

Assessing the Potential of Nature-based Tourism as an Economic Development Opportunity for North Dakota

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Research Sponsors

New Economy Initiative
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Project Goal

To generate and share new knowledge that can assist landowners, entrepreneurs, and rural community decision makers in North Dakota to identify profitable investments in agricultural and nature-based tourism.

Objectives

- Identify and analyze existing agricultural and natural resource-based **tourism enterprises**.
- Identify and assess agricultural, natural resource-based, and heritage **tourism demand**.
- Estimate local and statewide **economic impacts** of agricultural and natural resource-based tourism.
- Provide **technical assistance** and generate and share research findings and prepare **decision making tools** .

Phase 1: Identify and analyze existing agricultural and natural resource-based tourism enterprises.

- What kind of services are offered
- Months of operation
- Number of employees, full-time, part-time, seasonal
- Customer base
- Growth pattern
- Economic impact
- Issues and attitudes

Methods

- Develop a mailing list of enterprises
 - Licensed Guides & Outfitters: North Dakota Game and Fish Department
 - Participants in Dept. of Tourism Publications: North Dakota Tourism Department
 - Licensed Bed & Breakfasts: North Dakota Department of Commerce
 - Local Convention and Visitors Bureaus
 - Internet searches, brochures, printed publications, mailing lists from various sources

North Dakota Outdoor Recreation–related Businesses, Response Rate, by Enterprise Type, 2003

Enterprise Type	Sample size	Response rate
	---number---	---percent---
Guides	417	22.3
Bed & Breakfast	66	28.8
Agri-tourism/birding	18	55.5
Camping	92	26.1
Misc./Unknown	195	24.6
Total	788	24.6

North Dakota Recreation-related Businesses, Type of Enterprise, 2003

Primary focus of business

	----percent---
Hunting related activities and services	45.3
Bed and Breakfast	16.1
Fishing related activities, resort/marina	13.5
Campground	10.4
Birding, working farm, fossil digs	7.4
Other ¹	7.3
(n)	(192)

¹Other: Sailing charter, scuba diving, RV park, historic tours, downhill skiing, shipping and packing game, choose& cut Christmas trees, retail gift shop, guest house, cabin rental.

North Dakota Recreation-related Businesses, Services Provided, 2003

Type of Service Provided	-percent-
Lodging, meals, food and beverage	70.9
Hunting related services and activities	61.7
Fishing and/or water related services and activities	30.1
Wildlife viewing, birding, and/or sightseeing activities	18.7
Agriculture and/or farm and ranch related activities	14.5
Fossil digs, archaeological explorations, and/or historical tours	4.4
(n)	(147)

North Dakota Outdoor Recreation-related Businesses, Income Characteristics, 2003

Primary Source of Income	--percent--
Salary or wages	29.6
My farm or ranch	26.5
My outdoor recreation-related business	14.8
My business not related to outdoor recreation	11.6
Retirement or investment income	10.6
Other	6.9
(n)	(189)

North Dakota Outdoor Recreation-related Businesses, Income Characteristics, 2003

Portion of Household Income from Outdoor Recreation Related Business	-percent--
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Zero	10.4
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1 to 5	23.9
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6 to 25	40.5
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26 to 50	12.9
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51 to 75	3.7
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More than 75	8.6
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(n)	(163)
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Average annual household income from outdoor recreation-related business	24.7
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(n)	(146)
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North Dakota Outdoor Recreation-related Businesses, Customer Characteristics, 2003

Customer Residency	---percent---
Local residents	10.8
ND residents from elsewhere in the state	18.6
Non-residents from adjacent states	22.8
Non-resident from elsewhere in the U.S.	46.2
Other (International)	1.6
(n)	(179)

North Dakota Outdoor Recreation-related Businesses, Business Characteristics, 2003

- 28 percent of respondents have paid employees¹
- Of those with paid employees²:
 - 26 percent have full time employees
 - 20 percent have part-time employees
 - 32 percent have full-time seasonal employees
 - 74 percent have part-time seasonal employees

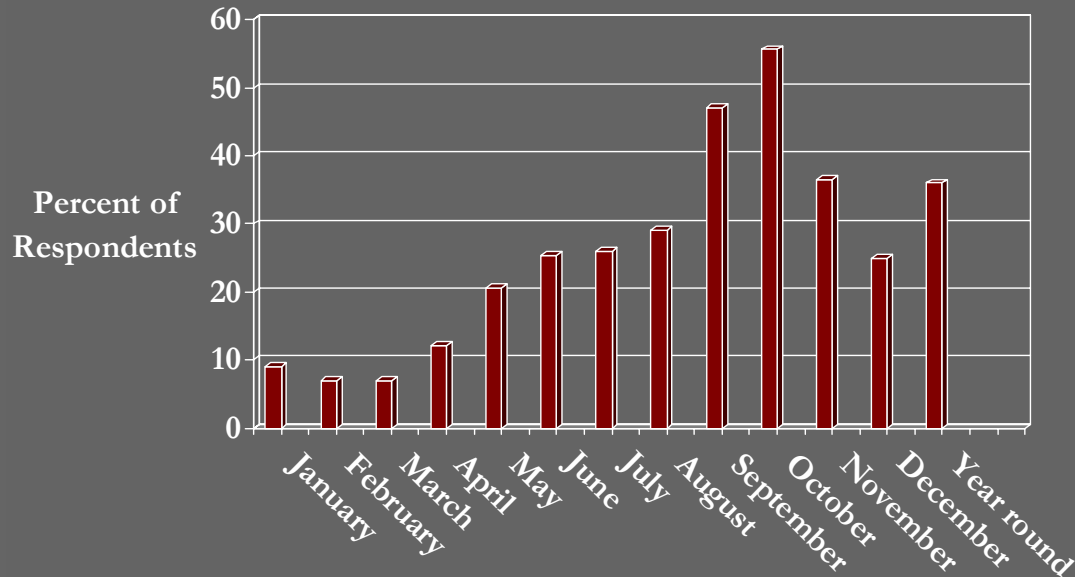
¹ N = 188

² N = 50

North Dakota Outdoor Recreation-related Businesses, Months of Operation, 2003

- 52 percent of respondents have an average of 2.2 unpaid family members that are involved with the business¹
- 36 percent of respondents operate 12 months of the year, 56 percent operate in October, less than 10 percent operate in January, February, and March

¹ N = 184



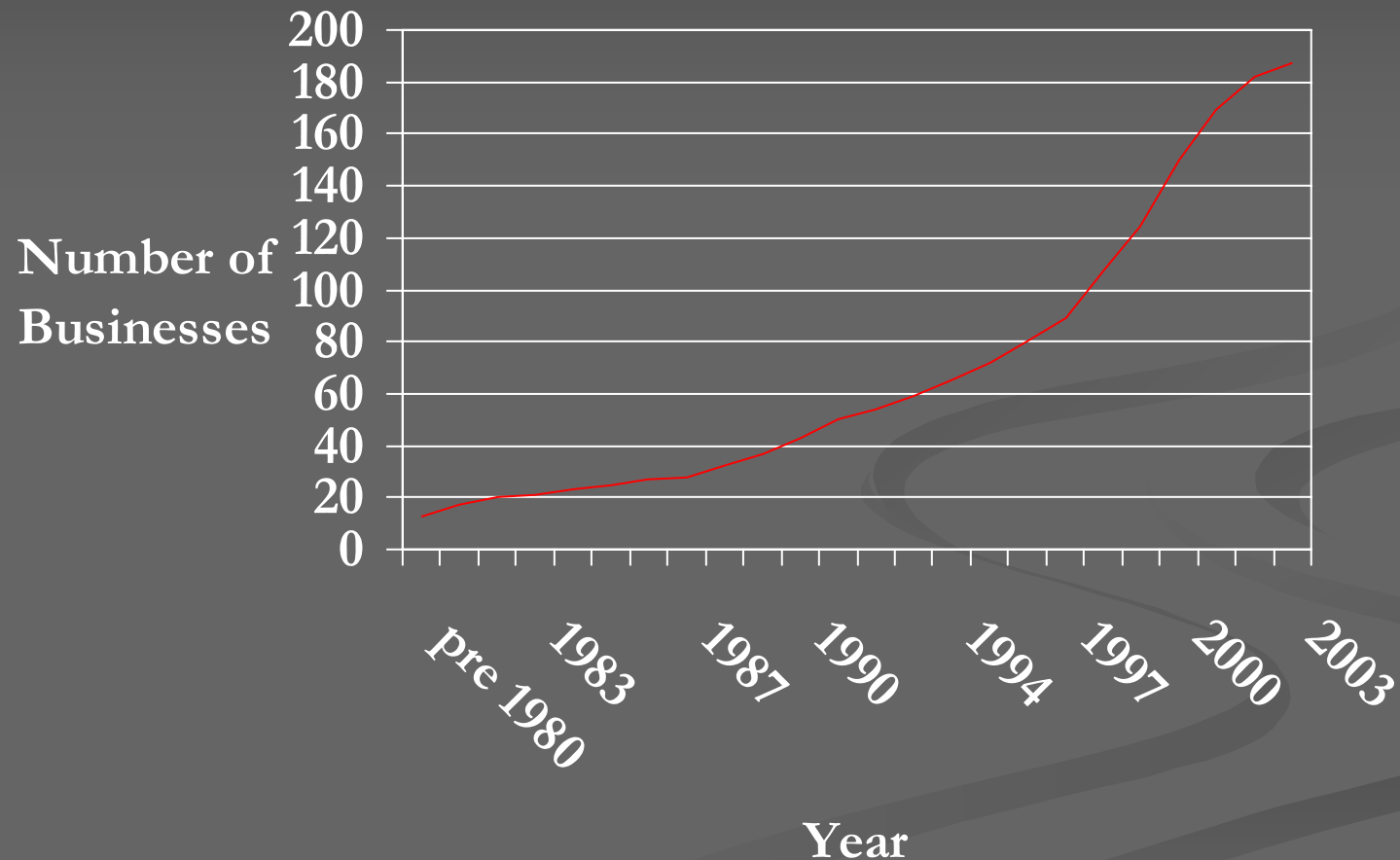
North Dakota Outdoor Recreation-related Businesses, Business Characteristics, 2003

- 25 percent of respondents subcontract with other businesses for goods and services offered to their customers
- 23 percent of respondents cooperatively market their business with other outdoor-recreation related businesses in their area

North Dakota Outdoor Recreation-related Businesses, Business Characteristics, 2003

- Year of business establishment:
 - Prior to 1980 7.0 percent
 - 1980 to 1989 7.0 percent
 - 1990 to 1999 52.4 percent
 - 2000 to 2003 33.7 percent

North Dakota Outdoor Recreation-related Businesses, Year Business was Established, 2003



North Dakota Outdoor Recreation-related Businesses, Technical Assistance, 2003

Type of information that would be useful in operating and/or expanding business	Percent very helpful	Average score
Marketing/advertising	70.3	3.97
Web site design, internet applications	65.6	3.80
Legal (insurance, liability, contracts, regulations)	48.6	3.39
Habitat/land mgmt. and improvement	42.5	3.14
Industry trends and updates	41.3	3.14
Business/financial mgmt./strategic planning	25.3	2.76
Personnel mgmt./guest relations	25.2	2.87
(n)	(169)	

North Dakota Outdoor Recreation-related Businesses, Utilization and Effectiveness of Various Forms of Advertising, 2003

Advertising Medium	percent that use medium	percent indicated medium is effective
Word of Mouth	96.5	94.2
Web site	62.1	67.5
Brochure or pamphlet	70.4	65.1
State agency publications	60.3	55.6
Printed media	60.3	44.9
Trade Shows	66.5	44.7
Television or radio	26.0	38.5
Chamber/CVB publications	38.8	51.9
Trade publications	29.3	34.7
(n)	(157)	(103)

North Dakota Outdoor Recreation-related Businesses, Economic Development Potential of Various Nature-based Activities, 2003

Activity	great potential	some potential
	-----percent-----	
Hunting & fishing	70.1	90.2
Birding, wildlife viewing, nature tours	27.9	50.2
Off road activities (hiking, biking, adventure tours)	21.2	49.7
Water sports (canoeing, sailing, boating)	19.1	47.2
Working farm and ranch activities, agri-tourism, etc.	18.1	46.3
Off road motor sports (snowmobiles, ATVs, etc.)	13.6	39.2
Heritage tours	14.1	36.1
Fossil digs, archaeological exploration	9.6	27.7
(n)	(178)	

North Dakota Outdoor Recreation-related Businesses, Issues and Attitudes, 2003

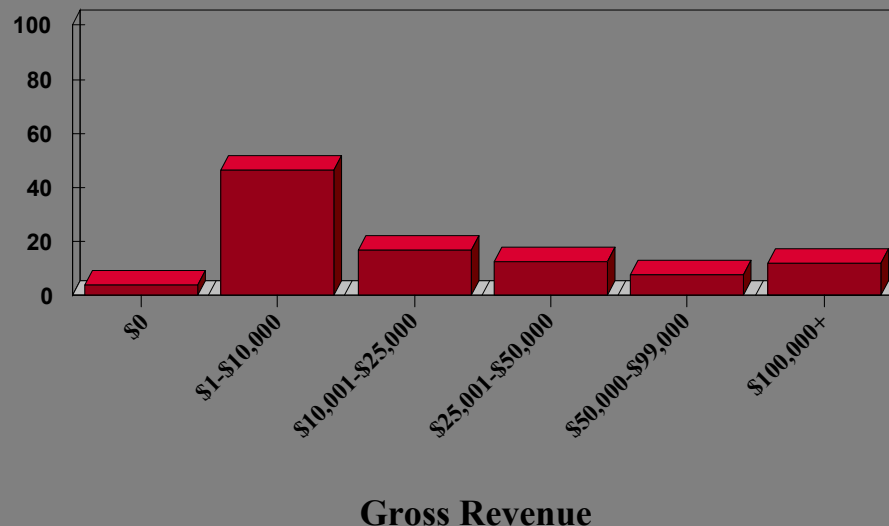
Issue	percent that agree	Average score
Outdoor rec. tourism offers economic development opportunities in rural areas throughout the state	78.1	4.22
Outdoor rec. tourism offer local economic development opportunities in my area	77.0	4.13
More promotion of state as destination	75.7	4.16
Demand increased in last three years	72.1	3.97
Need more customers to operate at capacity	63.6	3.79
Uncertainty regarding limits on non-resident hunters hurt my business	56.7	3.71
Regulatory/legal issues constraints	51.1	3.66
(n)	(175)	

North Dakota Outdoor Recreation-related Businesses, Issues and Attitudes, 2003

Issue	percent that agree	Average score
Liability/comp. insurance prohibitively expensive	50.5	3.44
Need to attract customers throughout the year	46.9	3.32
Having trouble attracting customers	32.2	2.76
ND has too few attractions to make tourism viable	18.9	2.20
Unable to secure financing	16.0	2.50
Unable to purchase liability/comp. insurance	12.9	2.13
(n)	(175)	

North Dakota Outdoor Recreation-related Businesses, Gross Revenue, 2003

Percent of Respondents



Gross Revenue	percent
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Zero	4.0
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\$1 to \$10,000	46.4
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\$10,001 to \$25,000	16.8
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\$25,001 to \$50,000	12.8
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\$50,001 to \$100,000	8.0
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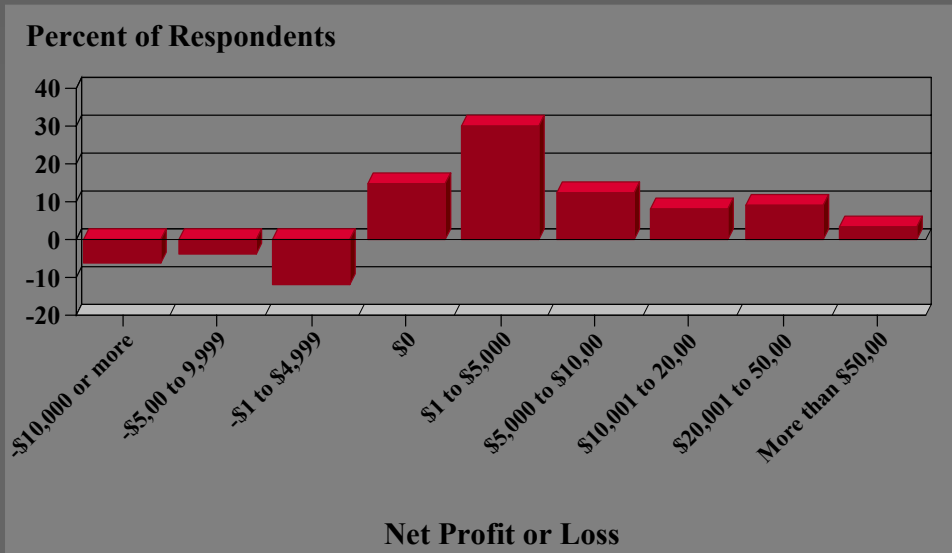
More than \$100,000	12.0
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(n)	(125)
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Mean = \$57,999

Sum = \$7.1 million

North Dakota Outdoor Recreation-related Businesses, Net Profit or Loss, 2003



Net Profit or Loss	percent
\$10,000 or more loss	5.9
\$5,000 to \$9,999	3.4
\$1 to \$4,999	11.8
\$ 0	15.1
\$1 to \$1,000	8.4
\$1,001 to \$5,000	21.8
\$5,001 to \$10,000	12.6
\$10,001 to \$20,000	8.4
\$20,000 to \$50,000	9.2
\$50,001 to \$100,000	1.7
More than \$100,000	1.7
(n)	(119)
Mean = \$9,730	

Key Findings

- Activities and services related to hunting and fishing are predominate
- Businesses are not primary sources of income and in most cases constitute a relatively small portion of household income
- Most do not have paid employees and over half utilize unpaid family members
- Most business are relatively new—over half established since 1990

Key Findings

- Those currently involved in business are optimistic about the economic development potential of outdoor recreation tourism
- Most respondents (72%) indicated demand has increased in the last three years, and relatively few (32%) indicated trouble attracting customers
- Respondents most frequently indicated technical assistance related to marketing/advertising and web site design and internet application would be very helpful

Questions?

- For more information or if you would be willing to either participate in focus group interviews or share your customer mailing list:
- Larry Leistritz can be reached at:
 - phone 701-231-7441
 - fax 701-231-7400
 - e-mail: lleistri@ndsuext.nodak.edu
- Reports from NDSU Dept. of Agribusiness and Applied Economics are available on the Internet
<http://agecon.lib.umn.edu/>