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### Montana Vision Travel Research: 2002

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# MONTANA VISION

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## TRAVEL RESEARCH

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## 2002 Outlook

**The Past, the Present, and the Future: Tourism and Recreation in Montana**  
by Norma Polovitz Nickerson

### A Nationwide Look: What a Year it has Been.

Everything we read about 2001 begins and ends with the 9/11 tragedy that hit the United States. In trying to predict what the future holds, we have used the past as our guide. There is no past like this last year.

Nationwide, the travel industry took a big hit in 2001. While the economy was already turning downward when the events of 9/11 took place, the psychological hit, especially for the airlines, will continue to be felt for a long time. In 2001, according to Rick Cain of NFO Plog Research, revenue was down over 20 percent for all U. S. airlines compared to 2000. Much of the decline occurred prior to 9/11. However, in the aftermath there are fewer seats available (capacity was cut) and even fewer people flying in those seats.

and Alaska Airlines are not experiencing these declines.

According to the Travel Industry Association of America, 2001 will show a loss for the travel industry (Table 1). U.S. travel expenditures are expected to drop 7.6 percent in 2001 and travel-generated employment is expected to be down 5.8 percent

The lodging industry, according to the most recent figures from Smith Travel Research, will see lower occupancy levels in 2001, down as much as 7.5 percent from 2000. This is the first such change since 1991 and is a result of the slowdown in the economy and terrorism attacks. At best, the rates

**Table 1: Travel Industry Association of America: Travel Forecast Summary**

Percent Change from Previous Year	2000	2001f	2002f	2003f
U.S. Total Travel Expenditures	7.0%	-7.6%	2.2%	8.2%
Total Travel-Generated Employment	2.5%	-5.8%	-1.0%	4.0%
Total Domestic Person-Trips*	1.0%	-3.5%	0.3%	2.8%
Total International Visitors to U.S.	4.9%	-12.6%	4.3%	7.9%

f = forecasted  
\*One person on one trip 50 miles or more, one way, away from home or including an overnight.

The airline forecasts indicate that 2002 will be even with 2001, at best.

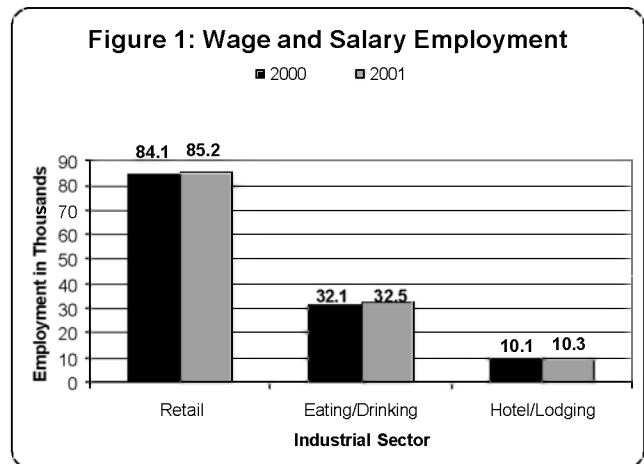
In contrast to the overall airline scenario, however, the lower-cost or regional airlines such as Southwest

will remain flat from 2001 to 2002. The travel industry as a whole is expected to rebound in 2002 but will still be below the levels seen in 2000. It is predicted that it could take up to four years for the nationwide travel industry to recover to 2000 levels.

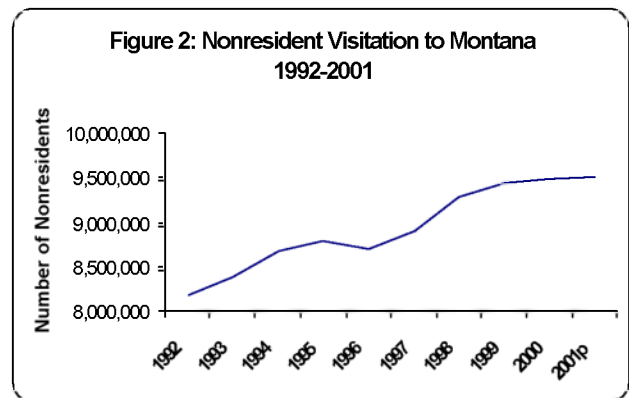
### A Montana Look: Fairly Stable

There are a variety of ways to analyze the travel industry performance for the state. First of all, when looking at Montana Department of Labor and Industry statistics, wage and employment data for three sectors related to travel all show a very slight increase from 2000 to 2001 (Figure 1). Eating/Drinking is a sub-sector of the retail industry, bringing total employment figures for 2001 to 95,500 jobs, compared to 94,200 jobs in 2000. These jobs, of course, are partially supported by nonresidents visiting the state and partially supported by Montana residents.

The Institute for Tourism and Recreation Research analyzes nonresident visitation to the state on an annual basis. When the final numbers are in, 2001 will probably show a slight decline for nonresident visitation to the state (Figure 2). The effects of 9/11 on Montana will most likely be less than those on the nation in general (at the time of this writing Montana showed a 0.1% change; U.S. a -3.5% change). As expected, September travel in Montana showed an overall decline (-1.1%) (Table 2) with most of that decline resulting from reduced air travel (-23%).



Source: Dept. of Labor and Industry

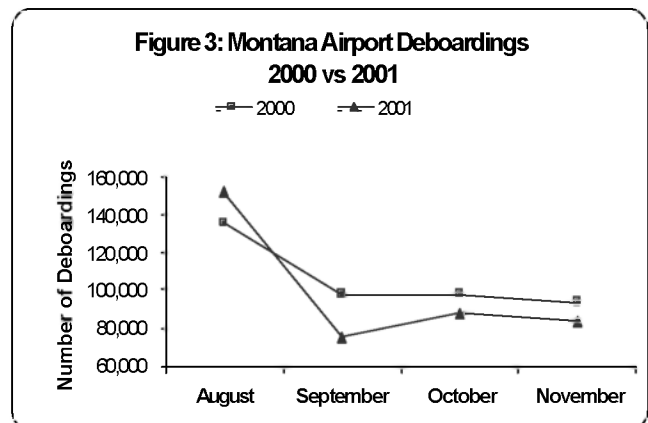


Source: ITRR

**Table 2: Montana Nonresident Visitation**

	2000	2001e	% Change
<b>Full Year - number of visitors</b>	9,465,000	9,477,000	0.1%
<b>Jan.-Aug. - number of visitors</b>	7,133,000	7,168,000	0.5%
<b>September</b>	974,000	963,000	-1.1%
<b>October</b>	559,000	563,000	0.7%

In Montana, August air travel was up 12 percent from 2000 to 2001, but as Figure 3 illustrates, September airport deboardings were down dramatically (-23%). October and November were also down from 2000 (11% each month).



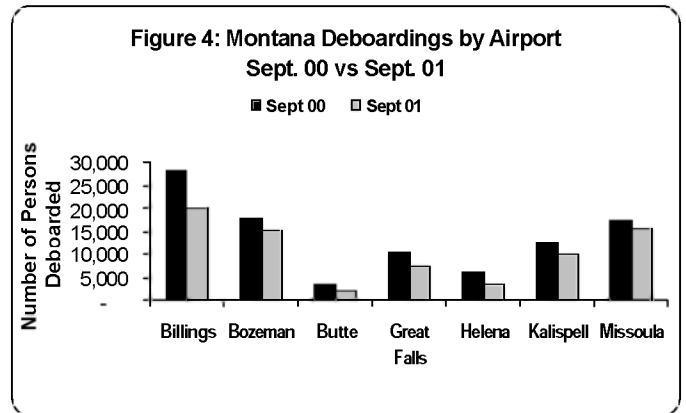
Source: Helena Airport Authority

All Montana airports experienced a decline in September 2001 compared to the previous September (Figure 4). Overall for 2001, air travel in Montana is expected to be down at least 8 percent from 2000 (Figure 5). This will be the first year in over 10 years where growth in Montana airline traffic has not occurred.

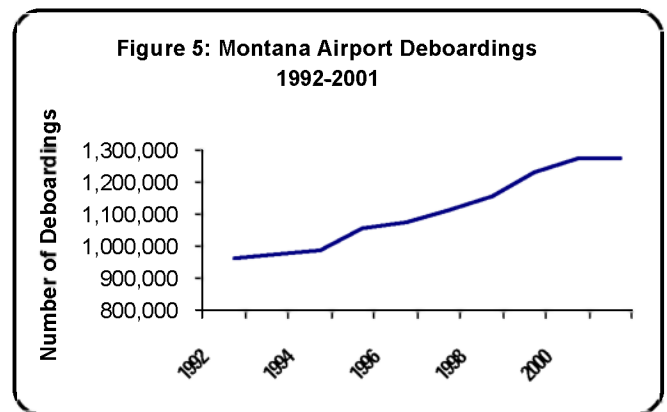
According to Smith Travel Research, occupancy rates in the Montana lodging industry for 2001 (January through October), were slightly lower than in 2000 (61.4% versus 62.6%) (Figure 6). This 1.9 percent reduction in occupancy can be partially explained by a 1.6 percent increase in available rooms. The lodging outlook for Montana is affected by both the business traveler and the leisure traveler. Business travel is predicted to remain low due to the economic slowdown. The reduction in business travel affects the larger communities of the state such as Billings and Missoula more than other areas. The leisure travel segment for the lodging industry, on the other hand, depends on a number of other variables which are all described below.

In an effort to look at “real” Montana, ITRR personnel conducted a random telephone survey of 161 Montana travel-related businesses in December 2001. The purpose of the study was to explore how Montana travel businesses performed in the past year, what were the effects of 9/11 and what they expect for 2002.

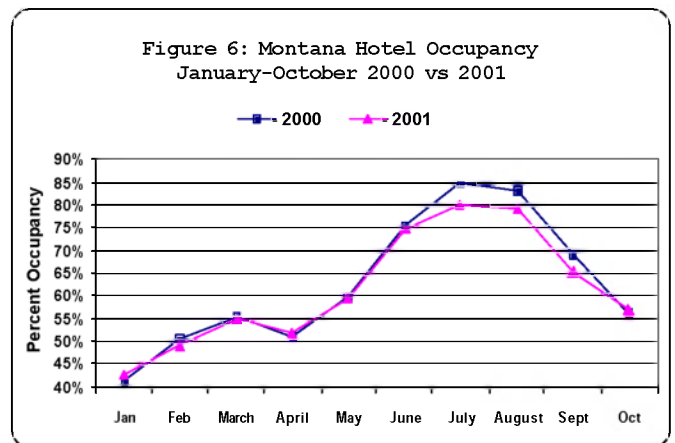
In the past year, 31 percent of travel businesses indicated that business was up, 28 percent said it was the same as 2000, and 41 percent indicated their business was down. If business was up, 13 percent said they were up because there were no fires to hurt their business, 12 percent said it was due to the economy, and 9 percent indicated they had more local business this past year. If business was down, 16 percent indicated it was because of the economy, 13 percent said weather had a detrimental effect on them, and 13 percent said 9/11 affected their visitation.



Source: Helena Airport Authority



Source: Helena Airport Authority



Source: Smith Travel Research

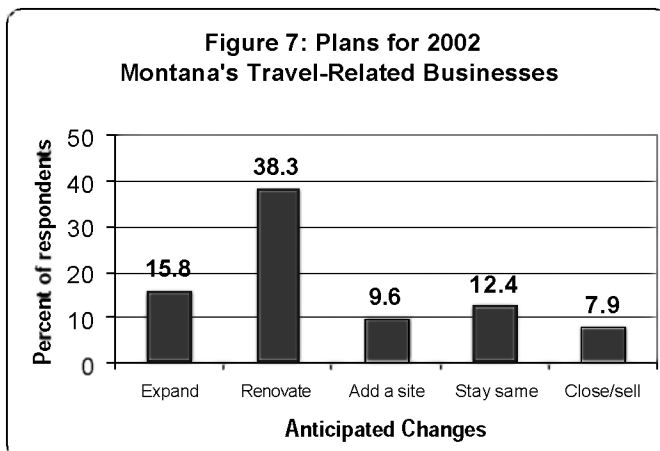
**Table 3: Travel-Related Business\* Changes since 9-11**

	Decreased	Stayed Same	Increased	Result of 911	
				Yes	No
<b>Visitation</b>	43%	44%	13%	50%	37%
<b>Cancellations</b>	4%	51%	45%	49%	41%
<b>Advanced bookings</b>	26%	51%	23%	29%	45%

\*hotel/motel, bed & breakfasts, attractions, outfitters, campgrounds, resorts, museums, guest ranches, tours

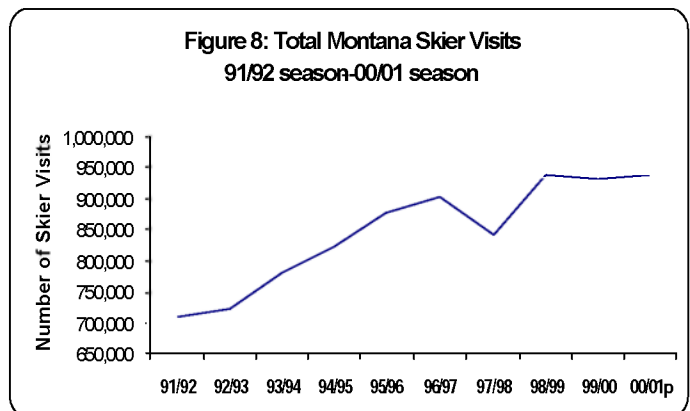
As seen in Table 3, approximately half of the respondents indicated that business remained the same after 9/11. The other half said that visitation was down after 9/11, but half of those respondents also said that advance reservations were up. Forty percent of Montana's outfitters/guides experienced cancellations after 9/11. With hunting season providing a big part of their income, this has hurt many of them. On the flip side, the bulk of the tourist season was over by 9/11, thereby reducing the overall impact. Only five percent of the travel related businesses in Montana indicated that a cut in employees occurred after September 11<sup>th</sup>.

Finally, the survey question related to the future of their business is probably the most telling. Only 12 percent of respondents indicated that nothing about their business would change next year. In other words, 88 percent are planning for some big changes. As seen in Figure 7, 16 percent plan to expand, 38 percent will renovate, and 10 percent will add a new site in the next year. Only 8 percent plan to close or sell their business. It is obvious that change is on the horizon and most of that change is positive.



Source: ITRR

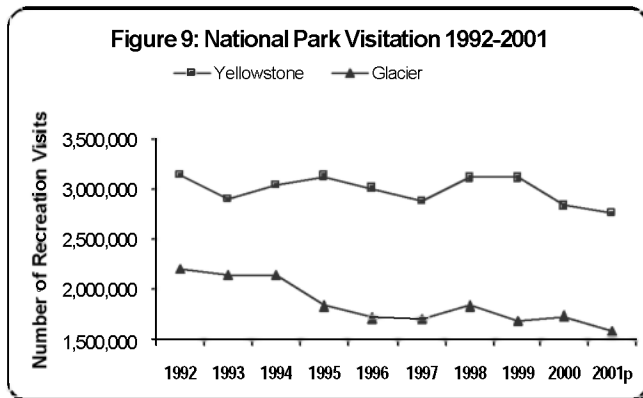
In Montana, two activity measures used to describe travel behavior have traditionally been skier visits and visits to Glacier and Yellowstone National Parks. Skier visits increased less than 1 percent during the 2000-01 season compared to 1999-00 (Figure 8). If you recall, Big Sky had their earliest opening in history during fall 2000. While many ski areas did not have prime snow conditions last year, the snow that did fall, stayed. What is interesting about the skiing numbers is that it appears more *residents* are skiing than in the past. A recently published report by the Institute for Tourism & Recreation Research on nonresident winter visitors (RR2001-7) actually showed a decline in nonresident skiing from 1998 (20%) to 2001 (12%).



Source: Forest Service; Big Sky Ski Area; Great Divide Ski Area

Visitation numbers for the national parks (especially Yellowstone), and overall visitation to Montana appear to be positively correlated. When Yellowstone numbers are up, so are overall numbers in Montana.

When Yellowstone numbers are down, the same is true for Montana nonresident numbers. When the final numbers are in, Yellowstone will be down nearly 3 percent for 2001 (Figure 9). We predict a decline in state numbers, however at the time of this writing, the visitation numbers appear to be flat.



Source: National Park Service

Glacier, on the other hand, has proven to be an interesting case study. From an all-time high in visitation in the early 1990s, Glacier visitation has steadily decreased since 1994 with an additional 8 percent decline for 2001 (Figure 9). The decline this past year can be partly attributed to the fires in and near the park in late August and early September. Fires, however, do not provide a trend. Other variables appear to be more predictive of visitation decline. First, the aging Baby Boomers (an older travel population) is less interested in a “backcountry” park and a mountain road that is scary to drive. Second, the increasingly larger sizes of RVs and the associated danger on the Going-to-the-Sun road contributed to a park regulation forbidding RVs on the road. This, too, could have added to the decrease in visitation. Finally, the state of the economy is not to be ignored. The 1990s were good years for the nation. This provided discretionary income that could, and was, used on “exotic” trips. While Yellowstone may be the trip of a lifetime for some, Glacier has yet to hold that place in the heart of Americans. Therefore, trips were taken elsewhere.

## What Do We See for Montana Travel in 2002?

Barring any additional catastrophic events in the U.S., we predict Montana to defy the odds and actually perform better than national averages. Why? First of all, the economy is slow. People cannot afford (or are nervous about) traveling overseas. Nationally, we can expect more domestic travel and Montana can benefit from that. Second, according to respondents to the ITRR random telephone survey of Montana travel businesses, only 10 percent expect a decrease in business, 33 percent expect business to stay the same and 56 percent expect an increase from 2001 to 2002. This increase is expected because 34 percent of the businesses have an increase in reservations and inquiries, 36 percent are doing more marketing, and 17 percent have always seen a year-to-year increase and expect the same this year. Third, the looming Lewis and Clark bicentennial commemoration provides a reason to expect more visitors.

## A Look into Montana’s Travel & Recreation Infrastructure

Infrastructure (supply) and visitation (demand) are excellent indicators of the future of Montana’s travel and recreation industry. While a complete picture of the supply-side of the travel industry (one that is not really one industry but a conglomeration of many) is difficult to obtain, we have attempted to provide part of the picture. Table 4 is a snapshot of the infrastructure related to travel and recreation offerings in the state.

One interesting way to look at the accommodation capacity in Montana is to count all possible “rooms” in the state. With 45,972 commercial rooms and campsites and 358,667 Montana households, Montana could house 930,670 people (group size of 2.3) on any given night (assuming each household opens its doors). That means we only need about 10 nights of full capacity to reach the total yearly visitation numbers Montana has currently. The point, however, is that while Montana may seem “full” at times, the bed capacity is large. In fact, simply placing all visitors in commercial

**Table 4: Montana's Tourism & Recreation Infrastructure**

TRAVEL REGION	Lodging					Recreational Guides	Down hill skiing	Golf	Mansions Missions Museums	Tours	Wagon Train & Cattle Drives	Special Events
	Facilities	Rooms	Camp-grounds	Sites	Bed Total							
<b>Custer</b>												
Billings	43	3,399	5	319	3,718	3		5	1	2		16
Remainder	89	3,935	39	1,378	5,313	44		10	17	5	5	23
<b>Total</b>	<b>132</b>	<b>7,334</b>	<b>44</b>	<b>1,697</b>	<b>9,031</b>	<b>47</b>		<b>15</b>	<b>18</b>	<b>7</b>	<b>5</b>	<b>39</b>
<b>Glacier</b>												
Kalispell	32	2,719	7	563	3,282	10	0	4	2	2	1	0
Missoula	46	2,522	9	577	3,099	14	2	4	5	4	0	10
Remainder	332	6,925	169	5,977	12,902	101	5	20	12	18	2	11
<b>Total</b>	<b>410</b>	<b>12,166</b>	<b>185</b>	<b>7,117</b>	<b>19,283</b>	<b>125</b>	<b>7</b>	<b>28</b>	<b>19</b>	<b>24</b>	<b>3</b>	<b>21</b>
<b>Gold West</b>												
Butte	16	1,231	5	245	1,476	2	1	2	7	3	0	6
Helena	26	1,117	14	717	1,834	11	1	3	6	2	0	7
Remainder	155	1,232	136	3,103	4,335	108	1	8	18	6	3	17
<b>Total</b>	<b>197</b>	<b>3,580</b>	<b>155</b>	<b>4,065</b>	<b>7,645</b>	<b>121</b>	<b>3</b>	<b>13</b>	<b>28</b>	<b>11</b>	<b>3</b>	<b>30</b>
<b>Missouri R.</b>												
<b>Total</b>	<b>52</b>	<b>938</b>	<b>30</b>	<b>558</b>	<b>1,496</b>	<b>22</b>		<b>7</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>24</b>
<b>Russell</b>												
Great Falls	35	1,702	3	320	2,022	10	1	3	3	2	0	4
Havre	12	436	4	262	698	1	1	1	3	1	2	23
Lewistown	12	329	3	82	411	5	0	2	0	0	0	7
Remainder	82	822	51	949	1,771	44	1	9	11	7	2	15
<b>Total</b>	<b>141</b>	<b>3,289</b>	<b>61</b>	<b>1,613</b>	<b>4,902</b>	<b>60</b>	<b>3</b>	<b>15</b>	<b>17</b>	<b>10</b>	<b>3</b>	<b>49</b>
<b>Yellowstone</b>												
Bozeman	58	1,595	13	492	2,087	24	2	4	3	9	1	2
Remainder	253	4,460	85	3,268	7,728	122	1	7	14	12	3	16
<b>Total</b>	<b>311</b>	<b>6,055</b>	<b>98</b>	<b>3,760</b>	<b>9,815</b>	<b>146</b>	<b>3</b>	<b>11</b>	<b>17</b>	<b>21</b>	<b>4</b>	<b>18</b>
<b>Grand Total</b>	<b>1,243</b>	<b>33,362</b>	<b>573</b>	<b>18,810</b>	<b>52,172</b>	<b>521</b>	<b>16</b>	<b>89</b>	<b>104</b>	<b>75</b>	<b>22</b>	<b>181</b>

facilities (motels/bed & breakfasts, campgrounds), the visitors “fill” Montana for only 163 nights in a given year. In terms of supply and demand, it appears Montana has the accommodation supply. It all boils down to when the demand occurs. Obviously the majority of the visitors to the state prefer to visit in the warmer months - June through September. Most commercial accommodations do not need additional visitors during these months. So the question remains: Do we build more rooms only to be filled during the summer months?

What is available to visitors upon arrival? According to the businesses listed in the Montana Travel Planner and the regional travel guides, Montana has a lot to offer. As seen in Table 4, there are 521 guides/outfitters, 16 ski areas, 89 golf courses, 104 museums/mansions/missions, 75 tour guides, 22 cattle drives/wagon trains, 181 annual special events, Amtrak service, bus service, and 6 different commercial airlines for 15 airports. Add to that total; 2 national parks, 1 national monument, 1 national battlefield, 43 state parks, 9 national forests, 20 wildlife refuges, 231 river fishing access sites and 76 lake fishing access sites run by FWP, 12 designated wilderness areas, and countless other public land access areas.

Not shown in this list of infrastructure is the condition of each site. If private businesses maintain the quality of their facilities and public lands are maintained for their beauty and for recreation (that is why people visit this state), then our infrastructure is ready for us to invite people to visit. Generally speaking Montana has two types of infrastructure - natural and manmade. The manmade attractions and facilities can be found almost anywhere in the United States. The continued success of the tourism and recreation economy in this state, however, is dependent on the people of Montana supporting conservation of our wild lands, rivers, lakes, open areas, and wildlife. These items are the true infrastructure of Montana's tourism industry - all the others are simply support services.

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Montana Airport Managers' Association  
Montana Department of Labor and Industry  
Travel Montana  
U.S. Customs Service  
National Park Service  
Big Sky Ski Area  
USDA Forest Service  
Montana Fish, Wildlife and Parks





**Mark your calendars** for the 2002 Governor's Conference on Tourism and Recreation, April 18-19, 2002, West Yellowstone Conference Hotel, West Yellowstone, Montana.

ITRR staff will present the 2002 Tourism Outlook in brief, re-visit the awareness residents have about tourism impacts and what should be done about this issue, and finally present the latest data, trends, and subsequent marketing opportunities gleaned from the new studies of nonresident visitation to the state.

Topics by other speakers include marketing ideas, 2003-2007 Strategic Plan for Montana's Tourism and Recreation Industry, group travel trends, cultural tourism and much more.

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