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Montana Trends: Montanans' Consumer Confidence & Expectations for Income, Travel, and Recreation

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MONTANA TRENDS:

MONTANANS' CONSUMER CONFIDENCE & EXPECTATIONS FOR INCOME, TRAVEL, AND RECREATION

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Quarterly Montana Resident Report / 2nd Quarter: April - June 2022

ABOUT OUR WORK

Quarterly Montana Resident Study

This report is a summary of Montana residents and their expectations related to spending, personal income, travel, and recreation over the next 12 months. The Institute for Tourism and Recreation Research (ITRR) conducted a similar study in 2019, aimed at understanding the current trends of consumer confidence in addition to residents' expectations for travel plans over a one year time horizon. Since that study was conducted, Montanans have endured several years of the COVID-19 pandemic, as well increased demand for the Montana tourism industry. In addition, 2022 has presented its own challenges to residents with levels of inflation nearing 10%; an increase that hasn't been seen in the US since the 1970s.

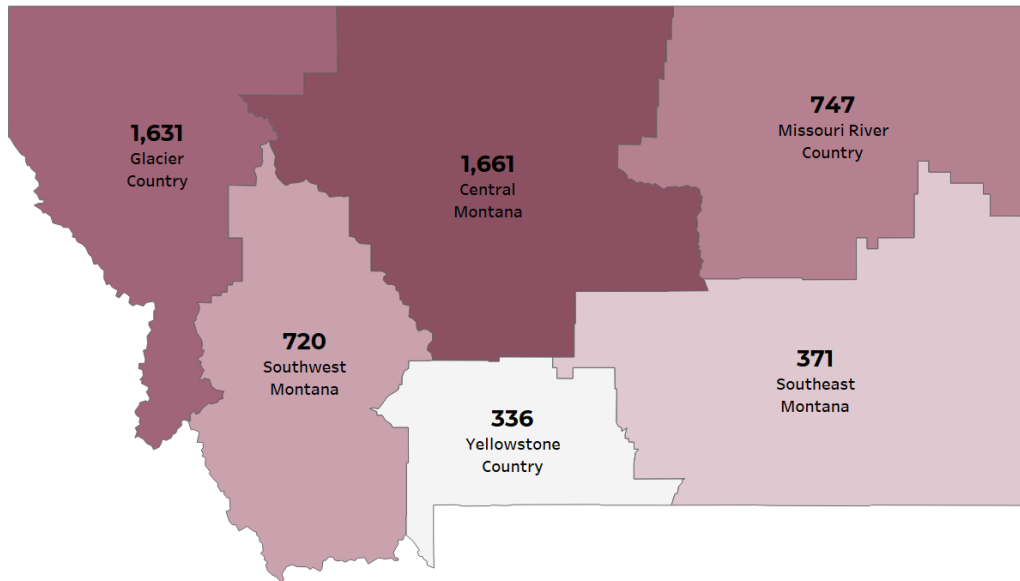
As a state that is geographically large in size with limited public transportation options, the main mode of travel while visiting or living in the state is often an automobile. With the recent dramatic increase in gas prices, ITRR aimed to understand at what point residents would be deterred (if at all) from traveling in-state and out-of-state. In addition, ITRR asked questions of residents concerning increases or decreases in their personal income, as well as their attitudes towards current gas prices and how that will effect future travel plans. The report also includes demographic information as well as analysis conducted on the six different travel regions within the state (Glacier, Southwest, Central, Yellowstone, Southeast, and Missouri River).

FOR ACCESS TO THE COMPLETE REPORT, VISIT OUR INTERACTIVE DASHBOARD AT:
<https://tableau.mus.edu/t/missoula/views/ResidentSurveyQ22022-Pricing/TitlePage>

METHODS

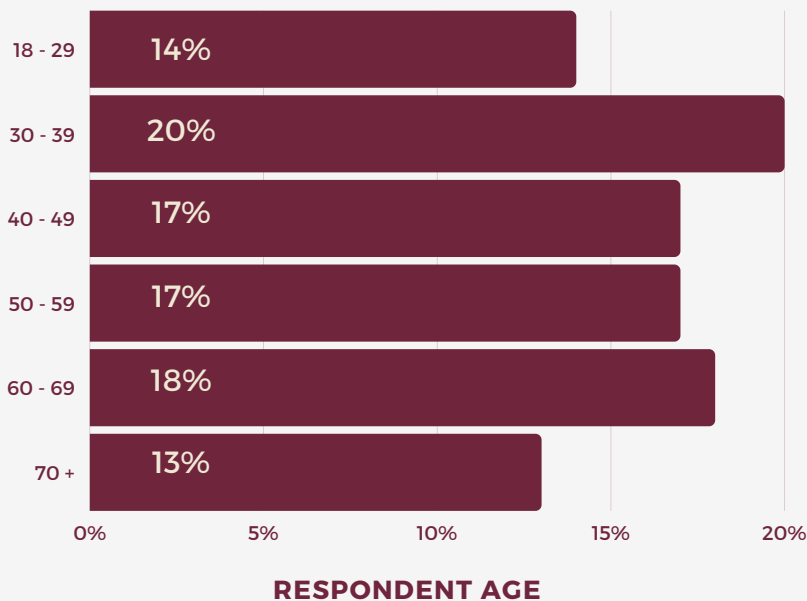
Data were collected by trained surveyors who asked questions to Montanans as they filled up their vehicle with fuel at gas stations or when they stopped at rest areas around the state. ITRR has permission from over 100 gas stations across Montana to talk to residents during the time it takes them to fill their tank. From April 1st to June 30th, 2022, any Montanan 18 years of age or older at these locations had an opportunity to be surveyed about their personal consumer confidence and their expectations for travel over the next year. The questions focused on expected changes in personal income, changes in personal income in relation to price increases, as well as expected travel plans over the next 12 months. The respondent data were weighted by the county of residence and gender from the US Census, thus providing a representative sample reflecting the geographic population and gender make-up of the state.

DEMOGRAPHICS



MONTANA TRAVEL REGIONS

A total of 5,446 Montana residents were surveyed from April 1st - June 30th, 2022 regarding their current level of consumer confidence as well as questions related to their expectation of income, travel, and recreation. Respondents from all 56 Montana counties participated in the survey. Cascade County and the Central Montana travel region represented the highest proportion of residents surveyed during Q2 of 2022. A map of the travel regions is presented above with the number of respondents from each region.



49 YEARS

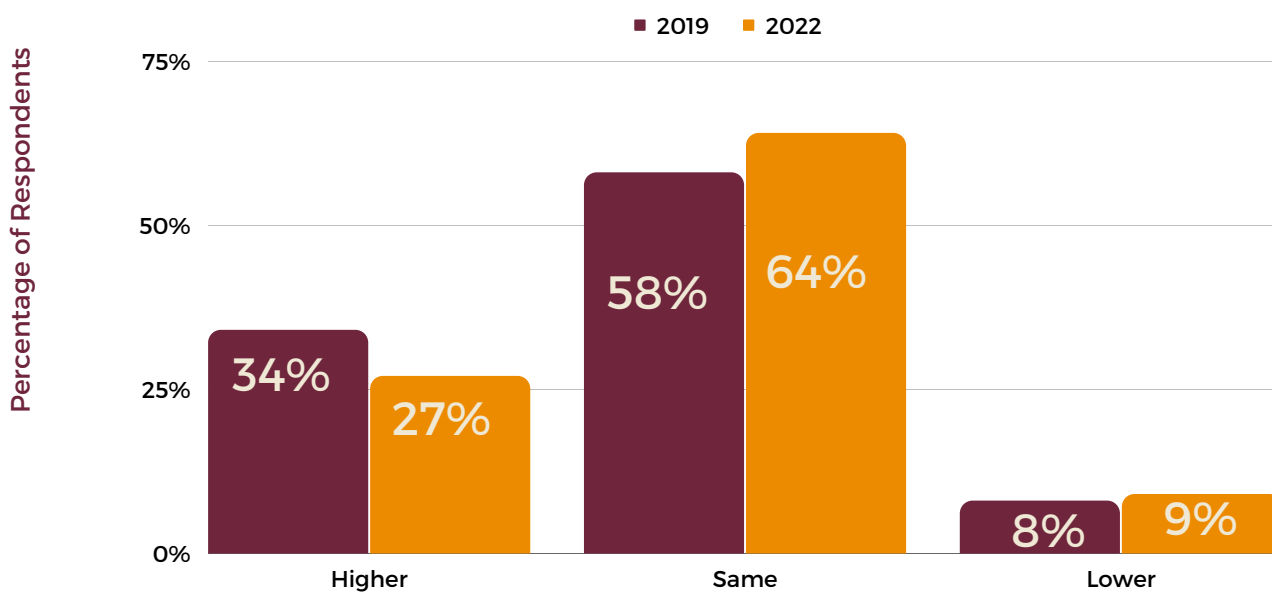
AVERAGE RESPONDENT AGE

The largest age cohort represented in the survey were respondents between the ages of 30 - 39 years old, accounting for 20% of all respondents. Those between 60 - 69 years old made up 18% of all respondents, followed by those 40 - 49 years old (17%) and 50 - 59 years old (17%), respectively. In addition, the gender split was nearly even after applying census weighting, with women representing 47% of respondents while men made up the other 53%.

EXPECTATIONS OF INCOME

First, respondents were asked whether or not they expected their income to be higher, lower, or the same as it was in the past year over the next 12 months (from April-June 2022 - April-June 2023). Roughly two-thirds (64%) of respondents stated that over the next 12 months they expected their income to be the same as it was in the past year. Twenty-seven percent of respondents indicated that they expected their income to be higher in the next 12 months than it was the past year, followed by 9% of respondents who expected their income to be lower. When compared with findings from a similar study in 2019, results show that expectations of change in personal income were slightly more optimistic in 2019 than in 2022.

During the next 12 months, do you expect your income to be higher, lower, or the same as it was in the past year?



36%

Percentage of respondents from Yellowstone Country that expected their income to be higher in the next 12 months, the highest of any travel region in the state

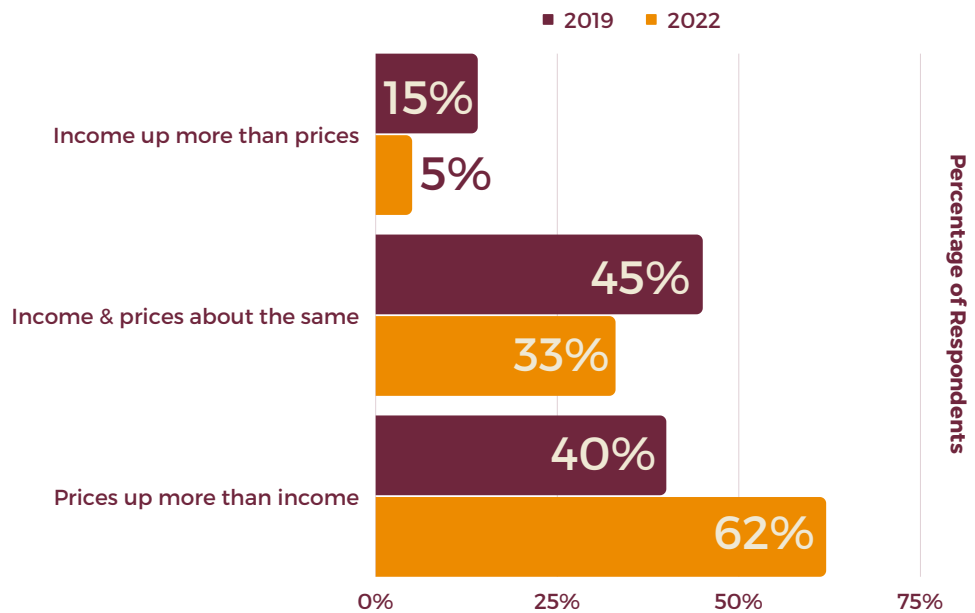
Several key findings from different analysis segments are presented below:

- Men were more likely to report that they expected their income to be higher in the next 12 months when compared to women (31% vs. 23%, respectively).
- Respondents who expected to participate in more outdoor recreation over the next 12 months were more likely to report higher expectations for income growth over the next year (40%).
- Respondents under the age of 50 were more likely to report they expected their income to be higher in the next 12 months, with those between ages 30-39 reporting the highest percentage of respondents who expected their income to increase compared to last year (39%).

INCOME IN RELATION TO PRICES: NEXT 12 TO 24 MONTHS

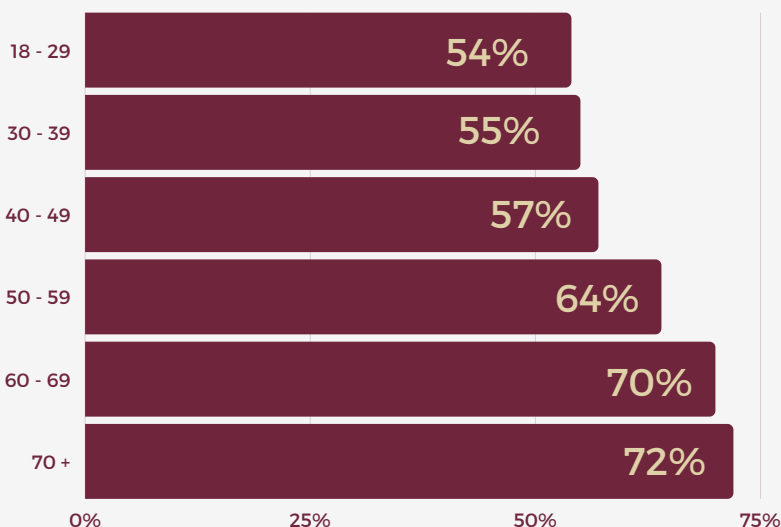
Respondents were then asked if they expected their income to go up, go down, or stay the same in relation to price increases over the next 12 to 24 months. As previously mentioned, the rate of inflation during the survey period was roughly 8-9%. Overall, roughly two-thirds of respondents (62%) expected prices to go up more than their income over the next 12 to 24 months. One third of respondents (33%) expected their income to increase at the same rate that prices do, while 5% expected their income to go up more than prices.

Montana residents were asked the same question during Q2 of 2019, and comparative results are presented in the figure to the right. In comparison, respondents were much more optimistic about their expected income growth in relation to price increases during the 2019 survey period, with 40% of respondents expecting prices to go up more than their income vs. 62% who said the same in 2022. In both surveys, less than 15% of respondents expected their income to go up more than prices.



During the next year or two, do you expect your income to go up more than prices go up, about the same as prices go up, or less than prices go up?

PERCENT OF RESPONDENTS BY AGE THAT EXPECT PRICES TO GO UP MORE THAN THEIR INCOME

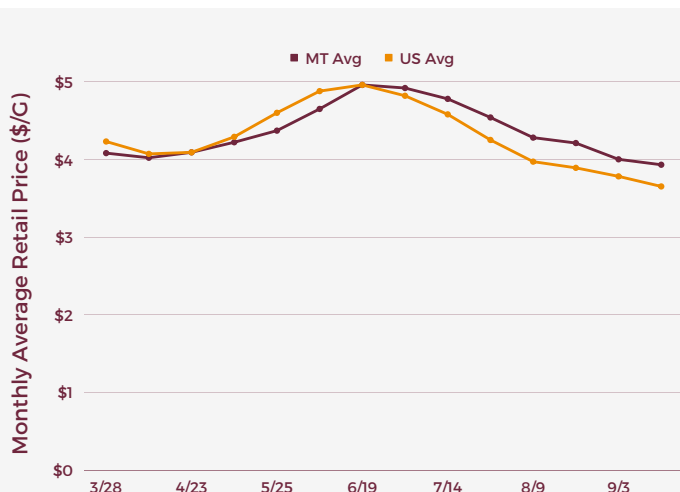
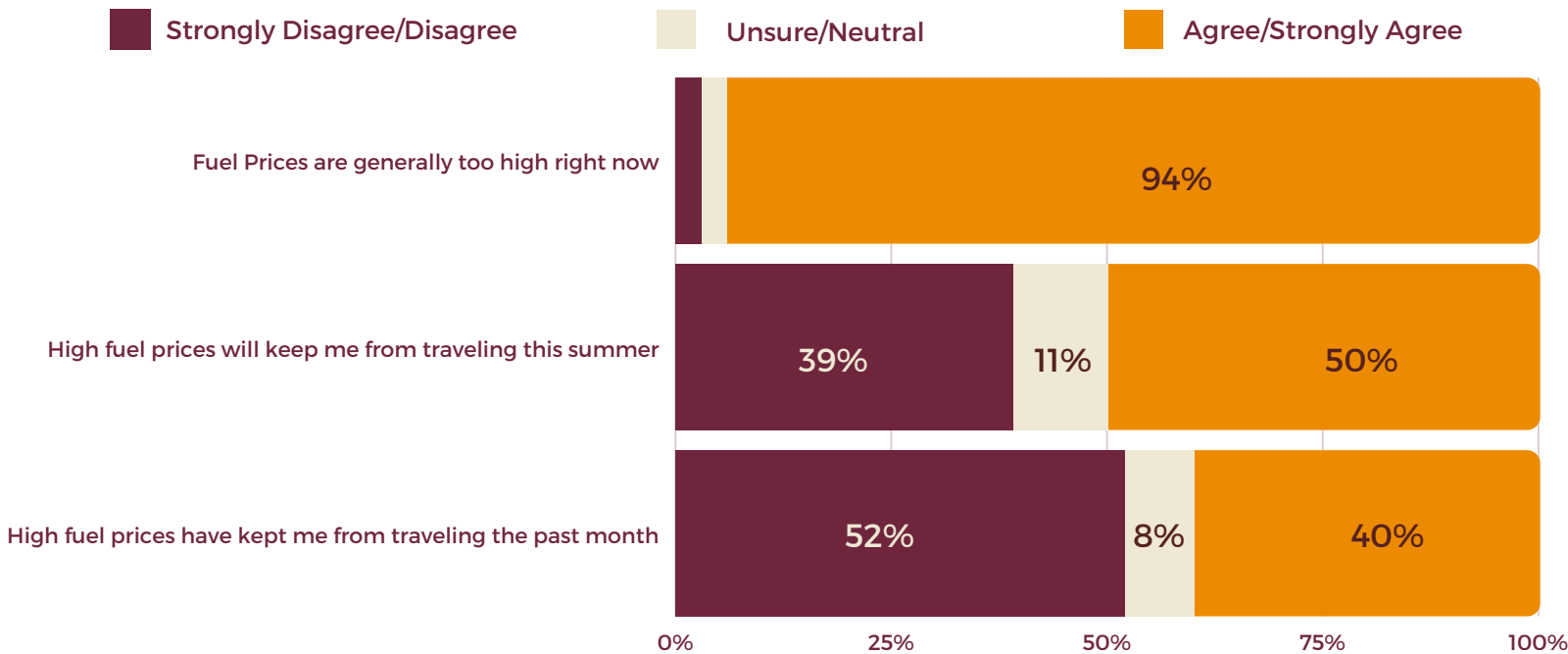


- Respondents over the age of 60 reported higher concern over their expectation of price increases, with over 70% of respondents from that cohort stating they expect prices to go up more than their income.
- Respondents who expected to participate in more outdoor recreation over the next 12 months were more likely to report they expected their income to increase more than prices (9%).
- Missouri River Country was the travel region that reported the highest percentage of respondents who felt that prices would go up more than their income over the next 12 to 24 months (68%).

FUEL PRICES

Throughout the course of 2022, fuel prices have been a constant topic of interest both nationally and statewide. For a state like Montana that is geographically large in size, gas prices often play a major role in budgeting for both visitors planning a trip and residents planning their daily activities. For this study, residents were asked whether or not they agreed or disagreed with the following statements: Fuel prices are generally too high right now; High fuel prices will keep me from traveling this summer; and High fuel prices have kept me from traveling the past month.

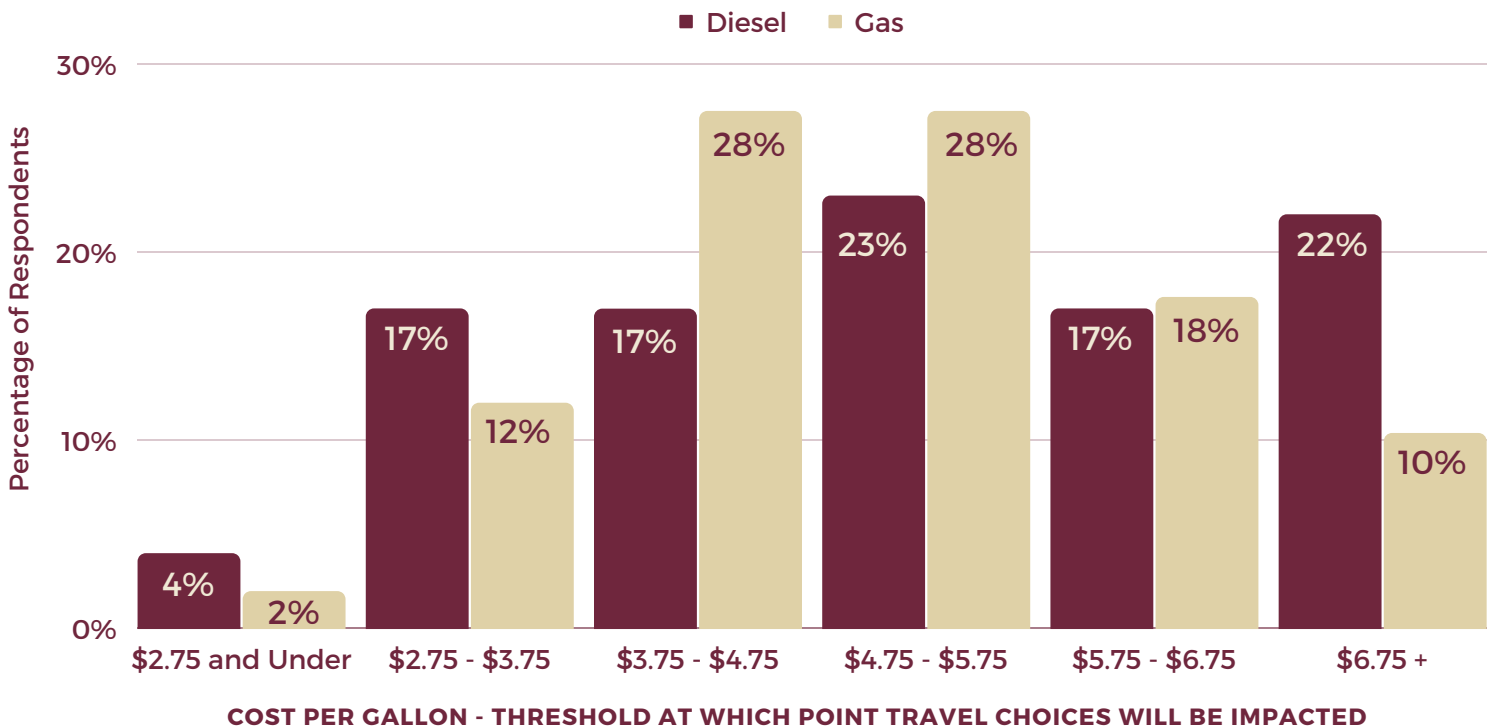
Overall, 94% of respondents either agreed or strongly agreed that fuel prices are generally too high right now (i.e., during the survey period). Half of respondents (50%) agreed that fuel prices would keep them from traveling over the summer, while 52% of respondents disagreed or strongly disagreed that fuel prices kept them from traveling in previous months. Those respondents who planned to participate in more outdoor recreation in 2022 than they did in 2021 were much more likely to disagree that high fuel prices would deter their travel plans for the upcoming summer.



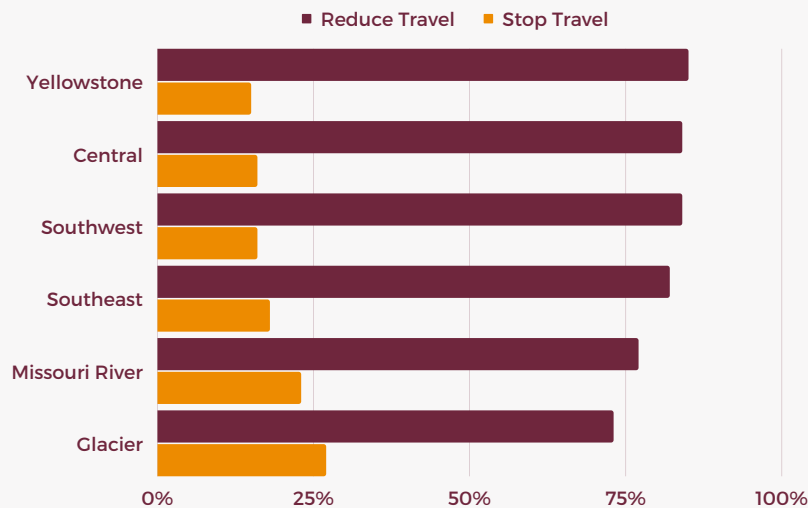
- According to data from GasBuddy.com, the average monthly retail price of gasoline in Montana has hovered between \$4 and \$5 over the course of the last six months (Data in Figure to the left provided from GasBuddy.com).
- Currently, the average price for gasoline in Montana is more expensive when compared to the national average.
- According to fuel price data from AAA, the highest recorded average price for regular unleaded was reached on June 19th, at \$4.97. Diesel fuel reached its peak on June 30th at \$5.91 per gallon.

FUEL PRICE THRESHOLDS ON TRAVEL CHOICES

Respondents were asked what price fuel costs would have to reach before their travel choices would be impacted. Subsequently, they were asked once gas or diesel crossed that threshold if they would reduce traveling or stop all together. For diesel fuel, 23% of respondents reported a dollar figure somewhere between \$4.75-\$5.75, followed by 22% who stated a dollar amount of \$6.75 or greater. Dollar thresholds were lower for regular gasoline users, with 28% of respondents selecting either \$3.75-\$4.75 or \$4.75-\$5.75, respectively. Overall, the average price at which respondents stated they would meet their threshold was \$5.45 for gasoline and \$5.65 for diesel.



Overall, over three-quarters of respondents (79%) indicated that if their cost per gallon threshold were met, they would elect to reduce their travel rather than stop completely. When comparing travel regions, many regions were in close agreement as to the measures they would take once gas prices reached a certain point, with Glacier Country being more price sensitive than other regions like Yellowstone Country or Central Montana. In addition, other interesting comparisons were found between individuals planning on recreating more than the previous year had a much higher gas price threshold (\$5.92) than individuals that plan on recreating less than the previous year (\$4.21).

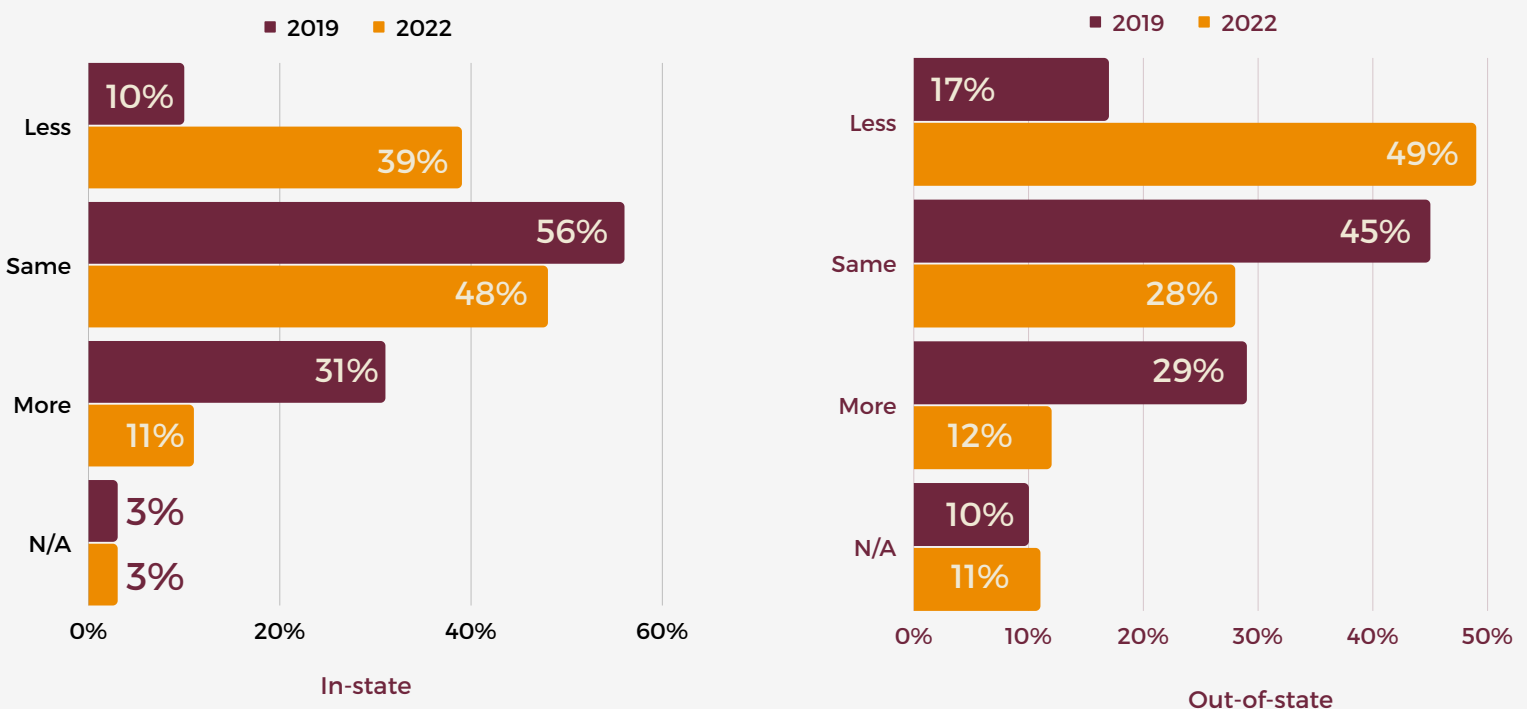


IN-STATE AND OUT-OF-STATE TRAVEL PLANS

Respondents were also asked about their prospective travel plans for vacation, both in-state and out-of-state, over the course of the next 12 months in comparison to the previous year. Regarding in-state travel, 48% of respondents expected to travel in-state at the same rate they did in 2021, while 39% expected to travel in Montana less. Just 11% of respondents expected to travel in-state more over the next 12 months than they did in the previous year, a 20% decline when compared to similar data from 2019.

As for out-of-state travel, 49% of respondents expected to travel less over the next 12 months than they had in the past year (32% change from 2019). Another 28% of respondents expected to travel about the same as they had in the previous year, while 12% anticipated they would be traveling more. Unsurprisingly, respondents who expected their income to be higher over the next 12 months were more likely to report traveling at a similar or increased rate over the next 12 months (both in-state and out-of-state) than those who had expectations of wage loss or stagflation. Similarly, respondents from the Glacier Country and Yellowstone Country travel regions were more likely to report their expectations of similar or increased travel over the next 12 months.

DURING THE NEXT 12 MONTHS, DO YOU EXPECT TO TRAVEL FOR VACATION OR RECREATION MORE, LESS, OR THE SAME AS THE PAST YEAR?

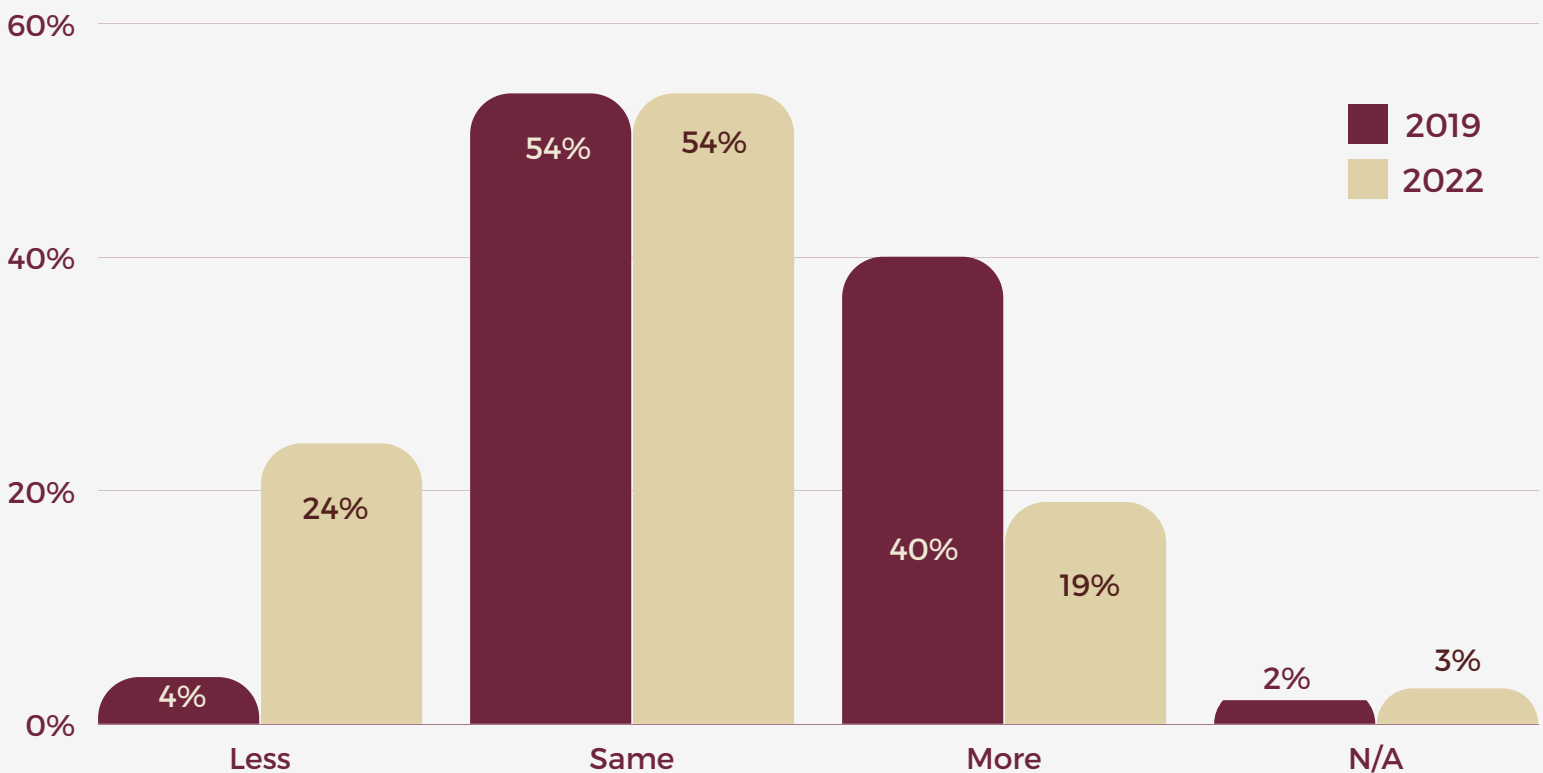


PARTICIPATION IN OUTDOOR RECREATION OVER NEXT 12 MONTHS

Finally, residents were asked about their expectations for participating in outdoor recreation over the next 12 months. Similar to the previous questions about in-state and out-of-state travel, residents were asked to report their expected level of participation in outdoor recreation over the next 12 months in comparison to the previous year.

When comparing overall results from 2022 to previous data collected in 2019, respondents were more likely to indicate in 2022 that they expected their level of participation in outdoor recreation to go down over the next 12 months. However, 54% of respondents from each sample period stated that they expected to participate in outdoor recreation at similar levels to what they had in the previous year. The largest change from 2019 to 2022 was the proportion of respondents who expected their level of participation to go up over the next 12 months, with 40% of respondents in 2019 expecting more recreation, while just 19% of respondents stated the same for 2022.

DURING THE NEXT 12 MONTHS, DO YOU EXPECT TO PARTICIPATE IN OUTDOOR RECREATION ACTIVITIES MORE, LESS, OR THE SAME AS IN THE PAST YEAR?



CONCLUSIONS

Quarterly Montana Resident Study

Results from this survey indicate that Montana residents are under no illusion that the recent effects of increased inflation during 2022 won't have economic consequences for them moving forward. Overall, 64% of respondents expect their income to be the same over the next year as it was the previous 12 months, while another 9% expected their income to be lower. Furthermore, 62% of respondents expected that the price of consumer goods would increase at a quicker rate than their personal income over the next 12 to 24 months.

One of the reasons for conducting this study was to serve as a comparison point to a similar study conducted in 2019. Results from the 2022 survey show respondents have lower expectations about their personal income growth, lower expectations about their income growth in comparison to price increases, and lower expectations about the frequency of future travel plans for vacation (both in-state and out-of-state). With the level of inflation seen during the first several months of 2022, these results appear to be in line with the current economic reality of the country.

Another reason for conducting this study was to help understand at what point residents might be deterred from traveling as a result of the increased cost of gasoline and diesel. On average, residents reported a price per gallon of \$5.45 as the point at which their travel choices would be impacted. If gasoline were to hit that point, 79% of respondents reported they would reduce their travel, compared to 21% who stated they would stop traveling altogether.

During the survey period (April-June), fears over the continual rise of inflation over the next 12 months were present in many respondents. As summer and the major tourism season begin to wind down, concerns over the cost of gas have eased, as prices in some parts of the country have reached their lowest levels since March of 2022. Simultaneously, the cost of things like shelter and consumer goods have continued to rise. For more information on the topic, **use the link provided on the "About Our Work" page** to our online dashboard or visit our Publications page on our website and enter the search term "Consumer Confidence".