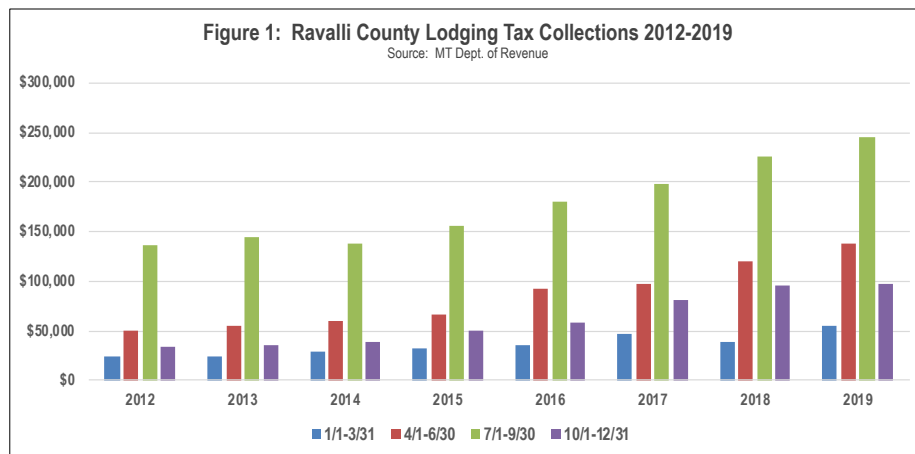


INTRODUCTION

Purpose. Ravalli County lodging owners were surveyed from May 1-10, 2020, by the Ravalli County Tourism Business Improvement District (RC-TBID). The purpose was to understand the impact of COVID-19 on the county's tourism industry, and to obtain feedback about how the TBID can best help them in the next 30-90 days as the state re-opens. This report summarizes current trends and owner feedback.

Economic Impact of Tourism. Tourism revenue in Ravalli County has doubled in the past eight years, as indicated by lodging revenue: from 2012 to 2019, lodging sales grew from \$6.2 million to \$13.4 million (116% growth). However, tourism in Ravalli County is highly seasonal: nearly half of annual lodging sales are in the third quarter alone (Jul-Sept, see Figure 1). One quarter of revenues are in Q2 (Apr-Jun), and 20% in Q4 (Oct-Dec). Only 8% of revenue is in the first quarter (Jan-Mar).

In 2018, nonresident visitor spending generated **more than \$101 million in total economic activity in Ravalli County** (direct and indirect spending, *UM Institute for Tourism & Recreation Research*). That figure does not include spending by Montana residents who visit Ravalli County from other parts of the state.



Local Tourism Services. Ravalli County has ~380 lodging facilities (hotels, B&Bs, guest and working ranches, farm stays, lodges, cabins, and vacation rentals). Visitors are attracted by outdoor recreation, history, dining, breweries, shopping, festivals, guided adventures, arts, culture, and family/friends. All lodging facilities collect a state 8% lodging tax, plus a \$1 per room per night County TBID fee, which is used for tourism marketing and research. In addition, free listings are available on the TBID website, Glacier Country website, and State tourism website, reaching millions of potential visitors.

Survey Method and Response. The online survey was conducted by The Hingston Roach Group, a Stevensville economic development and tourism consulting firm, which also compiled this report. The survey invitation was sent to 87 TBID lodging owners. Thirty-eight completed the survey, for a response rate of approximately 44%. The respondents represented a variety of lodging types and sizes.

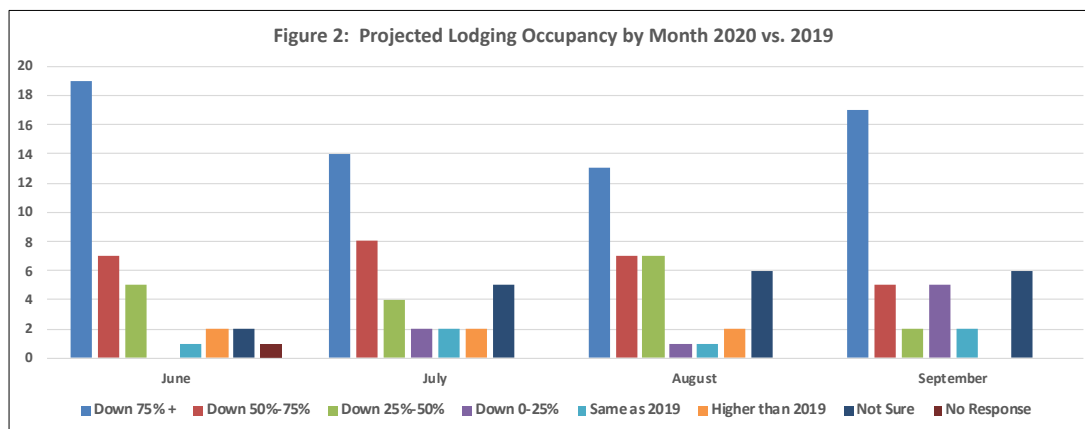
KEY FINDINGS: COVID-19 Impact. As indicated above, the 6-month period from April 1 to September 30 makes up nearly three-quarters (72%) of annual lodging sales. In March 2020, the Coronavirus hit, and by April, tourism visitation evaporated, and many spring/summer bookings were cancelled. The survey results show the following:

- Lodging facilities expect peak season 2020 occupancies to be down 50% to 75% or more (Jun to Sept), on top of declines in April and May, **which means a loss of \$50-\$75+ million in county economic activity.**
- The Ravalli County TBID plays a key role in disseminating information to lodging operators, as well as informing elected officials and other policy makers about the impacts and needs of tourism-related businesses.
- The TBID's role of marketing, market research, and tourism strategic planning is vital to the recovery of tourism and its economic benefits in Ravalli County, consistent with the aspirations and values of local residents.

PROJECTED LODGING OCCUPANCY JUNE-SEPT 2020 COMPARED TO 2019

Survey questions 1-4 asked respondents for their projected lodging occupancy in June-September 2020 compared to the same months in 2019, as of early May. Figure 1 below shows the results for each month, with "Down 75% or more" being the most common response, followed by "Down 50% to 75%". Note the following:

- The projected losses are lower in July than in June, and lower still in August. September is uncertain.
- The number of respondents answering "Not Sure" grew from July to September, as uncertainty about the impact of the Coronavirus continues to affect travel plans of potential visitors.



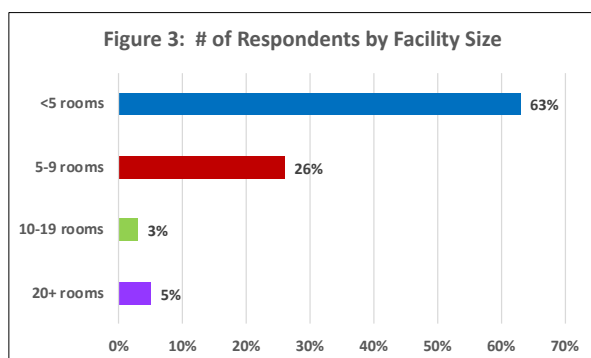
43% of lodging operators expect occupancy to be down 75% or more in June-Sept. 2020 compared to 2019

Table 1 shows the number of lodging properties reporting in each category. **Nearly half of lodging owners expect occupancy 75% below the previous year for the entire four-month period.** These results are very concerning for the Ravalli County economy, as well as for the TBID marketing budget. The loss of lodging guests also impacts many other local businesses and services.

Table 1: # of Lodging Properties in each Occupancy Category by Month

	June	July	Aug	Sept	Total	% of Total
Down 75% or more	19	14	13	17	63	43%
Down 50% to 75%	7	8	7	5	27	18%
Down 25% to 50%	5	4	7	2	18	12%
Down 0 to 25%	0	2	1	5	8	5%
Same as 2019	1	2	1	2	6	4%
Higher than 2019	2	2	2	0	6	4%
Not Sure / No Response	3	5	6	6	20	14%

Figure 3 shows the size of lodging properties represented in the survey. Nearly two-thirds of respondents have less than 5 guest rooms. One respondent was an event planner (no facility). Overall, Ravalli County lodging is as follows:



23 Lodges, Ranches, Farm Stays, and Cabin Resorts
 10 Hotels and Motels
 9 Bed & Breakfast Inns
 341 Vacation Rentals (Airbnb, Vrbo, HomeAway, etc.)*
383 Total Lodging Facilities**

* 75% growth since 2017, approx. 70 are closed in winter.

** Count does not include RV parks or campgrounds, which do not collect the County TBID fee.

COMMENTS ON PROJECTED OCCUPANCY

Comments about projected occupancy varied widely among respondents, particularly by size of facility:

- **20+ guest rooms:** occupancy expected to be down 50%-75% for all four months (one property expects a decline of “only” 25%-50% in September).
- **10-19 guest rooms:** declines of 25%-50% in June-July, 75%+ in August, and 0-25% in September.
- **5-9 guest rooms:** less ambiguity (none answered “Not sure” when comparing 2020 to 2019). Three quarters (75%) of them expect to be down 75%+ in June, half said the same thing in July, 40% expect a decline of 75%+ in August, and 60% in September. None expect to have “the Same” or “Higher than 2019” occupancy, and only two expect declines of less than 25%.
- **Less than 5 guest rooms:** 30%-40% of these owners expect declines of 75% or more through September, with a few exceptions: 2-4 properties each month expect the same or higher occupancy than 2019. Many operators indicated uncertainty (“Not sure”) in August and September. Two reported few/no bookings, while others expressed optimism, about August and September. One operator transitioned to a long-term rental property for the 2020 season.
- **Comments:**
 - People are scared to travel, unsure, older, or have lost income to travel.
 - Weddings have changed plans.
 - Reservation changes are being made daily because of travel issues from COVID.
- **Group gatherings:** One respondent is an event planner, who reported 80% of their business has been postponed until 2021. All of their events bring 50-250 destination guests who stay in hotels, eat in restaurants, shop in local downtowns, etc.

HOW RC-TBID CAN HELP IN THE NEXT 30-90 DAYS

Question 5 asked, “What could Ravalli County Tourism BID do that would be most helpful to you in the next 30-90 days?” There were 33 responses to the question. The “word cloud” below shows the most commonly used words in the responses (the larger size words reflect more frequent occurrence). Table 2 summarizes the comments by topic.

travel_{open} advertising marketing state_{one} keep

Table 2: Actions RC-TBID Can Take to Help in the Next 30-90 Days

#	Topic	Lodging	Comments
8	Marketing	<20 rooms	Work with regional/state marketing entities to get the word out that we are open. Keep advertising. More marketing for future travel. No one knows what may happen. Keep promoting Ravalli County as much and as many ways as possible. Advertise that B&Bs have made changes according to CDC guidelines. Market the Valley as a great place to recreate at a safe distance! Outdoor advertising in different states. More online advertising.
7	Public policy	<5 rooms, 20+ rooms	Are confirmed guests allowed to come? Open the state lines for travel into Montana. Lobby the governor to loosen restrictions, fully open businesses, stop quarantine requirements for out-of-state visitors. (2 responses) Concentrate on older, vulnerable adults, not everyone. Allow schools back in session.
5	Grants, loans, financial impact	<10 rooms	Need grants or loans to help our small business (2 responses). Create a fund for small lodgings that are suffering--we have no employees and do not qualify for PPP funding. Long term financing for future projects.

5	Not sure	<10 rooms	Anything... Everything...not sure which way to turn. I haven't a clue; Not sure (3 responses). Waiting this out another couple of weeks to see how the curve looks.
3	Nothing	<10 rooms	Nothing (2 responses). For an Airbnb, not much, but thanks for asking.
2	TBID tax	<10 rooms	Eliminate/don't increase TBID tax—results for businesses are unclear.
1	Communication	5-9 rooms	Keep us informed: changes in financial help, upswing in reservations, safety, etc.
1	Guest policies	<5 rooms	Trying to be flexible: waived cancellation policy, no payment until check-in (eliminates refunds). Not open yet, will likely block space before and after reservations to do EXTRA sanitizing, may revamp/eliminate breakfast, with a discount.
1	COVID-19	5-9 rooms	Make COVID-19 go away.

RAVALLI COUNTY VISITORS 2015-2019

The Ravalli County TBID is focused on strategic marketing as Montana re-opens, informed by research from various sources, including the UM Institute for Tourism & Recreation Research. Below is a summary of ITRR study results.

Nonresident Visitors to Ravalli County, 2015-2019

Reason for Trip? Vacation (60%), Visit family/friends/family event (54%), Passing through (13%), Business (7%).

From Where? Top 15 states (77% of year-round visitors):

- Northwest/surrounding states (34%): WA, ID, OR, WY, UT
- States with direct flights into Missoula: CA, CO, TX, MN, AZ
- Others: ND, SD, KS, FL

Who are they? Couples (49%), Singles (25%), Family (22%)
 Age: 90% of groups included age 55+
 22% included kids under 18 (Figure 4)
 84% repeat visitors, 7% first timers
 23% used air travel, 6% own 2nd home in MT
 Income: 43% earn <\$75,000 annually
 42% earn \$75-\$150,000
 15% earn \$150,000+

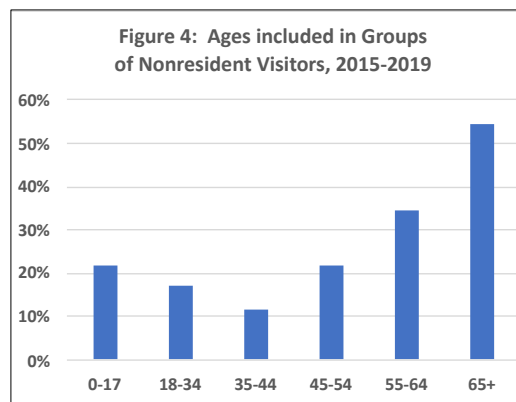
Trip Logistics? Average stay: 7.5 nights in Montana
 41% stay with family/friends, 2% in 2nd home
 38% stay in commercial lodging
 18% campground or RV park

Top Attractions? Family/friends, Open space, Mountains/forests, Glacier National Park, Fishing, Yellowstone National Park, Wildlife, Hunting.

Sites Visited? Yellowstone Park, Glacier Park, Big Hole Battlefield, state parks, Lolo Pass, Virginia/Nevada City, Flathead Lake, Bighorn Battlefield, hot springs, ghost towns, National Bison Range, Rocky Mountain Elk Foundation, Lewis & Clark Interpretive Center (Great Falls).

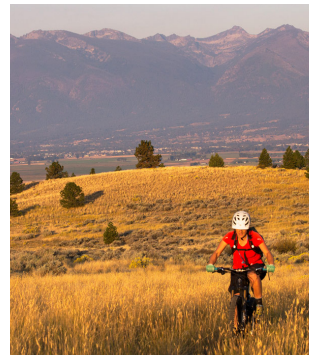
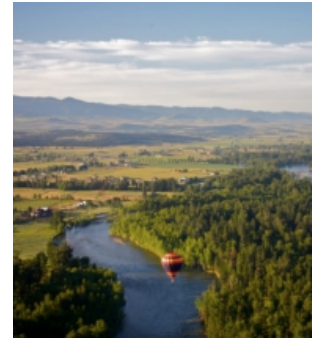
Top Activities? Scenic driving, day hiking, nature photography, wildlife watching, camping, shopping, visiting breweries, historic sites, Lewis & Clark sites, fishing, farmers markets, museums, festivals/events.

Sources of Info? Trip planning sources are friends/family in MT, search engines, National Park Service, MT travel web sites, online reviews, social media, mobile apps.
 While traveling, visitors use technology to find weather, maps/directions, road conditions, restaurants, lodging, attractions, activities, shopping, and camping information.



SUMMARY AND RECOMMENDATIONS

- Ravalli County lodging owners are facing huge losses of business in peak season, depending on ongoing social distancing policies, COVID-19 infection rates, and consumer confidence about travel.
- A large share of previous Ravalli County visitors are in age groups most at risk from COVID-19. The RC-TBID can acquire research to identify and strategically micro-target visitors most likely to travel in 2020-2021.
- As Montana and neighboring states re-open, the TBID can raise awareness about Ravalli County as a place to recreate while distancing, and about local business efforts to ensure safety.
- Ravalli County is a “boutique” destination—lodging properties are small and rural, which is an asset in a world now concerned about crowds, elevators, airplanes, buses, etc. Ravalli County can highlight its high quality experiences which are friendly, uncrowded, and safe.
- Montana residents are concerned about nonresident visitors bringing the virus to their communities. Therefore, marketing efforts initially could emphasize targeting in-state travel (many Montanans have never visited Ravalli County), neighboring states, drive markets (Idaho, Wyoming, Washington, Oregon, Utah, Nevada, Colorado), and friends/family of local residents.
- Meanwhile, small lodging owners may need financial assistance, and be unaware of help available. The TBID eNews can continue to communicate resources.
- TBID also can update businesses about state policies regarding visitors, work with RCEDA and Bitterroot Valley Chamber to pursue grants for marketing, research, and planning efforts, share best practices for tourism providers, and offer cooperative cost-share advertising programs with lodges and other businesses.
- Development, marketing, and packaging of indoor attractions and winter activities in November through April are needed to help stabilize the year-round tourism economy, drawing people during a time of year when businesses impacted by tourism could most benefit.
- The TBID can continue to communicate information about its marketing efforts and results, as well as the benefits of tourism to the Ravalli County economy.
- Based on analysis of its recent marketing efforts, TBID can continue to develop themes and messaging consistent with its traditional appeal (outdoor recreation, scenery, history, events, friendly small towns), as well as emerging attractions: Chief Joseph Ranch/Yellowstone production, craft beverages—distilleries/cideries/breweries, and visual and performing arts.
- Use of technology by visitors to plan their trips and during their trips was evident in the ITRR research, and has grown even more prominent as people have been under stay-at-home orders. The RC-TBID’s digital marketing reach has grown steadily, and the TBID can assist Ravalli County businesses to enhance the reach and effectiveness of their own digital marketing.



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