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Montana's Outfitting Industry - 2017 Economic Contribution and Industry-Client Analysis

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INSTITUTE FOR
TOURISM & RECREATION RESEARCH
UNIVERSITY OF MONTANA

Montana's Outfitting Industry

2017 Economic Contribution and Industry-Client Analysis

Jeremy Sage, Carter Bermingham, Norma Nickerson

11/25/2018



This study evaluates the state of Montana's outfitting and guiding industry in 2017. Characterizations of both the guides themselves and their clients are provided.

Montana's Outfitting Industry: 2017 Economic Contribution and Industry-Client Analysis

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Abstract

In recent years, nonresident visitor spending on outfitters and guides has surpassed that of spending on retail goods, making it the fourth highest spending category behind only fuel, lodging, and dining out. This rise comes despite only five to six percent of the visiting population taking part in these activities. This observation reiterates findings from the 2007 Montana Outfitter and Guide study characterizing the outfitting industry as high value, low impact.

In 2017, the \$3.4 billion in spending by nonresidents in Montana produced a total economic impact of \$4.7 billion in economic output. Though a small percent of visiting groups take part in some type of guided or outfitted experience, those who do stay longer and spend more per day. In 2017, the 5.4 percent of all visitors that had a guided or outfitted experience spent a total of \$791 million dollars while in Montana, accounting for nearly a quarter of all visitor spending. Spending by visitor groups taking part in outfitted or guided experience generates more than 16,000 jobs and nearly \$1.3 billion in economic output.

The 1,450 identifiable entities providing guided and outfitted services generate an average of \$158,900 in revenue while serving 728,900 clients, 63 percent of whom are from out of state. These activities take place across a wide spectrum of landscapes and waterways. Sixty-one percent of land based activities utilized public lands. USFS and BLM lands led the way with 32 and 20 percent respectively of outfitted trips. When it comes to Montana's waterways, 79 percent of responding outfitters indicated their activities relied in some fashion on waterways.

Highlights

- Over 700,000 individuals took a guided or outfitted trip in 2017 in Montana.
- Visiting groups who took a guided trip spent on average \$3,501 per trip, while the average visiting group spends \$606.
- In 2017, 5.4% of all visitors participated in a guided trip and spent \$791 million while in Montana, accounting for nearly a quarter of all visitor.
- Water based activities including rafting/floating/canoeing/kayaking (283,600 clients) and fishing (160,400 clients) represent the largest guided trip sectors when ranked by volume of clients.
- Fishing (\$76.7 million) and hunting (\$55.3 million) represent the largest revenue generating trip types for the outfitters and guides themselves. 90 and 85% of these clients, respectively, are from out-of-state.
- 61% of outfitted or guided trips that were land based took place on public lands.
- 28% of water based guided and outfitted trips accessed the waterways through a Montana Fish, Wildlife, and Parks Fishing Access site.

Montana's Outfitting Industry: 2017 Economic Contribution and Industry-Client Analysis

Executive summary

In 2017, 728,900 clients experienced Montana's outdoors via a guided or outfitted experience. These experiences were provided by one of roughly 1,450 different entities who offer such trips as at least a portion of their business or through a nonprofit. Water based activities led the way in clients served, while fishing and hunting lead the way in total revenue generated.

| Outfitted Activity | Total Clients Served | Average Trip Length (Days) |
|--|----------------------|----------------------------|
| Rafting/Floating/Canoeing/Kayaking | 283,600 | 1.09 |
| Fishing | 160,400 | 2.03 |
| Day Trail/Horseback Rides | 151,200 | 0.81 |
| Hiking | 32,100 | 0.93 |
| Snowmobiling | 21,200 | 0.84 |
| Hunting | 17,400 | 4.51 |
| Wildlife viewing | 12,400 | 0.47 |
| Other (Backcountry Horse, Outdoor Education, Backpacking, Photography, etc.) | 50,600 | 2.04 |
| Total | 728,900 | 1.03 |

Table ES- 1. Client Volume and Trip Length.

Licensed hunting and fishing outfitters routinely provide a wide diversity of experiences beyond just hunting and fishing. Outfitters licensed by the Montana Board of Outfitters as hunting only receive approximately 6 percent of their outfitting revenue from non-hunting sources. Those outfitters licensed as fishing only, receive 13 percent from non-fishing activities, while those licensed for both collect 37 percent from non-fishing or hunting activities. Combined, 20 percent of revenue for board certified outfitters is from non-fishing or hunting sources.

| Outfitted Activity | Total Outfitter Revenue |
|--|-------------------------|
| Fishing | \$76,742,200 |
| Hunting | \$55,295,900 |
| Rafting/Floating/Canoeing/Kayaking | \$51,068,400 |
| Other (Backcountry Horse, Outdoor Education, Backpacking, Photography, etc.) | \$29,832,700 |
| Day Trail/Horseback Rides | \$10,587,000 |
| Wildlife Viewing | \$2,820,000 |
| Snowmobiling | \$1,733,200 |
| Hiking | \$1,401,200 |
| Total | \$229,480,600 |

Table ES- 2. Total Outfitter Revenue, 2017.

Montana's Outfitting Industry | 2018

In 2017, the \$3.4 billion in spending by nonresidents in Montana produced a total economic impact of \$4.7 billion in economic output. Though only 5-6 percent of visiting groups take part in some type of guided or outfitted experience, those who do stay longer and spend more per day.

| Expenditure Category (Average Daily Per Group) | All Visitor Groups | Visitor Groups who Hired an Outfitter or Guide |
|---|--------------------|---|
| Gasoline, Diesel | \$29.12 | \$15.23 |
| Restaurant, Bar | \$25.38 | \$49.45 |
| Hotel, B&B, etc. | \$17.03 | \$22.25 |
| Outfitter, Guide | \$14.29 | \$228.50 |
| Retail Sales | \$11.27 | \$27.68 |
| Groceries, Snacks | \$9.08 | \$10.06 |
| Licenses, Entrance Fees | \$7.50 | \$54.85 |
| Auto Rental | \$4.57 | \$15.95 |
| Rental Cabin, Condo | \$3.19 | \$37.78 |
| Made in MT | \$2.66 | \$5.04 |
| Campground, RV Park | \$1.48 | \$3.81 |
| Misc. Services | \$1.12 | \$9.94 |
| Auto Repair | \$0.93 | \$ - |
| Gambling | \$ 0.35 | \$0.17 |
| Farmers Market | \$0.14 | \$0.21 |
| Transportation Fares | \$0.01 | \$0.05 |
| Total Daily Spending | \$128.12 | \$480.95 |
| Total Trip Spending | \$606.01 | \$3,501.32 |

In 2017, the 5.4% of all visitors who took a guided experience spent a total of \$791 million while in Montana, accounting for nearly a quarter of all visitor spending.

Table ES- 3. Visitor Expenditures.

| | Total Economic Contribution |
|------------------------|-----------------------------|
| Industry Output | \$1,254,369,400 |
| Employment (# of Jobs) | 16,300 |
| Labor Income | \$453,648,000 |
| Value Added | \$658,791,500 |
| State & Local Sales | \$53,866,342 |

Table ES- 4. Economic Contribution of Visitors who Take Guided Trips.¹

Montana's guided and outfitted activities are intimately entwined with the quantity and quality of natural amenities available. This connection deepens the importance of continued accessibility and preservation of quality public lands and waterways. Actions or events that lead to a real or perceived degradation of the natural resource quality of the rivers or forests pose inherent threats to foundational components of Montana's tourism industry.

¹ **Note:** This report displays all spending by nonresidents who participated in a guided or outfitted activity regardless of their primary reason for visiting Montana. As such, we use the term "contribution" rather than "impact". Subsequently, comparison of industry output and jobs between this report and the 2007 report is not advised.

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Introduction

To provide a current, detailed cross-section of the outfitting industry in Montana, this report updates and expands upon a 2007 *Montana Outfitting Industry* report produced by the Institute for Tourism and Recreation Research (ITRR).² To accomplish this, we utilized two primary data sources; the first is based on a survey of outfitting and guiding businesses and the other draws from nonresident visitors who indicated they hired an outfitter or guide during their Montana visit. In line with the previous report, the information is presented in four sections. The first section is a review of the outdoor recreation industry in the US, with a particular emphasis on the outfitting and guiding industry in Montana. The second section contains the results of the outfitter business survey including an estimate of the number of outfitters, employment data, types of trips, number of clients, revenues and expenses. This assessment is the result of an online survey, delivered via the Qualtrics platform, to all known outfitters in the spring of 2018 regarding their business activity in 2017. The third section of this report contains an assessment of people who participate in guided trips in Montana – the clients. This assessment was drawn from those respondents in ITRR's annual nonresident survey who indicated they hired an outfitter or guide of any type. Finally, the fourth section contains an analysis of the economic contribution of the outfitting industry on Montana. It combines the total trips estimated by all outfitters and the client-stated expenditures by utilizing IMPLAN's input-output model.³

Purpose

The purpose of this study is to assess the current structure of the outfitting and guiding industry through an analysis of 1) the economic contribution of nonresident client expenditures, 2) industry supply and diversity of outfitted and guided experiences, and 3) a thorough characterization of the attributes of both the clients and outfitters within the industry.

Objectives:

1. To estimate the number of outfitters and guides working in the state of Montana across all outdoor recreation activities.
2. To inventory the number, type, and duration of trips provided by outfitters and guides.
3. To identify client demographics and outfitted trip characteristics.
4. To estimate the economic contribution of the Montana outfitting/guiding industry on Montana's economy.
5. To compare similarities and differences between the 2006 and 2017 outfitting industry and clients in Montana.

² Nickerson, Norma P.; Oschell, Christine; Rademaker, Lee; and Dvorak, Robert, "Montana's Outfitting Industry: Economic Impact and Industry-Client Analysis" (2007). Institute for Tourism and Recreation Research Publications. 212. https://scholarworks.umt.edu/itrr_pubs/212

³ IMPLAN Group LLC, (DATE of our program). IMPLAN System (data and software), Huntersville, NC www.IMPLAN.com

Outfitting's Place in the Outdoor Industry

In November of 2016, The United States Department of Agriculture released a report titled *Federal Outdoor Recreation Trends: Effects on Economic Opportunities*.⁴ In the report, the USDA analyzed 17 different outdoor recreation activities, broken down into seven categories. Their goal was to not only identify recent trends in outdoor recreation, but also to generate projections for outdoor recreation activity in the US for the year 2030. This report piggybacked on a prior USDA analysis completed in 2012. These analyses were primarily based on the National Survey on Recreation and the Environment (NRSE). The NRSE was a general population telephone survey of people 16 years or older designed to measure participation in outdoor recreation activities and people's environmental behaviors and attitudes.⁵ The USDA reports found that from 1999-2009, the number of people who participated in nature-based outdoor recreation grew by 7.1 percent over the decade and the number of activity days grew by about 40 percent. In addition, the clear growth areas that were identified were activities oriented towards viewing and photographing nature, both in terms of the number of participants and activity days of participation. Other areas of outdoor recreation that exhibited clear growth were Off-Highway Vehicle (OHV) usage, which increased by 34 percent during the same period. Several physically challenging activities, such as kayaking, snowboarding, and surfing, also had relatively large increases in participation throughout the same period.

As of February 2018, the Bureau of Economic Analysis (BEA) has begun measuring and publishing the economic contribution outdoor recreation makes to US Gross Domestic Product (GDP). This information is intended to add to the public understanding of the outdoor recreation economy and to inform decision-making by policy makers, businesspeople, and the managers of public lands and waters.⁶ For the 2016 report, the BEA separated outdoor recreation activities into three main categories: "conventional core activities" (things like bicycling, hiking, hunting), "other core activities" (like agritourism, outdoor festivals, and even amusement parks), and "supporting activities" (travel, government, and construction).⁷ In total, the Value Added by Industry (the industry's contribution to the US economy, or GDP) in 2016 accounted for \$373.7 billion or 2 percent, of overall GDP. Since 2012, the Value Added by Industry has increased by \$59 billion or 18.77 percent. Additionally, the Gross Output by Activity (a measure of outdoor recreation-related sales) accounted for \$673.1 billion to the US economy.⁸

Outdoor Recreation and Tourism in Montana

In regards to Montana, tourism and outdoor recreation have been identified as one of the main contributors to the recent economic success of the state. According to the latest report issued by the Outdoor Industry Association (OIA), outdoor recreation in Montana accounted for \$7.1 billion in consumer spending, 71,000 direct jobs, \$2.2 billion in wages and salaries, and \$286 million in state and

⁴ Eric M. White et al., *Federal Outdoor Recreation Trends: Effects on Economic Opportunities*, technical paper no. PNW-GTR-945, The United States Department of Agriculture, November 2016, , accessed June 25, 2018.

⁵ Cordell, H. Ken. 2012. Outdoor recreation trends and futures: a technical document supporting the Forest Service 2010 RPA Assessment. Gen. Tech. Rep. SRS-150. Asheville, NC: U.S. Department of Agriculture Forest Service, Southern Research Station, 167 p.

⁶ US Department of Commerce, BEA, and Bureau of Economic Analysis, "Bureau of Economic Analysis," U.S. Bureau of Economic Analysis (BEA). Accessed June 27, 2018, <https://www.bea.gov/outdoor-recreation/>.

⁷ Frederick Reimers, "Government Puts Outdoor Industry Size at \$373 Billion," Outside Online, February 15, 2018, , accessed June 27, 2018, <https://www.outsideonline.com/2281581/government-puts-outdoor-industry-size-673-billion>.

⁸ U.S. Department of Commerce, Bureau of Economic Analysis. 2018. "Outdoor Recreation Satellite Account: Prototype Statistics for 2012–2016." News release, February 14.

local tax revenue in 2017.⁹ The OIA also stated that spending on outdoor recreation in Montana exceeds the value of statewide agricultural crop, livestock, and poultry products sold (\$4.3 billion).¹⁰ In addition to the economic contribution outdoor recreation generates for Montana residents, tourism by nonresident visitors creates an additional economic boost to the state. According to information collected by the Institute for Tourism and Recreation Research (ITRR), nonresident visitors to the state accounted for \$3.04 billion in total expenditures for 2016.^{11,12}

Although these numbers are expected to continue to increase over the next few years,¹³ there are contributing factors that could limit or deter visitors from choosing Montana as a destination. In 2017, Montana endured an extended wildfire season that negatively impacted several businesses associated with tourism or outdoor recreation. In a 2018 ITRR report, 56 percent of tourism businesses said wildfires decreased their business volume, while 26 percent had no change in volume due to fires. Twelve percent experienced an increase in volume, many indicating it was because they housed firefighters. Furthermore, 25 percent of businesses had to cancel or postpone an event due to fires or smoke and thirteen percent had to cancel guided trips.¹⁴ If this trend of prolonged and damaging fire seasons continues, many of the businesses surveyed expressed concerns over their ability to adapt. Of the 135 respondents who wrote in answers to what *their businesses* could do to adapt to the wildfire season, 40 of the respondents said, "There is nothing I can do." Of the 141 different people who wrote in their views on what the *tourism industry* could do to adapt to wildfire season, 36 of the respondents said, "there was nothing the industry could do; that Mother Nature will do what it will do; or they simply don't know what adaptations the industry could make."

In addition to the complications that arise surrounding fire season, rivers in Montana have experienced their own battles with Mother Nature in recent years. In a 2016 White Paper, ITRR examined the economic contributions of the Yellowstone River to Park County in order to understand the effects a temporary closure (2-3 weeks depending on the particular stretch of water) had on the local economy. In August of 2016, a temporary emergency closure of all water-based recreation was issued on 183 miles of the Yellowstone River and its tributaries between the northern Yellowstone National Park boundary near Gardiner, MT and Laurel, MT. The closure was instigated by the presence of an invasive parasite known to cause proliferative kidney disease (PKD) that was thought to have caused the death of thousands of mountain whitefish. While the presence of such a parasite is not universally a cause for such action, a number of confounding conditions added to the severity of the situation and the mortality of the fish. Low river flows, elevated water temperatures, and recreational pressure on the fisheries all added to the stress on the fish and pose longer term impacts if not effectively addressed. Montana's Fish, Wildlife and Parks (FWP) stated at the time that a major goal of the closure was to minimize stress

⁹ Outdoor Industry Association, "Montana", accessed June 27, 2018:

https://outdoorindustry.org/wp-content/uploads/2017/07/OIA_RecEcoState_MT.pdf .

¹⁰ U.S. Department of Commerce, Bureau of Economic Analysis. 2018. "Outdoor Recreation Satellite Account: Prototype Statistics for 2012–2016." News release, February 14.

¹¹ Grau, Kara, "2016 Nonresident Visitation, Expenditures & Economic Impact Estimates" (2017). Institute for Tourism and Recreation Research Publications. 358. https://scholarworks.umt.edu/itrr_pubs/358

¹² NOTE: The OIA and the ITRR reports are not additive. Significant overlap between the reports exist, thus adding the two together would include double counting.

¹³ Sage, Jeremy L., "Montana Tourism Trends and Forecasting" (2018). Institute for Tourism and Recreation Research Publications. 370. https://scholarworks.umt.edu/itrr_pubs/370

¹⁴ Nickerson, Norma P., "2017 Trends & 2018 Outlook: Montana Tourism Business Survey" (2018). Institute for Tourism and Recreation Research Publications. 364. https://scholarworks.umt.edu/itrr_pubs/364

to infected fish. Angling and other recreation adds to the stress already felt due to the low water levels and high temperatures, thus removing the human based stressors is believed to increase their survival to the following year.¹⁵ Should the need to increasingly curtail or restrict water-based recreation arise, significant economic impacts are likely to be felt across the region; total direct annual spending by anglers on the Upper Yellowstone River accounted for \$69.9 million in 2013.¹⁶ Serving as such a large contributor to the local economy, it is easy to see how such a closure, or the potential of one, would negatively affect the economic potential of resource dependent businesses moving forward, such as outfitters and guides.

This sentiment was echoed by the previously mentioned 2016 USDA report on outdoor recreation trends. In the report, the USDA outlined their recreation projections for 2030 based on four contributing factors: demographic changes, economic factors, land use, and climate factors (such as climate change). In their projection models, climate variables were added to assess whether participation and participation intensity were sensitive to climate effects. Overall, 14 of 17 activities showed average declines in total days of participation when accounting for climate change. The percentage point decline was greatest for three activities: snowmobiling, undeveloped skiing (cross-country skiing, snowshoeing), and floating (canoeing, kayaking, rafting), accounting for average net decreases of 39, 36, and 9 percentage points, respectively.¹⁷ If these projections are accurate, they could have a potential negative impact on the economic outlook for year-round Montana tourism moving forward.

Outfitting and Guiding in US and Montana

As a component of outdoor recreation, hunting, fishing, and wildlife watching are significant contributors to the success of the outdoor recreation economy. More specifically, outfitting and guiding comprises a significant portion of the hunting, fishing, and wildlife viewing economy. In 2016, the US Fish and Wildlife Service and the US Census Bureau found that guide fees for fishing, hunting, and wildlife watching were \$924.9 million, \$658.4 million, and \$108.3 million, respectively.¹⁸ These figures do not include other trip costs associated with these activities, such as pack trip or package fees, public and private land use fees, equipment rental, boating costs, bait, ice, and heating and cooking fuel. If all these costs are compiled, they total roughly \$11.7 billion, or \$297 per person, in expenditures.

In Montana, outfitting and guided activities have also significantly contributed to the local economy. Such guided or outfitted activities in Montana include: hunting, fishing, hiking, backpacking, wildlife viewing, rafting, horseback riding, and snowshoeing, just to name a few. According to information collected by ITRR, outfitter and guided expenditures by nonresident travelers in 2017 accounted for \$373,780,000, or 11 percent of total nonresident visitor expenditures. The economic contribution made by the outfitting and guiding industry has increased significantly, even in recent years. As of 2017, outfitter and guided expenditures by nonresident travelers eclipsed that of retail sales, groceries and snacks, and licenses/entrance fees, trailing only the expenditures made for fuel, restaurants/bars, and

¹⁵ Sage, Jeremy L., "Economic Contributions of the Yellowstone River to Park County, Montana" (2016). Institute for Tourism and Recreation Research Publications. 346. https://scholarworks.umt.edu/itrr_pubs/346

¹⁶ FWP, 2015. Montana Statewide Angling Pressure 2013. Angling pressure in angler days by drainage by lake or stream shown in Tables 5, 7 and 9.

¹⁷ Eric M. White et al., *Federal Outdoor Recreation Trends: Effects on Economic Opportunities*, technical paper no. PNW-GTR-945, The United States Department of Agriculture, November 2016, accessed June 25, 2018.

¹⁸ U.S. Department of the Interior, U.S. Fish and Wildlife Service, and U.S. Department of Commerce, U.S. Census Bureau. 2016 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation.

hotel/motels.¹⁹ These figures indicate the important economic contribution nonresident visitors make to the state, particularly on guided or outfitted outdoor recreation activities.

Although these figures have increased over time, recreation management plans have been enacted by FWP on several rivers throughout the state to help combat issues of overcrowding perceived by Montana residents. Rivers like the Big Hole, Bitterroot and West Fork of the Bitterroot have seen management plans enacted that limit the number of guides allowed on the river, in addition to limitations on where those guides can operate each day during the peak season. Currently, Montana FWP is working on implementing a recreation management plan on the Madison River to deal with similar issues.

According to information collected by Montana FWP, since 2003, significant increases in angling pressure have been observed on the Madison. Over the last four years, the Madison has seen a steep increase in use, doubling from 88,000 to 179,000 angler days. In 2016, Montana FWP conducted a mail in survey focusing on angler satisfaction. Data were collected from 1,335 residents of Montana and 1,545 non-residents. The survey questioned both residents and non-residents on several factors related to their overall angling experience in two reaches of the upper Madison River- Hebgen Dam to Lyons Bridge and Lyons Bridge to Ennis Reservoir. The most striking data indicates that 54 percent of residents and 30 percent of non-residents feel that the number of float users from Lyons Bridge to Ennis Lake is either "Very Unacceptable" or "Unacceptable".²⁰

Perhaps the first example of regulating guided activities was the I-161 initiative passed by the voters of Montana, 53.8 percent to 46.2 percent in 2010. I-161 was a citizen-initiated state statute to increase nonresident big game license fees and abolish outfitter-sponsored licenses. Until then, hunting outfitters were guaranteed a certain number of licenses for their clients. Clients paid almost double the price of a nonresident fee for that guarantee. Ultimately, Montana FWP lost revenue from nonresident licenses until 2017. The intent by many backers of I-161 was to open private lands to hunting by residents but it appears the opposite affect happened.²¹

If this type of pushback continues against guided or outfitted outdoor recreation experiences, particularly from residents, other rivers or areas of the state may see management plans enacted to help preserve the experience for those local individuals recreating. This could create a plateauing effect on the economic contributions of guides and outfitters to expenditures by nonresident visitors to Montana because their economic potential will essentially be capped. It is difficult to say with any certainty that this effect could take place anytime soon, if at all, but it appears to be something that those involved in the outdoor recreation community, particularly angling, should take note of moving forward.

¹⁹ Grau, Kara, "2017 Nonresident Visitation, Expenditures & Economic Impact Estimates" (2018). Institute for Tourism and Recreation Research Publications. 367. https://scholarworks.umt.edu/itrr_pubs/367

²⁰ Montana Fish Wildlife and Parks. "Madison River: Draft Recreation Management Plan- Environmental Assessment." April 19, 2018. Accessed June 27, 2018. <https://bloximages.chicago2.vip.townnews.com/bozemandailychronicle.com/content/tncms/assets/v3/editorial/7/9a/79a8cea4-b6f5-5b21-aecb-18a05d8fcb0a/5acd4edbe5525.pdf.pdf>

²¹ Tipton, Michael and Nickerson, Norma P., "Assessment of Hunter Access on Montana Private Lands" (2011). Institute for Tourism and Recreation Research Publications. 210. https://scholarworks.umt.edu/itrr_pubs/210

Methods

This report approaches the outfitting and guiding industry of Montana from two perspectives: that of both the businesses and the clients. Each group provides a unique, and complementary, information set about the influence of the industry on the state. Their combined perspectives permit an assessment of the overall economic contribution to the state. Both populations were separately surveyed. Client information was drawn from individuals indicating they hired an outfitter/guide on ITRR's survey of nonresident visitors to Montana.²² The outfitters and guides themselves were surveyed in the spring of 2018. The timing of the survey of outfitters and guides sought to roughly coincide with timing of federal income tax filing, such that needed information would be more readily available. Each survey methodology is detailed below.

Survey Design – Outfitters and Guides

To address the outfitter and guide-side objectives of this study, a survey instrument was designed using the previous 2007 ITRR outfitter survey as an initial base. Rather than a paper survey mailed to the businesses, the instrument was created in Qualtrics, an online survey platform, and delivered to the business email on record. The email request to complete the survey was sent to all known outfitters and guides thought to be operating in the state, and for whom a reliable email address could be readily obtained. The realm of “known”, also known as the sampling frame, was derived from either registration lists or records of special use permits from the following sources:

- The Montana Board of Outfitters (MBO);²³
- The Montana Office of Tourism and Business Development (MOTBD);
- The US Forest Service (USFS).

The combined and cleaned list resulted in a distribution of the survey to 1,257 email addresses. Of those emails sent, 167 were found to be undeliverable, resulting in a final distribution of 1,090 surveys. In addition to the announcements of the survey sent out by ITRR, the two primary hunting and fishing outfitter associations (Montana Outfitter and Guide Association (MOGA) and the Fishing Outfitters Association of Montana (FOAM)) included announcements of the forthcoming survey in their newsletters and actively encouraged their members to participate. In addition to the direct email sent out by ITRR, both MOGA and FOAM included the survey link in emails to their membership. Their membership lists overlap with the lists generated from the Montana Board of Outfitters.

Limitations

While we can be reasonably confident that nearly all, if not all, hunting and fishing outfitters with valid email addresses were provided an opportunity to complete the survey, less confidence is warranted in other types of outfitting and guiding activities. This reduced confidence stems from the lack of any formal requirements on the part of these businesses to register with any state or other licensing board. As such, those businesses contacted are limited to those who voluntarily register with MOTBD or provided services on federal lands requiring a use permit. However, given the volume of registered

²² Grau, Kara, "2017 Nonresident Visitation, Expenditures & Economic Impact Estimates" (2018). Institute for Tourism and Recreation Research Publications. 367. https://scholarworks.umt.edu/itrr_pubs/367

²³ Only fishing and hunting outfitters and guides are required to be registered with the MBO.

businesses in comparison to observable data from business reference lists²⁴, we believe we have captured the majority of providers of outfitting and guiding services. Additionally, as will be reported in detail later, many of those who are fishing and hunting outfitters also provide other guiding services, which further broadens the scope of reach to these sectors.

Response Rate

In total, 388 surveys were completed for a response rate of 35.6 percent. Of those completed surveys, 252 came from the direct email from ITRR, 116 came from the link provided by FOAM, and the remaining 20 came from the link provided by MOGA. Eighty-nine percent of respondents indicated they provided some type of outfitting or guiding service in 2017. This leaves 11 percent of respondents indicating they did not provide such a service in 2017. In addition to those indicating no services were provided, multiple calls or emails to ITRR by recipients (approximately 7) of the emailed survey indicated they were unsure of why they were on this list. Upon further discussion, all of these individuals had obtained a special use permit from the USFS; however, their use did not align with outfitting and guiding. As shown in Table 1, the vast majority of respondents were licensed by the MBO either as outfitters (n=122), guides (n=81), or both (n=94).

Table 1. Response Totals by Necessity to License with Montana Board of Outfitters.

| | Frequency | Valid Percent |
|--|-----------|---------------|
| I am a Board of Outfitters licensed <u>guide</u> in Montana (applies to hunting and fishing only). | 81 | 25% |
| I am a Board of Outfitters licensed <u>outfitter</u> in Montana (applies to hunting and fishing only). | 122 | 37% |
| I am both a Board of Outfitters licensed guide and outfitter in Montana (applies to hunting and fishing only). | 94 | 29% |
| I am an outfitter/guide for other types of activities (not hunting or fishing). | 32 | 10% |
| Total Responses | 329 | 100% |
| Missing | 59 | |
| Total | 388 | |

Survey Design - Clients

To address the client-side objectives of the study, data specific to nonresident visitors who indicated they hired an outfitter or guide was drawn from the quarterly nonresident visitor survey. This annually conducted survey began in 2009, and has been continuously conducted since. (See footnote for data collection methods, analyses, and limitations for the nonresident travel survey.²⁵) Intercepted nonresidents are asked on-site (Front End Survey) whether they took a guided or outfitted trip during any portion of their trip while in Montana. Respondents indicating such an activity were further asked where the trip took place and how much they spent. Additionally, respondents were asked if they would be willing to provide additional information via a paper survey that may be mailed back or filled out

²⁴ Reference USA accessed and reviewed via the Montana State Library system. Businesses in Montana with NAICS codes of 713990 (All other amusement & recreation activities) and 487210 (Scenic & sightseeing transportation, water) were reviewed and compared against obtained email lists.

²⁵ Nonresident travel survey and visitation and spending estimation models:
<http://itr.uvm.edu/files/NonresTravelSurvey-Methods-Analysis.pdf>

online. Within this additional (Back End) survey, respondents are provided an opportunity to expand upon their activities and sites visited within the state.

Response Rate

In 2017, 11,135 front-end surveys were completed equating to 12.5 million nonresident visitors to Montana. Of these front-end surveys, 2,565 respondents completed and satisfactorily returned the follow-up paper survey. These sample sizes are typical of most years of data collection. Table 2 shows a steady five to six percent of nonresident groups report at least one group member hired a guide or outfitter during their Montana trip. Reported characteristics in the following client results section draw from 2017 respondents.

Table 2. Nonresident Groups in which at least One Group Member Hired an Outfitter.

| Year | Proportion of Respondents Hiring an Outfitter | Visitors Represented |
|------|---|----------------------|
| 2017 | 5.4% (n=132) | 675,076 |
| 2016 | 5.3% (n=143) | 651,789 |
| 2015 | 5.7% (n=217) | 668,007 |
| 2014 | 5.1% (n=159) | 557,913 |
| 2013 | 5.3% (n=151) | 584,808 |

Results

A Profile of Outfitters in Montana

This section presents a profile of Montana outfitters as they described their 2017 outfitting business. The outfitter profile includes a basic description of Montana outfitters followed by a discussion of their revenues and expenses.

Outfitting Business Description

In 2017, there were 1,450 identifiable businesses or individuals providing outfitting services of any type in Montana.^{26,27} Within this group, there were 740 known fishing and hunting outfitters who had renewed their licenses with the MBO. Of these outfitters, 340 were licensed as fishing only, 200 as hunting only, and 200 licensed for both hunting and fishing. There were an additional 25 new outfitter licenses. Additionally, 1,500 guides renewed their licenses with the MBO, and 300 new guides became licensed.

On average, outfitters have been in business 18 years and expect to continue in business for an average of 16 more years (Table 3). The “average” outfitter took 172 clients on an outfitted trip in 2017. Three outfitters exceeded 10,000 clients served during 2017.²⁸ After adjusting for the weighted average between the different categories of guided activities, outfitters estimated that 63 percent of their clients were nonresidents of Montana. A further analysis of where clients were from appears in the “Outfitted Clients” section.

²⁶ Additional entities were identified via comparison of known lists with recorded business listings found in ReferenceUSA database.

²⁷ 1,450 should be considered an estimate of the number of active outfitters of any type in the state. Given the diversity of outfitting businesses and business structure in the state, an exact number is not readily identifiable. In trying to assess the total number of businesses, we identified that the businesses are classified in no less than 12 different Standard Industrial Classification (SIC) Codes. These include: River Trips, Fishing Parties, Boat-Excursions, Raft Trips, Guide Service, Outfitter, Hunting Trips, and Amusement & Recreation.

²⁸ Inputs into the Qualtrics survey platform were capped at 4 digits, resulting in slightly lower estimates in regards to the number of clients and number of client days in comparison to the 2007 report.

Table 3. Characteristics of the Outfitting Business.

| All Outfitting | |
|--|--------------|
| Years in the business of outfitting | |
| Mean | 17.62 years |
| Range | 1 - 70 years |
| More years expecting to continue to outfit | |
| Mean | 16.35 |
| Range | 1– 99 years |
| Number of clients | |
| Mean | 172 |
| Range | 0 - 9,999* |
| Number of client days | |
| Mean | 207 |
| Range | 0 - 9,999* |
| Percent of clients from out-of-state | |
| Mean | 63% |
| Range | 0-100% |

** Inputs into the Qualtrics survey platform were capped at 4 digits, resulting in slightly lower estimates in regards to the number of clients and number of client days in comparison to the 2007 report.*

The outfitting business primarily consists of small entrepreneurs. Just over 43 percent of reporting businesses were organized as a Sole Proprietorship, while nearly 32 percent were Limited Liability Companies (LLC). The remaining respondents were comprised of S Corps, Partnership Corporations, and Non-Profits. Nearly 50 percent of all labor hired by responding outfitters and guides were hired as contract laborers. Guides are typically hired as independent contractors by the outfitter. The average outfitter held 4.8 contractors annually. The next closest category of labor type was that of employees who were hired full time for less than 150 days, which made up 25 percent of all hires with an average of 3.3 hires per outfitter. Listed below in Table 4 are the remaining categories of employment type from which outfitters and guides generally categorize their hires. All categories below *other* than “Hired as contract labor” are employment figures that *exclude* contract labor hires in order to avoid any possibility of double counting employees.

Table 4. Employment Profile.

| <u>Contract Labor</u> | | | |
|---|-----|-------------------------------|-------|
| Mean # of Contractors | 4.8 | Range of Contracted Laborers | 0-80 |
| <u>% with Contract Laborers (N*=224)</u> | | | |
| 0 Contractors | 38% | 4 Contractors | 5% |
| 1 Contractor | 8% | 5 Contractors | 7% |
| 2 Contractors | 5% | 6 Contractors | 6% |
| 3 Contractors | 5% | 7 or more Contractors | 26% |
| <u>Full Time - Year Round Employees (>150 days)</u> | | | |
| Mean # of Full Time-Year Round | 0.8 | Range of Full Time-Year Round | 0-15 |
| <u>% with Full Time-Year Round Employees (N=175)</u> | | | |
| 0 Employees | 76% | 4 Employees | 2% |
| 1 Employees | 7% | 5 Employees | 1% |
| 2 Employees | 9% | 6 Employees | 1% |
| 3 Employees | 2% | 7 or More Employees | 2% |
| <u>Full Time - Seasonal Employees (<150 Days)</u> | | | |
| Mean # of Full Time-Seasonal | 3.3 | Range of Full Time-Seasonal | 0-120 |
| <u>% with Full Time-Seasonal Employees (N=181)</u> | | | |
| 0 Employees | 72% | 4 Employees | 3% |
| 1 Employees | 4% | 5 Employees | 2% |
| 2 Employees | 6% | 6 Employees | 2% |
| 3 Employees | 2% | 7 or More Employees | 9% |
| <u>Part Time - Year Round Employees (>150 Days)</u> | | | |
| Mean # of Part Time-Year Round | 0.3 | Range of Part Time-Year Round | 0-15 |
| <u>% with Part Time-Year Round Employees (N=172)</u> | | | |
| 0 Employees | 90% | 4 Employees | 1% |
| 1 Employees | 3% | 5 Employees | 1% |
| 2 Employees | 3% | 6 Employees | 1% |
| 3 Employees | 0% | 7 or More Employees | 1% |
| <u>Part Time - Seasonal Employees (<150 Days)</u> | | | |
| Mean # of Part Time-Seasonal | 2.1 | Range of Part Time-Seasonal | 0-40 |
| <u>% with Part Time-Seasonal Employees (N=183)</u> | | | |
| 0 Employees | 63% | 4 Employees | 2% |
| 1 Employees | 8% | 5 Employees | 2% |
| 2 Employees | 6% | 6 Employees | 5% |
| 3 Employees | 4% | 7 or More Employees | 9% |

N=number of respondents completing specified labor force question.

Land Use by Outfitters

Outfitted trips occur across a wide variety of lands. Forty-five percent of outfitters and guides stated that their outfitting/guiding involved land based activities. Sixty-one percent of outfitters and guides stated their land based guiding days took place on public land followed by 32 percent who guide on private land not personally owned. Of those guided trips that took place on public land, the usage rates for each land type are displayed below in Table 5, with US Forest Service land representing the highest usage rate at 32 percent.

In terms of water-related trips, 79 percent of responding outfitters and guides disclosed that their outfitting/guiding activities involved Montana waterways. Of those guided trips that took place on Montana waterways, the usage rates for each type of waterway are displayed below in Table 5, with Montana FWP fishing access sites representing the highest usage rate at 28 percent.

Table 5. Types of Land and Water Access Used for Outfitted Trips.

| Proportion of Land Based Outfitted Trips on Public Lands by Ownership | |
|---|-----|
| US Forest Service | 32% |
| US Bureau of Land Management | 20% |
| Montana Department of Natural Resources & Conservation | 13% |
| Montana Fish, Wildlife, & Parks | 11% |
| National Park Service | 11% |
| Other State Land | 5% |
| Other Federal Land | 3% |
| US Fish & Wildlife Service | 3% |
| Other Local Government | 1% |
| Proportion of Water Based Outfitted Trips by Ownership Access Type | |
| Montana Fish, Wildlife, & Parks Fishing Access Site | 28% |
| Federal Land Access Site | 18% |
| Water Access Through Private Property | 16% |
| Local/County Public Water Access Site | 14% |
| Other State Land Water Access Site | 12% |
| A Montana State Park Boat Launch | 10% |
| Other | 2% |

Business Operations

Ninety-one percent of all reported clients are involved in rafting/floating/canoeing/kayaking, horseback riding, fishing, hiking, snowmobiling, or hunting. The total number of guided clients in 2017 was 728,900 while the total number of guided client days was 918,500 (Table 6). Outfitters and guides involved in hunting and fishing must be licensed by the Montana Board of Outfitters (MBO). Licensees may be registered in either fishing, hunting, or both. These outfitters and guides routinely engage in providing other types of guided activities in addition to their licensed activities. MBO licensed outfitters served nearly half of all outfitted trips in 2017; 49 percent. Those that are licensed in both served the majority of clients in both snowmobiling and day trail/horseback rides.

Table 6. Clients and Client Days by Activity Type.

| Outfitted Activity | Total Clients Served | Proportion of all Outfitted Clients | Total Client Days | Average Trip Length (Days) |
|---|----------------------|-------------------------------------|-------------------|----------------------------|
| Rafting/Floating/Canoeing/Kayaking | 283,600 | 39% | 311,200 | 1.09 |
| Fishing | 160,400 | 22% | 260,800 | 2.03 |
| Day Trail/Horseback Rides | 151,200 | 21% | 120,400 | 0.81 |
| Hiking | 32,100 | 4% | 29,700 | 0.93 |
| Snowmobiling | 21,200 | 3% | 17,000 | 0.84 |
| Hunting | 17,400 | 2% | 76,000 | 4.51 |
| Wildlife viewing | 12,400 | 2% | 5,900 | 0.47 |
| Other (Backcountry Horse, Outdoor Education, Backpacking, Photography, etc.) | 50,600 | 7% | 97,500 | 2.04 |
| Total | 728,900 | 100% | 918,500 | 1.03 |

Altogether, outfitted activities in Montana combined to total \$229,480,600 in gross revenue to the outfitters for 2017 (Table 7), for an average of \$158,000. Hunting and fishing outfitting revenues comprise 58 percent of all outfitted revenue. Additionally, large majorities of both hunting (85 percent) and fishing (90 percent) clients are from out-of-state. Outfitters licensed by the MBO as hunting only receive approximately 6 percent of their outfitting revenue from non-hunting sources. Those outfitters licensed as fishing only receive 13 percent from non-fishing activities, while those licensed for both collect 37 percent from non-fishing or hunting activities. Combined, 20 percent of these outfitters' outfitting revenue is from non-fishing or hunting sources.²⁹

²⁹ Identified revenue sources only account for actual outfitting activities. Revenue collected from other sources is not included here (e.g. Fly shops).

Table 7. Total Outfitter Revenue.

| Outfitted Activity | Total Outfitter Revenue |
|---|-------------------------|
| Fishing | \$76,742,200 |
| Hunting | \$55,295,900 |
| Rafting/Floating/Canoeing/Kayaking | \$51,068,400 |
| Other (Backcountry Horse, Outdoor Education, Backpacking, Photography, etc.) | \$29,832,700 |
| Day Trail/Horseback Rides | \$10,587,000 |
| Wildlife Viewing | \$2,820,000 |
| Snowmobiling | \$1,733,200 |
| Hiking | \$1,401,200 |
| Total | \$229,480,600 |

In 2017, the average outfitting business encumbered \$146,300 in expenses on employees, contractors and other inputs to their production (Table 8). Within Table 8, all expenses except for payroll comprise the intermediate expenditures shown in Table 9. Payroll, proprietor income, other property income, and tax on production and imports make up the value added components of the total \$229 million in production value.³⁰

Expenses paid for by outfitters vary from an average low of \$1,900 for insurance to an average high of \$55,400 on payroll. As in many service industries, payroll is a major portion of a business expenses. Outfitters pay 35 percent of their expenses to payroll, followed by another 23 percent to contracted labor, six percent for travel related expenses and five percent for land leases.

³⁰ Values produced in Table 8 and Table 9 are generated through a combination of survey data reported by outfitters and industry data contained in IMPLAN.

Table 8. 2017 Outfitter Expenses.

| Activity | % of Total Outfitter Expenses | Average Expense by Outfitter |
|---|-------------------------------------|------------------------------------|
| Payroll (not including FICA, workers' comp., unemployment taxes) | 35% | \$ 55,400 |
| Contract labor | 23% | \$ 36,400 |
| Travel (food, gas, lodging) | 6% | \$ 7,600 |
| Land leases | 5% | \$ 6,600 |
| Food, fuel, equipment supplies | 4% | \$ 5,600 |
| Legal and professional services | 4% | \$ 4,700 |
| Office expenses (including utilities) | 3% | \$ 4,200 |
| Repair and maintenance | 2% | \$ 2,100 |
| Advertising (printing, web sites, trade shows) | 1% | \$ 1,800 |
| Insurance (liability, vehicle, property) | 1% | \$ 1,900 |
| Other expenses (mortgage interest, licenses, livestock, etc.) | 15% | \$ 20,000 |
| Total | | \$ 146,300 |

Table 9. Economic Components of the Outfitting Industry.

| | |
|---|-----------------------|
| Output (Value of Production) | \$ 229,480,700 |
| Value Added:³¹ | |
| Employee Compensation³² | \$ 79,605,700 |
| Proprietor Income³³ | \$ 6,336,700 |
| Other Property Type Income³⁴ | \$ 15,493,100 |
| Tax on Production and Imports³⁵ | \$ 5,446,300 |
| Total Value Added | \$ 106,881,800 |
| Intermediate Expenditures³⁶ | \$ 122,598,900 |

NOTE: All footnoted definitions are based on those found in IMPLAN's glossary of terms.

A Profile of Outfitted Clients in Montana

Like all nonresident respondents, clients reporting hiring a guide or outfitter were asked about demographic information, trip characteristics, expenses and experiences. The following descriptions compare the typical Montana visitor to those who participate in guided activities.

Respondent Demographic Characteristics

Though respondents whose travel party took a guided trip were on average the same age, 57, as the typical respondent, they were more likely to be male; 63 percent compared to the total average of 56 percent. Montana visitors taking part in guided or outfitted activities possess several notable differences in comparison to the average visitor. Figure 1 identifies the first notable difference: reported household income. Those visitors' households who participated in some type of guided or outfitted activity in 2017 tended higher than the average visitor. Nearly a quarter of those taking a guided or outfitted trip report a household income of more than \$200,000. Similar income breakouts exist in previous years as well for those hiring a guide or outfitter. In 2016 and 2015, proportions of visitors reporting more than \$200,000 in household income was 27 percent and 24 percent respectively.

³¹ **Value Added** = The difference between an industry's total output and the cost of its intermediate inputs. It equals gross output (sales or receipts and other operating income, plus inventory change) minus intermediate inputs (consumption of goods and services purchased from other industries or imported); it is a measure of the contribution to GDP made by an individual producer, industry or sector

³² **Employee Compensation** = Employee Compensation in IMPLAN is the total payroll cost of the employee paid by the employer. This includes wage and salary, all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment taxes, etc.)

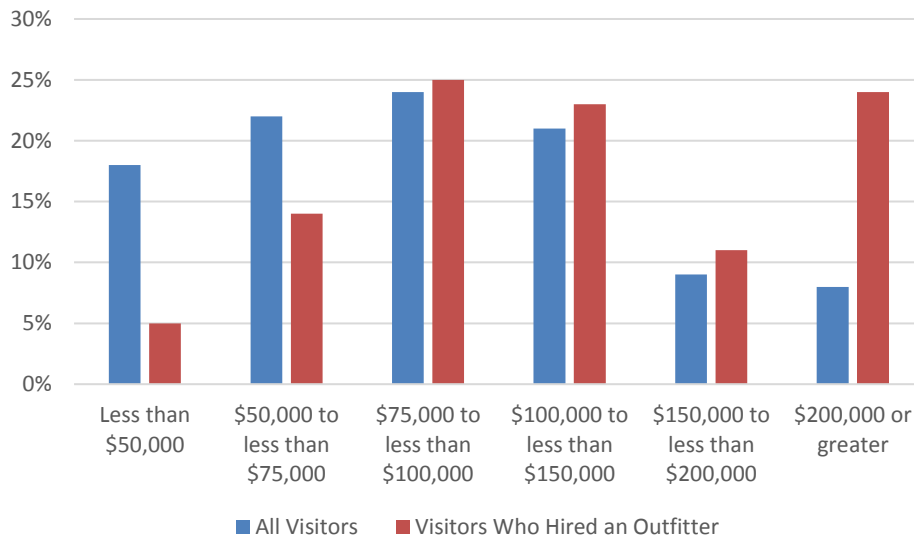
³³ **Proprietor Income** = payments received by self-employed individuals and unincorporated business owners. This income also includes the capital consumption allowance and is recorded on Federal Tax form 1040C.

³⁴ **Other Property Type Income** = Represents Gross Operating Surplus minus Proprietor Income. OPI includes consumption of fixed capital (CFC), corporate profits, and business current transfer payments (net).

³⁵ **Tax on Production and Imports** = Includes taxes on sales, property, and production, but it excludes employer contributions for social insurance and taxes on income.

³⁶ **Intermediate Expenditures** = Purchases of non-durable goods and services such as energy, materials, and purchased services that are used for the production of other goods and services rather than for final consumption.

Figure 1. Household Income Comparison of All Visitors to Those who Hired an Outfitter.



Guided Trip Group Characteristics

Groups taking part in guided or outfitted activities are twice as likely to report that they are in Montana primarily for vacation, recreation or pleasure compared to the average visitors: 72 percent versus 36 percent. The average travel group with guided activities was 2.87 people compared to all visitors who average 2.23 people per group. Only 14 percent of guided respondents indicated they were in Montana alone, while 29 percent of all respondents indicated such. Additionally, 37 percent of guided respondents indicated they were a group consisting of a couple and 37 percent said their immediate family was their group, while nine percent were with friends. Among all respondents, these proportions change to 32, 26, and six percent respectively.

A key difference arises when considering how long visitors stay in the state on their visits. Those visitors who took a guided trip stayed on average 7.28 nights, while the average among all visitors was 4.73 nights. This sharp difference is in part reflective of the large difference in the likelihood that those taking guided trips are on vacation compared to the average visitor.

Visiting groups from Washington State routinely outpaced other states. In 2017, Washington residents comprised 10 percent of visiting groups who hired a guide and 13 percent of all visitors. Looking at the remaining nine states that make up the top ten represented states in guided visitors, Table 10 shows that six of those ten are also in the top ten for all visitors. The remaining four drop out. This observation suggests, particularly for states like Maryland, that these visitors have a high propensity to take outfitted or guided trips.

Table 10. Residency Comparison Between Guided Visitors and All Visitors.

| Rank by Guided Participation | State | Visitors Who Hired an Outfitter | All Visitors | Rank of All Visitors |
|------------------------------|------------|---------------------------------|--------------|----------------------|
| 1 | Washington | 10% | 13% | 1 |
| 2 | Texas | 7% | 3% | 11 |
| 3 | California | 7% | 6% | 5 |
| 4 | Minnesota | 6% | 4% | 8 |
| 5 | Wyoming | 6% | 5% | 6 |
| 6 | Oregon | 5% | 3% | 10 |
| 7 | Wisconsin | 5% | 2% | 13 |
| 8 | Illinois | 4% | 2% | 16 |
| 9 | Utah | 4% | 4% | 9 |
| 10 | Maryland | 3% | 1% | 38 |

Glacier National Park tops the list for primary reason to visit Montana for both those visitors taking guided trips and the general visiting population who are in the state for vacation, recreation, or pleasure. Table 11 shows similarities between visitors who take guided trips and those average visitors, across many of the potential primary reasons to visit Montana for vacation. However, there are several notable differences, including guided visitors who are four times more likely to indicate fishing as the primary reason compared to the average visitor. Further, 31 percent of those visiting groups who reported hiring a guide and who indicated they fished during their trip indicate that fishing was their primary reason for visiting the state. A third of all groups who hired a guide also fished during their trip.

Table 11. Primary Reason for Visiting if on Vacation.

| Primary Attraction | Visitors Who Hired an Outfitter | All Visitors |
|-----------------------------------|---------------------------------|--------------|
| Glacier National Park | 27% | 22% |
| Fishing | 16% | 4% |
| Yellowstone National Park | 14% | 18% |
| Ski/Snowboard | 8% | 3% |
| Mountains/Forest | 6% | 12% |
| Open Space/uncrowded Areas | 5% | 13% |
| Lakes | 4% | 2% |
| Hunting | 4% | 3% |
| Wildlife | 3% | 1% |
| Rivers | 3% | 1% |

Client Expenditures

Visitors to Montana who took guided or outfitted trips in Montana in 2017 spent, on average, \$3,501 while in the state based on the previously reported 7.28 average nights spent (Table 12). Meanwhile, the average visitor spent \$606 on their Montana trips, based on their 4.73 average nights. The amount and time spent by these types of visitors even out paces that of all vacationers. Vacationers as whole spent 6.17 nights and \$172.69 per day in 2017.

Table 12. Average Daily Expenditures.

| Expenditure Category (Average Daily Per Group) | All Visitor Groups | Vacationers | Visitor Groups who Hired an Outfitter or Guide |
|---|--------------------|-------------------|--|
| Gasoline, Diesel | \$29.12 | \$23.31 | \$15.23 |
| Restaurant, Bar | \$25.38 | \$32.84 | \$49.45 |
| Hotel, B&B, etc. | \$17.03 | \$20.25 | \$22.25 |
| Outfitter, Guide | \$14.29 | \$32.05 | \$228.50 |
| Retail Sales | \$11.27 | \$12.61 | \$27.68 |
| Groceries, Snacks | \$9.08 | \$11.80 | \$10.06 |
| Licenses, Entrance Fees | \$7.50 | \$18.94 | \$54.85 |
| Auto Rental | \$4.57 | \$5.86 | \$15.95 |
| Rental Cabin, Condo | \$3.19 | \$6.55 | \$37.78 |
| Made in MT | \$2.66 | \$2.99 | \$5.04 |
| Campground, RV Park | \$1.48 | \$2.49 | \$3.81 |
| Misc. Services | \$1.12 | \$1.79 | \$9.94 |
| Auto Repair | \$0.93 | \$0.78 | \$0.00 |
| Gambling | \$0.35 | \$0.20 | \$0.17 |
| Farmers Market | \$0.14 | \$0.19 | \$0.21 |
| Transportation Fares | \$0.01 | \$0.03 | \$0.05 |
| Total Daily Spending | \$128.12 | \$172.69 | \$480.95 |
| Total Trip Spending | \$606.01 | \$1,065.50 | \$3,501.32 |

Economic Contribution of Outfitted Trips in Montana

In 2017, the \$3.4 billion in spending by nonresidents in Montana produced a total economic impact of \$4.7 billion in economic output.³⁷ Though only 5-6 percent of visiting groups take part in some type of guided or outfitted experience, those who do stay longer and spend more per day. In 2017, the 5.4 percent of all visitors who had a guided or outfitted experience spent a total of \$791 million dollars while in Montana, accounting for nearly a quarter of all visitor spending.

To identify the economic contribution of this spending, this report uses identical strategies employed in ITRR's annual nonresident study. IMPLAN's Input-Output model allows the evaluation of commodity

³⁷ Grau, Kara, "2017 Nonresident Visitation, Expenditures & Economic Impact Estimates" (2018). Institute for Tourism and Recreation Research Publications. 367. https://scholarworks.umn.edu/itrr_pubs/367

flows from producers to intermediate and final consumers, thus generating estimates of direct, indirect, and induced impacts. The models are driven by final demand (spending) by nonresidents.

Given that the outfitter and guide client spending information is drawn directly from the annual nonresident dataset, a direct comparison of the economic contribution is practical. Note that economic contribution, rather than economic impact, is used here to discuss outfitting and guiding activities. This specific terminology is used as we do not differentiate between those visitors who are in Montana primarily for their guided trip versus those who were here for another reason. An economic impact estimate would only account for those primarily here for the outfitted or guided experience. Table 13 demonstrates that more than 16,000 jobs and nearly \$1.3 billion in economic output are generated via the spending of Montana visitors engaging in guided experiences.

Table 13. 2017 Economic Contribution of Nonresident Visitor Engaging in Guided Experiences.

| | Direct Effect | Indirect Effect | Induced Effect | Total Effect |
|--------------------------------|----------------|-----------------|----------------|------------------|
| Industry Output | \$ 711,594,800 | \$ 258,828,300 | \$ 283,946,300 | \$ 1,254,369,400 |
| Employment (# of Jobs) | 12,100 | 1,800 | 2,400 | 16,300 |
| Labor Income | \$ 297,919,300 | \$ 67,701,500 | \$ 88,027,200 | \$ 453,648,000 |
| Value Added | \$ 374,990,900 | \$ 133,015,700 | \$ 150,784,900 | \$ 658,791,500 |
| State & Local Sales | | | | \$ 53,866,342 |

Sample Size Concerns

As previously noted in Table 2, the sample size in any given year ranges from roughly 130-220 respondents. Ideally, a sample of 350-400 groups participating in a guided experience would be achieved. To minimize concerns over sample size, we can evaluate multiple years of our sample to identify if reported values vary substantially to that of 2017. Table 14 shows that though there is more variation evident than would be found in the full sample of all visitors, the length of stay and spending of visitors taking guided experiences remains consistently above seven nights and \$400 per day on average. A conservative assessment of spending could utilize the weighted average results. However, we use the 2017 numbers in order to maintain a consistent comparison against the full visitor sample. The 2017 results should be considered as the top of the range of spending and contribution estimates for this group.

Table 14. Outfitted Group Comparison 2015-2017.

| Year | Average Nights Spent | Average Daily Spending | Average Trip Spending |
|-------------------------|----------------------|------------------------|-----------------------|
| 2015 | 7.73 | \$ 416 | \$ 3,217 |
| 2016 | 7.49 | \$ 451 | \$ 3,375 |
| 2017 | 7.28 | \$ 481 | \$ 3,501 |
| Weighted Average | 7.54 | \$ 444 | \$ 3,339 |

Conclusions & Recommendations

In recent years, nonresident visitor spending on outfitters and guides has surpassed that of spending on retail goods, making it the fourth highest spending category behind only fuel, lodging, and dining out. This rise comes despite only five to six percent of the visiting population taking part in these activities. This observation reiterates findings from the 2007 Montana Outfitter and Guide study characterizing the outfitting industry as high value, low impact.³⁸ The high value is generated via the high average daily spending (\$481) compared to the average visitor (\$128) as well as the extended length of time spent in the state (7.28 days) compared to the average visitor (4.73 days). The low impact is a statement to the low volume of visitors making up the high economic contribution, thus minimally affecting the states resources compared to high volume activities.

The most obvious spending difference between visitors who engage in guided activities and the average visitor is spending on the outfitters and guides themselves, with 48 percent of the \$481 spent per day on the outfitter or guide. Other notable differences include the breakout of lodging spending, suggesting differing lodging habits of this subgroup compared to the entire visiting population. Where the typical visitor spends \$17.03, \$3.19, and \$1.48 on Hotels, Rental Cabins, and Campgrounds respectively, the groups that hire guides during their trips spend \$22.25, \$37.78, and \$3.81 on these same lodging types. Rental cabin expenditures remain consistently high among this group across years (2015-2017).

The \$228 per day spending by these visitors is distributed across nearly 1,500 known entities providing guiding or outfitting services. Based on the responses garnered from the outfitters and guides themselves, 58 percent of revenue is attributable to hunting and fishing activities. These activities further the high value, low impact mantra, as they make up only 24 percent of the total volume of outfitted clients. With the exception of rafting/floating and wildlife viewing, those outfitters and guides who are also involved in hunting and fishing provide the majority of outfitted trips across a wide variety of activities. High among these other activities are horseback rides and snowmobiling. In total, activities outside of hunting and fishing make up 20 percent of the revenue stream for MBO licensed outfitters; not accounting for any retail activities like fly shops.

Across many types of outfitted activities, respondents indicated a significant reliance on public lands, with 61 percent of land based activities utilizing public lands. USFS and BLM lands led the way with 32 and 20 percent respectively of outfitted trips. When it comes to Montana's waterways, 79 percent of responding outfitters indicated their activities relied in some fashion on waterways. Of these respondents, Montana Fish, Wildlife, and Parks' access sites were the most frequently cited (28 percent), point of access. Tracing the relationships backwards from the point of access or use to the outfitter whose business heavily relies on them, to the visitors who hire these guides, to the magnitude of economic contribution attributable to these type of visitors, a valuable picture can be constructed for the importance of continued accessibility and preservation of quality public lands and waterways. Actions or events that lead to a real or perceived degradation of the natural resource quality of the rivers or forests pose inherent threats to foundational components of Montana's tourism industry.

³⁸ Nickerson, Norma P.; Oschell, Christine; Rademaker, Lee; and Dvorak, Robert, "Montana's Outfitting Industry: Economic Impact and Industry-Client Analysis" (2007). Institute for Tourism and Recreation Research Publications. 212. https://scholarworks.umt.edu/itrr_pubs/212

Recent events in the state – Mountain White Fish die off in the Yellowstone River in 2016³⁹ and in excess of 1.2 million acres of wildlands burned in 2017⁴⁰ - have already demonstrated such effects.

Improving Data Collection

As previously identified, estimates of total outfitter revenue are based on reported activities and revenue by those completing the survey and then extrapolating to the known universe of outfitters and guides operating in Montana. The generation of accurate estimates thus primarily relies on a sufficient sample size and a thorough census of all parties operating in the state. It is the second portion of this need that routinely proves difficult in an industry as diverse as outfitting and guiding. For many industries, say retail grocery stores, federal databases and surveys routinely provide very good approximations of the number and size of establishments. This occurs because they are consistently categorized within a single industry identifier. Outfitting and guiding, however, does not fall under a single, or even two, industry groups. In generating our estimate of 1,450 entities providing outfitting and guiding services, we searched primarily from 12 different Standard Industrial Classification (SIC) codes. Even with this diversity of codes, we believe there are still more providers that have gone unaccounted for and thus the generated revenue estimate of \$229.5 million is likely a lower bound estimate. The assumption of lower bound is supported through spot checks in which known businesses providing outfitting services not falling within the expected industry classification. Often, these businesses were found under retail (e.g. fly shop) or even lodging industry codes. Further suggestion that this revenue estimate is a lower bound can be found via a comparison of the reported revenue with reported spending by nonresidents, who report spending more the \$370 million on outfitting and guiding activities.

Generation of our universe estimation was aided by licensing requirements with the Montana Board of Outfitters (MBO) for hunting and fishing and voluntary connection (thus listing) with the Montana Office of Tourism and Business Development (MOTBD). While the MBO licensing requirement was indeed useful, improvements to the reporting system from outfitters and guides can prove valuable in both research such as this report as well as in resource management. Currently, outfitters must provide annual client report logs containing client name and license numbers as well as waterways used for fishing and the districts used for hunting along with the species taken. However, these client logs are not automated or contained in a useable database. The creation of a useable database would allow an improved opportunity to stay abreast of the industry.

³⁹ Sage, Jeremy L., "Economic Contributions of the Yellowstone River to Park County, Montana" (2016). Institute for Tourism and Recreation Research Publications. 346. https://scholarworks.umt.edu/itrr_pubs/346

⁴⁰Sage, Jeremy L. and Nickerson, Norma P., "The Montana Expression 2017: 2017's Costly Fire Season" (2017). Institute for Tourism and Recreation Research Publications. 363. https://scholarworks.umt.edu/itrr_pubs/363

Appendix A: Outfitter Survey Instrument

Hello Montana outfitters and guides -

Thank you for agreeing to take part in this valuable survey that seeks to capture the economic contribution of the outfitting and guiding industry to the state's economy.

This survey should be completed by the principal operator, or their representative, of the outfitting or guiding business who received this email. **Please be assured that this survey does not collect any identifiable information and thus your responses are completely anonymous and confidential.** All reported information is aggregated to the state level. Your thorough responses will allow us to create a robust picture of this vital Montana industry such that policymakers and other key stakeholders recognize its significance.

A portion of this survey will ask about the number of clients served, expenses, and revenue. Some respondents will find it useful to refer to their Board of Outfitters Client Report Logs, tax forms, or other similar forms for a few of the information points we need. Having a copy handy could simplify your effort and time.

Thank you, we greatly appreciate your time

Please respond to the following questions as they relate to your organization's outfitting/guiding activities for the 2017 calendar year – January 1 through December 31.

Did you or your business provide outfitting or guiding of any outdoor activity in 2017? (hunting, fishing, rafting, horseback riding, etc.)

- Yes
- No

Which statement best describes your business in 2017?

- I am a Board of Outfitters licensed **guide** in Montana (applies to hunting and fishing only).
 - I am a Board of Outfitters licensed **outfitter** in Montana (applies to hunting and fishing only).
 - I am **both** a Board of Outfitters licensed **guide and outfitter** in Montana (applies to hunting and fishing only).
 - I am an outfitter/guide **for other types of activities** (not hunting or fishing).
-

Are you the **principal operator/owner** of this business?

- Yes, I am the principal operator
- No, I am a business manager or employee
- Other, please describe

Mark the **one** item which best describes this business in 2017

- Sole proprietorship
- Partnership Corporation
- S Corporation (S Corp)
- Limited Liability Company (LLC)
- Nonprofit organization
- Other, please describe:

What is the primary county where your outfitting/guiding business is physically located?

How many years have you been operating an outfitting/guiding business in Montana (including 2017)?

(round to the nearest year)

Montana's Outfitting Industry | 2018

How many months of the year did you operate any portion of your outfitting/guiding business in 2017?

How many more years do you plan to operate as an outfitting/guiding business in Montana? (round to the nearest year)

In 2017, did your outfitting/guiding activities involve any type of land based activities (bicycling, hunting, horseback riding, wildlife watching, etc.)?

(Water based activities will be asked next and includes bank fishing and FWP access sites)

- Yes
 No

What percent of your **land based** outfitting or guiding **days** took place on:

(total percent should sum to 100%)

| | |
|--|--------------------------------|
| Public Lands | <input type="text" value="0"/> |
| Tribal Lands | <input type="text" value="0"/> |
| Public Roadways (e.g. touring) | <input type="text" value="0"/> |
| Your own private land | <input type="text" value="0"/> |
| Leased private land | <input type="text" value="0"/> |
| Other private land at no cost | <input type="text" value="0"/> |
| Other, please describe: <input type="text"/> | <input type="text" value="0"/> |
| Total | <input type="text" value="0"/> |

In 2017, did any of your outfitting/guiding activities involve Montana waterways?

- Yes
 No

What percent of your **water based** outfitting or guided days took place on:

(total percent should sum to 100%)

| | |
|--|---|
| Lakes | <input style="width: 40px;" type="text" value="0"/> |
| Reservoirs | <input style="width: 40px;" type="text" value="0"/> |
| Rivers | <input style="width: 40px;" type="text" value="0"/> |
| Other, please describe: <input style="width: 200px;" type="text"/> | <input style="width: 40px;" type="text" value="0"/> |
| Total | <input style="width: 40px;" type="text" value="0"/> |

Please select the waterway access sites used.

(Mark all that apply)

- Montana Fish, Wildlife & Parks (FWP) fishing access site
- A Montana State Park boat launch
- Other state land water access site
- Federal lands access site
- Local/County public water access sites
- Water access through private property
- Other, please describe:

Has your outfitting/guiding activity **ever** been affected by closures or restrictions on **public** lands or waterways?

- Yes
- No

Which of the following closures or restrictions on **public** lands or waterways has your outfitting/guiding activity **ever** been affected by?

(Mark all that apply)

- Hoot owl (time of day restrictions)
- Land closures (e.g. due to fire or restoration)
- River closures (other than hoot owl)
- Lake/reservoir closures
- Other river restrictions, please describe:

- Other land restrictions, please describe:

In **2017**, was your outfitting/guiding activity affected by the following closures or restrictions on **public** lands or waterways?

(Mark all that apply)

- I was not affected by public land/waterway closures in 2017
- Hoot owl (time of day restrictions)
- Land closures (e.g. due to fire or restoration)
- River closures (other than hoot owl)
- Lake/reservoir closures
- Other river restrictions, please describe:

- Other land restrictions, please describe:

In your experience how would you compare the 2017 restrictions and closures to a typical year?

- 2017 had more restrictions or closures than typical years
 - 2017 had fewer restrictions or closures than typical years
 - 2017 was typical of most years
 - I don't know
-

Approximately how many trips did you have to cancel due to closures or restrictions in 2017?

Approximately how many trips did you have to relocate due to closures or restrictions in 2017?

Montana's Outfitting Industry | 2018

Please indicate the total number of clients and client days you **outfitted/guided in Montana in 2017** in each activity below. Please estimate the portion of clients served that were from out of state.

For example: A backpacking guide who served 10 clients for 3 days each would place a 10 in the client box and a 30 in the client days box.

Please round to the nearest whole number.

| | # of clients | # of client days | Estimated % of clients who were from out of state |
|--|----------------------|----------------------|---|
| Hunting | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Fishing | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Whitewater rafting | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Float Trip | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Canoeing/kayaking | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Trail Rides/day horseback rides | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Backcountry horse pack trip | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Backpacking/trekking | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Bicycling tour | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Mountain biking | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Snowmobiling | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| ATV riding | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Hiking | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Birdwatching | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Wildlife viewing | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Cattle drive | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Photography | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| National Park tours | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Drop camp | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Drop float | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Outdoor education classes | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Other, please specify: <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Other, please specify: <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

Montana's Outfitting Industry | 2018

Please estimate, to the nearest dollar, **your gross receipts or sales collected for outfitting/guiding** for each of the following types of clients and services in 2017, **in Montana**.

You may find it helpful to utilize whatever tax, permits, and license records you have for 2017. Include only that revenue associated with your outfitting/guiding business (i.e. not your associated retail shop or accommodations).

2017 Gross Revenue (\$) from Outfitting/Guiding

| | |
|---|----------------------|
| Hunting | <input type="text"/> |
| Fishing | <input type="text"/> |
| Whitewater rafting | <input type="text"/> |
| Float Trip | <input type="text"/> |
| Canoeing/kayaking | <input type="text"/> |
| Trail Rides/day horseback rides | <input type="text"/> |
| Backcountry horse pack trip | <input type="text"/> |
| Backpacking/trekking | <input type="text"/> |
| Bicycling tour | <input type="text"/> |
| Mountain biking | <input type="text"/> |
| Snowmobiling | <input type="text"/> |
| ATV riding | <input type="text"/> |
| Hiking | <input type="text"/> |
| Birdwatching | <input type="text"/> |
| Wildlife viewing | <input type="text"/> |
| Cattle drive | <input type="text"/> |
| Photography | <input type="text"/> |
| National Park tours | <input type="text"/> |
| Drop camp | <input type="text"/> |
| Drop float | <input type="text"/> |
| Outdoor education classes | <input type="text"/> |
| Other, please specify: <input style="width: 100%;" type="text"/> | <input type="text"/> |
| Other, please specify: <input style="width: 100%;" type="text"/> | <input type="text"/> |

What percent of your organization's total revenue is generated through the outfitting/guiding trips **in Montana** shown above?

(Please round to nearest whole %)

If this business receives income from other sources (e.g. fly shop retail sales), please describe the additional sources of sales revenue.

Montana's Outfitting Industry | 2018

In 2017, how many workers, including paid family members and office workers were:

| | Number of Workers |
|--|----------------------|
| Hired as contract labor | <input type="text"/> |
| Employed full time for less than 150 days (exclude contract labor) | <input type="text"/> |
| Employed full time for 150 days or more (exclude contract labor) | <input type="text"/> |
| Employed part time for less than 150 days (exclude contract labor) | <input type="text"/> |
| Employed part time for 150 days or more (exclude contract labor) | <input type="text"/> |

What were your **total expenses** in 2017 for this outfitting/guiding business?

Note: If you are filing a Schedule C Tax form, this information can be found on line 28

\$

What were your total expenses **for contract labor** in 2017 for this outfitting/guiding business?

Note: If you are filing a Schedule C Tax form, this information can be found on line 11

\$

What were your total expenses **for outfitting/guiding wages** in 2017 for this outfitting/guiding business?

Note: If you are filing a Schedule C Tax form, this information can be found on line 26

\$

What is your age?

What is your gender?

- Male
- Female
- Prefer not to answer

What best describes your level of education?

- Less than high school
- High school graduate
- Some college
- 2 year degree
- 4 year degree
- Professional degree
- Masters Degree or Doctorate

We thank you for your time spent taking this survey.
Your response has been recorded.

