

**2004 SOUTH DAKOTA MOTEL AND
CAMPGROUND OCCUPANCY REPORT
and
INTERNATIONAL VISITOR SURVEY**

Prepared By:

**Center for Tourism Research
Black Hills State University
Spearfish, South Dakota**

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Center for Tourism Research, 1200 University Street – Unit 9043
Spearfish, SD 57799-9043
Phone (605) 642-6435 Fax (605) 642-6344

SOUTH DAKOTA MOTEL AND CAMPGROUND OCCUPANCY REPORT AND INTERNATIONAL VISITOR SURVEY

The Center for Tourism Research (CTR) at Black Hills State University was commissioned to conduct the 2004 occupancy study for the South Dakota Office of Tourism in accordance with a previously established methodology. The data collection and reporting structure that was used to accomplish this task has been consistently employed since 1989. This summary report is the annual capstone to the study.

Throughout the report, direct quotations are used from the author of the 2003 occupancy report, Dr. Michael K. Madden, to help describe and illustrate his study design. In addition, the various tables throughout this report are also of Dr. Madden's design. The CTR acknowledges Dr. Madden as the originator of the research design, report format, and standard narrative used herein.

Study Methods: Lodging

The data collection system used to conduct the 2004 lodging component of this study was based on a random sampling process, coupled with a stratification in the sampling procedure for motel properties. The strata for motels consist of those properties with less than 75 units and those with more than 75 units. Occupancy data collected for each stratum and then weighted according to the relative number of rooms in the state represented by each stratum.

The lodging database from the South Dakota Department of Health (SDDOH) was used as the primary means of identifying licensed fixed roof lodging properties across the state. Hotels and motels were randomly selected for participation in this study from this list. The study period was from May through October 2004. To ensure comparability to reports for previous years, the CTR made calls to a minimum of 30 percent of these randomly selected properties. The calls began on the first day of the month to collect data for the previous month.

The data collected (for both lodging and campgrounds) were separated into each of the four tourism regions of the state where the properties existed (see page 10 for the regional boundaries). Those regions include:

- Region 1: Southeast
- Region 2: Glacial Lakes and Prairies
- Region 3: Great Lakes
- Region 4: Black Hills, Badlands and Lakes

The following formulae were used to calculate the motel occupancy rates shown in Table 1:

Computation of Regional Occupancy Rates

Total number of room-nights rented by those surveyed, per region, divided by total number of room-nights available among those surveyed, per region, times 100.

Computation of Statewide Occupancy Rates

Total number of room-nights rented by those surveyed, statewide, divided by total number of room-nights available among those surveyed, statewide, times 100.

Study Methods: Campgrounds

The survey method described above was replicated (in large part) for private and public campgrounds across the state, although campgrounds were not separated according to size or whether they were privately or publicly owned. The study period was June through August 2004. A list of licensed campgrounds from the SDDOH was used as the sampling frame for commercial campgrounds. This list was augmented by two other sources: the South Dakota Department of Game, Fish and Parks (SDGFP) provided occupancy data on state park campgrounds and the Forest Recreation Management (FRM) of Hill City, S.D., which manages U.S. Forest Service campgrounds in Black Hills National Forest, supplied data on campgrounds in Black Hills National Forest. Campgrounds in these two categories were not included in the random sampling process, only commercial campgrounds were. The SDGFP and FRM provided the CTR with occupancy rates from an existing, pre-selected list of campgrounds.

Study Highlights

- The **statewide average** for motel lodging occupancy was 61.2 percent during the six-month sampling period—a decrease of 2.7 percentage points from the rate for the previous year (64.8 percent).
- After reporting 68.3% occupancy rates for two consecutive years, **Region 4** (Black Hills, Badlands and Lakes), reported an occupancy rate of 63.2%. This 5.1 percentage point drop is the largest year-over-year drop in this region since the survey began.
- **Region 2** (Glacial Lakes and Prairies) reported a marginal increase of 0.7 percentage points in its 2004 regional average, with its largest gain occurring in July, 4.7 percentage points higher than 2003. This was the only region that experienced increased occupancy rates during 2004.
- The **highest monthly occupancy rates** among the four regions occurred in July and October (see table below). The lowest hotel/motel occupancy in the study period occurred in May in the case of all four regions.

**Months with Highest and Lowest Lodging Occupancy Rates,
by Region, 2004**

Region	Highest	Lowest
1	July (74.4%)	May (57.0%)
2	October (64.9%)	May (48.3%)
3	October (62.5%)	May (38.6%)
4	July (79.4%)	May (45.0%)

- In 2004, South Dakota experienced a 1.7 percent increase in the total number of available commercial **fixed roof lodging units**, including B&Bs and specialty resorts. When B&Bs and specialty resorts are excluded, a 0.4 percent increase in fixed roof lodging units was found. The number of fixed roof lodging units exclusive of B&Bs and specialty resorts available in 2004 was 10 percent higher than the number of comparable units that existed in 1999.
- On a statewide basis, weighted campground occupancy rates were 1.3 percentage points lower in 2004 compared to 2003. Statewide occupancy rates declined steadily from 59.5 percent in June to 52.6 percent in August.
- Declines in weighted campground occupancy rates occurred in all regions except Region 2, which experienced an increase of 2.3 percentage points. This is the same geographic pattern observed with motel occupancy rates, i.e., declines in motel occupancy rates occurred in all regions except Region 2.

TABLE 1

MOTEL OCCUPANCY RATES BY MONTH AND REGION, 1999 THROUGH 2004, EXPRESSED AS PERCENTAGES

	REGION 1						REGION 2						REGION 3						REGION 4					
	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004
May	65.5	58.0	64.7	66.0	59.1	57.0	49.5	56.8	55.8	51.7	48.9	48.3	55.0	51.2	47.8	55.2	44.5	38.6	45.6	49.8	51.8	54.9	51.6	45.0
Jun	73.4	72.1	77.4	74.0	75.8	66.9	63.5	62.6	60.1	64.0	54.5	55.8	66.7	65.3	64.9	68.6	55.7	57.6	80.9	75.6	71.2	75.9	73.1	70.5
Jul	86.1	81.2	76.9	80.2	75.7	74.4	66.3	64.9	61.7	67.1	58.9	63.6	73.1	72.9	70.0	69.1	60.5	59.2	89.1	83.5	80.3	84.3	87.2	79.4
Aug	77.3	74.1	74.5	78.8	75.7	72.9	66.9	62.9	57.7	58.6	57.1	52.1	71.2	66.7	65.6	63.7	56.9	56.8	82.7	79.3	77.5	81.0	82.6	77.3
Sept	65.3	65.0	63.4	63.7	60.5	62.6	56.3	57.5	56.5	55.9	52.6	53.2	61.5	60.4	58.2	53.0	48.8	50.3	68.3	62.9	54.5	66.7	64.9	61.6
Oct	63.6	68.2	66.4	66.3	62.7	58.7	65.0	57.1	60.3	60.1	61.7	64.9	66.2	58.9	66.8	58.8	59.5	62.5	50.9	47.9	46.0	46.8	50.3	45.7
Reg Avg	71.9	69.8	70.5	71.5	68.2	65.4	61.2	60.3	58.7	59.6	55.6	56.3	65.6	62.6	62.2	61.4	54.3	54.2	69.6	66.5	63.5	68.3	68.3	63.2

Region 1: Southeast
 Region 2: Glacial Lakes and Prairies
 Region 3: Great Lakes
 Region 4: Black Hills, Badlands and Lakes

TABLE 1. CONTINUED

MOTEL OCCUPANCY BY MONTH FOR ENTIRE STATE 1999 THROUGH 2004						
	1999	2000	2001	2002	2003	2004
May	52.3%	53.0%	54.9%	57.2%	52.3%	47.1%
June	74.5%	71.4%	70.2%	72.7%	69.0%	65.2%
July	82.8%	78.8%	75.4%	79.3%	76.8%	72.9%
August	77.5%	73.8%	72.2%	75.6%	74.0%	69.0%
September	64.9%	62.3%	57.5%	62.9%	60.0%	58.8%
October	58.2%	55.7%	56.1%	55.3%	56.4%	54.1%
State Average	68.4%	65.8%	64.4%	67.2%	64.8%	61.2%

Lodging Units 1999 to 2004

The monthly occupancy survey that was used to derive the estimates in Table 1 simply provides a record of the percentage of available room-nights rented in a given region for a given month. The total number of room rentals, however, is found by multiplying the occupancy rate by the total number of room-nights available. The number of room-nights available is determined by computing the number of new lodging units added per year minus the number of units deleted from the overall lodging inventory. The number of lodging units and net change in units for each region are summarized in Table 2.

TABLE 2

LICENSED COMMERCIAL HOTEL/MOTEL UNITS BY REGION, 1999 THROUGH 2004												
Region	1999	2000	2001	2002	2003	2004	Change 1999-00	Change 2000-01	Change 2001-02	Change 2002-03	Change 2003-04	Change 1999-04
1	5,917	5,995	6,281	6,202	6,244	6,169	78	286	-79	42	-75	252
2	2,857	3,087	3,082	3,145	3,130	3,256	230	-5	63	-15	126	399
3	2,588	2,649	2,635	2,767	2,899	2,960	61	-14	132	132	61	372
4	9,814	10,195	10,240	10,668	10,914	10,907	381	45	428	246	-7	1,093
Total	21,176	21,926	22,238	22,782	23,187	23,292	750	312	544	405	105	2,116

NOTE: These figures do not include B&B and specialty resorts.

SOURCE: South Dakota Department of Health.

Currently, the total number of licensed, commercial hotel/motel lodging units in South Dakota (excluding B&Bs and Specialty resorts) is 23,292. With a real growth of 126 rooms, Region 2 (Glacial Lakes and Prairies) showed the largest regional growth in the number of hotel/motel units between 2003 and 2004. The aggregate number of hotel/motel units available statewide increased by 105 units, or 0.4 percent, from 2003. Since 1999, the number of hotel/motel lodging units in the state expanded by 2,116, or 10 percent.

The aggregate supply of fixed-roof accommodations in the state, of course, also includes B&Bs and specialty resorts. Combined, they currently represent a total of 1,930 units, a 20.2 percent increase over the 1,605 such units in operation in 2003. When combined with the number of licensed hotel/motel units, the grand total is 25,222 fixed roof lodging units available. This is an increase of 430 fixed roof lodging units from the 24,792 that existed in 2003.

The counts of lodging units in Table 2 enables one to compute the change in the total number of hotel/motel room-nights rented in a given region or in the state as a whole. For example, during May through October 2003, 2,764,632 hotel/motel room-nights were rented (i.e., 64.8 percent X 23,187 units X 184 days). By comparison, the number of hotel/motel room-nights rented over the same period of 2004 is estimated to be 2,622,865 (i.e., 61.2 percent X 23,292 units X 184 days). This is a reduction in the number of rooms rented over the season of about 5.1 percent relative to 2003.

Similar survey data for future years will allow for continued comparisons in occupancy rates over time, as well as between regions. An informational tool such as this will assist the South Dakota Office of Tourism in planning promotional campaigns and assist those planning industry growth, both from a regional standpoint, as well as for the entire state.

TABLE 3

WEIGHTED CAMPGROUND OCCUPANCY BY MONTH FOR REGIONS, 1999 THROUGH 2004, EXPRESSED AS PERCENTAGES

	REGION 1						REGION 2						REGION 3						REGION 4					
	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004
Jun	43.1	41.0	61.8	52.7	44.8	44.7	38.0	41.0	60.6	62.4	49.1	57.3	47.0	46.3	63.7	65.6	47.0	43.4	46.1	50.1	49.4	59.6	53.7	30.3
Jul	56.1	56.2	51.8	48.3	52.0	46.3	54.2	51.3	49.6	51.2	50.2	54.3	50.3	57.1	52.3	48.4	51.1	42.4	70.9	67.1	65.5	67.9	73.1	58.2
Aug	43.1	48.8	43.8	40.6	44.0	39.0	34.4	35.1	39.2	42.8	48.9	43.6	44.0	48.6	37.2	39.9	43.0	29.9	62.3	64.8	49.2	56.9	60.3	61.5
Reg Avg	47.4	48.7	52.5	47.2	46.9	43.3	42.2	42.5	49.8	52.2	49.4	51.7	47.1	50.6	51.1	51.3	47.0	38.6	59.8	60.7	54.7	61.5	62.4	50.0

Table 3. CONTINUED

WEIGHTED CAMPGROUND OCCUPANCY BY MONTH FOR ENTIRE STATE, 1999 THROUGH 2004						
	1999	2000	2001	2002	2003	2004
June	45.3%	48.0%	53.6%	59.5%	51.2%	59.5%
July	63.8%	63.0%	59.9%	60.2%	65.2%	54.9%
August	54.7%	57.4%	44.7%	50.0%	54.5%	52.6%
State Average	54.6%	56.1%	52.7%	56.6%	57.0%	55.7%

INTERNATIONAL TRAVEL IN 2004

Growing the number and length of stay of international tourists in the state remains an important objective of the State Office of Tourism. Focusing the State's time and resources to attract this unique market has been a 10-year investment and one that continues to show promise. And because of the ongoing potential of this market, the Office of Tourism has been conducting research that documents trends in international travel to the state since 1995.

Methods

To document the numbers and origins of the state's foreign visitors, a telephone survey has been employed for the past nine travel seasons. The method used in 2004 replicates that used in 2003. Eight to 10 random dates, over a two-month period, were selected to contact a randomly selected sample of fixed roof lodging establishments. Whenever possible, the properties called were the same ones contacted for the lodging occupancy study. Calls are made to a minimum of 20 percent of licensed commercial lodging establishments during the months of May, June, August and September 2004. To ensure comparability with last year's survey, prior to each selected day, properties were asked to compile a record of international guests for that day. Each property was then contacted the following day for the results, which included information on the numbers and origins of these guests.

2004 is only the second year in which this survey has been implemented statewide and in all four regions. In prior years (1996-2002), the survey was less comprehensive in terms of months and regions surveyed. The author of the 2003 annual report summarized the history of the State's international occupancy survey as follows:

In 1996 and 1997, the sample period spanned the months of August and September. In 1998 and 1999, sampling shifted to June and July so that comparisons could be made to August and September data compiled in earlier years. From 2000 to 2002, the survey was conducted in August and September and in 2003, the survey shifted to June and July. In 2000, the sample was expanded to include the southeast region of the state in addition to western South Dakota. In 2001, the sample was again expanded to include northeast South Dakota (Glacial Lakes and Prairies region). In 2003, the survey for the first time was conducted statewide.

As shown in Table 4, international occupancy rates are higher in the Black Hills, Badlands and Lakes region than is the case in the balance of the state. Of the four months surveyed in 2004 (May, June, August and September), international occupancy rates on a statewide basis were highest in June, followed by September, August, and then May. However, in the Black Hills, Badlands, and Lakes region, international occupancy rates were highest in September.

TABLE 4. PERCENTAGE OF RENTED ROOMS OCCUPIED BY INTERNATIONAL VISITORS, 2004										
Region	Seasonal Avg.		May Avg.		June Avg.		Aug Avg.		Sept Avg.	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
1	NA	1.1%	NA	0.0%	1.1%	3.8%	NA	1.3%	NA	0.4%
2	NA	0.2%	NA	0.2%	0.4%	0.0%	NA	0.4%	NA	0.2%
3	NA	0.8%	NA	1.5%	0.4%	1.3%	NA	0.4%	NA	0.1%
4	NA	1.5%	NA	0.7%	2.7%	1.6%	NA	1.1%	NA	2.8%
Weighted State Average*	NA	1.1%	NA	0.6%	1.7%	1.9%	NA	0.9%	NA	1.4%
Region	Regional Max.		May Max.		June Max.		Aug Max.		Sept Max.	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
1	NA	3.5%	NA	0.0%	2.1%	3.8%	NA	1.6%	NA	1.6%
2	NA	0.8%	NA	0.8%	0.6%	0.0%	NA	0.4%	NA	0.4%
3	NA	1.9%	NA	1.9%	1.2%	1.6%	NA	0.7%	NA	0.7%
4	NA	11.0%	NA	2.0%	4.2%	1.7%	NA	1.3%	NA	1.3%
Weighted State Max.*	NA	6.4%	NA	1.3%	2.8%	2.1%	NA	1.2%	NA	1.2%

* Weighted according to number of regional lodging units.

* Figures exclude all Canadian visitors.

Table 5 provides a recap of international survey findings for all years in which surveying was conducted in June. Black Hills, Badlands and Lakes is the only region where sampling has occurred over multiple years in June. The results suggest a continuous decline in international occupancy rates in this region during the month of June.

TABLE 5.

JUNE INTERNATIONAL OCCUPANCY RATES IN WESTERN SOUTH DAKOTA FOR SELECTED SURVEY YEARS	
Survey Year	June Average
1999	4.3%
2003	2.7%
2004	1.6%

International visitors' countries of origin, as estimated by the survey, are summarized in Table 6. This information was obtained by asking survey respondents to report the numbers and origins of their foreign guests. The results are presented in Table 6 according to the frequency of responses to this question. Since 2000, Germany has consistently been the most frequent origin of international visitors to South Dakota, followed closely by the United Kingdom. However, in 2004, these two countries changed places, with the UK ranking first and Germany second. Japan retains its third place ranking for the fourth consecutive year.

TABLE 6

COUNTRY OF ORIGIN OF INTERNATIONAL VISITORS TO SOUTH DAKOTA ORDINAL RANKING				
2000	2001	2002	2003	2004
Germany	Germany	Germany	Germany	United Kingdom
United Kingdom	United Kingdom	United Kingdom	United Kingdom	Germany
Netherlands (t)	Japan	Japan	Japan	Japan
Italy (t)	Italy	Asia/China	Netherlands	Australia
Japan	Australia	Netherlands	Italy	Sweden
France	France	Italy	France	Italy
Poland	China	France	Norway	Mexico and Philippines (t)

t = Tie in number of responses

In close partnership with Rocky Mountain International, which includes the states of Montana, Wyoming, and Idaho, the South Dakota Office of Tourism targets visitors from Germany, France, Belgium, Italy and the United Kingdom with its international promotions. Japan is also included as an international target market, but on a more limited basis compared to European countries.

The past nine years of research have resulted in a better understanding of the international segment of the South Dakota travel market. With established trends in information technology and a more global economy, this component of the market is likely to become more significant to South Dakota's visitor industry.

