

Yellowstone Historic Center Market Assessment and Economic Impacts

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Prepared for the

Yellowstone Historic Center
West Yellowstone, Montana

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Executive Summary

The Yellowstone Historic Center faces a unique opportunity to enrich the historic and cultural appeal of the town of West Yellowstone. The market assessment shows that the Yellowstone Historic Center Project has the potential to attract a large segment of those visitors traveling through the town to visit Yellowstone National Park (the most popular destination for visitors to Montana and Wyoming). Most notably, the Yellowstone Historic Center Project will entice the many visitors who currently travel through West Yellowstone to spend additional time (resulting in more overnight stays and longer day visits), and hence generate additional economic activity and revenue for the community.

With regard to future development, the most pertinent findings are:

- *Historic/cultural sites, particularly designated historic places and museums, are quite popular among U.S. travelers today.*
- *As the U.S. population ages and has become more educated, travel experiences have become more orientated to education activities with increased interest in historic/cultural sites.*
- *By offering opportunities for high-quality educational experiences and convenient, safe access to an internationally significant historic area, the Yellowstone Historic Center Project can capitalize on its location as a gateway community to Yellowstone National Park.*
- *With respect to visitors traveling to Montana and Wyoming, Yellowstone National Park (in particular Old Faithful) serves as the primary attraction and national park visitors are particularly oriented to historic/cultural sites.*
- *Visitors to Montana's Yellowstone Country Travel Region are strongly orientated to vacations, more likely to travel as families, and more often than not have some degree of travel plan flexibility for unplanned activities.*
- *Visitor activity in West Yellowstone will remain especially orientated to the summer months of June through September, the most popular season to visit the park.*
- *The Yellowstone Historic Center Project will generate an additional \$14.4 million of visitor spending in the town of West Yellowstone, resulting in an additional \$400,000 per year in the town's resort tax collections.*
- *The Yellowstone Historic Center Project will generate an additional \$2.4 million in earnings for employees and business owners, which would support an additional 200 jobs in the town of West Yellowstone.*

I. Historic/Cultural Travel Market Overview

Historic and cultural tourism is a significant part of the U.S. travel experience and generates millions of dollars for destinations by attracting visitors who will spend money on lodging, food, entertainment, and shopping. The results of a January 2003 survey conducted by the Travel Industry Association of America (TIA) and commissioned by Smithsonian Magazine highlight the importance of historic sites and communities as a valuable product for the tourism industry. Based on these findings and overall trends in North America, this section presents important demographic, travel demand, and historic and cultural tourism trends that are important to consider with regard to the Yellowstone Historic Center's development priorities and programming decisions.

National Trends

Historic places quite popular among U.S. travelers	<i>Nearly six in ten (56%) of adults who traveled in the past year reported they included at least one cultural, arts, historic, or heritage activity while on a trip. The most popular historic/cultural trip activity is visiting a designated historic place or museum (66%).</i>
Population is aging	<i>Four in ten (41%) of historic/cultural trips are taken by Baby Boomer households (age 35-54) and one-third (35%) are taken by Mature households (age 55 and older).</i>
More dual-earner households	<i>One-third of historic/cultural travelers have an annual household income of \$75,000 or more. The median annual household income of historic/cultural travelers is \$55,600.</i>
Population becoming more educated	<i>Six in ten (58%) historic/cultural trips are generated by households with a college degree or higher. Most (69%) historic/cultural travelers agree that trips where they can learn something new are more memorable to them.</i>
More Visitor Spending on Trip	<i>On average, historic/cultural travel parties spend more (\$623) per trip as compared to the average U.S. trip (\$457).</i>
Overnight stays and travel by auto	<i>Nearly all (90%) historic/cultural trips involve an overnight stay and are most often taken by private auto, accounting for seven in ten (68%) of all trips.</i>
Adding extra time to trip	<i>Four in ten (40%) of historic/cultural travelers said they added extra time to their trip because of historic, cultural, arts, or heritage activity or event. Of those travelers who added extra time, 44 percent added part of one day and 25 percent added one extra night.</i>
Other activities important on trips	<i>Shopping (44%), visiting national and state parks (20%), and engaging in outdoor activities (17%) are among the most popular activities for visitors on historic/cultural trips.</i>

Visitor Attraction Priorities

Research on travel and travel behavior indicates some trends in what travelers want from their trips. These are very important to keep in mind when considering project elements and design factors for the Yellowstone Historic Center Project.

- Convenience *Easy access, clear directions, as little congestion as possible: make it easy. Some localized congestion may be acceptable, particularly if it seems to represent the appeal of a very good location.*
- Safety *A primary concern, particularly with older travelers. The perception of diminished safety in many urban areas leads people to want to get away from these concerns to the extent possible: smaller communities such as West Yellowstone can capitalize on this concern.*
- Cleanliness *Particularly important with most travelers – especially those that are well off. Buildings, interiors and grounds must be as clean, neat and orderly as possible.*
- Good service *Attentive, careful and friendly service stands out in travelers' minds. Travelers can cope with some inattentive and even rude service, but it is one of the most undesirable aspects of travel for many.*
- Escape *The complexity of many lives today means travelers want to get away, avoid stress, and relax. Younger travelers like to include some focused activity as part of trips, such as biking, hiking or sports. For older travelers, a trip may well involve some active recreation, but it is most often low key, such as golf or fishing. Education can serve as an important motivation, particularly when combined with recreation experiences.*
- History and nostalgia *History remains one of the most common interests among travelers. This interest can be easily combined with natural resource topics.*
- Wildlife *The presence of wild animals is an important indicator of quality; to some, having wild animals around means that you have “escaped.” But what constitutes “wild animals,” and what represents good quality viewing and other related experiences varies widely. To some, this is a very casual activity, what others would call simply sightseeing.*
- Good weather *Most vacation travel takes place during summer months and is more oriented to locations with “good” (sunny and warm) weather. Winter travel is primarily oriented to either winter recreation locations or to locations with warm weather (Mexico, Caribbean). The weather factor will always be a challenge for travel in Montana and Wyoming; success at other visitor attractions indicates that seasonal variation can be effectively addressed.*

Parking

Parking is a big concern for many travelers who drive. Poor parking is very inconvenient, and good parking is a draw. Good parking is also safe and clean.

The primary implications for these historic/cultural travel and national trends include the following:

- Cultural, arts, historic, and heritage activities or events are quite popular among U.S. travelers today.
- Visiting a historic place or museum is the most popular activity or event reported by historic/cultural travelers.
- Shopping, visiting national/state parks, and outdoor recreation are also popular activities on historic/cultural trips.
- Historic/cultural related travel more often appeals to Baby Boomer (age 35-54) and Mature travelers (age 55 and older), and by those who are educated and/or affluent.
- Education will continue to serve as an important motivation for travel particularly among historic/cultural travelers.
- Most historic/cultural travelers seek activities where they can learn something new and enjoy going to places that are popular with the local residents.
- Historic/cultural trips are more likely than the average U.S. trip to include higher spending (\$623 vs. \$457 per trip).
- Most historic/cultural travel is by auto and nearly all historic/cultural travel involves an overnight stay.
- Many historic/cultural travelers extend the duration of their trip specifically to participate in such activities (four in ten said they added extra time to their trip because of an historic/cultural activity).
- By offering opportunities for high-quality educational experiences, the Yellowstone Historic Center Project can capitalize on its location as a gateway community with convenient, safe, clean, and friendly visitor services.

II. Regional Visitor Profile

The Yellowstone Historic Center Project site is located in the town of West Yellowstone, Montana, a town of about 2,000 residents, which is the western gateway for visitors traveling to and from Yellowstone National Park. Located in the state of Montana's Yellowstone Country Travel Region (see area in map below), the town of West Yellowstone lies within a two-hour drive of many notable visitor-orientated communities and destinations including: Bozeman, Livingston, Cody, Virginia City, Big Sky, and Jackson. Fortunately, good visitor profile data are available for this Region, providing the foundation for a useful assessment of the market from which the Yellowstone Historic Center Project can expect to draw visitors.

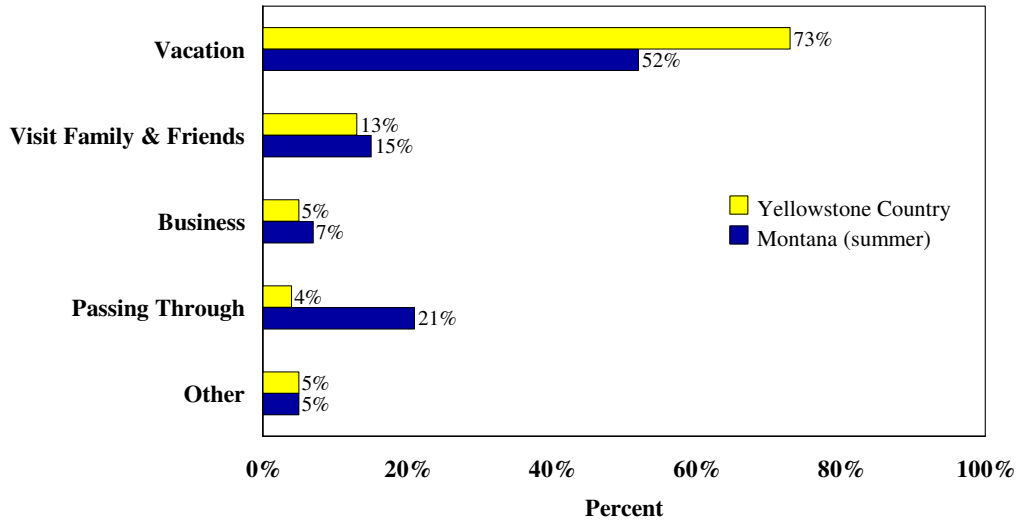
Yellowstone Country Tourism Region and Surrounding Visitor Area



Purpose of Trip

As compared to Montana as a whole, travelers to Yellowstone Country are more strongly oriented to vacations -- the primary purpose of travel for nearly three-quarters of Yellowstone Country's visitors during 2003.

Visitors to Yellowstone Country and Montana Primary Trip Purpose, 2003

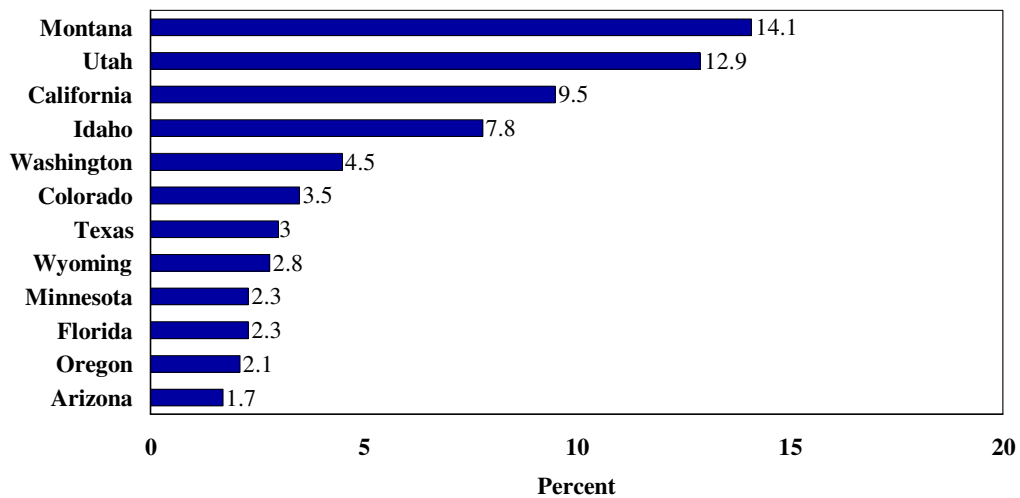


Source: Institute for Tourism & Recreation Research, The University of Montana

Visitor Origin

Leading among the sources of visitors to the Grizzly and Wolf Discovery Center (the most popular attraction in Yellowstone Country) were travelers from other locations in Montana, Utah, California, Idaho, Washington, and Colorado.

State Sources of Visitors to West Yellowstone, FY 2003-04

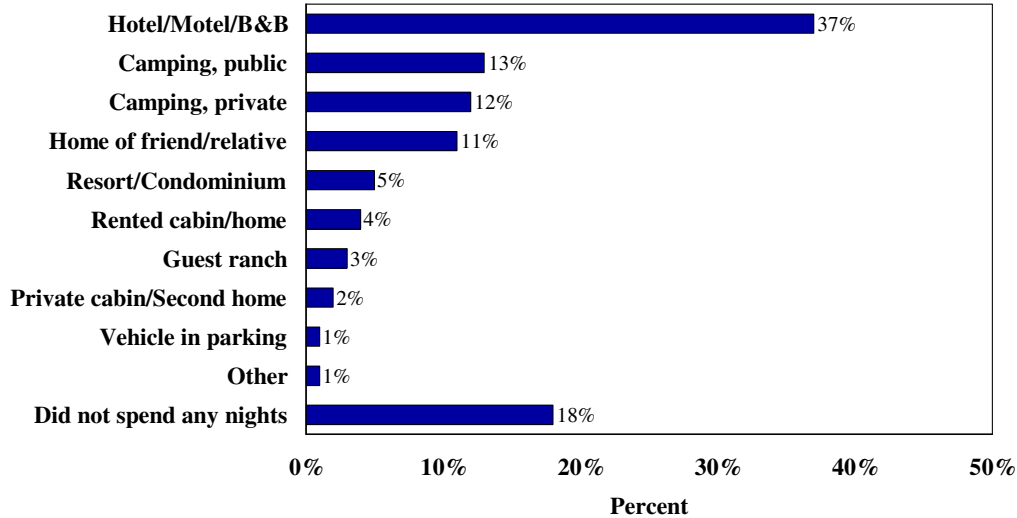


Base: Number of tickets sold
Source: Grizzly & Wolf Discovery Center

Overnight Accommodations

While most Yellowstone Country visitors stayed overnight in lodging accommodations or campgrounds, nearly one in five (18%) did not spend any nights in the Region.

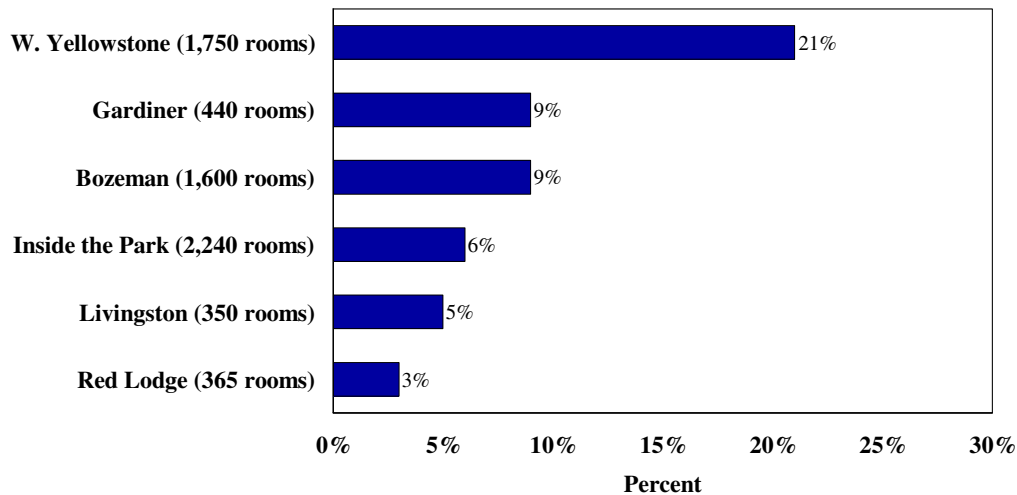
Travelers to Yellowstone Country Overnight Accommodations, 2003



Source: Institute for Tourism & Recreation Research, The University of Montana

Among Montana's travelers who visited Yellowstone National Park, West Yellowstone serves as the primary location for overnight lodging.

Montana's Travelers to Yellowstone National Park Communities with Overnight Stays, 2003



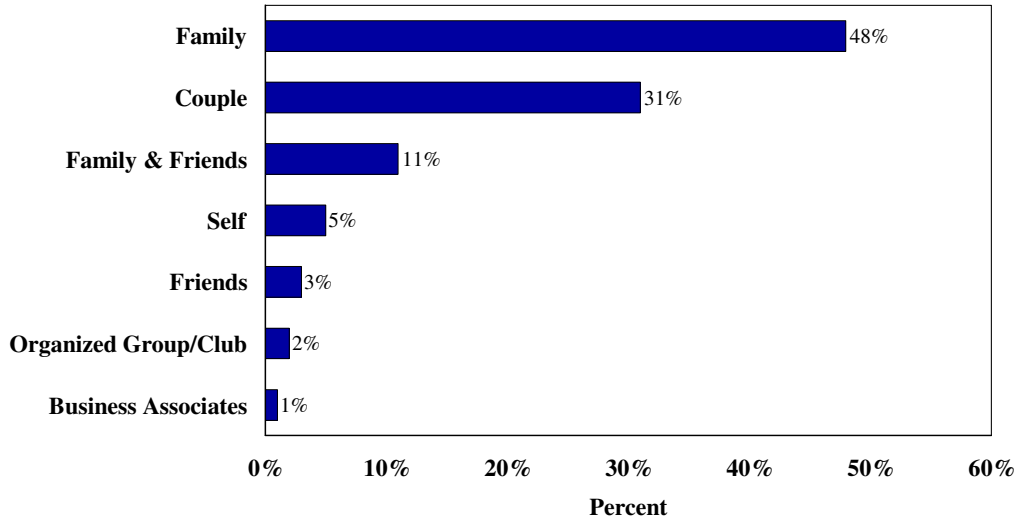
Source: Institute for Tourism & Recreation Research, The University of Montana

Note: Sample of Montana's nonresident visitors to Yellowstone National Park

Travel Party Composition

Nearly half of all travel parties in Yellowstone Country were families, most often those parties traveling with children or youth.

Composition of Travel Party, 2003

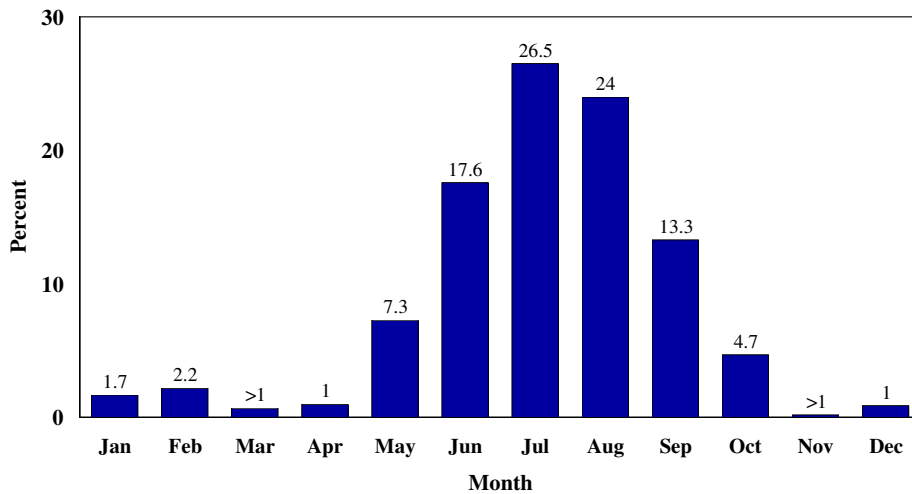


Source: Institute for Tourism & Recreation Research, The University of Montana

Season of Travel

Travel through the town of West Yellowstone is especially orientated to the summer months of June through September, with nearly 8 out of 10 visitors traveling during this time of year.

**Season of Travel to Yellowstone National Park
Visitors Entering West Gate, 1993-2003**

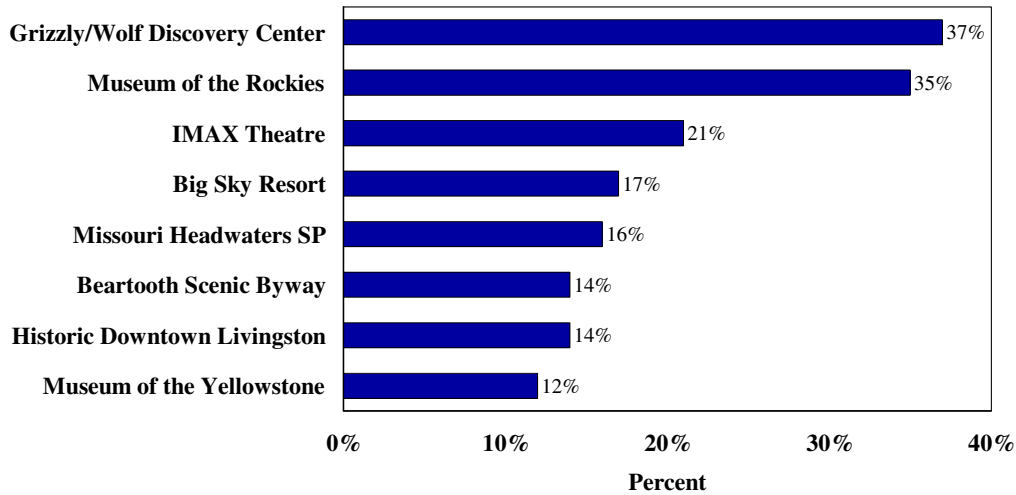


Source: National Park Service, U.S. Department of the Interior

Visitor Attractions and Activities

The town of West Yellowstone is home to some of the most popular visitor attractions in the Region such as the Grizzly and Wolf Discovery Center, IMAX Theatre, and the Museum of the Yellowstone (current Yellowstone Historic Center).

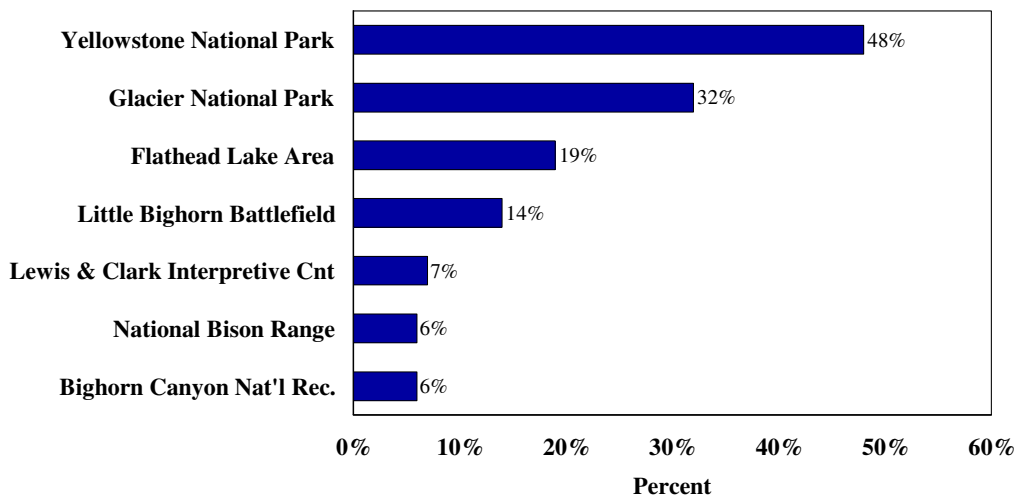
**Travelers to Yellowstone Country
Most Popular Visitor Attractions, 2003**



Source: Institute for Tourism & Recreation Research, The University of Montana
Note: Respondents could indicate more than one attraction.

Yellowstone National Park serves as a primary attraction for those traveling to Montana, visited by nearly half of all travelers to the state.

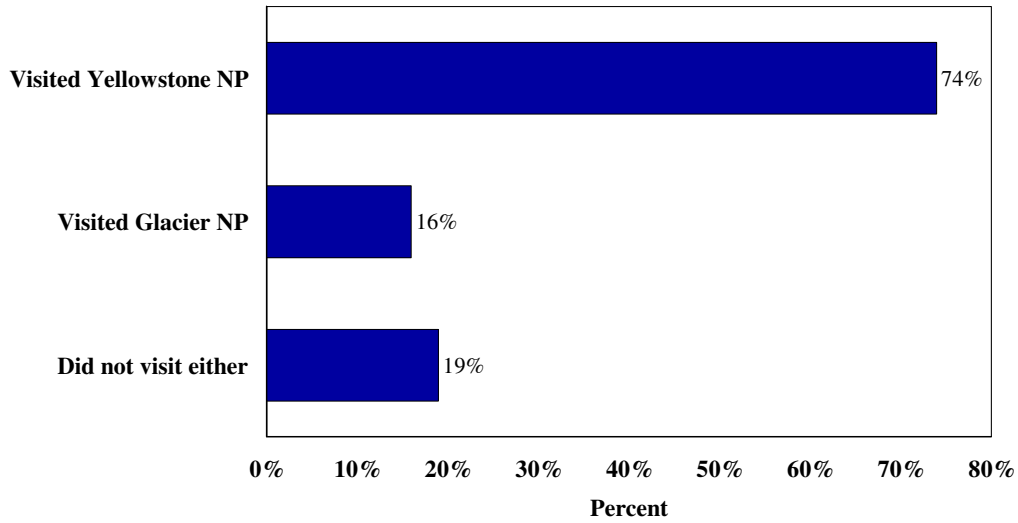
Montana's Most Popular Visitor Attractions, 2003



Source: Institute for Tourism & Recreation Research, The University of Montana
Note: Respondents could indicate more than one attraction.

Of those who traveled to Yellowstone Country, nearly three-quarters visited Yellowstone National Park.

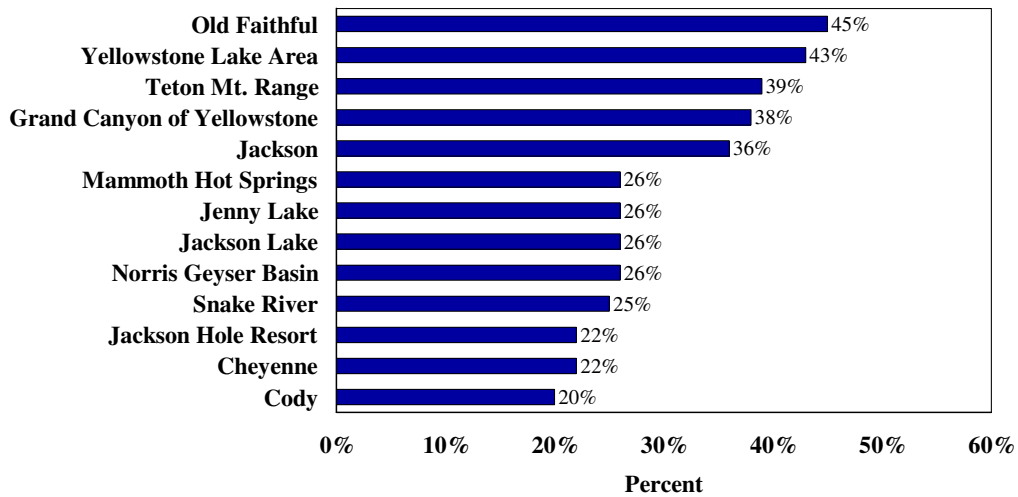
**Travelers to Yellowstone Country
National Park Attendance, 2003**



Source: Institute for Tourism & Recreation Research, The University of Montana

Among visitors to the state of Wyoming, Old Faithful and the Yellowstone Lake Area (both locations in Yellowstone National Park) were the most popular attractions.

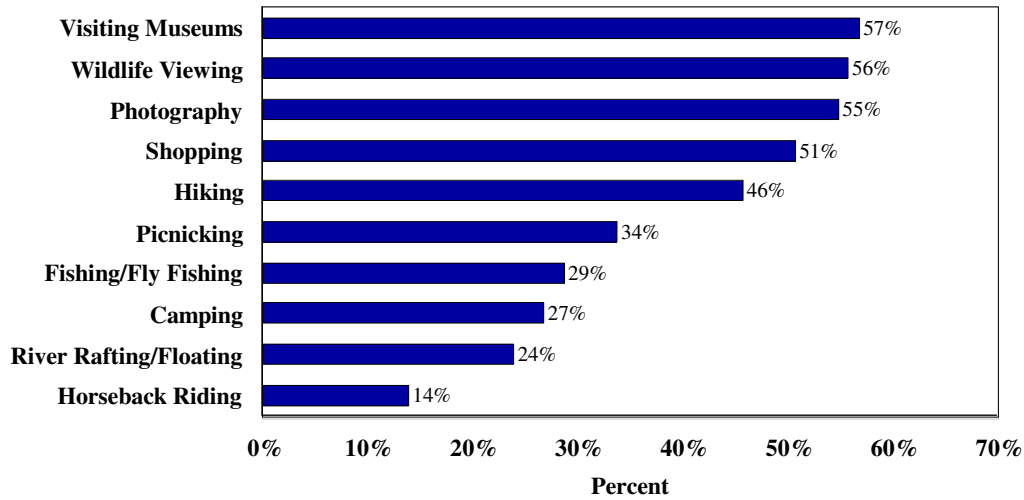
Wyoming's Most Popular Visitor Attractions, 2003



Source: Longwoods International
Base: Overnight Marketable Trips

Visiting museums, wildlife viewing, and shopping were among the most popular activities for Yellowstone Country visitors.

**Travelers to Yellowstone Country
Most Popular Visitor Activities, 2003**

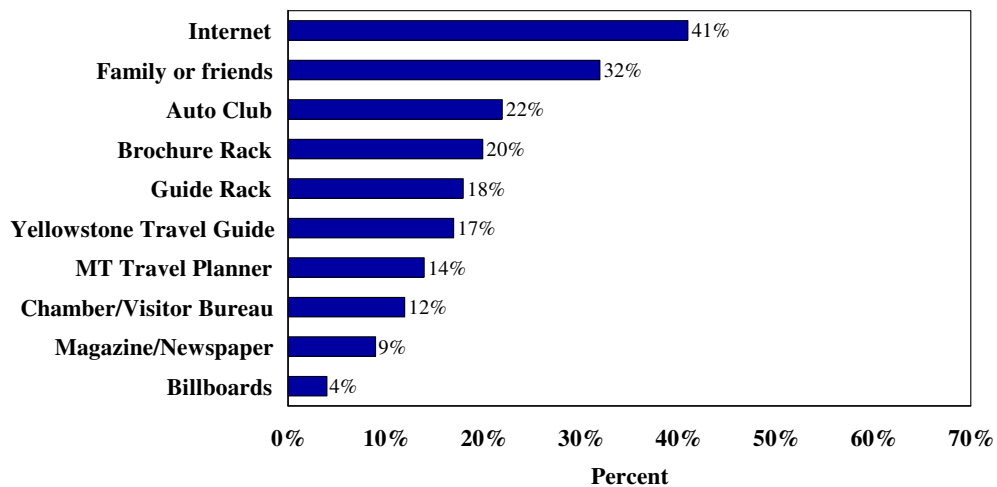


Source: Institute for Tourism & Recreation Research, The University of Montana
Note: Respondents could indicate more than one activity.

Information Sources and Trip Planning

The Internet serves as the primary source of trip planning information for visitors to Yellowstone Country.

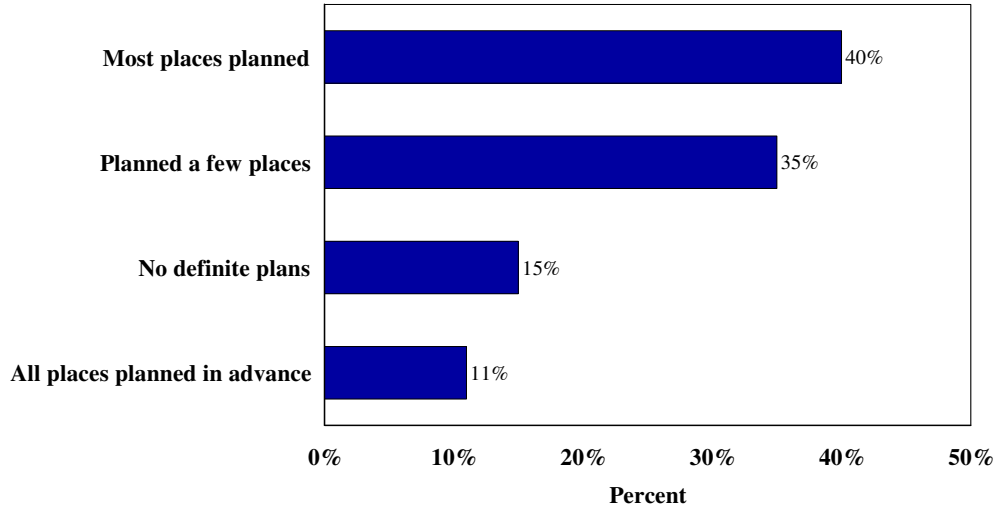
**Travelers to Yellowstone Country
Information Sources Used for Trip Planning, 2003**



Source: Institute for Tourism & Recreation Research, The University of Montana
Note: Respondents could indicate more than one information source.

Most visitors to Yellowstone Country had some degree of travel plan flexibility with more than one-third (35%) planning in advance just a few places to stop.

Travelers to Yellowstone Country Visitor's Advance Trip Planning, 2003

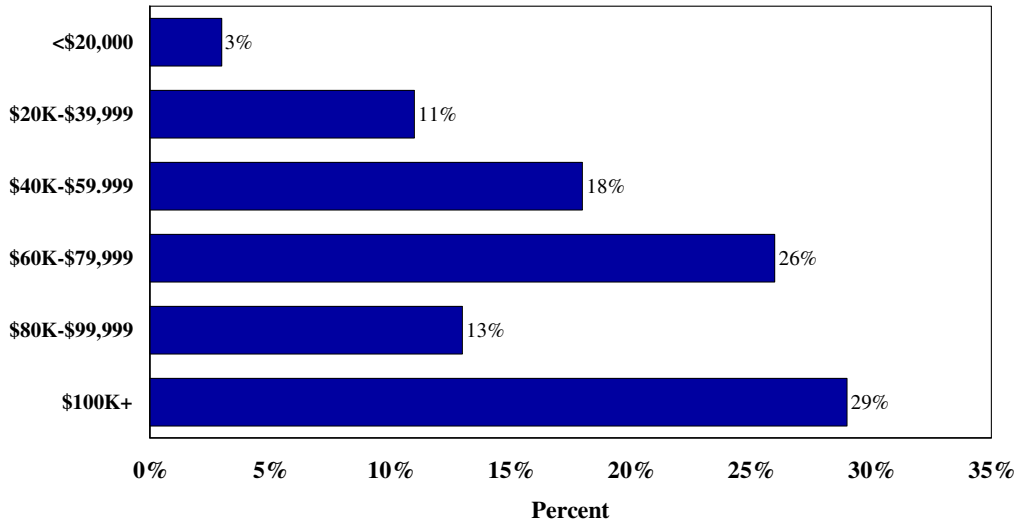


Source: Institute for Tourism & Recreation Research, The University of Montana

Household Income

Travelers to Yellowstone Country have fairly substantial incomes -- more than two-thirds with an annual household income of \$60,000 or more.

Travelers to Yellowstone Country Annual Household Income, 2002



Source: Institute for Tourism & Recreation Research, The University of Montana

Primary Implications

The following are some primary points regarding the findings of Yellowstone Country's travel profile:

- Vacation travel is by far the primary trip purpose for travel to and through the Yellowstone Country Region.
- Most Yellowstone Country visitors stay overnight in lodging accommodations or campgrounds and West Yellowstone serves as a primary location.
- The leading sources of visitors to West Yellowstone are those from the states of Utah, California, Idaho, Washington, and Colorado, and other locations in Montana.
- Parties traveling as families are relatively common (nearly one-half) and are most often those parties traveling with children or youth.
- Travel to Yellowstone Country is especially orientated to the summer months (June-Sept.).
- Among travelers to the states of Montana and Wyoming, Yellowstone National Park (particularly Old Faithful) is clearly the most popular visitor attraction -- the vast majority of the visitors to Montana's Yellowstone Country Travel Region entered the park.
- Travelers to the Yellowstone Country Travel Region represent a relatively affluent segment of the population -- more than two-thirds with annual household income of \$60,000 or more.

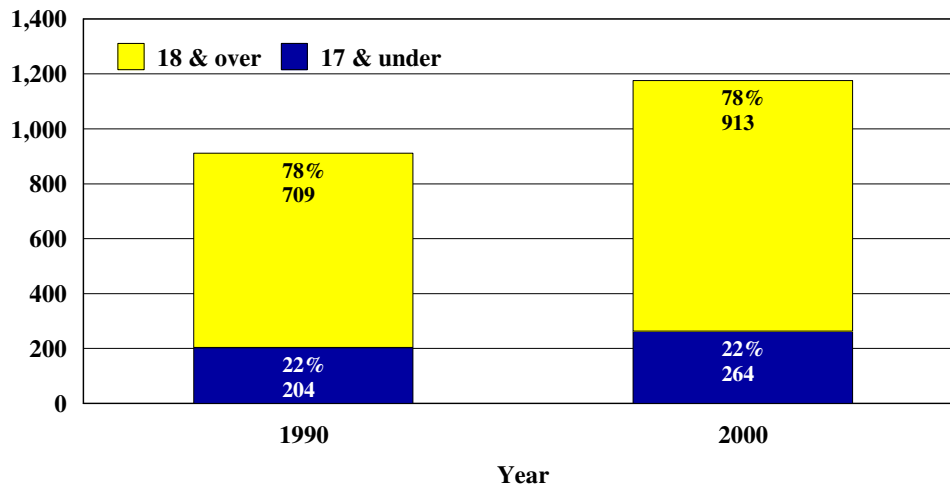
III. Socio-Economic Profile of West Yellowstone

This section of the report describes demographic and economic conditions for the town of West Yellowstone including population, housing units, sources of employment, and annual revenue generated through the town's resort tax. The information contained in this report is based on the most current and reliable data available.

Population

Between 1990-2000, the resident population for the town of West Yellowstone increased from about 900 persons to almost 1,200 persons, representing an average growth rate of 2.9 percent per year (By way of comparison, the population of Bozeman, with approximately 28,000 residents in 2000, grew at a rate of 1.9 percent per year over this same period.). As is shown below, 78 percent of the residents of West Yellowstone are 18 years of age and over.

Town of West Yellowstone Population, 1990-2000

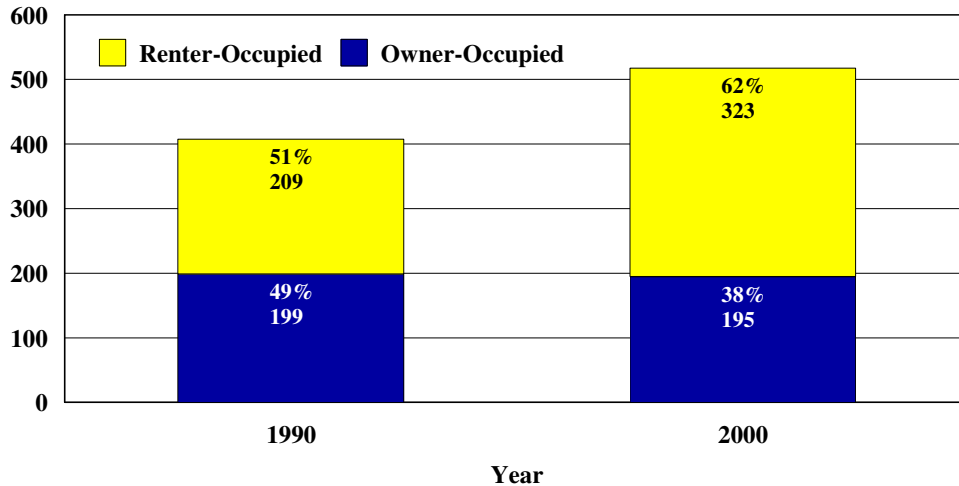


Note: Population by Place of Residence
Sources: Dean Runyan Associates and U.S. Bureau of the Census

Housing Units

As shown below, renter-occupied homes in the town of West Yellowstone comprise a large proportion of housing units (approximately 6 in 10 units in 2000). Between 1990-2000, the number of renter-occupied homes in West Yellowstone increased by about 120 units, while the number of housing units occupied by owners remained essentially flat.

Town of West Yellowstone Housing Units, 1990-2000

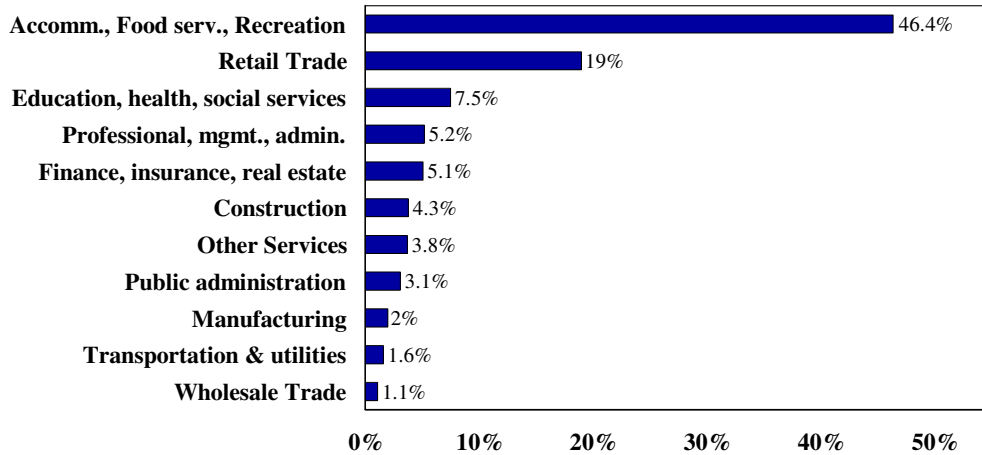


Note: Housing Units by Place of Residence
Sources: Dean Runyan Associates and U.S. Bureau of the Census

Distribution of Employment

The figure *Distribution of Employment, 2000* shows the percent of total employment by each major industry for residents of the town of West Yellowstone. Accommodations, food services and recreation as well as retail trade are the primary sources of employment for the town's residents.

**Town of West Yellowstone
Distribution of Employment, 2000**

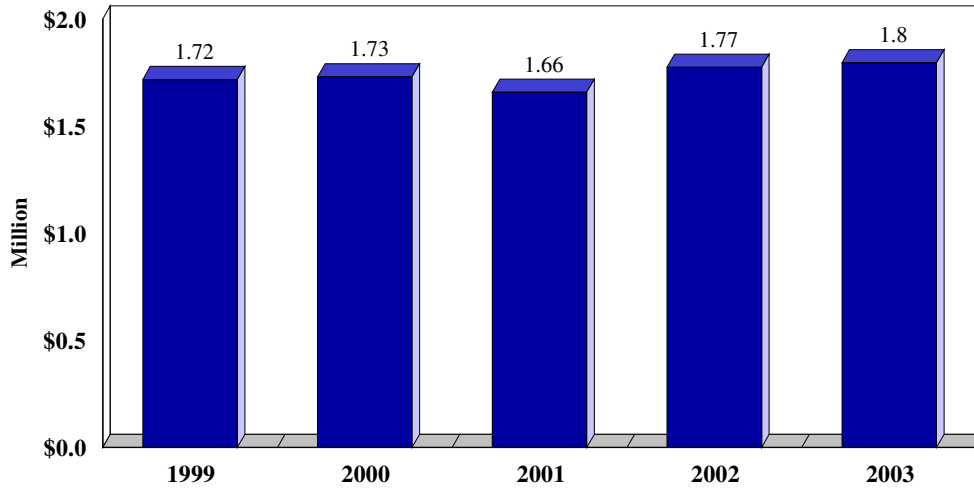


Source: U.S. Census Bureau
Note: Industry employment by place of residence

Resort Tax Collections

Tourism has been the primary industry in the town of West Yellowstone since its founding in 1908. To help the town's residents benefit from the number of visitors traveling through the community, West Yellowstone instituted a 3 percent resort tax on most goods and services in 1986. Resort tax revenues help fund the community's infrastructure improvements and provide better police, fire, and emergency medical services. By 2003, the town received nearly \$1.8 million dollars in revenue from resort tax collections.

**Town of West Yellowstone
Resort Tax Collections, 1999-2003**

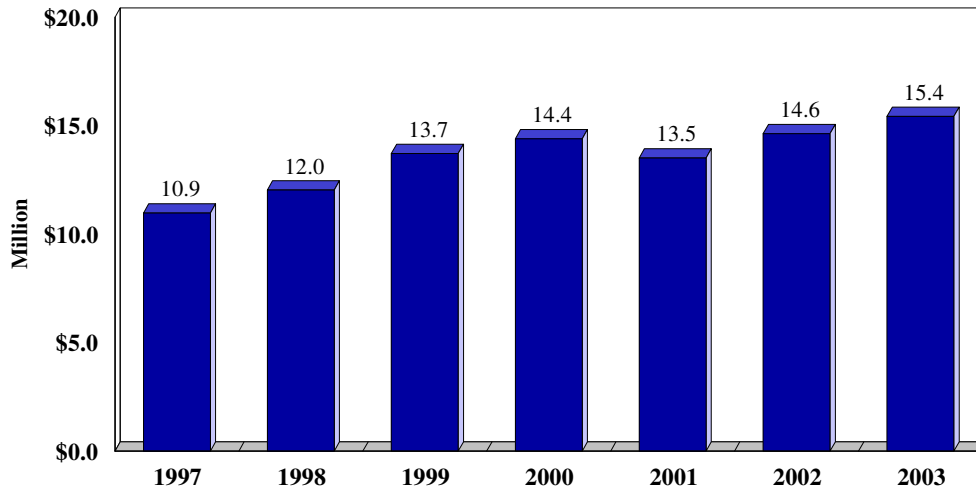


Source: West Yellowstone Chamber of Commerce
Note: Revenues are not adjusted for inflation.

Lodging Sales

As shown in the figure below, lodging sales in the town West Yellowstone has grown steadily from 1996 through 2003. Calendar year 2001 shows a modest decline consistent with the overall trend for the U.S. travel industry, due primarily to poor economic conditions and the tragic events of September 11.

**Town of West Yellowstone
Lodging Sales, 1999-2003**



Source: Montana Department of Commerce
Note: Revenues are not adjusted for inflation.

IV. Direct Economic Impacts of Visitors

The town of West Yellowstone, a historic gateway to Yellowstone National Park, serves as a primary location for lodging, dining, recreation, and visitor services. Spending by visitors generates the primary source of economic activity for the community. This section of the report describes the most recent economic impacts of visitors to West Yellowstone, Montana from 1999 through 2003. In addition, this section provides estimates of the potential for additional economic impacts associated with the development of the Yellowstone Historic Center Project.

Economic impacts of visitors consist of estimates of visitor spending and the earnings, employments, and tax revenue generated by this spending. Dean Runyan Associates produced the estimates of the direct impacts associated with visitor spending in West Yellowstone using the Regional Travel Impact Model (RTIM). The RTIM was calibrated specifically to represent the unique characteristics of the visitor industry in the town of West Yellowstone. The input data used to detail the direct economic impacts were derived from various local, state, and federal sources as well as available visitor survey data. Primary sources of input data include:

- Spending on lodging accommodations is estimated from state lodging tax receipts.
- Visitor-spending in other business categories is estimated using spending distributions reported in visitor survey data -- the spending distribution shows how travelers divide their spending between lodging and other purchases such as retail and recreation.
- Visitor-generated earnings are estimated from payroll-to-receipts ratios derived from the Economic Census and earning data provided by the Bureau of Economic Analysis (U.S. Department of Commerce).
- Visitor-generated employment in each business category is calculated from wage and earnings data provided by the Bureau of Economic Analysis.

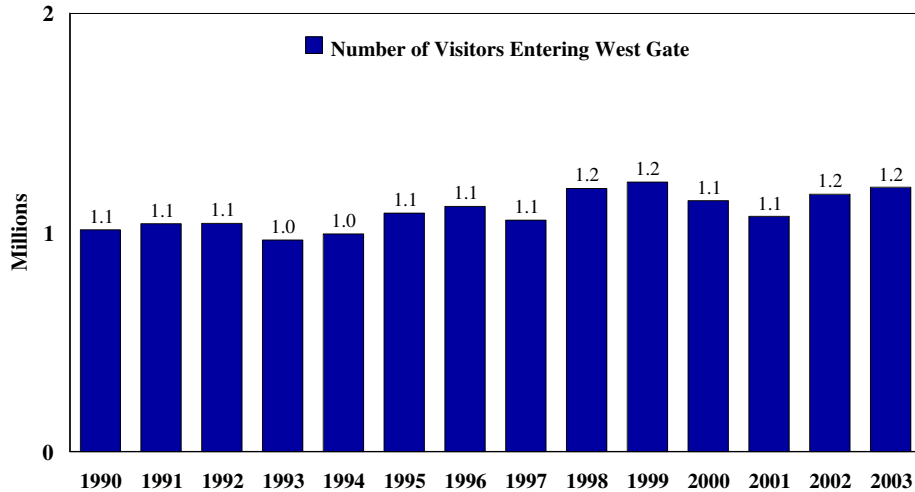
The degree to which the Yellowstone Historic Center Project generates additional economic impacts for the community will depend primarily on the historic site's appeal to the many visitors traveling to and through Yellowstone National Park. Each year, hundreds of thousands of visitors travel through the town of West Yellowstone (most often to visit Yellowstone National Park the primary attraction in Montana and Wyoming). Estimates for the additional economic impacts associated with the Yellowstone Historic Center Project are broken out by type of business such as accommodations & food services, recreation services, and retail establishments.

Based on U.S. travel trends, visitors to national parks, as well as those orientated to outdoor activities, tend to be very interested in historic places/museums and cultural events/festivals. The Yellowstone Historic Center Project will appeal to a large segment of the visitors to Yellowstone National Park. Most notably, the Project will entice many of the visitors who pass through West Yellowstone to spend additional time in town (i.e., more overnight stays and longer day visits), resulting in more visitor-related spending, earnings, and employment in the local area.

Visitor Trends and Volume

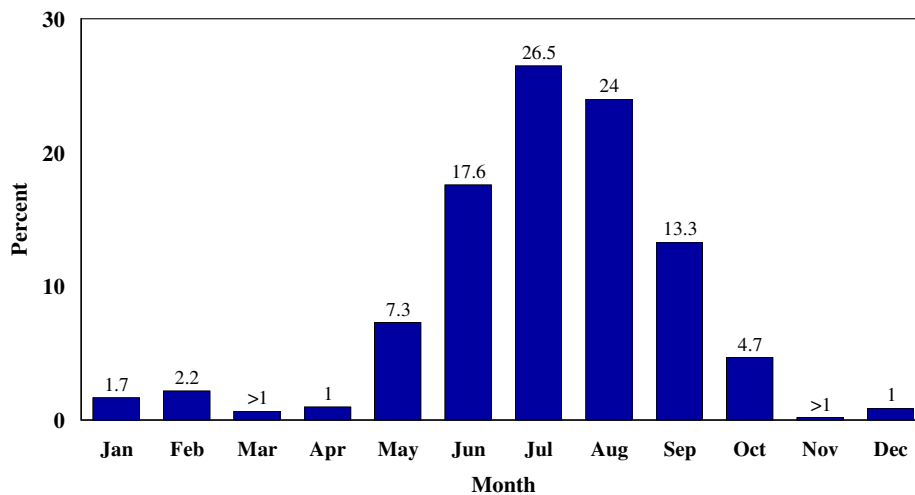
The Yellowstone Historic Center Project site is located in the gateway community of West Yellowstone, which lies along the western border of Yellowstone National Park. Historically, estimates of visitors who enter the park (measured at the west gate entrance counts) have remained relatively stable over the last decade. It is also important to note the distinct seasonal pattern, which shows significantly stronger visitation during the summer months (June - Sept.).

Visitors to Yellowstone National Park, 1990 - 2003



Source: National Park Service, U.S. Department of the Interior

**Season of Travel to Yellowstone National Park
Visitors Entering West Gate, 1993-2003**



Source: National Park Service, U.S. Department of the Interior

Current Visitor Impact Trends

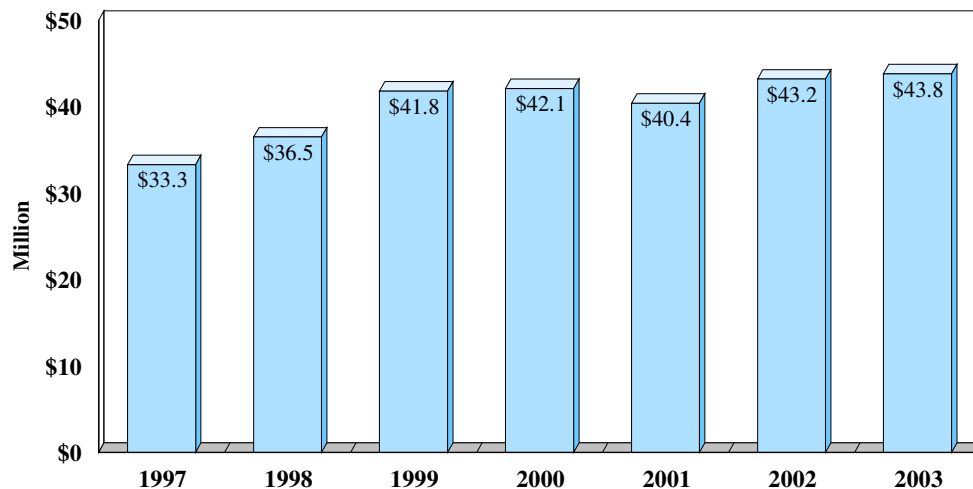
The table *West Yellowstone Visitor Spending and Related Impacts, 1997-2003* provides a detailed summary of the economic impacts directly derived from visitor spending in West Yellowstone. As shown below, visitor spending, earnings, and resort tax receipts have grown by about 5 percent per year since 1997 (state lodging tax receipts have grown by nearly 6 percent per year). Employment (average annual) has been relatively stable, declining just slightly during calendar year 2001.

West Yellowstone Visitor Spending and Related Impacts, 1997-2003
Visitor Impacts Only

	Visitor	Earnings (\$ Million)	Employment (jobs)	Tax Receipts	
	Spending (\$ Million)			Resort (\$ Million)	State Lodging (\$ Thousand)
1997	33.3	8.9	850	1.0	440
1998	36.5	9.7	870	1.0	480
1999	41.8	11.2	960	1.2	550
2000	42.1	11.3	950	1.2	580
2001	40.4	10.8	880	1.2	540
2002	43.2	11.5	950	1.2	590
2003	43.8	11.7	960	1.3	620
Annual Percentage Change					
97-03	4.7%	4.7%	2.0%	4.7%	5.9%

Source: Dean Runyan Associates

West Yellowstone Visitor Spending, 1997-2003



Source: Dean Runyan Associates

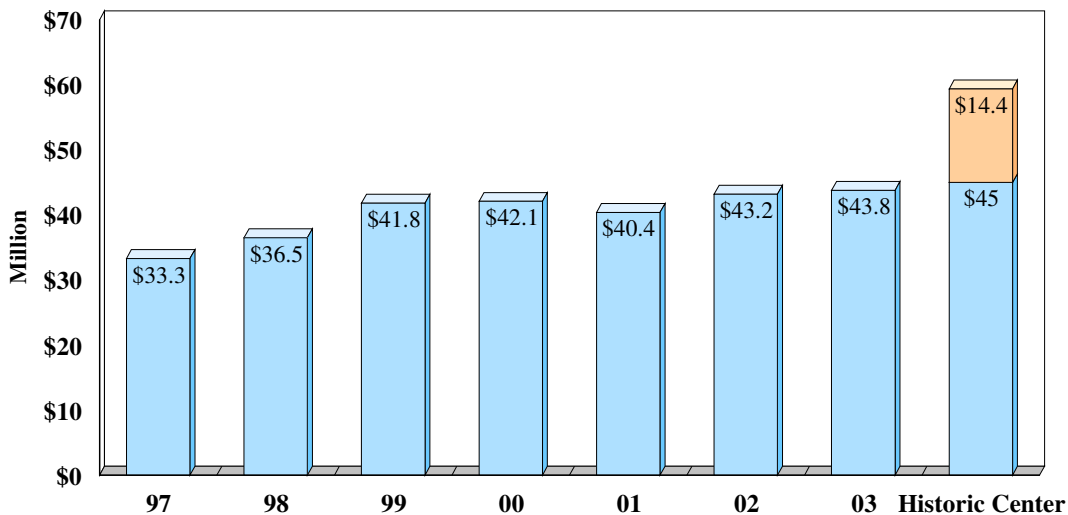
Note: Visitor spending estimates are not adjusted for inflation.

Economic Growth Projected with Proposed Development

Development of the Yellowstone Historic Center Project would attract approximately 250,000 new visitors (20 percent of the number of visitors who through west gate park entrance) into the town of West Yellowstone. This estimate of “new visitors” reflects the potential opportunity to encourage more of the visitors traveling through West Yellowstone to spend additional time (either overnight or part of day), which translates into additional economic activity and revenue for the community. Development of the Yellowstone Historic Center Project will result in an additional \$14.4 million in visitor spending in the town of West Yellowstone, which would add approximately \$400,000 per year to the town’s resort tax collections.

Projected growth in visitor spending reflects estimates of additional economic impacts generated by the development of the Yellowstone Historic Center Project as described this **Interpretive, Site, and Phase Development Plan**. Visitor spending associated with new visitors to West Yellowstone is based on estimates of average daily spending per party, type of traveler (i.e., hotel/motel, campground, or day visitor), and additional length of stay. For project planning purposes, the analysis assumes half of visitors stay an additional night in either lodging accommodations or campgrounds, and half are day visitors who spend an additional part of the day in the town.

**Growth in West Yellowstone Visitor Spending
Projected with Yellowstone Historic Center**

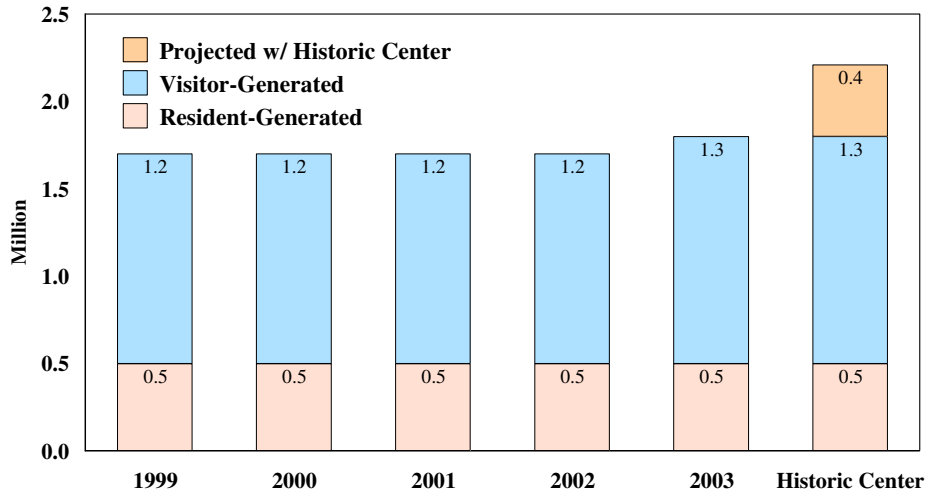


Source: Dean Runyan Associates

Note: Visitor spending estimates are not adjusted for inflation.

Development of the Yellowstone Historic Center would generate an additional \$400,000 per year in resort tax revenue for the town of West Yellowstone. The figure below shows a breakout of the estimated share of resident- and visitor-generated resort tax revenue as well as the additional tax revenue associated with the proposed Yellowstone Historic Center Project.

Distribution of Resort Tax Collections for the Town of West Yellowstone

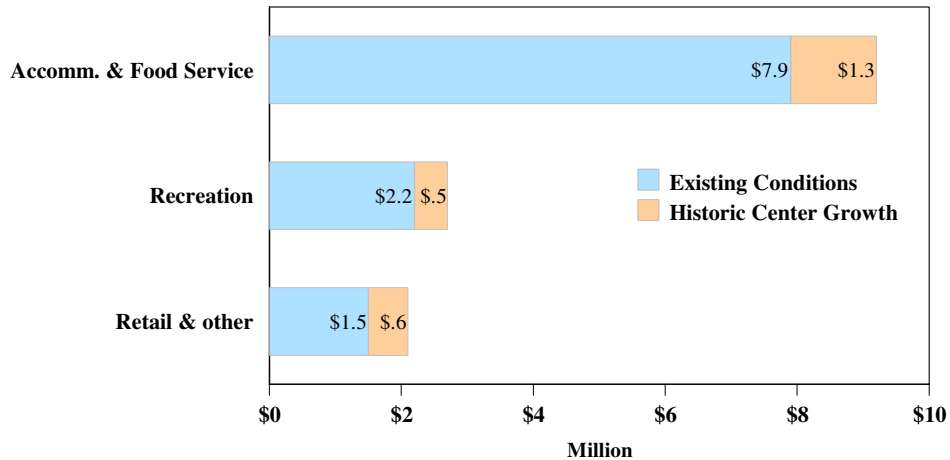


Source: Dean Runyan Associates

Earnings and Employment Impacts

Through the wage and salary disbursements and proprietor income of business owners who work in travel-related businesses, development of the Yellowstone Historic Center Project would generate an additional \$2.4 million in earnings and support nearly 200 new jobs (job estimate reflects part-time and seasonal jobs not the number of employed persons -- an employed person may hold more than one job). The figures below show breakouts of the distribution of earnings and employment among the primary visitor-related industries: accommodation & food services, recreation, and retail establishments.

Projected Growth in Visitor-Generated Earnings for the Town of West Yellowstone



Source: Dean Runyan Associates

Note: Accommodation & Food Service includes earnings associated with campground rentals.

Projected Growth in Visitor-Generated Employment for the Town of West Yellowstone



Source: Dean Runyan Associates

Note: Accommodation & Food Service includes employment associated with campground rentals.

V. Conditions for Success

Preliminary conditions for success are included here as conditions to achieve the economic impact projections presented in this report. Many factors will influence the success of the Yellowstone Historic Center Project as it proceeds through its final phase. In general, demand for an education-orientated historic site will depend on a number of factors, including the site's location and interpretive programs as well as external factors related to distance from major market areas, demographic trends, and economic conditions. In addition, types of programs, scheduling of special events, marketing, and capital investment can also have a major influence.

In preparing these projections, it is assumed that the Yellowstone Historic Center Project will have developed the proposed facilities and site design, as described in this **Interpretive, Site, and Phase Development Plan**, enhancing the appeal of the Historic District and its interpretive programs. The primary factors that will strongly influence success in the years ahead include:

- Stabilize/Restore the existing historic buildings
- Improve/Upgrade historic site
- Re-establish the railroad track right-of-way within the Historic District
- Develop the West Yellowstone Historic Center Museum

In addition to the quality of new development and programming, these projections assume the Historic Center will be marketed effectively as an education-orientated historic attraction. Factors particularly important in the effectiveness of marketing programs include:

- Maintain good working relationships with visitor marketing organizations – the West Yellowstone Chamber of Commerce and the Montana Department of Commerce. These organizations will be particularly valuable for marketing to out-of-state visitors who are looking for facilities and activities while traveling through the region.
- Establish partnerships locally and regionally in order to enhance the use of the historic district as a special event, educational, and recreation area.