Developing the Nature-based Tourism Sector in SW North Dakota

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SW Region Rural Economic partnership (REAP) Zone

Cooperative State Research Education and Extension Service

ND Agricultural Experiment Station
Introduction: Tourism as Economic Development

2nd largest economic sector in North Dakota

- Numerous studies show tourism and recreational development led to higher employment growth rates, earnings, and income levels.

- Accordingly, rural communities are looking to the tourism sector as a source of economic growth.
Study Clientele—SW REAP Zone

- Designated as USDA Rural Economic Area Partnership Zone (REAP) in 1995
- Program objective:
  “To help address critical economic and community development issues unique to rural areas by facilitating a collaborative and citizen-led effort to stimulate economic development and diversification.”
SW REAP Zone

- Historically dependant on agriculture and the energy industry
- Substantial out-migration and population loss since the early 1980’s
- Substantial restructuring in the ag and energy sectors
- Major decrease in employment
- Tourism identified as a primary sector with growth potential
Objectives

- Identify opportunities for expanding the tourism sector in SW North Dakota
- Identify challenges and obstacles facing the area’s tourism businesses
- Frame key issues and outline potential options for area decision makers
Methods

- Survey of region’s agricultural and nature-based tourism enterprises
- Focus group meetings with tourism business operators
- Personal interviews with community leaders, local officials, area economic development professionals, and other associated with the sector
Participation

- 38 REAP Zone firms participated in the business survey
- 31 individuals participated in focus groups
- 40 personal interviews
Regional Profile

• Three largest basic sectors in the region: agriculture, energy, and tourism
  – Energy: 35 percent
  – Agriculture and tourism: 19 percent each

• Tourism registered a 50 percent gain to 74.5 million from 1998-2002
What is the draw?

- World class pheasant hunting
- Teddy Roosevelt National Park
  The North Dakota Badlands

- Unique natural amenities
- Multiple outdoor recreational opportunities
## Key Business Characteristics

<table>
<thead>
<tr>
<th>Item</th>
<th>SW-REAP Zone</th>
<th>Statewide</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Business Focus:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hunting lodge, guiding, fee hunting</td>
<td>42.9</td>
<td>45.3</td>
</tr>
<tr>
<td>Campground, limited service resort</td>
<td>22.9</td>
<td>10.4</td>
</tr>
<tr>
<td>Agri-tourism, birding, fossil digs</td>
<td>8.6</td>
<td>7.3</td>
</tr>
<tr>
<td>Bed and breakfast</td>
<td>8.6</td>
<td>16.1</td>
</tr>
<tr>
<td>Fishing guides, full-service resort</td>
<td>5.7</td>
<td>13.5</td>
</tr>
<tr>
<td>Other</td>
<td>11.4</td>
<td>7.3</td>
</tr>
<tr>
<td>(n)</td>
<td>(35)</td>
<td>(192)</td>
</tr>
<tr>
<td><strong>Type of Services Provided:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lodging, meals, food &amp; beverage</td>
<td>73.7</td>
<td>70.9</td>
</tr>
<tr>
<td>Hunting-related services</td>
<td>58.3</td>
<td>61.7</td>
</tr>
<tr>
<td>Fishing and/or water-related services</td>
<td>13.9</td>
<td>30.1</td>
</tr>
<tr>
<td>Wildlife viewing and/or sightseeing</td>
<td>14.7</td>
<td>18.7</td>
</tr>
<tr>
<td>Hiking, biking, winter activities</td>
<td>16.7</td>
<td>16.4</td>
</tr>
<tr>
<td>Agricultural and/or farm/ranch activities</td>
<td>16.7</td>
<td>14.5</td>
</tr>
<tr>
<td>Fossil digs, archeological exploration, historical tours</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(n)</td>
<td>(36)</td>
<td>(147)</td>
</tr>
</tbody>
</table>
Key Business Characteristics (cont.)

- 70 percent of businesses established since 1991
- 65 percent are seasonal businesses
- 73 percent have 150 or fewer customer days (median of 60)
- 23 percent of customers are from adjacent states, 49 percent from elsewhere in the US
### Gross and Net Revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>SW-REAP Zone</th>
<th>Statewide</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Revenue, 2002:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average (dollars)</td>
<td>77,970</td>
<td>57,999</td>
</tr>
<tr>
<td>Median (dollars)</td>
<td>14,225</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Net Revenue, 2002:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average (dollars)</td>
<td>10,949</td>
<td>9,730</td>
</tr>
<tr>
<td>Median (dollars)</td>
<td>4,204</td>
<td>2,000</td>
</tr>
<tr>
<td>Business is Primary Source of Household Income (percent of respondents)</td>
<td>21.6</td>
<td>14.8</td>
</tr>
<tr>
<td>Average Percent of Household Income from Business</td>
<td>24.2</td>
<td>24.7</td>
</tr>
<tr>
<td>Median Percent of Household Income from Business</td>
<td>10.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>
Perceptions of Economic Development Potential of Various Outdoor Recreation Activities in North Dakota, Outdoor Recreation-related Business Proprietors, SW-REAP Zone and Statewide, 2003

<table>
<thead>
<tr>
<th>Activities</th>
<th>High Potential²</th>
<th>High Potential²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hunting and fishing</td>
<td>93.9</td>
<td>90.2</td>
</tr>
<tr>
<td>Off-road activities (hiking, biking)</td>
<td>62.5</td>
<td>49.7</td>
</tr>
<tr>
<td>Birding, wildlife viewing</td>
<td>59.4</td>
<td>50.8</td>
</tr>
<tr>
<td>Working farm and ranch activities (farm tours, trail rides, corn maze, etc.)</td>
<td>56.3</td>
<td>46.3</td>
</tr>
<tr>
<td>Heritage tours</td>
<td>46.9</td>
<td>36.1</td>
</tr>
<tr>
<td>Fossil digs, archeological explorations</td>
<td>43.8</td>
<td>27.7</td>
</tr>
<tr>
<td>Water sports (canoeing, sailing, water skiing, jet skis, etc.)</td>
<td>37.5</td>
<td>47.2</td>
</tr>
<tr>
<td>Off-road motor sports (ATVs, dirt bikes)</td>
<td>22.6</td>
<td>39.2</td>
</tr>
</tbody>
</table>

(n)³
Key Issues

• There should be more promotion of the state as a tourism destination
• Positive about economic development potential
• Need more customers to operate at capacity
• Uncertainty regarding limits on non-resident hunters had hurt their business
Findings from Focus Groups and Personal Interviews

• Participants shared experiences and motivations for launching enterprise
• Recent trends, opportunities, constraints
• Not intended to be an exhaustive review of all issues relevant to the development and expansion of nature-based tourism in the region
Key Points and Themes Identified by Participants

- Assets
- Constraints and challenges
- Opportunities for development
Assets

- Abundant natural resource
- Plentiful recreational opportunities
- Rich cultural history
Specific assets and activities

World class pheasant hunting
Native American culture and the cowboy culture
Biking, birding, wildlife viewing
Horseback riding, star gazing
Fossil digs, working farm and ranch activities
Constraints, Challenges and Threats

1. Issues of perception
   -- cold, local resistance, hunting restrictions
2. Shortage of human and fiscal resources
   -- lack of state funding, over stretched community volunteers
3. Lack of services and infrastructure
   -- Inadequate accommodations, under developed attractions, distance to metro areas
4. State policy issues
   -- restrictions on out-of state-hunting
Opportunities

Theodore Roosevelt National Park—marquee attraction

--Hunting, hiking, biking, wildlife viewing, birding, cultural and heritage activities

--Great optimism about the future role of tourism to the area economy
Key Issues: Hunting Access

Hunting has been a major source of growth in tourism in the area, some in-state hunter groups claim out-of-state hunters as well as local guides and outfitters are leasing the best land making access to good hunting land difficult for the average hunter.
Legislative Response

• 2003 Legislature raised prices for non-resident licenses and restricted the number of days non-residents could hunt in North Dakota.

• Restrictions were blamed by many in the SW Region for the reduction in the number of non-resident hunters in 2003.
Expansion of Private Lands Open To Sportsman (PLOTS)
* Program accelerated in 2002 with an additional $1.5 million per biennium from NDGF reserve fund
* 2003 legislature added another $3.3 million per biennium
* 2005 legislature created community match provision
Result

Amount of land enrolled has risen from less than 150,000 acres in 2001 to more than 800,000 in 2005.

Likely will continue to be a hotly debated issue in the upcoming 2007 legislative session.
Issue—Wildlife Habitat Enhancement

- Pheasant populations could be greatly enhanced by more widespread habitat enhancement efforts.
- Landowners are beginning to regard wildlife as a possible source of revenue and thus more receptive to implementing wildlife friendly practices.
ND Game and Fish Coverlocks Program

Establish trees and shrubs together with nesting cover and food plots and grant public access.

Landowners receive up front payments for 30-year hunting access agreement and an annual rental payment.
Additional suggested responses

- Additional resources for technical assistance and education for landowners
- Wildlife Extension Service (PLOTS, NDGF, or NDSU)
- NDSU research and demonstration project
  4 year NRI program will include field experiments, a landowner survey, analysis of alternative management schemes, and an extensive outreach effort.
Key Implications

• The specific findings are only one part of this study.
• Project sponsorship makes it unique.
• Documented and confirmed conventional wisdom.
• Documentation facilitated SW REAP Zone leaders’ ability to try to effect change on critical issues.
• Programs to address not due solely to SW REAP.
Other Issues

• Other issues identified that were beyond the scope of the study—liability insurance

• Other issues beyond the scope of SW REAP to impact at this time—signage
This study was not intended to be an exhaustive review of all issues nor provide a roadmap for development and expansion of the sector. However it provides the first look at the basic characteristics of the business sector. Future research will undoubtedly continue to address these and other critical issues related to the tourism industry in the SW REAP zone.
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Reports from NDSU Department of Agribusiness and Applied Economics
are available on the Internet at http://agecon.lib.umn.edu/
What did we hope to learn in the focus groups?

• Characterize circumstances that lead individuals to launch their business

• Trends affecting their business

• Obstacles and potential for future growth
What did we hope to learn—Personal interviews

- Recent trends
- Strengths and weaknesses
- Potential for future development