



ALASKA TOURISM MARKETING

Frequently Asked Questions (Updated 2.24.11)

Q1: What is the rationale behind the \$20 million request for Alaska tourism marketing?

A: Alaska is competing against many states/countries that are trying to lure visitors to their destination, and they far out-spend Alaska.

Alaska's visitor industry is often compared to Hawaii because both are long-haul destinations. Consumers spend considerably more time and money to visit Alaska or Hawaii because the states are geographically detached from the "lower 48". Hawaii attracts roughly 6.8 million visitors annually, so considering their \$71.8 million marketing budget, the cost to generate a visitor is roughly \$10. Alaska currently welcomes roughly 2 million visitors to the state annually, so a \$20 million budget would put us on par with Hawaii in terms of cost per visitor.

A \$20 million tourism marketing budget for Alaska would allow the state to effectively compete with Hawaii and other destinations and gain market share.

Q2: Why is tourism important to Alaska's?

A: Tourism generates revenue for the state, is a renewable resource and helps diversify Alaska's economy. It is important for the State to identify and strengthen the industries that will help keep our economy strong.

Q3: What does the tourism industry contribute to Alaska's economy?

A: Tourism provides jobs for Alaskans, opportunities for families, and revenue to the state treasury. A total of 36,200 Alaskans are employed in the tourism industry. Tourism generates \$138.8 million in state revenue (based on FY2009 actuals) and \$69.8 million in municipal revenue. Visitors spend \$1.63 billion in Alaska.

Tourism is the backbone of a strong private sector economy. It encourages growth of Alaska-owned and operated businesses.

Q4: Why does the state need to promote Alaska when tourism businesses and communities are already doing their own advertising?

A: National advertising is cost prohibitive for Alaskan businesses. It is the State's role to broadly advertise Alaska to national and international markets – tourism infrastructure if you will. The state promotes Alaska as a vacation destination, communicates the Alaska brand and generates interest and the desire to visit.

Individual businesses focus their advertising on the potential customers that the State's have identified as interested in coming to Alaska and their particular regions. While communities present the attractions and activities within their regions, tourism businesses direct their ads their specific product/service within that region.

Q5: Why is sustainable funding needed?

A: In order to be effective, marketing needs to be consistent. If Alaska has a strong marketing presence one year followed by a weak marketing effort the next year, the state loses momentum. Our competitors will fill the void. The saying "out of sight, out of mind" really applies here

Research has shown consumers move through a gradual process before making the decision to visit Alaska. Consistent external prompters and information are required to facilitate this process and move potential visitors from being inspired to visit Alaska, to declaring intent to visit, and then actually making the trip. This trip planning process can often span a time period of two to four years.

Q6: Does Alaska need more visitors?

A: Visitors are like money in the bank, so we want to continually attract new visitors to the state and encourage those who have previously visited to come back again. More visitors equates to more revenue for the state and more jobs for Alaskans.

The number of visitors to the state has steadily dropped over the past several years. In 2008 we had over 1.7 million summer visitors in Alaska. By 2010 that dropped to 1.5 million summer visitors. When you look at what those visitors spent, it equates to \$170 million dollars in lost revenue in 2010 due to the decreased number of visitors. Additional marketing will bring the numbers back up so we can continue to forge an upward trend.

Q7: How do we know Alaska's tourism marketing is working?

A: The Advertising Effectiveness Study measures the impact of Alaska advertising on creating awareness of Alaska as. The study shows that after consumers viewed the Alaska television commercials their intent to visit Alaska increased 300 percent. Following the increased funding authorized last year, The Travel Intentions Study was implemented in the fall (early booking season) and indicated Alaska visitor volume will increase by 4.3 percent over the prior year. Based on this data, Alaska is outperforming the national rate of growth that the U.S. Travel Association/Tourism Economics projects will be 2.3 percent. This increase in visitor volume is expected to result in an additional \$72 million in visitor expenditures within the state.

Q8: How can Alaska companies participate in the statewide tourism marketing program?

A: Alaska companies choose the statewide marketing programs that best fit their individual business needs. All companies typically place ads in the State Vacation Planner and on Alaska's official tourism website, TravelAlaska.com. Companies that rely on visitors from the U.S. participate in the cooperative magazine campaign or take part in the Alaska booth at national consumer shows. Companies that rely on international visitors place ads in foreign language Alaska brochures and participate in trade missions.

Q9: What other components are included in the statewide tourism marketing program?

A: There are several programs that generate awareness of Alaska as a travel destination, deliver Alaska's brand message and inspire consumers to visit. These include television advertising, internet advertising, direct mail and Public Relations efforts.

Q10: Who decides components are included in the statewide tourism marketing program?

A: Program decisions are made by a multi-sector, regionally diverse group of professionals that have a successful track record and understanding of Alaska's diverse travel products. These individuals volunteer their time, represent a broad spectrum of businesses (both large and small in size) and make decisions based on research and projected results that can be achieved from each marketing program.