

Prepared Remarks

Ginny Fay, Director DCED Division of Tourism
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Plenary Session: Marketing and Guiding Alaska Tourism - Defining our Roles

Good Morning. I'd like to say "It's nice to be back in Girdwood", but I must say you've done a great job of moving the conference to Anchorage under extreme conditions. I'm pleased to see so many dedicated tourism professionals, and remember the similar challenges you faced getting to Valdez last year for the 6th annual meeting.

Alaska Department of Community and Economic Development and the Division of Tourism are jointly charged with implementing tourism policy for the State of Alaska. I'll start with the State's guiding principles regarding tourism in Alaska that are contained in the Division's mission statement:

To create jobs and business opportunities for Alaskans;
To disperse the economic benefit of tourism throughout Alaska and throughout the year;
To assure an Alaska visitor experience that is second to none.

Underlying this mission is this incredible resource that is Alaska. You cannot overstate the quality of Alaska's heritage, environment, and sense of place. We are all stewards of this resource. From the state perspective, we think of stewardship in terms of a responsibility to maintain Alaska's role as a world class visitor destination for the generations to come, or to make it sustainable, not diminished.

Today I would like to review some recent statistics (statistics are something we do well), and to describe a couple of recent developments in the public sector side of tourism. Last year, visitors spent almost \$1 billion in Alaska, and tourism employed over 20,300 persons directly and over 30,000 indirectly---about ¾ of these were Alaskans. Nearly 1 in 10 jobs puts tourism up there with commercial fishing in terms of employment opportunities for Alaskans. Tourism also shares another very important similarity to commercial fishing---there are opportunities and potential opportunities throughout Alaska from Anchorage to the smallest, remotest village or region. Visitor growth to Alaska has been steady over the past fifteen years, however, the rate of growth overall has been slowing in the past three years. (slight flattening, still growing)

Here are some visitor numbers for this past summer season (May to September 1999):

Total arrivals, both visitors and residents, numbered a record 1.6 million last summer (3.2% higher than summer 1998). ¾ of those (1.2 million) were visitors, a 3% increase in visitor arrivals over the previous summer;

1999 summer visitor traffic continued a slowdown in growth occurring over the past several years. In 1996 visitor volume grew by 10%, 1997 by 5%, and 1998 by 4%;

cruise traffic continued to increase faster than other modes, although at a slower rate than in the past. In 1999 cruise traffic increased 6%, 1997 by 17%, and 1998 by 10%.

Visitor Entry by Mode, Summer 1999:

Domestic Air	565,600 (up 2.5% over Summer 1998)
Cruise Ship	457,100 (up 6%)
Highway – Personal Vehicle	106,300 (down 1.2%)
Highway – Motor Coach	3,700 (down 9.6%)
Alaska Marine Highway System	20,800 (down 4.0%)
International Air	21,700 (up 8.3%)
Other	23,800 (down 13.7%)
Total	1,199,000 (up 3.0%)

With the decline in Alaska's resource extraction industries (fishing, mining, timber), more Alaskans are turning to tourism as the industry offering the greatest potential for growth. And, As far as visitors from outside the state, there is no reason to believe that Alaska's appeal will not be sustained. This Tuesday's Juneau Empire cited a recent survey by Stan Plog Research of Los Angeles, where the 11,000 respondents moved Alaska from fourth to second place, behind Hawaii, in traveler satisfaction.

As an economist, I look at these economic impact and the visitor numbers and ask: where was this money spent, how much stayed in Alaska, how much went into the pockets of small businesses in Alaska, how much was captured by communities, how much left the state almost immediately? These are all very important questions that we have not spent too much time considering in the past when tourism was in its infancy. We just wanted more visitors and once we got them to the state we would fight to get them to our community or business.

Now that tourism has matured, it is important that we think about these issues. We all know that a new job created in Juneau or Anchorage is not the same as creating a new job in Bettles, Savoonga or Angoon. We also know, for example, that the expenditures by a German visitor who spends three weeks in Alaska fly-fishing on the Karluk River, or bear viewing at Pack Creek, or renting an RV and then heading to a wilderness lodge in Western Alaska, does not have the same economic impact as a one week cruise ship visitor. All these visitors are critical to Alaska—and I want to make it clear that I fully support all sectors of Alaska's tourism industry—but what we must strive for is a well thought out, proactive approach to tourism that includes a diverse mixture of visitors and maximizes and disperses the benefits to Alaska businesses and residents. Let's talk a bit about how we are going to get to that level of tourism marketing and development.

In the last six years, Alaska has gone from 7th to 29th among the states in spending for tourism marketing and development. And I am guessing that this year's national survey will show us

declining even more. At our peak of marketing we marketed Alaska during the Super Bowl...certainly not this year, as that would break the bank.

Currently, the State spends approximately \$5.1 million annually (General Funds) on tourism--\$4 million on marketing and \$1 million on planning and development. Approximately \$1.9 million is for the Division of Tourism, \$640,000 of which is for contracts for travel trade and international marketing and \$285,000 is Alaska's contribution to Tourism North. Tourism North, has been a successful cooperative partnership with the Yukon, British Columbia, Alberta and Prince Rupert governments to promote highway and ferry travel to Alaska.

Approximately \$3.3 million is the budget for ATMC direct consumer marketing contract effort that receives a 25% industry match of approximately \$1.3 million.

1999 legislation, effective July 1, 2000, consolidates tourism-marketing into a single state contract by the Alaska Department of Community and Economic Development/Division of Tourism with a qualified trade association (QTA)--the new Alaska Travel Industry Association (ATIA) was formed to fulfill this role; the ATMC is abolished effective June 30, 2000. Prior to execution of the marketing contract, the marketing plan must be reviewed and approved by DCED who administers the contract.

As stewards, we should agree on common goals, which seems a reasonable starting point for the GAT (Guiding Alaska Tourism) initiative, more discussion has to happen to articulate these common goals.

The State tourism program must meet a number of State of Alaska goals. Along with these relatively broad public policy goals, there are more specific goals or objectives. The broader goals are as follows:

- Serve as an effective economic development tool for communities throughout Alaska;
- Be community lead to allow each community to decide whether tourism is appropriate for their community and the types and level of visitation they desire;
- Preserve the cultural values and quality of life for all Alaska residents;
- Be environmentally and economically sustainable in the long term;
- Provide a significant portion of benefits to the local area where visitation occurs;
- Increase resident satisfaction with the visitor industry; reduce impacts to residents and communities and maintain the quality of life for Alaska residents;
- Maintain or improve overall visitor satisfaction.

Within the context of the broader goals listed above, the state's objectives for tourism marketing and growth are as follows:

- Increase interest in Alaska as a visitor destination;
- Maintain or increase the average length of stay in Alaska;
- Increase employment of Alaskans in the visitor industry throughout the state;
- Increase awareness and participation of businesses in the marketing program;
- Increase private-sector funding of state tourism marketing programs;
- Endeavor to position Alaska as a year-round destination;
- Increase visitation to all regions of the state including non-urban areas;

Attract a diverse mixture of visitors who travel to and within Alaska by a variety of travel modes;
Increase total visitor expenditures statewide; endeavor to maintain or increase per trip expenditures;
Reverse the decline and increase independent visitation to Alaska;
Increase the rate of new and repeat visitation.

The State has these key roles in guiding tourism:

Information
Technical Assistance
Liaison
Planning

With the merger of the Departments of Commerce and Economic Development and Community and Regional Affairs, we are more closely integrating community and business development. This administration's approach to facilitating economic development is community based—it takes a community to raise a business, so to speak. We need to begin with community capacity building as well as a collective vision of what a community wants to be and how it will support itself. While tourism is a very effective and important asset, it is just one tool in a community toolbox for economic development. We see ourselves as facilitators of this economic development process through providing information, technical assistance, and liaison with other state agencies, and planning.

Information. The Alaska Division of Tourism is a clearinghouse of information for visitors, and for the industry. Where do you start? Who do you call when you want to go to Alaska? Whose website do you check out? Millions of people around the world start by looking up the State of Alaska. And we don't turn them away. It's part of marketing, but it's also a service that state should provide, because nobody else will. Beginning with our front line inquiries section in Juneau, on out to our affiliate offices (Japan, Taiwan, Europe/U.K., South Korea), we are in the information business.

Our Website <http://www.dced.state.ak.us/tourism/> averages well over 2,000 visitor user sessions per day and serves as the major portal for CVB websites throughout the state. At our exhibit out front, you'll find a set of Guidelines for Community Tourism Development, which is printed from our website, which is a click away from the State of Alaska web page.

In 1985 the Alaska Division of Tourism initiated the Alaska Visitor Statistics Program (AVSP) as a research program to gather economic, marketing, demographic, and attitudinal information on visitors to the state of Alaska. AVSP studies include Alaska Visitor Expenditures; Alaska Visitor Arrivals; and Alaska Visitor Patterns, Opinions and Planning.

The Alaska Visitor Expenditure studies identifies what visitors spend on food, entertainment, recreation, in-state transportation, lodging, clothing, personal expenses, business expenses, and souvenirs.

Good, scientifically collected information on Alaska's visitors is vital to all involved in managing the resources upon which Alaska's tourism industry depends. Alaska Visitor Arrivals and Alaska Visitor Patterns are good tools for planning.

Now for some recent developments. The Planning and Coordination Project will establish the research objectives set out in Phase IV of AVSP. Local, state, and federal government agencies, private tourism industry organizations, and nonprofit groups interested in tourism or natural resources will be invited to participate. A Steering Committee will be responsible for identifying tourism information and analyses, reporting requirements, and data file products. This represents an innovative way to conduct cooperative research for tourism planning and development on private and public lands.

I want to take a few minutes to tell you about two international projects that DCED/Division of Tourism is involved in and that have direct benefits for AWRTA members. 1) The first presents an exciting opportunity for us to achieve what I believe is a common goal, establishing a strong internet marketing presence for small cultural and eco-tourism businesses throughout Alaska. 2) The second effort is an important one, creating a voluntary code of conduct for arctic tourism business, to ensure that we protect the people, landscape, and environment that our livelihood depends on.

In November 1999 in Washington, DC, the Arctic Council, which is the intergovernmental body formed of the eight arctic nations and four arctic indigenous peoples groups, approved the State of Alaska's Cultural Resources and Eco-Tourism project on website marketing. It has two facets and we will be looking for an industry partner to help with both parts. On an international level, the project will convene a working group of tourism professionals from the Arctic nations, indigenous peoples groups, and interested observers this year. This group will examine and discuss the problems and opportunities of web-based marketing of arctic cultural and eco-tourism activities. With help from the U.S. State Department and hopefully some local businesses and trade groups, we will host an initial meeting of working-level tourism professionals from around the arctic here in Alaska.

The second project sprang from discussion between the State of Alaska, the WWF (World Wildlife Fund or World Wide Fund for Nature), and some other regional governments from around the North who are also members of the Northern Forum. The idea is still in its formative stages and we would definitely appreciate your input. Laura Cooper is attending this conference as representative for WWF so you might let her know your thoughts as well. Essentially, the idea is to decide upon a common set of voluntary standards or code of conduct for arctic tourism businesses. Those standards would be endorsed by regional governments throughout the North who are members of the Northern Forum, which has twenty four regional governments as members including 10 Russian members, a few Canadian provinces, and strong representation in Scandinavia.

Governors in the various regions will provide some substantial “buzz” and free publicity about the standards and the program as they endorse it in their own region. Finally, a central website will describe the program, codes of conduct, provide links to participating firms, and display other appropriate and interesting content. As I indicated, we are just at the formative stages and would appreciate knowing if this is something that you value and want to see the State continue working on.

The Division of Tourism offers Rural Tourism Workshops, which are presented from a business development standpoint, one this month in Bettles. Topics include:

- Working with Large and Small Tour Companies;
- Land Use Permitting and public land requirements;
- Cultural tourism considerations;
- Internet, domestic, and international marketing;
- How to get year-round business.

The technical assistance we offer also includes helping businesses understand the various permit processes. Training includes a course we offer to travel agents to educate them about Alaska and Alaska travel opportunities and considerations.

The Division of Tourism often serves as a liaison between the industry and public sector, or to represent "Tourism" in the public sector decision making process. Example: NPS ship permit allocation decisions for Glacier Bay ripple throughout Southeast Alaska. Somebody needs to be at the table with the regional or statewide perspective. However, we don't go where we're not invited. Most of our invitations come from Rural Communities or businesses. We are also being invited to help resource managers foster sustainable tourism and outdoor recreation development. The U.S. Fish and Wildlife Service and the Alaska Department of Fish and Game manage most of the wildlife that so many people travel to see. They recognize the need for a liaison such as the Division of Tourism to provide technical services to help facilitate planning, job creation, and increasing tourism opportunities.

While business planning and development have been our forte for years, we must rise to the call by Alaskans for effective local, regional, and even statewide tourism planning, for the short and the long term. Alaskans want the State to play a proactive role in fostering tourism while protecting the natural and cultural resources that will sustain tourism in the long run. We're hearing it from communities around the state, from concerned businesses, such as the collective members of AWRTA. Your work at this conference, in GAT will help us carve a more effective role in guiding tourism growth.