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Executive Summary

Introduction

The following findings are McDowell Group estimates of visitor arrivals to Alaska. No actual field surveying has been conducted for Fall/Winter (October through April). The last *Alaska Visitor Statistics Program III (AVSP)* surveys were conducted in Fall/Winter 1993-1994. The visitor arrival numbers presented here are based on total arrival trends (including Alaska residents), economic conditions in Alaska, population growth, visitor industry trends instate and nationwide and other factors.

This document serves as a tool for estimating the breadth of the visitor (non-resident traveler) market to Alaska and shifts in visitor composition (increases or decreases in visitors versus resident travelers to the state). Non-resident visitors are impacted by marketing and are affected by the statewide tourism marketing program implemented by the State of Alaska Division of Tourism. Visitor-affected markets include Vacation/Pleasure visitors and those Visiting Friends and Relatives. Business visitors are also impacted but to a much smaller degree.

For marketing purposes readers should focus on the study discussions that deal with visitor (non-resident traveler) data.

Summary of Findings

Total Arrivals (Residents and Visitors Combined)

- Overall resident and non-resident travel during Fall/Winter 1997-1998 was down significantly compared to Fall/Winter 1996-1997.
- Total Arrivals for Fall/Winter 1997-1998 including residents and non-residents was 608,365. This was a decrease of nearly 9% from the previous year.
- Declines in Domestic Air traffic contributed greatly to the diminishing arrivals which were down in Anchorage and Fairbanks, Alaska's major population centers.
- An estimated 34% or 209,000 of all arrivals were non-residents or visitors to Alaska.

Visitor Arrivals by Entry Mode

- Domestic Air was the dominant entry mode in Fall/Winter 1997-1998 accounting for 87% of all visitor arrivals. Air arrivals, however, declined more than 10% from the previous year. Route changes by one carrier due to corporate restructuring and fewer carriers during the Fall/Winter season eliminated capacity and frequency of flights. Given the importance of the domestic air market any shifts to this transportation mode greatly affect arrival numbers, particularly during the fall and winter seasons.
- All other modes also posted declines except highway mode. There is no clear reason behind the 22% increase experienced by highway arrivals, though reasonable fuel

prices and some anticipation of the Gold Rush 1998 celebrations could have stimulated some early activity.

- International Air visitor declines were affected by the ongoing economic crisis in Asia. This is particularly true for key Alaska markets such as Japanese and Korean visitors.

Visitor (Non-Resident) Arrivals by Entry Mode
Fall/Winter 1996-1997 and Fall/Winter 1997-1998

Entry Mode	Fall/Winter 1996-1997	Fall/Winter 1997-1998	% Change 1996-1997 to 1997-1998
Domestic Air	202,900	181,500	-10.6%
Cruise Ship	1,500	100	-93.3
Highway-Personal Vehicle	10,100	12,400	+22.6
Highway-Motorcoach	0	0	0
Alaska Marine Highway System	3,200	2,500	-23.6
International Air	5,200	4,400	-15.3
Other	7,600	8,700	+14.9
Total Visitor Arrivals	230,500	209,600	-9.1%

Visitor Trip Purpose

- The primary Alaska Fall/Winter market segment, Business Only experienced the greatest decline from the previous year (-11%). Business and Pleasure also decreased by nearly 8%. Nationwide trends point to a softening of this particular market segment.
- Both pleasure segments, Vacation/Pleasure and Visiting Friends and Relatives experienced declines between Fall/Winter 1996-1997 and Fall/Winter 1997-1998. Vacation/Pleasure visitors dropped an estimated 9% while those visiting friends and relatives declined by approximately 7%.

Visitor Arrivals by Trip Purpose
Fall/Winter 1996-1997 and Fall/Winter 1997-1998

Entry Mode	Fall/Winter 1996-1997	Fall/Winter 1997-1998	% Change 1996-1997 to 1997-1998
Vacation/Pleasure	33,700	31,000	-8.5%
Visiting Friends and Relatives	51,000	47,300	-7.3
Business and Pleasure	23,900	22,000	-7.9
Business Only	116,500	104,200	-10.6
Seasonal Workers	5,400	5,000	-7.4
Total Visitors¹	230,500	209,600	-9.1%

Visitor Origin

- The most recent research available on visitor origins was acquired in Fall/Winter 1993-1994 through the *Alaska Visitor Statistics Program*, by the McDowell Group. These historical percentages are presented in this document, however, due to significant changes in market share and mode volumes, it is no longer appropriate to apply 1993-1994 origin data to 1996-1997 volumes.

Full Year Visitor Arrivals

- Total Arrivals to the state of Alaska for the full year of Summer 1997 through Fall/Winter 1997-1998 were 2.1 million, slightly less (-1.0%) than the previous full year period (Summer 1996 through Fall/Winter 1996-1997). This was due to the declines registered in Fall/Winter 1997-1998.
- Total Visitors to Alaska exceeded 1.3 million, an increase (+2.7%) over the previous full year period.
- Similar to previous years, the dominant travel mode for visitors to Alaska was Domestic Air (56%) followed by Cruise Ship (30%).

Full Year Total Arrivals and Visitor Arrivals Summary Summer 1997 and Fall/Winter 1997-1998

Summer 1997				
Entry Mode	Total Arrivals	% of Total Arrivals	# of Visitors¹	% of Total Visitors¹
Domestic Air	845,455	55.9%	560,800	50.0%
Cruise Ship	392,063	25.9	392,100	35.0
Highway-Personal Vehicle	178,543	11.8	96,600	8.6
Highway-Motorcoach	3,705	0.2	3,700	0.3
Alaska Marine Highway System	23,461	1.6	18,900	1.7
International Air	26,455	1.7	21,000	1.9
Other	43,813	2.9	27,500	2.5
Totals	1,513,495	100.0%	1,120,600	100.0%
Fall/Winter 1997-1998				
Entry Mode	Total Arrivals	% of Total Arrivals	# of Visitors¹	% of Total Visitors¹
Domestic Air	528,441	86.9%	181,500	86.6%
Cruise Ship	100	<1	100	<1
Highway-Personal Vehicle	36,109	5.9	12,400	5.9
Highway-Motorcoach	518	<1	0	0.0
Alaska Marine Highway System	7,480	1.2	2,500	1.2
International Air	9,178	1.5	4,400	2.1
Other	26,539	4.4	8,700	4.2
Totals	608,365	100.0%	209,600	100.0%
Full Year Total				
Entry Mode	Total Arrivals	% of Total Arrivals	# of Visitors¹	% of Total Visitors¹

Domestic Air	1,373,896	64.7%	742,300	55.8%
Cruise Ship	392,163	18.5	392,200	29.5
Highway-Personal Vehicle	214,652	10.1	109,000	8.2
Highway-Motorcoach	4,223	0.2	3,700	0.3
Alaska Marine Highway System	30,941	1.5	21,400	1.6
International Air	35,633	1.7	25,400	1.9
Other	70,352	3.3	36,200	2.7
Totals	2,121,860	100.0%	1,330,200	100.0%

¹ Totals for the number of visitors have been rounded up to the nearest 100.

Introduction

Introduction

The *Arrival Count*, the subject of this report, estimates the number of visitors to Alaska in the years between primary data collection of the *Alaska Visitor Statistics Program*. The purpose of the *Arrival Count* is to track year-round passenger volume into Alaska and to develop estimates of visitor volume, trip purpose, and entry mode. For marketing purposes readers should focus on the study discussions that deal with visitor (non-resident traveler) data. These travelers are most likely to be impacted by marketing programs implemented by the State of Alaska Division of Tourism.

To determine the total number of visitors, non-resident ratios are applied to the total population arriving in Alaska. While no survey data exists after April 1994, the McDowell Group estimates arrival composition based on historic (1993-94) survey data and takes into consideration current relevant trends in the visitor industry, the Alaska economy and the state's passenger transportation industry.

The McDowell Group collects and compiles detailed arrival count data for five entry modes (domestic air, international air, cruise ship, Alaska Marine Highway System, and highway) from six major entry locations (Anchorage, Fairbanks, Juneau, Ketchikan, Alcan, Poker Creek and Skagway U.S. Customs stations). Arrival data is derived from a number of secondary sources including a voluntary and confidential reporting program to obtain domestic air statistics. All domestic air carriers entering Alaska provide the McDowell Group with reports on passengers and flights entering the state. Other arrival count data sources are the Alaska Marine Highway System's Management Information Group, the Anchorage International Airport Manager's office, Cruise Line Agencies of Alaska and the Alaska Highway offices of the U.S. Customs and Immigration Service.

The Alaska Visitor Statistics Program (AVSP)

The *Alaska Visitor Statistics Program (AVSP)* is a comprehensive information system designed to enhance the public and private sectors' understanding of the Alaska visitor industry. It was initiated by the State of Alaska Division of Tourism in 1985. The McDowell Group, Inc. of Juneau, Alaska was selected by the Division of Tourism to be the program contractor in 1985-86, 1989-90 and 1993-94.

The *AVSP* was designed to measure visitor volume, composition, opinions and attitudes, expenditures, and demographics. A sample of arriving visitors were interviewed for a period of one year through personal intercept interviews, an expenditure diary survey, and a follow-up mail survey. The methodology developed by the McDowell Group consistently yielded records in response rates for visitor survey research.

The program has four distinct but interdependent phases. These are the *Arrival Count*, *Random Arrival Survey*, *Visitor Expenditure Survey*, and *Visitor Opinion Survey*. The exhibit and map on the following pages show the survey locations and program phases. A series of six comprehensive reports present the results of the survey fielding from the most recent survey fielding period, May 1993 through April 1994.

Alaska Visitor Statistics Program III Phases

Random Arrival Survey Locations

NOTE: The Alaska Marine Highway System is sampled on board vessels from Prince Rupert and Bellingham underway to Ketchikan. Alaska Highway is sampled at the U.S. Customs Station on the Taylor Highway and near the U.S. Customs Station near Tok. Klondike Highway is sampled at the U.S. Customs Station at Skagway.

Chapter I: Arrivals

Total Arrivals (Residents and Visitors Combined)

Resident/Visitor Arrival Composition

Visitor Arrivals by Entry Mode

Visitor Arrivals by Origin

Arrivals

Total Arrivals (Residents and Visitors Combined)

During Fall/Winter 1997-1998 total arrivals to Alaska including residents and non-residents was 608,365. Domestic Air was the dominant mode of transportation carrying in excess of 528,000 to Alaska or 87% of all Alaska arrivals. Highway arrivals were the second largest group of entries to the state at 6% or 36,627 passengers. International Air

and Alaska Marine Highway System mode each brought around 1% of total arrivals to the state.

Fall/Winter 1997-1998 registered nearly a 9% decline from the previous year due to a variety of factors. Overall business travel in the United States is softening. Business travel is a mainstay of Alaska's fall and winter travel. Efficiencies provided by videoconferencing, teleconferencing, email and phone and fax have made communications in the business world more effective and efficient eliminating the need for excessive business travel. Other factors such as restructuring of a major airline's schedule and no fall/winter service by another carrier made travel opportunities less frequent further affecting the level of air travel to Alaska. Less favorable Permanent Fund Dividend air ticket exchanges clearly affected resident travel to and from Alaska, according to industry sources.

International Air also experienced a downturn (-15%) from the previous Fall/Winter season. Continued usage of longer range aircraft on the U.S./Asia runs eliminated the need for stopovers coupled with the affect of the Asian financial crisis on key Alaska markets, Japan and Korea, contributed to this decline.

Alaska Marine Highway System (Ferry) arrivals continued to exhibit the effects of discontinued access to Prince Rupert, B.C. (reinstated in December) dropping by -22%.

Highway entry mode arrivals were the only bright spot in the 1997-1998 Fall/Winter season experiencing a 17% increase over the previous period.

Graph I-A

Total Arrivals by Entry Mode Fall/Winter 1997-1998

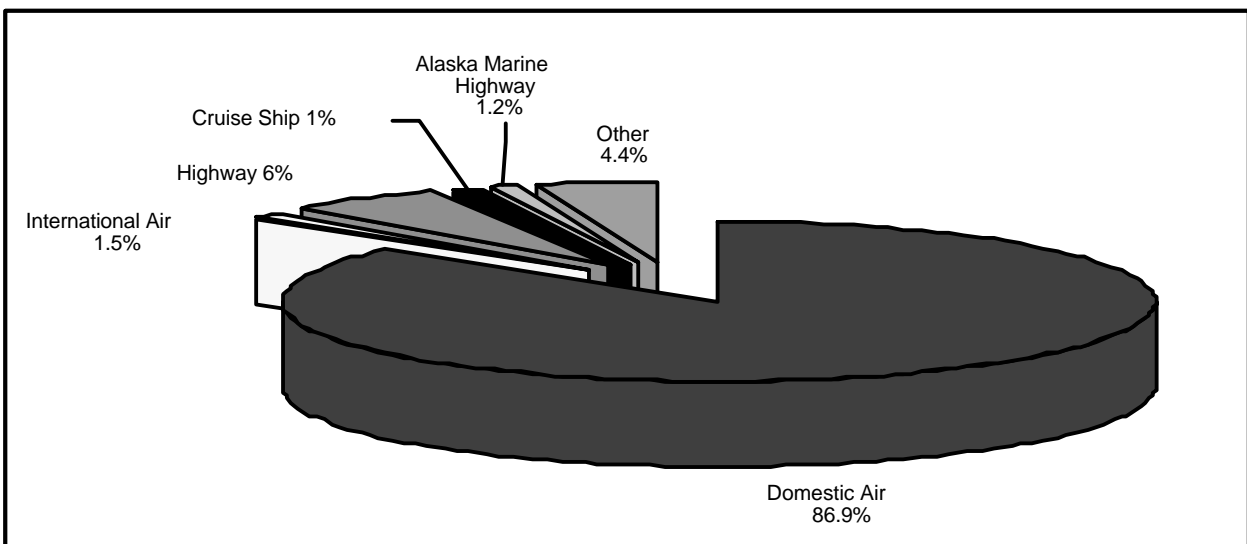


Table I-1 shows the Fall/Winter period by season and in total. Both seasons experienced downturns, with Winter dropping the most (-11%). While air arrivals into Anchorage diminished by about 10%, arrivals to other Alaska air locations (Fairbanks, Juneau, and Ketchikan combined) declined slightly more (-12%), due to the elimination of a carrier to Fairbanks.

There is no clear reason behind the increase in highway arrivals. Possible factors are the slow steady growth of the state's population through in-migration. In addition, some

early affects of advertising anticipating the 1998 Gold Rush anniversary could have been a positive determinant in stimulating highway usage.

Table I-1

**Total Arrivals - Total Passengers Entering Alaska
(Residents and Visitors Combined)
Fall/Winter 1997-1998**

Mode	Fall	Winter	Total	% Change F/W 1996-97/1997-98
Domestic Air¹	230,540	297,901	528,441	-10.1%
Anchorage	183,645	235,803	419,448	-9.7
Other	46,895	62,098	108,993	-11.6
International Air²	3,366	5,812	9,178	-15.1%
Cruise Ship	0	100	100	-93.1%
Highway³	13,915	22,712	36,627	+17.8%
Alcan & Poker Creek				
Personal Vehicle	8,887	11,697	20,584	+23.1
Motorcoach ⁴	45	119	164	+7.9
Skagway				
Personal Vehicle	4,910	10,640	15,550	+12.2
Motorcoach ⁴	73	256	329	-10.1
Alaska Marine Highway⁵	2,421	5,059	7,480	-22.3%
Departing Bellingham	2,302	3,462	5,764	-0.9
Departing Prince Rupert	119	1,597	1,716	-54.9
Other⁶	12,235	14,303	26,539	-0.7%
Total Arriving Passengers⁷	262,477	345,887	608,365	-8.9%
% of Change By Season 1996-1997 to 1997-1998	-6.2%	-10.8%	-8.9%	

Footnotes appear on page 8.

Table I-2 demonstrates the number of total arrivals to Alaska by entry mode for each of the months October 1997 through April 1998. The strongest month with the largest number of arrivals was December, which recorded more than 97,000 arrivals. A close second was March with nearly 96,000 arrivals. Typically, February is the weakest month. February 1998 was no exception bringing only 70,600 arrivals to Alaska.

With the exception of Highway mode all other modes posted declines between Fall/Winter 1996-1997 and Fall/Winter 1997-1998. It is difficult to ascertain the reason behind the highway traffic increase. Subjective comments by executives in the field generated no single factor for the elevation in highway arrivals other than those cited in the previous discussion.

Table I-2

Total Arrivals
Total Passengers Entering Alaska
(Residents and Visitors Combined)
October 1997 to April 1998

Mode	October	November	December	January	February	March	April	Total
Domestic Air¹	70,741	72,949	86,850	78,541	61,811	83,588	73,961	528,441
Anchorage	56,491	57,713	69,441	62,965	48,376	66,119	58,343	419,448
Other	14,250	15,236	17,409	15,576	13,435	17,469	15,618	108,993
International Air²	946	1,203	1,217	1,512	1,147	1,724	1,429	9,178
Cruise Ship	0	0	0	0	0	0	100	100
Highway³	7,014	3,833	3,068	2,739	3,703	5,872	10,398	36,627
Alcan & Poker Creek								
Personal Vehicle	4,806	2,305	1,776	1,342	2,069	2,781	5,505	20,584
Motorcoach ⁴	33	8	4	27	25	13	24	164
Skagway								
Personal Vehicle	2,117	1,510	1,283	1,331	1,603	3,013	4,693	15,550
Motorcoach ⁴	58	10	5	9	6	65	176	329
Alaska Marine Highway⁵	1,032	714	675	1,190	817	1,287	1,765	7,480
Departing Bellingham	1,032	714	556	902	621	886	1,053	5,764
Departing Prince Rupert	0	0	119	288	196	401	712	1,716
Other⁶	3,447	3,529	5,259	3,924	3,132	3,364	3,883	26,539
Total Arriving								
Passengers	83,180	82,228	97,069	87,906	70,610	95,835	91,536	608,365

Footnotes appear on the following page

Footnotes For Tables I-1 and I-2

Important note: Arrivals are defined as passengers entering Alaska at their first point of entry. Further, the number of first arrivals at each entry point are only those using that point for their first stop. In Anchorage, for example, 419,448 passengers entered the state on Domestic Air carriers which landed first at Anchorage. Several times that number transited in and/or out of Anchorage by air from instate locations.

- 1 Domestic Air totals include both scheduled and charter flights by domestic carriers.
- 2 International Air totals include both scheduled and charter flights by international carriers.
- 3 Highway Personal Vehicle totals include all passengers passing into Alaska through U.S. Customs stations on Alaska, Taylor and Klondike Highways. The Taylor station is closed during the fall and winter seasons. These totals include passengers arriving in Alaska at their first point of entry and those previously entering Alaska at other points, such as on the Ferry in Southeast Alaska before driving into mainland Alaska. Those passengers not arriving by Highway as their first point of entry are screened out by the AVSP survey process and are not double counted in

the visitor totals. Passengers entering Alaska on the Klondike Highway who first visited mainland Alaska are also screened out by the survey process.

- 4 Highway Motorcoach arrivals are first arrivals only and, unlike the Personal Vehicle arrivals, do not include Motorcoach passengers who first entered Alaska at another point of entry. Motorcoach first arrivals are those passengers traveling from their point of origin entering Alaska first via Highway at the Alcan and Klondike highways U.S. Customs stations.
- 5 Alaska Marine Highway System arrivals are the number of passengers on board as the ferries pass northbound into Alaska waters from the two outside points of departure, Prince Rupert, B.C. and Bellingham. The total does not, of course, include users of the system boarding within Alaska.
- 6 The "Other" arrivals category includes first arrivals at minor points of entry not surveyed. This includes Domestic Air first arrivals at locations other than Ketchikan, Juneau, Anchorage and Fairbanks; some private vessel and aircraft arrivals; commercial truck passengers through Alcan, Taylor and Klondike checkpoints and a statistical adjustment to prevent disclosure of individual carrier volume. This does not include crew members of all other passenger transportation modes.

Resident/Visitor Arrival Composition

The first step in determining visitor characteristics is to estimate the proportion of visitors among total arrivals. The absence of survey data for Fall/Winter 1997-1998, requires the use of a combination of methods to determine proportions of residents and visitors among all arrivals. This combination includes a review of past survey results, study of changes in the Alaska economy and its population, a review of events/trends which may have affected travel to and from Alaska, and detailed examination of visitor trends by the five trip purpose groups. The end results of these analyses are estimates of the volume of arriving visitors by each entry mode during Fall/Winter 1997-1998.

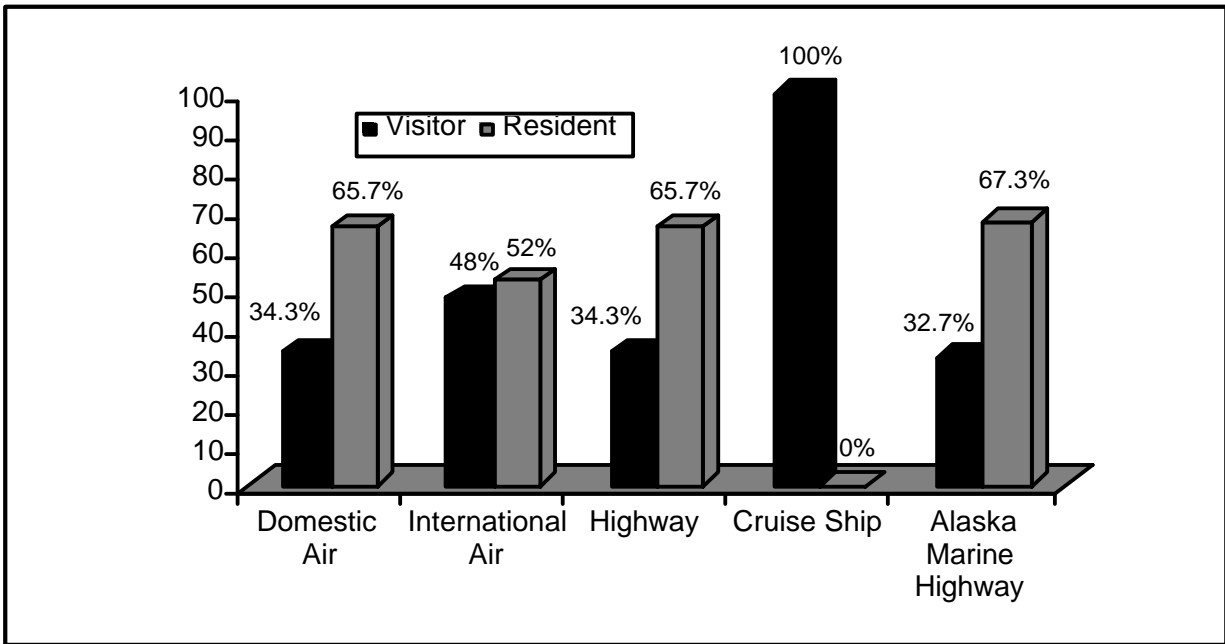
Alaska's population grew nearly 2% between 1997 and 1998, or by 12,000 individuals. This was the largest population growth since 1993. Between 1994 and 1997 population growth hovered below 1%. The growth between 1997 and 1998 increased Alaska's population to 621,400 (according to Alaska Department of Labor provisional data).

Employment statistics also recorded gradual increases between Fall/Winter 1996-1997 and Fall/Winter 1997-1998 growing in excess of 2% on average for the period, or by more than 5,700 jobs. Population and economic indicators affect business and Alaska resident travel rates.

Graph I-B depicts the ratios between residents and residents by entry mode. Over the years these ratios have shown some gradual, yet almost imperceptible shifts. The primary travel mode, domestic air, was more than one-third non-resident visitors (34.3%) with the remainder being Alaska residents (65.7). Highway arrival and Domestic Air proportions were identical. International Air visitors were nearly even with 48% being non-resident visitors and the remaining 52%, residents.

Graph I-B

Resident/Visitor Arrival Composition by Entry Mode



Fall/Winter 1997-1998

Secondary research indicates that for this particular Fall/Winter period both resident and non-resident travel was down significantly. Business travel is the greatest force behind travel to Alaska during Fall/Winter. Softening of this particular market segment greatly contributed to a reduction in travel to the state. Another factor affecting business travel is the growing number of business executives incorporating leisure activities into their business travel. As businesses continue to create greater efficiencies in the workplace and minimize the need for additional travel it is possible that business travel will occur where the greatest variety of leisure activities are to be had.

Nationwide travel trends indicate a direction toward more frequent shorter travel breaks at locations closer to home. Many of these trips are decided more on the spur of the moment rather than in advance. This makes Alaska less attractive as a quick getaway destination. These factors, higher travel costs and fewer carriers to the state during Fall/Winter 1997-1998 also affected the balance between residents and visitors.

Once again permanent fund dividend (PFD) tickets were less appealing. As the value of the PFD increased, due to excellent stock market gains during the mid to late 1990s, the actual exchange for tickets became less inviting to price sensitive consumers. Increased limitations on PFD ticket use including travel direction, timing, and transferability made them less attractive.

Convention activity has been strong in the state's major cities (Anchorage, Fairbanks and Juneau). The majority of these conventions were for instate groups rather than from outside Alaska. Anchorage out-of-state conventions increased over last year, but just slightly, signifying less non-resident visitor growth than previous years.

Visitor Arrivals by Entry Mode

As shown in Table I-3, visitors comprised slightly more than one-third (34%) of Fall/Winter travelers or a total of approximately 209,000 visitors. Even with a 10% decline in total arrivals Domestic Air was still the dominant travel mode for visitors to Alaska bringing nearly 87% of all visitors in Fall/Winter 197-1998.

Visitors entering Alaska on the highway accounted for nearly 6% of all visitors, while International Air and the state ferry system were 2% and 1%, respectively. The Cruise industry readjusted schedules and shifted nearly all of their early season arrivals to May of 1998.

Table I-3

Resident/Visitor Arrivals by Entry Mode Fall/Winter 1997-1998

Entry Mode	Total Arrivals	% Visitors	# of Visitors ¹	% of Total Visitors
Domestic Air	528,441	34.3%	181,500	86.6%
Cruise Ship	100	100.0	100	<1%
Highway-Personal Vehicle	36,109	34.3	12,400	5.9
Highway-Motorcoach	518	0.0	0	0.0
Alaska Marine Highway System	7,480	32.7	2,500	1.2
International Air	9,178	48.0	4,400	2.1
Other	26,539	33.0	8,700	4.2
Total Arrivals	608,365	34.4%	209,600	100.0%

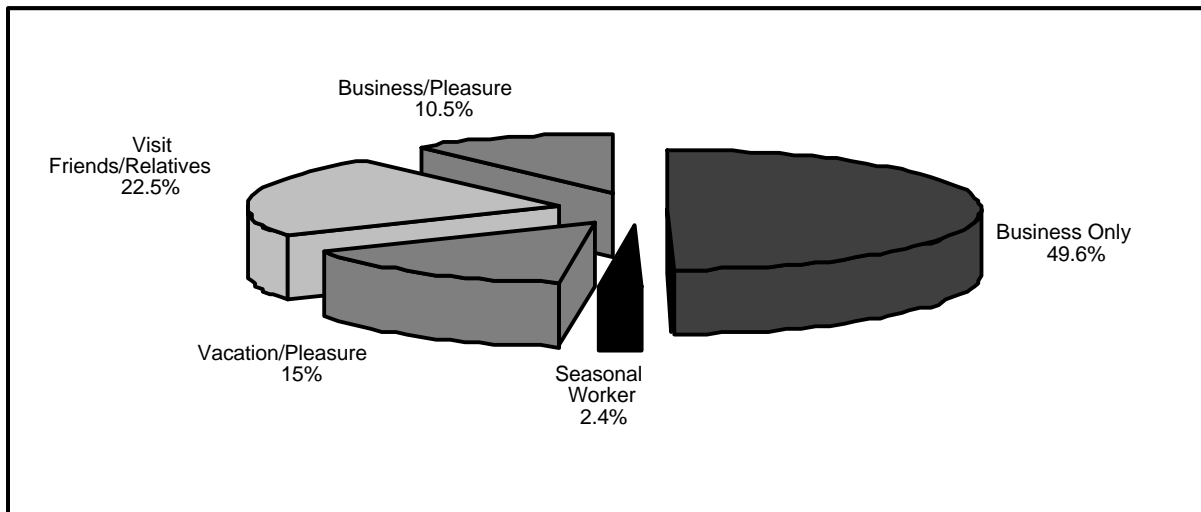
¹ Totals for the number of visitors have been rounded up.

Visitor Arrivals by Trip Purpose

Graph I-C depicts visitor arrivals by trip purpose. The largest piece of the pie is attributed to business travelers (50%). When both business categories are combined (Business Only and Business and Pleasure) total business travel increased to approximately 60% of all visitor arrivals for Fall/Winter 1997-1998. Travel by pleasure-related visitors totaled approximately 37% of all visitors.

Graph I-C

Visitor Arrivals by Trip Purpose Fall/Winter 1997-1998



Similar to total arrivals, visitor numbers have also declined between Fall/Winters 1996-1997 and 1997-1998 by about 9%. Business Only visitors suffered year over year losses of about 11%. Business and Pleasure and Vacation visitors declined about 8%.

Table I-4

Visitor Trip Purpose Fall/Winter 1997-1998

Trip Purpose	Number of Visitors ¹	Percent Change From 1996-97
Vacation/Pleasure	30,100	-8.5%
Visiting Friends and Relatives	45,300	-8.1
Business and Pleasure	21,100	-8.3
Business Only	99,600	-11.4
Seasonal Workers	4,800	-9.4
Total Visitors	200,900	-9.9%
Others (Visitors not sampled and therefore, not included in the trip purpose analysis)	8,700	
Total	209,600	

Visitor Arrivals by Origin

Visitor Origin data was last collected in Fall/Winter 1993-1994. Changes in air carrier service, marketing efforts and a broad range of other factors may be affecting visitor origin patterns.

Because Fall/Winter 1993-1994 patterns are not considered valid indicators of today's visitor origins only 1993-1994 percentages are presented in the following table and are not applied to 1996-1997 visitor volumes.

Table I-5

**Visitor Arrivals by Place of Origin
Fall/Winter 1993-1994***

	Percent of Total Visitors
West	56.5%
Washington	28.1%
California	12.4%
Oregon	5.8%
South	18.4%
Texas	7.4%
Midwest	6.9%
East	5.7%
Total United States	87.6%
Canada	4.9%
Overseas	4.8%
Unknown	2.7%
Total Visitor Arrivals	100.0%

*Please refer to the discussion above.

Chapter II: Visitor Arrival Trends

Introduction

Resident/Visitor Arrival Composition Trends

Entry Mode Visitor Trends

Trip Purpose Visitor Trends

Total Arrival Trends (Residents and Visitors Combined)

Introduction

The *Alaska Visitor Statistics Program* has recorded changes in visitor traffic since the program was launched in 1985. For the most part, all entry mode and trip purpose groups have experienced increases in numbers. An overview of these trends is presented in this section.

Two broad refinements have been made to data collection over the past ten years. First, Skagway was not included as an entry point until 1989. From 1985 through 1988 data did not include Skagway arrivals. In order to be comparable to more recent data, Skagway arrivals have been estimated for these years. Second, from 1985 through 1992, summer season data included the months of June through September. In 1993, the summer season was expanded to include May.

In this report, the Fall season is defined as October, November and December. The Winter season includes January, February, March and April.

In this section, current Fall/Winter 1997-1998 estimates are compared with comparable data from AVSP data collected during 1989-1990. The Fall/Winter 1989-1990 data was adjusted to the October to April season to insure comparability. Also to insure comparability, the "Other" category (those arrivals to minor points of entry not sampled in the AVSP) was **not** included in the analyses resulting in different visitor totals as presented in other sections of this document.

Visitor Entry Mode Trends

Visitor volume grew nearly 13% between Fall/Winter 1989-1990 and Fall/Winter 1997-1998 increasing by more than 22,000 individuals, despite the recent downturn in Fall/Winter 1997-1998.

Domestic Air was the dominant transportation mode and carried the majority of Fall/Winter visitors. It also recorded the largest growth increasing at an annual average rate of nearly 3% or by more than 34,000 visitors over the eight-year period.

Compared to 1989-1990, International Air visitor numbers appear rather bleak. Major changes in operations at the Anchorage International Airport (AIA) due to the opening of Russian air space and technological advances in air carrier design and fuel efficiency have greatly changed the traffic patterns to AIA. Overall, the average annual decline from 1989-1990 through 1997-1998 was 6.8%.

Alaska Marine Highway System (AMHS) visitor numbers recorded extreme declines since Fall/Winter 1989-1990 (-60%). This travel mode has been at a disadvantage for a number of reasons. The Fall/Winter 1997-1998 was one of the most dismal in terms of visitor numbers for a variety of reasons. There has been virtually no expansion over the years in terms of capacity, vessel overhauls restricted frequency, lack of a strong marketing presence limited visibility and the affects of using the AMHS as a political tool by Canadian fishermen resulted in the elimination of Prince Rupert as a port stop for six months.

Highway numbers grew just slightly between Fall/Winter 1989-1990 and Fall/Winter 1997-1998, posting a 2% increase for the eight year period.

Visitor cruise ship arrivals played only a small part during the Winter 1998 season. It is unlikely this will change significantly in the future.

Table II-1

Visitor Trends by Entry Mode
Fall/Winter 1989-1990 and Fall/Winter 1997-1998

	1989-90¹	1997-98	Total Change	Annual Average Change
Domestic Air	146,900	181,500	+23.6%	+2.7%
International Air	14,300	4,400	-69.2	-6.8
Highway-Personal Vehicles	10,900	12,400	+13.8	+1.6
Cruise Ship	—	100	NA	NA
Alaska Marine Highway	6,300	2,500	-60.3	-6.1
Total Visitors²	178,400	200,900	+12.6%	+1.5%

¹ Fall/Winter 1989-90 data was adjusted to the October to April season of Fall/Winter 1997-1998 to insure comparability.
² The "Other" Category, visitors arriving at minor points of entry, was not included in this analysis.

Visitor Trip Purpose Trends

Trip purpose estimates were developed using three methods. First, the historical trip purpose composition of each entry mode from the Fall/Winter 1993-1994 visitor data base was applied to the Fall/Winter 1997-1998 entry mode figures. Second, trip purpose composition of the total visitor volume was reviewed. Finally, economic trends, relevant travel trends which affected travel to and from Alaska and visitor trends within each trip purpose group were considered to determine the trip purpose numbers presented in this section.

Vacation/Pleasure (VPs) visitors expanded their presence by 38% or at an annual average rate of about 4% between Fall/Winter 1989-1990 and Fall/Winter 1997-1998. VPs accounted for 15% of the total visitor market in 1997-1998, compared to 12% of the market in 1989-1990.

Business Only (BOs) visitors were the dominant Fall/Winter market and grew at an annual average rate of about 2% over the eight year period. BOs were nearly half (49.7%) of the Fall/Winter volume and increased their market presence by 2% compared to Fall/Winter 1989-1990 (47.8%). Business & Pleasure visitors recorded a decline over the analysis period diminishing at the rate of approximately 3% per year and account for 3% of total visitor volume.

Travelers visiting friends and relatives grew by about 19% between Fall/Winter 1989-1990 and Fall/Winter 1997-1998 averaging an annual growth rate of about 2%. Over the period a variety of discounting measures and the introduction of new carriers to the market may have made a visit to Alaska more cost effective for friends and relatives. VFR volume approximately matches Alaska resident population growth.

Table II-2

**Visitor Trends by Main Trip Purpose
Fall/Winter 1989-1990 and Fall/Winter 1997-1998**

	1989-90¹	1997-98	Total Change	Annual Average Change
Vacation/Pleasure	21,800	30,100	+38.1%	+4.2%
Visit Friends & Relatives	38,000	45,300	+19.2	+2.2
Business & Pleasure	28,400	21,100	-25.7	-2.9
Business Only	85,200	99,600	+16.9	+2.0
Seasonal Worker	5,000	4,800	-4.0	-0.5
Total Visitors²	178,400	200,900	+12.6%	+1.5%

¹ Fall/Winter 1989-90 data was adjusted to the October to April season of Fall/Winter 1997-1998 to insure comparability.
² The "Other" Category, visitors arriving at minor points of entry, was not included in this analysis.

Total Arrival Trends

All Fall/Winter arrivals to Alaska (including residents and non-residents) totaled 581,300 in 1997-1998 compared to 467,100 in 1989-1990. Arrivals grew at the rate of about 3% per year.

Domestic Air carried the greatest number of entries and experienced the largest amount of growth expanding by more than 125,000 passengers or by about 3% per year. Air travel continues to provide the most efficient method of accessing Alaska, particularly during the fall and winter months.

Highway arrivals also demonstrated a slight increase over the eight year period growing by about 3%. This mode experienced fluctuations over the years, but appears to be making a comeback. Fuel prices have declined somewhat in the last year or so and could be a contributing factor to the resurgence of this travel mode. In addition, the visitor industry has recognized that highway travel was faltering and is working towards increasing Alaska's overall presence as a visitor destination with some emphasis on highway mode. Decreased ferry service also contributed to more vehicle traffic entering the state initially by highway.

International Air recorded a decline between Fall/Winters 1989-1990 and 1997-1998 of about 30%. As mentioned in previous discussions this particular travel mode has undergone major changes in the last eight years and is greatly affected by financial market trends. A stabilization of the Asian financial markets should positively affect this entry mode in the future.

The Alaska Marine Highway System recorded the greatest (51%) decline between Fall/Winter 1989-1990 and Fall/Winter 1997-1998. Ferry arrival numbers have been trending downward in recent years due to many factors. The impact of eliminating Prince Rupert as a port stop further extended this decline.

Table II-3

**Total Arrival Trends by Entry Mode
(Residents and Visitors Combined)
Fall/Winter 1989-1990 and Fall/Winter 1997-1998**

	1989-90¹	1997-98	Total Change	Annual Average Change
Domestic Air	403,153	528,441	+31.1%	+3.5%
International Air	13,342	9,178	-31.2	-3.5
Highway	35,183	36,109	+2.6	+0.3
Cruise Ship	0	100	NA	NA
Alaska Marine Highway	15,432	7,480	-51.5	-5.3
Total Arrivals²	467,110	581,308	+24.4%	+2.8%

¹ Fall/Winter 1989-90 data was adjusted to the October to April season of Fall/Winter 1996-97 to insure comparability.
² The "Other" category, visitors arriving at minor points of entry, was not included in this analysis.

Chapter III: Full Year Arrivals

Introduction

Full Year Total Arrivals

Full Year Visitor Arrivals

Full Year Visitor Trends

Introduction

This chapter provides an analysis of the estimated total arrivals into Alaska, both resident and non-resident, for the full year of May 1997 to April 1998. Included are summaries on the full year total arrivals, visitor arrivals, visitor arrivals by entry mode and visitor arrivals by trip purpose.

The full year and seasonal definition differs slightly from the full year and seasonal definition used in the *1985-86 Alaska Visitor Statistics Program (AVSP I)* and *1989-90 Alaska Visitor Statistics Program (AVSP II)*. Therefore, the data presented is not completely comparable to the data of previous years. Additionally, the 1997-1998 data are estimates based on the actual data of *AVSP III (1993-1994)* in conjunction with other estimation methods.

In this chapter, Summer season is defined as May, June, July, August and September; the Fall season is October, November and December; and, the Winter season is January, February, March and April. Prior to Summer 1993 May was not included in summer data.

Trend tables provided in Chapter II have been adjusted to reflect the seasonal definition used in this analysis.

Full Year Visitor Trends

During the full year Summer 1997 through Fall/Winter 1997-1998 total arrivals to Alaska including residents and non-residents was 2,121,800. More than six of ten (62.7%) or 1,330,000 were non-residents or visitors to the state.

Domestic Air and Cruise Ship carried the majority of Alaska visitors to the state. The state ferry system had the least impact carrying 1.6% of all Alaska visitors for the full year.

Table III-1

Full Year Total Arrivals and Visitor Arrivals Summary Summer 1997 and Fall/Winter 1997-1998

Summer 1997				
Entry Mode	Total Arrivals	% of Total Arrivals	# of Visitors¹	% of Total Visitors¹
Domestic Air	845,455	55.9%	560,800	50.0%
Cruise Ship	392,063	25.9	392,100	35.0
Highway-Personal Vehicle	178,543	11.8	96,600	8.6
Highway-Motorcoach	3,705	0.2	3,700	0.3
Alaska Marine Highway System	23,461	1.6	18,900	1.7
International Air	26,455	1.7	21,000	1.9
Other	43,813	2.9	27,500	2.5
Totals	1,513,495	100.0%	1,120,600	100.0%
Fall/Winter 1997-1998				
Entry Mode	Total Arrivals	% of Total Arrivals	# of Visitors¹	% of Total Visitors¹
Domestic Air	528,441	86.9%	181,500	86.6%
Cruise Ship	100	<1	100	<1
Highway-Personal Vehicle	36,109	5.9	12,400	5.9
Highway-Motorcoach	518	<1	0	0.0
Alaska Marine Highway System	7,480	1.2	2,500	1.2
International Air	9,178	1.5	4,400	2.1
Other	26,539	4.4	8,700	4.2
Totals	608,365	100.0%	209,600	100.0%
Full Year Total				
Entry Mode	Total Arrivals	% of Total Arrivals	# of Visitors¹	% of Total Visitors¹
Domestic Air	1,373,896	64.7%	742,300	55.8%
Cruise Ship	392,163	18.5	392,200	29.5
Highway-Personal Vehicle	214,652	10.1	109,000	8.2
Highway-Motorcoach	4,223	0.2	3,700	0.3

Alaska Marine Highway System	30,941	1.5	21,400	1.6
International Air	35,633	1.7	25,400	1.9
Other	70,352	3.3	36,200	2.7
Totals	2,121,860	100.0%	1,330,200	100.0%

¹ Totals for the number of visitors have been rounded up to the nearest 100.

The full year Summer 1997 through Fall/Winter 1997-1998 grew 3% over the previous period. Cruise ship arrivals played the most important role increasing by 16% and carried 29% of the states' year-round visitors.

All other transportation modes recorded declines for the year, greatly affected by the downturn experienced during Fall/Winter 1997-1998. While domestic air entries (-1%) and highway personal vehicle (-0.3) registered the smallest declines, the state ferry system tabulated the greatest at -21%.

Table III-2

**Full Year Visitor Arrivals Summary by Entry Mode¹
Summer 1997 and Fall/Winter 1997-1998 (Includes Other in Totals)**

Entry Mode	Summer Total	Fall/Winter Total	Year Total	% Change 96-97 to 97-98
Domestic Air	560,800	181,500	742,300	-1.1%
Cruise Ship	392,100	100	392,200	+16.0
Highway-Personal Vehicle	96,600	12,400	109,000	-0.3
Highway-Motorcoach	3,700	0	3,700	-11.9
Alaska Marine Highway System	18,900	2,500	21,400	-21.3
International Air	21,000	4,400	25,400	-8.3
Other ²	27,500	8,700	36,200	-3.7
Total Visitors	1,120,600	209,600	1,330,200	+2.7%

¹ Numbers of visitors have been rounded up.
² The "Other" category includes first arrivals at minor points of entry not surveyed, with a statistical adjustment to prevent disclosure of individual carrier volume.

Year-round, Vacation/Pleasure visitors were Alaska's most significant trip purpose group accounting for 64% of all visitors. VPs grew 6% over the 1996-1997 full year period, the only trip purpose group to do so.

The second most important market for Alaska's visitor industry was Business Only comprising 16% of all visitors and totaled 184,500 visitors for the year.

Visitors traveling to see friends and relatives were also a notable trip purpose segment representing 12% of Alaska's year-round visitors.

Table III-3

Visitor Trends by Main Trip Purpose
Summer 1997 and Fall/Winter 1997-1998 (Excludes Other in Totals)

Entry Mode	Summer Total	Fall/Winter Total	Year Total	% Change 96-97 to 97-98
Vacation/Pleasure	725,800	30,100	755,900	+5.7%
Visit Friends & Relatives	91,600	45,300	136,900	-3.0
Business & Pleasure	58,100	21,100	79,200	-2.3
Business Only	84,900	99,600	184,500	-6.3
Seasonal Worker	12,000	4,800	16,800	-2.9
Total Visitors¹	972,400	200,900	1,173,300	+1.8%

¹ The "Other" Category, visitors arriving at minor points of entry, was not included in this analysis.

Full Year Visitor Trends

Full year visitor trends are presented in the following table. Visitor numbers grew substantially (+64.8%) between 1989-1990 and 1997-1998 at an annual average rate of about 6.4%.

Cruise visitors exhibited the largest growth increasing by more than 236,000 visitors, or by more than 12% per year. It is likely cruise visitor numbers will continue to increase as vessel capacity increases, but should grow more slowly after the turn of the century.

The dominant entry mode for Alaska is Domestic Air, which expanded by nearly 57% averaging an annual increase of about 6%.

Table III-4

Full Year Visitor Trends by Entry Mode
Full Year Summer 1989, Fall/Winter 1989-1990 and
Summer 1997, Fall/Winter 1997-1998

Entry Mode	Full Year 1989-1990	Full Year 1997-1998	Annual Average Change 1989-90 to 1997-98
Domestic Air	474,400	742,300	+5.8%
Cruise Ship	155,500	392,200	+12.3
Highway-Personal Vehicle	85,400	109,000	+3.1
Highway-Motorcoach	7,800	3,700	-5.4
Alaska Marine Highway System	33,700	21,400	+3.9
International Air	27,300	25,400	-0.9
Other	22,900	36,200	+5.9
Total Visitors	807,000	1,330,200	+6.4%

Appendix

Methodology Summary

Acknowledgments

Appendix

Methodology Summary

The Arrival Count (AC) is the method of counting all passengers (visitors and residents) who entered the state. The count is conducted by obtaining passenger counts from airlines and ferry carriers, Highway arrivals through U.S. Customs records and Cruise Ship arrivals from Cruise Line Agencies of Alaska and other sources.

Domestic Air

Domestic Air arrival counts were obtained through a voluntary confidential reporting system. All Domestic Air carriers participated, making possible an analysis of the complete Domestic Air Alaska visitor market.

Cruise Ship

Cruise Ship arrival count data was obtained through Cruise Line Agencies of Alaska in Ketchikan and other sources.

Alaska Marine Highway System

Arrival count data for the Alaska Marine Highway System was obtained from computer scanned passenger tickets generated by the Alaska Marine Highway Manager's office in Juneau.

Highway

Arrival count data was obtained from the U.S. Customs Port Director's offices in Alcan and Skagway.

International Air

International Air arrival count data was obtained through the marketing office at the Anchorage International Airport.

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- The management at Cruise Line Agencies of Alaska;
- Management and staff at Alaska Sightseeing/Cruise West;
- The Alaska Marine Highway System management;
- The U.S. Customs Service personnel at Alcan, Poker Creek and Skagway; and
- The staff at the Alaska Public Lands Information Office in Tok.