

COVID-19 and Tourism Impacts Update –
Montana Office of Tourism and Business Development, Dept of Commerce
For Economic Affairs Interim Committee
April 9, 2020 - p.1

Tourism is one of Montana's leading industries. In a typical year, tourism supports over 59,000 jobs and \$1.5 billion in salaries. In 2018 we welcomed 12.4 million visitors, the majority during warm season months, who spent nearly \$4 billion in our economy.

This is the time of year when Department of Commerce's Office of Tourism and Business Development is generally spending the bulk of allocated bed tax advertising dollars to inspire out of state visitors to plan and book their trip to Montana. We generally launch our warm season ad campaign in March, which edges us out in front of the competition and captures our audience during their known trip planning window. We'd plan to see the bulk of the year's visitors between June and the end of August.

This year, the world looks very different. COVID-19 transitions started impacting travel for the tail end of Montana's ski season, with ski areas closing early, and before spring break travel. It impacted international travelers who tend to visit certain parts of the state in early spring. And now it is changing the planning and booking landscape for the time of year when Montana generates the majority of its bed tax revenue.

We can obviously anticipate a negative impact on tourism and related revenues to the state – but to what extent is very difficult to know.

We are tracking information from many different sources at this time. Trends in state, anecdotally, appear to be mirroring trends we are seeing at a national level. Trends initially indicated that the majority of trip cancellations due to concerns about COVID-19 were for near-term travels (Mar/Apr). According to Destination Analysts Weekly Traveler Sentiment Index Report, which surveys the American traveler at weekly intervals, there is an ongoing increase in travelers canceling trips further out, now, through June and July. The general sense, nationally, is that travelers are expecting the situation to get worse in the coming month and are waiting for it to blow over before considering travel again. Only 3 in 10 believe the situation will improve by summer, and those who have canceled trips, by in large, are not rebooking them yet.

The situation remains very fluid, with variables like a surge in unemployment since last week, increasing respondents concerns about how the pandemic will impact personal finances – for instance - which in turn impacts willingness and ability travel.

Locally, the majority of regions, CVBs and the Department of Commerce have adjusted marketing strategies, such as delaying warm season promotions, until data show that consumers are starting to readily plan to book again. We are also tracking trends in travelers wanting to stay closer to home when they do decide to travel.

As mentioned before, this traditionally is a critical planning and booking window for summer travelers. Many areas are reporting cancellations and declines in booking. Though conditions are changing so rapidly and we have no firm model to predict revenue decline, bed-tax-receiving entities are anticipating significant reductions in distributions for part of this calendar year's first quarter and for all of the second quarter (which is the final quarter of the state fiscal year). Lesser, yet still significant, impact is anticipated for Q3 and Q4. However, it's virtually impossible to come up with accurate numbers as to

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how much Covid-19 will impact the travel industry in Montana at this time – and impacts may not be uniform across all areas of the state.

Montana’s Institute for Recreation Research has surveyed travel-related businesses twice since March 11. The resulting reports provide data on the impacts being experienced by travel-related businesses, including accommodations, outfitters and guides, and others. The latest report indicates that nearly 94% of Montana’s travel-related businesses said they have been impacted by COVID-19.

The ITRR business survey found that cancellations happened to 83% of these businesses during the last two weeks of March. April cancellations hit 84% of these businesses, with accommodations and outfitter/guides receiving the highest number.

US Travel Association has also recently released numbers showing changes in weekly travel spending per state during this same time period.

TOTAL Weekly Travel Spending (\$ Millions) week ending...

	8-Feb	15-Feb	22-Feb	29-Feb	7-Mar	14-Mar	21-Mar	28-Mar
Montana	93	101	93	99	93	99	54	34
CO	413	438	404	401	400	303	98	74
ID	112	113	106	113	115	88	54	32
ND	58	56	56	59	56	49	28	19
SD	71	61	56	69	66	53	28	20
UT	191	197	198	201	192	155	60	37
WA	413	417	412	382	329	200	93	70
WY	229	257	256	249	262	241	114	88

Good news: According to Destination Analysts, an increasing number of people are growing more and more excited about travel, with 50% of respondents indicating they expect to resume leisure travel in the fall. In the meantime, we expect to see staycations replacing vacations this summer, with regional travel being a focus.

There is also the potential for Montana to be a popular place for people to visit, once travel resumes, due to the desire to visit places away from crowds.

In the days ahead, we will be continuing to follow trends and work with partners in the tourism industry to share information and ideas. We will aim to keep Montana top of mind for travelers, and be ready to welcome them back to Montana when the time is right.