Alaska State Legislature

House Arctic Policy, Economic Development and Tourism Committee

Thursday, April 1, 2021

Sarah Leonard, President and CEO

Alaska Travel Industry Association

ALASKA TRAVEL INDUSTRY ASSOCIATION

ALASKA TRAVEL INDUSTRY ASSOCIATION

600+ member businesses

24-member Board of Directors

Statewide Destination Marketing

Advocacy

TRAVEL

ALASKA

The struggle globally

- International arrivals fell by 72%
- 900 million fewer international visitors traveling
- $935 billion loss in export revenues

“…worst year on record in the history of tourism.”

UNWTO, 12/2020

In the U.S. in 2020, the pandemic caused the industry to shrink by almost $500 billion—leading to the loss of more than 3.4 million jobs.

Alaska tourism

56% Cruise

36% Air

4% Road/Ferry

Enplanements at Anchorage, Fairbanks, and Juneau Airports, 2019 vs. 2020

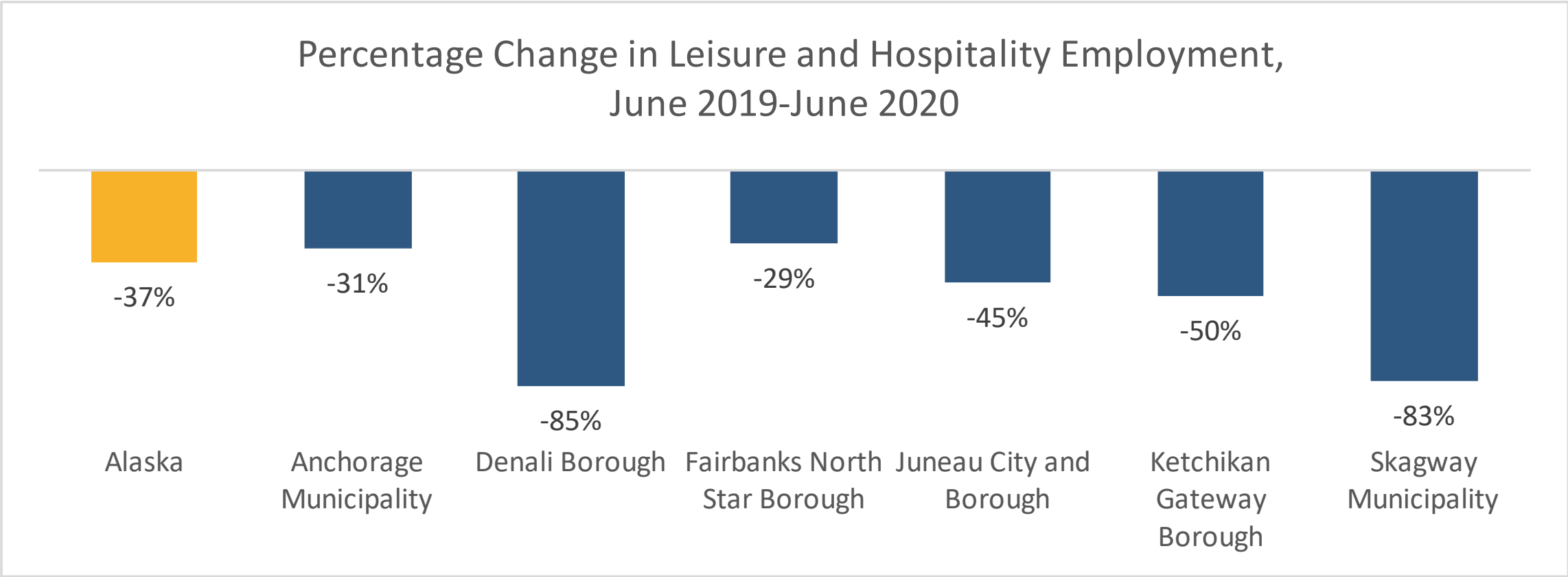
	2019	2020	Difference	% change
Anchorage	2,869,225	1,172,003	-1,697,222	**-59.2%**
Fairbanks	586,978	239,984	-346,994	**-59.1%**
Juneau	328,743	135,685	-193,058	**-58.7%**

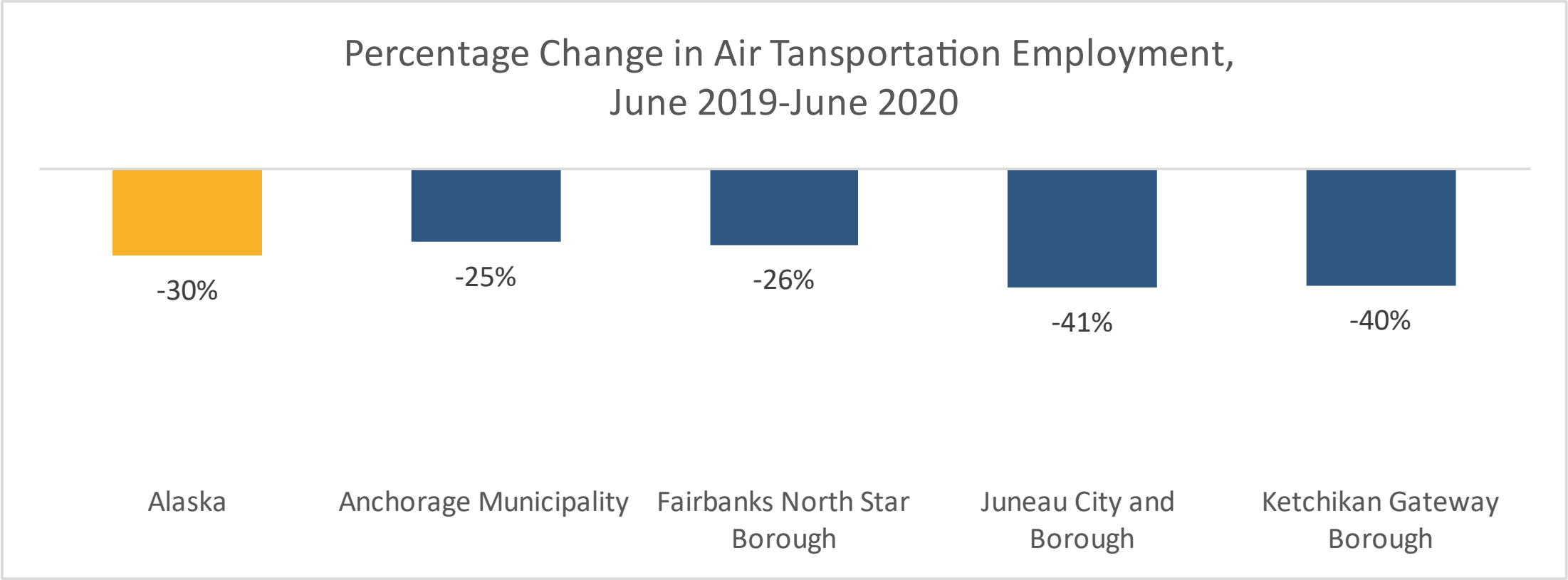
Personal Vehicle Occupants Crossing Border (CAN - AK): 2019 versus 2020

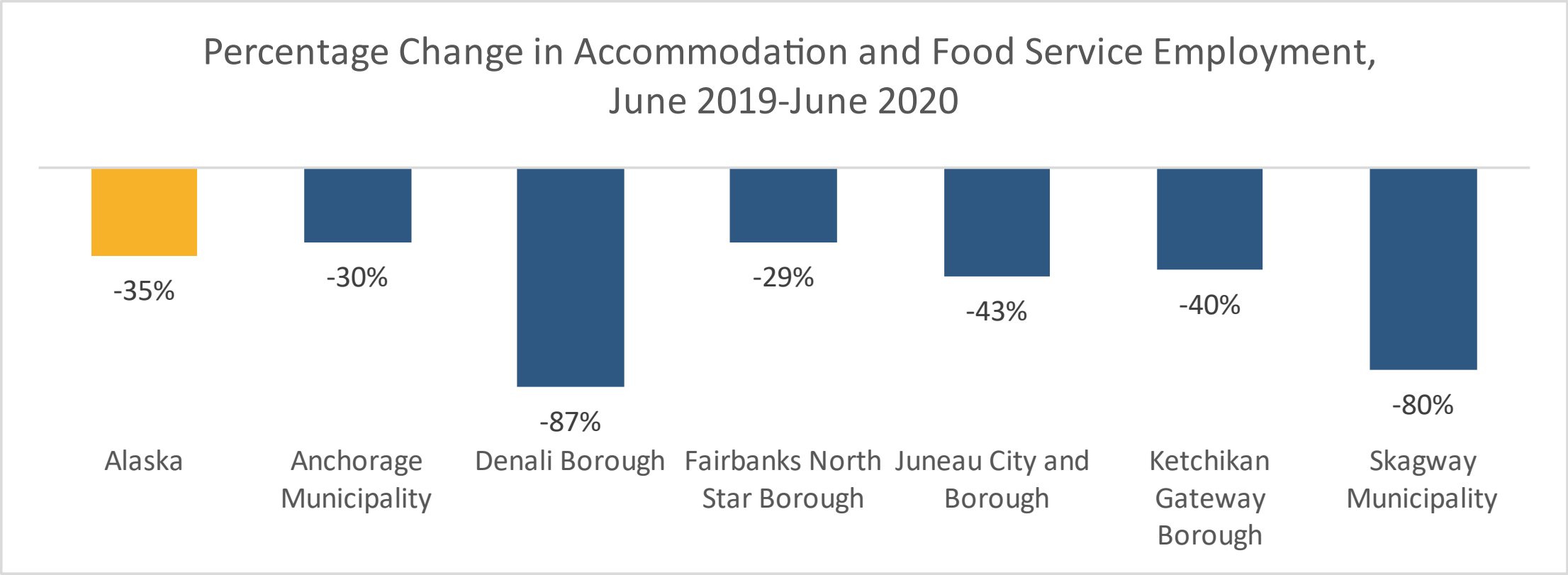
	2019	2020	Difference
Skagway (Klondike Highway)	126,380	5,604	120,776
Haines Highway	41,148	4,371	36,777
Alcan	103,719	29,764	73,955
Poker Creek (Top of the World Highway)	18,095	0	18,095
Total	**289,352**	**39,739**	**-249,613**

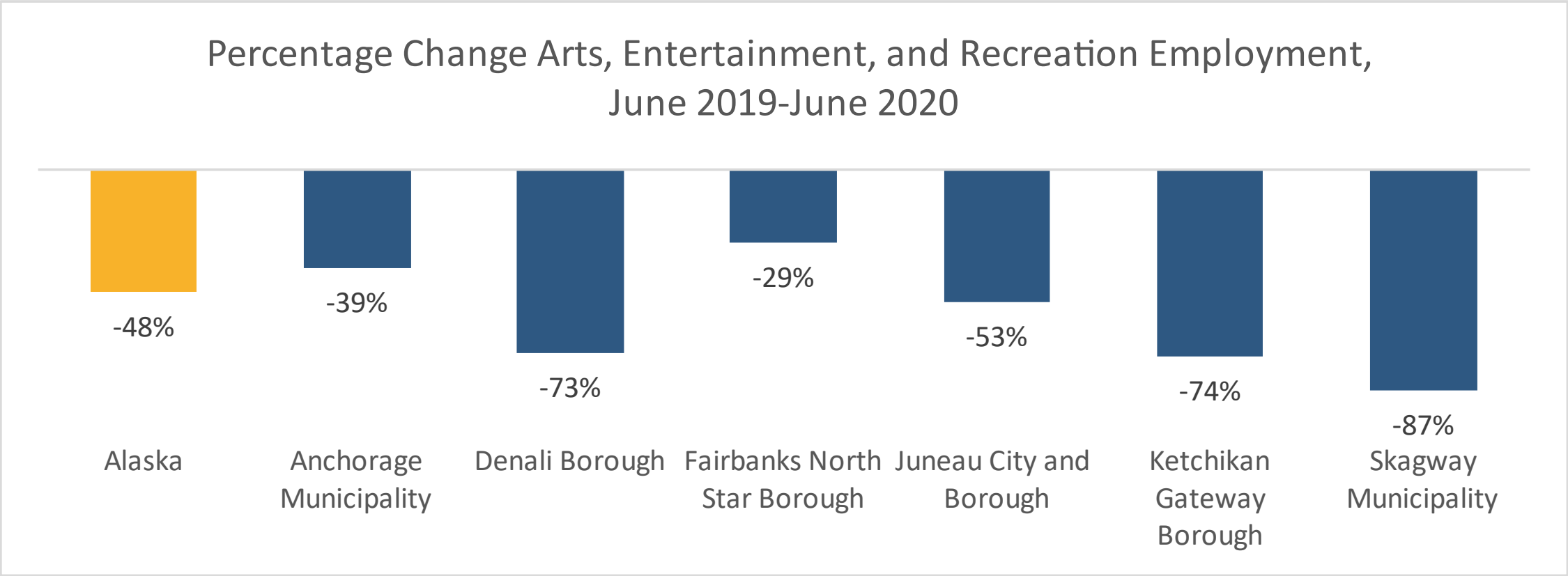
AMHS Passengers: 2019 versus 2020

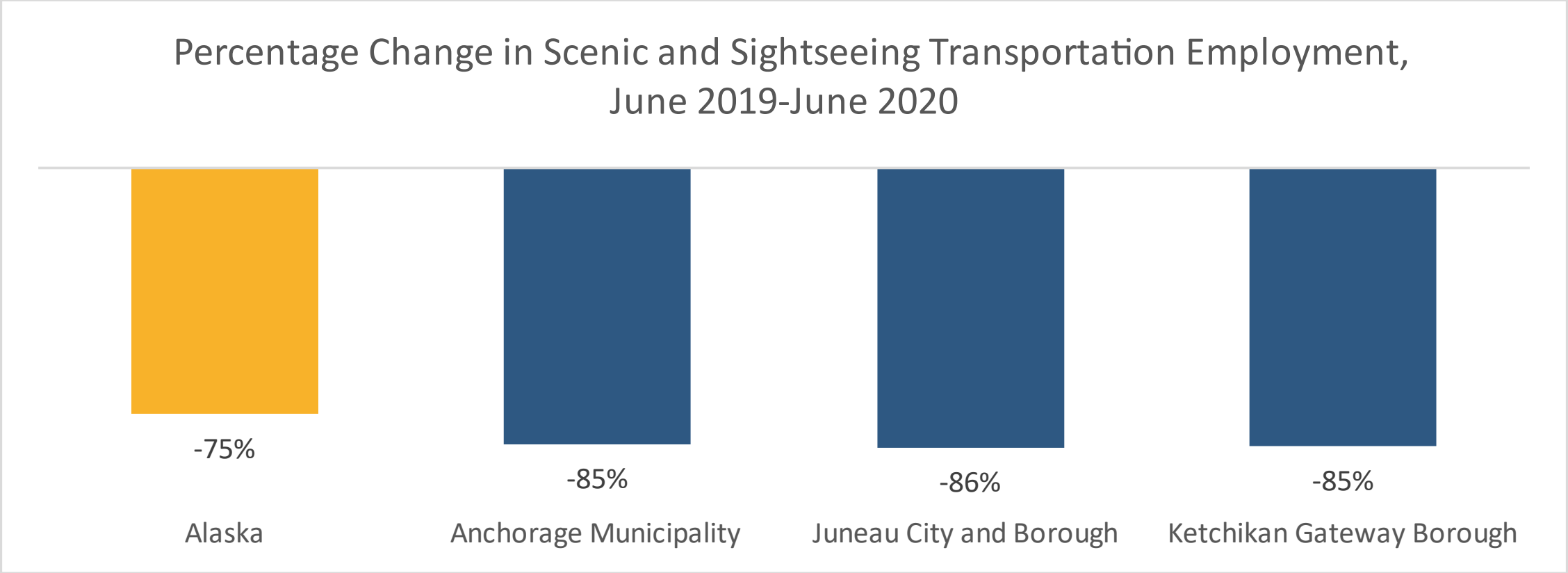
	2019	2020	Difference
Bellingham	7,115	2,059	5,056
Prince Rupert	4,745	0	4,745
Total	**11,860**	**2,059**	**-9,801**


Percentage Change in Leisure and Hospitality Employment, June 2019-June 2020
-37%
-31%
-85%
-29%
-45%
-50%
-83%
Alaska
Anchorage Municipality
Denali Borough
Fairbanks North Star Borough
Juneau City and Borough
Ketchikan Gateway Borough
Skagway Municipality


Percentage Change in Air Tansportation Employment,
June 2019-June 2020
-30%
-25%
-26%
-41%
-40%
Alaska
Anchorage Municipality
Fairbanks North Star Borough
Juneau City and Borough
Ketchikan Gateway Borough


Percentage Change in Accommodation and Food Service Employment, June 2019-June 2020
-35%
-30%
-87%
-29%
-43%
-40%
-80%
Alaska
Anchorage Municipality
Denali Borough
Fairbanks North Star Borough
Juneau City and Borough
Ketchikan Gateway Borough
Skagway Municipality


Percentage Change Arts, Entertainment, and Recreation Employment, June 2019-June 2020
-48%
-39%
-73%
-29%
-53%
-74%
-87%
Alaska
Anchorage Municipality
Denali Borough
Fairbanks North Star Borough
Juneau City and Borough
Ketchikan Gateway Borough
Skagway Municipality


Percentage Change in Scenic and Sightseeing Transportation Employment, June 2019-June 2020
-75%
-85%
-86%
-85%
Alaska
Anchorage Municipality
Juneau City and Borough
Ketchikan Gateway Borough

The Path Forward

Safe travels and safe operations

Continued support for tourism businesses & partners

Destination marketing

State Travel Advisories

- Health Advisory 2 – **International and Interstate Travel**
- Health Advisory 3 – **Intrastate Travel**

Ketchikan's Tourism Economy and COVID-19 Impacts

Presented to **House Arctic Policy, Economic Development & Tourism Committee**

Patti Mackey, President & CEO

Ketchikan Visitors Bureau

Founded in 1976

- ***The mission of the Ketchikan Visitors Bureau is to promote Ketchikan, attract visitors and enhance the economy.***

A Typical Tourism Year for Ketchikan

BEYOND EXPECTATION
KETCHIKAN
CLOSER TO HOME

- **TOURISM TRAFFIC 2019:**

• cruise ships	46
• cruise ship stops	570
• cruise ship passengers	1,188,915
• Airline visitors	38,764
• AMHS ferry visitors	3,623
• TOTAL Visitors	1,231,302

A Typical Tourism Year for Ketchikan

• Accommodations	$27.4 Million
• Restaurants	$20.7 Million
• Retail (Jewelry, Curios, Gifts)	$63.8 Million
• Tours	$35.8 Million
• Marine/Charter	$ 6.5 Million
• Bus/Taxi/Car rentals	$ 4.9 Million

gross sales as reported to Ketchikan Gateway Borough on sales tax reports

What we lost in 2020

- 52 cruise vessels
- 606 Port calls
- 1.25 Million passenger visits

WHAT WE LOST In 2020

- Passenger spending: $190 million
- Crew member purchases: $7 million
- State/local fees: $19 million
- Misc. Cruise line purchases $10 million
- Sales taxes on purchases- passengers, etc. $4.3 million

Employment

- $76 Million in total labor income attributable to visitor industry
- 1350 Direct jobs + 400 Indirect jobs

Month	2019	2020	% change
April	6.8%	17.4%	61%
May	5.8	15.4	62%
June	5.6	14.5	61%
July	4.8	12.7	62%
August	4.6	7.6	39%
September	4.9	7.7	36%

Survey Responses- 2020 operations

- 26% of businesses remained closed
- 31% operated with reduced hours/days
- 11% were closed to public but offered limited services
- 70% reported revenues down 50-75% or more

Comments

“We lost all our cruise ship traffic like everyone else and 99% of our independent bookings cancelled as well.”

(Gross sales from 2019 to 2020 were) “approximately 60% lower, as we had expanded operations in preparation for the 2020 season, which didn't happen. It has been disastrous. I pray we can hang on till 2022”

2021 outlook

- 601 port calls have declined by 55% to 330
- 1.3 million passenger estimate down 56% to 744,000
- Flights added back to Alaska Airlines' seasonal schedule
- Pent up demand for travel
- Alaskan destinations can position as safe alternatives

Survey Responses 2021 season delayed start

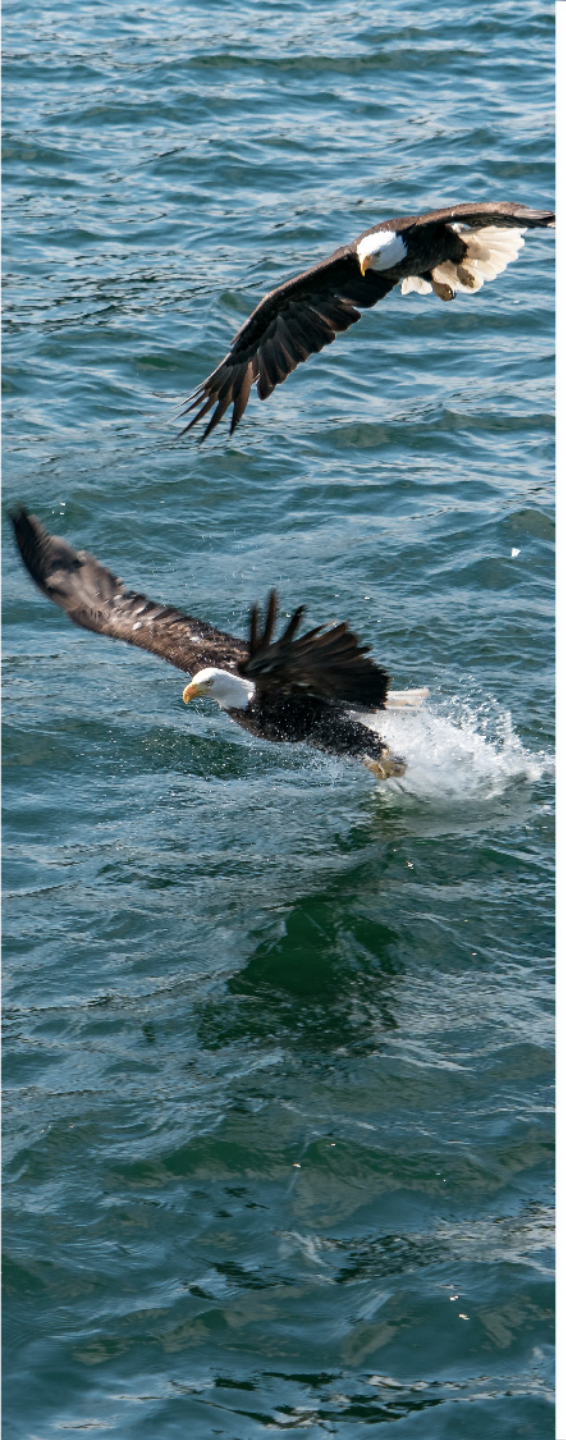
18% if cruise/FIT travel is back in May

35% if cruise resumes by July 1

24% if the 2021 season is canceled

“we are hoping to get some independent travelers but are banking on zero and are in talks with our lender to restructure our loan so we don't lose the business, the results of that conversation are unknown still”

“My employees got other jobs - just hoping they come back so we can have a 2022 season.”



Moving Forward

- Independent traveler opportunities and challenges
  - Resources to provide planning assistance
  - Marketing/promotion tools above the noise
- Cruise
  - Support to restart the industry
- Alaskan Businesses
  - Recognition of seasonality
  - Owner operator challenges
  - Assistance + getting back to work

BEYOND
EXPECTATION
KETCHIKAN
CLOSER TO
HOME

Julie Saupe, President and CEO
VISIT
anchorage
ALASKA

2020 IN REVIEW

-59%
Air Arrivals

-33%
Hotel Demand

-55%
Hotel Revenue

-$4M
Meeting EEI

-25%
Tourism Jobs

RELIEF FUNDS MAKE THE DIFFERENCE

Lessons from CARES, Guidelines for ARPA

- **Design and delivery of new publications, advertising creative, website, photos, video**
- **State/local business relief grant programs**
- **Healthy Anchorage Pledge program**
- **Business best practices, preparation, education**

2021 AND BEYOND

What's Ahead?

THREATS

- National vaccine implementation
- New strains
- Return to cruise unlikely
- Drive trips reign (for now)
- Long travel recovery
- Other hazards

OPPORTUNITIES

- Increasing traveler optimism and planning
- Pent-up consumer demand
- High interest in Alaska
- Our strengths line up with traveler desires
- Positive perception of state, local response
- Strong airlift into Anchorage
- Some cruise lines shift to Alaska land product

House Subcommittee on Arctic Policy, Economic Development and Tourism

April 1, 2021

Deb Hickok, President and CEO

explore FAIRBANKS ALASKA

ADVENTURE GREEN ALASKA

DESTINATION MARKETING ACCREDITATION PROGRAM ACCREDITED ORGANIZATION

Travel: The Hardest Hit Industry

2020 Board of Directors as a microcosm of industry:

6% released from employment

40% furloughed

27% shut down business

27% employed

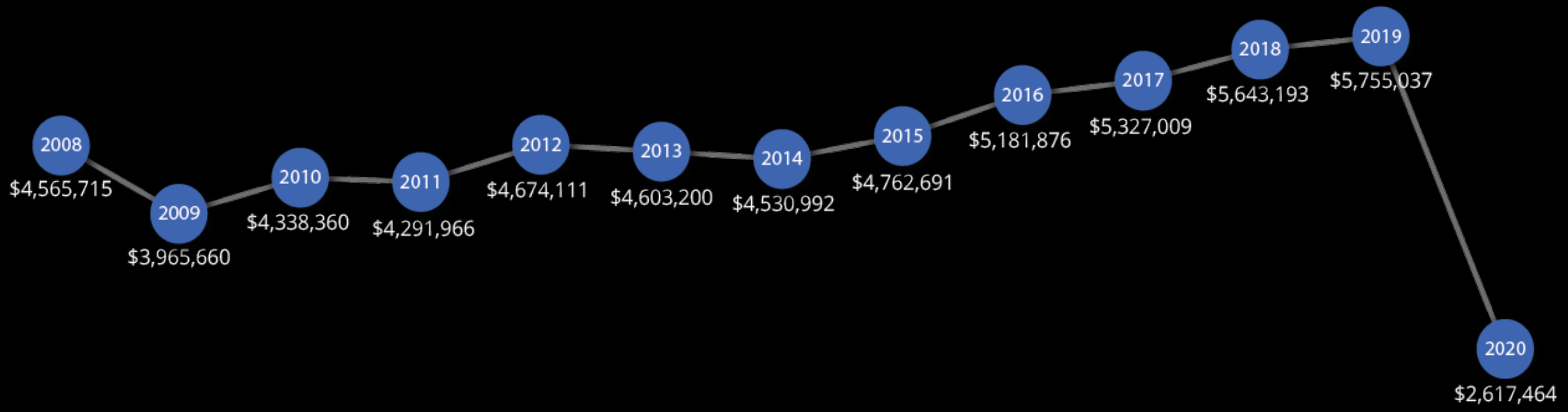
Travel: The Hardest Hit Industry

A re-cap of some of the numbers for 2020 compared to 2019 (k*ey Indicators):*

- Employment –The Leisure and Hospitality sector accounted for 40% of all the job losses in Fairbanks; the second biggest job loss was in Transportation sector – both sectors include and are fueled by tourism
- Fairbanks International Airport – The Main Terminal had a total passenger loss of 59%
- Alaska Railroad – Ridership between Fairbanks and Anchorage decreased by 85%
- Cruise – Alaska's cruise industry was non-existent for summer 2020 due to the various bans imposed on the industry. Cruise land tours typically account for 41% of Fairbanks summer visitation.
- Border Crossings – With the U.S./Canada border closed to non-essential travel, the AlCan traffic decreased by 78%. Long-haul road travelers typically account for 9-10% of Fairbanks summer visitation.
- International Travel – Ceased by end of March. International travelers typically account for 16% of Fairbanks summer visitation, the highest percentage of international in the state (9% aver.); based on dated data, Fairbanks typically hosts 64% of all international leisure travelers to the state in winter – primarily driven by aurora tourism.
- Meetings and Conventions – The estimated lost economic impact of cancelled or postponed meetings and conventions that Explore Fairbanks has been directly engaged in is $12.2 million
- Hotel/Motel Tax Collections – Collections in the Fairbanks North Star Borough, including the cities of Fairbanks and North Pole, decreased by 55%

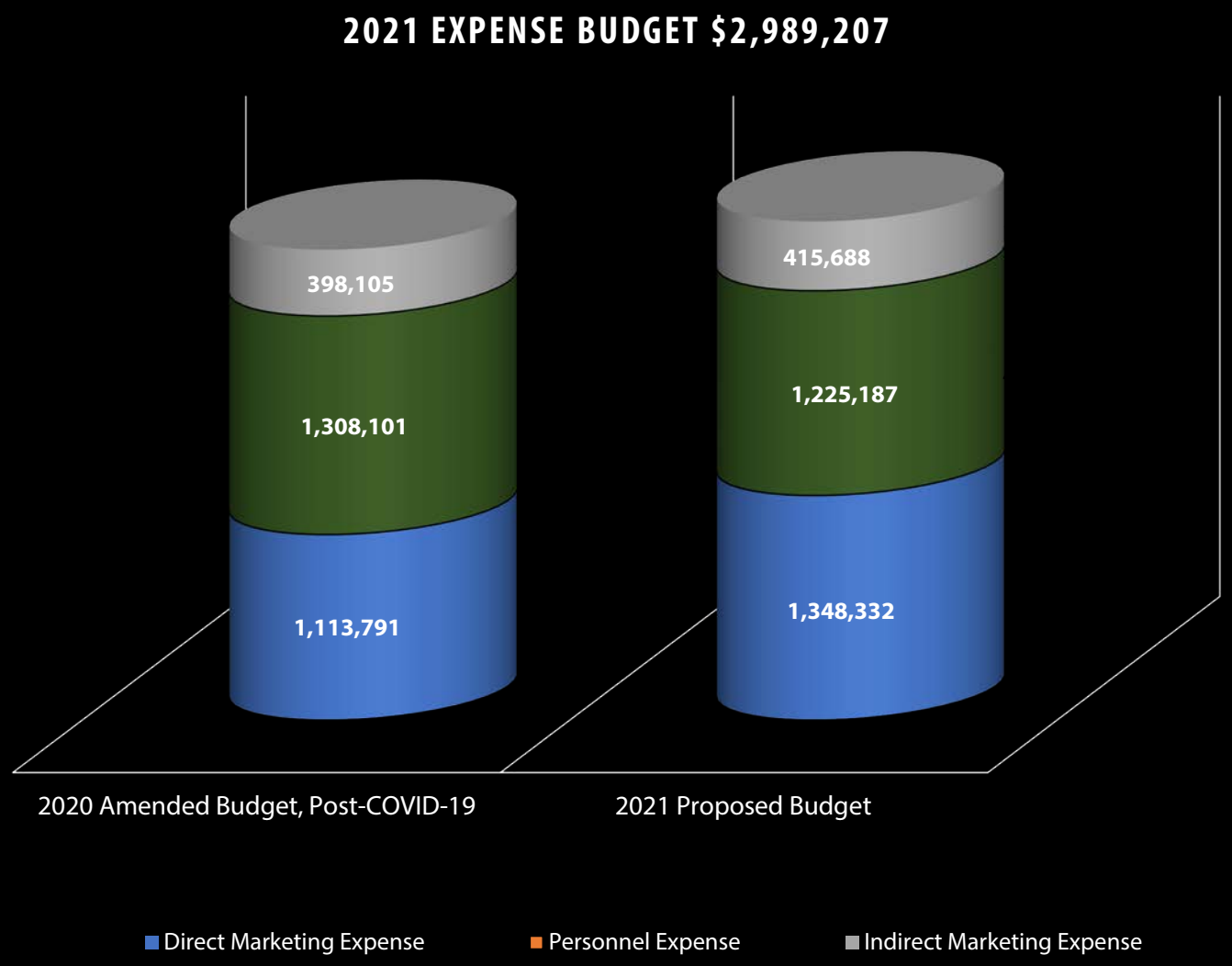
Travel: The Hardest Hit Industry

Hotel/Motel Tax Collections



Explore Fairbanks
2020 Amended Expense Budget

Cut 2020 budget from the projected $4.2 million to $2.9 million



Explore Fairbanks
Revenue Loss

Actual Operating Revenue as of November 30, 2020:

		#1 w/o CARES Act Funding	#2 w/CARES Act Funding
	2019	**2020**	**2020**
Bed Tax/Grant Revenue	$3,315,732	$1,748,055	$1,748,055
CARES Act Funding Grants			$686,250
Communication Revenue	$66,892	$58,189	$58,189
Partnership Development Revenue	$129,057	$97,288	$97,288
Meetings & Convention Revenue	$112,638	$9,930	$9,930
Tourism Revenue	$48,699	$0	$0
Visitors Services Revenue	$119	$0	$0
Miscellaneous Revenue	$2,003	$0	$0
In-Kind Donations/Trade Out Revenue	$336,301	$55,929	$55,929
Total Revenue	$4,011,440	$1,969,391	$2,655,641
Revenue Loss percentage to-date:		**-50.91%**	**-33.80%**

Explore Fairbanks
Stimulus Funding Recap

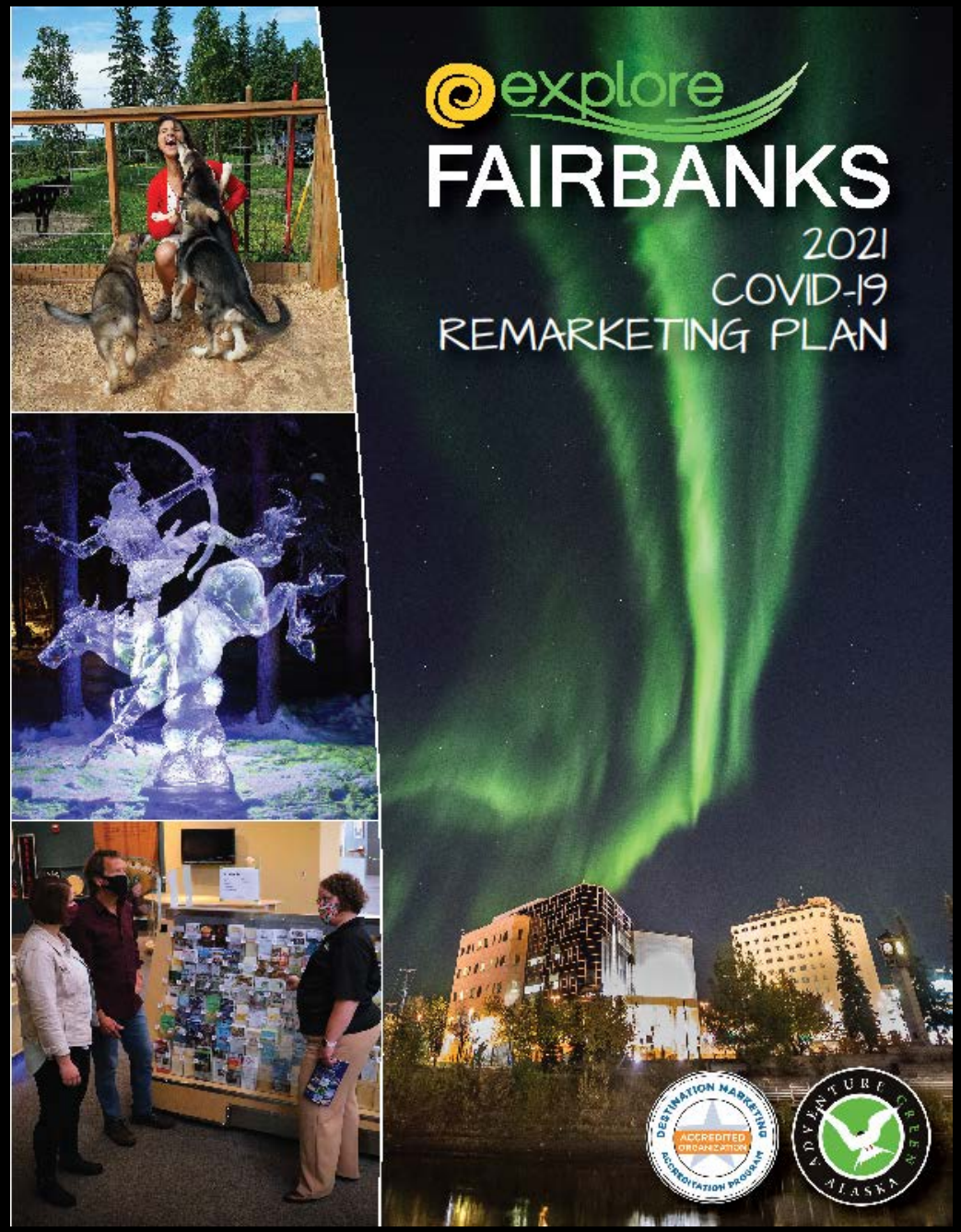
CARES Act Funding received as of December 31, 2020

Source	Funding	% of CARES
SBA EIDL Grant	$10,000	1%
COF Cares Act Funding	$426,950	62%
FNSB BIG	$40,000	6%
State of AK Cares	$100,000	15%
AK Community Foundation Grant	$25,300	4%
North Pole Cares Funding	$84,000	12%
FNSB CARES Act Funding	$0	0%
TOTAL	**$686,250**	**100%**

2021 passed on December 20, 2020

PPP eligibility expanded to 501(c)(6)s - received a first draw of $285,915 in February

Remarketing



2020 Highlights

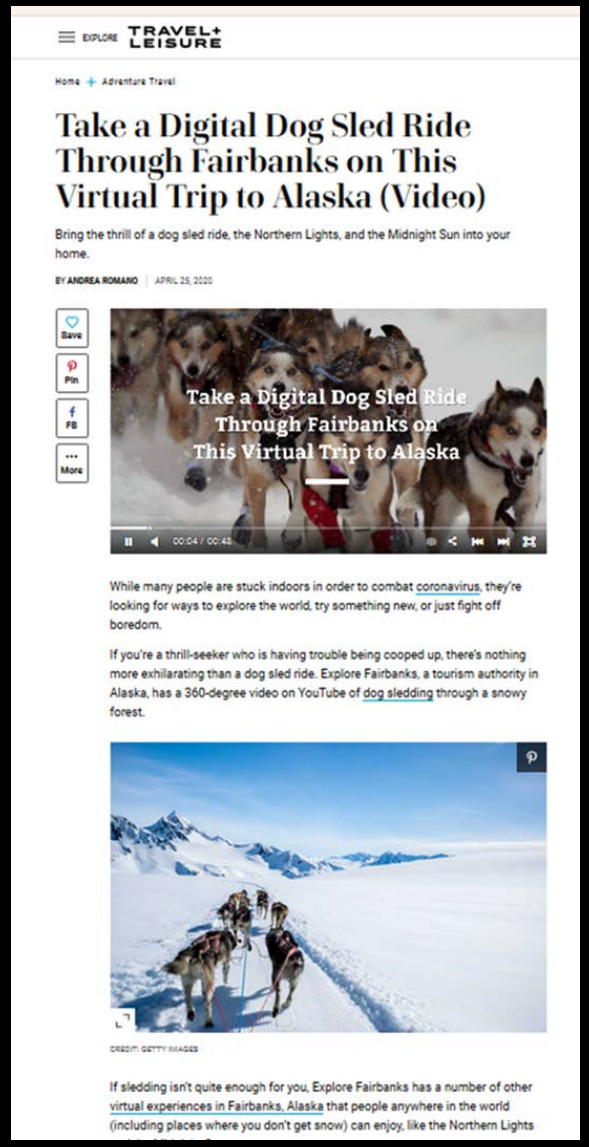
www.explorefairbanks.com website

- Hosted 490,289 new visitors, a 15% increase
- Blog Pages had 117,174 page visits, up 161%
- Total page views were 1,232,385, a 6% decrease
- Number of returning visitors was 90,612, a 8% decrease

Social Media

- Facebook “likes” were at 306,060, a 16% increase
- Twitter followers were at 6,940, a 3% increase
- Instagram followers were at 23,890, a 31% increase
  Instagram likes hovers around 6% engagement

2020 Highlights



EXPLORE TRAVEL+ LEISURE

Home + Adventure Travel

Take a Digital Dog Sled Ride Through Fairbanks on This Virtual Trip to Alaska (Video)

Bring the thrill of a dog sled ride, the Northern Lights, and the Midnight Sun into your home.

BY ANDREA ROMANO | APRIL 25, 2020

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More

While many people are stuck indoors in order to combat coronavirus, they're looking for ways to explore the world, try something new, or just fight off boredom.

If you're a thrill-seeker who is having trouble being cooped up, there's nothing more exhilarating than a dog sled ride. Explore Fairbanks, a tourism authority in Alaska, has a 360-degree video on YouTube of dog sledding through a snowy forest.

CREDIT: GETTY IMAGES

If sledding isn't quite enough for you, Explore Fairbanks has a number of other virtual experiences in Fairbanks, Alaska that people anywhere in the world (including places where you don't get snow) can enjoy, like the Northern Lights

April Campaign:
Start Your Virtual Vacation Now

- To engage potential future visitors with Fairbanks imagery (new 360^0 stills and video) during COVID-19 lockdown.

Phase One: Explore Local

- "Explore Local" in Alaska's Golden Heart
- Encourage locals to participate in activities, attractions and tours as well as eating and drinking establishments normally focused on travelers to Alaska

Phase Two: Statewide Recovery

- Take a Road trip to the Golden Heart of Alaska
- Encourage statewide residents to come to Fairbanks

2020 Highlights

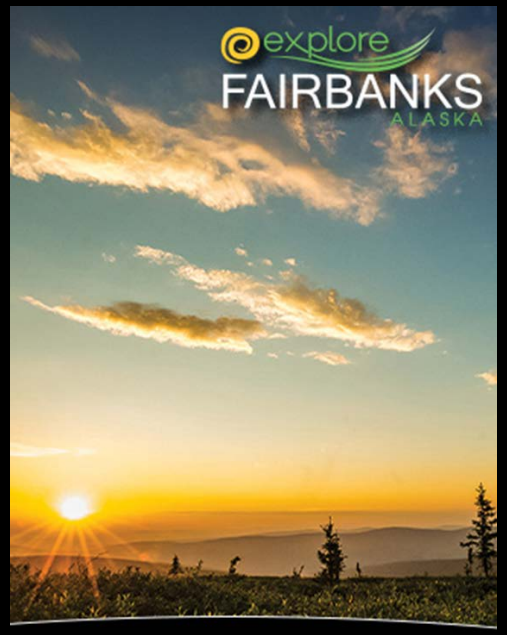
Phase Three: National Recovery

- Imagine Yourself Here. Explore Fairbanks Responsibly.
- Incorporate current travel restrictions as well as travel responsibly themes – face coverings, social distancing, hand sanitizing – systemically into all content throughout all marketing channels and efforts.

- Where Caribou Outnumber People
  - Highlighting the Fairbanks region as a low-density destination

- Aurora Season Has Arrived
  - Promoting seeing the northern lights – virtually or in person

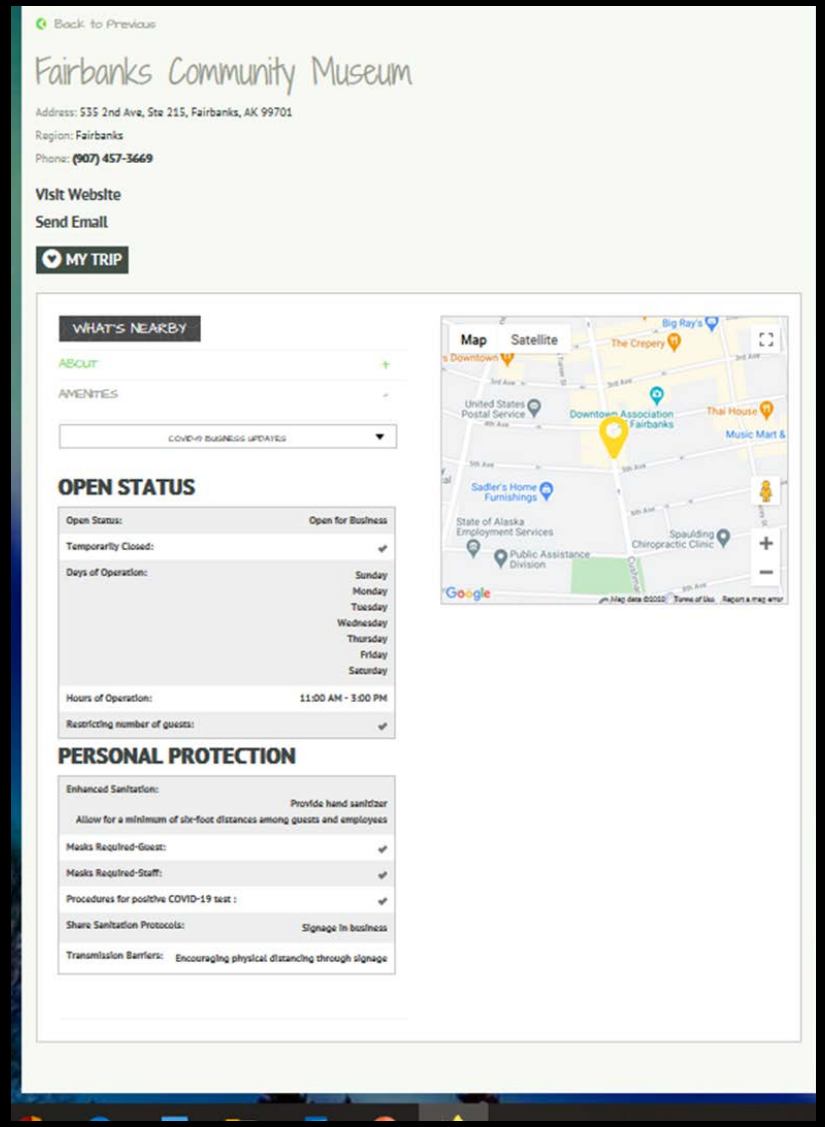
- Winter Rocks!



Imagine 24 Hours of Daylight.
Explore Fairbanks Responsibly.

Imagine Chasing the Northern Lights.
Explore Fairbanks Responsibly.

Explore Responsibly



By taking the “Explore Fairbanks Responsibly” Pledge, I commit my business to honor the following guidelines:

- Wear Masks
- Practice Physical Distancing
- Keep Clean
- Encourage Contactless Payment
- Follow Expert Advice
- Stop the Spread

Long Road for Recovery of Travel Industry

Reasons for optimism:

- Anecdotally, independent and small group travel this past summer and increasing in winter, especially this month of March
- Increased vaccinations especially among older populations and now gradually expanding state-by-state for 16 and older
- While cancelling one-way, cross-Gulf cruises, both Princess and Holland America are offering land -based tours this summer
- Increased lift from current and new carriers to FAI – 33% more air lift than summer 2019

Most recent from Delta Air Lines:

Launching a new daily nonstop flight from Salt Lake City beginning May 5
Adding a third nonstop flight from Seattle beginning June 19
Doubling service with a second nonstop flight from Minneapolis beginning June 19
Resuming daily from Chicago
In addition to flying Fairbanks/Seattle year-round, Delta is extending the Minneapolis and Salt Lake City service to year-round

Other air service currently scheduled for Fairbanks for summer 2021 include:

Alaska Airlines with multiple daily flights from Seattle and Anchorage
American Airlines with daily flights from Dallas-Fort Worth and Chicago
United Airlines with daily flights from Denver by way of Anchorage
Sun Country Airlines with weekly flights from Minneapolis
Condor Airlines with weekly flights from Frankfurt

We are positively impacting the road to recovery for our local travel industry

"likely future visitation" in the western states

TEKLA MONSON
SLED DOG TOUR GUIDE
explore
FAIRBANKS
ALASKA

explore
FAIRBANKS
ALASKA

ALASKA

TRAVEL INDUSTRY

ASSOCIATION

The Path Forward

Safe travels and safe operations

Continued support for tourism businesses & partners

Destination marketing

The Path Forward

Safe travels and safe operations

Continued support for tourism businesses & partners

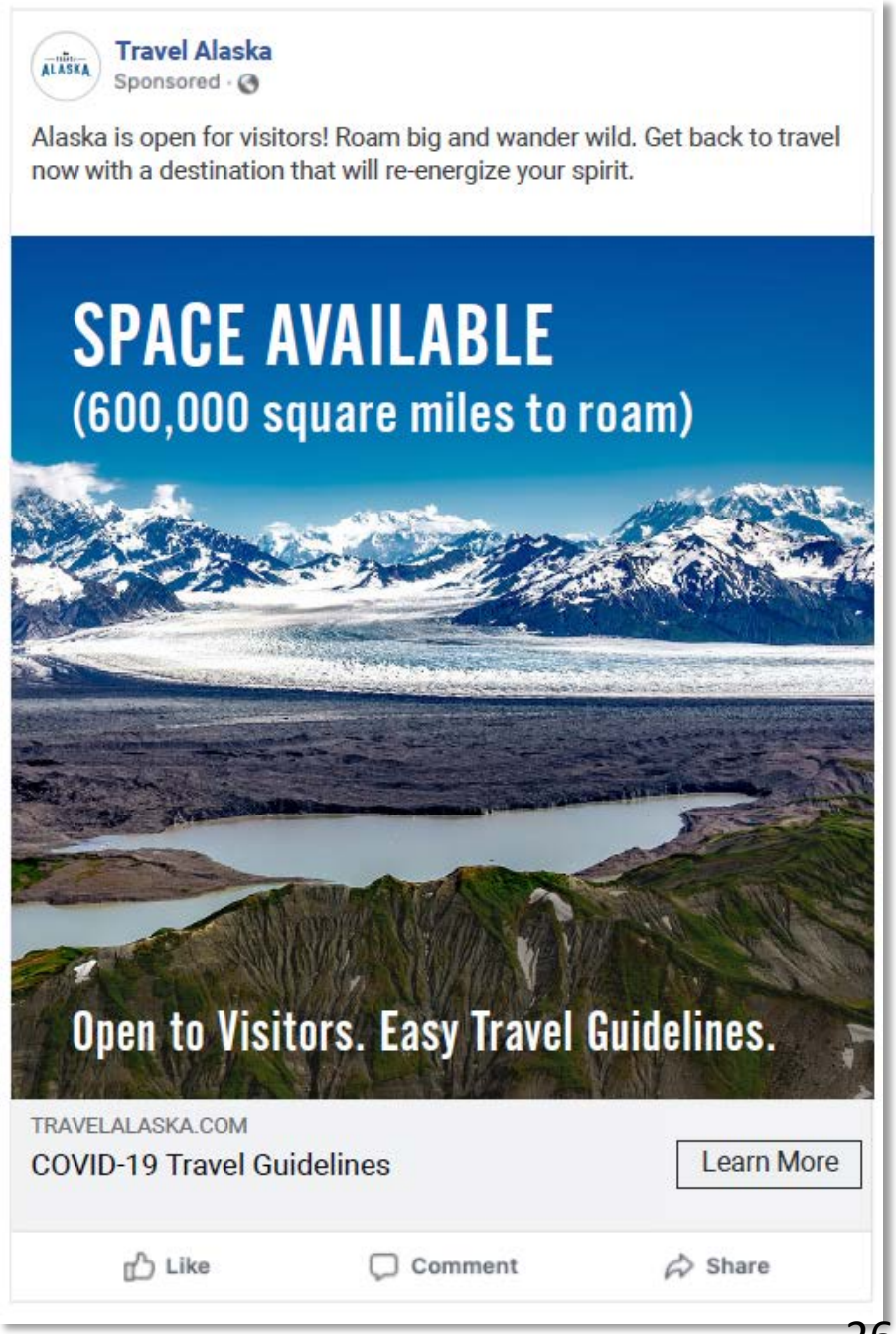
Destination marketing

Traveler Sentiment

KEY TAKEAWAYS

- Right now, 58.6 % of Americans expect to take a COVID-19 vaccine and the majority expect they will be inoculated by this June
- Older Americans are likeliest to feel the current COVID vaccines are safe and most willing to take one. Younger travelers, while not as likely as older travelers to take a vaccine, are likeliest to be planning travel in anticipatin of vaccines being widely available
- Despite challenges, vaccine distribution is still driving optimism about a return to normal–and travel normal–in the next 6 months

TRAVEL ALASKA
TRAVEL SAFE

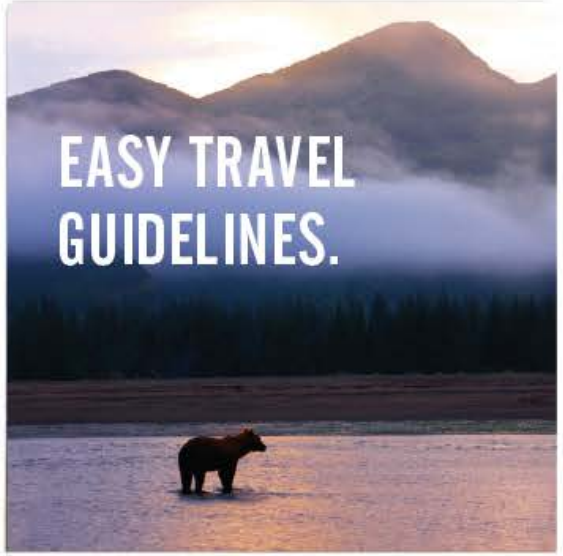


Travel Alaska
Sponsored ·

Alaska. There's no place like it. And no time like the present, with safe, easy travel guidelines. Book your adventure now.

COVID-19 Travel Guidelines — Learn More

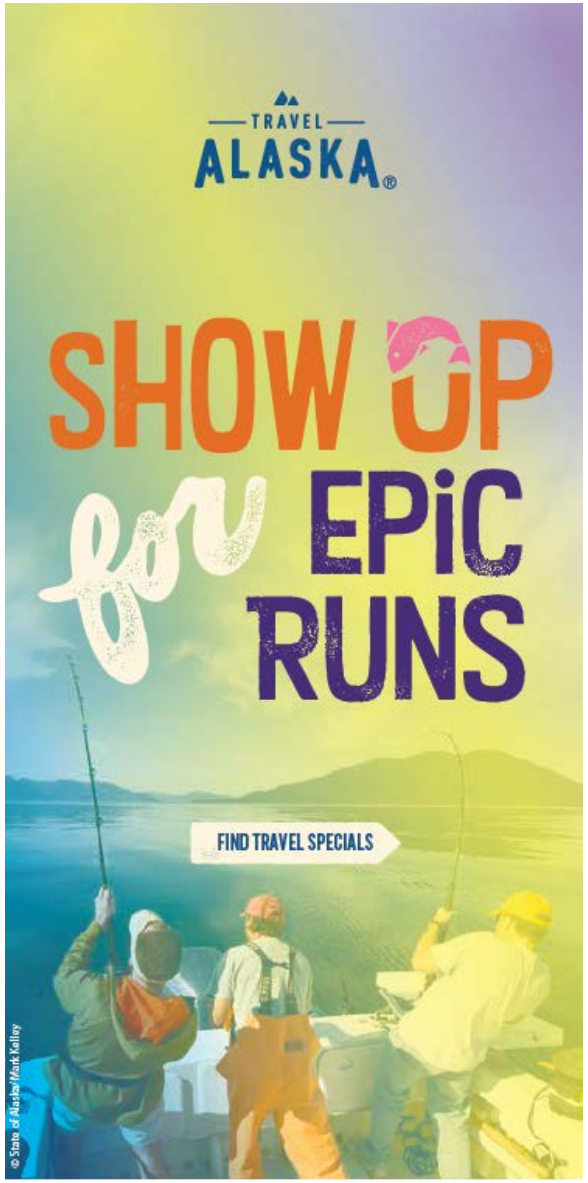
COVID-19 Travel Guidelines — Learn More



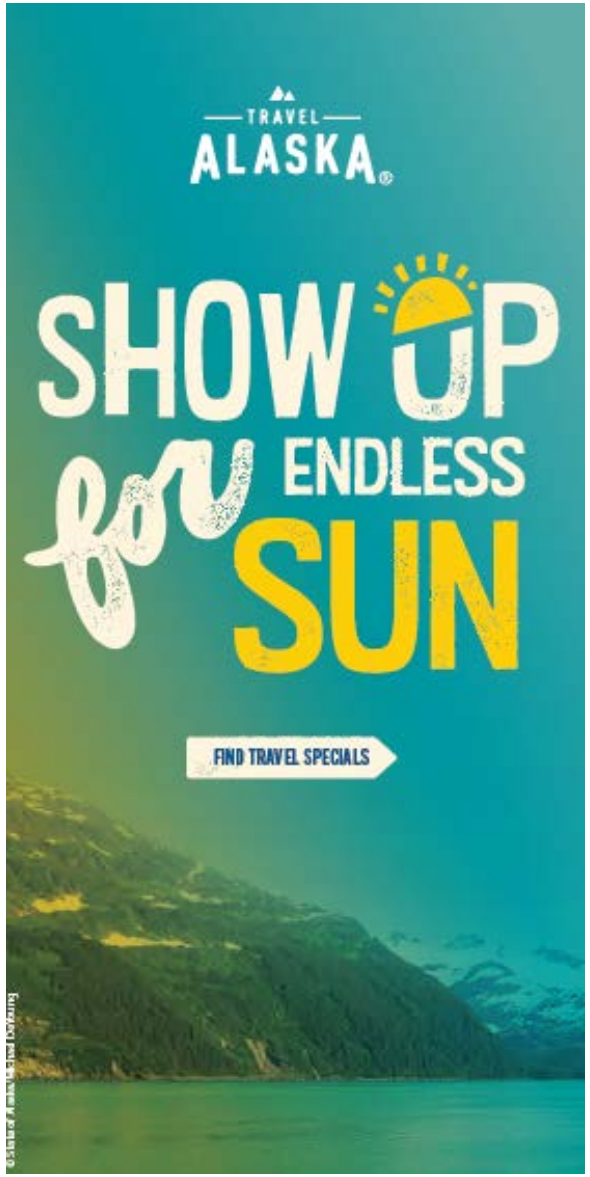
COVID-19 Travel Guidelines — Learn More

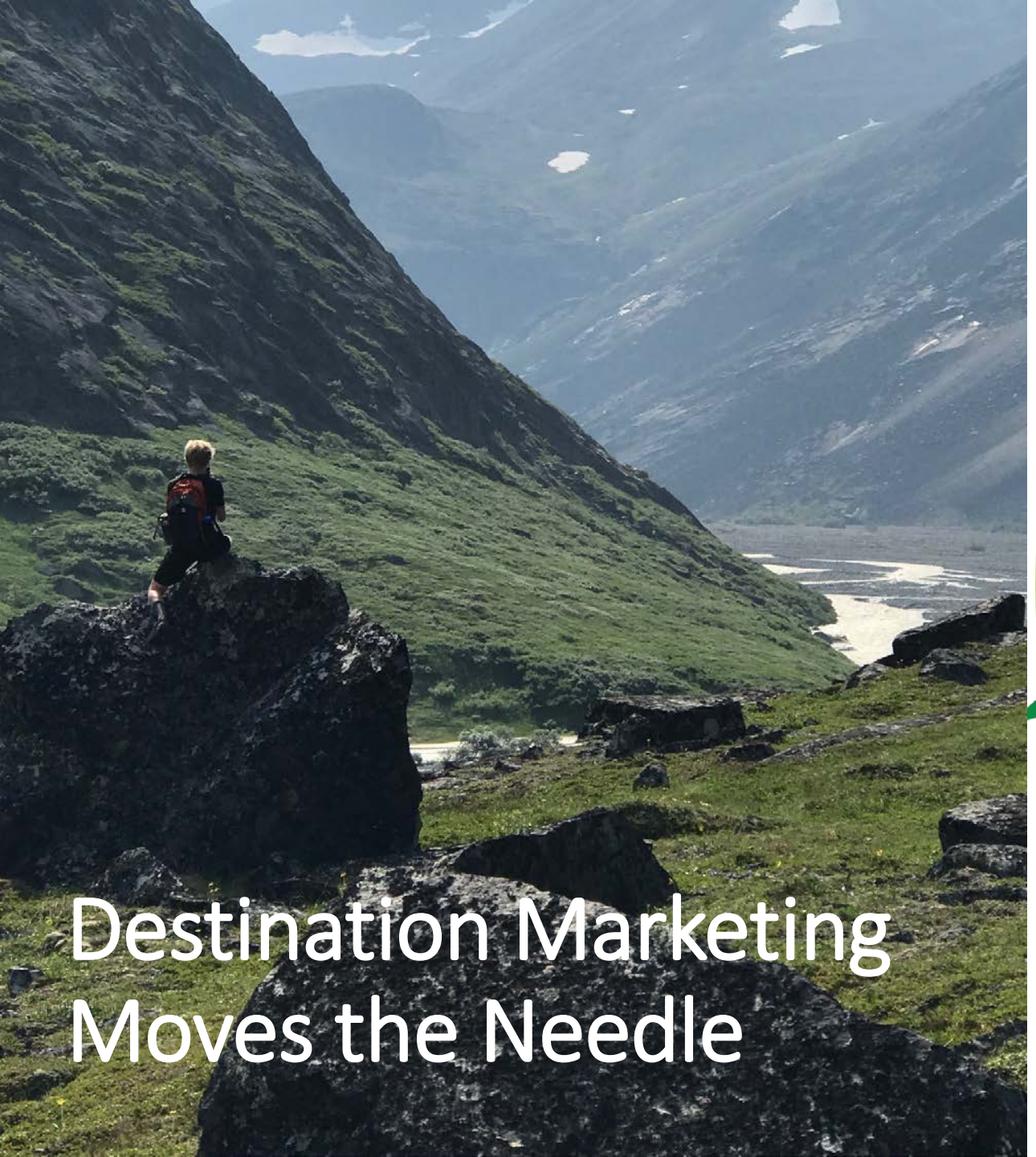
COVID-19 Travel Guidelines — Learn More

Like Comment Share



TRAVEL
ALASKA
SHOW UP
for AK





Destination Marketing Moves the Needle

Thank You!

Sarah Leonard, ATIA President & CEO
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