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Travel and Recreation: The Economics of "We Like It Here!"

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Travel and Recreation

The Economics of "We Like it Here!"

Norma P. Nickerson, Director, Institute for Tourism and Recreation Research

“The power to create economic success for this fine state, rests in the same place it always has...in our own hands. When we combine our efforts, we better ensure the viability of Montana’s economic success, its \$3 billion tourism industry, and the preservation of this place.” (travelmontana.mt.gov/branding)

This quote, taken from the Montana brand initiative from the Office of Tourism, mentions the tourism

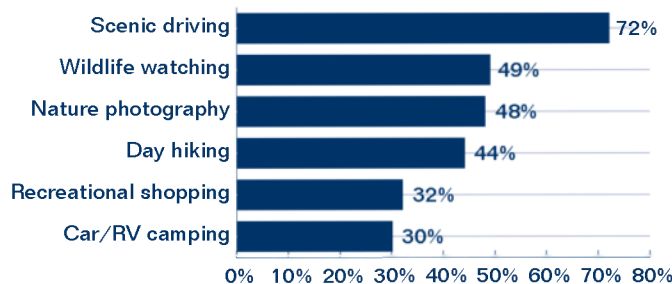
industry, but it could be applied to all economic drivers in the state. The natural environment draws many people to Montana—to visit and to live. Protecting our unique landscape is important for the economic success of the state.

Looking at the travel industry, 49 percent of nonresident visitors indicated vacation/ recreation/pleasure as a reason for visiting the state in 2012 and spent \$168.94 per day while in

Montana for an average of 6.18 days. Eighty-seven percent of these visitors were primarily attracted to Montana’s landscapes and outdoor recreation including Yellowstone, Glacier, mountains, lakes, rivers, open spaces, fishing, hunting and skiing. The contribution of these vacationers is greater than 50 percent of the \$3 billion nonresident spending. These 5.1 million vacationers are active in the outdoors. Seventy-two percent of them participated in scenic driving, 49 percent watched wildlife, 48 percent did nature photography, and 44 percent participated in day hiking (Figure 1). The top four activities alone show the draw that nonresidents have toward our state’s natural environment. This strongly suggests that visitors “like it here!”

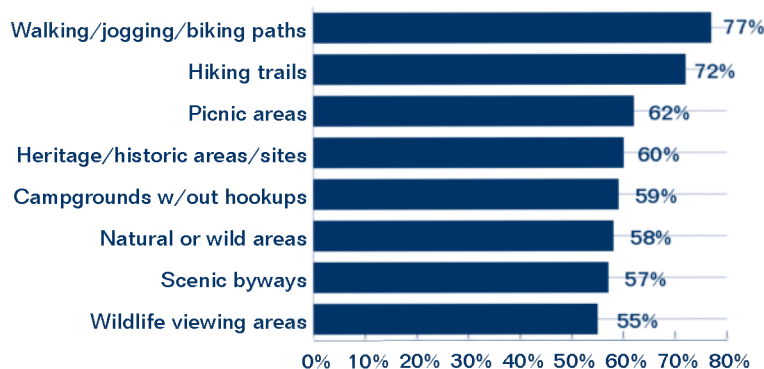
Montana residents, on the other hand, are even more in tune with the natural environment than nonresidents. Montanan’s spent \$210 million on outdoor recreation trips at least 50 miles away from home in 2013. This equates to 4.2 million person trips taken by residents for outdoor recreation. Eighty-eight percent of Montanan’s over 18 years of age participate in outdoor recreation, significantly higher than national numbers of 49 percent who participated in outdoor recreation in 2012 (Outdoor 2013). Montanans use their outdoor spaces. Recent data show that the top eight types of outdoor facilities and areas used by residents are favored by more than 50 percent of

Figure 1
Top Nonresident Vacationer Activities, 2012



Source: Institute for Tourism and Recreation Research, University of Montana.

Figure 2
Montana Resident Household Use of Facilities and Recreation Areas in the State



Source: Institute for Tourism and Recreation Research, University of Montana.

TRAVEL AND RECREATION OUTLOOK

our population (Figure 2). In addition, 74 percent of Montanan's over 18 visit public lands, and 95 percent of Montanan's say outdoor recreation is important to their personal quality of life (Nickerson & Metcalf 2013). This means that residents also "like it here!"

What does this suggest? Montana's beautiful landscapes, clean air, and clear waters provide the environment for fishing, hunting, hiking, and all outdoor recreation. Isn't it our duty to ensure that the ability to enjoy the most spectacular, unspoiled nature than anywhere else in the lower 48 states continues, so as to enhance our quality of life and to fuel the economic drivers in Montana? Let's hope so.

2013 in the Rearview Mirror

The travel industry in Montana was ready to set records in 2013, and while that did happen, it could have been even higher. Preliminary indications show a slight increase in nonresident visitation over 2012. The government shutdown for the first two weeks of October contributed to the fact that revenues

and visitation were not as high as they could have been. Compared to October 2012:

- Montana national park visitation in October 2013 was down 64 percent;
- Montana airport deboardings in October 2013 were down 6 percent;
- Montana Amtrak ridership in October 2013 was down 7 percent;
- Rooms sold in Montana in October 2013 were down 5 percent.

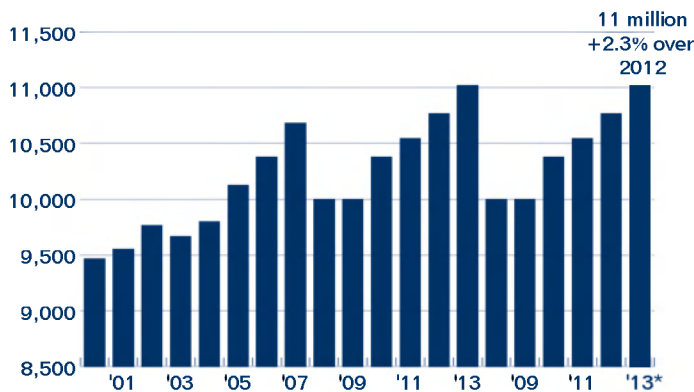
While these decreases can't be completely attributed to the government shutdown, it does appear that a correlation can be made regarding how it affected Montana - and it wasn't good.

Overall, however, preliminary numbers for nonresident visitation to the state show an increase of 2.3 percent totaling 11 million visitors (Figure 3) whose average daily spending increased in each quarter over the 2012 quarters: + 4 percent in quarter 1, +5

percent in quarter 2, and +20 percent in quarter 3 (Figure 4).

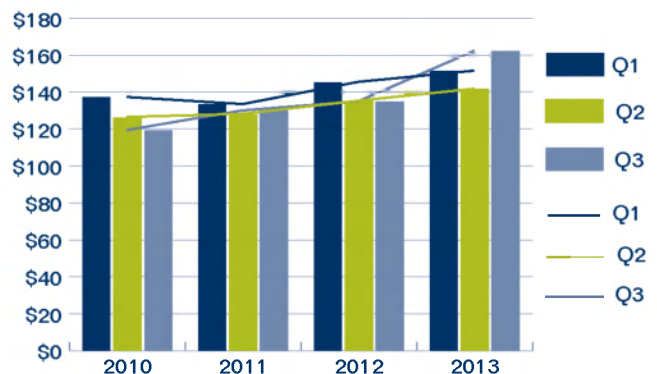
Strangely, while overall visitation appears to be up from 2012, the message is a mixed one. Montana increased in the number of rooms sold by 2 percent, skier visits were up 2.6 percent, Glacier National Park was up 1.3 percent, and 80 percent of Montana's tourism industry businesses indicated an increase in visitors from one to as high as 10 percent in 2013. On the negative side, Yellowstone National Park visitation was down 7.2 percent and airport deboardings were down 2 percent, (figure 5). Both of these decreased numbers have a caveat. Yellowstone National Park incorporated updated numbers for the passengers per vehicle, which contributed to a decrease in the total number of people, but not the number of vehicles entering the park. The Billings airport construction closed the airport for six consecutive weekends through July and August. This created an overall decrease of 11 percent for

Figure 3
Montana Nonresident Visitor Trends, 2000-2013



*Preliminary
Source: Institute for Tourism and Recreation Research, University of Montana.

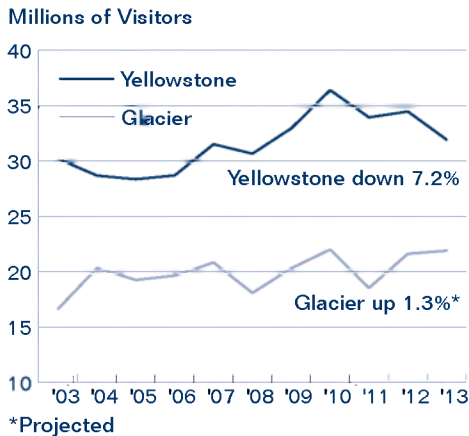
Figure 4
Nonresident Average Daily Spending, Quarter 1 - Quarter 3



Source: Institute for Tourism and Recreation Research, University of Montana.

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**Figure 5
National Park Recreation
Visits 2003-2013**



Source: National Park Service.
deboardings in Billings, (Figure 6).

Looking Ahead

2014 should be another record year for visitation to Montana. However, ITRR data shows that business owners are still a bit wary compared to the optimism in the mid-2000s. They are slowly becoming more optimistic about the upcoming years (Figure 7). At the national level, the U.S. Travel Association is projecting a 2 percent

increase in domestic person trips while international visitors to the U.S. are expected to increase 5.4 percent over 2013. The opportunities for 2014 include:

1) Growing number of retired people. According to the Pew Research Center (Baby Boomers 2010), the daily exodus of people in the workforce for retirement purposes is approximately 10,000 people per day for the next 17 years. Thirty-eight percent of nonresident visitor groups to Montana include people between 55- and 64- years old and 27 percent of visitor groups include people between 65- and 74- years old. These are people with time and money who are willing to spend some of it on experiences like guided trips, events, and fine dining.

2) Outdoor recreation participation. According to the Outdoor Industry Association, 2012 was a banner year for outdoor recreation participation. “Participation rates by age remained relatively stable year-over-year in 2012—a testament to the resilience of outdoor participation

in uncertain economic times and a changing climate” (Outdoor 2013). The association’s study identified the top five outdoor activities nationwide: 1) running, jogging & trail running; 2) fishing; 3) road biking, mountain biking and BMX; 4) car and RV camping; 5) hiking. The popularity of these activities bodes well for Montana tourism.

3) Visiting Montana. Eighty-four percent of the 2013 nonresident visitors to Montana (quarters 1-3) indicate they plan to return to Montana within the next two years (ITRR 2013). Forty-one percent of those returnees come from Montana’s neighboring states, which mean that 59 percent are traveling further distances to vacation, recreate, and spend money in Montana. ¹⁴

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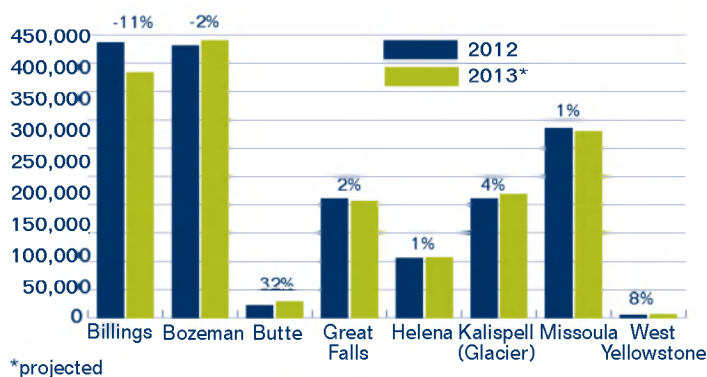
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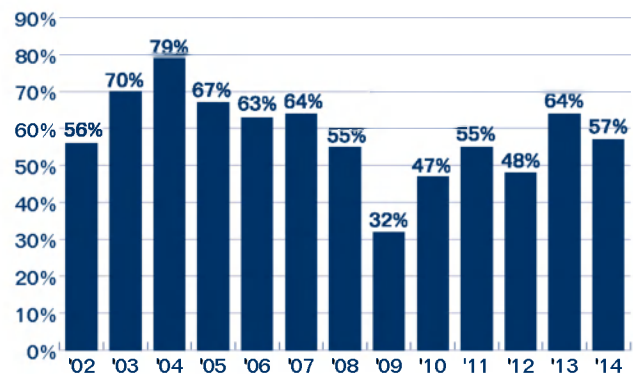
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**Figure 6
Montana Airport Deboardings
by City 2012-2013**



Source: Montana Aeronautics Division.

**Figure 7
Tourism Business Owners,
Percent Who Expect an Increase in 2014**



Source: Institute for Tourism and Recreation Research, University of Montana.