



Lake Superior North Shore Ferry Route Feasibility Study

presented by

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Problem Audit

➤ History of the Problem

Ferry History – Incan Superior – Twin Ports Tourism – Highway 61

➤ Alternative Courses of Action

Passenger – Passenger/Car - Passenger/Freight

Twin Ports – Grand Marais – Thunder Bay

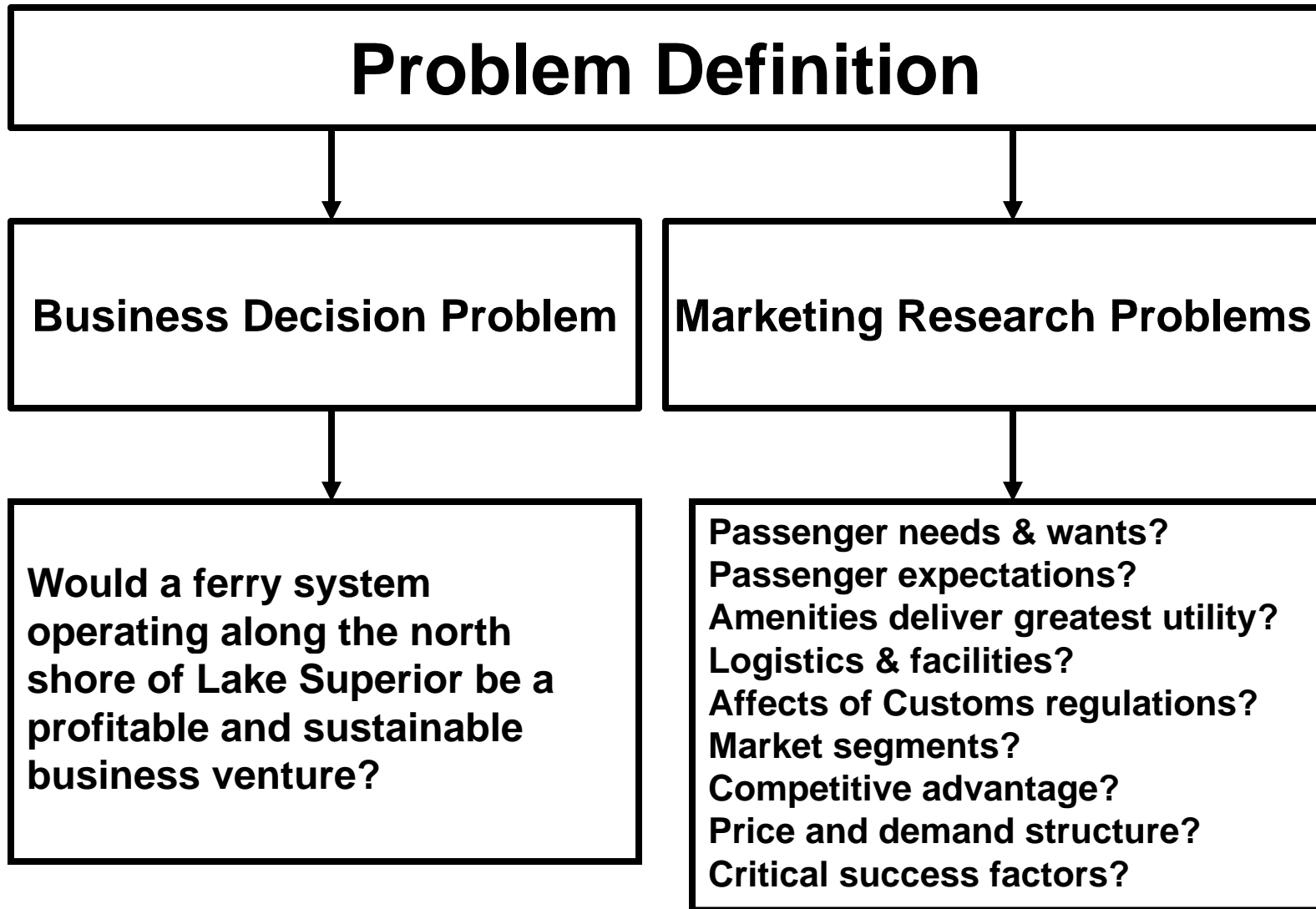
➤ Criteria for Evaluating Alternatives

Delivering Passenger Value – Profitability

➤ Information Needed to Assess Feasibility of Ferry Service

Passenger Demand - Market Segments – Facilities - Price

Research Problem Definition



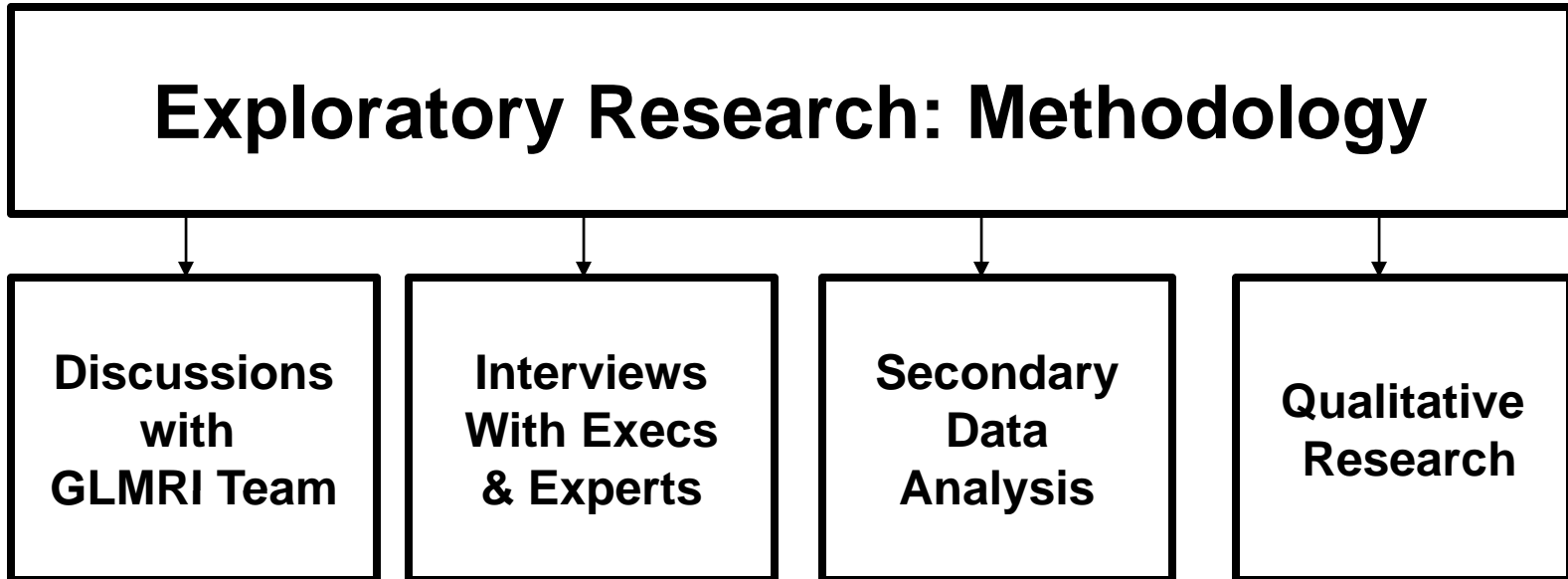
Research Design: Transferable

- Develop research design to serve as framework or “blueprint”
- Develop procedures for obtaining information needed to assess routes

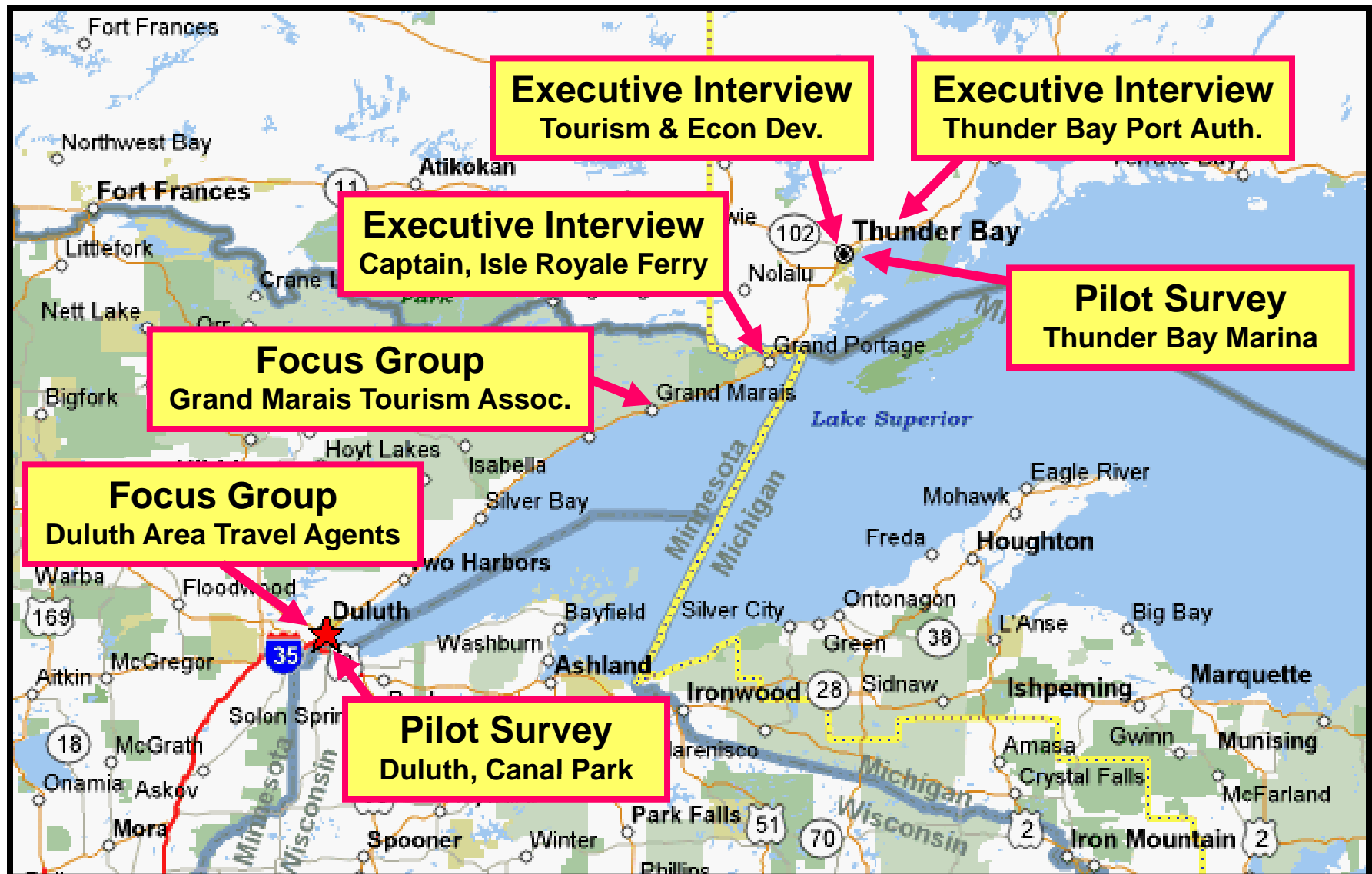
Research Design: Exploratory

- **Focus on Discovery and Exploration**
(not quantitative)
- **Flexible and Versatile**
(evolves with discovery)
- **Identify Key Variables and Relationships**
(for further examination)
- **Gain Insight for Developing Transferable Methodology**
- **Establish Priorities for Further Research**

Approach to Problem



Qualitative Data Collection Points



Research Objectives

- **Gain insight into traveler perceptions of the word “ferry boat”**
- **Discover current trends in tourism in the Lake Superior region**
- **Understand travelers’ expectations when they travel in the region**
- **Identify target markets with propensity to use ferry travel**
- **Discover which attributes of ferry travel would deliver the greatest utility**
- **Identify the critical success factors for a ferry route**
- **Identify factors which will provide ferry transit with a competitive advantage**
- **Explore pricing structure variables and a range of potential price points**
- **Explore the range of landside activities for passengers**
- **Gain insight into how customs regulations will affect the ferry experience**

Ferry Boat: Perceptions



Current Trends in Travel Industry

- **One thing that comes to mind is **adventure tourism****
Jan Severson – Former Director, Grand Marais Tourism Assoc.
- **The **health and wellness** trend, and the adventure trend, and **intergenerational travel** experiences are all trends that are emerging**
Diane Brostrom, Director, Grand Marais Tourism Assoc.
- **The notion of **green or eco tourism** is going to continue to grow**
Diane Brostrom - Grand Marais
- **We are definitely noticing a decrease in tourism coming from the U.S. since 2001 (**9/11**)**
Katherine Ball, **Thunder Bay** Tourism & Economic Development

Demand

- **People do come in asking about how they could take a harbor cruise, or how they could take a cruise **out on the big lake****
Diane Brostrom - Grand Marais
- **30% of the people that come in ask how they can get out on the Lake, non-fisher people, they just want to get out on the Lake**
Diane Brostrom - Grand Marais
- **I think that if there was access to the Lake, **probably 80%** of the people that were in Grand Marais would take a boat ride**
Jan Severson - Grand Marais
- **It seems like all we ever hear is, **why can't we have a Canal Park****
Katherine Ball, Thunder Bay

Target Markets

- **Twin Cities is our largest base**, upper Midwest in general, Grand Marais doesn't have big airport, so we are a drive-to destination

Diane Brostrom - Grand Marais

- **The growing need by environmentalists**, by eco-minded people, nuts that just insist on deep, hard hiking, that is a market up here that has been totally unexploited

Earl Rogers – Duluth Travel Agency

- **The typical U.S. traveler to Thunder Bay is the extreme people**, the outdoorsman, the fisherman, the kayakers, and the golfers, they are coming to do some sort of event

Katherine Ball, Thunder Bay

- **You have to draw from somewhere else (besides Canada).** You're talking **world markets**, you'll go through local people fast, and there won't be a huge repeat business

Tim Heney, Chief Executive Officer, Thunder Bay Port Authority

Attributes and Amenities

- **People need to come into shore so they don't perceive it as such a boring trip. It would be nice if every 2 hours there were some **point of interest****
Jan Severson - Grand Marais
- **Really **good food**, people don't like to be held up without good food, that has been a complaint on our boat**
Jan Severson - Grand Marais
- **Good coffee, **alcohol** would be nice, maybe some wine and beer**
Diane Brostrom - Grand Marais
- **Cocktails definitely, **gambling** would be an added bonus, coffee shop, bars, elite club, something for kids to do, video games, TV or something**
Katherine Ball - Thunder Bay

U.S.-Canada Customs Experience

- **We get a lot of questions about what it takes to get across the border, because they have heard rumors about passports**

Diane Brostrom - Grand Marais

- **We believe this decline in tourism is largely because of the border crossing... January 2008 there will be a land passport restriction**

Katherine Ball - Thunder Bay

- **To the average guy it is an educational thing, but it is an issue we are seeing today**

Tim Heney - Thunder Bay

- **Customs in Canada in cost recovery mode**

Tim Heney - Thunder Bay

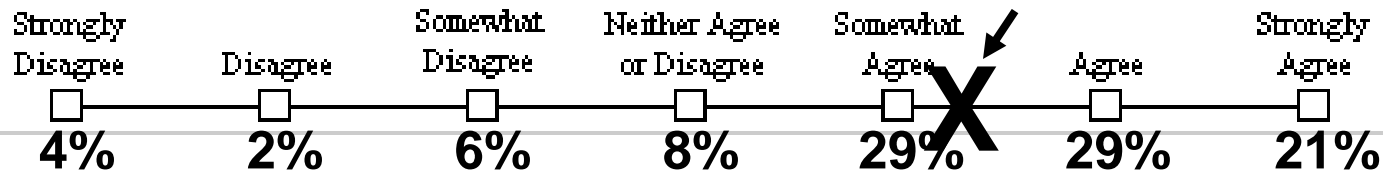
Price Points

- **I would say 99 bucks, somewhere **under a hundred**, one way, the food can be extra**
Jan Severson - Grand Marais
- **I would say **\$100**, you would lose a lot at \$150 because that's **\$300** for travel**
Katherine Ball - Thunder Bay
- **I would look at prices compared to the Chi-Cheemaun... so I think right around **\$50-\$60**, maybe a bit more to bring your car**
Tim Heney - Thunder Bay

Pilot Survey Results

Canal Park: n = 48

I would like to visit Thunder Bay, Canada.



9. Of the 3 destinations listed below, which would you be most interested in traveling to?

Lutsen



10%

Grand Marais



47%

Thunder Bay



43%

Please allocate 100 points among the attributes below.

Duluth

- 8 Gambling
- 3 Fall Colors Tours
- 5 Ice-Breaking Tours in Winter
- 2 Restaurant/Food Service
- 4 Cocktails/Alcoholic Beverages
- 7 Spa Services
- 1 Outdoor Activities
- 5 Live Music

_____ = Sum of 100

Thunder Bay

- 8 Gambling
- 4 Fall Colors Tours
- 5 Ice-Breaking Tours in Winter
- 2 Restaurant/Food Service
- 7 Cocktails/Alcoholic Beverages
- 6 Spa Services & Health Activities
- 3 Outdoor Activities along the shore
- 1 Live Music

_____ = Sum of 100

Pilot Survey Results

Canal Park: n = 48 Thunder Bay: n =38

14. On a scale from 1 to 10 with 10 being most likely, if a ferry boat route from the Twin Ports to Thunder Bay were offered how likely would you be to ride the ferry? (Place number from 1 to 10 in box below)

6.2

s.d.=2.9

Duluth: Canal Park

10. On a scale from 1 to 10 with 10 being most likely, if a ferry boat service from Thunder Bay to Duluth, Minnesota were offered, how likely would you be to ride the ferry? (Place number from 1 to 10 in box below).

5.9

s.d.=3.4

Thunder Bay: Marina

11. In a typical year, how many times do you think you might ride a ferry from Thunder Bay to Duluth, Minnesota? (Place number of times in box below).

1.7

s.d.=1.5

range = 0-6

Thunder Bay: Marina

Summary and Findings

- The word “ferry” or “ferry boat” invokes a wide range of perceptions
- Several significant trends are emerging in the travel industry in Lake Superior north shore region
- Large proportion of tourists have a strong desire to get out on Lake Superior
- Customs and border enforcement
- Customs in Canada in cost recovery mode
- Travel experts and industry officials - \$50 to \$100 for a one way trip
- Marina expansion in Thunder Bay
- Examples of profitable, unsubsidized ferry systems that run parallel to a major highway
- Focus on the passenger experience rather than being positioned as an alternative to driving a car

Thank You!



Research Contacts

- Don Szczech – Captain, Isle Royale Ferry
- Diane Brostrom – Director, Grand Marais Tourism Assoc.
- Jan Severson – Former Director
- Roth – City Engineer, Grand Marais
- Katherine Ball – Chief Development Officer
- Tim Heney – CEO Thunder Bay Port Auth