

MONTANA VISION

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Looking Ahead to 1999...

Montana Travel & Tourism: 1999 Projections

- 🏠 Two-percent increase in nonresident visitation to the state.
- 🇨🇦 One-percent decline in Canadian visitation to Montana.
- ✈️ Airline deplanements in Montana will increase 3%.
- 🎿 Skier visits will rebound from the previous season, but only by about 2%.
- 🚗 Interstate and primary highway traffic in Montana will increase 3%.

Montana Travel Industry Perceptions

According to Montana travel/recreation businesses and agencies, Montana should experience about a two-percent increase in 1999. Thirty-four percent of the industry based this projection on the gradual increases they have experienced from year-to-year. Another 12 percent indicated that bookings for next year were higher than this time last year, and ten percent predicted improved marketing will increase their visitation. Of those businesses/agencies who indicated a decrease, the most common response was a surplus in supply (especially for the lodging industry).

U.S. and Montana: 1999 and Beyond

U.S. Resident

<u>Travel Forecast*</u>	<u>98/97</u>	<u>99/98</u>	<u>00/99</u>	<u>01/00</u>
Total person-trips	3.7%	1.6%	1.4%	1.7%
Travel Expenditures	6.4%	5.7%	5.0%	5.0%

International Travel

<u>Forecast to U.S.*</u>	<u>98/97</u>	<u>99/98</u>	<u>00/99</u>	<u>01/00</u>
From Canada	-7.0%	-1.6%	4.0%	3.3%
From Overseas	-0.3%	2.9%	3.5%	4.0%

* 1998 Travel Industry Association Marketing Outlook Forum

<u>MT Travel Forecast</u>	<u>98/97</u>	<u>99/98</u>	<u>00/99</u>	<u>01/00</u>
Total Nonresidents	4.0%	2.0%	2.0%	3.0%
...from Canada	-1.0%	-1.0%	2.0%	3.0%

Table 1
ITRR Outlook Survey*
Montana Travel & Recreation Industry Perceptions

Industry business projections for 1999 visitation:

- 18% expect a decrease of 1 to 5 percent
- 12% expect visitation to remain the same
- 48% expect an increase of 1 to 2 percent
- 22% expect an increase of 3 to 5 percent

Change in 1998 compared to 1997

<u>Response</u>	<u>up</u>	<u>same</u>	<u>down</u>
Percent of Industry Responses	54%	23%	23%

* Results represent 92 travel & recreation businesses/agencies in Montana.

Montana Travel Trends

Nonresident visitation increased in Montana in 1998. It continued on the growth trajectory that began nearly a decade ago (with one decline in 1996). With the Lewis and Clark bicentennial quickly approaching and the popularity of the National Parks, travel in Montana will most likely continue to grow. This newsletter re-caps 1998, looks into the future, and discusses the industry's hot topic: work and pay.

The four-percent increase in nonresident visitation to the state for 1998 was double the prediction made for that year. Montana entertained a total of 9.25 million visitors or 3.8 million groups (Figure 1). These visitors spent a total of \$1.5 billion in the state throughout the year. Of those expenditures, 49 percent came from vacationers, 22 percent from groups visiting family and friends, 11 percent came from business travelers, and 9 percent came from groups passing through the state while another 9 percent came from groups in Montana for reasons other than those already mentioned. Restaurant/bar and groceries (26%), retail sales (24%), gas (22%), lodging (17%), and other purchases/transportation fares (10%) accounted for the \$1.5 billion spent by 1998 visitors.

Visitation to Yellowstone and Glacier National Parks is the best indicator of overall visitation to Montana. Nearly 50 percent of all nonresident visitors to the state indicate Yellowstone or Glacier as their primary reason for being in Montana. These two parks experienced healthy increases in contrast to the decrease experienced overall in mountain region National Parks in 1998 (Figure 2 and Table 2). Most of the mountain region decrease can be explained by the substantial decrease at Grand Canyon National Park. Many Pacific Rim visitors travel to the Grand Canyon each year, but with the economic crisis those visitors are currently enduring, visitation from those countries was down.

Approximately 95 percent of Montana's nonresident travelers come to the state by private vehicle. This year, interstate travel increased three percent and primary road use increased six percent, providing for an overall traffic increase of 3.7 percent on Montana highways in 1998. Last year, nearly 1.5 million vehicles utilized Montana's interstates and just over 1 million vehicles used Montana's primary roads (Figure 3).

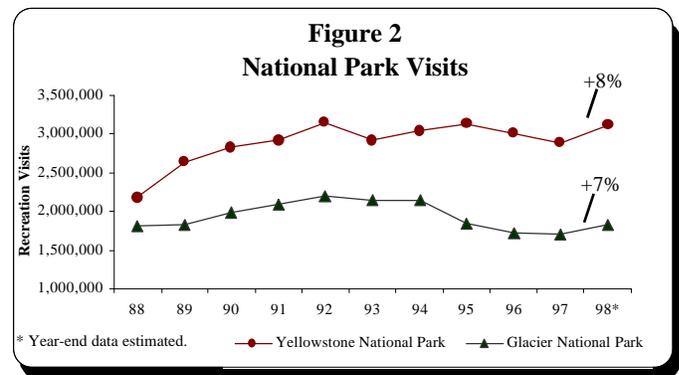
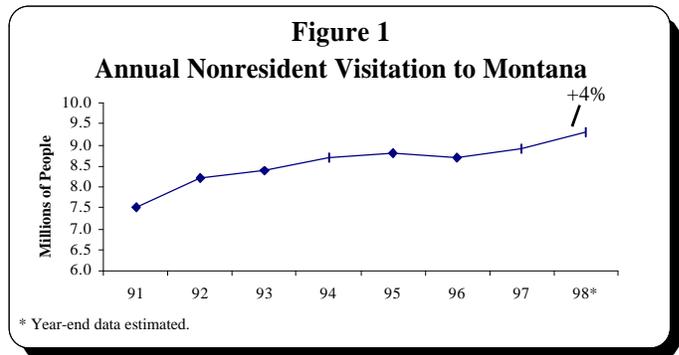
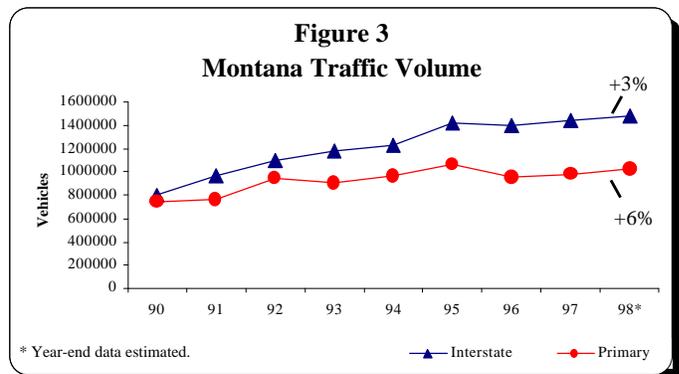
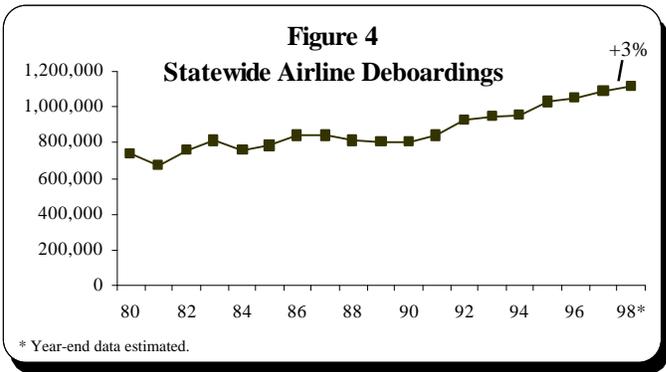


Table 2
Percent Changes in National Park visits from 1997

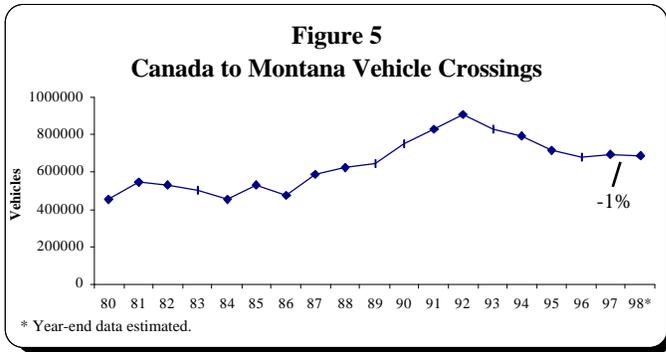
	U.S.	Montana
U.S. National Park visitation	+2.0%	
Mtn. Region NP visitation	-1.3%	
Yellowstone NP		+8.0%
Glacier NP		+7.0%



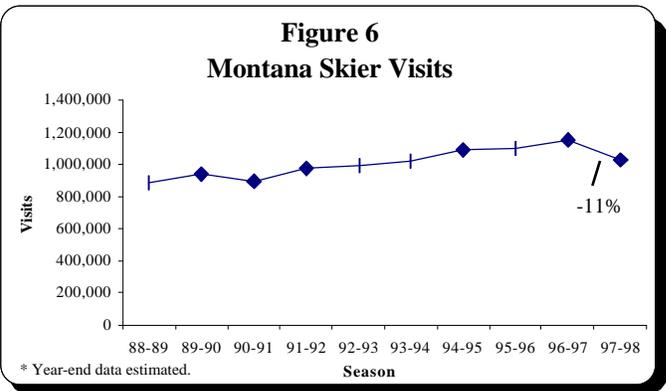
Airline deboardings at Montana's airports has been on a slow but steady climb for almost 2 decades (Figure 4). Deboarding increased 3 percent in 1998 over 1997.



Canada-to-Montana vehicle crossings declined one percent in 1998. This is surprising, considering the seven percent decrease in Canadian visitors nationwide. However, the economic hardship of our Canadian neighbors does not appear to be affecting Montana as much as the rest of the nation. Albertans are the most frequent Montana visitors from the North and they are also the most economically stable of the Canadian provinces.



The National Ski Areas Association (NSAA) indicated a three percent increase in skier/snowboarder visits to US member areas during the 1997-98 season. Additionally, there was a two percent increase in skier visits to the Rocky Mountain region last season and a 13 percent increase in the Pacific West region. The Rocky Mountain region accounted for nearly 35.5 percent of total US skier visits. Overall, Montana ski areas reported an 11 percent decline in skier visits (Figure 6). All ski areas reported skier visit declines except Red Lodge and Lost Trail Powder Mountain, who reported increases. Montana's decline is in contrast to the regional and national visitation trends. According to NSAA president Michael Berry, the "El Nino weather pattern created inconsistent pockets of snowfall within specific ski area regions of the country." Unfortunately, the high snowfall pockets were in locations other than Montana and lured visitors elsewhere.



Half of Montana's major attractions experienced increases, while the other half had decreases in visitation for 1998 (Table 3). The Montana Historical Society usually has a decrease during the off-legislative years. However, decreases in other attractions have no explanation. It is possible that the newly opened Lewis & Clark Interpretive Center in Great Falls managed to divert some of the market share to their area.

Attraction	% Change 1998-97
Lewis & Clark Int. Center	+100.0%*
Bighorn Canyon Nat'l Monum.	+44.2%**
Yellowstone National Park	+8.0%
Glacier National Park	+7.0%
Bighole National Battlefield	+4.5%
Little Bighorn Battlefield	+2.5%
National Bison Range	-3.6%
Museum of the Rockies	-4.0%
Lewis & Clark Caverns	-7.0%
Grant-Kohrs Ranch	-9.3%
Montana Historical Society	-14.5%

* Opened in 1998
 ** May be partially due to change in counting procedure

The U.S. Vacationer

There are changes in the U.S. population in terms of demographics, sentiment, and expectations. A 1998 survey by Yesawich, Pepperdine & Brown, provided some interesting insights into the U.S. traveler.

On the plus side for Montana:

- 38% of U.S. residents are willing to trade an increase of pay for more vacation time. If people follow through with this desire, Montana suddenly becomes a more viable option for many. Montana is far away from most population centers, so vacationers need more time to reach the Big Sky state than many other destinations.
- 56% of U.S. residents want to buy an all-inclusive vacation package (i.e., they want simplification). Many Montana resorts, ranches, and recreation opportunities provide package deals for their visitors, which allows a “one-price-fits-all” option for busy, dual-income families.
- 76% of U.S. residents would welcome more novelty and change in their life. Montana has a wide variety of opportunities for vacationers – many of which are different from daily opportunities of most of the population (river rafting, mountain hiking, horseback riding, geyser watching, fly-fishing in solitude, etc.)

In 1998, consumer confidence was at a 30-year high. While confidence dipped a little later in the year, it still was high in comparison to previous years. When people feel good, they spend money on such discretionary items as travel. Additionally, many baby boomers are beginning the “empty nest” time of their life when their youngest child leaves home. This gives them flexibility to travel and spend their money more freely. As long as the economy remains good, Montana will benefit from the aging population travel trends. According to Suzanne Cook, Senior Vice President of Research for the Travel Industry Association of America, we can expect changes in the U.S. for 1999 that will translate into positive outcomes for the travel industry (Table 4).

On the negative side for Montana:

- 49% of U.S. resident want to get to their destination within three hours. Montana is NOT within three hours of many people in terms of highway access. Since 95 percent of nonresidents come by highway, Montana will suffer from the traveling public’s desire to “get there in three hours”.
- Consumers want different experiences. In the summer, 75 percent of Montana nonresident visitors are repeat visitors and over 90 percent of winter visitors have been to Montana before. If consumers follow through with their desire for different experiences, Montana’s visitor base could drop substantially.
- Vacations are planned closer to their departure date and are shorter in duration. Once again, Montana will lose out if the consumer wants a quick weekend getaway, since getting to Montana from most metropolitan areas is difficult in a short period of time.

Table 4
1999 U.S. Projected Changes in Travel Indicators

	<u>% Change 1999-98</u>
Real GDP	+1.9%
Nonfarm Employment	+2.0%
Consumer Price Index	+2.3%
Real Disposable Income	+2.9%
Real Personal Consumption	+3.0%
Air Revenue Passenger Miles	+2.8%
Airline Capacity	+3.2%
Hotel Room Supply	+3.6%
Hotel Demand	+2.6%
Hotel Occupancy	-1.2%
Hotel Room Rates	+4.0%
RV Shipments	+3.0%

The Montana Traveler

Characteristics of travelers to Montana provide valuable insight into the reasons, attractions, and activities that bring travelers to the state, as well as what travelers participate in during their stay. Without this information, marketing efforts may be ineffectively focused on markets or in areas that would not benefit the state in terms of attracting travelers to Montana. The table at the right describes group types, reasons for trips, attractions, activities, and travelers' origin. This information represents just part of the whole picture, but each piece of information is valuable in making marketing and business decisions. The next two tables describe winter and summer travel groups in terms of total expenditures in Montana and the percentage of total annual nonresident expenditures each group represents. Groups primarily passing through Montana tend to spend very little money, but make up 20 to 30 percent of all travel groups, depending on the season of travel. On the other hand, groups visiting family and friends tend to account for fewer groups but stay in Montana longer, therefore accounting for more expenditures per group than other travel groups¹. For more information, visit the the Institute for Tourism and Recreation Research Web Site at www.forestry.umt.edu/itr.

Travel Group Characteristic	Summer Travel Groups	Winter Travel Groups
Group Type	Couple...38% Family...34% Alone...17%	Alone...34% Couple...29% Family...21%
Primary Reason for Trip	Vacation/Pleasure...49% Pass Through...21% Visit Family/Friends...16%	Pass Through...32% Business...21% Vacation/Pleasure...20%
Primary Attraction	Glacier NP...25% Yellowstone NP...22% Mountains...12%	Downhill Ski/Snowboard...22% Snowmobile...20% Visit Family/Friends...20%
Activities	Watch Wildlife...45% Visit Family/Friends...34% Nature Photography...33% Recreational Shop...32% Day Hiking...29% Visit Historic/Interp. Sites...29%	Recreational Shop...46% Visit Family/Friends...42% Watch Wildlife...24% Downhill Ski...20% Snowmobile...19%
Traveler's State of Origin	Washington...13% California...9% Idaho...6%	Washington...15% North Dakota...14% Idaho...11%

Primary Reason for Summer Trip	Number of Groups	Total Expenditures (1998 \$)	Percent of Annual Nonresident Expenditures	Length of Stay
Vacation/Pleasure	1,100,000	\$560 million	37%	4.7 days
Pass Through	473,000	\$69 million	5%	2.2 days
Visit Family/Friends	360,000	\$194 million	13%	6.2 days

Primary Reason for Winter Trip	Number of Groups	Total Expenditures (1998 \$)	Percent of Annual Nonresident Expenditures	Length of Stay
Pass Through	195,000	\$24 million	2%	1.9 days
Business	128,000	\$57 million	4%	4.4 days
Vacation/Pleasure	195,000	\$96 million	6%	5.4 days

¹Taken from ITRR Technical Completion Report 98-6, "Expenditure Profiles and Marketing Responsiveness of Nonresident Visitor Groups to Montana". McMahon, K., and K. Cheek. 1998. Available online at www.forestry.umt.edu/itr.

Work and Pay in Montana's Travel Industry

The 1999 state legislature is addressing reasons why Montana has dropped to 48th in the nation in terms of per capita income. Increasing the wages for Montana residents is a high priority for the legislature. Where does Montana's travel industry fit into the overall picture for Montana's economy? In the state, transportation and communication workers earn approximately \$29,000 annually, while service and retail trade workers earn approximately \$19,000 and \$14,000 respectively. Employee compensation in the travel industry averages approximately \$13,000 annually. Why are travel personnel at the low-end of the pay scale?

Many travel industry jobs are entry-level, low wage, part-time, and seasonal. However, employment statistics generally do not distinguish between part-time, seasonal, and full-time employees. Therefore, total employment numbers for the travel industry tend to be misleading. In fact, many people think employment figures represent only full-time employment. This is not true. The existence of a large number of part-time jobs in the travel industry make average earnings figures appear lower than those of other industries.

ITRR conducted a survey of Montana tourism businesses and related agencies. Results show a wide range of income depending on employment status (Table 5). Survey respondents indicated that, of all jobs included in participating establishments, 30 percent were permanent full-time positions, 29 percent were seasonal full-time positions, 19 percent were permanent part-time jobs, and 22 percent were seasonal part-time jobs.

Table 5
1998 Travel Wage Study (ITRR)
Descriptors of Montana's Travel Industry*

<u>Position**</u>	<u>Hourly Wage Range</u>	<u>Hourly Mean Range</u>
Permanent FT	\$ 4.00-45.00	\$ 8.05-14.96
Seasonal FT	\$ 5.00-35.00	\$ 7.03-8.99
Permanent PT	\$ 5.00-15.00	\$ 6.06-7.47
Seasonal PT	\$ 5.00-20.00	\$ 6.22-8.14

<u>Position**</u>	<u>% Women</u>	<u>% Minorities</u>
Permanent FT	58%	6%
Seasonal FT	47%	7%
Permanent PT	70%	13%
Seasonal PT	60%	5%

* The 92 businesses for this study include: accommodations, attractions, restaurants, gas stations/convenience stores, guides/outfitters, resorts, CVBs/chambers, retail stores, museums, public land managers, ski areas, and a miscellaneous group.

** FT = full-time, PT = part-time

* Quotations included as comments on ITRR's 1998 survey of Montana travel industry businesses.

ITRR's survey revealed the following description of Montana's travel industry:

- Business sizes ranged from 0 (volunteer position) to 470 employees.

Seasonal Aspects:

- 70% of the businesses have 25 or fewer employees.
- The average number of employees during the busy season is 31.3, while the median number of employees is 14.5 during the busy season.
- The number of employees fluctuates depending on season in 76% of the businesses.
- Businesses reduced their number of employees after the busy season by as much as 360 people..
- The average difference in number of employees between busy and slow seasons is 4.25 people.

Employee Gender:

- 3% of travel-related businesses/agencies have only men as employees.
- 13% of travel-related businesses/agencies have only women as employees.
- On average, 61% of the employees in travel-related businesses are women. However, 35% of the businesses have an employee work force that consists of over 75% women.

Employee Ages:

- 39% of the employees during the busy season are under the age of 25 years, while only 26% are under the age of 25 during the slow season.
- 8% of the employees during the busy season are over the age of 55 years, while 10% of the employees during the slow season are over 55 years old.

Benefits:

- 56% of the businesses provide benefits (insurance) to their employees and permanent full-time status is the most frequently mentioned criteria for benefits.

While the travel industry has many seasonal, part-time, and entry-level jobs, availability of these positions is not necessarily a negative characteristic of an economy. High school and college students, farm operators and their families, and young or new parents usually look for entry level positions requiring little or no skill or education to supplement their school finances or family income. In general, these people are not looking for a career in these jobs. Instead, they

want part-time or seasonal work that fits their schedule. During the busy season in Montana, nearly 40 percent of travel employees are workers under the age of 25 and women constitute over 50 percent of all the travel work force in all positions except seasonal full-time positions.

In addition, the travel industry provides opportunities for entrepreneurs and small business operators. In the survey, 42 percent of Montana's travel businesses employ under ten people. Another 28 percent of the tourism businesses employ 11-25 workers. The travel industry is generally small business. In 1998, proprietary income by travel industry businesses generated \$56.5 million dollars in Montana. These are usually small, family operations making a living from the travel industry.

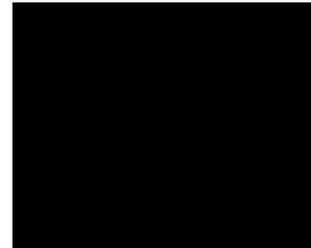
1998 At - A - Glance

- 1998 was a banner year for Montana, showing a four-percent increase in nonresident travel in the state over 1997.
- Interstate highway traffic was up three percent and primary highways were up six percent in 1998.
- Both Yellowstone and Glacier National Parks were up in 1998 (8% and 7% respectively).
- Montana skier visits were down for the 1997-98 season (-11%) for the first time in seven years.
- Nonresident summer visitors provide 66 percent of total expenditures, followed by the shoulder seasons (October/November and April/May) which provides 20 percent. The winter season provides only 16 percent of all nonresident dollars to the state.

1998: Looking Back

*Nonresident travel to Montana in 1998 grew to **9.2 million visitors** or 3.8 million visitor groups. These groups spent **\$1.5 million**, directly supporting **over 28,000 jobs**, and accounting for **\$57 million in proprietary income**. Approximately **half** of the nonresident expenditures (\$750 million) were spent by people primarily in Montana for vacation. The other half of the expenditures were made by nonresidents coming to Montana for other reasons such as business, passing through, visiting friends and relatives, shopping or medical.*

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