

HOUSE FINANCE COMMITTEE  
January 24, 2001  
2:08 PM

TAPE HFC 01 - 18, Side A  
TAPE HFC 01 - 18, Side B

CALL TO ORDER

Co-Chair Mulder called the House Finance Committee meeting to order at 2:08 PM.

MEMBERS PRESENT

Representative Eldon Mulder, Co-Chair  
Representative Bill Williams, Co-Chair  
Representative Con Bunde, Vice-Chair  
Representative Eric Croft  
Representative John Davies  
Representative Richard Foster  
Representative John Harris  
Representative Bill Hudson  
Representative Ken Lancaster  
Representative Jim Whitaker

MEMBERS ABSENT

Representative Carl Moses

ALSO PRESENT

Tina Lindgren, President & Chief Operating Officer, Alaska Travel Industry Association, Anchorage; Ann Campbell, Chair, Alaska Travel Industry Association, Anchorage.

PRESENT VIA TELECONFERENCE

None

GENERAL SUBJECT(S):

ALASKA TRAVEL INDUSTRY ASSOCIATION (ATIA)  
PERFORMANCE REPORT ON TOURISM MARKETING FOR ALASKA  
TRANSITION FROM ATMC AND DIVISION OF TOURISM TO ATIA

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 22nd Legislative Session, contact 465-2156. After the 22nd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
	<b>TAPE HFC 00 - 18 SIDE A</b>	
000	Co-Chair Mulder	Convened the meeting with the Alaska Travel Industry Association (ATIA).
092	ANN CAMPBELL, CHAIR, ALASKA TRAVEL INDUSTRY ASSOCIATION, ANCHORAGE	Noted the handouts that had been distributed. [Copy on File]. She provided a brief historical overview of the agency. She stated that the organization was managed by a 23-member elected Board of Directors, representing various sectors of the Alaska visitor industry and various regions of the State. Marketing programs are developed and implemented through an extensive committee structure, including advisory committees with the active participation of 40 members. As managers of the contract, Department of Community & Economic Development must approve the marketing plan prior to implementation.
280	Ms. Campbell	ATIA currently has just over 900 small businesses. She noted the percentage of business per number of employees. Regular membership levels start as low as \$100 for small businesses; and marketing partner investment rates increase depending on the number of people employed during the peak season.
365	Ms. Campbell	Noted that ATIA provides advantages to the small businesses. Additionally, they are making good head way in marketing and strength. ATIA is moving forward into the future. Listed the fund raising events to date.
434	Ms. Campbell	Clarified that the total contracting amount was \$6.928 million dollars. The State of Alaska contributed \$4.850 million dollars. The Alaska Marine highway will not be transferring funds into the fund. The private sector is expected to contribute 30% in matching funds. To date, the cruise partners have contributed \$819 thousand dollars.
537	Co-Chair Mulder	Asked what the "play to pay" partners were.
557	Ms. Campbell	Responded that they are the cooperative advertising programs.
579	Ms. Campbell	The partners have made two payment allowances. The money to date has been committed only. She added that 83% cash had already been collected.
630	Ms. Campbell	She expected that the remaining 15% would

		be collected in the next several months.
622	TINA LINDGREN, PRESIDENT, CHIEF OPERATING OFFICIER, ALASKA TRAVEL INDUSTRY ASSOCIATION, ANCHORAGE	Referenced the handout specifics and details.
681	Ms. Lindgren	Addressed the missions and measures of ATIA.
695	Ms. Lindgren	<p>It is important to market Alaska as a visitor destination. The State is attempting to attract a diverse mix of visitors.</p> <ul style="list-style-type: none"> <li>• maintain or increase the average length of stay in Alaska</li> <li>• increase year round employment</li> <li>• attract a diverse mix of visitors who travel to and within Alaska by a variety of travel modes</li> <li>• endeavor to position Alaska as a year round destination</li> <li>• increase total visitor expenditures statewide</li> <li>• increase independent visitation to Alaska</li> <li>• increase the rate of repeat visits</li> <li>• increase interest in Alaska as a visitor destination</li> <li>• increase awareness and participation of business in the marketing program</li> <li>• increase private sector funding of state tourism marketing programs.</li> </ul>
772	Ms. Lindgren	Spoke to what is doing well - ATIA is creating an opportunity for those interested in marketing to have one destination with marketing concerns. That could be an advantage., while creating greater efficiency in having all businesses "dove-tail" together. She reiterated that would create greater efficiency.
852	Ms. Lindgren	<p>Touched upon some new additions to the program:</p> <ul style="list-style-type: none"> <li>*Public relations (Martha Stewart)</li> <li>*Advertising - 2 million direct mail pieces mailed which hopefully will generate inquiry. Magazine advertising. Trip planning information pieces being sent with a total of 450 thousand pieces produced</li> </ul>

		<p>* Trade, including international - she listed the current overseas offices, including Japan, UK, Germany and Australia.</p> <p>* Developing an on-line travel-training program.</p> <p>* Maintaining the "Travel Alaska.com" web page.</p>
1222	Ms. Lindgren	She noted that ATIA employs 9.5 people, working on the contract. She interjected that ATIA is being efficient investigating additional marketing partnership opportunities beyond basic listings and links.
1250	Ms. Lindgren	Monitoring the investment. Following up with telephone interviews indicates that nearly 20% of people that request info come to visit within two years.
1292	Co-Chair Mulder	Asked if there had been a follow up with those who visit and intend a continual return to the State.
1316	Ms. Lindgren	She noted that ATIA buys the most efficient media first. She acknowledged that there has not been recent television advertising. She agreed that could have an effect on those that might act impulsively.
1354	Co-Chair Mulder	Questioned why there was no television advertising.
1363	Ms. Lindgren	Stressed that had been a budget managing decision. The hope is to get back to television advertising.
1379	Co-Chair Mulder	Referenced the idea of a conversion matrix system?
1400	Ms. Lindgren	Offered to provide the conversion study and the breakdowns that accompany that study.
1428	Co-Chair Mulder	Asked what greater funding would provide the State. He requested real numbers and how they would translate to numbers of people.
1453	Representative Hudson	Inquired if there had been entry or exit surveys done.
1468	Ms. Lindgren	Explained that there had been a draft research undertaken recently to identify such a concern and identify the maintained Alaskan visitor's habits.
1510	Representative Hudson	Asked if that information would include what entices visitors to come to Alaska.
1529	Ms. Lindgren	Responded that there is less information available from those persons that receive their information from word of mouth.

1558	Representative Hudson	Asked if this had been the 1st year without television advertising.
1570	Ms. Lindgren	Responded that last year, there was small television funding. She acknowledged that it had been a few years since there was real television advertising.
1601	Representative Hudson	Acknowledged that television advertising was advantageous and very expensive.
1626	Co-Chair Mulder	Referenced the cruise ship marketing television ads.
1651	Vice-Chair Bunde	Requested a comparison to other western states tourism activity and how it relates to that in Alaska. He suggested that perhaps tourism is down because of the gas price increase.
1670	Co-Chair Mulder	Asked what would be a healthy rate of growth in tourism in Alaska.
1683	Ms. Lindgren	Commented that there is not one rate of growth that affects each community the same. The national average is 2.5% increase. Last year Alaska was at 3% growth. Currently, there are more people entering the tourism industry, which creates tremendous competition.
1733	Ms. Lindgren	In the tourism market worldwide, the cruise rate percentage has increased substantially. The Alaska cruise rate has maintained a 10% growth.
1768	Ms. Lindgren	Explained that a target that the State expects to achieve is not available. She commented that what would be enough would be when business owners are happy and full. 6% increase would keep tourism healthy for the State. She acknowledged that at 3%, Alaska is falling behind and that some of the State's marketing budgets have declined.
1870	Vice-Chair Bunde	Suggested that there are places in Alaska that tourism is maxed out, such as Juneau. He commented that the Alaska tourism market was too focused on the high volume areas.
1907	Ms. Campbell	By definition, an average tourist is in Alaska 10+ days. They are spending more than the average visiting days. These tourist tend to be "better and bigger" spenders than most visitors to other states.
1953	Representative Whitaker	Commented on the average numbers being provided. He spoke to the goals established by ATIA, which he did not believe measured success. He recommended

		that ATIA provide a percentage number.
2054	Co-Chair Mulder	Agreed that there should be an encompassing number, which could provide a measurement for the Legislature to identify.
2080	Ms. Lindgren	Explained that last year, the state increased the budget by 12.7%. One goal is to increase visitation by 3% in the next year, a target set by ATIA. She commented that to achieve that goal with the current budget would be unreasonable. She added that ATIA lacks the measurement tool of the State's statistics program. She reminded the Committee that the program is only 6 months old.
2141	Co-Chair Mulder	Noted that it would make better sense to formulate a more focused groundwork for policy amounts. He understood that 3% was what had already been received. He challenged the Board to isolate a number, which would sustain a healthy rate of growth.
2184	Ms. Lindgren	agreed that made sense.
2190	Representative Lancaster	Asked if ATIA targeted summers only.
2197	Ms. Lindgren	Explained that the entire program was a year-round marketing program. The entire program is meant to market Alaska as a year-round destination.
2222	Representative Croft	Asked what it would cost for ATIA to create sustainable goals. He referenced Page 9 of the handout, which highlighted the outlined goals. He commented that they had been well defined. He inquired what a budget with a 4-5% growth would look like. He questioned if industry would be willing to step up to that.
2268	Representative Davies	Echoed sentiments of Representative Croft. He recommended that discussion should be regarding market shares and the sustained increase.
	<b>TAPE HFC 01 - 18, side B</b>	
007	Co-Chair Mulder	Commented that it would be a good point to debate the market shares. If a 5% growth were attained, then what other considerations should be made.
111	Ms. Campbell	Replied that at present time, ATIA is focused on the transitioning programs.
170	Co-Chair Mulder	Commented that ATIA had a much more defensible budget.
217	Ms. Lindgren	Noted that ATIA has both a pro-active and

		re-active media-advertising program. ATIA proactively goes out and seeks national publications and that media story ideas are continually distributed throughout the nation.
334	Representative Hudson	Commented that the marketing campaign has to have consistency. There must be long-term goals established. Everything, which is planted, must be given the opportunity to grow. He recommended that public relation advertising be encouraged. He recommended that there should be people from the trade going out and speaking about the trade. Additionally, he suggested that legislators give talks about Alaska tourism destination when out of State and abroad.
466	Ms. Lindgren	Advised that ATIA is now in the planning stages for FY02. She noted that by the beginning of March, there would be a draft plan and contract, which then should be negotiated on April 1st. To date, the marketing committee has met. One of their plans that they have discussed is the increased public relations.
532	Ms. Lindgren	Interjected that ATIA has to date, only had six months to merge all programs.
577	Representative Davies	Asked about ATIA's funding goals.
596	Ms. Campbell	Replied that in three years, they intend to reach the goals of the working plan.
621	Ms. Lindgren	Next year, the goal continues to be 30%.
641	Representative Davies	Asked if the total request amount was expected to increase.
660	Ms. Campbell	Replied that ATIA is currently planning a \$7.6 million dollar budget.
700	Co-Chair Mulder	Questioned if there was a good business plan.
708	Ms. Lindgren	Replied that ATIA is working on that. At this time, ATIA is encouraging businesses to pay more if they can. She acknowledged that it is difficult to get people to pay more out of their pocket.
737	Co-Chair Mulder	Commented that all of Alaska enjoys the services, yet none want to pay.
760	Co-Chair Mulder	ADJOURNED: 3:05 PM