



## **Keynote Address**

### **Moving Forward in the Best Business I Know**

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Minnesota's resorts and campgrounds offer a unique experience to consumers. And Minnesota itself has more to offer than most states. How do we share with our consumers the unique value proposition that is ours and move our industry forward? Hear insightful and thoughtful considerations from one of the industry's recognized leaders.

*For your convenience, Mark's notes for this address may be found on the following pages*

***Moving Forward in the Best Business I Know***  
**by Mark Ludlow**

I would like to share with you some thoughts about this business we are in and how we can continue to make it prosper in the future.

I realize this past season may not have been the best for you. It certainly was not the best for us.

4 stages of learning and performance

**Dollar Bill:**

**Current economic situation finds more customers concerned about their vacation expenditures and they are trying to make certain they are making wise decisions. In other words they are more VALUE conscious than they once were.**

If one doesn't know much about a product or service they are exchanging for their dollar they use the dollar (money) as their quantifiable/tangible common denominator for comparison.

In other words, if they don't know much about our offering, the first thing they do is compare our product/service with the PRICE of similar products or services

By educating them about our product, we can introduce other tangible and intangible qualities of our product and reduce the dependence of PRICE as the only comparison.

They really want to be sure their choice is a good VALUE----and we need to find a way to build that in their minds.

**Most of what I am going to say this morning relates to how we build VALUE in the mind of the customer with our offering so they use more than PRICE to compare us to their other vacation options.**

**Your VALUES are not static, they are fluid. They change all of the time based upon your EXPECTATIONS WEIGHED AGAINST YOUR EXPERIENCES.**

**Justice scale: weigh expectations with experience and the result is value**

**We need to build value in the vacation experience so people look to more than price when they are formulating their perception of their experience with you.**

**Comment on Pricing:**

**The key to successful pricing is creating value by building and maintaining a more than expected experience. Pricing is a mix of an art and your cost of doing business. Some products are based only on their utility while others are based on utility and value.**

**Examples: Gallon of gas and gallon of water  
Mont Blanc pen vs a BIC pen  
A Rembrandt and a Ludlow**

**Our property alone is not the reason they vacation with you. It is the state, the region and the area.**

## **The State of Minnesota**

### **Minnesota has a lot to offer.**

We are the “Land of 10,000 Lakes.”

We are “Minnesota Nice.”

We are view as safe---clean—and friendly.

The increased use of the internet by our potential customers over the past few years has required the hospitality industry to re-think their marketing strategy. We now live in a world where our marketing/advertising message can reach everyone. Our potential for increased exposure to potential customers is unlimited. Conversely, our potential customer can view our competition uninhibited. We have an interesting dichotomy that requires a collective effort on all of our parts to make people aware of Minnesota first.

Consumers looking for vacations focus on a destination first. We have seen where hospitality providers in well known destinations usually focus on their area first. Examples are Hawaii, Florida ( and Disneyworld within Florida), or the Caribbean where lodging properties usually begin an advertising message with an identification of the area and then their property. We, as consumers, identify strongly with those destinations because of a unified, long term effort, by those properties to build a strong “branding” for their area.

We need to do the same for Minnesota. In a world market we must “brand” Minnesota first and then our region and our own smaller area or property. Our State advertising program has historically helped us to do that by offering the “banner program” in leading newspapers and magazines where the state would provide an overall “banner” to identify Minnesota and the hospitality advertiser would place their ad beneath the banner or nearby.

The change in how consumers find out about us, i.e., use of the internet, has deemed the banner program less effective in “branding Minnesota.” Our non-resident market looks to the destination of Minnesota first and an area within the state second. The Minnesota resident needs a constant reminder why staying in the State to vacation is a highly VALUED choice.

To help ourselves with the marketplace of the future we must begin an effort of “branding” Minnesota first by identifying ourselves as Minnesota destinations. We should provide our own “Minnesota banner” by using the Explore Minnesota headline and logo on the opening page of our web sites. We should follow that with the most well-known value in Minnesota; “the land of 10,000 lakes.”

Each hospitality provider, in their marketing/advertising efforts needs to tell the story of Minnesota first. Help build the “brand” as hospitality providers have done in Hawaii, Florida or the Caribbean! If we can make more people select Minnesota as their vacation destination we will all have a better opportunity to bring that consumer to our property within Minnesota.

We need to differentiate and distinguish our state to create value in the mind of the consumer so they will select us over other vacation options.

However, the state of our industry is such that we cannot do it alone. We must act together and the thing we must do is to all, collectively, start the Minnesota story so people look to Minnesota first for a vacation destination. We need to build the Minnesota Brand.

WE ARE - - -

Land of 10,000 lakes—actually 11,468

Home of the Mississippi River—largest river in the U.S.

Minnesota borders a foreign country, the world's largest fresh water lake, and 4 states—no one else can claim that

We are the second largest butter producer (next to Wisconsin), the turkey production capital and have a rich history in agriculture. The late Norman Borlag won the Nobel prize for his advancement in wheat production and is credited with saving the world from hunger. We were the milling capital of the world (Mill City Museum) with the families of Crosbys, Pillsburys, and Bells.

We have forest products that built the Midwest---two of the most respected window manufacturers in the country (Marvin and Andersen) and the home of Weyerhaeuser.

In transportation we started with the empire of James J. Hill in his Great Northern railway who was ultimately responsible for the great national park lodges. We currently are home of Cirrus aircraft, the largest producer of single engine piston airplanes in the world.

We are world renowned in Medicine—The Mayo Clinic—and the Twin Cities is the headquarters of bio-medical technology with Medtronic and over 100 spin offs from that company. ---- we have great hospitals—even in rural MN

We have some of the best highway infrastructure, good schools (Hibbing High School was the best in the U.S. when built and has tours today), and some of the best small town infrastructure in northern Minnesota found anywhere largely due to the efforts of the IRRRB.

We have the largest indoor Mall in the United States.

Our Native People are becoming a model of economic growth and diversification for many Indian tribes nation wide.

People are interested in history and we have 26 historically significant sites scattered all over the state –from the Split Rock Light House to the Mille Lacs Indian museum (go to the Minnesota Historical Society web site).

We have 70 state parks from Soudan underground mine in the north east to Mystery Cave in the south east

We are home to two national forests—Superior and Chippewa

The BWCAW and Voyageur National Park

We are Minnesota---and we are NICE!!

I am urging the EMT to consider creating this information on their web site and then attractions/features of the regions of the state and even down to smaller geographic areas. They would offer to us this information that we could put on our web sites with the appropriate regional and area information. I look at this as a Targeted marketing approach with the outer ring MN information, the middle ring your region and the bull's eye your area.

The focus is to build value. Build a Minnesota brand.

### **Your Property.**

Three parts to your property: Tangible, intangible and the environment or culture (includes the tangible, intangible and adds the owners/staff). All of this communicates something to the customer which equates to the VALUE they perceive (expectations vs. experiences).

Why do I say I am in the best business I know.

We all have a unique product---we can build VALUE  
There is not two resorts or campgrounds the same in the state.

My brother in law sells Fords---I would hate the car business....every ford dealer sells the same car--if you are here in Glenwood or in Great Falls Montana---a Ford is a Ford, is a Ford. It has the same sticker price and is exactly the same.....that is why every car ad focuses on price---they find it is the only VALUE used to differentiate their product.

1. Our properties are all unique
2. We are trying to facilitate a person to have a good time, to have an experience,
3. Customer knows the price before they arrive
4. Our customers don't live where we do
5. My resort (competitors) are some of my best friends...

Let us review the elements to you property that build value.

Remember, a number of things that build value are not huge capital investments, they are "Little things" that make a difference.

Examples: Kemmons Wilson and the Holiday Inn  
Henry Feldman and Embassy Suites  
Barry Sternlicht and Westin Hotels

They all made small changes to the lodging business and created big results.

### **First exposure/ contact: Internet or referral by a satisfied guest**

**Interaction:** e-mail, phone call (phone is more important than ever as your caller is not just an inquiry. They already have seen your property on-line and have eliminated a number of options. My guess is they are down to 2-3 properties when they make that call or return the second e-mail.

**Commitment:** They make a reservation. We get a deposit, and forget them..... what a mistake.

**Anticipation:** the time lapse between the commitment (reservation) and arrival you need to stay in touch to continue providing reinforcement their decision was a good choice because there is stimulus all around them about other vacation choices.

Communicate with them between the time of reservation and the travel to your property.

What to bring to your property

Pre arrival letter to give directions, further acquaint them.

**The travel---**they travel to reach you. Do you do anything to make this a smooth process.

**The Arrival:** How is your entrance, what do they see: signage, cleanliness, your grounds.

**Reception:** Your first contact.....how often have your first few sentences possibly included the comment they are early and check in time is still an hour away!

Do you introduce them to your property with maps, information, etc.

Environment/culture: this begins the relationship building between you, what your property communicates, and them.

**The Experience---**this is the vacation.....this is where you are doing your marketing for them to return. These are activities, your play area, fishing, events. Visiting the area.

**Room/cabin/campsite:** What tangible things are offered... good beds (Westin Heavenly bed program)

**Departure—check out is at 10 a.m.---communicate this in a positive way**

Create Anticipation for another visit.

Have they left you feeling you have truly exceeded their expectations?

## **Our Customer**

**First determine the customer you want and the customer you have.**

**Our customer changes based on the time of year and the activity.**

1. Keep an eye on your customer
  - a. What do they do when they are with you---I mean really DO----and keep offering more of those things—or put those things into packages---or introduce others to those things
  - b. What other types of vacations does your customer take---
  - c. What influences your customers expectations of their experience with you.
2. What is your customer really looking for in an experience. What business are you in and do you provide the right environment.

To find out more about your customer and your competition TRAVEL. Travel to the other vacation destinations of your customer. Travel to resorts and campgrounds you have heard may offer something you can learn from.

This is market research and it is tax deductible.

## Crystal Ball

**1. The buying process has changed forever.** There has been much written and much research done about how because of our economic situation the buying process has changed. And I would agree. What this means is we must offer experiences that communicate value so we can maintain our pricing. Many call these packages. Note that most resorts offering packages are simply giving more information about the EXPERIENCE the guest is going to receive....they build value.

Discounting: To maintain price integrity give away a free night rather than lower rates.

**2. People will continue to have busy lives** and not as much time to vacation. Shorter vacation stays mean packing the same experiences the guest once had in 7 days into 3 or 4 days. How does this impact what you offer.

“Speed up the experience because I just don’t have enough time to relax”

**3. People want instant gratification** with experiences and more guidance in obtaining the experience.

Examples: guided hikes, tubing and water skiing.

**3. Your location is a growing value** for vacation decision making and so we need to “brand Minnesota,” your region and your area. Safe---clean---friendly.

**4. If economy stays the same**—doesn’t get any worse, there is a pent up demand for vacationing and next year will be a good one.

**5. The competition for vacation spending will increase:** interval ownership/private home rental/hotels/resorts in north and south America.

**6. Staff sources will change** and we will search outside of the traditional channels to find staff (foreign students/retirees coming back part time/ spouses starting to work out of economic necessity)

**7. We still have a most unique product** (owner operator) and as people experience the other options they will come to appreciate our experience even more.

**8. Pricing integrity will be harder to hold** but more important for our long term success.

**9. The trend is for unique experiences with personalized service.** The best example is the continued rising popularity of B & B’s. The perception is something owner operated, unique, and caring.....We are all just larger B&b’s.

10. Thanks for watching my slide show!