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Executive Summary

Introduction

This report presents McDowell Group estimates of visitor arrivals to Alaska. These estimates are based on secondary data only. No actual field surveying has been conducted for summer since the summer 1993 *Alaska Visitor Statistics Program III (AVSP)*. The visitor arrival numbers presented here are based on total arrival trends (including Alaska residents), economic conditions in Alaska, population growth, visitor industry trends and other factors. For marketing purposes readers should focus on study discussions that deal with visitor (non-resident traveler) data.

Summary of Findings

Visitor Arrivals by Entry Mode

- The number of visitors entering Alaska in Summer 1997 (May through September) exceeded 1.1 million and accounted for nearly three-quarters (74%) of total arrivals to the state.
- Summer 1997 visitors traffic increased by 5% over Summer 1996. Visitor growth was stimulated by significant increases in the Cruise Ship market which grew an estimated 16% between 1996 and 1997. Domestic Air increases (2%) contributed as well, though at a lower rate than cruise visitors.
- Alaska Marine Highway System (AMHS), International Air, and Highway all posted declines in 1997, decreasing by 21%, 7% and 3% respectively.
- AMHS visitor traffic continued its downward trend begun in Summer 1994. AMHS visitor arrivals were affected by a variety of factors including threats of strikes, mechanical breakdowns, lack of increased vessel capacity and, most recently, the temporary elimination of Prince Rupert, BC as a port stop.
- Summer 1997 Highway arrivals also continued a downward trend that began in Summer 1996. Highway and ferry visitors are closely interrelated. Declines experienced by one mode likely affect the other.
- International Air visitors dipped in Summer 1997 by 7%. Declines in travel between Russia and Alaska and the loss of some scheduled Japanese charters affected these visitor volumes.
- Factors such as the lack of a strong statewide marketing program are likely affecting visitor volumes to Alaska, particularly the highway market. Alternatively, the cruise market is supported by effective industry marketing efforts.

Total Arrivals (Residents and Visitors Combined)

- Total Arrivals (residents and visitors combined) entering Alaska in Summer 1997 amounted to slightly more than 1.5 million travelers. This was a 3% increase over Summer 1996 and a gain of about 47,000 arrivals.
- Residents entering Alaska in Summer 1997 comprised 26% of total arrivals or approximately 392,900 travelers.

Visitor (Non-Resident) Arrivals by Entry Mode Summer 1996 and Summer 1997

Entry Mode	Summer 1996	Summer 1997	%Change 1996-1997
Domestic Air	547,900	560,800	+2.4%
Cruise Ship	336,500	392,100	+16.5
Highway-Personal Vehicle	99,200	96,600	-2.6
Highway-Motorcoach	4,200	3,700	-11.9
Alaska Marine Highway System	24,000	18,900	-21.3
International Air	22,500	21,000	-6.7
Other	30,000	27,500	-8.3
Total Visitors	1,064,300	1,120,600	+5.3%

Visitor Trip Purpose

- As in past years Vacation/Pleasure (VPs) visitors accounted for the most growth in Alaska visitors, increasing by approximately 7%. VPs are Alaska's largest visitor market (75%) of all visitors during the Summer.
- Visitors traveling for business posted modest gains between Summers 1996 and 1997. Business Only visitors increased by an estimated 2% and those including pleasure activities on their trip grew by slightly more than 1%.
- Visitors coming to Alaska to spend time with friends and relatives totaled an estimated 104,000, nearly 1% more than in Summer 1996. Seasonal Workers also tallied minimal growth (<1%).
- The majority of Alaska's summer visitors (84%) travel for pleasure. Business-related visitors increased at much slower rates, due to a slowing of the Alaska economy.

Visitor Arrivals by Trip Purpose Summer 1996 and Summer 1997

Trip Purpose	Summer 1996	Summer 1997	%Change 1996-1997
Vacation/Pleasure	786,400	839,200	+6.7%
Visiting Friends and Relatives	103,500	104,500	+0.9
Business and Pleasure	65,600	66,400	+1.2
Business Only	95,200	96,800	+1.7
Seasonal Workers	13,600	13,700	+0.7
Total Visitors	1,064,300	1,120,600	+5.3%

Visitor Origin

- The most recent research available on visitor origin was acquired in Summer 1993 through the *Alaska Visitor Statistics Program*. The percentages are presented in this

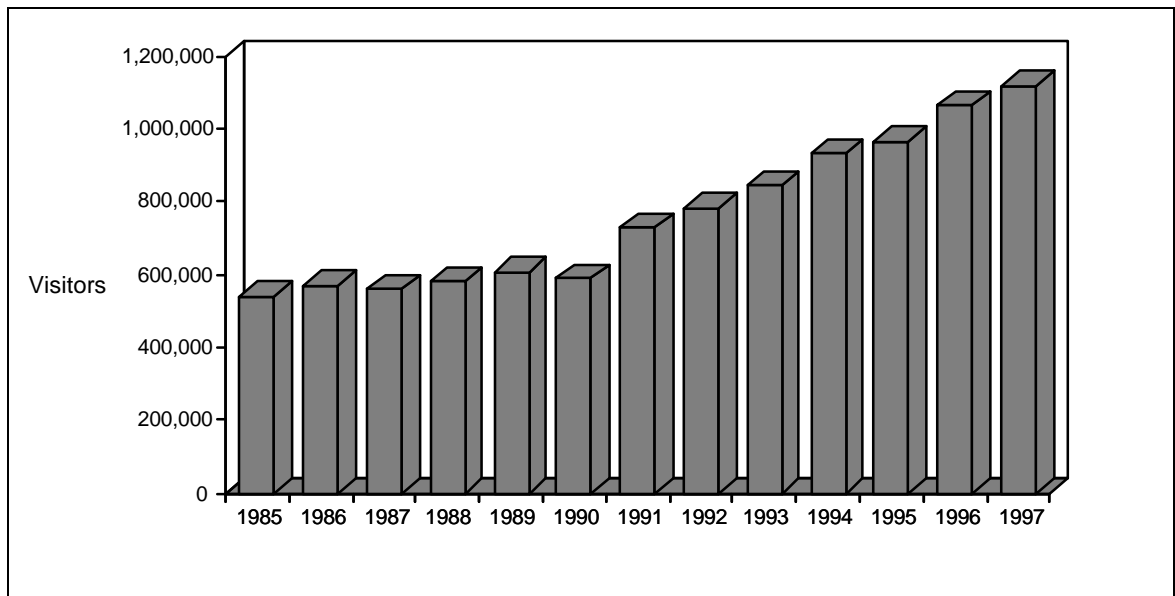
document. However, due to significant changes in markets and mode volumes, it is no longer appropriate to apply 1993 origin data to 1997 visitor volume estimates.

Visitor Volume Trends

- Historical trends show visitor volume growing moderately in the late 1980s, followed by a period of rapid growth through the 1990s. This recent boom was led by the cruise industry, and significant increases in domestic air travel.

Visitor Volume Trends

Summer 1985-1997
May through September



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, Inc. 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. 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 presents the results of the survey fielding from the most recent survey fielding period, May 1993 through April 1994.

Alaska Visitor Statistics Program III Phases

(last conducted in 1993-1994)

Random Arrival Survey Locations

NOTE: The Alaska Marine Highway is sampled onboard vessels from Prince Rupert and Bellingham underway to Ketchikan. 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

Resident/Visitor Arrival Composition

Visitor Arrivals by Entry Mode

Visitor Arrivals by Origin

Arrivals

Total Arrivals (Residents and Visitors Combined)

The total number of travelers (residents and visitors combined) entering the state of Alaska in Summer 1997 reached 1,513,500, a 3% increase over Summer 1996.

The Cruise Ship market tallied the greatest gain (16%) and totaled 392,063 arrivals in Summer 1997.

Domestic air carriers brought the greatest number of arriving passengers to Alaska, approximately 845,500, but only increased 1% over the previous summer. Declines among some Anchorage air carrier arrivals affected the rate of increase.

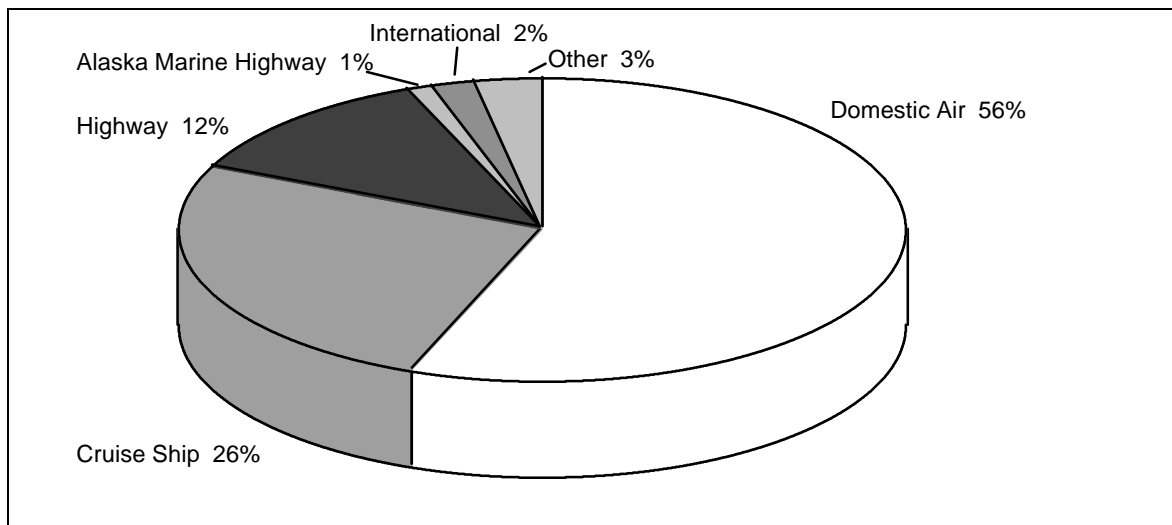
Alaska Marine Highway System (AMHS) passengers experienced the greatest change, posting an overall decline of nearly 22%. The cessation of travel to and from Prince Rupert beginning in July of 1998 had a great impact on passenger volume, resulting in a drop of 44% among Prince Rupert departures to Alaska for the Summer season.

Entries to Alaska by Highway travelers were also affected by the elimination of Prince Rupert as a port call, declining nearly 3% between Summer 1996 and Summer 1997. However, Highway arrivals had been declining prior to the Prince Rupert incident. Once considered a less expensive method of travel, highway travel competes with reasonable air fares and heavily discounted cruise rates.

International Air arrivals decreased (8%) between Summer 1996 and Summer 1997. Continued declines in passenger travel between Russia and the United States affected International Air totals. Elimination of Japanese charters during the Summer also impacted the growth rate for International Air.

Graph I-A

**Total Arrivals by Entry Mode
(Residents and Visitors Combined)
May to September 1997**



Among the five summer months June posted the greatest increase of 6% over Summer 1996. July, historically the biggest visitor travel period during the summer, brought the largest number of arrivals to the state.

Table I-A

Total Arrivals
Total Passengers Entering Alaska
(Residents and Visitors Combined)
May to September 1997

Mode	May	June	July	August	September	Total	Percent Change 1996-97
Domestic Air¹	128,432	199,415	210,288	200,517	106,803	845,455	+1.0%
Anchorage	97,615	156,207	163,312	154,865	83,950	655,949	-1.6%
Other	30,817	43,208	46,976	45,652	22,853	189,506	+11.3%
International Air²	3,211	6,239	6,670	7,086	3,249	26,455	-7.6%
Signatories (scheduled)	1,890	3,276	3,643	3,104	1,816	13,729	+0.06%
Non-Signatories (not scheduled)	1,321	2,963	3,027	3,982	1,433	12,726	-14.7%
Cruise Ship³	58,448	92,014	93,415	92,406	55,780	392,063	+16.5%
Highway⁴	20,446	46,813	57,578	39,511	17,900	182,248	-2.7%
Alcan & Poker Creek							
Personal Vehicle	10,500	28,571	32,071	19,705	8,415	99,262	-6.2%
Motorcoach ⁵	136	934	1,277	364	151	2,861	-18.6%
Skagway							
Personal Vehicle	9,723	17,098	23,891	19,258	9,311	79,281	+2.6%
Motorcoach	86	210	339	184	23	844	+30.8%
Alaska Marine Highway⁶	3,944	7,401	6,813	3,915	1,388	23,461	-21.9%
Departing Bellingham	1,730	2,300	2,886	3,915	1,388	12,219	+23.9%
Departing Prince Rupert	2,214	5,101	3,927	0	0	11,242	-44.3%
Other⁷	5,957	10,735	10,426	10,995	5,699	43,813	-7.0%
Total Arriving Passengers⁸	220,437	362,617	385,190	354,431	190,819	1,513,495	+3.2%
% of Change By Month 1996-97	+5.1%	+6.4%	+2.3%	+0.9%	+1.3%	+3.2%	

Arrival data was collected directly from domestic airlines (through a confidential reporting system), the Anchorage International Airport Manager's office, the Alaska Marine Highway System Traffic Manager's office, U.S. Customs at Skagway, the U. S. Immigration and Naturalization Service and Alaska Public Lands Information Center at Tok for the Alaska and Taylor Highways, Cruise Line Agencies of Alaska and other sources.

Footnotes For Table I-A

Important note: Arrivals are defined as passengers entering Alaska at a first point of entry. Further, the number of first arrivals at each entry point are only those using that point of entry for their first stop. In Anchorage, for example, 655,949 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 Cruise Ship arrivals are listed by the first point of entry after entering Alaska waters northbound.
- ⁴ Highway Personal Vehicle totals include all passengers passing into Alaska through U.S. Customs stations on Alaska, Taylor and Klondike Highways. 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 included in the tables that follow this section. Passengers entering Alaska on the Klondike Highway who first visited mainland Alaska are also screened out by the survey process.
- ⁵ 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, Taylor and Klondike highways U.S. Customs stations.
- ⁶ 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 include users of the system boarding within Alaska.
- ⁷ Other arrivals 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.
- ⁸ Totals include Skagway arrivals. Skagway arrivals via the Klondike Highway were surveyed for the first time in 1989, and again in 1993, these arrivals are included in the totals but comparisons of Skagway arrivals prior to 1989 are not possible.

Resident/Visitor Arrival Composition

The first step in determining visitor characteristics is to estimate the proportion of visitors (non-residents) among total arrivals. In the absence of survey data for Summer 1997, a combination of methods are used to determine proportions of residents and visitors among total arrivals. This combination includes a review of past survey results, the study of changes in the Alaska economy and its population, a review of any 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 the Summer 1997 season.

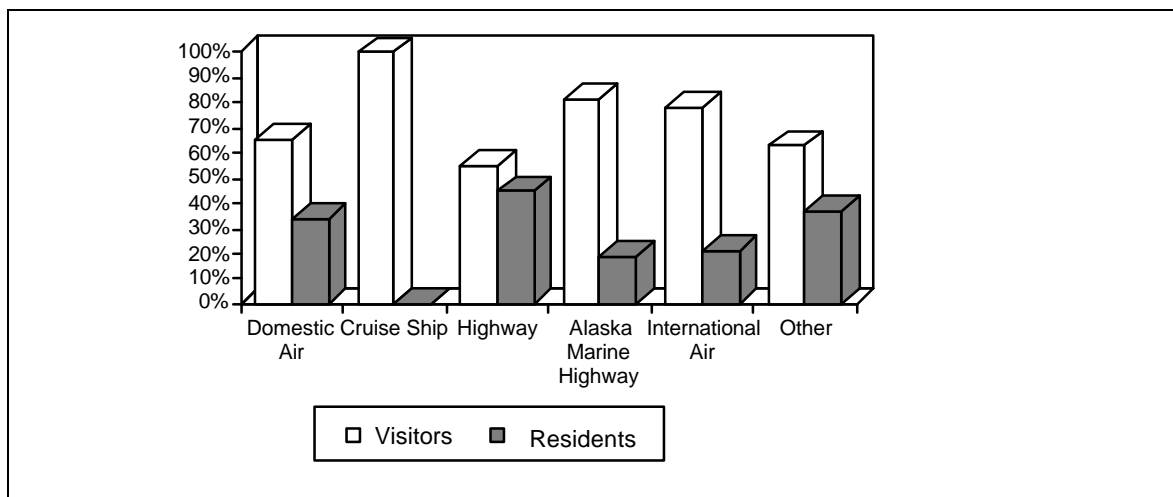
Alaska's population and employment have been flat over the last several years. The state's total population stood at 611,300 in July 1997 (provisional data from the Alaska Department of Labor), and grew 0.7%, or by 3,986 individuals over July 1996.

In recent years employment figures also have been fairly level. Between 1996 and 1997 employment grew at just under 0.8%, or by approximately 2,000 jobs. These slow growth rates for both population and employment signal lower rates of growth among business and residential travel.

As shown in Graph I-B, several transportation modes are dominated by visitor travel. Cruise ship remains 100% visitors. Despite its lack of marketing presence and declining numbers the AMHS ratio between visitors and residents is 81% versus 19% residents. The balance between visitors (79%) and residents (21%) among International Air travelers is similar to AMHS. Domestic Air arrivals were two-thirds (66%) visitors in Summer 1997. The Highway Personal Vehicle visitor/resident mix was more level than other modes with 54% visitors.

Graph I-B

**Resident/Visitor Arrival Composition
By Entry Mode
Summer 1997**



When determining the ratio between residents of Alaska and visitors, several assumptions come into play. Historically, the mix of residents versus visitors has remained fairly consistent. The analysis begins with Summer 1993 data as a baseline from which non-resident ratios are based.

Several variables have affected the balance as well as shifts among various travel modes. Air carriers continue to offer competitive rates, drawing travelers to this mode of transportation. Anecdotal information indicates that travel modes such as highway and ferry have also been replaced by cruise ship, since it too has become more affordable, through discounting practices utilized to fill the increased berth capacity. The temporary elimination of a port stop on the AMHS routes also greatly impacted highway and ferry travel in July, August and September.

Visitor Arrivals by Entry Mode

Summer 1997 visitors totaled 1,120,600 and were 74% of total arrivals (residents and visitors combined) to Alaska. This ratio increased slightly over Summer 1996 growing a modest 1.4%.

Domestic Air visitor arrivals totaled 560,800 or 50% of all visitors coming to Alaska in Summer 1997. Cruise Ship visitors were the second largest market to Alaska comprising 35% of all visitors to the state. Highway visitors tallied more than 100,000 (personal vehicle and motorcoach combined) visitors. International Air and AMHS visitors each accounted for nearly 2% of the visitor market.

Table I-B

Resident/Visitor Arrivals by Entry Mode May to September 1997

Entry Mode	Total Arrivals	% Visitors	# of Visitors¹	% of Total Visitors
Domestic Air	845,455	66.3%	560,800	50.0%
Cruise Ship	392,063	100.0	392,100	35.0
Highway -Personal Vehicle	178,543	54.1	96,600	8.6
Highway -Motorcoach	3,705	100.0	3,700	0.3
Alaska Marine Highway System	23,461	80.7	18,900	1.7
International Air	26,455	79.3	21,000	1.9
Other	43,813	62.7	27,500	2.5
Total Arrivals	1,513,495	74.0%	1,120,600	100.0%

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

Visitor Arrivals by Trip Purpose

Visitors to Alaska grew an estimated 5% between Summer 1996 and Summer 1997 and totaled approximately 1,120,600. This 5% increase was lower than that experienced in previous years. The average annual growth rate for visitors has been approximately 8%.

Vacation/Pleasure (VPs) visitors, the largest market segment (75%), exhibited the greatest change, increasing by approximately 7%. The Cruise market is comprised almost entirely of VPs and continues to be a popular vacation option. The cruise industry has responded by building and deploying a larger fleet of new luxury vessels. Increased capacity has resulted in some discounting of fares making cruising more affordable for many vacation travelers. In addition, cost effective air fares have contributed to increased VP volumes.

Visitors traveling to Alaska to Visit Friends and Relatives visitors (VFR) were the second largest market during Summer 1997 totaling an estimated 104,500. During Summer 1997 VFRs were one of the smaller market segments (<1%). The VP market has grown so dramatically that its dominance tends to diminish growth rates of other markets.

Estimates indicate that the total business market (Business Only and Business and Pleasure combined) exceeded 163,000. Given the modest growth in Alaska employment and the decline in several seasonal industries (forest products and seafood) it is not surprising that this market has grown less rapidly. Seasonal Workers also grew, but at a much lower rate of 0.7% over Summer 1996.

The market most greatly affected by marketing programs is VPs. Visions of glaciers, wildlife, Native culture, Gold Rush and Russian history among others are big draws to the Alaska. The lower visitor growth rate (5%) could be the result of Alaska's diminishing cooperative marketing effort and/or an indication that the visitor market is slowing as Alaska matures as a visitor destination.

Table 1-C shows the number of visitors by Trip Purpose category, the percent change from Summer 1996 to Summer 1997 and the percent of the visitor market by each trip purpose category for Summer 1997.

Table I-C

Trip Purpose May to September 1997

	Summer 1997	Percent of Visitors	Percent Change From 1996
Vacation/Pleasure	839,200	74.8%	+6.7%
Visiting Friends and Relatives	104,500	9.3	+0.9
Business and Pleasure	66,400	5.9	+1.2
Business Only	96,800	8.6	+1.7
Seasonal Workers	13,700	1.2	+0.7
Total Visitors¹	1,120,600	100.0%	+5.3%

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

Visitor Arrivals by Origin

Visitor origin data was last collected in Summer 1993 and Fall/Winter 1993-1994. Recent growth in Cruise ship, Domestic Air and International Air coupled with declines in Ferry and Highway arrivals have understandably altered visitor origin patterns. The 1993 patterns are not considered valid indicators of today's visitor origins. For these reasons 1993 percentages only are presented in the following table and are not applied to 1996 visitor volumes.

Table I-D

Visitor Arrivals by Place of Origin May to September 1993*

	Percent of Total Visitors	
West	36.8%	
California		14.0 %
Washington		10.4
Oregon		3.5
Colorado		2.3
Arizona		1.7
Hawaii		1.0
Montana		1.0
South	20.1%	
Florida		5.0 %
Texas		4.6
Virginia		1.5
Georgia		1.4
North Carolina		1.2
Maryland		1.0
Louisiana		1.0
Midwest	15.1%	
Illinois		2.6 %
Ohio		2.5
Michigan		2.3
Minnesota		2.2
Missouri		1.3
Wisconsin		1.1
Indiana		1.1
East	11.1%	
New York		4.0 %
Pennsylvania		2.2
New Jersey		2.2
Massachusetts		1.2
Total United States	83.1%	
Canada	9.6%	
British Columbia		3.0 %
Yukon		2.3
Alberta		1.5
Ontario		1.4
Overseas	6.4%	
Europe		3.6 %
Germany		1.3
Great Britain		1.0
Pacific Region Total		2.0 %
Unknown	0.9%	
Total Visitor Arrivals	100.0%	
* Please refer to discussion above.		

Chapter II: Visitor Arrival Trends

Introduction

Total Arrival Trends

Resident/Visitor Arrival Composition Trends

Entry Mode Visitor Trends

Trip Purpose Visitor Trends

Introduction

Visitor arrivals have been on the rise since data was first collected in the 1985 *Alaska Visitor Statistics Program*. All entry mode and trip purpose groups have experienced growth. An overview of these trends is presented in this section including total arrivals, resident/visitor composition, entry mode and visitor trip purpose.

The organization of this chapter is slightly different from Chapter I. Visitor (non-residents) discussions are placed ahead of the Total Arrivals and Resident/Visitor composition discussions, since visitors are affected by statewide marketing programs implemented by the State of Alaska Division of Tourism, and are therefore the focus of this research. For marketing purposes, readers should focus on study discussions dealing with visitor data.

Two broad refinements have been made to data collection since the *AVSP's* inception. First, Skagway was not included as an entry point until June of 1989. Second, from 1985 through 1992, the summer season was defined as June through September. In 1993, the summer season was expanded to include May. In order to present a more complete picture of arrival trends, the tables in this chapter have been revised to include Skagway and May. These trend numbers will differ from statistics presented in past *Alaska Visitor Arrivals* documents which did not include the Skagway and May data.

Only the Trip Purpose table and discussion in this document will continue to exclude May data since it was beyond the scope of this report to recreate visitor trip purpose percentages for May for the years 1989 through 1992. As a result, Trip Purpose figures will differ slightly from visitor numbers presented in the other trend tables within this document.

This chapter presents a comparison of more current data between Summer 1989 and Summer 1997. Trend information from the years 1985 through 1988 is available in previous *Alaska Visitor Arrivals* documents.

Visitor Entry Mode Trends

Visitor numbers to Alaska have grown rapidly. Between Summer 1989 and Summer 1997 total visitors grew an estimated 84% or at an average annual rate of nearly 8%. Peak growth years were between Summers 1989 and 1990 (+13%), and Summers 1993 and 1994 and Summers 1996 and 1997 (both at +10%).

Domestic Air visitors grew substantially, increasing by an estimated 248,000. Over the nine year period air visitor volumes were affected by a variety of factors. New air carriers to the market, and competitive air fares such as “red eye” flights and flight specific travel have all contributed to growth in the air market for residents and visitors alike.

Cruise Ship travel demonstrated the most explosive growth, increasing by nearly 158% or at an annual average rate of more than 12%. Expansion of the cruise industry in Alaska – new cruise lines and larger vessels with greater capacity – resulted in extensive marketing on the part of the industry. Discounted cruise fares were used to fill additional berth space.

Overall Highway arrivals posted an increase since 1989, growing at an estimated average annual rate of 2%. While Alcan and Poker Creek arrivals grew at an average annual rate of 2%, Skagway arrivals grew slightly faster (3%) since 1989. Though exhibiting growth overall, Highway arrivals increased at a much slower rate than most other travel modes. In fact, since peaking in Summer 1995 Highway visitors have decreased slightly, exceeding 100,000 visitors in Summer 1996. Lack of a strong marketing presence continues to hurt this travel mode which is also competing against cruise discounting and competitive air fares.

International Air visitors have fluctuated since 1989. After declining steadily between Summer 1990 and Summer 1995, visitor entries increased considerably (69%) in Summer 1996. Compared to Summer 1996, Summer 1997 visitor entries dipped slightly by 1,500 passengers. A slowing of Russian passenger traffic contributed to the decline as well as the cancellation of some Japanese air charters. Charters arriving from Germanic countries mitigated further declines in this visitor market.

State Ferry visitor arrivals exhibited a downward trend since Summer 1993. However, the AMHS tallied the greatest decline between Summer 1996 and Summer 1997. Though the ferry system has been affected by the lack of a statewide marketing program and a strong program of its own, it has also fallen prey to larger political issues beyond its control.

Lack of a U. S./Canada Pacific Salmon Treaty drew the AMHS into the “salmon wars” when Canadian fishermen initiated a blockade of the MV Malaspina in July 1997. As a result, the State of Alaska temporarily eliminated Prince Rupert, British Columbia as a port stop on the ferry schedule. This greatly affected visitor volume in Summer 1997. In 1997 Ferry visitors declined by 5,400 visitors from 24,000 in Summer 1996 to 18,900 in Summer 1997.

As the Alaska visitor market matures it is possible that some visitor entry mode markets may be cannibalizing others, particularly without a strong statewide marketing presence. Visitors most affected by weak marketing programs are independent visitors

who utilize domestic air, highway and the AMHS. The cruise industry effectively promotes its own product and it is probable they will continue to fill their available berths.

Table II-D

**Visitor Entry Mode Trends
Total Visitors Entering Alaska
May to September 1989 - 1997**

Entry Mode	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997	Annual Avg. 1989-1997
Domestic Air	312,700	354,200	386,300	412,600	443,600	488,000	508,300	547,900	560,800	+7.6%
International Air	18,400	19,500	18,800	15,300	14,500	14,200	13,300	22,500	21,000	+1.7%
Cruise Ship	152,200	187,400	194,000	212,000	247,000	285,100	283,500	336,500	392,100	+12.6%
Alaska Marine Highway System	27,000	28,200	29,600	27,000	29,100	28,400	27,000	24,000	18,900	-3.3%
Highway¹	82,600	84,400	83,100	99,100	91,900	95,300	108,100	103,400	100,200	+2.5%
Alcan/Poker Creek										
Personal Vehicle	48,700	52,200	49,600	53,900	55,300	58,600	66,500	61,600	57,700	+2.1%
Motorcoach ²	3,700	3,300	4,200	2,600	3,500	3,300	3,200	3,500	2,800	-2.7%
Skagway										
Personal Vehicle										
Motorcoach	30,200	28,900	29,300	42,600	33,100	33,400	38,400	38,300	39,700	+3.5%
Other³	15,800	16,400	14,700	16,000	20,100	20,400	26,900	30,000	27,500	+7.2%
Total Arrivals	608,700	690,100	726,500	782,000	846,200	931,400	967,100	1,064,300	1,120,600	+7.9%
% Change		+13.3%	+5.3%	+7.6%	+8.2%	+10.1%	+3.8%	+10.1%	+5.3%	

¹ The highway figures are slightly different from the numbers reported in the Alaska Visitor Statistics Program III Summer 1993 Visitor Arrivals, based on revised estimates.

² Summer 1989 through 1993 motorcoach arrivals are estimates based on the number of motorcoaches entering Alaska at their first point of entry.

³ Other Domestic Air arrivals were not sampled from Summer 1989 through 1993. Visitor arrivals were estimated for the small volume of Domestic Air arrivals at locations other than the four sample points, and private vessel and aircraft arrivals at select locations.

Visitor Trip Purpose Trends

Trip Purpose estimates were developed using three methods. First, historical trip purpose composition of each entry mode from the Summer 1993 visitor data base was applied to the 1997 entry mode figures. Second, trip purpose composition of the total visitor volume was reviewed. And, finally, economic trends, relevant travel trends which affected travel to and from Alaska and visitor trends within each trip purpose group were considered.

Vacation/Pleasure (VP) visitor market growth expanded considerably since Summer 1989, averaging an annual growth rate of nearly 9%. The largest growth period (13%) occurred between Summer 1989 and Summer 1990. Another high growth year occurred between Summers 1995 and 1996 (12%). The 6% growth rate between Summers 1996 and 1997 could signal a slowing of the visitor industry as the Alaska market matures. In addition, Alaska is competing against a variety of other travel destinations, all vying for VPs. The statewide marketing program, most likely to draw pleasure visitors to Alaska has been weakened by the lack of funding to implement a strong, effective program.

As in past years, visitors who came to Visit Friends and Relatives (VFRs) were Alaska's second largest travel market (9%) during Summer 1997. VFRs have grown at a very modest rate averaging an annual increase of <1%. In fact, this market decreased between Summer 1996 and Summer 1997 by approximately 300 visitors. Slow Alaska state population growth could be one of the factors affecting expansion of this market.

The Business Only market grew considerably (115%) between Summer 1989 and Summer 1997. Some of this growth is attributed to the rebound of the Alaska economy following extreme downturns in the mid-1980s. In addition, the U.S. economy in general achieved stability in the mid-1990s. Low interest rates and efficient productivity, among other factors, created an overall positive economic outlook across the United States and spurred business travel in the Lower 48 and Alaska.

The Business & Pleasure (BP) market also increased (18%) over the eight year period beginning with Summer 1989. Seasonal Workers, also greatly affected by the state's economy, posted a downturn (-25%) between Summer 1989 and Summer 1997. As tourism industry opportunities have grown, seasonal industries such as seafood and timber experienced declines.

Table II-E

**Visitor Trip Purpose Trends*
Total Visitors Entering Alaska
June to September 1989-1997**

Trip Purpose	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997	Annual Avg. 1989-1997
Vacation/Pleasure	367,900	415,500	434,200	468,800	524,300	586,200	609,800	682,500	725,800	+8.9%
Visiting Friends and Relatives	86,700	96,200	98,100	102,000	80,900	85,700	88,500	91,900	91,600	+0.7%
Business & Pleasure	49,300	55,900	58,400	61,900	50,500	53,500	54,900	58,100	58,100	+2.0%
Business Only	39,500	43,200	43,900	44,800	78,100	79,700	81,300	84,600	84,900	+10.0%
Seasonal Workers	15,900	19,100	17,100	17,100	11,600	11,800	12,000	12,000	12,000	-2.8%
Total Visitors¹	559,300	629,700	651,700	694,600	745,400	816,900	846,500	929,100	972,400	+7.1%

* Total Trip Purpose figures are different than those presented in other tables in this document. Data gathered prior to Summer 1993 did not include May as part of the Summer season. May was first added to Summer in 1993. In order to present comparable trend data from Summer 1989 forward, May numbers have been eliminated from the Summer figures shown in the above table. As a result, the numbers above differ from those in other visitor tables in this document.

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

Arrival Trends (Residents and Visitors Combined)

Total Arrivals to Alaska (residents and non-residents combined) have grown substantially between Summers 1989 and 1997. Total travelers grew an estimated 70% or at an average annual rate of approximately 7%.

Growth rates varied considerably over the eight year period. Peak growth years occurred between Summers 1989 and 1990 (14%) and Summer 1993 and 1994 (9%).

Domestic Air total arrivals increased each year by an average of approximately 7%, or by about 340,800 passengers for the eight year period. It is the dominant travel mode for arrivals to the state accounting for about 56% of the Alaska's total arrivals in Summer 1997. Domestic Air's share of total state arrivals has changed little since Summer 1989, ranging between 56% and 59%.

Cruise ship has been the second most common method of travel to Alaska. Cruise ship arrivals have increased significantly (+158%) since Summer 1989. The surge in cruise arrivals can be attributed to several factors. The addition of new large capacity vessels and new cruise lines entering the Alaska market resulted in increased cruise passengers. Discounting practices by cruise companies utilized to fill vessel berths also spurred additional growth for this market. Cruise arrivals presented here do not represent the entire cruise market, which is larger than those travelers entering Alaska on a ship. Many cruise passengers travel to Alaska on a domestic air carrier prior to embarking on their cruise.

Arrival trends for International Air travelers have shifted considerably since Summer 1989. The cessation of scheduled stopovers at the Anchorage International Airport greatly affected volumes for this travel mode. Charter flights from Europe and Japan were critical in alleviating the decline experienced between Summers 1990 and 1995. Summer 1996 International Air arrivals grew a significant 19% over Summer 1995.

Alaska Marine Highway System (AMHS) passenger arrivals exhibited the largest downturn between Summer 1989 and Summer 1997 (23%) averaging an annual decline of nearly 4%. A number of conditions contributed to this drop including mechanical breakdowns, threats of strikes, discounted air tickets and most recently the temporary removal of a key port stop, Prince Rupert, from ferry itineraries. In addition, AMHS capacity has not changed limiting any potential growth. The MV Kennicott, scheduled for Summer 1998 deployment, may affect arrival growth rates in the future.

Highway arrivals to Alaska grew by an estimated 22% between 1989 and 1997. Between Summers 1989 through 1995 Highway arrivals grew about 29%. Arrivals on the Klondike Highway at Skagway outpaced (+53%) those experienced on the Alaska and Taylor (11%) Highways. In Summer 1996 highway arrivals began to decline and dipped again in 1997.

Table II-A

Arrival Trends

Total Passengers Entering Alaska

Residents and Visitors Combined - May to September 1989 - 1997

Entry Mode	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997	Annual Avg. 1989-1997
Domestic Air	504,583	574,722	627,083	689,136	697,451	763,554	788,065	836,994	845,455	+6.7%
International Air	23,238	24,260	23,484	18,510	19,458	20,590	19,260	28,637	26,455	+1.6%
Cruise Ship	152,201	187,331	194,018	211,970	246,967	285,095	283,461	336,511	392,063	+12.6%
Alaska Marine Highway System	34,699	37,272	39,162	35,973	35,905	35,100	32,954	30,050	23,461	-3.6%
Highway¹	149,052	160,420	165,923	174,158	175,221	182,211	191,999	187,225	182,248	+2.6%
Alcan/Poker Creek										
Personal Vehicle	89,324	100,825	94,134	99,763	99,449	105,115	108,980	105,795	99,262	+1.3%
Motorcoach ²	3,726	3,304	4,163	2,602	3,500	3,318	3,240	3,514	2,861	-2.7%
Skagway										
Personal Vehicle	51,927	54,574	65,964	69,991	71,628	73,231	79,168	77,271	79,281	+5.4%
Motorcoach	4,075	1,717	1,662	1,802	644	547	611	645	844	-7.6%
Other³	25,910	26,836	24,040	32,593	31,532	31,917	42,155	47,090	43,813	+6.8%
Total Arrivals	889,683	1,010,841	1,073,710	1,162,340	1,206,534	1,318,467	1,357,894	1,466,506	1,513,495	+6.9%
% Change		+14.0%	+6.2%	+8.3%	+3.8%	+9.3%	+3.0%	+8.0%	+3.2%	

¹ The highway figures are slightly different from the numbers reported in the Alaska Visitor Statistics Program III Summer 1993 Visitor Arrivals, based on revised estimates.

² Summer 1989 through 1993 motorcoach arrivals are estimates based on the number of motorcoaches entering Alaska at their first point of entry.

³ Other Domestic Air arrivals were not sampled from Summer 1989 through 1993. Visitor arrivals were estimated for the small volume of Domestic Air arrivals at locations other than the four sample points, and estimates of private vessel and aircraft arrivals.

Resident/Visitor Arrival Composition Trends

The composition of residents versus visitors (non-resident travelers to Alaska) has changed moderately between Summer 1989 and Summer 1997. Newsworthy events such as the *Exxon Valdez* oil spill, the MV Malaspina ferry blockade, and cruise ship mishaps as well as celebrations such as the Alaska Canada Highway 50th anniversary and centennial celebration of the Yukon Gold Rush affected the mix between resident and visitor travel. High profile stories provided “free publicity” and were more likely to augment the proportions of visitors traveling to Alaska.

Changes in the travel industry also impacted the ratio between residents and visitors. An increase in cruise ship capacity in conjunction with cruise fare discounting made this form of travel highly appealing. Likewise, competitive air fares, including flight specific discounts, “red eye” flights, and the exchange of Permanent Fund Dividends (PFD) for air tickets also affected the composition of Alaska’s travelers.

In Summer 1997, visitor composition estimates grew to 74% of all arrivals entering the state. The proportion of visitors to Alaska has grown steadily since Summer 1989. This indicates that visitor travel grew at a much faster rate, an annual average of nearly 8%, compared to resident travel, which averaged an annual increase of about 4%. Visitor numbers grew 84% over this period and exceeded 1.1 million in Summer 1997.

Resident travel also grew during the same period, though not as rapidly as visitors. Resident travelers affected by the state’s population and economic trends as well as competitive fares increased by nearly 40%.

Resident Visitor/Arrival Composition by Mode

Visitor composition varies according to transportation mode. Table II-C indicates that over the Summer 1989 through Summer 1997 period the balance between residents and visitors has changed very little for each travel mode.

Visitor proportions were steady among Domestic Air travelers gradually rising from 62% in Summer 1989 to 66% in 1997. Only in Summer 1992 did the visitor ratio diminish for Domestic Air. Fare wars stimulated an increase in resident travel decreasing the visitor ratio for this period.

International Air resident/visitor proportions varied between 1989 and 1997. Major changes in International Air activity have greatly affected this travel mode. When scheduled stopovers ceased at the Anchorage International Airport (late 1991 and early 1992) visitor proportions diminished. Economic opportunities for Alaska residents stimulated a growth in resident air travel to the Russian Far East (1992 and 1993). Increased operations by European charters created a rebound in International Air visitor traffic to Alaska in Summers 1996 and 1997, pushing the visitor ratio upward.

Cruise ship and Highway motorcoach arrivals registered the highest visitor proportions (100%).

The majority of AMHS travelers were visitors and remained fairly constant. Since the last data collection period in Summer 1993 they have ranged between 80% and 82%.

Highway arrivals consistently tended to carry a larger portion of residents to Alaska compared to all other modes.

Table II-B

Resident/Visitor Arrival Composition Trends

Total Passengers Entering Alaska

May to September 1989 - 1997

	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997	Annual Avg. 1989-1997
Arrivals	889,683	1,010,841	1,073,710	1,162,340	1,206,534	1,318,467	1,357,894	1,466,506	1,513,495	+6.9%
Visitor Arrivals	608,700	690,100	726,500	782,000	846,200	931,400	967,100	1,064,300	1,120,600	+7.9%
Resident Arrivals	280,983	320,741	347,210	380,340	360,334	387,067	390,794	402,206	392,895	+4.3%
Percent Visitors	68.4%	68.3%	67.7%	67.3%	70.1%	70.6%	71.2%	72.6%	74.0%	

Table II-C

Resident/Visitor Arrival Composition Trends

Total Passengers Entering Alaska Residents and Visitors Combined

Percent Visitors – May to September 1989 - 1997

Entry Mode	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997
Domestic Air	62%	62%	62%	60%	64%	64%	64%	66%	66%
International Air	79	80	80	83	75	69	69	79	79
Cruise Ship	100	100	100	100	100	100	100	100	100
Alaska Marine Highway System	78	76	76	75	81	81	82	80	81
Highway¹									
Alcan/Poker Creek									
Personal Vehicle	55	50	53	54	56	56	61	58	58
Motorcoach ²	100	100	100	100	100	100	100	100	100
Skagway									
Personal Vehicle	58	53	44	61	45	45	48	49	49
Motorcoach	100	100	100	100	100	100	100	100	100
Other³	61%	61%	61%	49%	64%	64%	64%	64	63
Total Arrivals	68%	68%	68%	67%	70%	71%	71%	73%	74%

¹ The highway figures are slightly different from numbers reported in the Alaska Visitor Statistics Program III Summer 1993 Visitor Arrivals, based on revised estimates.

² Summer 1989 through 1993 motorcoach arrivals are estimates based on the number of motorcoaches entering Alaska at their first point of entry.

³ Other Domestic Air arrivals were not sampled from Summer 1989 through 1993. Visitor arrivals were estimated for the small volume of Domestic Air arrivals at locations other than the four sample points, and private vessel and aircraft arrivals at select locations.

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 and U.S. Immigration and Naturalization 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 Marine Highway was obtained from computer scanned passenger tickets generated by the 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 and the U.S. Immigration and Naturalization Office at Alcan.

International Air

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

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The Arrival Count phase of the *Alaska Visitors Statistics Program* relies a great deal on the cooperation and good will of many people and organizations involved in the Alaska visitor industry. We would like to thank the following for their assistance:

- The management of the Domestic Air carriers serving Alaska: Alaska Airlines, America West, Continental, Delta Airlines, Hawaiian Vacations, Northwest Airlines, MLT Vacations, Reno Air and United Airlines;
- The marketing office at the Anchorage International Airport;
- The Alaska Marine Highway System management;
- The management at Cruise Line Agencies of Alaska;
- The U.S. Customs Service personnel at Alcan, Poker Creek and Skagway;
- The staff at the Alaska Public Lands Information Office in Tok.