



Billings, MT | March 2016 Tourism Update

Current Tourism-Related Economics in Billings: 2.4% - 2.8% Annual Growth 2015-2018

- Economic projections readjusted lower for Montana in next few years due to “end of the commodity boom.” Prices for barley, wheat, oil and copper near all-time lows. Growth rate was 3%, now 2.7%.
- Yellowstone County population growing at or above state averages for past few years, primarily due to in-migration.
- Bakken: From \$100/barrel in 2014 to \$30/barrel by year end 2015. Important to understand that this market is quite cyclical. 2016: Projections are low for oil through at least 3rd quarter 2016.
- Unemployment: 3.1%

Sources: Bureau of Business and Economic Research, University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce: Wholesale, Retail 15%; Manufacturing 16%; Health Care 14%; Federal Government 12%; Services 11%; Transportation 10%; Mining 8%; Higher Ed. and State Gov't 7%; Nonresident Travel, 6%

Examples of Other Destinations Who Successfully Changed/Improved Tourism:

- **Oklahoma City:** Community leadership + federal money + MAPS (1¢ Sales Tax over 5 years raised \$363 million: paid for The Ford Center, AT&T Bricktown Ballpark, Bricktown Canal, OK River improvements, downtown trolleys, renovation of Cox Convention Center, renovation of the Civic Center Music Hall, Ronald J. Norick Downtown Library, and State Fair Park improvements). Followed by MAPS for Kids (1¢ for 7 years), then followed by MAPS 3 (1¢ 7 years) continued development.
- **Tulsa:** Chamber/Business leadership, Entrepreneur investment, redirected occupancy tax, fundraising for development.
- **Sioux Falls:** 2025 Plan focuses on 1 project per year.
- **Williston:** \$70 million recreation center, 234,000 sq. ft. allows for competitive sports AND meetings recruitment in facilities primarily designed for residents.
- **Cheyenne:** Took significant business away from Casper by building preferred meetings/hotel.

Tourism Issues in Billings:

- **Marketing:** Visit Billings/Chamber has done a good job – increased funding via TBID – accomplished solid marketing. This improvement in funding/marketing effort has allowed Billings to **reduce the decline** in tourism at a critical time. However, as Bozeman and others become more competitive, this will be hard to maintain.
- **Convention/Meeting = 25% of current tourism revenues, if another Montana destination builds it – you will lose it.** Need 30-60,000 sq. ft. facility with high-appeal lodging in walking distance to restaurants, shopping. Proposed development near Holiday Inn/Radisson will not solve the problem.
- **Air Service:** Bozeman is targeting your leisure air traffic.
- **Gateways/Image:** Improved, but still “industrial” image. How long will your “wealth of services, hotels, restaurants, etc.” keep you ahead of other Montana destinations?
- **New Funding:** Taxes, etc. - how to add new funding sources without other cities in Montana copying.
- **Facilities:** This is where Billings **HAS** to compete in order to gain. Specifically **meetings, sports, events.**

Randall Travel Marketing, Inc.

116 Malibu Road • Mooresville, North Carolina 28117

Phone 704-799-6512 • Email Judy@rtmnet.com • www.rtmnet.com

Current Threats and Opportunities:

- Bozeman: Already taking air business. Non-resident travel is 12% compared to Billings 6%. \$600-\$700 CLT to BIL - \$100 less to fly to Bozeman. Must monitor stats.
- New Funding Sources Conundrum: If Billings initiates public funding, Bozeman can copy.
- Kalispell: New Hilton Garden Inn & Red Lion hotels taking business (nicer hotels).
- Missoula: Non-resident travel is 8% compared to 6% for Billings.
- Sports: This is a strong area of potential for Billings.
- Events: MetraPark is a unique facility in Montana and the region. This is an asset that must be understood and utilized by community leaders in Billings.

Summary from March 2016 Visit:

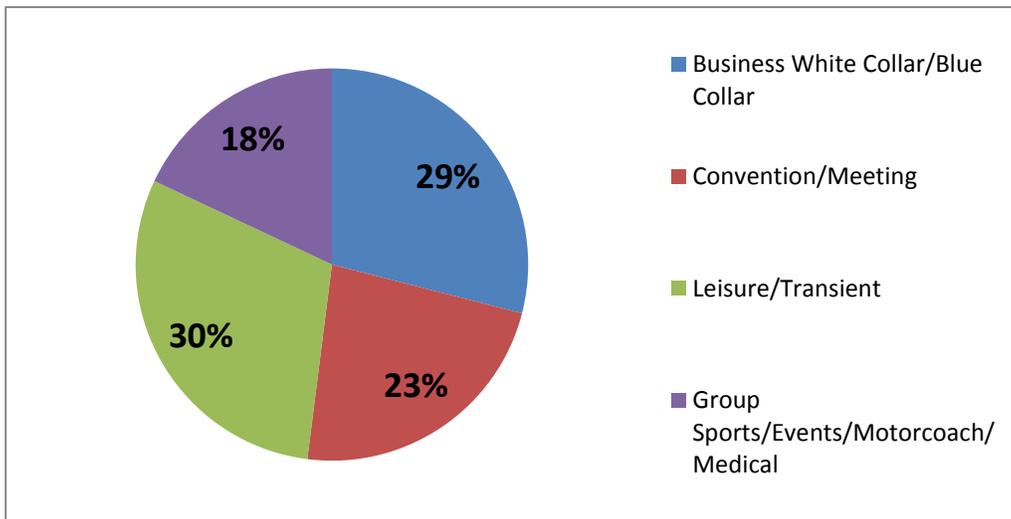
- Billings has accomplished a good level of tourism marketing, funded primarily by the TBID funds. This has made a difference at a *very* crucial time of business (Bakken/Agriculture) decline.
- Downtown Billings has shown definite animation/improvement. More people visible 24/7, more liveliness.
- Billings has had the luxury of NOT having to do an overall Vision Plan for tourism growth. But with the growth of Bozeman and other destinations, as well as the fluctuations in Bakken and Agriculture, it is now clear that is no longer true. If Billings is to **retain**, and hopefully **grow its tourism revenues**, it must establish a long-term Vision Plan that combines:
 - Marketing
 - Facilities
 - Recruitment/Direct Sales to Targeted Visitor Segments
- In RTM's opinion, the two facilities issues that are most critical include:
 - Ensuring dominance in **Meetings/Convention segment**: This is 25% of your current revenues and must be protected.
 - Establishing strategic **Sports and Event facilities** that allow you to recruit groups from within the larger region surrounding Billings. This should start with what can be easily adapted/added to MetraPark since that facility is highly rated and the basic infrastructure is already in place. RTM recommends conducting a comprehensive **Needs Analysis** to determine current over- and under-served sports and event segments which would be profitable to target for recruitment.
- Community **Elected and Business Leaders** need to be enrolled in understanding the economic importance of this initiative to the entire community. This is not just a benefit to hotels, etc. This will have a definite impact on the economy and thus, all the residents of Billings and Yellowstone County.

Financial Summary of Tourism in Billings:

5,000 X 365 =	1,825,000	5,000 hotel rooms available 365 days/year
X 65% =	1,186,250	Sold room nights (65% avg. occupancy)
X \$100 =	\$118,625,000	Total Annual Hotel Revenues in Billings (avg. \$100/night)
X 2 =	\$237,250,000	Total Visitor Expenditures (an additional \$100 for food, gas, shopping, etc.) NOTE: This is a conservative figure
X 2 =	\$474,500,000	x2 Multiplier to account for those staying with friends & relatives, as well as those who get off I-90 for fuel, food, etc.

Thus, tourism in Billings/Yellowstone County is approximately \$500,000,000 in annual revenues.

Types of Visitors (as reported by local hoteliers):



Suggested Improvements in Tourism Marketing:

- Excellent imagery, materials. You've spent your TBID funds well.
- Good solid placement of advertising – no improvements indicated.
- Continue to track advertising results & ROI: It should take you approximately 5-10 years to learn which advertising placements produce best. Mature DMOs have a long history of documented results.
- Current Database of 10,000 unique visitors. Build that to 20,000 over the next 2 years. Segment by:
 - Events/Festivals/Concerts: Regional visitors who can be invited to overnight in Billings.
 - Meeting Planners: By segment - Association, Corporate, Government, SMERF.
 - Reunions/Weddings/Family Events.
 - Groups: Church Groups, Youth Groups, Biking Groups, Military Reunions, Classic Car Rallies, etc.
 - Sports: By sports segment.
 - Regional is top priority – followed by those who live to the east.
- Good initial programs on Social Media. Continue to track and reinvest in those that produce good results.
- Public Relations: Separate PR coverage by that which is more about *living* in Billings, and that which is more about *visiting* Billings so you can more easily determine PR results that have direct impact on tourism.
- Boost PR performance. You need to earn more press on **visiting Billings**. While you have good repeat visitation, PR is a critical piece in continually adding new, first-time visitors. Specifically target airline publications that route into Billings. Sell the “Land here, travel all over” theme. Similarly, target newspapers to the east with stories on traveling to Yellowstone by way of Billings...both in and out of Beartooth Highway season. Keep the PR pumping! This will also serve to remind those who have been to Yellowstone and have NOT done the Beartooth Highway that this is a bucket-list item.
- Contests: Do everything possible to add to your Visitor Database.
- Materials Distribution: Work your hotel frontline. Visit with each hotel 2x/annually to ensure front line employees know materials (brochures, maps, etc.) the CVB produces and where to find those at their hotel. Also, talk with hoteliers about what can be done for more effective display of visitor guides, etc.
- Lost Business: Document stringently groups that Billings cannot accommodate. This will help determine both capacity and facilities needed. Report monthly/annually to TBID Board.

