



Bavarian Inn Lodge & Conference Center

“Downtown Frankenmuth ~ Across the Wooden Covered Bridge”

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UNITED STATES SENATE HEARING

“Tourism in Troubled Times”

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Thank you for the opportunity to join in this discussion regarding the current challenges facing the tourism industry in our country. My family has been in the hospitality business in the small town of Frankenmuth, Michigan, population 5,000, since 1927. I am part of a 4th generation family business known as the Bavarian Inn Restaurant and Lodge.

Our Restaurant seats 1,200 guests in 11 dining rooms. Our adjacent lodging property has 360 guest rooms with five indoor pools and a family fun center with an indoor 18 hole miniature golf course and over 100 video games. The Lodge also caters to the meetings and conference market accommodating 500 delegates in one area and 300 delegates in another.

On the national scene we would be considered a small business; however, in our town of 5,000 we are considered a big business as we employ about 1,000 people locally.

Our 2008 payroll was \$11.4 million. This is 7% less than 2007. We have eliminated hundreds of positions as our monthly sales have declined anywhere from 7-20%. It is hard to make payroll every week and even harder to make our interest and principal payments monthly.

We Create Enjoyable Experiences!

Of course, in the state of Michigan, we can certainly point to the crumbling auto manufacturing industry as the most significant reason for our situation. The workers of the auto companies, their vendors and suppliers are our customers. Like so many other private family businesses we feel helpless as our customers lose their jobs. People out of work do not even travel in their own backyards when they can't make their house payments or electric bills. So what have we been doing to survive in this downturn? Private sector tourism businesses in our small community have not cut back on advertising. \$4 million per year in paid advertising is substantial but has not brought about the desired results. For decades we experienced 3 million visitors annually to our small town of 5,000. That sure is not the case now.

This year, Frankenmuth, along with 23 other travel destinations in our state began partnering with the State of Michigan and their Tourism Promotional efforts. Total dollars being spent on promoting Michigan as a travel destination has now increased to an all time high of \$30 million. \$10 million has been devoted to the first ever national campaign to promote the four seasons enjoyed in Michigan. Hopefully you have seen some of the "Pure Michigan" ads.

You might ask how the state of Michigan can justify spending tax dollars on tourism promotion given the huge deficit we are experiencing with the auto industry meltdown.

Visitors spend over \$18 billion annually in Michigan, generating \$874 million in state taxes and accounting for 192,000 jobs.

The latest research found that each advertising dollar Michigan spent in out-of-state markets over the past four years generated \$2.86 in new additional state tax revenues. To repeat, \$1 gets you \$2.86 in return. For the most part, those tax dollars came back to Michigan in the same year the advertising dollars were spent.

As we diversify our industry base in Michigan for the long term, we are very mindful that tourism is the only industry that does not require huge amounts of infrastructure funding to bring about new facilities and job opportunities. Our natural attractions are already in place and we couldn't expand on them if we wanted to. We can't build more Great Lakes, sand dunes, rivers, forests or inland lakes.

Every state in this great nation has similar natural tourism attractions. The great cities and man-made attractions are simply a big plus for Americans and foreign visitors to enjoy on their way to and from our natural wonders.

It seems rather strange that over 50 years ago we had major campaigns in this country asking our citizens to: "Visit America First".

A bittersweet memory for people over 60, like me, would be Dinah Shore singing that famous General Motors commercial in the 1950's which started out with:

"See the U.S.A. in your Chevrolet
America is asking you to call
Drive your Chevrolet through the U.S.A.
America's the greatest land of all".

Now, what can we do as a Nation to encourage our citizens to stay in the U.S.A. for their recreation and vacationing?

Seeing America First would help retain millions of jobs for our citizens and would create new jobs for our millions of unemployed.

At the same time, our message to all parts of the world should be: "Come Visit the U.S.A. Now!" The natural wonders and vibrant cities of America have not changed at all during the world wide economic slump and may never be as affordable to visit as right now.

Our Pure Michigan Campaign has been the most successful tourism campaign in our state's history.

I feel all 50 states need an opportunity to partner in a similar way with the federal government to attract the international visitor as no individual state can accomplish that on its own.

Ladies and gentlemen, I appreciate the opportunity to be with you today. I invite you all to visit my hometown of Frankenmuth and experience first hand, "Pure Michigan".

Danke Schoen and Auf Wiedersehen!