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Travel and Recreation

Stories Behind the Trends

Norma P. Nickerson, Director, the Institute for Tourism and Recreation Research, The University of Montana

What best describes Montana’s travel and recreation industry —growth, stability, or decline? The answer: It all depends on the lens being used, the activity being discussed, and what the weatherman brings. In fact, it’s best to look at some history to understand where the industry may be headed.

Nonresident travel is dependent on visitors from other states. Seven of the past 11 years have shown growth in both U.S. domestic travel and Montana nonresident travel, but in varying years (Figure 1). What explains these declines and growth? First of all, as long as worldwide population continues to grow, tourism has the potential to always be on a growth trajectory. That doesn’t mean there won’t be dips along the way, but the overall picture shows continual growth for travel in the United States as well as in Montana.

Explaining visitation declines, then, helps us understand what affects tourism. First of all, the 2001 decline in U.S. travel occurred because of the Sept. 11 terrorist attacks. Montana was not affected as much since the busy summer season had already taken place.

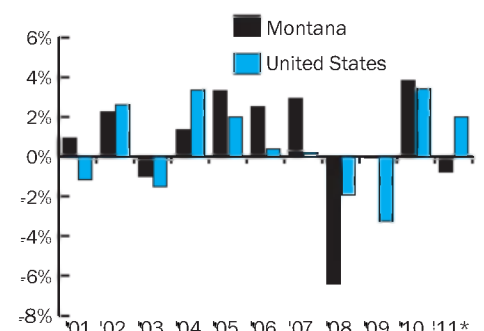
During 2002, travel rebounded, in part due to U.S. residents feeling uneasy about foreign travel and, therefore, exploring their own backyards. Both the U.S. and Montana experienced slight declines in 2003 visitation. In the U.S., leisure travel grew but business travel decreased in 2003, affecting

overall travel numbers. Declining business travel was a lingering effect of the economic downturn from Sept. 11. However, Montana’s nonresident visitation is built upon leisure travel, not business. The persistent drought reduced skier visits because of low snow levels and created serious wildfires in 2003, resulting in a 43 percent drop in visitation for the month of August in Glacier National Park. This scenario helps explain the slight impact on 2003 overall nonresident visitation in Montana.

The next four years (2004-2007) saw growth in visitation for both the U.S. and Montana, but in 2008, gas prices hit record highs during the peak travel season, resulting in a serious pull-back by travelers throughout the U.S. and Montana. Because of gas prices, consumers changed their travel behavior, especially in the number of weekend or long weekend trips taken that summer. With 40 percent of nonresident visitation to Montana relying on visitors who could take weekend or spontaneous trips to Montana (residents of Washington, Idaho, Wyoming, Alberta, and North Dakota), a drop in these trips affected overall visitation numbers.

In the following year, 2009, the United States was deep into the recessionary period. Unemployment nationwide was the highest it has been since the Great Depression. The continual negative economic news had consumers holding on tightly to

Figure 1
Percent Change in Montana and United States Visitation, 2001-2011



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

their pocketbooks. For the first time in decades, U.S. residents were saving rather than spending their money, resulting in less discretionary money to spend on such things as travel.

The 2010 rebound in traveler numbers has been described as “pent up demand.” For two years, consumers laid low on spending and traveling. The economy was coming back ever so slightly (the nightly news wasn’t always negative), and people who had delayed past travel opportunities decided they needed a vacation. That wasn’t the entire picture, though. The Canadian dollar, suddenly at par or even slightly higher than the U.S. dollar, encouraged Albertans to travel south into Montana. The Hi-Line and communities just south of U.S. Highway 2 experienced a surge in Canadian visitation. In fact, of the nonresident visitors who said shopping was one of their reasons for

visiting Montana, 27 percent were from Alberta. Growth in 2010 continued in 2011 for the U.S., but Montana is projected to have a slight decline. Preliminary data is showing that the number of travel groups went up but each group had fewer people, thereby reducing the overall total individuals visiting Montana.

In 11 years (2001-2011), U.S. domestic travel has increased 7.2 percent while Montana nonresident visitor numbers have increased 7.8 percent.

A Closer Look at 2011

Weather patterns play a significant role in Montana travel and recreation. With help from La Niña, the 2010-11 ski season was the best on record for the state, recording a 9 percent increase over 2009-10, representing nearly 1.5 million skier visits. Thirty-five percent of all skiers are nonresidents, meaning that 511,575 nonresidents came skiing in Montana and dropped new dollars into the state.

With all that snow, however, it eventually had to melt. The 2011 melting season lasted into July, causing numerous ripple effects. First, the Going-to-Sun Road in Glacier National Park had its second ever latest opening of July 13. Second, the Beartooth Highway had a two-week delay in opening due to the heavy snowpack. Third, the late spring run-off in most of Montana caused fishing enthusiasts to delay their fishing expeditions. Finally, Amtrak was stopped by flooding in Minot, North Dakota, for much of June due to snow melt. June Amtrak numbers in Montana dropped 66 percent from June of 2010.

“As one advertisement from the Office of Tourism says, “There’s nothing here. ...” People require, need, and desire some of that “nothing.”

With those set-backs, preliminary Montana visitation numbers show a slight decrease in 2011 over 2010 but still exceed 10.2 million nonresident visitors. All these nonresidents visitors support local and small businesses around the state. A recent Institute for Tourism and Recreation Research survey—with a sample of 345 tourism businesses in Montana—highlighted the small business theme. The survey found that 44 percent of the respondent tourism businesses are sole proprietors who don’t hire workers. These types of businesses are mostly represented by outfitters/guides, rental homes/cabins, and bed and breakfasts. For some, it is their sole income. For most, it is supplementary income that allows them to live in Montana. Other tourism businesses vary in their employment listings. Sixty percent of those who have full-time, year-round employees have one to three full-time workers. Twenty-four percent hire 10 or more full-time employees, and these businesses are found in the accommodation sector (motel/hotel, ranches, and resorts).

Trends to Watch

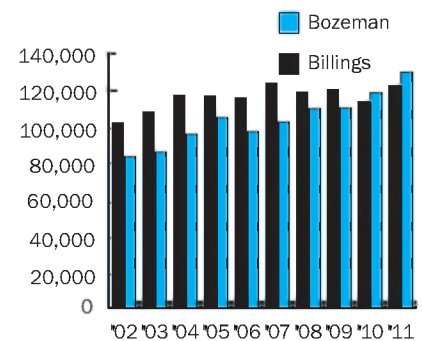
On the national scene, visitation from overseas has seen tremendous growth in recent years due in part to

the soft dollar. The largest increase was in 2010, with 8.8 percent growth from Canada and Mexico and 11 percent growth from overseas. However, as in all international discussions, China tops the list in percent growth of international arrivals to the United States, followed by Brazil. Montana is already experiencing Chinese visitation and has potential for further growth, particularly to the Yellowstone area.

Another trend to watch is the substantial growth in airport deboardings at Gallatin Field in Bozeman. During the third quarter of 2010, Gallatin Field surpassed Billings in airport deboardings for the first time ever (Figure 2). The trend continued in 2011.

Finally, the trend in tourism is growth with occasional small declines. This will always be the case as people desire a change of pace from their daily routines. Montana may not be on everyone’s “bucket list,” but it is close. As one advertisement from the Office of Tourism says, “There’s nothing here. ...” People require, need, and desire some of that “nothing,” and as populations grow, that need for what Montana can offer becomes higher on their list. ¹²

Figure 2
Q3 Billings and Bozeman Airport Deboardings



Source: Montana Aeronautics Division.