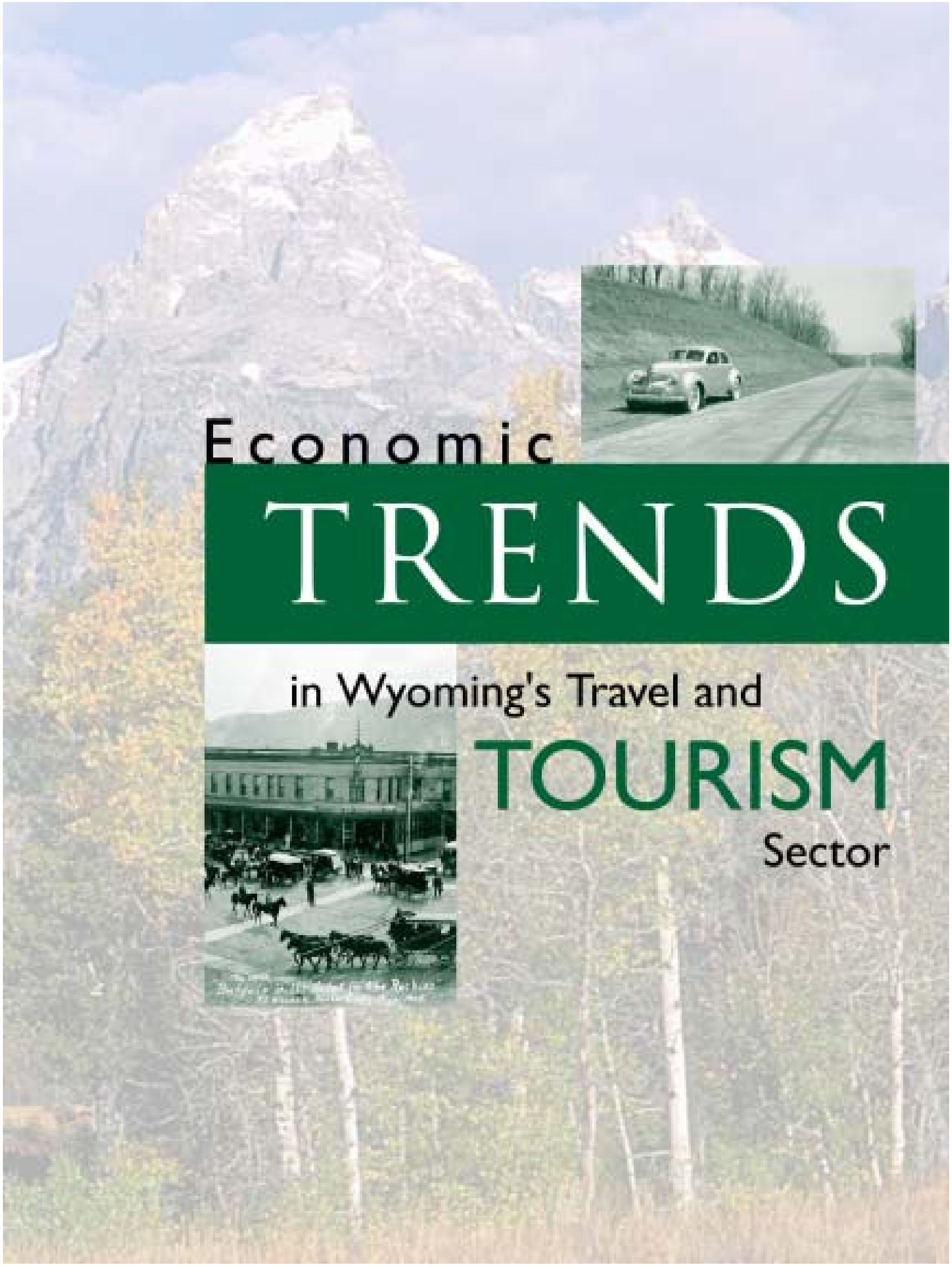

Economic TRENDS in Wyoming's Travel and TOURISM Sector

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Travel and tourism are an important part of Wyoming's economy. It is estimated that travel spending in Wyoming amounted to about $1.8 billion in 2000 (Runyan 2001). Yellowstone National Park, the world's oldest national park and a jewel in the crown of the U.S. park system, is almost completely located within Wyoming. Combined with the spectacular scenery of the Tetons, these two attractions alone draw millions of people to Wyoming every year. Other Wyoming attractions include Devil's Tower in northeastern Wyoming and Cheyenne Frontier Days, which takes place every July. In a state primarily dependent on extractive resources (See the *Economic Trends in Wyoming's Mineral Sector* series by the same authors), travel and tourism holds the promise of an alternate engine for economic development, creating jobs for residents, and generating revenue for state and local governments.

This baseline survey of the economic trends in Wyoming's travel and tourism sector takes a slightly different view from the authors' previous *Trends* reports. In addition to presenting economic indicators and historical data, information on the place of tourism in the economy and the challenges it presents will be outlined. The historical context and issues related to specialization and diversification will also be explored.

Definitions and Data

Defining travel and tourism can be a daunting task. Unlike other sectors of Wyoming's economy with measurable physical outputs such as minerals and agriculture, the products of travel and tourism are more tenuous. Travel and tourism services and the experiences people take away with them defy accurate measurement. Additionally, expenditures are not limited to one or a few sectors. Travelers and tourists make purchases from a broad range of sectors. This fact not only adds to the complexity of analysis but also makes it more difficult to outline the sector. Without clear boundaries, it is impossible to define the sector and measure change over time.

There are several definitions of tourism. This report defines tourism simply as travel for pleasure. Thus, the business traveler is not a tourist. However, if the business traveler takes in a tourist attraction or brings his or her family along for tourist activities while on a business trip, the waters of definition become murky. For this reason, travel and tourism are evaluated together in this report. State-level data on tourism alone is unavailable. This makes the study of travel and tourism somewhat subjective. Even so, this information is valuable not only to business owners but also to local officials and state and federal agencies whose job it is to plan for tourism development.

Most information collected on the sector to date has been through surveys that sample travelers and tourists and secondary sources such as hotel occupancy rates, lodging taxes, and employment rates collected by the federal government. Thus, the best information available is an educated estimate that includes information from outside the sector. This makes it all the more critical that the readers of reports on travel and tourism understand the sources of data used and their limitations.

Data from The Bureau of Economic Analysis's Regional Economic Information System-State Personal Income (REIS) forms the basis of this report. REIS data is gleaned from individual and company tax returns and is considered one of the most complete sources of broad-based economic information available. Again, the choice of information extracted is critical in assessing the veracity of the estimates produced for the sector. Table 1 shows the categories of wage and salary and employment data from REIS used in this analysis of Wyoming's travel and tourism sector. Critical readers will see at once that overlap occurs between the travel and tourism sector and economic activity associated with local residents purchasing goods and services for their own use. It may be helpful to look at these sectors as *including* the travel and tourism industry as well as its core functions. This fact means that some of the estimates presented in this report will overstate the true level of economic activity in the sector. For that reason, the concept of a location quotient will be introduced to try to show the level and effect of outside activity on the economy. First, the historical context of the development of Wyoming's travel and tourism sector will be reviewed.

Table 1. REIS categories used

Real estate
Retail trade
Hotels and lodging
Personal services
Amusement and recreation services
Transportation by air

The Yellowstone Factor

Yellowstone National Park (YNP) is by far the most recognizable tourist attraction in the mountain West. A recent *Family Fun* magazine survey rated it as the third most popular family vacation destination after Walt Disney World and Yosemite National Park (Family 2002). Yellowstone National Park is the world's first national park, created on March 1, 1872. Its opening also arguably marks the beginning of Wyoming's tourist industry and can be looked at as a proxy for growth in that industry in the state.

A few hardy tourists were making their way to see Old Faithful before the battle of the Little Bighorn (1876), the capture of Chief Crazy Horse (1877), and only five years after the first transcontinental railroad entered Wyoming Territory. Early tourists came by stagecoach to the park from Virginia City, Montana. This was a different type of tourist than what we think of today. Few people could afford the time or the $116.75 ticket price from Omaha to Corinna, Montana (Norton 1873). Gradually, more and more visitors came away extolling the wonders they had seen. Territorial Governor John Hoyt remarked after an 1881 visit that the wonders of the park "are destined to attract a constantly increasing number of visitors from all parts of the world" (Larson 1965). The year 1895 recorded 5,438 visitors to the park (NPS 2001), but these were still mostly wealthy tourists who arrived by train and took the package tours.

Visitation to YNP rose in the first decade of the twentieth century to an annualized average of 17,110 (Table 2). However, the real surge in visitation did not occur until after World War I. This was not only due to the feel-good times of the 1920s but also to the revolution in transportation created by the automobile. The first cars entered the park in 1915, bringing total visitation that year to 51,895, double the year before. World War I interrupted the boom. After the war, the new mode of transportation caught on, and the number of roads multiplied. By the 1930s, Yellowstone was the "lodestone that attracts thousands of tourists annually to this state" (Wy C&I 1930). This was a new kind of tourist. Instead of more affluent travelers arriving by train on package tours, the more adventurous spirit of the times and the personal nature of the automobile brought people of more modest means. The surge in visitation continued for the next 50 years, spurred on by better automobiles and increasingly better roads. The completion of the interstate transportation system in the 1970s created somewhat of a saturation

Table 2. Average YNP visitors by decade.

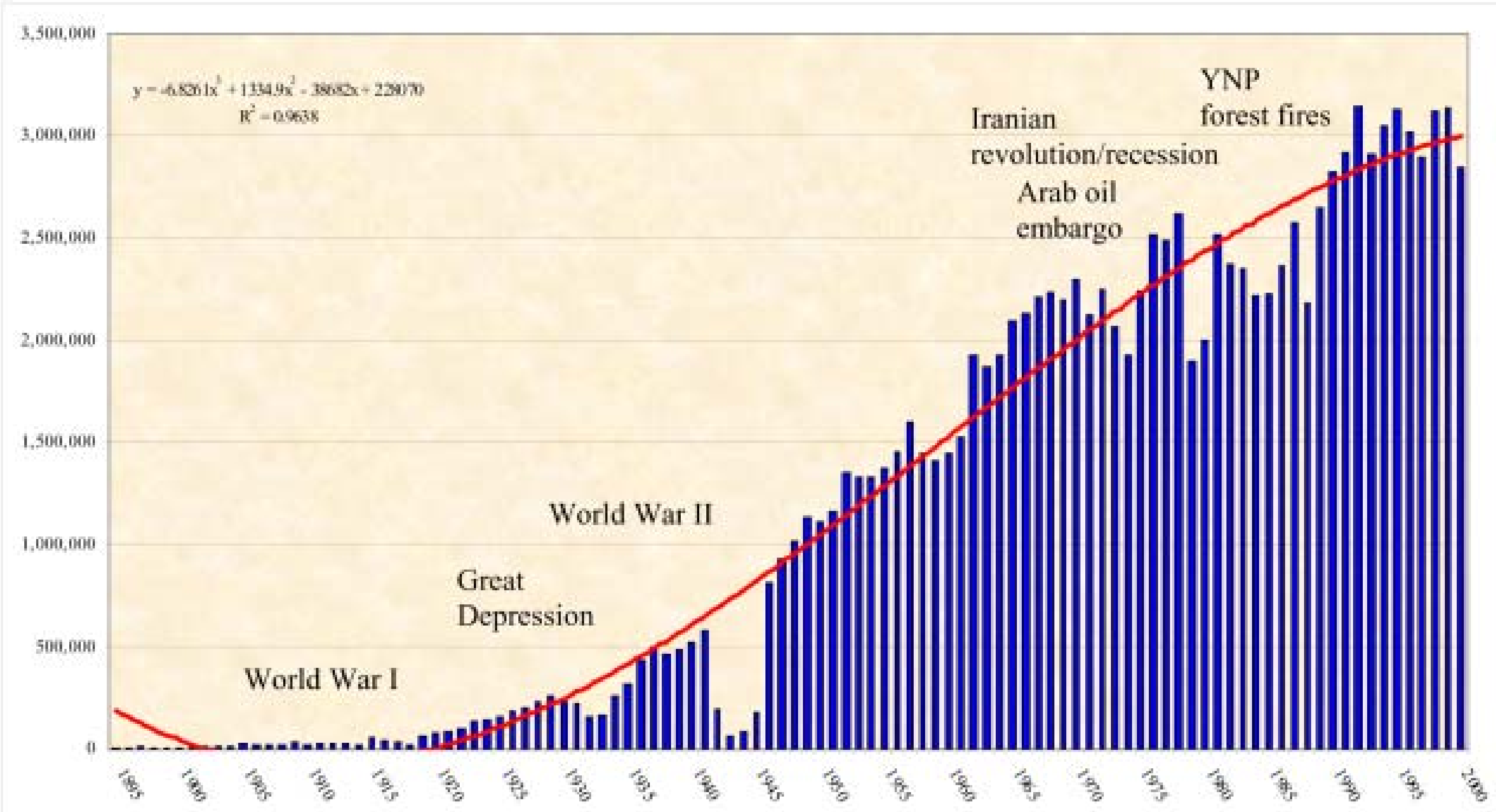
	1969	2000	Percent change	Annual percent change	Location quotient (2000)
Total Employment, Wyoming	157,955	330,613	109.3	3.4	n/a
Transportation by air	251	1,228	389.2	12.2	0.47
Retail trade	25,139	58,072	131.0	4.1	1.08
Real estate	2565	9,336	264.0	8.3	1.04
Hotels and other lodging places	6,077	10,595	74.4	2.3	2.54
Personal services	2,896	5,948	105.4	3.3	1.02
Amusement and recreation services	1,251	6,833	446.2	13.9	1.06
Est. total employment, Wyoming travel and tourism	**38,179**	**92,012**	**141.0**	**4.4**	**1.12**

Yellowstone Park Coach, 1934.

point, at least from the perspective of ground transportation. Train travel gradually faded away in the 1980s and early 1990s, forced out by the ease and economy of point-to-point travel offered by automobiles.

YNP visitation in the 1980s and 1990s did not see nearly the growth of past decades. One would expect that an increasing

Figure 1. Yellowstone National Park visitation, 1895-2000.



Data source: National Park Service

population with more money and more leisure time would visit YNP in greater numbers. It is true that the average number of people annually visiting YNP hovered around three million during the 1990s, a record volume. However, Figure 1 shows that visitor growth was most pronounced between 1989 and 1992. Visitation gained a sporadic 0.52 percent from 1990 through 2000, this during an extraordinary period of growth in personal wealth and in the U.S. economy. Can it be that the park has now reached a plateau in terms of visitation? Previous dips in visitor numbers have had a clearly identifiable cause, such as war or economic instability. The 1990s, though sustaining a high number of visitors, constituted the longest recorded period of sporadic to stagnant growth on record. A trend line, fitted to the visitation numbers in Figure 1, shows visitation increasing at a decreasing rate. Should this trend continue, visitor numbers will level off at just over three million visitors per year. Caution is advised here since visitor numbers are based on the number of vehicles entering the park and average passengers per vehicle. The important question, however, is why have visitor numbers changed and what are the factors driving this change?

One explanation might be changing demographics in the visitors. Though demographic data is not specifically available for park visitors, the aging of the general population may have some influence on the changing numbers. A lower number of older people tend to engage in outdoor activities. It is also possible that many older people have already visited the park with their children in the 1960s and 1970s. Other causes could be shifts in the type of leisure-time activities that Americans are choosing (witness the growth in the "gaming" industry and cruise vacations), or congestion in the park itself could be degrading the experience and forcing a shift in visitation patterns.

The authors tend to support the notion that Americans are shifting their preferences for leisure-time activities. Stagnant to declining visitation is not unique to Yellowstone or Wyoming. Longwoods International Inc. also completed a study for the Colorado Tourism Board and found that Colorado's share of domestic pleasure travel decreased 30 percent between 1993 and 1997. Colorado moved from first place to seventeenth in the summer resort category and had not regained a top-ten position through 1999 (Longwoods 2002). Additionally, visitor data from Grand Canyon National Park shows a pattern similar to YNP of sporadic growth during the 1990s. Only time will tell if the 1990s were an aberration or part of a longer-term trend, but those in the travel and tourism sector would be wise to investigate what could have significant implications for their business models.

Outside the park, growth in travel and tourism appears to have followed that of Yellowstone but to a lesser degree. It is hard to estimate growth in outside-the-park travel during the early decades of the twentieth century since no one seems to have been counting. A significant difference appears to be the type of tourist activities. Whereas park visitors came for the sights (Old Faithful, Yellowstone Falls, and abundant wildlife), many early tourists outside the park came to hunt or to experience the cowboy life at dude ranches. (Hunting was banned in YNP in 1883.) Consider this from a 1930 Wyoming Department of Commerce and Industry promotional brochure:

> *Since the days when the fame of Buffalo Bill as a hunter on Wyoming's rolling plains and in its timbered mountains began to spread throughout America, this state has held continual interest for the sportsman…Known to every world traveler and sportsman is the famous Jackson's Hole country…where bands of elk, moose, and other wild game quench their thirst at nightfall in the placid waters of beautiful Jackson lake.*

Or this:

> *In response to the new and astonishing demand for her sports and pleasures, the Wyoming dude ranch has come into being, offering a haven of rest, the thrill of splendid adventure, and the delights of real western life to the people of other surroundings.*

The first attempt to document the travel industry in Wyoming was a 1960 traveler survey of 3,000 people. This survey showed that only 29.1 percent of the highway travelers entering Wyoming actually had Wyoming as a destination. The vast majority of the travelers said their main objective was "to get to the other side" (Gwinner 1961). A year later, Gwinner conducted a survey of 2,000 people focusing on out-of-state tourists. The tourism report showed that 61.6 percent of tourists had Yellowstone National Park as their primary destination. Teton National Park garnered 20.6 percent, but no other destination accumulated more than five percent (Gwinner 1962). Gwinner stated:

> *In general, the activity enjoyment reported by Wyoming's out-of-state tourists is typically descriptive of the type of vacation that Wyoming has to offer. For the most part, a Wyoming vacation is largely confined to sightseeing and other western-type activities such as horseback riding and rodeo attendance. There are no bright lights, no exclusive restaurants, and none of the frills offered in a city-type vacation. A Wyoming vacation is a*

> *rustic vacation, and, for this reason, it is most appealing to those out-of-state parties that like to "rough it" while on a pleasure vacation. The state is not appealing to the luxury vacationer.*

(Note: Gwinner conducted his survey in the summer, so there is no mention of hunting.)

A common thread and one that is significant in understanding the sector is that it is the geography of place that has attracted and continues to attract people to Wyoming. Travelers and tourists tend to come to Wyoming for scenic vistas, mountain streams, deep powder (snow), and big game. A 2001 report by the marketing firm Longwoods International Inc. on tourism shows the top three sports and recreation activities are (in order) hiking, camping, and hunting. Furthermore, of the top 13 most popular attractions in Wyoming, only one, Devil's Tower (number 8), is not in the greater Yellowstone area. Conversely, the same survey shows that Wyoming is weakest in those travel and tourism products that are not necessarily linked to a specific geographic location but are found in more urbanized areas. The top six are (in order of weakest first) great live music, exciting shows / night life, first-class hotels, excellent shopping, elegant restaurants, and unique cooking (Longwoods 2001). Since these activities are generally not location specific, this could be an area with future potential worth investigating.

Travel and tourism produces a significant contribution to the state's economy. A Dean Runyan Associates report estimates that travelers spent $1.8 billion in Wyoming in 2000. Travel spending increased an average of 6.4 percent per year between 1997 and 2000 (3.9 percent in inflation-adjusted dollars). This same report indicates that there are 32,700 travel-generated jobs in Wyoming (Runyan 2001).

Hotels and lodging

Probably the most direct indicator of the travel and tourism industry is the hotel and lodging sector. The hotel and lodging sector is only part of the entire travel industry, yet it is the sector that most directly reflects the industry since the majority of travelers and tourists need overnight accommodations. A recent report commissioned by the Wyoming Business Council indicates that hotels, motels, and resorts supply 48 percent of travel accommodations (Runyan 2001). Individual analysis of this sector yields some important clues to the structure and direction of the entire industry.

Total employment in Wyoming hotels and other lodging places has followed an up-


The Irma Hotel, Cody, Wyoming, 1906.

ward trend since 1969 (Figure 2). Hotel and lodging employment appears to be somewhat sensitive to the overall economic climate in the state as reflected in the peak (1981) and trough (1987) of the energy boom years. The increase since the trough year follows the growth in overall employment in the state. Total employment in Wyoming's hotel and lodging sector gained 74 percent between 1969 and 2000 (BEA 2001).

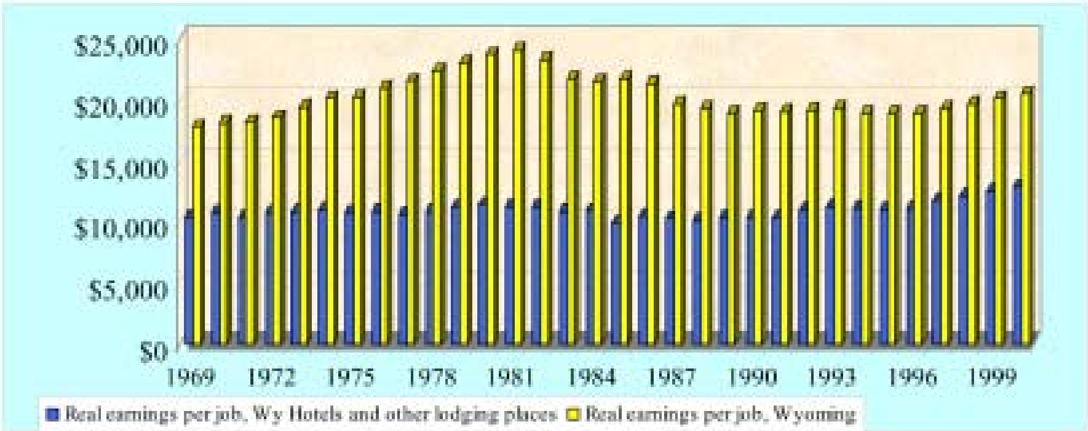
Figure 3 shows the statewide average real earnings per job (all sectors) versus hotel and lodging sector real earnings per job from 1969 to 2000 (in 2000 dollars). Statewide average real earnings gained 15 percent during the period versus 24 percent for the hotel and lodging sector. However, measured between 1969 and 1996, real earnings per job for the hotel and lodging sector rose only 7 percent. Furthermore, hotel and lodging earnings averaged just 51 percent of statewide average earnings per job. Average earnings per job in the sector during 2000 were $12,896 versus $20,500 statewide. The important message here is not only one of lack of growth in wages but also the fact that even during the boom years (1970-1986) hotel and lodging real earnings were relatively unaffected by economic conditions in the state.

Seasonality affects Wyoming hotels and lodging establishments as shown by occupancy rates. Figure 4 shows average occupancy by month from 1993 through 2001 (Lodging 2001). The chart clearly shows the seasonal effects. Total yearly occupancy for the period averaged 59.6 percent, which means that on the average rooms were vacant 40 percent of the year. An interesting side note is that occupancy in Jackson was slightly higher in winter and summer months than in other Wyoming locations. All locations showed low occupancy for the month of April, but other locations showed a slightly higher occupancy rate in the hunting season months of October and November than that in Jackson (Lodging 2001).

Figure 2. Total employment, Wyoming hotel and lodging sector, 1969-2000.

Data source: Bureau of Economic Analysis, State Personal Income, 1929-2000.

Figure 3. Real earnings per job, Wyo. vs. Wyo. hotels and lodging sector, 1969-2000.



Data source: Bureau of Economic Analysis, State Personal Income, 1929-2000.

Figure 4. Average percent occupancy, Wyoming hotels and resorts, 1993-2001.

Data source: Rocky Mountain Lodging Report

Economic diversification

It is important to view travel and tourism as part of a diversified package, not as an alternative path of economic development. Diversification in an investment portfolio is a way to spread risk and avoid the pitfalls of "having all your eggs in one basket." Too narrow a focus can lead to dependency on a particular industry for jobs or revenue that may shift due to forces beyond local control, taking with it the means of livelihood for a significant portion of the local economy and causing extreme economic upheaval and even collapse. Just as in a financial investment portfolio, different sectors offer pluses and minuses that need to be considered in developing plans for a broad-based, diversified economy.

Tourism and recreation gained significance after World War II when increased wealth and mobility allowed more Americans to travel and access more remote parts of their nation. (Yellowstone is a good example; see Figure 1.) Since then many local economies have come to depend on travel and tourism for their continued vitality. As agriculture holds less influence in the economic balance, local economic developers have increasingly pointed to travel and tourism as the way forward (See text box, Page 12). While all sectors come with various attractions and drawbacks, tourism is generally considered cleaner than other types of industries. But to those living in the region, it can be a mixed blessing since the "culture" of an area can change dramatically with the influx of thousands of tourists. Local job structure can also change as low-wage service sector and / or seasonal jobs associated with tourism become the norm.

A well-diversified economy is the best of both worlds. Just as a balanced financial portfolio holds elements from several different sectors, a balanced economy derives increased economic growth and security by not relying exclusively on any one industry. In such economies, the whole is greater than the sum of the parts as synergies between industries create linkages which enhance the overall welfare of local residents by creating additional economic opportunities (support service businesses, niche markets and diverse labor pools to name a few).

The location quotient

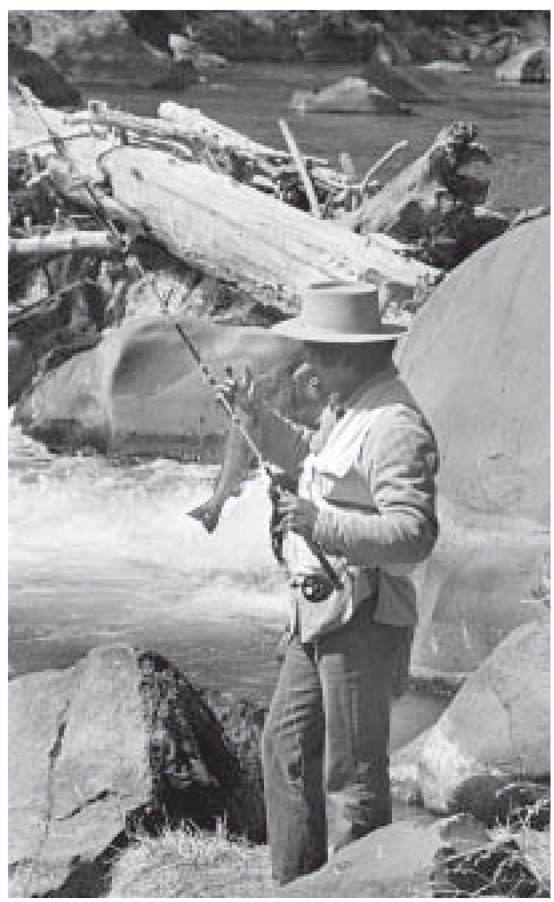
Another way of looking at travel and tourism's effect on Wyoming's economy is through a number called a location quotient or LQ. Location quotients measure self-sufficiency and can also be used to gauge the degree of specialization within an economy. Equation 1 shows the general formula for a location quotient. An LQ is really a ratio that compares the percent of an activity in the region to the percent of the same activity in the nation. Location quotients can be calculated for employment or earnings.

Equation 1: The location quotient.

$$LQ = \frac{\text{percent of local employment in sector } i}{\text{percent of national employment in sector } i}$$

LQ values of less than one indicate that the local economy is less specialized than the national economy in that area. Conversely, LQs greater than one indicate that the local economy has a degree of specialization greater than that of the national economy. Lastly, an LQ of one means that the ratio within the local or regional economy is the same as the national economy.

When analyzing a local or regional economy, economists gauge economic vitality by looking at growth in exports. Exports are defined as goods or services that are produced for sale or consumption in excess of what is consumed in the local economy. So export dollars are dollars that flow in from outside the local economy from the sale of these surplus goods or services. Since the LQ for parity with the national economy is one, an LQ greater than one means that the local economy is producing a surplus for export. For example, Wyoming's hotel and lodging sector has an employment LQ of 2.54 (Table 3). This means that Wyoming has 1.54 times the number of hotel and lodging employees as the national average (2.54-1=1.54), showing that Wyoming has an excess of hotel and lodging employees compared with the national average. It also shows a high degree of specialization in hotel and lodging. This does not seem extraordinary since Wyoming is a largely rural state with long distances between towns and a solid tourist industry.



Tourism, a silver bullet or a dark lining

Tourism has become one of the most important sources of growth in many communities across the Rocky Mountain West. Regions that were once dependent on extractive industries have seen those industries decline or fail to grow due to the structural changes within their markets and environmental policies. In their place, amenity-based economic growth has occurred for many communities. One aspect of amenity-based growth, tourism, has been seen as a savior to small communities that have watched their traditional economic base decline or disappear. Tourism has long been touted as both an important source of new jobs and as an industry that brings its own set of problems, such as low wages and seasonality. Service and retail jobs typically include primarily low-wage occupations for most workers in these sectors.

Comparisons of tourism versus extractive jobs very often show a negative tradeoff for the tourism industry. A study conducted in Idaho estimated that for every logging job a community lost it would need to create four tourism jobs to regain the lost income (Robison et al. 1990). Similarly, a study of tourism jobs in northern Wyoming found that three tourism jobs would have to be created to replace one lost agricultural job (Fletcher et al. 1998).

On the opposite side of the debate, some writers have expressed doubts as to the significance of the negative aspects of an amenity-based economy. Rasker (1995, 1998) has argued that there has been a structural change away from extractive industries and toward services. Most new jobs coming into a region are jobs that are attracted by the amenity base of the region. Such growth has come to high-wage service industries whose weekly earnings are as high or higher than goods-producing jobs. In both studies, Rasker disposes of the notion that service jobs are necessarily low income and that the highest growth component of service jobs are professionals such as doctors, lawyers, engineers, and accountants. High-tech service workers, receiving considerably higher wages, have replaced traditional extractive industry jobs.

The problem, however, is one of geography. Do the kinds of jobs generated in this new economy come to all communities? While the picture Rasker paints of the larger economy is likely true, the question of whether and to what degree it extends to smaller communities remains in question.

Critics argue that many counties in the West are not close enough to amenities to leverage them into a new growing economic base, and those that are suffer from low wages characteristic of service and retail sectors. A look at average earnings per job across counties with different degrees of rurality suggests that skepticism about the benefits of amenity-based economies is justified. For more information see Table 2. (Coupal 2000)

-Roger Coupal

Table 3. Employment growth in Wyoming's travel and tourism sector.

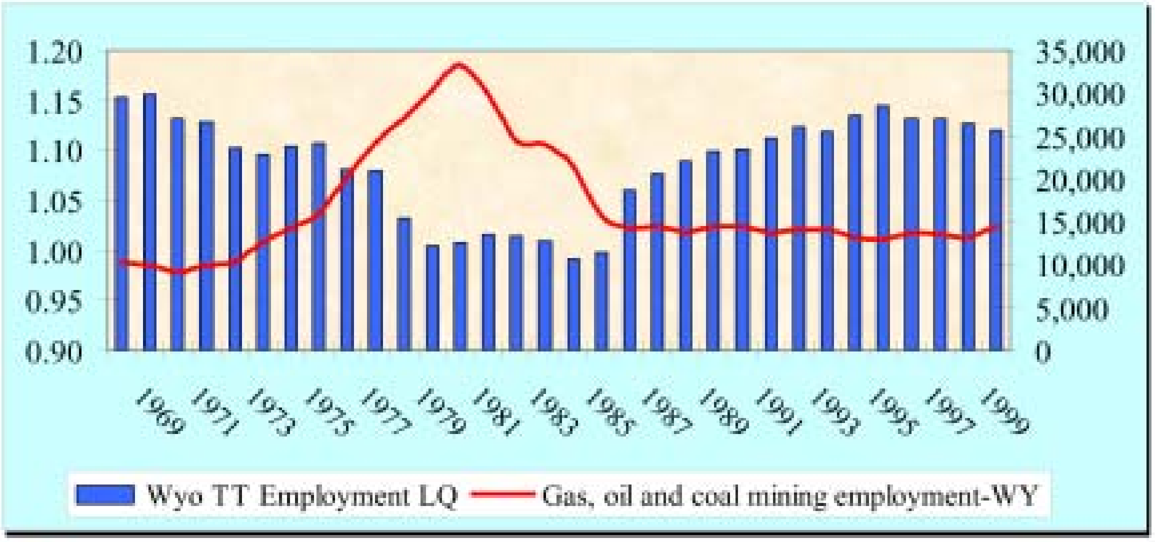
	1969	2000	Percent change	Annual percent change	Location quotient (2000)
Total Employment, Wyoming	157,955	330,613	109.3	3.4	n/a
Transportation by air	251	1,228	389.2	12.2	**0.47**
Retail trade	25,139	58,072	131.0	4.1	**1.08**
Real estate	2565	9,336	264.0	8.3	**1.04**
Hotels and other lodging places	6,077	10,595	74.4	2.3	**2.54**
Personal services	2,896	5,948	105.4	3.3	**1.02**
Amusement and recreation services	1,251	6,833	446.2	13.9	**1.06**
Est. total employment, Wyoming travel and tourism	**38,179**	**92,012**	**141.0**	**4.4**	**1.12**

Data source: Bureau of Economic Analysis, State Personal Income, 1929-2000.

Table 3 outlines employment growth in the categories associated with travel and tourism during the 32 years covered by the data as well as listing the LQs for each category. Strong percentage growth is seen in amusement and recreation services, air transportation, real estate, and, to a lesser extent, retail trade. However, the location quotients show that these areas have little more specialization than the national average. Only the "hotels and other lodging places" category shows a significantly higher degree of specialization. This implies that although there has been strong growth in these categories within the state, it has simply mirrored national trends.

The LQ is a useful indicator that is relatively easy to obtain. However, there are several qualifications in its premise. First, it assumes that demand for a particular good or service is the same at the local level as at the national level. While this may be a good general rule, it does not always apply to all sectors of local economies in every location. There are some fundamental reasons why local economies might actually be better off with some degree of specialization—the concentration of fixed resources for one. Secondly, there is the problem of cross hauling in which a local economy produces goods or services for export while at the same time importing those items. The LQ does not account for cross hauling and may misrepresent some activities in the economy. The earlier example of Wyoming's hotel and lodging employment LQ illustrates this since more local residents may use hotels within the state for travel due to the distances involved. In other words, there is less "exporting" of hotel services than the LQ indicates because there is a greater ratio of usage of this service by Wyoming residents.

Figure 5. Wyoming employment location quotient, travel and tourism, 1969-2000.



Data source: Bureau of Economic Analysis, State Personal Income, 1929-2000.

Figure 5 shows Wyoming's travel and tourism employment LQ for the period 1969 to 2000 (left scale) and employment in Wyoming's gas, oil, and coal mining industries (right scale). The Wyoming economy showed slightly more specialization in the early 1970s than the national economy. The decrease in specialization appears to inversely track the growth in mineral industry employment. This might be explained by an increase in the number of employees in the mineral industry tilting the ratio away from other sectors in the economy. When oil prices declined in 1986, the massive layoffs in the mineral industry allowed the travel and tourism industry to regain a degree of specialization within the state. However, it must be pointed out that the number of workers in a particular industry may or may not change with a change in LQ since it is a ratio number with respect to the national average. So as the national average changes, the LQ will shift. Figure 6 illustrates this phenomenon by showing that total employment in the sector increased 141 percent during the 32-year period covered. Even after the collapse of the energy sector in 1986, the travel and tourism industry continued to maintain a relatively steady level of employment. This leads to the conclusion that the importance of travel and tourism to the Wyoming economy tends to be somewhat countercyclical with the mineral industry, adding an element of diversity to the state's economy.

Figure 6. Estimated total employment, Wyoming travel and tourism sector.

Data source: Bureau of Economic Analysis, State Personal Income, 1929-2000.

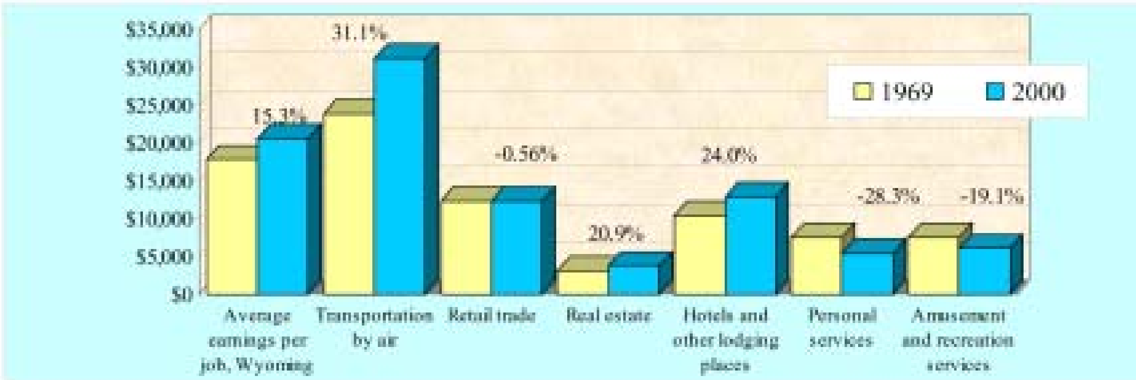
Figure 7. Estimated avg. earnings per job, Wyo. travel and tourism sector, 1969-2000.

Data source: Bureau of Economic Analysis, State Personal Income, 1929-2000.

Earnings

Earnings are another important consideration when evaluating Wyoming's travel and tourism industry. Figure 7 shows the estimated average earnings per job for the years 1969 to 2000. The lighter colored bars represent earnings in nominal terms. Here the trend was steadily upward in most years with the exception of the end of the last energy boom in 1986-87. Wages grew 283 percent overall during the 32-year period. The dark bars, however, tell a different story. Adjusted for inflation to 2000 dollars, real wages per job decreased 1.2 percent between 1969 and 2000. This means that the increases in nominal wages per job were more than offset by inflation. Furthermore, the average wage per job, $10,823 in 2000, was far below the poverty level ($17,463 for a family of four with two children). Keep in mind that this was an average number and that many of the jobs might have been seasonal or part time and that employees might have had more than one job.

Figure 8. Wyoming inflation adjusted (2000) earnings per job.



Data source: Bureau of Economic Analysis, State Personal Income, 1929-2000.

Figure 9. Wyoming earnings location quotient, travel and tourism, 1969-2000.

Data source: Bureau of Economic Analysis, State Personal Income, 1929-2000.

Closer inspection of the categories included in the analysis shows uneven wage growth. Figure 8 lists the 1969 and 2000 real wages per job along with the percent of change during the period. Transportation by air showed the largest gain and had the highest average wage per job. Hotel and lodging was a distant second but fared better than the other categories.

The income LQ for Wyoming's travel and tourism industry (Figure 9) shows that earnings from travel and tourism do not show a high degree of specialization. That is, incomes in the state are not much more heavily dependent on this industry than in the national economy as a whole. The 2000 LQ measured 1.06, barely over the national level. The peak for the period was in 1966 with an LQ of 1.12. The LQ dipped below 1.0 in the early 1970s and remained there until the early 1990s. This dip coincided with the coal boom that began about 1970 and worked into the gas exploration boom of the late 1970s and early 1980s. Just as in Figure 5, this shows the counter-cyclical nature of travel and tourism as specialization in the economy shifted toward the mineral industry. The boom economy briefly pushed up real wages in travel and tourism. Overall, however, the boom did not have a huge effect on travel and tourism when compared to other sectors of the economy.

Trends

The scarcity of data has forced this report to explore travel and tourism through secondary sources. What conclusions can be drawn from the data and what does this portend for the future? Several sources, including studies by Gwinner (1962) and Longwoods International Inc. (2001) have identified Yellowstone National Park and the surrounding area as the major draw for Wyoming travel and tourism for at least the last 40 years. Furthermore, the types of activities that people engage in or say that they look for in a Wyoming vacation strongly suggest that it is for those natural amenities and related activities that they come to Wyoming. From this it can be concluded that visitation to Yellowstone National Park may be used as a proxy for the trend in travel and tourism in Wyoming.

Examination of 105 years of visitor data shows that visitation to Yellowstone is increasing at a decreasing rate (leveling off). Furthermore, there is an identifiable, albeit short term, trend in stagnant visitation (Curiously, winter visitation has been increasing in recent years). Brief analyses of visitation to Grand Canyon National Park and anecdotal evidence from Colorado show a surprisingly similar trend. This information, combined with the fact that the U.S. population is rising and that incomes are increasing, points to a shift in the preferences for leisure activities of Americans (Only about 7 percent of park visitors are international, mostly Canadian). Simply put, people are choosing to allocate their vacation time and money to something other than a natural amenity-based trip. Since there is no sign of a decline in the number of visitors to Yellowstone or Wyoming, the implications are that travel and tourism may stay near current levels for the foreseeable future.

The more long-term view may not be as bright. The last 30 years show that although employment in the industry rose

steadily (Figure 6), real wages edged down. While a rising tide lifts all boats (Real wages did increase during the last energy boom—Figure 3), these gains were short lived. Furthermore, there appears to be an inverse relationship between the travel and tourism sector employment LQ and mineral industry employment (Figure 5). As the mineral industry grows, specialization shifts away from travel and tourism. Travel and tourism appear to be still growing during this period (see Figures 2 and 6, 1970 to 1981), but emphasis within the state's economy is focused more on the high-wage sectors. Because of the dominance of the mineral industry during an expansion, there are few industries that can compete with these high-wage jobs, hence the specialization of the economy towards mineral production. Thus, when the mineral industry contracts, there are few comparable jobs for employees, and many leave the state. This points to structural shifts in the economy toward a lower-wage, service-based economy. In other words, in the absence of mineral employment, there are fewer alternatives to lower-wage service-sector jobs.

Growth in Wyoming travel and tourism may depend on those in the industry understanding the emerging shifts in leisure-time preferences and adapting to those changes by offering services that will attract more travelers and tourists to the state. The Longwoods International Inc. study identified areas of weakness for Wyoming which are not location specific and which could be developed to enhance the existing natural-amenity draw of the state.

Summary

Travel and tourism are an important part of Wyoming's economy. Although difficult to measure, this sector supplies crucial jobs and income for many Wyoming residents. Much of the industry owes its existence to Yellowstone National Park and the surrounding region. This leads to the conclusion that travel and particularly tourism in Wyoming are dictated by the geography of place, by fixed locations, and by the bundle of natural amenities associated with those locations.

Growth in travel and tourism in Wyoming during the twentieth century was largely the result of improvements in transportation infrastructure, particularly roads and the widespread introduction of the automobile. These improvements allowed more and more people to access the state's natural attractions. At the same time, economic, cultural, and demographic forces were working on American society to shift people's tastes and preferences in leisure-

time activities. In spite of several recessions, the United States has enjoyed an unprecedented growth in wealth since World War II. The baby-boom generation (persons born between 1946 and 1962) now approaching retirement is wealthier than the last generation. Yet growth in visitation to Wyoming's premier, world-class attraction, Yellowstone National Park, has seen little change in the last 10 years.

While employment in those sectors most closely aligned with travel and tourism in Wyoming has trended upward during the past 32 years, inflation-adjusted earnings on a per-job basis have seen remarkably little change. These jobs tend to be low-wage, service-sector positions that may be seasonal and require employees to hold multiple jobs in order to provide adequate household income.

Location quotients for employment and earnings show that overall, Wyoming does not have a high degree of specialization in travel and tourism. In fact, there appears to be an inverse or counter-cyclical relationship between travel and tourism specialization and growth in mineral industry employment. This adds an element of diversity to the economy, but the low-wage structure of travel and tourism makes it a poor substitute for high-wage, high-revenue mineral industry jobs.

Should the emerging trends identified in this report continue, the future of travel and tourism in Wyoming may be different from past experiences. Increased wealth, comparative ease of access, shifting demographics, and changes in leisure-time tastes and preferences combine to compete for the traveler's time and travel dollars. Understanding the big picture of what Wyoming has to offer and how to best grow the sectors of the economy dependent on place-oriented natural amenities is crucial for future of the industry and the state.

For more information on trends in Wyoming's economy, visit the Wyoming Economic Atlas at: AgEcon.uwyo.edu / EconDev.

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