

Discover Kalispell FY24 DMO Plan and Budget

Kalispell is an unfiltered mountain town that remains true to itself. Kalispell is a place that believes in living with intention, supporting one another and making the most of every day. It's a place that accepts you as you are and encourages intentional exploration, all while soaking up fresh mountain air, playing on our glacial-fed waters, tasting Montana's culinary offerings and rubbing elbows with the locals.

In Kalispell **VentureBOLDLY** is our mantra, it's a call that grounds us in and to this beautiful corner of the world we call home. To truly understand what venture boldly means in Kalispell, we invite you to learn more about its three-pronged definition:

Intention – Our roots and traditions run deep. We live with intention and make bold moves with a firm understanding of who we are, where we come from and how we'll grow.

Stewardship – As residents of Montana, we serve as stewards of this special place. Whether you're here for a minute or a month, we ask visitors to be mindful of the impact they have on this place, from public lands to local businesses.

Stronger Together – As with anything in life, we know we're better together. Kalispell is a place for dreamers, makers, doers, creators and intrepid spirits to live fully and boldly embrace adventures. A community known for coming together to solve problems, putting collective energy around getting things done.

Discover Kalispell is a Destination Marketing and Destination Stewardship organization. The organization serves to develop a tourism economy using a community-first approach while being an active participant in a multi-stakeholder approach to maintain the cultural, environmental and economic integrity of Kalispell.

Kalispell's Strengths

- **Downtown Kalispell:** The new Parkline Trail, a two-mile linear trail running through downtown completed spring 2022. This project has spurred redevelopment in the area, adding to the goal of 18-hour vibrancy and walkability throughout the heart of the city.
- **Arts and Culture:** Conrad Mansion Museum, Hockaday Museum of Art, Northwest Montana History Museum, Wachholz College Center, Glacier Symphony and Chorale, art galleries, street art and juried arts & crafts shows and events.
- **Wachholz College Center:** located at the Flathead Valley Community College, the performing arts center includes a 1,000-seat auditorium and lecture hall and flexible event space. Since opening in November 2022, the center has featured a star-studded line up of national-caliber performances and events.

- Glacier Range Riders: Pioneer league baseball team playing at Glacier Bank Park at Flathead Field in Kalispell.
- Iconic Natural Landmarks: 32 miles from the entrance to Glacier National Park, 10 miles to Flathead Lake, surrounded by 2 million acres of Flathead National Forest.
- State Parks: Kalispell is surrounded by eleven state parks providing trails, activities, interpretative visitor services, and water-based activities.
- Air Service: Kalispell's Glacier Park International Airport ranked #3 in enplanements for airports in Montana in 2022. Passenger traffic totaled 420,000, a 1% increase over 2021 which was the previous record year. Residents and visitors have more options for business or leisure travel through increased seat capacity year-round. GPIA is undergoing a \$150 million terminal expansion to handle increased traffic over the next 20 years. Glacier AERO, a non-profit represented by Flathead Valley business and tourism industry, works to increase winter and year-round flights through revenue guarantees and other partnerships with the airlines.
- Healthcare: Logan Health is a 577-bed health system that services 13 Montana counties. Includes the nation's first rural air ambulance service, more than 4,300 physicians, nurses, health care professionals and support staff. Logan Health also includes Montana Children's Medical Center, the region's first pediatric hospital.
- Workforce: [Workforce Flathead](#), led by the Discover Kalispell Chamber convenes students, job seekers, educators and employers to support the jobs of today and grow jobs for the future including for the travel and hospitality sector. Additionally, the Chamber-led Childcare Action Steering Council launched four childcare action teams resulting in identifying 500+ childcare slots over the next two years.
- Infrastructure: Community coalitions around infrastructure progress including the continued completion of the Kalispell bypass and the widening of West Reserve to improve freight and passenger vehicle mobility.

Challenges for Kalispell and the Travel Industry

Hospitality Industry:

- With slowing ADR and rising operating costs, profitability in the hospitality sector will slow in 2023 before advancing stronger in 2024 (STR, 2023 CoStar Group).
- As business and event/convention travel continues recovery the industry projects to see occupancy growth. Strong leisure travel remains prevalent.
- During peak summer season 2022 570 short term rentals were active in 59901, a 3% increase over 2021. Flathead County entire place short term rental inventory peaks at 2,667 rentals in 2022, a 17.9% increase. (Source: AirDNA)

Community:

- Glacier National Park has continued the vehicle reservation pilot system for summer of 2023. Separate vehicle reservations are now required for the Going-to-the-Sun Road, North Fork/Polebridge entrance, Many Glacier and Two Medicine areas of the park, May 27 - September 11, 2023. In addition, the park is undergoing several construction projects creating traffic delays and diversions through the 2023 season.
- Kalispell has been identified as the fastest growing micropolitan area in America by the U.S. Census Bureau on March 24, 2022. This level of growth adds to already existing issues of workforce housing, traffic, and real estate prices. Resident sentiment towards tourism is negatively impacted by the increased number of new residents.
- Flathead County grew faster than any other of the larger Montana counties in 2022, adding 3,089 new residents, a 2.84% growth rate. causing continued challenges for workforce housing particularly during the peak visitor season.
- Weather conditions have deviated from historical patterns which poses a challenge when promoting outdoor recreation and outdoor events. The impact of national media headlines around wildfires in GNP, as well as the wildfire smoke from surrounding states impacts visitations to Kalispell and northwest Montana.
- Aquatic Invasive Species pose a threat to the Flathead Basin waterways. Introduction of non-native species disrupts the balance of native ecosystems threatening the recreation viability in our area. Discover Kalispell will continue to support FWP's communications of Clean, Drain and Dry and watercraft inspection stations.

Opportunities for Discover Kalispell

- Partnership with [Kalispell Chamber](#): Discover Kalispell and the Discover Kalispell Chamber function as one organization, each working to support the local economy, community vitality, business and industry. We serve to Venture Boldly while remaining Future Ready, assuring Kalispell is well-positioned for long-term sustainable economic strength.
- Community engagement study: Discover Kalispell and Chamber facilitated a community engagement study in November 2022. The input received through a survey, two community meetings and several one-on-one in-depth conversations provided our organization with valuable resident input around smart growth, sense of place, and how the tourism industry can contribute positively to the community. Those key findings will begin to be addressed during FY24.
- Ground transportation: Community development priorities include improved ground transportation to lessen traffic congestion particularly during the peak season. Visitors need options to get from the airport to city centers, to lodging and to Glacier National Park.

- Indoor sports facility: Discover Kalispell is providing the funding for a financial feasibility study to explore options to develop a tournament-quality facility to serve as a community recreation asset and generate economic impact year-round through sports tourism.

DISCOVER KALISPELL'S STRATEGIC ROLE FOR FY24

A Strategy of Economic Vitality through Tourism Balanced with Community Stewardship and Collaboration

While destination marketing is the traditional role of a convention and visitor bureau and will continue to be important to support the economic vitality of tourism businesses, Discover Kalispell recognizes the concerns around the growth our community is experiencing. By integrating destination stewardship, management and development initiatives Discover Kalispell will be part of the solution playing an important role in helping our mountain community and tourism driven economy thrive.

Discover Kalispell commissioned a community engagement study to get input on the steady growth our area is experiencing. The community conversations provided resident insights on what would make Kalispell a better community and how tourism benefits the community. A few of the key recommendations included:

- Creating a more vibrant downtown while preserving a sense of place.
- Be a community partner to focus on a win – creating a shared focus around solving an immediate challenge.
- Support the outdoor recreation and restaurant industries – industry sectors identified by residents as highly important to Kalispell's economy.

Many believe the community is now at a crossroads. Waves of new residents bringing different mindsets, practices, and often more buying power have come to the Flathead to take advantage of its natural beauty and way of life. They have enriched the economy and brought new energy but are seen as the major reason housing prices have been driven beyond the means of many locals. This imbalance, in particular, has fueled resentment, and a longing for the town that Kalispell used to be.

The community conversations provided input as to what is viewed as the appropriate visitor to resident ratio. The survey results indicated that summer is perceived as having too many visitors, but the other seasons have room to expand visitations, especially fall and winter.

Percent of respondents that feel there are too many visitors during that season:

- | | |
|-----------------|-----------------|
| • Winter: 29.9% | • Summer: 58.9% |
| • Spring: 31.3% | • Fall: 28.6% |

This data reinforces Discover Kalispell's strategy to promote winter travel and direct funding to destination events and other initiatives that generate visitations during fall and spring seasons. Discover Kalispell does not market for summer travel, instead focuses on visitor management and Recreate Responsibly communication strategies.

Destination Marketing – 60% of organization's operations

Destination marketing is defined as promoting a town or city to increase the number of visitors to support the local lodging and visitor economy. It is not a one-size-fits-all approach. Promotions must be highly strategic and targeted to attract high value travelers that can play a role in supporting our community. Marketing includes designing campaigns that focus on visitor distribution - distributing demand not only by season but also by traveler types and weekend/mid-week demand. To uncover visitor demand not solely based on geographical markets but by passions, niche activities and interests.

An effective and cohesive paid, earned and owned media strategy relies on research to direct the media spend to create a strong ROI. The campaigns are implemented through Discover Kalispell's agencies of record and paid marketing platforms.

Tactics:

- Destination promotion – paid media, website marketing, owned media (social media, newsletters, brand content) and digital asset acquisition.
- Earned media – hosted influencer and press trips, media outreach, destination reputation monitoring, FAM trips.
- Tourism sales - meetings, conventions, domestic tour groups, international FIT, group incentives and sales calls.
- Travel & trade shows that reinforce target markets for leisure and group travel segments.
- Equity, Inclusion and Diversity: create a welcoming environment for all, both to the community and the outdoor recreation landscape.

Destination Stewardship/Management – 20% of organization's operations

A destination stewardship and management approach balances the needs of the community while supporting tourism jobs and businesses. It's a coalition of many organizations and interests working together to preserve community culture while stimulating economic viability outside of the peak season. And serves to find solutions for peak-period tourism impacts including educating visitors, and directing them to guided adventures, local businesses, unique experiences and most importantly how to travel and recreate responsibly.

Tactics:

- VIC funding, visitor services and education.
- Fund and execute tourism and hospitality training.
- Be involved in efforts to improve ground and air transportation in the Flathead Valley.
- Support arts and culture assets – public art, arts and performance arts events and Kalispell’s museums.
- Support the local outdoor recreation industry:
 - Encourage visitors to Go With A Guide to assure safe and responsible recreation and to support local guides and outfitters.
 - Trail and water cleanup and other voluntourism opportunities.
 - Help to facilitate improved infrastructure on trails and at trail heads.
- Support agri-tourism – agriculture businesses that offer experiences or products.
- Support the Living In The Flathead Guide developed by the Flathead Lakers which provides resources to educate new residents and visitors.

Destination Development – 20% of organization’s operations

Destination development strategies serve to enhance the visitor experience by enriching recreation amenities, visitor assets, and supporting non-profit tourism attractions.

Development projects are also enjoyed by residents and support the reasons why they choose to live in a destination.

Tactics:

- Grants – new and expanding events outside of peak season and community tourism product development projects.
- Wayfinding, other signage and digital and printed maps to direct visitors to less crowded experiences.
- Destination events hosted by Discover Kalispell.
- Fund study on market and needs and financial feasibility analysis for a tournament and event destination indoor sports facility that also serves the community sports programming needs.
- Advocate for downtown 18-hour vibrancy and the Parkline Trail.
- Be a community stakeholder to develop solutions for improved ground transportation.

Define Our Audience

2022 non-resident visitors that stayed at least one night in Kalispell:

- Average group size - 2.38; average age 58
- Average length of stay – 5.9 nights (in Montana)
- Top U.S. geographic markets of origin: WA, MN, IL, UT, TX, OH, WY, CA, WI, SD

- 77% here for vacation, recreation, pleasure
- Top attractions/activities (near Kalispell): Glacier National Park, Flathead Lake State Parks; special events, hiking, mountains/forests, rivers, lakes, camping.

(ITRR)

To attract travelers that will be of value to our destination, Discover Kalispell invests in geolocation and spending data to determine who is here, when they visit, if they disperse to lesser-known activities and amenities, how much do they spend and where. That type of data enables us to target a high value visitor with specific messaging and to retarget for return visits. We know that *70% of visitors to Kalispell plan to return within 2 years (ITRR)*. But where will they go and what will they do? We have the ability to influence those decisions based on what would deliver the greatest positive impact to our destination.

Who we wish to attract – definition of a high-value visitor:

- Visitors that will stay more than one night in Kalispell.
- Visitors who are interested in fall, winter and spring travel.
- Visitors who are respectful of natural resources and strive to recreate responsibly.
- Visitors who are interested in local restaurants, craft beverages and shopping.
- Visitors who seek adventures outside of the heavily traffic activities and recreation areas.
- Visitors who are seeking:
 - Sporting events
 - Destination events
 - Accessible travel resources
- Business travelers
- Group travelers – meeting planners, domestic and international tour trade, other group travel such as reunions, incentive travel, niche interest groups.

What Research Supports The DMO Strategy

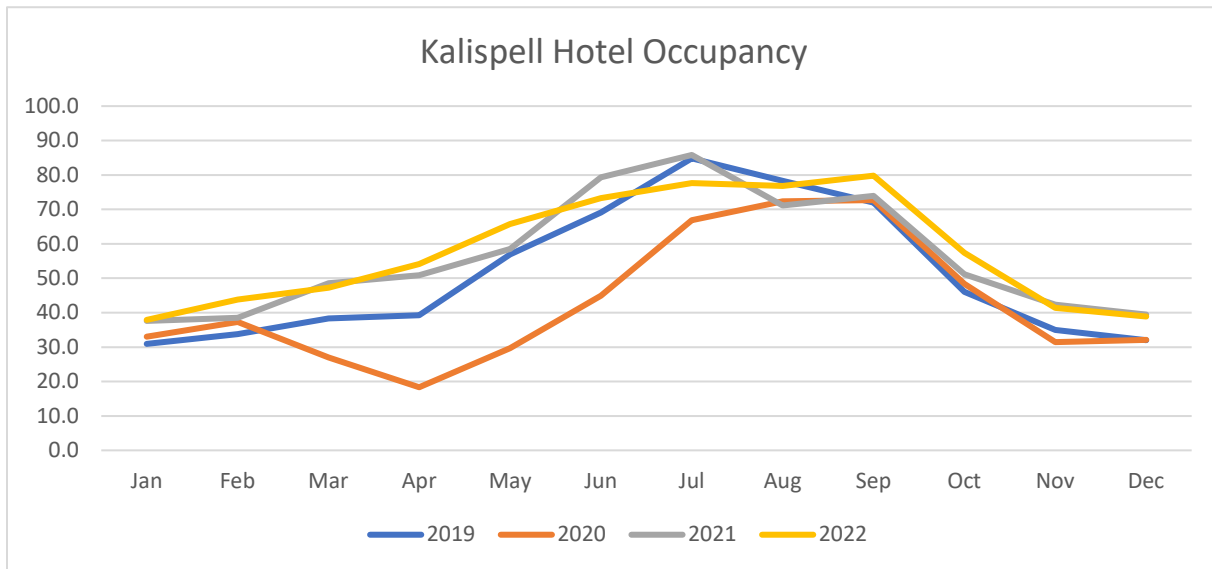
Prioritize tourism marketing initiatives to increase visitations in the fall, winter and spring.

Occupancy data, as well visitor to resident ratio sentiment by residents, demonstrates there is capacity to increase visitations outside of the peak season.

- Average annual occupancy in Kalispell (2022): 57.3%
- Average occupancy October – May in Kalispell (2022): 47.6%

Occupancy and overall revenue declined for Kalispell’s lodging industry during the summer of 2022. This is attributed to the American traveler’s concern with cost of travel and economic uncertainty, and the complexity of Glacier National Park’s vehicle reservation system. It further clarifies the importance of destination marketing to increase visitations

in the shoulder and winter seasons, and that Discover Kalispell should continue to promote product development and activities outside of GNP during the warm season.



(Smith Travel Research)

Who is the Kalispell visitor based on geographic markets and spending:

<u>DMA (non-res)</u>	<u>avg spend</u>	<u>% of total visitors</u>
Seattle-Tacoma	\$304	7.8%
Spokane	\$324	9.6%
Phoenix	\$353	4.4%
Los Angeles	\$352	3.8%
Salt Lake City	\$103	6.4%

Spending by category (% of total spend):

- | | |
|---------------------------|-----------------------------------|
| 1. Food - 32.3% | 4. Gas & service stations - 13.3% |
| 2. Retail - 19.7% | 5. Transportation - 10.5% |
| 3. Accommodations - 13.8% | 6. Outdoor Recreation - 1.5% |

(Zartico)

Credit card spending by non-resident visitors: \$228.2 Million in 2022, a 7.5% increase YOY

Top CMAs per quarter (calendar) – Data support retargeting campaigns:

- Q1: New York, Missoula, Salt Lake City, Seattle, Portland
- Q2: Missoula, New York, Seattle, Salt Lake City, Phoenix
- Q4: Missoula, Seattle, Salt Lake City, Bozeman, Los Angeles

(Visa Destination Insights)

ITRR – Montana Resident Attitudes Towards Tourism 2022

The ITRR resident attitude study demonstrated that residents want a balanced approach towards tourism in the state. Residents recognize that while overall benefits outweigh the negative, they feel the state is becoming overcrowded (57%) and don't agree that if tourism were to increase that the overall quality of life for Montana residents would improve.

Residents were asked if tourism increases in the Glacier Country region will the overall quality of life for residents improve? 35% agreed – 37% disagreed.

Data from the ITRR study, Glacier Country's Destination Stewardship Plan, and Discover Kalispell's Community Engagement Study, reinforces the importance of the destination stewardship and development initiatives by Discover Kalispell, to create a balanced, community-first tourism economy.

BBER The Future of Montana – What the New Wave of In-Migration Means For the State

"While Flathead County generally follows statewide trends of stagnant growth, industries like healthcare, construction, accommodations and food service are driving economic growth and remain strong locally compared to other counties in the state." Patrick Barkey, BBER, (Flathead Beacon)

Key points from report:

- As interest rates continue to rise and inflation remains high, BBER predicts no statewide growth in 2023 followed by weak growth in 2024.
- The accommodation & food sector remains the most prominent industry for Flathead County.
- Nonresident travel is 21% of share income in basic industries, a leading driver of economic activity in Flathead County.
- Flathead County saw a sharp increase in net population migration from other states in 2022.

Montana's Outdoor Economy by Logan Hendrix – MT Department of Labor & Industry

In Discover Kalispell's 2022 Community Engagement Study, outdoor recreation was identified by residents as the second leading industry, after healthcare, based on importance to Kalispell's economy. As such Discover Kalispell will identify ways to expand our organization's support to this high valued economic sector that is so closely aligned with tourism.

The Montana Department of Labor & Industry report on Montana's Outdoor Economy states that outdoor recreation generates \$2.5 billion of annual domestic product and accounts for 4.4% of Montana's total GDP in 2021. Only Hawaii has a greater concentration of outdoor recreation. About half of the state's \$2.5 billion in GDP comes from recreation activities, while the other half is generated through services that support outdoor recreation (food, lodging,

transportation, construction). Outdoor recreation employs over 27,000 people in Montana, 5.4% of the workforce.

Top outdoor activities in Montana as percent of total GDP:

1. Boating/fishing
2. RVing
3. Hunting
4. Equestrian
5. Snow Activities

Other outdoor recreation activities that increased in GDP from 2019 to 2021 include:

1. Canoeing/kayaking
2. Rafting/SUP
3. Bicycling
4. Guided tours/outfitted travel
5. Motorcycling

GOALS, TACTICS and OBJECTIVES

Goals

1. Increase visitation to meet the needs of the Kalispell's visitor distribution goals – seasonality, niche markets, diverse audiences.
2. Tourism sales initiatives to attract sports, events, group travel, tour trade, and meetings and convention segment bookings.
3. Public relations earned media strategy focused on media that match Kalispell's marketing goals, aligns with the Discover Kalispell brand and the high-value target audience.
4. Encourage residents and visitors to travel and recreate responsibly and respectfully. Align visitor education programs with community values.
5. Support guides and outfitters and land manager partners who provide services and education to visitors fostering safe and responsible recreation.
6. Work with local stakeholders to develop and enhance community projects that serve to enhance the visitor and resident experience in Kalispell.
7. Develop programs for community outreach and tourism and hospitality training.
8. Be an active partner on initiatives for natural resource sustainability.

Goal	Tactic	Primary Objective
Increase visitation to meet the needs of the Kalispell's visitor distribution goals – seasonality, niche markets, diverse audiences.	Targeted advertising campaigns promoting fall, winter and spring travel, niche activity travel and inclusivity through paid media, website marketing, owned media (social, newsletters) and digital asset acquisition.	Develop 1 targeted advertising campaign that delivers a CTR of 0.75% or greater for each category: hotel booking incentive, niche travel and responsible travel.
Develop sales plan to attract sports, events, group travel, tour trade, and meetings & convention segment bookings.	Group sales manager for meetings, conventions and domestic and international tour groups. Sports tourism and destination event development and marketing.	Execute 20 in-market and out-of-market sales calls or client events. Produce 3 videos to use in group travel and tourism sales promotions.
Public relations earned media strategy focused on media that match Kalispell's marketing goals, aligns with the DK brand and high-value target audience.	Host travel media to achieve earned media in targeted publications and channels on topics such as winter travel, fall travel, accessible travel, and educating on responsible recreation.	Host 2 travel media whose audience aligns with DK's goals and definition of a high-value target audience.
Encourage residents and visitors to travel and recreate responsibly and respectfully. Align visitor education programs with community values.	Visitor education distributed through owned and paid media and collaboration with community stakeholders and land managers.	Develop opportunities for newsletter signups and access to visitor information at community events and high traffic visitor areas.
Support guides and outfitters and non-profits who provide services and education to visitors fostering safe and responsible recreation.	Promote through paid and owned media campaigns highlighting guided and educational activities. Support programs led by local recreation/land manager groups.	Implement paid and earned media campaigns to promote guided adventures (local guides and outfitters).
Cooperate with local stakeholders to develop and enhance community projects that serve to enhance the visitor and resident experience in Kalispell.	Event and tourism product development grant program which provides funding to new or expanding events and community projects.	Promote Discover Kalispell grant program through community outreach initiatives and newsletters.
Develop programs for community outreach and tourism and hospitality training.	Guest services training for today's workforce addressing today's traveler. Dedicate staffing to community outreach to identify solutions for peak season tourism impacts.	Sponsor two guest services training workshops. Be an active participant in community initiatives for 2 product development projects that will benefit residents and off-set impact of tourism.
Be an active partner on initiatives for natural resource sustainability.	Partner with local organizations such as Flathead Lakers, Flathead River Alliance, Flathead Trails Association and FWP to support conservation projects related to visitor amenities and visitor impacts.	Champion 2 projects led by local natural resource groups through sponsorships, messaging, and volunteering.

BUDGET

TBID \$685,000

Segments	Amount Budgeted	% of budget
Administration/Operations	48,500	7%
Personnel (wages)	260,000	38%
Education/Outreach	13,000	2%
Agency Services	75,000	11%
Research	20,000	3%
Website	17,000	2%
Destination Marketing	175,000	26%
Marketing Resources		
Online platforms,	Marketing based memberships	
Printed collateral	Trade/travel show displays	
Multimedia	Digital asset acquisition	
Earned Media/Tourism Sales		
Media and influencer hosted trips	FAM trips/sales calls	
Meeting and group incentives		
Travel/Trade Shows		
Destination Stewardship/Management	11,500	2%
Tourism and hospitality training	Community outreach	
VIC funding	Crisis communications	
Strategic planning		
Destination Development	65,000	9%
Grant program—events & product dvlmt		
Discover Kalispell signature events		
TOTAL	685,000	

DISCOVER KALISPELL STRUCTURE AND TEAM

Discover Kalispell, the Kalispell Convention & Visitor Bureau, is a division of the Discover Kalispell Chamber. The Discover Kalispell Chamber has served as the official tourism agency for the City of Kalispell since 1987. Discover Kalispell is funded through two contracts with public agencies and generates private funds through registration fees and sponsorships. The Chamber has contracted with the State of Montana for Kalispell's share of the lodging facility use tax since 1987. In 2010, the Kalispell Chamber/CVB assumed administration of the Kalispell Tourism Business Improvement District (TBID) under an agreement with the City of Kalispell and Kalispell hoteliers. The Kalispell TBID district is currently authorized to 2030.

The Discover Kalispell Team

President/CEO Discover Kalispell Chamber: Lorraine Clarno, lorraine@kalispellchamber.com

Executive Director, Discover Kalispell: Diane Medler, diane@discoverkalispell.com

Group Sales Manager: Dawn Jackson, dawn@discoverkalispell.com

Marketing & Communications Coordinator: Marisa Mikonis, marisa@discoverkalispell.com

Visitor Services Coordinator: Meche Ek, info@discoverkalispell.com

15 Depot Park, Kalispell, MT 59901 | 406-758-2811 | <http://discoverkalispell.com>

The FY24 Discover Kalispell DMO plan serves to direct the initiatives and spending for Discover Kalispell and inform and educate the Kalispell Chamber and TBID board of directors, community stakeholders, Tourism Advisory Council, City of Kalispell and the state legislature. Kalispell's two funding sources, Bed Tax and TBID, work collaboratively to support this DMO plan.