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Developing the Outdoor Recreation-related and Nature-based Tourism Sector in Southwestern North Dakota

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Abstract

Southwestern North Dakota has historically been economically dependent on agriculture and the energy industry. Since the early 1980s, the region has experienced substantial out-migration and population loss as both the agricultural and energy sectors have undergone substantial consolidation with subsequent declining employment. The patterns of economic restructuring, out-migration, and population decline throughout the region led to the designation of the eight southwestern counties of North Dakota (a.k.a., State Planning Region 8) as a Rural Economic Area Partnership (REAP) zone in 1995. The USDA program was established 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 in the region. Tourism, particularly nature-based tourism, has seen substantial expansion in recent years and has been identified as a primary sector with growth potential. The purpose of this study was to: 1) identify opportunities for expanding the tourism sector in southwestern North Dakota, 2) identify challenges and obstacles facing the area's tourism businesses, and 3) frame key issues and outline some of the various perspectives related to each issue in order to facilitate a discussion of potential options.

Key Words: SW-REAP Zone, nature-based tourism, economic development, outdoor recreation

Developing the Outdoor Recreation-related and Nature-based Tourism Sector in Southwestern North Dakota

F. Larry Leistritz, Nancy M. Hodur, and Kara L. Wolfe[1]

Southwestern North Dakota has historically been economically dependent on agriculture and energy and has experienced considerable economic turbulence resulting from fluctuating world markets for agricultural and energy commodities, as well as from periodic droughts. Since the early 1980s, the region has experienced substantial out-migration and population loss as both the agricultural and energy sectors have undergone substantial consolidation with subsequent declining employment. As a result, the Southwest region, like many other parts of the state, has been seeking new sources of economic development to diversify its regional economy.

The patterns of economic restructuring, out-migration, and population decline throughout the region led to the designation of the eight southwestern counties of North Dakota (a.k.a., State Planning Region 8) as a Rural Economic Area Partnership (REAP) zone in 1995. The USDA program was established to help address critical economic and community development issues unique to rural areas by facilitating a collaborative and citizen-led effort (USDA 2004). Since that time, the REAP Investment Board has been actively involved in efforts to stimulate economic development and diversification in the region. Economic development initiatives in the REAP zone have included efforts to enhance several of the area's primary sectors including agriculture, manufacturing, energy, tourism, and other exported services. Tourism, and particularly nature-based tourism, has been identified as a primary sector with growth potential (Hodur et al. 2004).

Objectives

The purpose of this study was to: 1) identify opportunities for expanding the tourism sector in southwestern North Dakota, 2) identify challenges and obstacles facing the area's tourism businesses, and 3) frame key issues and outline some of the various perspectives related to each issue in order to facilitate a discussion of potential options.

Methods

A survey of the region's agricultural and nature-based tourism businesses provided insights about the services offered by these enterprises, their operating history, months of operation, clientele attributes, and proprietors' perceptions of potential for growth and expansion, as well as other characteristics. Focus group meetings and interviews with tourism business operators throughout the Southwest REAP (SW-REAP) zone provided insights about the circumstances that led these individuals to launch their enterprise, trends affecting their business and others like it, obstacles encountered, and potential for future growth. Personal interviews with community leaders, local officials, representatives of area attractions, financial institutions, area economic development professionals, and other individuals associated with the sector, provided additional insights regarding recent trends in the tourism sector, as well as the area's strengths, weaknesses, and potential for future tourism development. In all, 38 REAP zone firms

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participated in the business survey, 31 individuals participated in focus groups (although in some instances a single business was represented by more than one individual), and more than 40 individuals in various roles throughout the community were interviewed by the project team. Throughout the report, references to the SW-REAP zone and the Southwest region will be used interchangeably to describe the eight-county study area.

Report Organization

The remainder of this report is organized into four sections. First, the SW-REAP region's recent economic and demographic trends are briefly described, with emphasis on recent tourism sector growth, followed by a profile of the region's agricultural and nature-based tourism businesses. The third section summarizes key findings from the focus groups and personal interviews. Salient issues affecting the area's strengths and weaknesses, as well as potential for future growth of tourism businesses and threats to that growth, are examined and options for addressing these concerns are discussed. Conclusions and recommendations complete the report.

Regional Economy and Resources

The primary sectors of a region's economy (a.k.a., basic sectors) sell their products or services to markets outside the region. The resulting flow of payments into the region is often referred to as its economic base. In 2002 (the last year for which complete information was available), the three largest primary sectors of the Southwest REAP region's economy were energy, agriculture, and tourism (Table 1), followed by manufacturing and exported services. The *energy* sector's contribution to the area's economic base (sales for final demand) consists of exports (from the region) of petroleum products (crude oil and natural gas). *Agriculture* sector sales for final demand include receipts from sales of crops and livestock, as well as federal commodity program payments. *Tourism* sector sales for final demand consist of all expenditures by out-of-state visitors that accrue to firms and households within the region, while the *manufacturing* component consists of receipts by manufacturing firms, including those involved in agricultural processing. *Exported services* sales for final demand are receipts by firms in the business and personal services sector that primarily serve markets or clients outside the state (e.g., call centers, data processing facilities). The region's total economic base consists of sales for final demand by the primary economic sectors plus federal payments. *Federal payments* include federal government payrolls, transfer payments (e.g., Social Security), and other federal payments to households (e.g., CRP rental payments), as well as federally funded construction.

In 2002, the energy sector constituted 35 percent of the region's total economic base, or 42.5 percent of the total sales for final demand of the region's primary economic sectors (i.e., excluding federal payments) (Table 1). Agriculture and tourism each accounted for about 23 percent of total primary sector receipts. Over the five-year period, 1998-2002, total sales for final demand grew by about $174.4 million (17 percent), after adjusting for inflation. The largest component of this growth was in energy sector sales, an increase of $113 million or 37 percent, largely attributable to rising world energy prices. The tourism sector registered a gain of $74.5 million (50 percent) while sales for final demand by the agriculture sector fell $49 million (17.8 percent) (Coon and Leistritz 2004). The decline in agricultural sales was largely attributable to a severe drought that affected much of the Southwest region in 2002. The growth of the tourism sector reflects a substantial expansion in visitor-oriented activities throughout the region including increased visitation to attractions such as the North Dakota Badlands, as well as an increase in outdoor recreational activities such as hunting, hiking, biking, and other nature-based tourism activities.

Table 1. Economic Base (Sales for Final Demand) of SW-REAP Zone, 1998 and 2002, by Economic Sector

	2002	1998	Change 1998-2000	
Sector/Industry	-------------millions of 2002 dollars-------------			----percent---
Agriculture	226.1	275.1	(49.0)	(17.8)
Manufacturing	95.1	88.5	6.6	7.5
Energy	417.4	304.2	113.2	37.2
Tourism	223.6	149.1	74.5	50.0
Exported Services	19.9	12.3	7.6	61.8
All Primary Sectors	982.1	829.2	152.9	18.4
Federal Payments	202.3	180.8	21.5	11.9
Total Sales for Final Demand	**1,184.4**	**1,010.0**	**174.4**	**17.3**

The Theodore Roosevelt National Park (Park) and its gateway community, Medora, have long been viewed as one of North Dakota's premier visitor attractions. The unique scenery of the North Dakota Badlands and a variety of native wildlife easily viewed on self-guided automobile tours, makes the Park a popular destination, as well as a stop-off for visitors en route to other attractions such as the Black Hills of South Dakota or Yellowstone National Park in Montana (Rosendahl et al. 2002). In recent years, additional attractions and facilities have been developed in and around Medora, including the Maah Daah Hey Trail (open to hiking, horseback riding, and mountain biking), a year-round motel and additional retail shops (some open year-round), and a new golf course. In addition, the number of guest ranches throughout the region has grown, offering visitors a wide variety of services and activities ranging from hunting to horseback riding to working farm and ranch experiences.

The region's world-class upland game hunting has become a key drawing card for visitors from across the county and a key contributor to the growth in visitor numbers in the region. With the advent of the Conservation Reserve Program (CRP) in the late 1980s, substantial acreages of marginal cropland were returned to grass. As of 2003, more than 439,200 acres were enrolled in the CRP in the eight SW-REAP zone counties (Hodur et al. 2002). The CRP lands provided excellent nesting cover for upland game birds, and over the past decade, the region's pheasant population has burgeoned (Bangsund et al. 2002). Increasing pheasant populations have drawn growing numbers of hunters, both from elsewhere in North Dakota and from out of state. Accordingly, a cottage industry has emerged offering visitors a wide variety of services such as guest house lodging (both with and without meals included), catering, guiding and outfitting, and bird cleaning, to name just a few (Hodur et al. 2004).

Employment by economic sector offers another perspective on the regional economy. In 2002, an estimated 21,431 persons were employed in various capacities within the eight-county region (Table 2). The services sector accounted for just over 25 percent of all jobs, followed by agriculture (20.7 percent), retail trade (18.6 percent), government (12 percent), and manufacturing (9.7 percent). Employment in the services and retail trade sectors was concentrated in the region's trade centers, particularly in Dickinson (Stark County), which accounted for almost 72 percent of the region's services employment and 70 percent of retail trade sector employment in 2002. Agriculture was an important source of employment in all counties, but especially so in Slope County where agriculture accounted for almost 73 percent of total employment. Agricultural jobs were between one-third and one-half of all jobs in Adams, Billings, Dunn, Golden Valley, and Hettinger Counties. Manufacturing employment was also concentrated in Stark County (72 percent) (Table 2).

Employment changes by economic sector over the period 1998-2002 are summarized in Table 3. Overall, the region's total employment increased 2.5 percent with the largest gains occurring in transportation, communication, and public utilities (117 jobs, a 14.4 percent increase), services (595 jobs, a 12 percent increase), and retail trade (200 jobs, a 5 percent increase). Mining and agriculture registered the largest declines with 232 (27 percent) and 189 (4 percent) fewer jobs, respectively. Overall, these changes reflect the continued consolidation of the agriculture sector and gains in the mining sector (more output with fewer workers) and a growing retail trade and services sector partially as a result of increased visitor spending (i.e., retail trade and services).

Employment change by county over the period 1998-2002 is summarized in Table 4. Of the eight counties in the SW-REAP zone, four recorded employment gains during the period while four registered losses. Notable employment gains occurred in Stark and Billings Counties. Dickinson, the region's largest trade and service center, is located in Stark County as are a majority of the region's visitor accommodations. Medora and the South Unit of the Theodore Roosevelt National Park are located in Billings County which would intuitively explain why most of the county's growth was in the retail trade and services sectors (the sectors that receive most visitor expenditures). From 1998 to 2002, the retail trade and services sector accounted for almost 92 percent of Billings County's total employment growth (data not shown).

Profile of Nature Tourism and Outdoor Recreation Businesses

Businesses responding to a survey mailed to a broad cross-section of agri-tourism, nature-based tourism, and outdoor recreation-related enterprises across North Dakota provide insights about this emerging industry. (For a complete discussion of survey methods and findings, see Hodur et al. 2004.) Among the survey respondents were 38 businesses located within the eight counties of the Southwest REAP zone. In this section, key attributes of nature-based tourism and outdoor recreation-related businesses in the Southwest REAP region are briefly summarized and contrasted with the findings of the statewide survey.

Table 2. Employment by Sector for SW-REAP Zone Counties, North Dakota, 2002

County	Agric.	Const.[1]	Trans., Comm., & Util.	Mfg.	Mining & Eng. Conv.	Retail Trade	FIRE[2]	Services	Gov't.	Total
	number of jobs									
Adams	527	19	32	84	0	277	27	410	125	1,501
Billings	304	71	28	15	21	45	15	88	118	705
Bowman	431	70	79	142	22	340	74	476	188	1,822
Dunn	826	88	58	185	136	185	40	180	193	1,891
Golden Valley	367	10	32	73	16	166	37	180	116	997
Hettinger	599	12	51	63	0	122	46	183	166	1,242
Slope	409	15	27	14	16	26	11	23	20	561
Stark	981	554	622	1,495	407	2,805	310	3,884	1,654	12,712
Total	4,444	839	929	2,071	618	3,996	560	5,424	2,580	21,431

[1]Includes non-energy mining.

[2]Finance, insurance, and real estate.

Source: Job Service North Dakota, adapted by Coon and Leistritz (2004). Included non-agricultural self-employed, unpaid family, and domestics (proprietors), and adjusted wage and salary employment (employee, not jobs).

Table 3. Employment by Economic Sector, SW-REAP Zone, 1998 and 2002

Sector	2002	1998	Change	Percent Change
	-------------number of jobs------------			
Agriculture	4,444	4,633	(189)	(4.1)
Construction[1]	839	849	(10)	(1.2)
Transportation, communications, & public utilities	929	812	117	14.4
Manufacturing	2,071	1,976	95	4.8
Mining	618	850	(232)	(27.3)
Retail trade	3,996	3,796	200	5.3
FIRE[2]	560	589	(29)	(4.9)
Services	5,424	4,829	595	12.3
Government	2,580	2,571	9	0.4
Total	21,431	20,905	526	2.5

[1] Includes non-energy mining.
[2] Finance, insurance, & real estate.
Source: Job Service North Dakota, adapted by Coon and Leistritz (2004). Includes non-agricultural self-employed, unpaid family, and domestics (proprietors), and adjusted wage and salary employment (employees, not jobs).

Table 4. Employment by County, SW-REAP Zone, 1998 and 2002

County	2002	1998	Change	Percent Change
	-------------number of jobs-----------			
Adams	1,501	1,626	(125)	(7.7)
Billings	705	593	112	18.9
Bowman	1,822	1,794	28	1.6
Dunn	1,891	2,066	(175)	(8.5)
Golden Valley	997	1,045	(48)	(4.6)
Hettinger	1,242	1,311	(69)	(5.3)
Slope	561	550	11	2.0
Stark	12,712	11,920	792	6.6
Regional total	21,431	20,905	526	2.5

Source: Job Service North Dakota, adapted by Coon and Leistritz (2004). Includes non-agricultural self-employed, unpaid family, and domestics (proprietors), and adjusted wage and salary employment (employees, not jobs).

Type of Business

The respondents were asked to characterize the main focus of their business, as well as to identify specific services they provide. Within the SW-REAP region, respondents most frequently indicated that 'hunting lodge, guiding, fee hunting' was their primary business focus (43 percent), followed by 'campground, cabins, or a limited service resort' (23 percent) (Table 5). Rental houses or other forms of lodging, without any other hunting-related services, fell into the latter category. Business types encountered less frequently included 'agri-tourism, birding, and fossil digs' (8.6 percent), 'bed and breakfasts' (8.6 percent), and 'fishing guides, full service resorts' (5.7 percent).

Respondents in the Southwest region most frequently offered 'lodging, meals, food and beverage' services (73.7 percent), while 'hunting-related services' (e.g., guiding, fee hunting) were the next most frequently reported category of services (58.3 percent) (Table 5). For a complete description of business types and services provided statewide, see Hodur et al.(2004). When comparing responses of Southwest region businesses to those of the statewide sample, the business category of 'campground, limited service resort' was more frequently reported in the Southwest region (23 percent compared to 10 percent statewide), whereas 'bed and breakfast' operations and 'fishing guide, full service resorts' were less common in the Southwest (Table 5).

Table 5 . Primary Business Focus and Services Provided, Outdoor Recreation-related Businesses, SW-REAP Zone and Statewide, 2003

Item	SW-REAP Zone	Statewide
Primary Business Focus:	--------------percent----------	
Hunting lodge, guiding, fee hunting	42.9	45.3
Campground, limited service resort	22.9	10.4
Agri-tourism, birding, fossil digs	8.6	7.3
Bed and breakfast	8.6	16.1
Fishing guides, full-service resort	5.7	13.5
Other	11.4	7.3
(n)	(35)	(192)
Type of Services Provided:		
Lodging, meals, food & beverage	73.7	70.9
Hunting-related services	58.3	61.7
Fishing and/or water-related services	13.9	30.1
Wildlife viewing and/or sightseeing	14.7	18.7
Hiking, biking, winter activities	16.7	16.4
Agricultural and/or farm/ranch activities	16.7	14.5
Fossil digs, archeological exploration, historical tours	11.8	4.4
(n)	(36)	(147)

Source: Hodur et al. 2004.

When Business Was Established

Survey respondents most frequently indicated that their outdoor recreation-related businesses had been established during the 1990s (46 percent) or since 2000 (24 percent) (Table 6). Seventy percent of the businesses in the Southwest region had been established since 1990, compared to 77 percent statewide. Less than 10 percent of businesses in either the Southwest region or statewide established their businesses prior to 1980.

Table 6. Year Outdoor Recreation-related Business was Established and Months of Business Operation, SW-REAP Zone and Statewide, 2003

Year / Month	SW-REAP Zone	Statewide
Year Business was Established:	----------------percent------------	
Before 1980	8.1	7.0
1981 - 1990	21.6	16.1
1991 - 1999	46.0	43.6
2000 - 2003	24.3	33.7
(n)	(37)	(186)
Period of Operation:		
Year round	35.1	36.0
Seasonal	64.9	64.0
(n)	(37)	(189)
Percent of Seasonal Operations Open in:		
January	0.0	14.1
February	0.0	10.8
March	4.2	10.8
April	25.0	19.1
May	33.3	32.2
June	45.8	39.7
July	50.0	40.5
August	50.0	45.5
September	54.2	73.6
October	87.5	86.9
November	70.8	57.0
December	41.7	38.9
(n)	(37)	(189)

Source: Hodur et al. 2004.

Months of Operation

About 65 percent of the respondents indicated that their operation was seasonal, while the remainder operate year round (Table 6). Businesses most frequently operated in October (87.5 percent), November (70.8 percent), and September (54.2 percent). This distribution was similar to the statewide pattern, except that businesses in other regions were more likely to be open in September than November. This likely can be attributed to differences in the type of hunting done in the SW region and in the game seasons. Upland game hunting (e.g., pheasant) is more prominent in the SW region with far fewer waterfowl hunting opportunities. Alternately, waterfowl is a major hunting activity in some other regions of the state (Bangsund et al. 2004). Upland game hunting starts several weeks later than most waterfowl hunting and continues through December while the waterfowl season is impacted by seasonal migratory patterns. Accordingly, many seasonal business operations, particularly hunting-related businesses, correlate with hunting seasons.

Customer Days

The number of customer days reported by Southwest region businesses exhibit a bimodal distribution, wherein most respondents reported fewer than 150 customer days while a smaller, but still substantial, group reported 300 or more customer days (Table 7). In 2002, the average number of customer days was 937, reflecting the influence of a few very large observations, while the median value was 60 (i.e., half of the respondents reported 60 or fewer customer days). The median number of customer days grew from 50 in 2000 to 60 in 2002. Customer days is a function of the number of days, either a full day or part of a day, and the number of individuals who participate in a given activity. For example, two individuals that participate in an activity for three days would represent six customer days.

The statewide sample showed a similar pattern with most businesses reporting relatively few customer days (the statewide median in 2002 was 90) and a smaller group reporting substantial numbers of customer days. One underlying reason may be many businesses have been established only recently and their proprietors may still be working to establish their customer base. For example, Hodur et al. (2004) found that outdoor recreation-related businesses statewide that began operations in 1980 or before reported about 10 times the average and median numbers of customer days as those that began since 1990.

Whatever their current level of operation, the respondents in the Southwest region were optimistic about the future. Fifty percent believed that the number of customer days would increase in the next year (Table 7) while approximately one-third believed there would be no change in customer days. Nineteen percent predicted the number of customer days would decline. Responses in the SW region were similar to the statewide sample.

Table 7. Number of Customer Days, SW-REAP Zone and Statewide, 2000 through 2002

	2000		2001		2002	
Customer Days[1]	SW-REAP Zone	Statewide	SW-REAP Zone	Statewide	SW-REAP Zone	Statewide
	---percent---					
Zero	0.0	3.9	0.0	2.9	0.0	1.3
1 to 150	73.9	62.7	69.5	59.7	73.1	62.9
151 to 300	8.7	10.8	8.7	10.1	7.7	5.9
more than 300	21.7	26.3	21.7	27.3	19.2	29.8
	(23)	(129)	(23)	(139)	(26)	(151)
Total number of customer days reported	21,330	106,272	23,792	113,567	25,286	129,533
Average number of customer days per business	889	817	991	811	937	852
Median number of customer days per business	50	74	60	80	60	90
(n)	(23)	(129)	(24)	(139)	(27)	(151)
Expected change in customer days from 2002 to 2003						
	------percent of respondents--------					
Increase	50.0	46.3				
Decrease	19.4	15.8				
No change	30.6	37.8				
(n)	(33)	(164)				

[1]Customer days is a function of the number of days, either a full day or part of a day, and the number of individuals who participate in a given activity. For example, two individuals that participate in an activity for three days would represent six customer days.
Source: Hodur et al. 2004.

Clientele Characteristics

About 25 percent of the clientele of Southwest region outdoor recreation-related businesses came from the adjacent states of Minnesota, South Dakota, and Montana, and about half were from elsewhere in the United States. International customers were infrequent with only 2 percent of respondents' customers from outside the United States. About 25 percent of respondents' customers in the Southwest region were North Dakota residents. Clientele residency in the SW region was comparable to that of the statewide sample (Table 8).

Table 8. Customer Characteristics and Plans for Future, Outdoor Recreation-related Businesses, SW-REAP Zone and Statewide, 2003

Item	SW-REAP Zone	Statewide
Customer Residence:	-------percent--------	
Local residents	5.1	10.7
Elsewhere in North Dakota	20.3	18.5
Adjacent states (MN, SD, MT)	23.4	22.6
Elsewhere in the United States	48.7	46.0
International	2.3	1.5
(n)	(35)	(180)
Customer Characteristics:		
Individuals	29.1	39.4
Couples	25.5	18.7
Family groups	19.4	14.5
Non-family groups	26.1	26.8
(n)	(37)	(182)
Plans for Business, next year:		
Expand	38.5	39.2
Renovate	30.8	27.3
Add services or activities	23.1	25.9
Close or sell	7.7	9.8
(n)	(26)	(143)

Source: Hodur et al. 2004.

Like the statewide sample, individuals comprised the largest group of customers for the Southwest region businesses (Table 8). Individuals, however, were a substantially smaller component of the customer base for the Southwest businesses (29 percent vs. 39 percent). Couples and family groups were slightly more prevalent in the SW region businesses' customer base than businesses in the statewide sample. The percentage of customers that were non-family groups was roughly the same in the SW region as statewide.

Respondents in the SW region seemed similarly optimistic about the future as their statewide counterparts. Almost two in five of these operators (38.5 percent) plan to expand their current operation the next year, while 31 percent plan to renovate some portion of their facilities and 23 percent plan to add services or facilities (Table 8). Only about 8 percent plan to close or sell their business. The responses of the Southwest region businesses were similar to those from elsewhere in the state.

Advertising

The advertising mediums utilized most frequently by respondents in the SW region were 'word of mouth/customer references,' 'web site,' and 'brochures,' 83, 64, and 62 percent, respectively (Table 9). 'Customer references' and 'web sites' were considered the most effective with ratings of 4.4 and 4.3 on a 5-point scale where 1 is very ineffective and 5 is very effective, respectively. One-third to one-half of the respondents utilized 'print media' (newspaper and magazines), 'state agency publications,' 'Chamber of Commerce/CVB publications,' and 'trade shows.' Among this group, 'Chamber of Commerce/CVB' publications received the highest rating for effectiveness, followed by state agency publications. Respondent use and perceptions of the effectiveness of various types of advertising media in the Southwest region were similar to those of the statewide sample.

Table 9. Types of Advertising Used by Outdoor Recreation-related Businesses, SW-REAP Zone and Statewide, 2003

	SW-REAP Zone		Statewide	
Type of Advertising	Utilize Media	Average Score[1]	Utilize Media	Average Score[1]
	--percent--		--percent--	
Word of mouth / customer references	83.3	4.4	96.5	4.7
Web site	64.5	4.3	62.1	3.9
Brochure	62.5	3.7	70.4	3.8
Print media (newspaper, magazine)	48.3	3.3	60.3	3.3
State agency publications (State Tourism, Game & Fish, etc.)	46.7	3.5	39.7	3.6
Chamber of Commerce, CVB publications	42.9	3.6	38.8	3.4
Trade shows	34.5	2.8	33.6	3.3
Trade publications	32.1	3.1	29.3	3.1
Television or radio	21.4	3.2	26.0	3.2
(n)[2]	(29)		(157)	

[1] Average score based on a scale from 1 to 5 where 1 is not helpful and 5 is very helpful.
[2]Average number of respondents for each variable.
Source: Hodur et al. 2004.

Gross and Net Revenue

The average gross revenue for Southwest region businesses in 2002 was nearly $78,000, with an average net revenue (net profit) of almost $11,000 (Table 10). However, average values for gross and net income were not representative for most of the region's businesses. The median gross revenue for the Southwest businesses responding to the survey was only $14,225; that is, one-half of the respondents had less than $14,225 in gross revenue while average (mean) gross revenue was $77,970. Distribution of gross revenue illustrates the discrepancy between the mean and median. Thirty-nine percent of respondents reported gross revenue of less than $10,000, while almost 18 percent had gross revenue exceeding $100,000 in 2002. Similar to the distribution of customer days (see Table 7), many businesses have relatively few customer days and limited gross revenue, while a few businesses had substantial numbers of customer days and higher gross revenues. The distribution pattern for gross revenue among the Southwest group was similar to that of the statewide sample, although the Southwest group had a slightly greater percentage of businesses in the upper revenue categories ($50,000 plus).

The distribution pattern for net revenue (net profit) in 2002 was similar to that for gross revenue (Table 10) and customer days (see Table 7). One in five of the respondents in the Southwest region reported zero or negative net revenues and more than two in three reported net revenues of less than $10,000. Alternately, 12 percent of respondents had net revenue of greater than $50,000. Low net revenue (and particularly the negative values) may be attributable to the fact that many of the businesses surveyed were relatively new start-ups. Business operators may be re-investing a substantial part of their revenues into business expansion.

Table 10. Gross and Net Revenue of Outdoor Recreation-related Businesses, SW-REAP Zone and Statewide, 2002

Item	SW-REAP Zone	Statewide
Gross Revenue, 2002:	-------------percent---------------	
Less than $10,000	39.3	50.4
$10,001 to $25,000	21.4	16.8
$25,001 to $50,000	10.7	12.8
$50,001 to $100,000	10.7	8.0
More than $100,000	17.9	12.0
	--------------dollars---------------	
Average Gross Revenue	77,970	57,999
Median Gross Revenue	14,225	10,000
(n)	(25)	(125)
Net Revenue, 2002:	-------------percent---------------	
Zero or less	20.0	25.1
$1 to $10,000	48.0	46.4
$10,001 to $25,000	12.0	16.8
$25,001 to $50,000	8.0	12.8
More than $50,000	12.0	8.0
	-------------percent---------------	
Average Net Revenue	10,949	9,730
Median Net Revenue	4,204	2,000
(n)	(25)	(119)

Source: Hodur et al. 2004.

Role of Business as Income Source

Salary or wages were the primary source of household income for most outdoor recreation-related businesses in the Southwest region (27 percent) (Table 11). Income from respondent's outdoor recreation business was the second most frequently reported primary income source (21.6 percent), followed by income from a farm or ranch or from another business (both 18.9 percent) and by retirement or investment income (10.8 percent). The ordering of income sources in the Southwest region was similar to the statewide sample, except that outdoor recreation-related businesses were less frequently reported as the primary income source in other parts of the state and farm or ranch income was more commonly reported as the primary source of income (Table 11).

On average, about 24 percent of both Southwest region respondents' and statewide respondents' household incomes were from their outdoor recreation-related business (Table 11). However, the median value of 10 percent of income from respondents' outdoor recreation- related business was more representative than the average for both groups. A few respondents with all or a majority of household income from their outdoor recreation-related business inflated the average. Fourteen percent of SW region respondents reported that more than 50 percent of their household income was from their outdoor recreation-related business.

Table 11. Proprietor Income Attributes of Outdoor Recreation-related Businesses, SW-REAP Zone and Statewide, 2003

Item	SW-REAP Zone	Statewide
Primary Source of Income:	------percent of respondents-----	
Salary / wages	27.0	29.6
My outdoor recreation-related business	21.6	14.8
My farm or ranch	18.9	26.5
My business not related to outdoor recreation	18.9	11.6
Retirement or investment income	10.8	10.6
Other	2.7	6.9
(n)	(37)	(189)
Distribution of Household Income from Outdoor Recreation-related Business:		
Zero	13.8	10.4
0 to 5 percent	17.3	23.9
6 to 25 percent	37.9	40.5
26 to 50 percent	17.2	12.9
51 percent or more	13.8	12.3
(n)	(29)	(163)
Average Income from Outdoor Recreation-related Business	24.2	24.7
Median Income from Outdoor Recreation-related Business	10.0	10.0
(n)	(29)	(146)

Source: Hodur et al. 2004.

Employment and Subcontracting

Similar to the statewide sample and consistent with the relatively low gross income figures and few customer days, only one-third of the Southwest region businesses have paid employees (Table 12). While most businesses do not employ paid workers, 44 percent of the Southwest region businesses reported utilizing unpaid family members for the operation of their business.

Nearly one-third of the Southwest region businesses reported subcontracting with other businesses for specific services they do not provide (Table 12). Most frequently businesses subcontracted for 'guides' (64 percent), 'lodging' (64 percent), and 'food and beverage' (36 percent). A similar number of businesses that subcontract for services also cooperatively market their business with other outdoor recreation-related businesses in their area. About one-third of Southwest region outdoor recreation-related businesses cooperatively market their business, a slightly higher percentage than statewide where 23 percent of respondents indicated they cooperatively market their business (Table 12).

Table 12. Employment and Subcontracting by Outdoor Recreation-related Businesses, SW-REAP Zone and Statewide, 2003

Item	SW-REAP Zone	Statewide
	------------percent----------	
Businesses with Paid Employees	33.3	28.0
(n)	(36)	(188)
Businesses with Unpaid Family Members	44.4	52.0
(n)	(36)	(184)
Businesses that Subcontract	30.6	24.7
Type of Business Subcontracted:		
Guides	63.6	65.2
Lodging	63.6	55.3
Food & beverage	36.4	39.1
Game cleaning or processing	0.0	21.7
(n)	(11)	(46)
Businesses that Cooperatively Market	30.6	23.1
(n)	(36)	(182)

Source: Hodur et al. 2004

Land Access

Because land use is often at least a consideration if not a major component of many outdoor recreation activities, respondents were asked about the amount of land they used or accessed in the course of the operation of their outdoor recreation-related business. Just over one-third of respondents both state-wide and in the Southwest region indicated that land access is not applicable to their business (Table 13). Further, respondents in the Southwest region were more likely to utilize owned land than leased land. Eighty percent of the Southwest region respondents utilized owned land with both Southwest region respondents and statewide respondents most frequently utilizing 1 -1,500 acres of owned land (46 percent and 49 percent, respectively). Leased land was used less frequently in the Southwest region than statewide, as 45 percent of statewide respondents indicated utilizing leased land compared to only a third of respondents in the Southwest region. Only a small percentage of respondents in either group utilized public land in the course of their business operations. Nearly 90 percent of respondents in both groups indicated they did not utilize public land (Table 13).

Table 13. Land Used for Outdoor Recreation-related Business, SW-REAP Zone and Statewide, 2003

Item	SW-REAP Zone	Statewide
	-----------------percent------------	
Land Access Not Applicable to my Business	35.1	34.2
(n)	(13)	(194)
Owned Land Used in Business:		
None	20.8	20.5
1 - 1,500 acres	45.8	48.7
1,501 to 3,000 acres	12.5	15.4
More than 3,000 acres	20.8	15.5
(n)	(24)	(117)
Leased Land Used in Business:		
None	62.5	54.7
1 - 1,500 acres	12.5	23.1
1,501 to 3,000 acres	12.5	8.6
More than 3,000 acres	12.5	13.7
(n)	(24)	(117)
Public Land Used in Business:		
None	87.0	89.9
1 - 1,500 acres	13.0	6.4
More than 1,500 acres	0	3.6
(n)	(23)	(109)
Change in Land Used, Last Three Years:		
No Change	42.2	70.4
Increase	42.3	8.8
Decrease	15.4	20.8
(n)	(26)	(125)

Source: Hodur et al. 2004.

Respondents in the Southwest region were fairly evenly split regarding trends in land use in the past three years. Forty-two percent of respondents in the Southwest region reported that the amount of land used in their business had increased, and 42 percent indicated that there had been no change. Only 15 percent of respondents indicated that the amount of land used had declined (Table 13). A majority of statewide respondents (70 percent) indicated land use had not changed in the past three years (Table 13).

Needs for Information or Technical Assistance

'Marketing/advertising' and 'web site design/Internet applications' were most frequently identified by Southwest region respondents as areas where information or technical assistance would be most helpful in operating or expanding their business (Table 14). More than three-fourths of respondents indicated that information or technical assistance regarding 'marketing/advertising' would be helpful, while two-thirds would find information or assistance in 'Web site design/Internet applications' helpful. Between one-third and one-half of the respondents also believed that information regarding 'habitat improvement/land management,' 'legal issues,' and 'industry trends and updates' would be helpful (Table 14).

Table 14. Types of Information or Technical Assistance Considered Helpful in Operating or Expanding Outdoor Recreation-related Businesses, SW-REAP Zone and Statewide, 2003

	SW-REAP Zone		Statewide	
Item	Average Score[1]	Helpful[2]	Average Score[1]	Helpful[2]
		--percent--		–percent--
Marketing/advertising	4.1	77.4	4.0	70.3
Web site design/Internet applications	3.8	67.7	3.8	65.8
Legal (insurance, liability, state regs.)	3.3	40.6	3.4	48.6
Habitat improvement/land mgt.	3.4	38.7	3.1	43.2
Industry trends and updates	3.2	48.4	3.1	41.3
Personnel mgt./guest relations	3.0	32.3	2.9	25.2
Business/financial mgt./planning	2.8	22.6	2.8	25.3
(n)[3]	(31)		(169)	

[1] Average score based on a scale from 1 to 5 where 1 is not helpful and 5 is very helpful.
[2] Percent who rated item as very helpful (5) or helpful (4).
[3] Average number of responses per variable.
Source: Hodur et al. 2004.

Perceptions of Economic Development Potential

Southwest area respondents were virtually unanimous in rating ‘hunting and fishing’ as activities with high economic development potential (Table 15). More than half of the respondents indicated ‘off-road activities’ (e.g., hiking, mountain biking), ‘birding and wildlife viewing,’ and ‘working farm and ranch activities’ were activities with high economic development potential with nearly one-half (44 percent) that indicated ‘fossil digs, archeological explorations’ also had high economic development potential. Ratings by the Southwest region respondents were similar to those for the statewide sample, particularly regarding the economic potential of hunting and fishing. Differences in ratings for some other activities likely reflect the unique resources of the Southwest region. For example, ‘fossil digs and archeological explorations’ were rated as activities with high economic development potential by 44 percent of Southwest region respondents, compared to 28 percent statewide. Similarly, heritage tours were viewed as a high potential activity by 47 percent of respondents in the Southwest compared to 36 percent statewide (Table 15).

Table 15. Perceptions of the Economic Development Potential of Various Outdoor Recreation Activities in North Dakota, Outdoor Recreation-related Business Proprietors, SW-REAP Zone and Statewide, 2003

	SW-REAP Zone		Statewide	
Activities	Average Score[1]	High Potential[2]	Average Score	High Potential[2]
Hunting and fishing	4.6	93.9	4.6	90.2
Off-road activities (hiking, biking)	3.7	62.5	3.4	49.7
Birding, wildlife viewing	3.5	59.4	3.6	50.8
Working farm and ranch activities (farm tours, trail rides, corn maze, etc.)	3.5	56.3	3.4	46.3
Heritage tours	3.4	46.9	3.0	36.1
Fossil digs, archeological explorations	3.3	43.8	2.9	27.7
Water sports (canoeing, sailing, water skiing, jet skis, etc.)	3.1	37.5	3.4	47.2
Off-road motor sports (ATVs, dirt bikes)	2.8	22.6	3.2	39.2
(n)[3]	(32)		(178)	

[1] Average score based on a scale from 1 to 5 where 1 is no potential and 5 is great potential.
[2] Percent rating activity either 5 (great potential) or 4 (some potential).
[3] Average number of responses per variable.

Issues Related to Tourism Sector Development

Nearly all (94 percent) of Southwest region respondents agreed that the demand for their type of business had increased in the last three years (Table 16). They were also nearly unanimous in their opinion that there should be more promotion of the state as a tourism destination (91 percent) and that outdoor recreation-based tourism offers economic development opportunities both for their local area (86 percent) and throughout the state (86 percent). At the same time, a majority of Southwest region operators indicated they need more customers to operate at capacity (66 percent) and that uncertainty regarding limits on non-resident hunters had hurt their business (56 percent). The Southwest operators were not particularly concerned about their ability to purchase liability insurance (none agreed that they were unable to purchase insurance), their ability to secure financing for their business (only 6 percent agreed that this was a problem), or their ability to attract new customers (only 12.5 percent agreed). Similarly, only 15 percent of respondents agreed that North Dakota has too few attractions to make tourism a viable economic development opportunity (Table 16).

The pattern of responses from the Southwest group was similar to those of the statewide sample. However, the SW-REAP zone respondents were even more positive that demand for their type of business had increased (94 percent vs. 72 percent statewide) and that there should be more promotion of the state as a tourism destination (91 percent vs. 76 percent) (Table 16).

Demographic Characteristics

More than two-thirds of the Southwest region respondents were between 46 and 60 years old (Table 17). Sixty percent had completed college, including 11 percent with advanced degrees. The household incomes of the respondents covered a broad range, with almost 17 percent reporting less than $30,000 in annual household income and 17 percent reporting over $100,000.

Compared with the statewide sample, the Southwest group had a higher percentage of respondents with college degrees (60 percent vs. 45 percent) and a slightly greater percentage of respondents in the upper income categories (33 percent over $75,000 vs. 20 percent over $75,000) (Table 17).

Summary

The survey of Southwest region outdoor recreation- and nature-based tourism businesses revealed that a large segment of businesses had a hunting focus. Forty-three percent of respondents indicated that hunting services were the primary focus of their business, and 58 percent provide hunting-related services. In addition, the second most common business type (campgrounds, cabins, limited service resort) appears to include a number of businesses that primarily rent accommodations to hunters.

Most of the businesses in the Southwest region were relatively new (more than 70 percent were established since 1990), small (most had fewer than 65 customer days and less than $15,000 in gross revenue), and provide only supplemental income for their operators (median net revenue was about $4,200 or about 10 percent of total household income). These characteristics were similar to those of their counterparts in other areas of the state, as well as by nature-tourism businesses around the world (McKercher 1998). The Southwest region operators generally were quite positive about the demand for their type of business and the economic development potential of outdoor recreation-based tourism.

Table 16. Issues and Attitudes Related to Outdoor Recreation-related Tourism Sector, SW-REAP Zone and Statewide, 2003

Issue	SW-REAP Zone Average Score[1]	SW-REAP Zone Agree	Statewide Average Score[1]	Statewide Agree
Demand for my type of business has increased in the last three years	4.4	94.3	4.0	72.1
There should be more promotion of the State as a tourism destination	4.4	91.4	4.2	75.7
Outdoor recreation-related tourism enterprises offer my local area economic development opportunities	4.5	85.7	4.1	77.0
Outdoor recreation-related tourism enterprises offer rural areas throughout the state economic development opportunities	4.4	85.7	4.2	78.1
I need more customers to operate at full capacity	3.6	65.7	3.8	63.6
Uncertainty regarding limits on non-resident hunters has hurt my business	3.6	55.6	3.7	56.7
Regulatory, legal, or liability issues are constraints to my type of business	3.7	50.0	3.7	51.1
My business is seasonal and I would like to find other ways to attract customers throughout the year	3.2	47.1	3.3	46.9
Liability and/or comprehensive insurance is prohibitively expensive	2.9	31.4	3.4	50.6
North Dakota has too few attractions to draw enough visitors to make tourism a viable economic development opportunity	2.4	14.7	2.2	18.9
I am currently having trouble attracting new customers	2.2	12.5	2.8	32.2
I am unable to secure financing for business development or expansion	2.6	6.4	2.5	15.9
I am unable to purchase liability and/or comprehensive insurance/insurance is unavailable	2.0	0.0	2.1	13.0
(n)[3]	(34)		(175)	

[1] Average score based on a scale from 1 to 5 where 1 is strongly disagree and 5 is strongly agree.
[2] Percent who strongly agree (5) or agree (4).
[3]Average number of observations per item.
Source: Hodur et al. 2004.

Table 17. Demographic Attributes of Survey Respondents, SW-REAP Zone and Statewide, 2003

Item	SW-REAP Zone	Statewide
Age:	-------------percent-----------	
30 years or less	2.9	6.0
31 - 45 years	14.3	23.9
46 - 60 years	68.6	52.7
Over 60 years	14.3	17.4
(n)	(35)	(184)
Education:		
High school diploma or less	22.9	4.1
Some college	17.1	30.7
College degree	48.6	38.2
Advanced degree	11.4	7.0
(n)	(35)	(186)
Household Income:		
Less than $30,000	16.7	17.4
$30,001 - $45,000	10.0	16.3
$45,001 to $60,000	13.3	23.5
$60,001 to $75,000	26.7	22.9
$75,001 to $100,000	16.7	9.6
Over $100,000	16.7	10.2
(n)	(30)	(166)

Opportunities and Challenges in Expanding the Nature-based Tourism Sector

Focus group and personal interview participants offered their views on a wide range of topics related to tourism and outdoor recreation in the Southwest region. Focus group participants shared their experiences and motivations for starting their outdoor recreation-related business, as well as some of the challenges they face today and as they started their business. In addition, participants discussed recent sector trends, opportunities for, and constraints to, sector enhancement. Several themes emerged, some unique to specific locale within the SW region or a specific business type and some consistent throughout the region.

Personal interviews with 38 individuals in various related roles in 7 communities offered additional insight from a different perspective than business owners into recent trends, obstacles and opportunities for growth, and expansion. Often the comments of personal interviewees were more general than the focus groups and more reflective of issues specific to their local community and the immediate area. Considering the substantial differences in the characteristics of the communities in the area and the large geographic area of the region, it is easy to understand that the observations of an individual in the Medora area could likely be different than observations of someone in Dickinson or Killdeer.

Finally, the topics presented in this section are not intended to represent an exhaustive discussion of all issues relevant to the development and expansion of nature-based tourism in the Southwest region. Rather, this section identifies and characterizes some of the larger overall themes identified and discussed by research participants.

Focus Groups–Key Themes and Critical Issues

Focus group participants were asked to briefly describe their business and their motivation for starting their business. While "profitability" logically would be the key motivation for starting a business, in this case the underlying motivation and decision processes related to identifying business opportunities were of interest. While all focus group participants' businesses revolved around tourism, natural resources, outdoor recreation, or related goods and services, the motivation for starting their business was often quite different. Some individuals started their business when they recognized there was a demand for services that was not being met and they possessed the resources to meet that demand. For example, recognizing that some visiting hunters were willing to pay to hunt, one focus group participant began with improvements to habitat that have subsequently led to the addition of guest housing with plans for future growth and expansion. Another respondent said "they were tired of getting hams and gift certificates for pizza." In a sense, the opportunity for a recreation-related business more or less came to them. In other instances, necessity was the motivation for starting a recreation-related business. Some individuals indicated their recreation-related business was a means to diversify and expand farm and ranch operations. One participant indicated that "fee hunting is what enables us to afford to farm." And finally, some participants had a well-defined business plan and searched the larger four-state (South Dakota, North Dakota, Montana, and Wyoming) region for the appropriate location for their recreation-related business.

Most outdoor recreation-related businesses were not the primary source of income for business operators, with the general exception of those businesses located in and around Medora and Theodore Roosevelt National Park. Most participants throughout the region indicated they have plans for growth and expansion, and many businesses were actively exploring opportunities to diversify their operation. Diversification seemed to be especially relevant for hunting-related enterprises. Some businesses indicated they would like their tourism/recreation-related business to someday be the primary source of household income.

While some of the businesses were relatively new start-ups (five years or less), others were well-established and in some cases had been in operation for 20 years or more. Despite differences in how long the businesses had been in operation and the type of business operation, challenges associated with securing financing were described by several participants. In a regional economy that has traditionally relied on agriculture as its economic mainstay, securing financing without tangible collateral, such as cattle, was cited as a constraint. Other participants cited difficulties negotiating payment schedules that coincide with seasonal business cycles. And in some cases participants indicated that it was difficult for their small business to meet the qualifications of some economic development programs. A state program that requires the creation of a minimum number of jobs was cited as an example. Several participants in each focus group also stressed the necessity of a good business plan whenever attempting to secure funding for either a new business or business expansion. Some participants indicated they had built their business with available resources specifically to avoid the need to secure financing.

Nearly all the participants mentioned some level of local resistance, at least initially, to tourism and their recreation-related businesses. Participants cited lack of support from other local businesses, opposition by North Dakota resident hunter groups, a general resistance to change, and skepticism of the feasibility of tourism ventures as examples. Several different theories and rationales were offered to explain the lack of support. Participants indicated local residents were often skeptical that people would pay to visit somewhere where “there is nothing to do”. They theorized that many locals simply did not recognize the uniqueness of the region, nor people’s desire to visit, and their willingness to pay for the experience. Other participants indicated local residents, especially local agricultural producers, felt threatened by non-traditional land uses and the potential impact on land values. This was an especially salient point among hunting-related businesses such as fee hunting, guiding, and game preserves. They offered that land management for wildlife production was not necessarily an alternate land use, but often a complementary land use, especially in cases of marginal cropland. Hunting-related enterprises also cited opposition by North Dakota resident hunter groups.

Many participants indicated they found the attitude of general resistance to any change particularly frustrating. Some participants described the lack of support for their business as a reflection of an unwillingness to embrace the economic development potential of tourism in North Dakota. This was especially frustrating for those individuals whose recreation-related business was helping them stay in the region or maintain their farm or ranch. Other participants hypothesized that some individuals prefer the status quo, regardless of the economic development potential of tourism.

Participants in each of the focus groups also cited issues with the state’s signage laws. Many participants indicated the restrictions regarding signage represented a major impediment to their business. Focus group participants pointed out that millions of travelers are concentrated on the Interstate (I-94) and signs are an effective and necessary means of communicating available services and attractions. Further, it was pointed out that North Dakota is only one of four states that does not allow Interstate logo signs (blue signs with the name of specific businesses located at the next exit, (e.g., Super 8, Perkins, Mobile). Focus group participants in rural areas off the Interstate also cited restrictions and prohibitions on signs off the right-of-way directing customers to their place of business as a serious impediment.

Focus group participants expressed a universal optimism about the potential of tourism and outdoor recreation as an economic development opportunity. Some viewed recreation and tourism as the greatest economic opportunity for North Dakota, describing tourism and recreation as a new reality in North Dakota. Other business owners' expectations were focused on developing and maintaining an authentic and unique experience. Delivering a high quality experience and sharing their lifestyle were more important than creating a high volume business. All participants believed that tourism activities have been expanding in SW North Dakota with great potential for future growth and further expansion of the sector. Participants identified regional history, cultural heritage, and the region's unique archeological resources as under developed and under utilized assets of the region which have substantial economic development potential. Some participants felt very strongly about the growth and development potential of the region, so much so they warned of unregulated and unmanaged growth. Bozeman, Montana, and the surrounding area was cited as an example of exponential growth in a rural area that came very quickly and with little planning or oversight. In order to manage the growth that some perceived as inevitable, participants warned that industry, state, and local leaders must prepare now to prevent poorly planned and undesirable development and to preserve the best qualities the area has to offer.

Fostering a sense of cooperation, not only on a local level but statewide as well, was another theme that resonated in all focus groups. Participants advocated cooperation between private land owners, public land managers, business owners, and public and non-profit entities to promote North Dakota as a state-wide entity rather than a collection of individual destinations. Participants spoke of fostering a sense of cooperation locally, regionally, and statewide that would change the notion that North Dakota has nothing to offer and that prosperity is elsewhere. Training programs aimed at local service personnel to help promote attractions and activities either locally or elsewhere in the state and direct travelers to their destinations was cited as an example of one way to facilitate that notion of a larger entity. Participants suggested a simple referral to another attraction or activity could mean the difference between visitors driving through the state or region versus stopping or staying for an extra day or two. Cutbacks in state funding for visitors centers was mentioned by focus group participants as an example of a breakdown in the state and local cooperative efforts they were describing. Many rural communities either are not able or struggle to locally support visitors centers that could help to guide and direct visitors both locally and statewide.

Finally, the focus groups offered their observations on recent trends. Several participants suggested that visitors are becoming more sophisticated and upscale. Participants agreed this was especially true in the Medora area where the upscale traveler complete with large motor homes and a demand for more upscale services is especially evident. Other participants cited the appearance of ads in the local newspapers soliciting places to hunt, suggesting a strong demand for hunting opportunities. Other participants mentioned emphasis on attracting visitors for retreats and family reunions.

Personal Interviews–Key Themes and Critical Issues

Because many of the subjects discussed during personal interviews were more specific to the individual communities within the SW region, comments are summarized by county.

<u>Golden Valley and Billings County</u>

Individuals in Golden Valley and Billings Counties, specifically Beach and Medora, spoke to issues indicative of the more mature tourism sector located there than individuals in other communities in the region. In Beach, two key trends emerged. First, the new tourism center was viewed positively with 10,000 face-to-face contacts in 2003, its first year of operation. And second, some change in local residents' ideas and perceptions about business and economic development potential and the area's desirability as a place to live were reported. That a family from a major metropolitan area moved to the area because Beach is perceived as a safe place to raise a family, may be resonating with some long-time residents. Recognition that economic development and business opportunities have a much larger base than just the local community may also be resonating. Several businesses whose customer base consists largely of individuals that are driving by on Interstate I-94 were cited as examples. It was also pointed out that the historic conventional wisdom that reflects a less optimistic outlook on economic development opportunities had not completely gone by the wayside. Participants recognized that while Beach does not have the same tourism potential as Medora or Dickinson, 750,000 people visit Medora, only 20 miles away, annually. Those visitors may represent a substantial business and economic development opportunity that has historically been overlooked.

Several key themes emerged in discussions with individuals in Medora. Labor shortages were cited as a challenge by nearly all interview participants, as was securing housing for seasonal labor. While challenged by labor issues, greater cooperation between public and private entities was identified as a very positive recent trend. For example, more effective communication of special events or the arrival of large groups has helped all businesses and attractions be prepared and avoid being surprised and potentially short staffed and unprepared. Some changes in visitor demographics and characteristics were also described. Several participants suggested that older visitors were traveling earlier and later in the season to avoid crowds and children, and that families were looking for experiences that emphasize history and education. In addition, it was suggested that visitors were becoming more sophisticated and especially savvy regarding cultural or historic attractions. Visitors were reported to be looking for authenticity and often ask very insightful questions. Several participants cited a declining trend in organized tours and group activities as visitors were more inclined to plan their own activities. Self-guided wildlife viewing and shorter nature trails were identified as popular activities. The absence of a local ground transportation service in or around Theodore Roosevelt National Park was identified as a potential opportunity. It was suggested the absence of any kind of commercial shuttle service from Dickinson and other area communities limits access to the Park to only those with access to a vehicle.

<u>Hettinger and Adams County</u>

Tourism, specifically outdoor recreation-related tourism has been a recent addition to the economic mix in Hettinger and Adams Counties and was largely defined by fall upland game hunters. One individual interviewed in Adams County suggested that while " the light bulb really hadn't gone on" regarding nature-based tourism in a broad sense (i.e., activities other than hunting), local businesses were well aware of the economic significance of the hunters that visit the area in the fall. Restaurants, gas and convenience stations, and hotels were identified as businesses that benefit the most from the influx of hunters. One interviewee pointed out that hunters' demand for housing had prompted some local residents to purchase homes, fix them up, and rent them. The same interviewee was also quick to point out that a currently tight housing market in Hettinger was not largely related to hunters buying or renting homes. Rather, the recent expansion of a local manufacturing business has put some pressure on the local housing market.

Outdoor recreation-related tourism in Hettinger County was also largely defined by hunting and services related to hunting activities. However, the impact of hunters was described as an "important part of the local economy." It was reported that several businesses take in 50 percent or more of their annual revenues in October, November, and December. Blaming limitations placed on out-of state-hunters, the interviewees reported that hunter numbers were down in 2003, with most businesses in Mott down 25 percent. The interviewee also expressed some concern about the effect of land sold for hunting on the tax base. While the interviewee did not elaborate, the implication was that the value of land for hunting sometimes is higher than the value of land for strictly agricultural purposes. As a result, the higher land values pull up all land values in the region making land more expensive for agricultural purposes with higher property taxes. Average value per acre had increased from 2003 to 2004, and this individual attributed the increase to hunting values. Controversy over land access was also identified as a salient issue in both counties. While noting the controversy and emotion surrounding land access issues, interviewees generally indicated they believe their region has plenty of land to hunt and felt it important to communicate that to resident hunters and policymakers. Outdoor recreation and tourism, primarily from non-local hunters, both resident and non-resident, was viewed as having a very positive influence on the local economy.

Bowman and Slope Counties

Interviewees in Bowman indicated the most salient change in visitation in the county was the increase in pheasant hunters and more recently some increase in bow hunting for deer and prairie dog hunting. With the exception of hunters, Bowman was viewed more as a pass through location than an end destination, demonstrated, for example, by the volume of traffic in the area as people travel to and from the Sturgis, South Dakota, motorcycle rally. Hunting activities were largely viewed as responsible for recent growth in tourism and visitation to the area; however, it was also reported that impressive numbers of visitors stop at the Bowman visitors center and the number of foreign visitors has grown. While the visitors center was viewed positively, because the state Tourism Department no longer helps to support local visitors centers, local resources must support the center. One interviewee offered that challenges for new tourism businesses are similar to those for any business. Some new businesses have been effective in their marketing efforts while others have been undercapitalized. With roughly 170 miles to either Bismarck or Rapid City, South Dakota, and 85 miles to Dickinson, the distance to a major airport was also cited as a challenge to tourism sector expansion.

Stark and Dunn Counties

The insights offered by interviewees in Stark County were considerably different than those of interviewees in Dunn County. Considering Stark County is home to Dickinson, the major market center for the SW region, the differences were not unexpected.

Interviewees in Dunn County generally expressed great potential for tourism in the local area. Without fail, each individual interviewed in the county spoke of the natural resources, scenic beauty, heritage, and history of the region. Specific examples included the Killdeer Mountains, Killdeer Mountain Battlefield, The Medicine Hole, old Fort Berthold, and the oldest PRCA rodeo in the state. Despite their optimism, several individuals identified multiple constraints to the development of the region's attractions and amenities. First, a general lack of resources and manpower was cited as a significant constraint to developing and promoting tourism in the area. Staffing at the Killdeer visitors center is limited to one part-time individual, and the city has no resources to help local groups that want to develop and promote activities that would attract visitors. For example, a rendevous and pow wow held in conjunction with the oldest PRCA rodeo in the country was viewed as a highly successful event. However, one interviewee reported that the local community simply does not have the human resources to plan and promote the event and accordingly, the additional activities have at least for the time being fallen by the wayside. Several interviewees mentioned the lack of motel rooms (22-24 in the county) as a major impediment, and another pointed out that a room tax is of little value when there are no rooms. While the area's rich cultural heritage was cited as a distinct asset, several local attractions are located on private land with limited access and little or no interpretation. It was suggested that involvement by the State Historical Society would be appropriate and could lead to acquisition of easements, signage, interpretation, parking, etc. Recent, historically low water levels on Lake Sakakawea have limited access to the lake from the south and west and accordingly fewer people travel through Killdeer en route to Lake Sakakawea. Interview participants were somewhat split on local perceptions regarding the potential for and promotion of tourism in the area. Some interviewees suggested that there was some local resistance to promoting tourism, while others felt most people were generally accepting of the idea.

The growth in pheasant hunting in the region was nearly unanimously identified by interviewees in Dickinson as the single most substantial change in tourism in the region. One participant cited the steady growth in the number of private plans transporting hunters to the region and at least one charter headed for the Maah Daah Hey Trail as examples. Dickinson's proximity to Medora and the Theodore Roosevelt National Park was cited as a key asset for the city, and many interviewees believe more should be done to market Dickinson as the "gateway to Medora." The city is also home to the Dakota Dinosaur Museum and the Ukranian Cultural Institute; however, visitation at the Dinosaur Museum has been declining in recent years. While the Ukranian Cultural Institute event has been showing some slow growth, to date the event has not been a substantial draw. One individual suggested the area's #1 asset was outdoor recreation and the major impediment to developing that potential was largely connected to a false negative perception that characterizes the area as "barren or cold." Other recent trends included the development of guest ranches and bed and breakfasts and the purchase of land and homes by non-local residents.

Assets

Abundant natural resources, a rich cultural history, and a multitude of recreational opportunities were consistently identified as the region's greatest assets. Respondents identified specific natural resource amenities such as the Theodore Roosevelt National Park, the Maah Daah Hey Trail, the Killdeer Mountains, Lake Sakakawea, and White Butte (the state highest point) as area attractions. The region's landscape and wide-open vistas provide visitors with experiences unique to North Dakota.

The Killdeer Mountain Battlefield, the Medicine Hole, Buffalo Jump, and old Fort Berthold were a few examples of the region's cultural history identified by participants. More contemporary themes of the cowboy culture and rodeo (Killdeer is home to the state's oldest PRCA rodeo), as well as the rich heritage associated with farming and ranching, were also cited as examples of the area's cultural history. Many individuals that participated in the research effort expressed the view that the region's cultural resources are often overlooked and definitely under developed and under utilized.

In addition to unique culture and landscape, the region's world-class pheasant hunting, as well as other types of hunting activities, was nearly unanimously identified as one of the region's greatest assets. Other participants, however, quickly pointed out that while hunting may be one of the area's key drawing cards, it is not the region's only recreational attraction. Biking, birding, wildlife viewing, horseback riding, working farm and ranch activities, paleontological activities including field tours and fossil digs, star-gazing, and simply enjoying the unique landscape and culture of the region were frequently mentioned as examples of the recreational opportunities available in the region. In addition to scenic beauty and the area's abundant physical resources, many participants cited one often-overlooked strength: friendly people and small-town Western hospitality. Many participants recounted visitors' and guests' compliments on the region's refreshing small town atmosphere and the hospitality of its residents.

Constraints, Challenges, and Threats

Participants' perceptions of constraints to expansion of the sector seemed to relate to three major themes: 1) issues of perception, 2) a shortage of resources, both human and financial, to promote the area, and 3) a lack of services and infrastructure. In addition to comments related to these three major themes, many participants identified constraints specific to local areas within the region or related to specific types of services and activities, such as the lack of hotel rooms in Dunn County.

Many research participants indicated they believed out-of-state visitors' perceptions and images of the state were inaccurate. Some participants thought non-residents tended to think of North Dakota as a cold and barren land with not much to do or see. They believed the key to expanding the tourism was to address these kinds of misperceptions. Local residents' negative attitudes and perceptions about the potential for developing the sector and local resistence to businesses that offer recreation-related activities and services were also cited as substantial impediments to sector development. Local resistance, coupled with concerns that out-of-state hunters were no longer welcome, was of special concern to businesses that focused on hunting and hunting-related services.

Finally, in nearly all circumstances, the shortage of resources, both human and financial, were identified as impediments to sector enhancement. The lack of state funding for visitors centers or public cost-share programs for new businesses were cited as examples. Often community volunteers attempt to offset the lack of financial resources. However, as often is the case in small rural communities, the same individuals may participate in many different organizations and as a result are simply overextended. Limited infrastructure, such as adequate accommodations in some areas, distance to airports, too few or underdeveloped attractions, limited funding for travel information centers, and the distance from a population from which to attract potential visitors were also cited as constraints to sector expansion.

Restrictions on signage, liability insurance issues, and restrictions on out-of-state hunters were identified as impediments and even potential threats to the growth and expansion of the nature-based and outdoor recreation-related tourism sector in the SW region and elsewhere in the state. Regardless of business type, many participants cited restrictions on the type and placement of signs. The issue was generally quite emotionally charged, and several participants indicated they have unsuccessfully lobbied for changes to the state’s law.

The high cost of liability insurance was also cited as an issue of concern for operators. While the issue was of greater significance for some businesses than others, such as businesses with higher-risk activities, most operators shared concerns regarding the cost of liability insurance and recent steep increases in premiums. It was suggested by some participants that sky-rocketing premiums or the inability to secure liability insurance could put some operations out of business.

Recent changes in state laws and/or proposed changes regulating out-of-state hunters was often highlighted as an impediment to the continued development of the tourism sector in the SW region. Some participants indicated that the restrictions had already impacted many Main Street businesses. Operations that provide guided hunts or offer fee hunting indicated their business had not been particularly impacted, but noted that many other businesses that cater to the free-lance hunters (those that do not hire a guide or use any type of fee hunting arrangement) such as restaurants and gas and convenience stations had been impacted by restrictions on out-of state hunters. The lack of a permitting process to enable guides and outfitters to take hunters on National Grasslands was also identified as an issue limiting some businesses’ expansion.

Difficulty securing funding was identified as a constraint to business expansion by several participants. In some instances, businesses did not qualify for some state programs and, in other cases, participants cited the difficulty of trying to borrow money without collateral. Most participants indicated that while there were some challenges associated with financing, generally speaking, with a good business plan in hand, most have been able to secure financing. However, programs and financial institutions that recognized the differences between a service-related industry and the more typical and familiar agriculture industry would be a big plus.

Opportunities

While specific activities and services that participants viewed as offering the greatest opportunity varied somewhat within the region, optimism for growth in nature-based and outdoor recreation-related tourism was wide spread. While the Theodore Roosevelt National Park was specifically cited by many as the region's keystone attraction, other activities such as hunting, hiking, biking, birding, wildlife viewing, and cultural and heritage activities were examples of activities that participants identified as having substantial economic development potential.

Catering to the new upscale traveler was also identified as a potential opportunity. Many of today's travelers fall into this group, from families, to business people on corporate retreats, to retirees traveling the county in fully outfitted luxury RVs, participants suggested today's traveler is a more discerning traveler that demands upscale accommodations and services.

A regional charter service to provide transportation to and from Medora, Theodore Roosevelt National Park, and other regional communities was also identified as a specific opportunity. Business travelers in Dickinson, that do not have access to an automobile but would like to visit the park, was used as an example. Several international visitors traveling cross- country by bus was also cited as an example. They stopped to visit the area for a few days but had no access to the park. A local resident, upon hearing their plight, offered to drive them into the park.

Generally speaking, most participants viewed the regions' opportunities as limited only by one's creativity. While historically tourism has not been central to the economy or the social fabric of the region, many believe the region has such unique assets and natural resource amenities that visitation and tourism will play an increasingly important role in the future.

Issues and Discussion

In the course of the project, several issues emerged as particularly salient. A brief explanation of the issue is followed by a discussion of relevant issues, key points, and recent actions. This discussion is not intended to be exhaustive, but rather to identify and discuss some of the key considerations of particularly salient issues in the SW region.

<u>Issue – Hunting Access</u>

While expanded hunting has been a major source of growth in tourism for the Southwest region, guided and fee hunting has been blamed for making hunting access for local and in-state sportsmen more difficult. Groups claiming to represent in-state hunters charge that outfitters are leasing most of the best hunting land, that wealthy out-of-state hunters are purchasing substantial amounts of land, and that access to attractive hunting land is becoming extremely difficult for the average sportsman. Particular concerns have been raised regarding access for younger hunters, who are considered less able than others to afford access fees.

Based in part on concerns over access, a number of proposed restrictions on guides/outfitters and/or on non-resident hunters have been introduced in the last two North Dakota legislative sessions. The 2003 legislative session enacted legislation that (1) raised license fees for non-resident small game (i.e., pheasant) hunters, (2) limited the number of days non-residents can hunt (now 10 days) without purchasing an additional small game license, and (3) established a new licensing and fee structure for guides and outfitters. These new restrictions on non-resident hunters were blamed by some in the Southwest for a reduction in the number of non-resident hunters during the 2003 season. [While the total number of non-resident pheasant hunters in North Dakota increased from 2002 to 2003, the number hunting in the Southwest region appeared to decline (*North Dakota Outdoors* 2004). Growing pheasant populations in south central North Dakota, as well as perceptions of difficult access in the Southwest, may have contributed to the changing distribution of hunters.] In any event, the experience in 2003 points out the vulnerability of a tourism sector based on non-resident hunters to changes in state regulations or to perceptions that hunting access in a particular area is difficult.

Discussion

The North Dakota Game and Fish Department has responded to access concerns by expanding its Private Lands Open To Sportsmen (PLOTS) program. For the 2004 hunting season, more than 680,000 acres of PLOTS tracts statewide were open to walking access, an increase of more than 260,000 acres from the previous year (Freeman 2004, Bihrle 2003). The PLOTS program was accelerated in 2002 after Governor Hoeven authorized, and the state legislative emergency commission approved, creation of three new private land biologist positions and use of $1.5 million per biennium from the Game and Fish reserve fund. In addition, the 2003 legislature approved five additional positions and another $3.3 million per biennium. Further expansion of this program has great potential to alleviate the perception and/or reality of limited access to attractive hunting land. It was also suggested in one of the focus groups that moderate habitat enhancement efforts could substantially improve the quality of many tracts of PLOTS land. Some communities and outfitters have also taken steps to provide opportunities for selected groups of in-state hunters. For example, one SW-REAP zone community leases 11 quarters (1,760 acres) of land which is made available for free family hunting. Individual outfitters also sometimes offer free access for youth hunting.

Even with public access programs, for the foreseeable future most hunting in North Dakota will take place on private lands. In order to maintain support for non-resident hunting, especially guided and fee hunting, it is important that North Dakota sportsmen and their elected representatives believe that quality hunting opportunities are reasonably accessible to resident hunters. Communities that wish to use hunting as part of the basis for building their tourism sector may wish to examine how they might be able to facilitate hunting access locally.

Issue – Wildlife Habitat Enhancement

While hunting has burgeoned across the Southwest REAP region in recent years, some in-state groups have raised concerns that hunting pressure has become excessive. Based on stated concerns that growing hunter numbers are placing unsustainable pressures on wildlife resources and making quality hunting experiences unobtainable for many hunters, a variety of restrictions on non-resident hunters have been enacted. On the other hand, several focus group participants that offer hunting-related services, specifically guiding and fee hunting, indicated that pheasant populations in particular are quite responsive to land management practices. Outfitters cite their own efforts, in planting trees, developing water, and establishing nesting cover and food plots, that demonstrate that the pheasant populations on their lands have been enhanced by these practices. Their view is that pheasant and other wildlife populations could be greatly expanded by more widespread habitat enhancement efforts. They also believe that landowners are now beginning to regard wildlife as a possible source of revenue, and thus may be more receptive than in the past to implementing wildlife-friendly practices.

Discussion

This issue has been and is being addressed to some extent by the CoverLocks program of the North Dakota Game and Fish Department (Bihrle 2001). CoverLocks involves establishing 5 acres of trees and shrubs and 15 acres of adjacent grass. In addition to access to the 20-acre CoverLocks, the landowner must provide access to the other 140 acres in the quarter section. Once woody species are firmly established, 5 acres of the grassland habitat is converted to food plots. Landowners receive an up-front payment in exchange for a 30-year hunting access agreement, as well as an annual rental payment. Funding from the Game and Fish Department and the USDA-Conservation Reserve Enhancement Program covers most of the cost of cover establishment (Bihrle 2001).

Several research participants suggested expanding and enhancing the CoverLocks program. Additional resources for technical assistance and education for landowners who are interested in enhancing the wildlife habitat on their lands would complement the program. A Wildlife Extension Service (possibly structured as part of the present Private Lands programs of the ND Game and Fish Department, or as a program of the NDSU Extension Service, or possibly as a joint effort of the two entities) could provide this type of information and assistance. Further, the Hettinger Research/Extension Center is a unique state and local resource positioned to conduct research and outreach on land management practices that would enable agricultural producers and landowners to maximize their combined returns from agriculture and wildlife-based recreation.

Issue –Signage Restrictions and Limitations

Often cited as a key component for attracting potential customers, regulations guiding the placement and characteristics of signs was often criticized by research participants. Entrepreneurs use signs to communicate to their customers and potential customers the goods and services they have to offer. Today's travelers use signs to guide them to their destination and state and federal Departments of Transportation use signs to communicate regulations, warnings, and distance and direction. Signs of all kinds, traffic, directional, informational, and commercial billboards, are highly regulated. Participants viewed the signage regulations as restrictive and a source of frustration. Complaints about the cost of billboards, lack of logo signs, and general difficulty placing signs to either advertise or guide customers to their businesses were numerous.

Discussion

While the importance of signs as a method for advertising and as a guide for travelers is straight forward and simple, the regulations prescribing where and how signs may be used are not. Signs along Interstate and U.S. Highways are regulated by the Manual on Uniform Traffic Control Devices (MUTCD) (U.S. Department of Transportation 2003). While states do have the option of writing their own manual, the ND Department of Transportation has adopted federal guidelines for management of signs on the state highway system, including guidelines for county roads.

Three types of signs are currently utilized in North Dakota to guide visitors to attractions and services: 1) Recreational, Tourist, and Historical Signs, 2) Specific Service Signs, and 3) Tourist Oriented Directional Signs (TODS). Specific Service Signs are used only on Interstate Highways. Recreational, Tourist, and Historical Signs and Specific Service Signs are used on the North Dakota State Highway system and TODS are for non-conventional roadways (two lane, non-interstate) in rural areas. Each type of sign has specific requirements that must be met by a business or attraction before a sign can be placed. For example, a business must be within a certain distance of the Interstate, operate a minimum number of hours, and offer a specific set of services to qualify for a Specific Services Sign. Examples of Specific Services Signs would be "Gas," "Food," "Lodging" or the international symbol for the same. Recreational, Tourist, and Historical Signs also have specific minimum requirements regarding visitorship, hours and annual operations, attendance, and distance from roadway.

TODS are a fairly recent addition to the signage options in North Dakota. While the program was first approved and included in the U.S. MUTCD in 1988, the North Dakota State Legislature only recently authorized the program. TODS are for rural use and are excluded from placement along Interstate highways. Businesses or attractions that qualify as a cultural, historical, recreational, educational, or entertaining activity directed at non-local motorists may apply. Businesses offering gas, lodging, or food are not eligible to apply for a TODS.

While widespread throughout the county, logo signs are not approved for use in North Dakota. While an approved part of the MUTCD, the logo sign program requires state legislative approval and to date has not been approved by the North Dakota State Legislature. Logo signs display the business name using their business logo, for example "Perkins" or "Super 8." Logo signs are limited to Interstate Highways and are subject to qualification based on minimum standards.

Sign placement, type, and characteristics are highly regulated by the federal and state government with little room for interpretation. Attendance, daily operations, annual operations, and access to Interstate Highways are all factors that determine whether an attraction meets sign criteria. In most cases, the cost of the signs and an annual licensing fee are the responsibility of the business applying for the sign. Commercial signs are also regulated. In addition to conforming to mandated specifications, signs must be placed on land zoned "commercial" regardless of land ownership on both the Interstate Highway System and the North Dakota Highway System. The inability to place a sign on one's own property often was a source of frustration to research participants.

Many of the SW region's small businesses and attractions simply either do not meet the eligibility criteria for public interstate signage or are not located along the Interstate. The TODS program may, however, be appropriate for some businesses in the SW region. The program is designed to help motorists find a facility not readily observable from the highway, and TODS serve businesses or facilities that qualify as a cultural, historical, recreational, educational, or entertaining activity whose major portion of income is derived from motorists not residing in the immediate area. In addition, both year-round and seasonal businesses can qualify for TODS. While there is an annual cost to TODS and specific qualifications for eligibility, TODS may offer some businesses an effective alternative that will assist them in guiding customers and potential customers to their attraction or place of business.

A logo sign program may also help guide motorists to specific services off Interstate Highway exits in North Dakota. Like other sign programs, businesses must meet specific qualifications to be eligible. Currently, logo signs are not available in North Dakota, and legislative action would be required to approve the program for use in North Dakota.

Issue –Liability Insurance

Escalating liability costs and rapidly rising insurance premiums were cited by many participants as a critical concern. Respondents unanimously agreed that not only were liability insurance costs rising, but operating without appropriate coverage was not an option. Affordable liability insurance is not only relevant to the financial well-being of current operations but critical to the growth and expansion of the outdoor recreation-related and nature-based tourism sector.

Discussion

The subject of liability insurance was one of the most complicated and challenging issues identified. No business likes rising expenses, especially when the increase seems exorbitant and there is no increase in coverage or service. Widely divergent solutions to the issue have been offered, and many research participants offered solutions of their own. However, due to the complexity of the issue, it is beyond the scope of this research to offer any discussion of liability insurance issues other than to acknowledge the issue is of great concern to business operators in the SW region. The potential ramifications to the growth and expansion of the sector, not only in the SW region but throughout the state, are substantial.

Issue – Expanded Big Game Outfitting Opportunities

Guiding and outfitting for small game hunters has grown substantially in the SW-REAP region in recent years, and some outfitters have developed a clientele of deer bow hunters. However, opportunities for further expansion of big game guiding/outfitting in the region are limited by availability of licenses for non-resident hunters. Deer gun licenses for non-residents are limited by statute to no more than 1 percent of licences in a given area (although this requirement can be relaxed after the second lottery has been held). Further, the results of license drawings typically are not available until mid-summer, which may pose problems for persons trying to plan a guided hunt.

To ease these constraints for non-resident hunters and outfitters, the Legislature has authorized the ND Game and Fish Department to make 100 antlered whitetail licenses available to licensed outfitters. (No more than one-half of the non-resident license quota for a given hunting area may be issued to outfitters.) The licenses are allocated by drawing to outfitters who apply, with a maximum of five licences per outfitter. Drawing results are generally available in January, so that outfitters know if they have permits to market prior to the "Sports Show season." As North Dakota's outfitting industry has grown, the demand for these licenses has also increased.

Discussion

Persons seeking to support growth of the tourism industry through expanded hunting opportunities for non-residents could lobby for an increase in the number of outfitter licenses. Whitetail deer numbers have been high in most regions of the state for several years, and the ND Game and Fish Department has authorized a record number of licenses (more than 145,000 deer gun licenses) for the 2004 season.

Another possibility would be to expand the outfitter license concept to other species. Wild turkey is a species for which an outfitter program could be proposed. Traditionally, wild turkey hunting has been reserved for North Dakota residents, as the number of license applications statewide has typically exceeded the number of available licenses. However, while the turkey hunting areas close to the state's larger cities are usually heavily subscribed, often with the number of applicants being several times the number of available licenses, the demand for turkey licenses in the Southwest region is generally much less. For example, in August 2004, after the initial drawing had been held and licenses had been opened for first-come first-served purchase, more than 1,100 turkey licences remained in the SW-REAP counties. Further, the turkeys in this region are Merriams turkeys (a different subspecies from the Eastern turkeys that predominate in states east of North Dakota and the Rio Grand turkeys found in Texas and Oklahoma). This may make them desirable trophy birds to hunters from regions where they are not found.

Conclusions and Recommendations

Nature-based and outdoor recreation-related tourism are a relatively recent phenomena in North Dakota. The demand for recreation-related goods and services, the region's wealth of resources, and the need for regional economic development opportunities have combined to create an appropriate environment for an emerging recreation-related tourism sector. While the region has a multitude of assets and participants identified many potential opportunities, several challenges and constraints to growth and expansion were also identified. Regardless of the challenges and constraints and considering how relatively new the tourism sector is to the region, research participants, both business owners and others, are enthusiastic and optimistic about the future of the sector in the region. While the energy sector remains the centerpiece of the region's economy, the tourism sector has grown by 50 percent since 1998, to a level nearly equal to that of agriculture. If past growth is any indication of future growth and if the optimism and enthusiasm of the participants of this research effort are any barometer, tourism may become an even larger part of the region's economic base.

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