. Implementation Plan

7.1 Implementation Plan Overview

- Launching a brand is a major initiative and requires that the product consistently delivers on the brand at all points of contact.

- It requires an integrated marketing strategy that consistently conveys the brand.

- Advertising agencies will be solicited to secure one to work with Minnesota State Parks on a pro bono basis to create a brand and tagline. Differentiation will be key.

- A method of determining the potential for new product introductions and product modifications will be developed.

- A Fees and Charges Order will be developed and implemented annually based on the goals of Minnesota State Parks.

- Sponsors will be sought to leverage promotion opportunities.

- Because the highest concentration of Minnesotans resides in the metro area, as well as 37.7 percent of Minnesota State Parks' current customers, the advertising market will be the Minneapolis-St. Paul metropolitan area, utilizing advertising vehicles that reach statewide whenever possible.

- Advertising will be flighted to extend the budget and will reach target markets at the most opportune times in relation to the buying process.
    - The media budget will be weighted toward March, April, and May, when target markets are planning summer vacations and making other summer plans.
    - Consumer advertising will also be placed in early to mid-summer (June and July) to reach those individuals who are traveling to Minnesota summer destinations.
    - Online advertising continues through fourth quarter.

- Because of the complexity of the product, the consumer buying process, and the "distance" from the point of purchase, it will be important to incorporate media vehicles that lend themselves to conveying a complex message.

- Advertising plans based on three investment levels have been outlined.

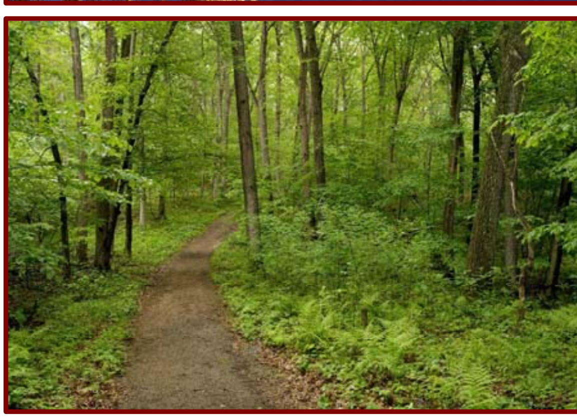
- The creative platform will be developed in fourth quarter 2008. (A creative platform is a clear statement that defines the direction of what the advertising needs to accomplish and differentiates the brand in the marketplace.) The creative platform will produce a message that connects with target markets based on the true motivations for being outdoors as discovered in Minnesota State Parks' marketing research. In developing the creative platform, we will consider that a major motivation is to connect with nature, and that programs and activities are appealing. It will also address constraints as much as feasible.

- The focus group study results indicate that, for most market segments, photos of beautiful settings in Minnesota State Parks are appealing and motivating.
    - One focus group, women with children, found the photos intimidating and scary. To lessen or eliminate this reaction, it will be important to show persons in the photos to increase target markets' comfort level.

- A list of targeted distribution partners (outdoor retailers) will be developed with a timeline for contacting each one.

- Major resorts will be contacted regarding room/daily permit packages.






8. Evaluation and Control

8.1 Evaluation Analysis

- 2009 and 2010 quarterly sales targets will be set for annual regular and special vehicle permits combined, and second vehicle permits.
- These sales targets will be set for the Minnesota State Parks system as a whole and for regions, as well as for individual agents (i.e., government service centers, outdoor specialty retailers).
- 2009 and 2010 quarterly sales targets will be set for daily vehicle permits as a system and for regions.
- 2009 and 2010 occupancy targets (measured by occupancy percentage) will be set in three areas: 1) campsites, 2) camper cabins, and 3) lodging.
- Actual sales and occupancy rates will be compared with these targets and tactical marketing programs modified to reflect the factors involved.
- In 2009, Minnesota State Parks will implement a system to track market forces that impact sales, including weather conditions.
- A record of all sales agents will be kept and compared to goals.
- A method of determining the effectiveness of new product introductions and product modifications will be developed.

Appendix

Sources

1. "Outdoor Industry Association State of the Industry Report 2006"
2. National Sporting Goods Association Sports Participation research program 2007
3. "Outdoor Recreation in America 2003: Recreation's Benefits to Society Challenged by Trends," prepared for the Recreation Roundtable, Washington, DC, by RoperASW.
4. Sporting Goods Manufacturers Association (SGMA) Sports Participation in America (2007 edition)
5. "The RV Consumer in 2005," by Richard T. Curtin, Survey Research Center, University of Michigan
6. Recreational Vehicle Industry Association (RVIA) Campfire Canvass, April 2006
7. Destination Analytics, "The State of the American Traveler," August 2006
8. National Sporting Goods Association Sports Participation 2006

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