



MONTANA

ANNUAL **OFFICE OF TOURISM** REPORT | 2010

A SHORT WORD



"Montana attracts many visitors to our spectacular landscapes and authentic places. I appreciate the work our tourism industry is doing in building Montana's brand. Our 10 million annual visitors are a significant asset to our Main Street businesses and I'm proud to share Montana's unparalleled experiences with those fortunate enough to visit."

— Governor Brian Schweitzer

This Annual Report provides an overview of the collective strategies and combined efforts of the Montana Office of Tourism. Although it was a turbulent year with unprecedented economic conditions, we remained committed to our mission.

We concentrated on delivering a cohesive message by integrating the new statewide tourism brand into all of our consumer-facing promotional efforts. We focused on the Geotraveler, our target market who has the highest propensity to appreciate the Montana experience. And, although we didn't see our customary increases in visitation or visitor spending, Montana did fare better as a whole than our competitor states.

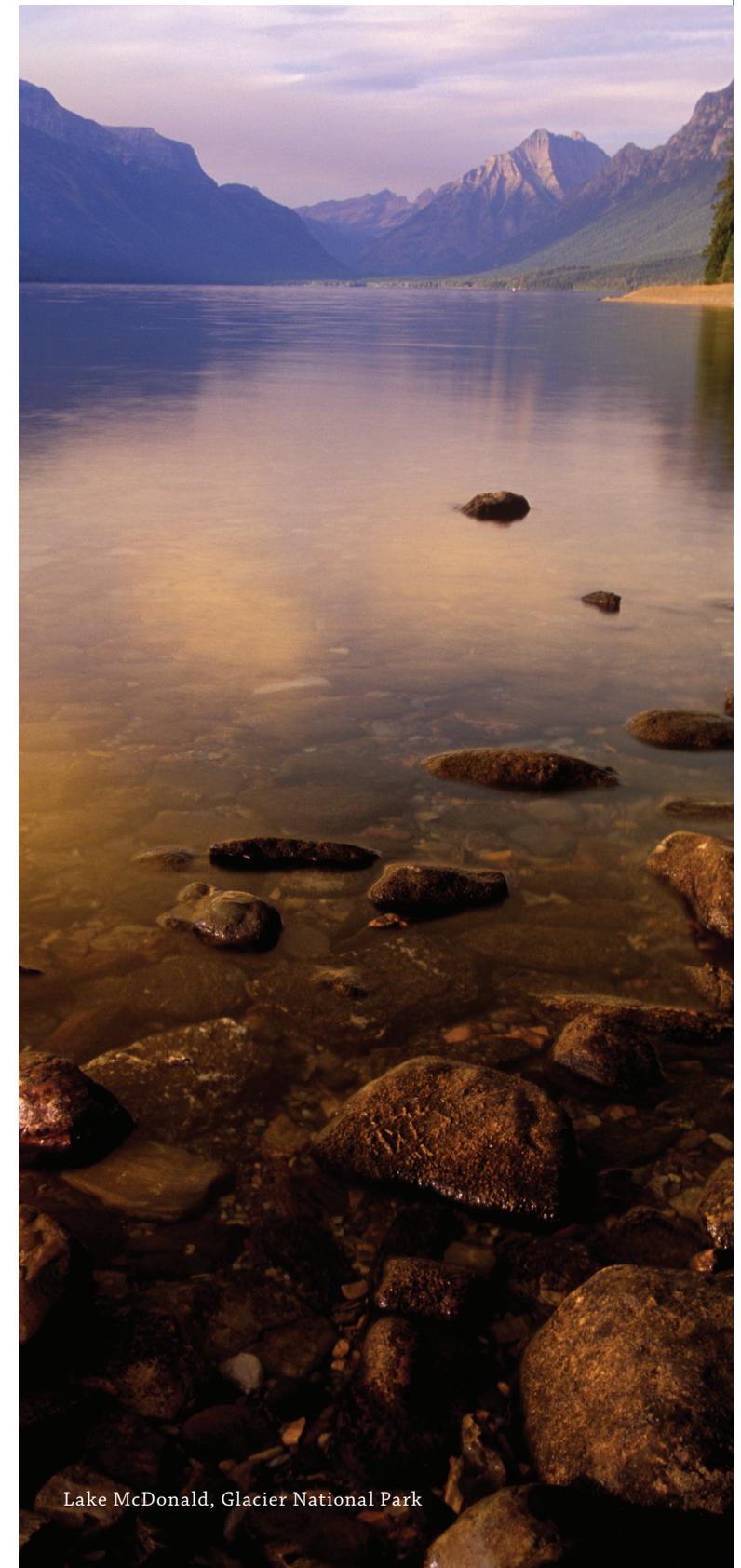
As we transition into a new decade, we will remain dedicated to being good stewards of the "bed tax" dollars that we receive. We will continue striving to improve Montana's economic vitality while maintaining an exceptional visitor experience and preserving Montana's quality of life.

A handwritten signature in black ink that reads "Betsy Baumgart".

Betsy Baumgart
Administrator

GOVERNOR-APPOINTED TOURISM ADVISORY COUNCIL:

Stan Ozark, Chair, Glasgow | Ed DesRosier, Vice Chair, East Glacier Park | Cyndy Andrus, Bozeman
Sandra Cahill, Livingston | Rhonda Fitzgerald, Whitefish | Beverly Harbaugh, Jordan | Ramona Holt, Lolo
Kim Holzer, Stanford | Bill McGladdery, Butte | Meg O'Leary, Big Sky | Dolores Plumage, Chinook
Paul Tuss, Havre | Sandy Watts, Garryowen | Amber Wood-Jensen, Butte | Jackie Yellowtail, Crow Nation



Lake McDonald, Glacier National Park

WHEN WE SERVE VISITORS WE SERVE MONTANANS

Tourism has a rich history in Montana. From native tribes hosting the first white explorers, to the designation of Yellowstone National Park (the world's first), to modern-day events like the Miles City Bucking Horse Sale or the National Folk Festival in Butte, travelers have long been drawn to the magnificent natural beauty and friendly hospitality one can only find in Montana.

Today, tourism offers something for just about every Montanan. It supports the history, culture and arts that make up our exceptional quality of life. It encourages preservation of our increasingly rare natural environment. And of course, it is a huge pillar of Montana's economy, bringing in more than \$3 billion in new revenue to Montana businesses every year.

Funding for tourism promotion comes from a 4% Lodging Facility Use Tax, commonly known as the "Bed Tax." Enacted by the 1987 legislature, the tax is collected from guests of hotels, motels, bed and breakfasts, guest ranches, resorts and campgrounds. These funds are divided among the entities shown in the pie chart to the right.

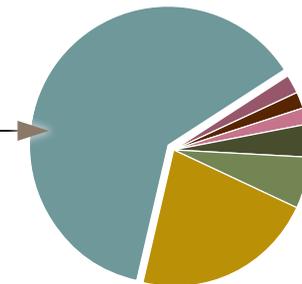
It should be noted that no additional money for tourism funding comes from Montana's General Fund. In fact, tourism helps support the General Fund due to the additional 3% Lodging Facility Sales Tax that was added in 2003 to the original 4%. This additional 3% accounted for more than \$12 million deposited directly into the General Fund in FY09 due to the success of Montana's tourism industry.

HOW THE 7% LODGING TAX IS DISTRIBUTED



- 41% | 3% Lodging Facility Sales Tax deposited in General Fund
- 59% | 4% Lodging Facility Use Tax

HOW THE 4% LODGING FACILITY USE TAX IS DISTRIBUTED
(Including administrative appropriations)



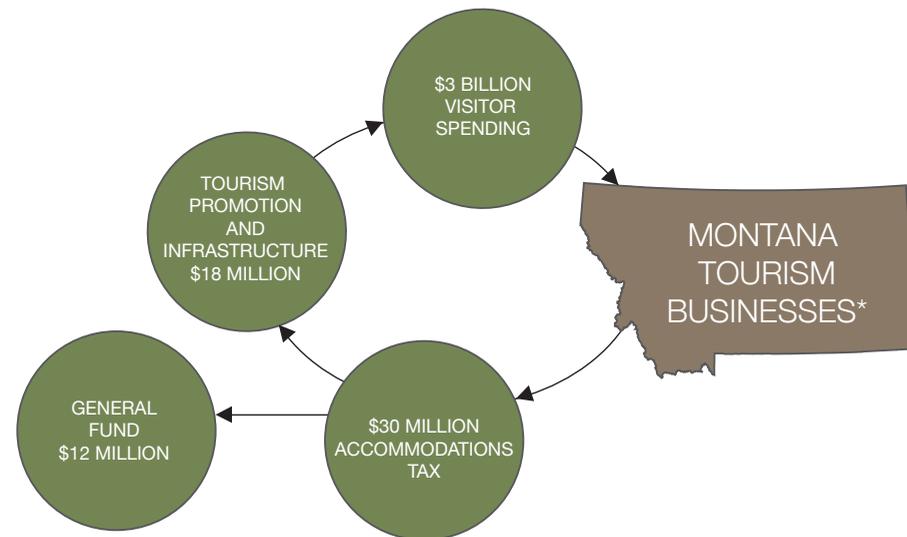
- 62% Department of Commerce/Montana Office of Tourism
- 22% Tourism Regions/CVBs
- 6% MT Fish, Wildlife & Parks
- 4% Historical Society
- 2% MT Heritage Preservation & Development Commission
- 2% Department of Revenue
- 2% University of MT/ITRR Research



Bozeman

TO STRENGTHEN MONTANA'S ECONOMY

- Tourism and recreation businesses support 42,210 Montana jobs providing \$897 million in workers' salaries.
- Montana hosted 10 million visitors in 2008, which translates to 10 new customers per Montana resident, for our Main Street businesses.
- Nonresident visitors had a total economic impact of \$3.48 billion in 2008.
- Visitor spending generated over \$228 million in state and local tax revenue in 2008.
- Montana ranks 7th in the nation in per capita visitor spending.



*2008 VISITOR SPENDING—\$3 BILLION IN NEW MONEY

Gasoline, Oil	\$841,900,000	28%	Outfitter, Guide	\$128,900,000	4%
Restaurant, Bar	\$640,000,000	21%	Licenses, Entrance Fees	\$61,100,000	2%
Retail Sales	\$473,300,000	16%	Transportation Fares	\$60,800,000	2%
Hotel, B&B, etc.	\$281,000,000	9%	Campground, RV Park	\$48,500,000	2%
Groceries, Snacks	\$253,900,000	8%	Misc. Services	\$43,800,000	1%
Auto Rental and Repairs	\$141,400,000	5%	Gambling	\$30,000,000	1%

(Source: Institute for Tourism and Recreation Research)

For more information regarding the economic impacts of tourism, visit www.itrr.umt.edu.

TO PRESERVE

MONTANA'S QUALITY OF LIFE

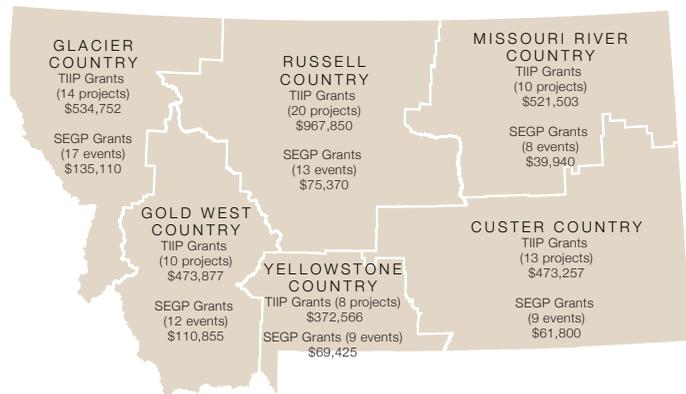
- 3 out of 4 Montanans believe the benefits of tourism outweigh any negative impacts.
- A majority of Montanans believe that as tourism increases so does their quality of life.
- 7 out of 10 Montanans value our natural environment as a resource for tourism.
- 3 out of 4 Montanans believe Montana is a place everyone should see once in their lives.

(Source: Institute for Tourism and Recreation Research)

Such positive attitudes toward tourism can be partially attributed to the fact that tourism often supports community infrastructure and creates special events that are enjoyed by visitors and Montanans alike. Each year, hundreds of thousands of dollars of bed tax collections are allocated toward programs that help strengthen our communities. In 2009 these included:

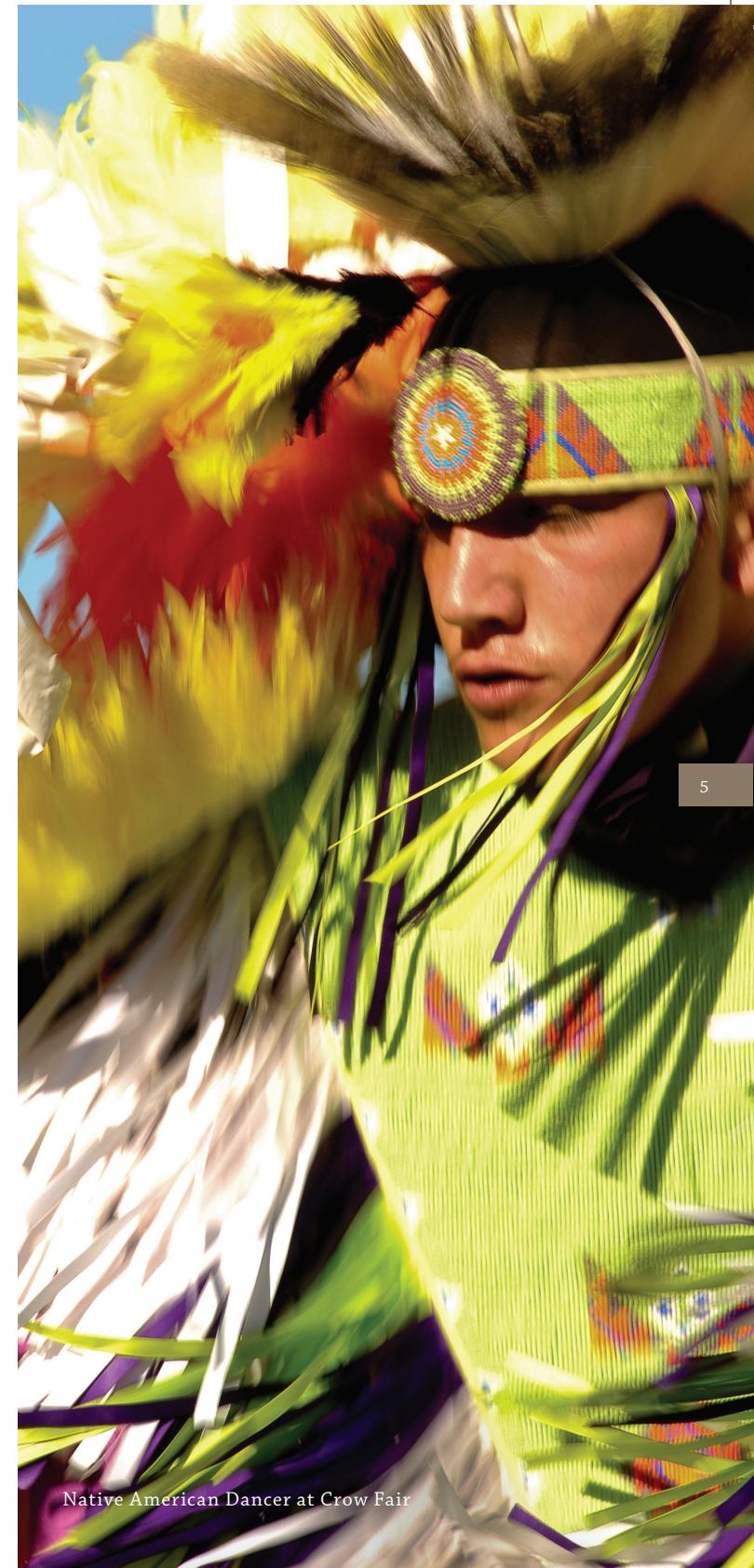
TOURISM INFRASTRUCTURE INVESTMENT PROGRAM (TIIP) GRANTS RECIPIENTS:
 HAVRE Wahkpa Chu'gn Buffalo Jump | FORT BENTON Old Fort Benton | WOLF POINT Wolf Point Historical Museum | MISSOULA Historical Museum at Fort Missoula | DEER LODGE Powell County Museum & Art Foundation | BILLINGS Western Heritage Center

SPECIAL EVENTS GRANTS PROGRAM (SEGP) RECIPIENTS:
 BILLINGS Northern Rockies Sustainable Living Expo | HELENA Western Rendezvous of Art | ANACONDA Art in Washoe Park | LIVINGSTON Summerfest | TROY Kootenai River Bluegrass Festival | STEVENSVILLE North West Honey Fest | POLSON Polson Main Street Flathead Cherry Festival | DRUMMOND Senior Pro Rodeo & Loggers Days | GLASGOW Bonnie City Blues & Brews Festival



Statewide Tourism "Bed Tax" Grants
 TIIP (1995-2009)—\$3.3 million
 SEGP (2003-2009)—\$492,500

The \$3.3 million in TIIP funds (1995-2009) helped create \$40 million in tourism facility improvements, a 12 to 1 match.



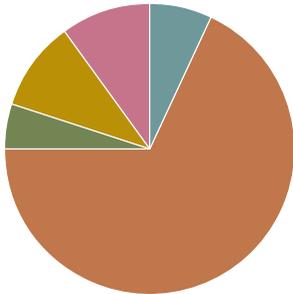
Native American Dancer at Crow Fair

LEADERSHIP

FROM THE OFFICE OF TOURISM

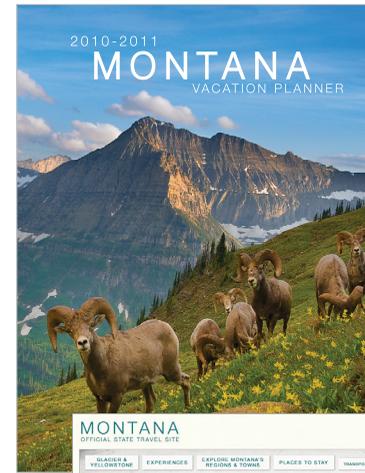
The Montana Office of Tourism (formerly Travel Montana) provides leadership for Montana's tourism and film promotion industries by marketing the entire state and helping to coordinate resources at the local level. All 50 states have tourism offices and though Montana's budget is 26% lower than the national average, our office is well respected for its efforts in branding the state, leveraging limited dollars and focusing on the emerging Geotourism segment.

FY09 ACTUAL
EXPENDITURES
\$12,512,822



The Montana Office of Tourism's programs can be categorized into five main areas:

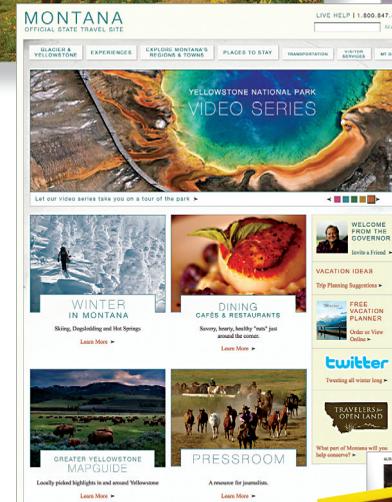
- **68% MARKETING TO CONSUMERS**
(Includes visitmt.com, public relations, advertising campaigns, social media, publications, visitor information centers and more)
- **7% MARKETING TO TRAVEL TRADE**
(Includes overseas missions, trade shows, online outreach, public relations and more)
- **10% OPERATIONS AND INDUSTRY SERVICES**
(Includes overhead, fulfillment, support for industry and more)
- **10% PRODUCT AND BRAND DEVELOPMENT AND EDUCATION**
(Includes grant programs to local communities, Superhost training, Governor's Conference on Tourism and Recreation, brand development, product development and more)
- **5% MONTANA FILM OFFICE**
(Includes filming incentives, location assistance, production guide, website with searchable location database, liaison assistance and more)



Vacation Planner



Brand Book



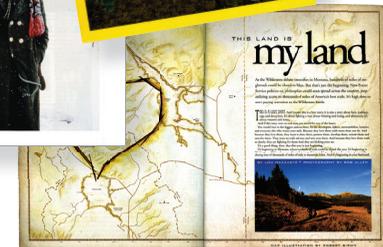
Home Page for Visitmt.com



bike



Publicity Articles



BUILT ON THE FOUNDATION OF THE MONTANA BRAND

While the Montana Office of Tourism is a central figure in our state's tourism industry, it is only one of hundreds of Montana tourism voices. By uniting the efforts of these various entities behind a clearly defined brand with a cohesive voice, the state would have stronger messaging and differentiation from its competitors.

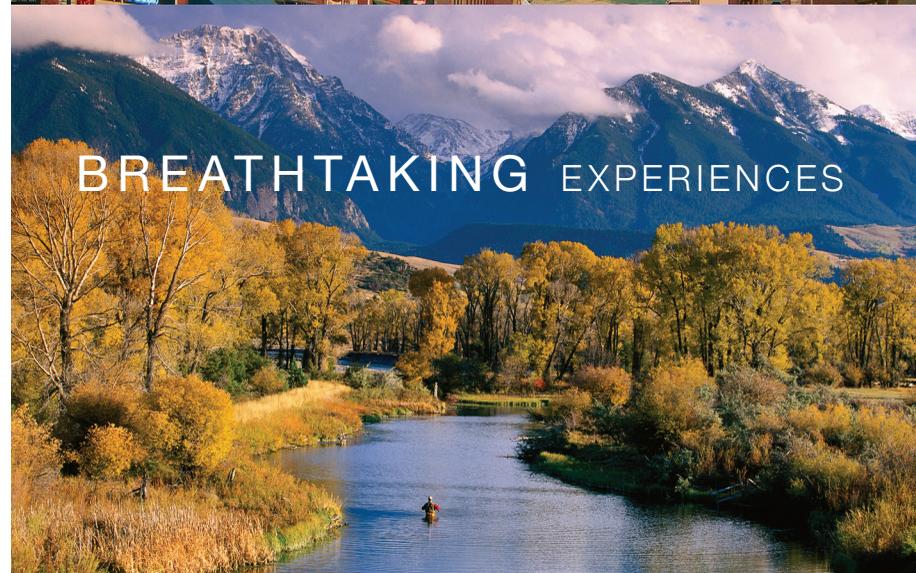
Such was the challenge issued by Governor Schweitzer to the Tourism Advisory Council, who in turn directed the Montana Office of Tourism to undertake a process that would help better define the Montana brand.

This comprehensive process was completed in April 2009 and unveiled at the Governor's Conference on Tourism. Including extensive research and input of hundreds of Montanans, past visitors and potential visitors, this process resulted in a three-tier brand platform and communications strategy that will attract our target, the Geotraveler, to vacation in Montana.

The discovery process has ended, but working together will be an ongoing effort to cohesively communicate the Montana message to prospective visitors. Perhaps most importantly, the brand process helps ensure the vitality of Montana's economic success, our \$3 billion tourism industry and its assets, our people, towns and spectacular environment.

THE MONTANA BRAND IS:

1. More spectacular unspoiled nature than anywhere else in the lower 48.
2. Vibrant and charming small towns that serve as gateways to our natural wonders.
3. Breathtaking experiences by day, and relaxing hospitality at night.



INFLUENCING THE DECISION TO VISIT MONTANA

All programs within our office are designed to benefit Montana tourism as directly as possible with both the short- and long-term view in mind. The following is a typical purchase funnel that illustrates the journey many potential visitors have when they consider a vacation to Big Sky Country.

AWARENESS

The person is familiar with what Montana offers as a vacation destination.

- In cities where we advertised, top of mind awareness of Montana increased 5- to 10-fold.
- Placed more than \$3.5 million in media, producing over 185 million consumer impressions.
- Enhanced Montana's market reach through public/private partnerships by creating 15 cooperative advertising opportunities with MTOT investing \$496,818 and co-op partners contributing \$187,474.
- Montana's publicity efforts generated \$16.1 million in Montana tourism-related editorial exposure nationwide, a 28-to-1 return-on-investment.

INTEREST

The person has a more in-depth interest in vacationing to Montana.

- Of people who could recall Montana's advertising campaigns, the ads tripled their desire to visit.
- Visitmt.com generated over 6 million website visits in 2009, each visit averaging nearly 8 minutes on the site.
- To engage longer web user sessions, created a Glacier and Yellowstone National Parks video series along with A Day in the Life videos of unique Montanans as well as audio drive tours of distinctive Montana attractions.
- The number of Montana room nights (630,700) offered by tour companies in our six target European markets has increased 24% over FY08, more than any of the other four states involved in our regional cooperative program.
- More than 1.3 million promotional pieces are distributed annually.
- 2 out of 3 potential Montana visitors said after reviewing Montana travel information, they were more likely to visit within two years.

PURCHASE

The person takes action toward booking a Montana vacation.

- More than 1 out of 3 visitors lengthen their stay after receiving Montana travel information.
- 131,835 requests for additional travel information were fulfilled through e-mail, Internet, phone, reader service cards and web chat.
- Published 2,500 free tourism business listings in the 2009-2010 Vacation Planner.
- Visitmt.com provided 8,578 business listings and 3,676 hotlinks.



Lazy E-L Guest Ranch near Roscoe

EXPERIENCES

The person makes the trip to Montana.

- \$0.75 of every visitor dollar is spent in our local communities.
- State-funded Visitor Information Centers (VIC) served over 181,000 travelers in 2009, a 15% increase over the previous year.
- Visitors assisted by Montana VIC staff lengthened their stay by 31%.
- In 2009 overseas visitors spent \$66 million in Montana.
- 2009 Montana Governor's Conference on Tourism & Recreation provided tourism training and education to 330 attendees.
- Provided Superhost customer service training in 36 Montana towns.
- Provided \$289,767 in tourism-related facility improvement grants to six Montana communities in 2009.

LOYALTY

The person has vacationed in Montana and, if he/she had a good experience, may tell others or make a return visit.

- Visitmontana on Twitter has added over 1,500 followers in seven months.
- The MTOT-administered Montana page on Facebook has over 30,000 fans.
- Montana has a strong attraction. 83% of visitors to Montana have been here before.
- Montana delivers on the experience. 85% of Montana's visitors plan to return within two years.
- Montana's vacationers have a 97% rate of overall satisfaction with the state.

THE IMPACT

10 million visitors
bring in
\$3 billion
to Montana

\$1 spent on advertising
=
\$50 spent in Montana
by nonresident visitors
=
\$3.50 in local taxes
contributing
\$2.12 to the
General Fund

MARKETING STRATEGY THAT SERVES ALL OF MONTANA

GEOTOURISM

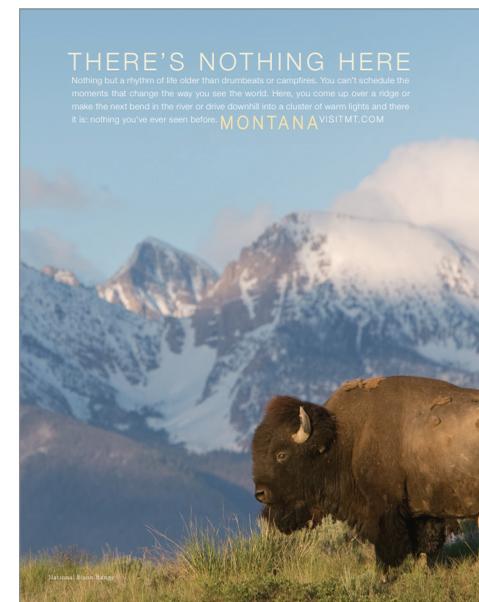
Sustainable tourism that serves as a partnership between the traveler and those that live at a destination. Geotourists patronize locally owned businesses, buy from local craftspeople and eat regional cuisine. The money they spend helps local people earn a living while preserving the authenticity of the place. Overall, they believe in the stewardship of natural, cultural and historical resources upon which the quality of the destination depends.

10

A sound marketing strategy recognizes and addresses certain key factors:

- Long-term vision to help guide efforts
 - Geotourism, a sustainable tourism approach that supports Montana's economy while positively contributing to Montanans' quality of life.
- Targeting the message to the most receptive audience
 - Brand resonates most with "Geotourists," roughly 55 million Americans—passionate travelers who are attracted to authentic places and a unique slice of life, and who appreciate the outdoors.
 - Increased emphasis in key markets with high propensity to travel to Montana, including Atlanta, Chicago, Seattle and Salt Lake City.
- Thorough understanding of consumers' wants and needs
 - Conducted in-depth research to better understand target audience travel mindset, behaviors and attitudes.
 - Monitored and evaluated trends that projected decreases in leisure travel spending, vacationing closer to home, consumers' hunt for value and growing interest in national parks.
- Knowledge of consumer purchasing behavior
 - **FIRST-TIME VISITORS:** 67% of first-time, non-resident visitors travel to Montana because of Yellowstone and Glacier National Parks.
 - **REPEAT VISITORS:** 86% of our visitors return to Montana and are attracted to less-traveled areas of the state.

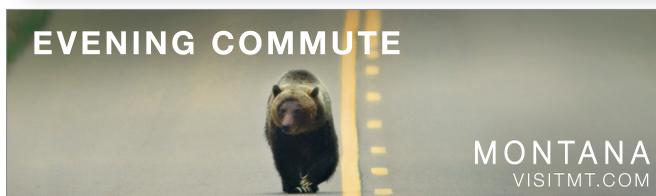
- Battles the competition by playing to brand strengths
 - Promoted Glacier and Yellowstone National Parks as a way to reinforce the spectacular, unspoiled characteristics of Montana to first-time, nonresident visitors.
 - Promoted the natural icons of Montana's High Plains (eastern/central Montana) as a way to reinforce the spectacular, unspoiled characteristics of Montana to repeat visitors and residents, capitalizing on this group's familiarity with the state to encourage visitation to less-traveled locales.



National Print Advertising



Print Advertising for Montana High Plains



Billboard Advertising in Atlanta, GA

PUTTING THE **BIG SKY** ON THE **BIG SCREEN**



A special division of the Montana Office of Tourism is the Film Office. The Montana Film Office provides economic development to the state by promoting Montana as a motion picture and television production destination. Visit www.montanafilm.com.

SOME RECENT ACCOMPLISHMENTS INCLUDE:

- Promoted and administered the Big Sky on the Big Screen Act, a film incentive program intended to keep Montana competitive among other states and nations. Successfully advocated the extension of the Big Screen Act until December 31, 2014.
- Certified 12 new productions for the Big Sky on the Big Screen Act.
- Assisted in bringing over 71 new film productions to Montana with an estimated direct economic impact of \$5 million and 130 FTE jobs.
- Launched new advertising campaign, Studio 406, to inform the film industry of Montana's multiple filming incentives and overall production value.
- Assisted in bringing a number of notable film productions to the state. The upcoming reality series *The Last American Cowboy*, an Animal Planet project, contributed approximately a half million dollars to rural Montana. A Montana-made feature film, *The Best Bar in America* was filmed in over 15 Montana locations. The Warner Brothers film *My Sister's Keeper*, filmed in Glacier, was released nationwide in June of 2009.
- Hosted the world premiere of *Call of the Wild* 3D, filmed in Montana in conjunction with Cinemark Theaters and Vivendi Entertainment.

HUNDREDS OF PARTNERS WORKING TOGETHER

The success of Montana's tourism industry is a result of hundreds, if not thousands, of entities working together to promote and enhance the Montana visitor experience. From Forest Service offices to rental car operators, motels to ski areas, there are simply too many entities to mention and thank here. Lodging tax-funded regional tourism countries, Convention and Visitors Bureaus (CVB) and Visitor Information Centers (VIC) are noted on the map. For information on the many other partners included in the Montana tourism industry's five-year Strategic Plan, visit www.travelmontana.mt.gov/marketingplan.



OUR MISSION is to strengthen Montana's economy through the promotion of the state as a vacation destination and film location. By maximizing the combined talents and abilities of its staff, and with guidance from the Governor's Tourism Advisory Council, the Montana Office of Tourism strives to promote a quality experience to visitors while encouraging preservation of Montana's environment and quality of life.
- Montana Office of Tourism, Department of Commerce