

SCOMM

124:4

Alaska State Legislature

Rep. Lesli McGuire, Chair
Rep. Joe Green, Vice Chair
Rep. Fred Dyson
Rep. Jeanette James
Rep. Beverly Masek
Rep. Carl Morgan
Rep. Norm Rokeberg
Rep. Harry Crawford
Rep. Gretchen Guess



Session
State Capitol Building, Rm 418
Juneau, Alaska 99801-1182
Phone (907) 465-2995
Fax (907) 465-6592

Interim
716 West Fourth Avenue, Suite 430
Anchorage, Alaska 99501
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House Special Committee Economic Development, Trade & Tourism

Committee Schedule

Capitol Room 17
8:00 AM – 10:00 AM

Noticed: 1/29/02

Tuesday, February 5

Overview: Dept. of Community and Economic Development and Alaska Travel
Industry Association
Re: Tourism's Contribution to Alaska's Economy

Meeting will be teleconferenced.

Teleconference Order Form**Fax #465-2864****#4339**

Sponsor and/or Committee Name			Date
HEDT – Rep. McGuire, Chair			02-05-02
Start/End Time	Chairing site	Juneau Room	Testimony
8:00am / 10:00am	Juneau	17	Yes ___ No ___ Invitational ___
Contact Person and	Phone Number	Other sites may add?	Testimony Limit
David Brewster	465-4955	Yes	
Subject of meeting and/or Bills on agenda			

Overview: Dept. of Community and Economic Development and Alaska Travel
Industry Association
Re: Tourism's Contribution to Alaska's Economy

Sites - LIOs		Sites - Offnets	Phone #
Anchorage	X		
Barrow			
Bethel			
Cordova			
Delta Junction			
Dillingham			
Fairbanks	X		
Glennallen			
Homer			
Juneau			
Kenai			
Ketchikan	X		
Kodiak			
Kotzebue			
Matsu	X		
Nome			
Petersburg			
Seward			
Sitka			
Tok			
Valdez			
Wrangell			
Notes			

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House Special Committee Economic Development, Trade & Tourism

AGENDA Tuesday, February 05, 2002

Tuesday, February 5

- **Overview:** Jeff Bush; Deputy Commissioner
Department of Community and Economic Development
Tourism summary from the DCED perspective and departmental overview.
- **Overview:** Tina Lindgren; President & COO
Alaska Travel Industry Association
The state of the tourism industry in Alaska.

Meeting will be teleconferenced.

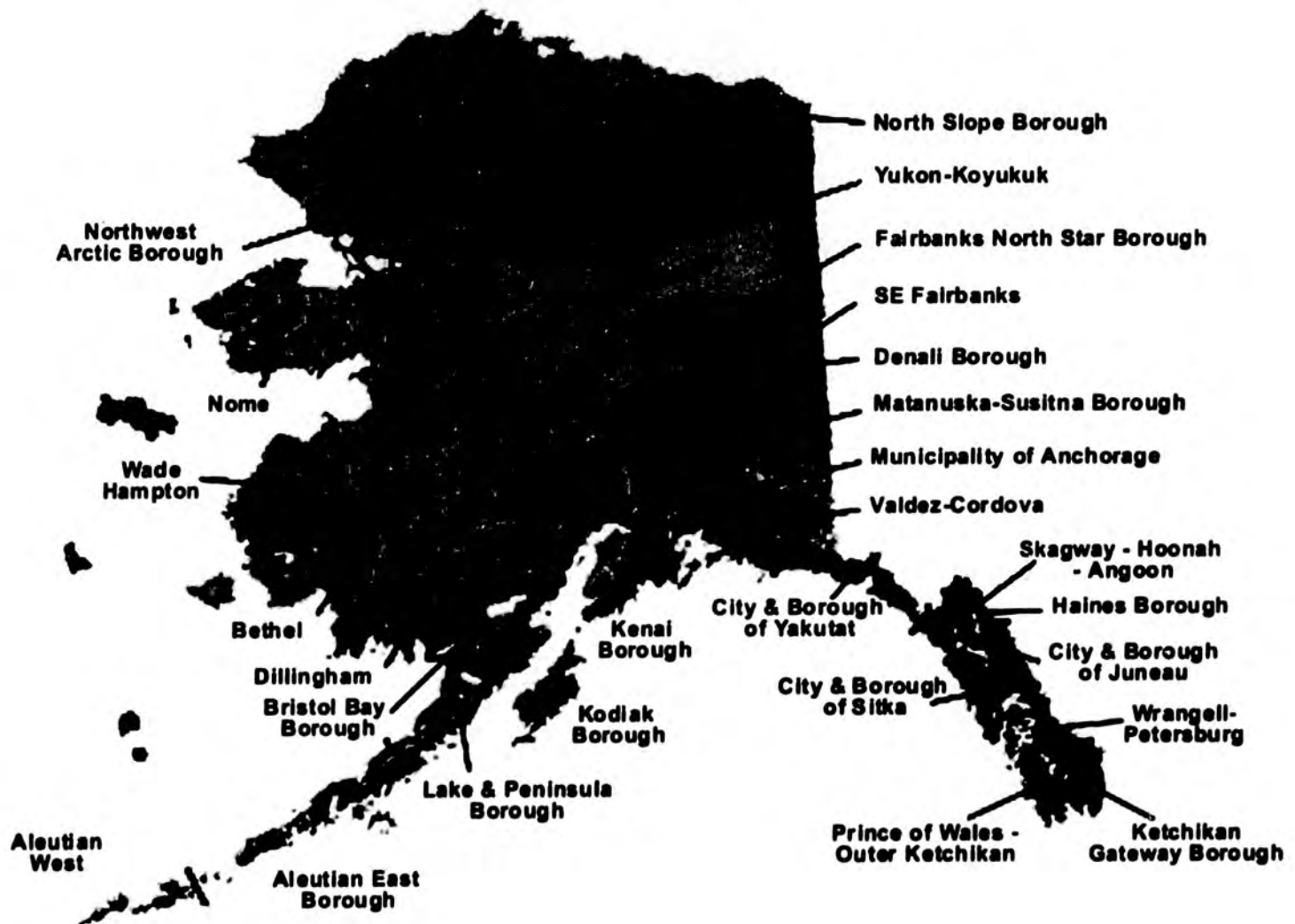
Alaska Economic Information System

[Alaska State Home Page](#)

[Department Home Page](#)

[Division Home Page](#)

Alaska Census Areas



Interactive Map Based Economic Information System

ALASKA ECONOMIC INFORMATION SYSTEM – the *AEIS*

Growing the Base Economy of Alaska

The AEIS is a tool to help grow Alaska's base economy. It is a content-rich, web-based economic database that describes and analyzes the Alaska economy by industry sector and census area. It is based on the belief that good information is the foundation for investment, development and opportunity.

Features: The AEIS will:

- *Provide timely, current, **Alaska-Specific** information*
- *Tell prospective investors about our resources and opportunities*
- *Create a baseline for evaluating industry activity*
- *Offer a user-friendly, easy-to-navigate format*
- *House the most comprehensive economic development site on Alaska*

Contents: Good information is the staple of sound decision making. The AEIS provides and collates a vast amount of economic and supporting information through:

- **Economic Development Narratives.** Each census area contains a regional economic overview and economic narratives on oil and gas, tourism, mining, fisheries, agriculture, timber, transportation, utilities, energy and subsistence.
- **Portal to Relevant Material.** The AEIS will link directly to many supporting websites, as well as to specific plans, studies, reports and other related documents.
- **Source Material Availability.** The website is graphics-rich and supported throughout with source material. The user can "drill down" from the narratives and graphics and find the charts, figures, tables and databases that support the text.

Users: Information about Alaska and its regional economies will be available globally. We anticipate users will include:

- | | | |
|------------------------|-------------------------|----------------------|
| • Investors | • Local Residents | • Entrepreneurs |
| • College Students | • Corporations | • Industry Staff |
| • Local Governments | • Researchers | • Rural Campuses |
| • State Agencies | • Federal Agencies | • Small Business |
| • Regional Non-Profits | • Tribes | • Rural Schools |
| • ED Organizations | • Community Non-Profits | • Trade Associations |

The Alaska Economic Information System puts the state's economy, industries and regions at the fingertips of the world. It combines economic information and electronic access in a dynamic format meant to serve Alaskans by promoting opportunities for economic development.

For further information contact: Peter Freer, 465-4815

***Alaska Department of Community and Economic Development
Division of Community and Business Development***

DATE: 02-05-02

Tourism's Contribution Alaska's Economy

UPDATE #:



PLEASE SIGN IN

DO YOU WANT
TO TESTIFY?
Y or N

[illegible]

**COMMITTEE: HOUSE
ECONOMIC DEVELOPMENT,
TRADE & TOURISM**

***SUBJECT: Overview: Department of
Community & Economic Development /
Alaska Travel Industry Association***



DATE: February 5, 2002

PLEASE SIGN IN

**PLEASE PRINT:
NAME & TITLE**

**ADDRESS
(MAILING & ZIP)**

PHONE

REPRESENTING
(No Acronyms, Please)

**DO YOU
WANT TO
TESTIFY ?**

[illegible]

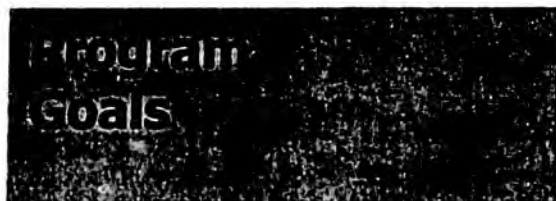


Department of Community and Economic Development Division of Community and Business Development

Alaska State Office of Tourism Mission Statement/Goals

The Alaska Office of Tourism endeavors to stimulate sustainable, diversified economic growth and job opportunities in Alaska, while strengthening cultural values and maintaining quality of life for Alaskans.

The mission is accomplished by providing training, research, and information, as well as planning, business development and product development assistance to communities, businesses, agencies and residents.



Encourage community-led decision-making regarding the appropriateness of tourism development, and the types and levels of tourism a community can and will support.

Where tourism development is desired, promote planning to disperse economic benefits throughout the state and the calendar year, while retaining significant benefits in the communities where visitation occurs.

Maintain and improve overall visitor satisfaction by encouraging infrastructure development and protection of the environment and quality of life.

Assist communities in increasing resident satisfaction with the visitor industry, by minimizing the negative impacts of tourism to residents and communities.

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- Resource Development
- Research
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- Infrastructure/Product Development

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- Communications
- Clerical Supervisor
- Grant Administration

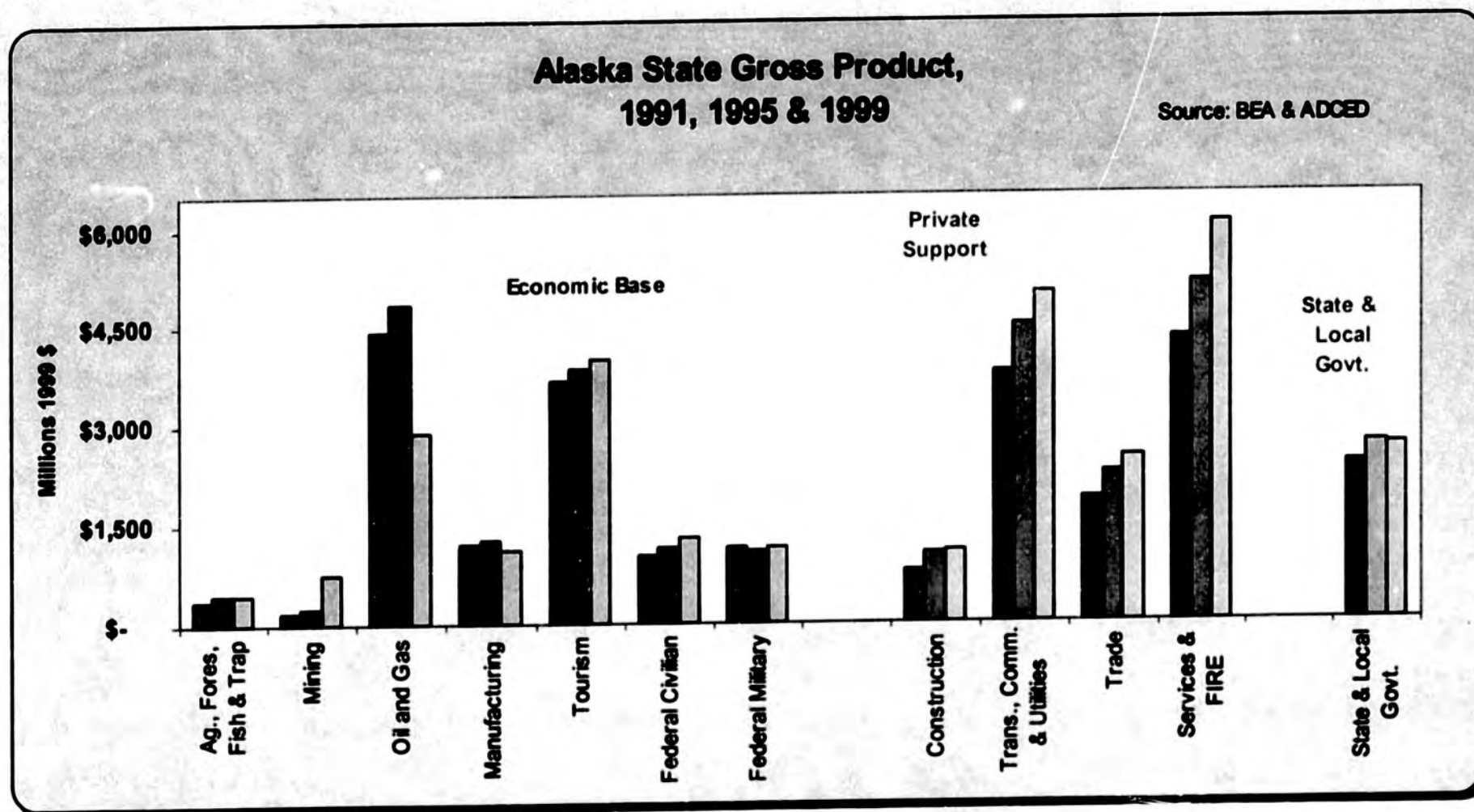
Lisa Conrad

Manager Supervisor - Tok APLIC staff
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lisa_conrad@dced.state.ak.us

- Tok - Alaska Public Lands Information Center
- Visitor and Highway Information
- AMHS Ticket sales and reservations

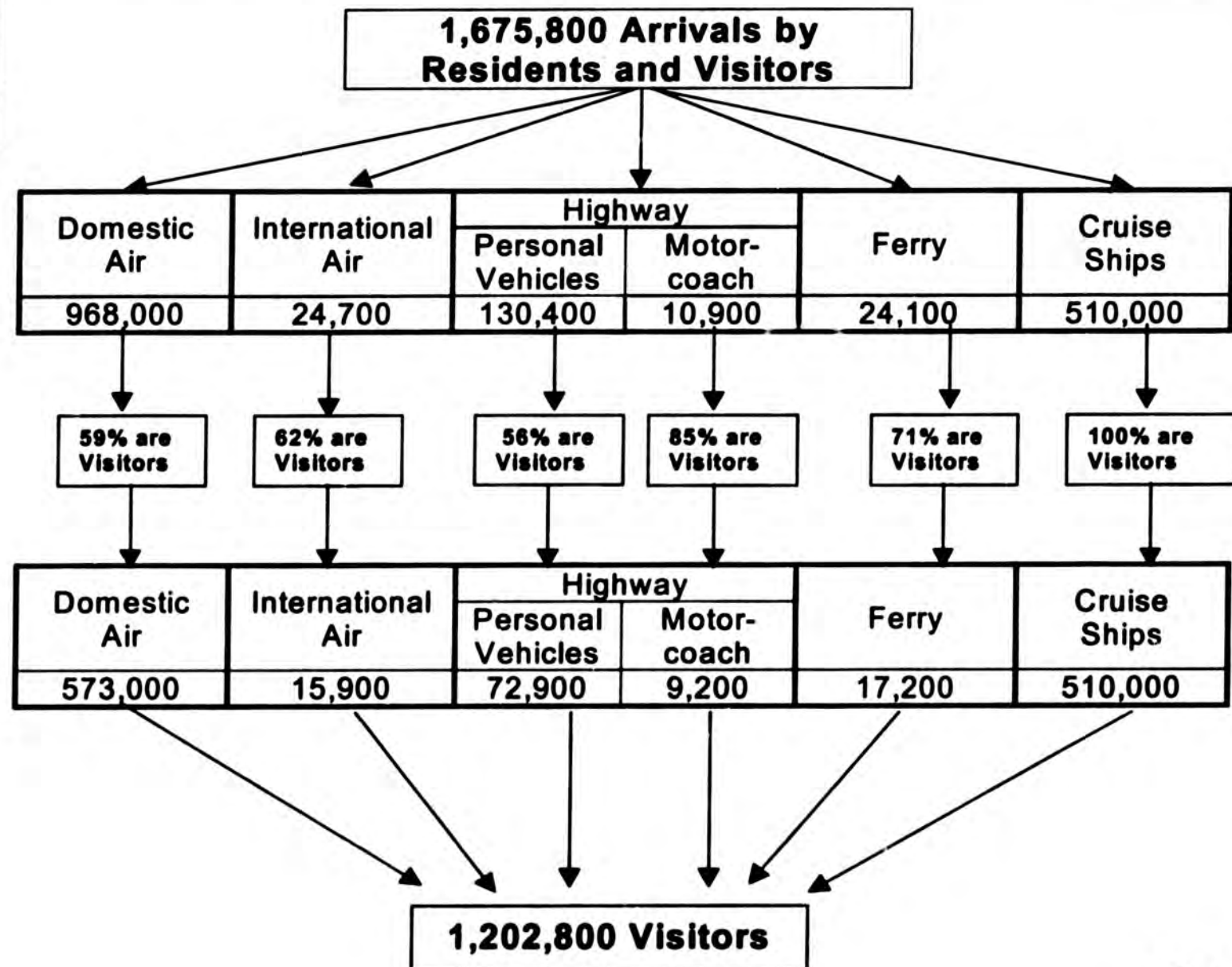


Statewide Overview --All Sectors



AVSP IV Summer 2001

Alaska Visitor Statistics Program IV Summer 2001 Data Summary

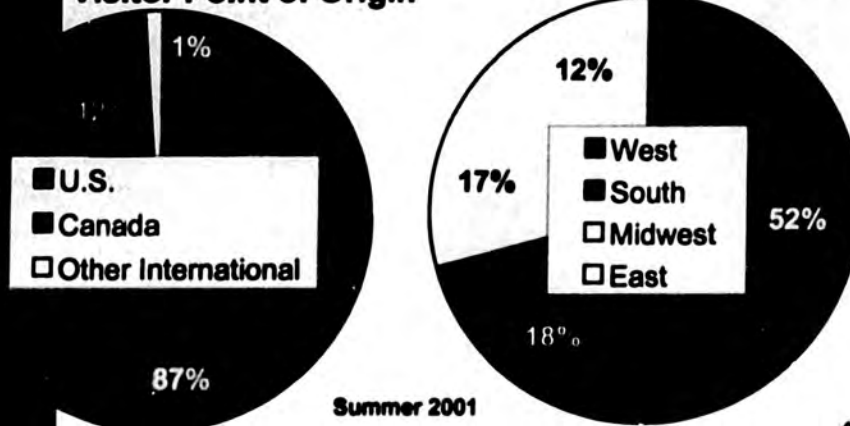


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Visitor Point of Origin

NORTHERN
ECONOMICS

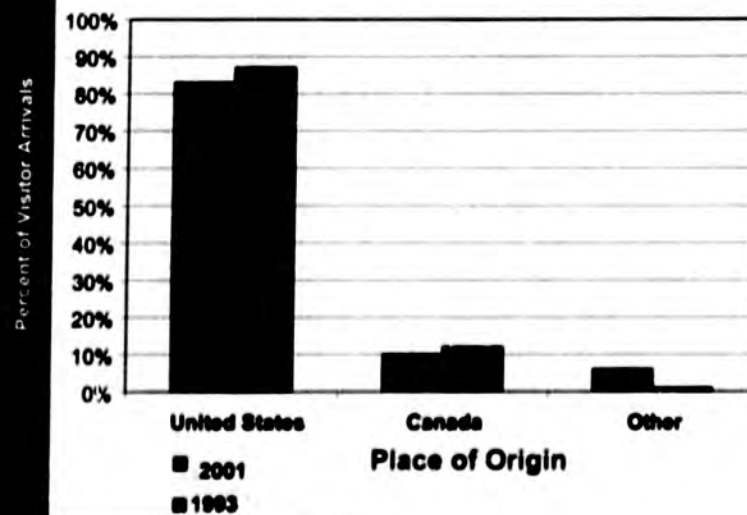
Visitor Point of Origin - U.S. Visitor Point of Origin



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Trends in Visitor Place of Origin

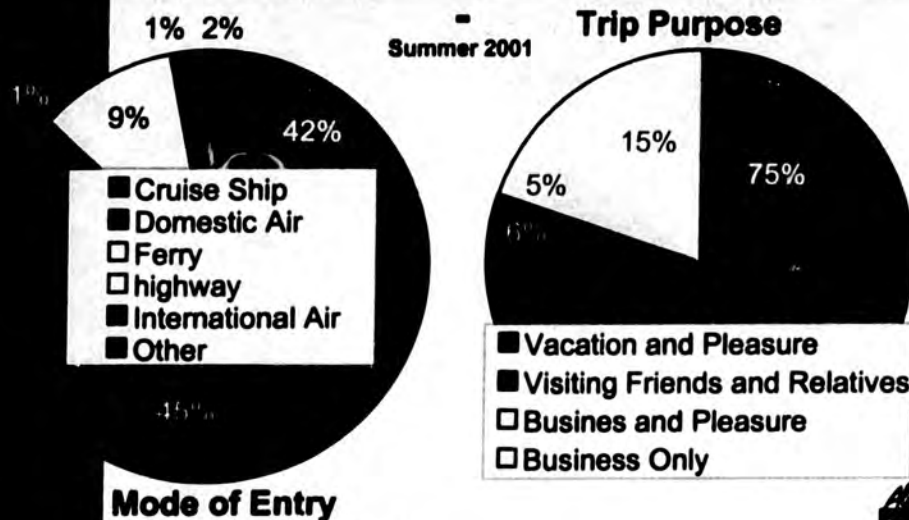
NORTHERN
ECONOMICS



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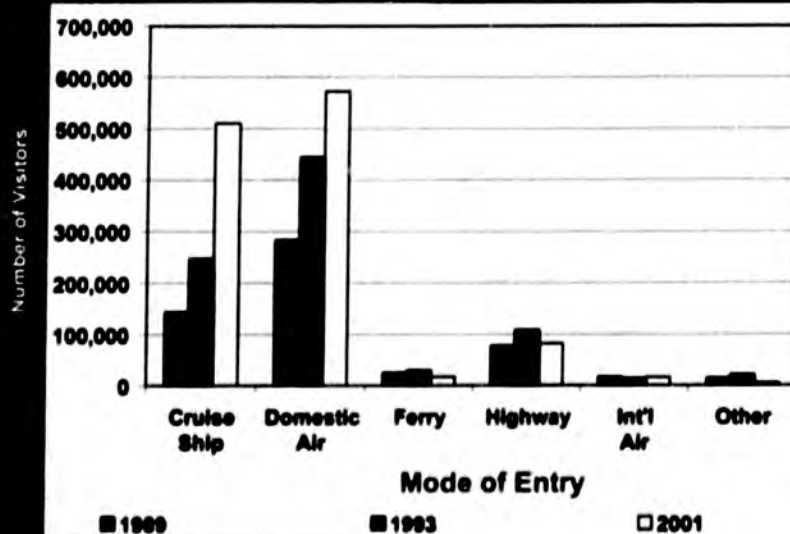
Mode of Entry and Trip Purpose

NORTHERN
ECONOMICS



Trends in Number of Visitors by Mode of Entry

NORTHERN
ECONOMICS

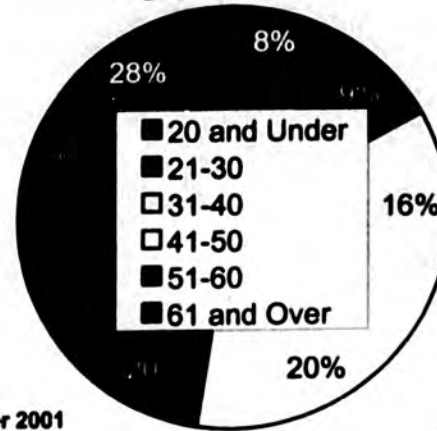


Gender and Age of Visitors NORTHERN ECONOMICS

Gender of Visitors



Age of Visitors



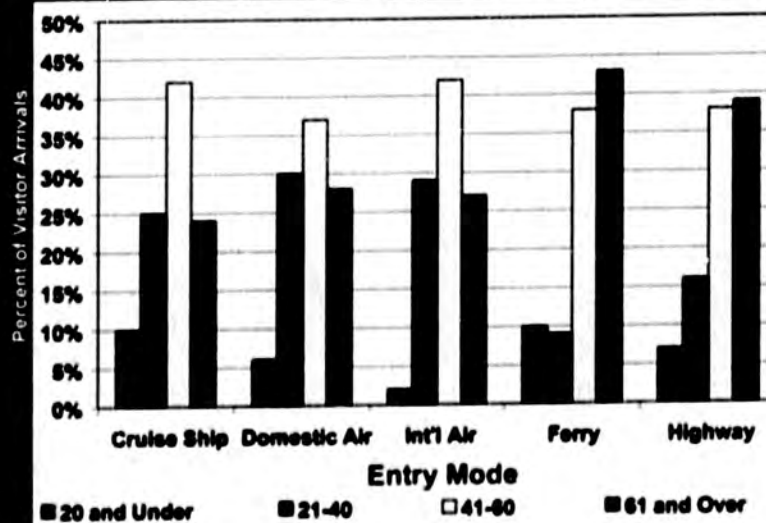
Summer 2001

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Visitor Age Groups by Mode of Entry

NORTHERN ECONOMICS

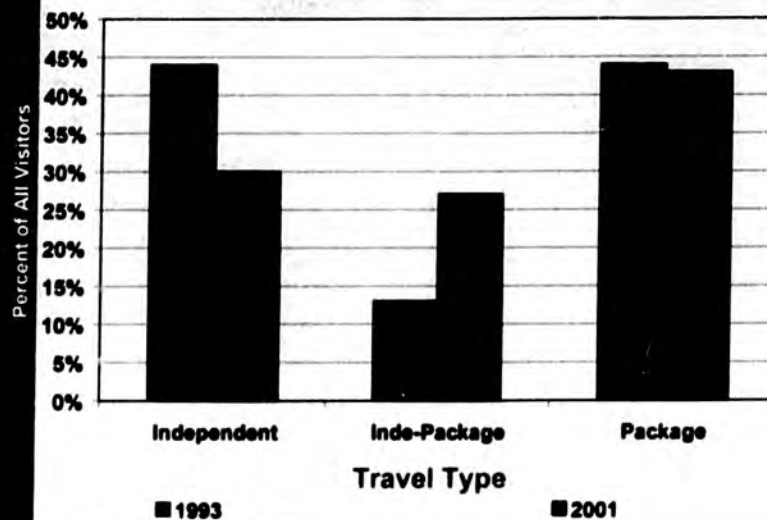


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Trends in Visitor Type

NORTHERN
ECONOMICS

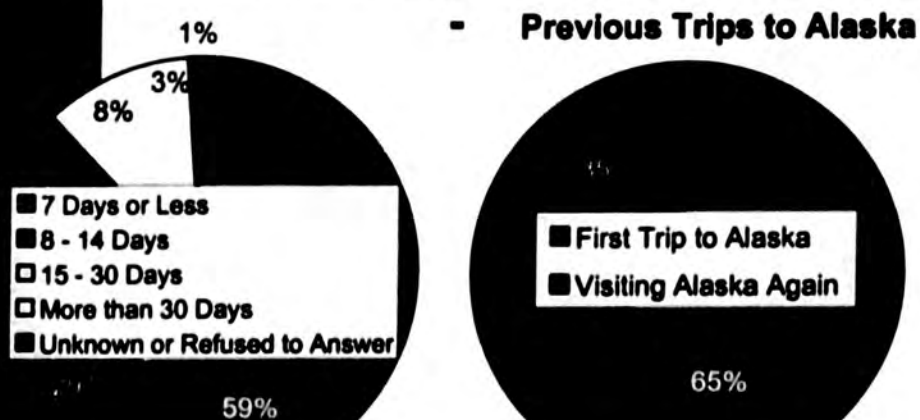


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Length of Trip and Previous Trips to Alaska

NORTHERN
ECONOMICS



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Official Tourism Marketing Organization for the State of Alaska

**ATIA/DCED MARKETING CONTRACT
FY01 Year End Report**

Submitted: August 2001

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Reporting Period

In accordance with ATIA's contract with the State of Alaska/Department of Community & Economic Development (DCED), this report contains a summary of activities accomplished during the preceding fiscal year and includes a report of expenditures associated with the FY01 Tourism Marketing Campaign implemented July 1, 2000 through June 30, 2001.

ATIA Year in Review

The State of Alaska/DCED and Alaska Travel Industry Association (ATIA) embarked on a journey this year that included many new challenges and opportunities. Working together, the State and ATIA successfully transferred programs previously conducted by the State Division of Tourism, Alaska Tourism Marketing Council and the Alaska Visitor Association to ATIA, the newly established non-profit trade association. Early indications show the journey was a success and ATIA enthusiastically looks forward to continuing its work on behalf of the State to promote Alaska as a premiere year-round travel destination throughout the world.

During the year, a total of 11 marketing sub-contracts were competitively bid, resulting in an extremely talented and dedicated team of professionals responsible for promoting Alaska throughout the world. Some existing contractors were retained, bringing stability and experience; many new contractors were chosen, bringing new perspective and diversity to Alaska's repertoire. All contractors share a common trait: unbridled enthusiasm and interest in showcasing Alaska to potential visitors.

The Images of Alaska 2000 study provided ATIA with new insight into the size of Alaska's potential visitor market. An estimated 29 percent of all U.S. adults - approximately 59 million people - are considered to be prospective Alaska travelers. Of these, 34.8 million have expressed interest in visiting Alaska. This translates into huge potential for the state. The study also provides a demographic and geographic profile of current Alaska visitors in addition to identifying their media habits. Using this information, ATIA is able to refine marketing messages and select media vehicles most likely to reach and influence this select group. Bottom line, ATIA's targeted, research-based approach results in efficient and effective marketing that generates an impressive return on investment.

All marketing efforts are tracked extensively during the year to ensure various advertising, direct mail and newspaper campaigns are meeting projected results. Weekly tracking reports chart the total number of consumers responding directly to each media vehicle and preliminary year-end reports indicate the response goal will not only be met, but exceeded. Altogether, Alaska's message was seen or read by 72.8 million individuals throughout the world and nearly 610,000 were motivated to contact ATIA and request Alaska trip-planning information.

ATIA is looking forward to the release of the Alaska Visitor Statistics Program (AVSP) report, which will allow us to gauge progress made toward meeting marketing goals and objectives. National research shows that leisure travel is relatively flat, meaning there was limited growth or no growth at all. Typically, national trends are good indicators for what we may see in Alaska, so rather than anticipate an increase in Alaska travel in FY01, it is more realistic to expect visitation levels from the previous year have been maintained. According to the June 28, 2001 issue of Travel Industry Indicators (TII), a monthly industry trends and outlook newsletter, domestic airline traffic was down by 0.4 percent through May, 2001, domestic hotel room demand was flat, and car rental companies experienced no growth. TII also reports that upscale, more expensive travel products are experiencing some difficulty. These national trends do not bode well for Alaska, since ATIA research has repeatedly shown that travel to Alaska is perceived to be more costly than other travel destinations.

Internationally, many of the same trends are being seen. Although outbound and inbound traffic was slightly ahead of numbers from the previous year, in May the normal seasonal upturn was non-existent. Inbound foreign travel from Europe is below expectations and TII credits some of this weakness to the cumulative effect of the decline in the Euro which is just now starting to take its toll.

The good news is that consumer confidence appears to be holding. Retail spending has not shown any real decline and the prospect of tax refund checks and lower paycheck withholdings will actually boost consumer incomes slightly. This, combined with attractive travel pricing, should serve as an inducement to consumers and delay future fall-off in leisure travel demand.

The introduction of specialty niche marketing efforts during FY01 was especially gratifying. While maintaining an overall consumer marketing effort, ATIA delivered on its commitment to expand the range of statewide marketing campaigns developed for specific segments of Alaska's visitor industry. Individual marketing campaigns were conducted to reach potential visitors interested in emerging and growing specialty travel segments. By reaching out to these diverse groups, ATIA strives to increase the amount of visitors to the State and diversify the types of travelers coming to Alaska.

To elevate awareness and interest in Alaska as an adventure travel and ecotourism destination, ATIA created www.adventuresalaska.com. In order to drive traffic to this niche website, specific marketing efforts are being employed to reach potential visitors most likely to be interested in nature-based travel. Another niche website has been created for fishing enthusiasts. The www.sportfishinginalaska.com site provides detailed information on key fishing

areas throughout the state and businesses that offer fishing-related products and services. Final touches are also being added to the www.culturalalaska.com website so ATIA can specifically target those visitors most interested in learning more about Alaska's rich and diverse cultural heritage.

ATIA continues to be a serious contender in the electronic marketing arena. The Official Alaska Travel Website, www.travelalaska.com, along with the niche sites, collectively received more than 23.5 million hits and 1.1 million visitor sessions during the year. This is a huge increase in web traffic compared to previous years and well-exceeds other Alaska travel-related sites. Generating this volume of traffic required a two-fold approach. The site design and navigation underwent significant changes and enhancements to improve the overall visitor experience. In addition, significant focus was placed on Internet marketing - banner ads were placed on select sites, systems were employed to ensure travelalaska.com ranked high on search engines and opt-in e-mail and other e-marketing tools were utilized.

Trade and International efforts from past years continued to be carried forward in FY01. Representation has been maintained in six countries including Japan, German-speaking Europe, Australia, United Kingdom, Taiwan and Korea. During the year, nearly 1,000 qualified leads were generated through trade and international events. These leads were shared with event participants, community partners and ATIA member businesses via a direct online program.

Alaska's entire economy benefits from a strong tourism industry. Increased visitation translates into increased visitor spending within the state, improves infrastructure and creates new jobs for Alaskans.

With support from the State of Alaska, the journey has begun - the transition is complete and the tourism marketing program is growing. Alaska's marketing efforts continue to be dwarfed by competing destinations with substantially larger marketing budgets, but on the positive side, benefits from the re-organization efforts are beginning to be realized. Consolidating all tourism marketing efforts under one roof has led to cost savings in administrative costs. Postage expenses have also decreased because mailing efforts have been combined and qualify for bulk rate discounts. In addition, new programs are being developed and supported by the industry. Many challenges still exist for Alaska's tourism industry, but we're headed in the right direction and we're optimistic toward what the future may hold.

Respectfully,

Tina Lindgren, ATIA President/COO

Goals/Objectives

The following goals and objectives are far-reaching in nature and each year, ATIA will chart progress toward achieving these goals. The strategies developed and implemented in FY01 are listed throughout this report, along with progress made within the fiscal year.

1. **Goal:** Maintain or increase the average length of stay in Alaska.
Objective: No decrease from 9.8 nights during summer season and 8.2 nights during fall/winter season.
2. **Goal:** Increase year-round employment of Alaskans in the visitor industry throughout the state.
Objective: Increase visitor-related employment of Alaskans to 30,700 direct and indirect full-year jobs.
3. **Goal:** Attract a diverse mixture of visitors who travel to and within Alaska by a variety of travel modes.
Objective: Increase travel by all modes.
Objective: Increase travel to all regions of the state.
4. **Goal:** Endeavor to position Alaska as a year-round destination.
Objective: Increase fall/winter arrivals by 3%.
Objective: Increase summer arrivals by 3%.
5. **Goal:** Increase total visitor expenditures statewide; endeavor to maintain or increase per-trip expenditures.
Objective: Increase visitor expenditures above the current figure of \$949 million statewide.
Objective: No decrease in per-person, per-trip spending from current estimated level of \$726.00.
6. **Goal:** Increase independent visitation to Alaska.
Objective: Define current independent visitation and establish benchmark for future tracking.

7. **Goal:** Increase the rate of repeat visitation.
Objective: Include repeat visitation in the Alaska Visitor Statistics Program (AVSP) to establish a benchmark.
Objective: Include repeat visitors in the Images IV study to establish benchmarks.
8. **Goal:** Increase interest in Alaska as a visitor destination.
Objective: Increase the number of inquiries to all ATIA marketing programs.
Objective: Complete the Images IV study to establish baseline trends.
9. **Goal:** Increase awareness and participation of businesses in the marketing program.
Objective: Implement database tracking of total number of businesses who participate in marketing programs.
Objective: Implement tracking program for participation in individual programs.
10. **Goal:** Increase private-sector funding of state tourism marketing programs.
Objective: Generate at least 30% of program costs.

Consumer Marketing Programs

The role of ATIA consumer marketing programs is to find potential visitors and provide them with compelling information about Alaska in an effort to convert their interest in Alaska as a travel destination into actual travel to the state. The ATIA has designed an aggressive direct-response program to reach out and locate over 574,105 potential visitors and motivate them to request Alaska trip planning information, using a wide variety of marketing vehicles and messages.

Direct Mail

Direct mail continues to dominate ATIA's marketing program, allowing ATIA to deliver Alaska's message directly into the hands of more than 2.4 million potential visitors at a very effective cost. A personal letter from Governor Knowles was enclosed in the direct mail package and continues to be extremely well-received. A variety of targeted mailing lists (outlined below) were used and from this effort, ATIA generated 344,669 qualified requests (also referred to as "leads") for Alaska trip-planning information. This amounts to roughly 58% of the program's total responses. Segmentation strategies were employed to ensure the lists included those individuals most likely to travel to Alaska. By narrowing down the target audience, printing and mailing costs were decreased, while rate of return increased. In addition to using lists that have a proven history of producing results for ATIA, several new lists were tested in an effort to identify new sources of potential visitors to the State.



ATIA also sent direct mail packages using an internal database containing individuals that requested trip-planning information during the prior year. This group received a modified letter from the Governor acknowledging their past interest in visiting Alaska. This effort continues to produce outstanding results. ATIA also tested the application of a second year computer model to a select sub-set of this database.

When completed, the FY02 Conversion Study will show how successfully the computer model predicts those most likely to travel to Alaska.

FY01 DIRECT MAIL STRATEGY: Execute direct mail program to generate 400,140 requests for printed Alaska vacation planning information from qualified prospects with high conversion and low cost per response.

PROGRESS:

- Direct mail packages were sent to approximately 584,000 individuals that had previously requested Alaska vacation planning information. More than 113,500 responded to the mailing (19.5 percent) and requested additional information.
- Sent direct mail packages to approximately 1.7 million potential visitors using purchased lists that performed well in prior years, generating over 220,000 requests (13 percent)
- Sent direct mail packages to approximately 117,000 potential visitors testing lists not utilized in the past. Nearly 11,000 responses were generated, resulting in a response rate of 9.4 percent. ATIA also back-tested lists used in FY00 and these tests performed at a response rate of 11 percent.
- Direct mail packages were also sent to subscribers of magazines with high Alaska and/or travel content such as Alaska Magazine, Alaska Airlines Magazine, National Geographic Traveler, and Frommers Budget Travel.
- Employed segmentation strategies to ensure those receiving ATIA direct mail packages met Alaska's target audience:
 - Age: 35+
 - Employed or Retired
 - Single or Married
 - No Children in the home

FY01 DIRECT MAIL LISTS

Alaska Magazine
 National Geographic Traveler
 Target Source
 Buyers Choice
 Donnelly
 TWA Ambassadors Club
 Backroads
 Last Frontier Alaska
 NAEA Cruise and Travel
 Frommers Budget Travel
 Travel Holiday Club
 Travel America
 AARP

RV Book and Directory
 Cruise America
 Econo Senior Tours
 Premier Luxury Class
 Adventures Abroad
 Behavior Bank
 Good Sam Club
 Lifestyle Selector
 Motorhome
 Trailer Life
 Readers Digest
 ATIA Past Inquirers

Online Marketing

ATIA continues to explore the use of electronic media advertising. The Internet has become the single most powerful source of information for travelers, and ATIA has aggressively tested online methods including banner ads, opt-in e-mail and online travel newsletters. The Images of Alaska 2000 research study indicates there has been astronomical growth in Internet use with 44 percent of visitors to Alaska indicating in 2000 they are more likely to use the Internet to plan their trip compared to 5 percent in 1996. We also found that most people relied on search engines (72 percent) to locate websites, although three in ten (28 percent) found website addresses in newspaper and/or magazine ads.

Additional information regarding the increasing importance of the Internet is found in the Travel Industry Association of America's comprehensive report "2001 Outlook for Travel and Tourism," which emphasizes the growing importance of the Internet as a tool for the travel industry. Today, 90 million "online travelers" have access to the Internet - a 15 percent increase from last year and a 200 percent increase over 1996. The study also shows there has been a 58 percent increase in the number of people using the Internet to book travel since 1999; and the five items that most people look for in a travel website are (1) being able to compare prices, (2) the opportunity to save money, (3) up-to-date information, (4) a wide range of options/choices, (5) destination information that is easy to find.



This year, ATIA's website - www.travelalaska.com - was substantially modified to enhance the usability of the site. Navigational paths were modified, additional links were added so visitors could easily link to community websites and an improved search mechanism now makes it easier to connect potential visitors with the Alaska businesses that offer the travel products, services and attractions they are specifically interested in.

ATIA also focused heavily on increasing traffic to the site. Search engine optimization - a process that involves using a customized list of relevant and high-traffic words guaranteed to attract qualified leads to www.travelalaska.com was employed. Optimized pages were continually submitted to major search engines such as Yahoo, Alta Vista, Google, infoseek, excite, Lycos, HotBot, msn.com and webcrawler. In addition, the optimized pages were strategically indexed on go.com, Snap!, aol.com and Yahoo.

Keyword buys were included as a component of the online marketing plan in order to secure high ranking positions within search engines. This directly supports the finding in Images 2000 that shows 72 percent of visitors to Alaska utilize search engines to locate websites. Banners and pop-up ads were also strategically placed - and performance monitored weekly - on Yahoo, discovery.com, travelocity, aol.com, weather.com, realmedia, highwire, goto.com, netzero and away.com in order to increase traffic to the website.

Opt-in e-mail campaigns were conducted, with 76,000 electronic messages being sent to potential visitors throughout the U.S. This campaign was timed to coincide with a printed direct mail piece so ATIA could test whether the electronic or printed message was more effective in driving people to the ATIA website. Results of this test will be known when the FY02 Conversion Study is completed.

These online efforts paid off handsomely during the year, with site traffic reaching new heights in terms of traffic and unique visitors to the site. ATIA generated roughly 23.5 million hits and 1.1 million visitor sessions in FY01, averaging approximately 1.96 million hits and more than 91,500 visitor sessions per month.

FY01 INTERNET STRATEGY: Execute Internet Advertising program to generate 32,045 requests for printed Alaska vacation planning information from qualified prospects with high conversion potential.

PROGRESS:

- ATIA's website address was prominently featured in all consumer magazine advertising and direct mail materials.
- Banner ads were placed on sites that contained Alaska travel content so potential visitors could link directly to www.travelalaska.com and access Alaska travel information. The banners exceeded expectations by 35 percent, generating roughly 8,806 requests for Alaska trip-planning information.
- A limited opt-in e-mail test program was implemented, resulting in 10,672 requests for Alaska travel planning information. This performed slightly under expectations (82 percent of goal), and will be tested again in FY02.

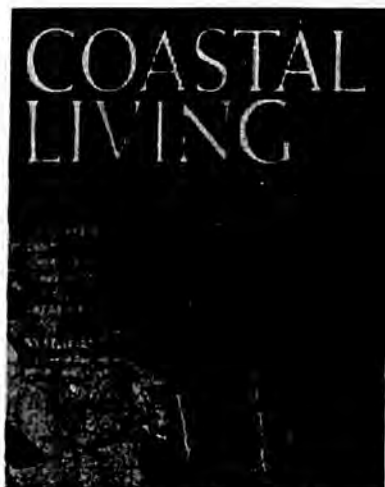
- Options for establishing a consumer electronic newsletter were explored and the program will be launched in FY02.
- Search engine optimization was employed during the year leading to phenomenal growth in website traffic.

Advertising

In addition to the online advertising efforts already addressed, ATIA utilized traditional advertising vehicles such as magazine and newspaper.



Full-color, full-page ads with business reply cards (BRC's) were placed in 38 U.S. and four Canadian consumer magazines (see lists on next page). Ads were primarily placed between the months of September through February to coincide with key trip-planning periods. Ads were customized to include images that reflected the editorial focus of each publication. ATIA also conducted two tests to determine how responses would be affected if readers were only given the option of going to the website for information, rather than being given the choice of responding by mail, phone or Internet. One test involved placing full-page ads, while the other tested the placement of a smaller ad (1/3 page) with multiple insertions over four months. Both tests indicated a clear preference toward offering consumers the choice of how they preferred to request more information. And clearly, the full-page ad received greater response than the smaller space ad, reinforcing results from past tests.



Two advertorial sections were produced to coincide with magazine ad placements in Coastal Living (10 pages) and Readers Digest (8 pages). ATIA worked with editorial staff, providing photos, story ideas and fact-checking assistance to ensure Alaska was accurately portrayed as an enticing year-round travel destination. A total of 28 Alaska businesses and communities joined ATIA in this effort by placing ads within the advertorial section and therefore increasing the number of Alaska pages contained in the publication.

During the months of February and March, ATIA placed cooperative newspaper ads in 15 Special Travel Sections in select national markets. The effectiveness of the ads was bolstered by the fact that placement schedules coincided with editorial featuring Alaska. Each section was roughly 3-4 pages in length so the state received tremendous exposure in these markets. A total of 30 Alaska businesses and communities participated in the program, reaching approximately 670,000 potential visitors from California, Minnesota and Arizona.

In order to support coverage of winter in Alaska - and exposure for the Special Olympics held in Anchorage - the ATIA ran winter television spots nationwide March 10-24, 2001. By placing the spots in programs related to the Special Olympics, ATIA was able to capitalize on the substantial exposure Alaska was receiving as a result of Anchorage being the host city. The spots appeared on PAX TV Cable Channel, a national network cable affiliate that reaches 83 million homes.

FY01 ADVERTISING STRATEGY #1: Execute U.S. consumer magazine advertising program to generate 136,482 requests for printed Alaska Vacation Planning information from qualified prospects with high conversion potential and low cost-per-response.

PROGRESS:

- Full-page, full-color magazine ads with business reply cards (BRCs) and Internet website address were placed in 38 U.S. consumer magazines with a combined readership of 59 million. A total of 159,552 requests for Alaska trip-planning information were generated as a result.
- 23 magazines also advertised Alaska on their reader service request cards and forwarded these leads directly to ATIA so Alaska trip-planning information could be sent.
- 20 magazines provided links to ATIA on their websites so readers could easily access trip-planning information on Alaska.

FY01 ADVERTISING STRATEGY #2: Execute joint Yukon advertising program to generate requests for qualified prospects with high conversion potential.

PROGRESS:

- Placed full-page, full-color ads with business reply cards and Internet website addresses in four Canadian consumer magazines: Harrowsmith/Country Life, Canadian Geographic, Chatelaine, Canadian Living. A total of 6,028 qualified responses were generated as a result of this campaign.
- Placed full-page, full-color ads with business reply cards and Internet website addresses in four U.S. consumer magazines geared to highway travel: VIA, Journey, Westways, Trailer Life. A total of 11,678 qualified responses were generated as a result of this campaign.

FY01 U.S. MAGAZINES

Blue	Coastal Living	Audubon
Travel America	Journey	Trailer Life
NW Airlines	Readers Digest	Popular Photography
Colorado Motorist	Vacations 50 & Beyond	Sunset
Yankee	Atlantic Monthly	Alaska Magazine
American Heritage	Arizona Highroads	Sierra
Westways	VIA	Prevention
Midwest Living	TWA Ambassador	National Wildlife
Coast to Coast	Home & Away	Outdoor Photography
National Parks	Utne Reader	Midwest Traveler
Canoe & Kayak	Delta Sky	Travel Holiday
Discover	Alaska Airlines	Outdoor Life
America West	Camping Life	

FY01 TEST MAGAZINES

Frommers Budget Travel
(test website only ad)
Outside Magazine
(tested series of 1/3 page ads)

FY01 CANADIAN MAGAZINES

Harrowsmith/Country Life
Canadian Geographic
Chatelaine
Canadian Living

FY01 NEWSPAPERS

Oakland Tribune
Alameda Times Star
Fremont Argus
Pleasanton Tri-Valley Herald
San Mateo County Times
Ramon Valley Herald
Vallejo Times Herald

St. Paul Pioneer Press
Chandler Arizonan Tribune
Gilbert Tribune
Mesa Tribune
Scottsdale Progress Tribune
Tempe News
Sun City

Public Relations

Public relations is a key component to the ATIA marketing program. A positive, visitor-friendly image of Alaska was created through feature articles, guidebooks and television programs that promoted travel to the state. ATIA staff and contractors worked with more than 1,000 media representatives throughout the year to ensure needed support was readily available to compliment their Alaska travel articles and to ensure published information was accurate and plentiful. In addition to providing support materials such as film footage, photography, itinerary planning and fact-checking, ATIA also provided story ideas, e-bulletins and reference materials to ensure all areas of the state, modes of travel and a wide variety of activities and attractions were featured throughout the year.

E-bulletins were sent to 225 targeted writers and editors on a bi-monthly basis to keep Alaska up front and center in their minds, spur interest in Alaska and to highlight the diversity of activities throughout the state. In addition, ATIA is able to assist Alaskan communities by introducing writers and editors to different communities and letting them know about local events taking place throughout the state. FY01 e-bulletin topics are listed at the end of this section.

During the year, a total of five new feature stories were written and made available to writers and publications. In addition, five stories that had been written in previous years were given new life by being updated, refreshed and re-circulated. Topics highlighted in FY01 feature stories include: Alaska Archeological Digs, Sportfishing, Russian Influence in Alaska, Mat-Su Overview, Survey of Alaska B&B's, Alaska's Shoulder Season, Harriman Expedition, Anchorage in Winter, Fairbanks in Winter, Ecotours in Alaska, Alaska Watersports, and stories highlighting Gustavus, Fairbanks, and Kodiak.

ATIA brought a total of 15 travel writers to Alaska between May 26 and June 21, choosing from one of five distinct summer press trips. Another 10 writers participated in winter press trips that took place February 9 through March 31, choosing from one of four distinct itineraries. More than 20 communities helped ATIA host writers through these organized trips. The winter press trip featured downhill and Nordic skiing, dog sledding, snow-machining, winter halibut and salmon fishing, whale watching, winter scuba diving, museum tours, theater performances and glacier flightseeing. The summer press trips provided writers the opportunity to enjoy cultural centers and museums, horseback riding, golfing, sea kayaking, rafting and canoeing, hiking and biking, fine dining, riverboat tours, gold mining, natural hot springs, totem pole carving, wildlife viewing and glacier trekking.

In addition to organized press trips, ATIA assisted individual writers visiting the State to gather research and write articles on Alaska. Post-trip assistance was also provided to supplement experiences while in the state. Examples of the range of assistance includes:

- Assisted PBS with the production of a television special on Alaska
- Provided film footage to King-5 TV in Seattle for a segment that featured Alaska in their "101 Things you Should do Before You Die" segment
- Assisted producers associated with Special Olympics by providing film footage and providing resource information.
- Assisted travel editor with The Bergen Record by securing B&B accommodations in Seward and Anchorage.

FY01 PUBLIC RELATIONS STRATEGY #1: Work with media to generate travel stories that feature a variety of Alaska travel product and regions.

PROGRESS:

- Timely story ideas were provided to travel editors at major magazines and newspapers throughout the year.
- Editors and writers were repeatedly reminded to contact ATIA when looking for travel information about Alaska, photography and other assistance.
- Wherever possible, the public relations toll-free 800 number, consumer website and ATIA mailing address were placed as a reference sidebar to Alaska editorial.
- ATIA staff and contractors worked extensively with broadcast media, specifically targeting television crews and encouraging them to develop Alaska feature programs.
- Alaska press kits were developed and distributed to roughly 140 media outlets and editors nationally and internationally.

FY01 PUBLIC RELATIONS STRATEGY # 2: Continue to enhance media center on the ATIA Website.

PROGRESS:

- Modified photo gallery to allow easier downloading of images by media.
- Rebuilt media center to ensure all areas were accessible and easily navigatable.
- Re-wrote computer code for Calendar of Events to facilitate full search capabilities and compiled Calendar of Events into one database rather than the previous three.
- Created mechanism so content could be easily maintained by staff.

FY01 PUBLIC RELATIONS STRATEGY #3: Assist qualified writers with trip planning and bring qualified writers to Alaska.

PROGRESS:

- Conducted separate press trips during winter and summer, hosting 10 travel writers between February and March and 15 travel writers between May and June.
- Provided press kits to all members of the press attending the World Adventure Congress that took place in Anchorage in September 2001.
- Coordinated itineraries, complimentary services and worked with media on story angles, photos and other materials in order to secure maximum coverage of Alaska.
- Worked with Destination Marketing Organizations across the state on media trips, media assistance requests and information requests.

FY01 PUBLIC RELATIONS STRATEGY #4: Continue to include winter and other seasonal promotion as part of the overall public relations effort.

PROGRESS:

- Assisted more than 1,000 travel writers and editors throughout the year offering a broad range of support services such as fact-checking, photography, itinerary planning, accommodations, airfare assistance, film footage, etc.
- Conducted a Winter Press Trip, offering four distinct itineraries and hosting travel writers representing publications such as Alaska Airlines Magazine, Skiing Magazine, The Denver Post, Yankee, Sunset, Chicago Tribune, Seattle Times, The Oregonian, New York Post, Delta Sky, KSTP-AM and KATP TV in Minneapolis, Outside Magazine.
- Assisted Special Olympics organizers with public relations efforts associated with 2001 World Games.
- Worked with Destination Marketing Organizations and winter operators to conduct a targeted winter promotion and contest that aired on KATU in Portland, OR.

FY01 PUBLIC RELATIONS STRATEGY #5: Feature a variety of market segments and geographical regions in public relations program.

PROGRESS:

- Send out bi-monthly e-bulletins to 225 travel writers and editors featuring important events, regions of the state and seasonal activities.

- Solicited input from Destination Marketing Organizations and industry businesses around the state by conducting several Media Briefings throughout the year.
- Developed five new feature stories for publication featuring a variety of attractions and areas throughout the state.
- Refreshed five existing feature stories to increase the amount of editorial ready for publication on Alaska.

FY01 PUBLIC RELATIONS STRATEGY #6: Ensure ATIA Board is prepared to respond to any travel-related crisis.

PROGRESS:

- Preliminary work on the ATIA crisis communication plan was performed in FY01, using past crisis plans as a starting point.
- The ATIA Crisis Communication Management Plan is designed to serve as a guide for ATIA staff, board of directors, advisors, committee members and others operating under the authority of the association. The goal is to formulate more comprehensive ideas and explanations prior to the occurrence of a crisis so they can be averted or better managed when they occur.

FY01 PUBLIC RELATIONS STRATEGY #7: Coordinate public relations efforts with member businesses and destination marketing organizations.

PROGRESS:

- ATIA scheduled Media Briefings with Destination Marketing Organizations throughout the year to facilitate communication and coordination of public relations efforts.
- Alaska businesses received regular updates on ATIA programs and activities via an electronic newsletter.
- Media Briefings allowed ATIA to exchange and identify possible synergies for gaining maximum exposure for all marketing segments and regions.
- ATIA staff also met with key representatives associated with Cultural, Adventure/Ecotourism, Sportfishing, Winter, Bed & Breakfast and Highway organizations to discuss opportunities for co-promotion and/or complementing other organizations' efforts.

FY01 E-BULLETIN TOPICS

Sitka WhaleFest
Athabaskan Fiddling Festival
Alaskan Artists

Top of World Classic/AK Shootout
Russian Christmas & Starring
Fairbanks Winter Solstice Festival

Alcan 2000
NW Coast Arts Symposium
Alaska's Warm Winter - 2000
Iditarod Trail
Festival of Native Arts
Paranormal Symposium/Skagway
Winter Fishing
2001 Special Olympics

Willow Winter Carnival
2001: A Fish Odyssey
Ice Carving
Pillar Mountain Golf Classic
Wearable Art Show/Ketchikan
Eskimo Women's Coop
Orphaned Grizzly Bear Cub
Southeast Alaska Fair

Marketing Program Outreach

ATIA was busy throughout the year traveling to communities and providing updates on Alaska's Tourism Marketing Program. Communities ATIA visited over the course of the year include:

Alaska Hotel and Motel Association
Alaska Campground Owners Association
Anchorage CVB Board of Directors
Alaska Wilderness Recreation & Tourism Assn.
Bed & Breakfast Annual Conference
Fairbanks Tourism Town Meeting
Homer Chamber of Commerce
Kenai Peninsula Tourism Marketing Council
Kenai Chamber of Commerce
Mat-Su Convention & Visitors Bureau
Prince William Sound Community College Tourism
Soldotna Chamber of Commerce
Annual Winter Conference
Southwest Alaska Municipal Conference

Valdez
Anchorage
Anchorage
Juneau
Valdez
Fairbanks
Homer
Kenai
Kenai
Mat-Su
Glennallen
Anchorage
Anchorage
Anchorage

Niche Marketing Programs

As part of the commitment to expand the statewide marketing program, special niche segments were featured. ATIA staff met with representatives from several organizations to determine what marketing, if any, was being conducted in each market segment. From this input, ATIA was able to better identify needs within each market segment and determine what programs would complement - rather than compete - with existing efforts. Based on this preliminary analysis, marketing plans were created and implemented.

It is important to point out ATIA originally planned to produce individual printed collateral materials to address each niche segment. It was later decided that this may limit participation, and since this was a new program that would be built from the ground-up during the inaugural year, it was felt an online promotion would have further reach.

Adventure/Ecotourism

Adventure/Ecotourism was the first niche campaign developed in FY01. ATIA staff met with member businesses that offered adventure and ecotourism tours and packages. In addition, input was solicited from the Alaska Wilderness Recreation and Tourism Association.

These discussions resulted in the creation of the www.adventuresalaska.com website. In addition, an online marketing campaign was implemented with 60,000 e-mail messages being sent to individuals that specified an interest in adventure/ecotourism offers. As a result of this campaign, a total of 6,686 requests for Alaska trip-planning information were generated.



The www.adventuresalaska.com website contains a total of 74 ads placed by Alaska businesses interested in tapping this growing segment of the industry. The website contains the following information so potential travelers can plan their adventure of a lifetime:

- Overview of Adventure Travel and Ecotourism in Alaska

- Searchable database by 12 different categories or by keyword
- Information on Alaska Parklands
- Alaska Wildlife Information
- Tips on Low Impact Travel
- Links to related adventure travel and ecotourism sites
- Link to ATIA consumer website for additional trip-planning information.

ATIA also featured adventure/ecotourism travel in full-page ads in five national publications, resulting in 14,544 requests for travel information.

- Canoe & Kayaking
- Camping Life
- National Wildlife
- National Parks
- Sierra

Sportfishing

ATIA staff met with Alaska businesses and a representative from the Alaska Sport Fish Council to discuss possible ideas for promoting sport fishing in Alaska. Based on this input, a niche website was built and an online marketing campaign implemented in order to drive traffic to the site.



Information featured on the www.sportfishinginalaska.com website include:

- Overview of fishing in Alaska
- Business database containing product and tour description and contact information. Database is searchable by activity or keyword.
- Fishing license information
- Information on parks in Alaska
- Tips on how to be prepared for an Alaska fishing trip
- Links to related fishing sites
- Link to ATIA consumer website for additional trip-planning information

Currently Alaska businesses have purchased 21 ads on ATIA's sportfishing website and a flyer has been circulated to solicit further interest in advertising on the site. A targeted opt-in e-mail campaign was implemented using lists from MyPoints, Bulletmail, Deliver-e and Targitmail. ATIA purchased segments of these lists, sending messages only to those who specified an interest in sportfishing and

traveling. A total of 60,000 e-mail messages were sent and resulted in 8,126 responses for Alaska trip-planning information.

Bed & Breakfasts

The Bed & Breakfast niche segment provided unique challenges in that most B&B's in Alaska are extremely small businesses with marketing budgets to match. Therefore, developing new advertising opportunities was not likely to be met with much success due to limited marketing budgets.

ATIA staff took the opportunity to meet with B&B owners from throughout the state by attending the Bed & Breakfast Association of Alaska Convention that took place in Valdez in May 2001. In addition to purchasing booth space, a presentation on ATIA marketing programs was delivered which resulted in productive dialogue throughout the remainder of the convention.

Ideas were discussed regarding how ATIA could help promote this industry segment and increase awareness and interest in the Alaska Bed & Breakfast experience. One message was loud and clear: additional ATIA marketing opportunities are not needed as much as increased exposure for B&B's through existing programs. Of particular interest were the ATIA's banner ads and search engine optimization efforts that have greatly increased traffic to the www.travelalaska.com website.

Although new programs designed for the Bed & Breakfast niche were not introduced in FY01, B&B's were promoted regularly through the following public relations and advertising efforts:

- Ads are regularly placed in U.S. magazines that feature Bed & Breakfasts. Examples include: *Sunset*, *Coastal Living*, *Country Inns*.
- Journalists such as Martha Stewart were offered Bed & Breakfast accommodations while working on stories featuring Alaska, thereby exposing them to a wide range of accommodations.
- A feature story on Alaska B&B's is highlighted on ATIA's website media center.

It is also worth noting that the Images 2000 study provides valuable information on Alaska visitors staying at Bed and Breakfasts. This information is useful in planning the ATIA's marketing efforts, but also assists B&B owners in better understanding who their guests are and how they can better market to them. Highlights from the Images 2000 study that pertain to Bed & Breakfast guests include:

- Most U.S. B&B visitors to Alaska come from the South, followed by the East and West.

- 45 percent of those visitors staying at an Alaskan B&B have a household income over \$75,000
- Alaska B&B visitors primarily arrive by air and 55 percent spend 8-14 days in the state.

Cultural

ATIA staff met with representatives from the Alaska Native Heritage Center (ANHC) and others actively promoting cultural tourism. Ideas on how to cooperatively work together were discussed and a cultural site is under construction.

Cultural tourism was also promoted through ATIA core marketing programs:

- For the second year in a row, an Alaska Native design was featured on the cover of 450,000 Official State Vacation Planners.
- Cultural information and images were contained within the Vacation Planner and Invitation to Alaska brochure highlighting cultural attractions/events and how visitors can learn about Alaska's rich history and varied cultures.
- Cultural information and images were highlighted on the ATIA media website center so travel writers and editors have 24/7 access to information.
- Full-page, full-color ads featuring Alaska Native images were run in the U.S. magazines American Heritage and Discover.
- ATIA hosted six travel writers, touring them through several museums to learn about Alaska's diverse cultural heritage and rich history. Participants visited museums in Fairbanks, Homer, Sitka and Juneau. Writers represented national publications such as the Denver Post, Chicago Tribune, Seattle Times and San Francisco Chronicle.
- Promoted cultural tourism through e-bulletins distributed to 225 media writers. Topics included the Athabascan Fiddling Festival in Fairbanks, Russian Christmas celebrations in Sitka, Kodiak and Unalaska/Port of Dutch Harbor and Festival of Native Arts.

Winter

Winter promotion is integrated throughout ATIA marketing efforts. Winter activities are featured in the Official State Vacation Planner, ATIA assists travel writers and editors with stories about Alaska winter and winter images are included in television commercials. In addition, specific winter projects that specifically focus on increasing interest in travel to Alaska during the winter months were conducted. One example is the winter press trip; ATIA brought 10 travel writers and editors to the state so they could experience Alaska's winter first-hand.



Another winter-specific project was a special Alaska Winter Promotion and Contest co-sponsored by ATIA and KATU, a Portland-based television station reaching 4.4 million viewers. Alaska promotional segments began airing in March, and resulted in an increased number of phone calls on the toll-free 800 number. The Alaska contest was also promoted on the homepage of KATU's website at www.katu.com; the site receives 1.8 million hits per month. The promotion focused on Alaska winter activities and events including downhill skiing, Fairbanks Ice Art Festival and dog sledding. Alaska's native culture and history were also highlighted.

A summary of winter-focused marketing activities and tactics included:

- Travel writers participating in ATIA sponsored winter press trips represented national publications such as the Denver Post, Sunset Magazine, Seattle Times, Chicago Tribune, Outside Magazine, San Francisco Chronicle and SnoWest.
- Four distinct winter itineraries were featured, and activities included in these itineraries included dog sledding, snow machining, heli-skiing, winter scuba diving, cultural events, whale watching, ice fishing and cross-country skiing.
 - Adventures, History and Art in Southeast Alaska (Feb 9-16, 2001)
 - The Ride of Your Life: Iditarod (March 1-7, 2001)
 - Fairbanks: Alaska's Winter Festivals and Fun (March 7-12, 2001)
 - A Taste of Alaska's Winter (March 23-31, 2001)
- Electronic news bulletins, highlighting winter activities and events in Alaska were sent to over 225 highly qualified travel writers:
 - Ice Carving Competitions
 - Iditarod Trail
 - Winter Fishing Opportunities
 - Pillar Mountain Golf Classic
 - Extreme Sports
 - Special Olympics/Winter in Alaska
- Provide 41 minutes of general Alaska winter scenes and Native/Cultural footage for use in the Special Olympics opening ceremony video.
- Met with representatives from Special Olympics to ensure travel writers and editors interested in covering Alaska prior to or following the 2001 World Games were referred to ATIA.
- Promoted winter travel to Alaska by including winter images and information in the State Vacation Planner.
- Included a winter section on the www.travelalaska.com website.
- Participated in the Annual Winter Conference, held in Anchorage.
- Worked with media representatives from Blue Magazine, Maui Times magazine and the UK version of Marie Claire to promote winter tourism in Alaska.

Highway/Marine Highway

Tourism North is ATIA's primary highway program and ATIA staff assumed the seat formerly held by the State Department of Community and Economic Development. The purpose of this cooperative tourism marketing program that includes Alaska and several Canadian jurisdictions effort is three-fold:

- Increase the number of people traveling through northern British Columbia, Alberta, Prince Rupert, the Yukon Territory and on into Alaska.
- Improve the tourism opportunities for highway visitors.
- Increase the length of stay and amount of money spent by these highway visitors per day.

Through its involvement in the Tourism North program, ATIA is able to leverage highway /ferry tourism marketing efforts by combining efforts with Canada. In FY01, Alaska's contribution to the more than \$1 million program was \$200,000. ATIA also contributed an additional \$25,000 to the Tourism North program so the national television crew for Martha Stewart Living could travel to Alaska/Yukon and produce a one-hour TV program promoting highway travel.

During February, ATIA and the Fairbanks Convention and Visitors Bureau hosted the Tourism North planning meeting. Prior to the meeting, ATIA randomly surveyed past Tourism North advertisers to determine which programs were considered essential and what new highway opportunities they would like the group to explore. Research on the effectiveness of the program, was something that many felt was lacking and will be a focus in coming years.

In addition to participation in Tourism North, ATIA promotes highway and ferry travel through other marketing efforts as well. The Official Alaska State Vacation Planner and Official Alaska Travel Website contain detailed information regarding ferry and highway travel. In addition, a full-page highway map in the Planner shows approximate distances between major U.S. cities and Fairbanks, Alaska. Driving distance between Alaska communities is also illustrated. A brief table highlighting

Alaska and British Columbia ferry schedules and tariffs is also included in the Vacation Planner.



Through public relations and media advertising, ATIA is able to promote travel to and within the state via car, RV and/or ferry. Magazine ads featuring images of highway travel are placed in national publications and travel writers and editors are assisted with articles they are writing about traveling through Alaska by highway or ferry.

This year there was quite a bit of concern that high fuel costs would negatively impact highway travel, however, reports from the Travel Industry Association of America (TIA) indicate that high gas prices had little effect on travel with only one in five auto travelers indicating they modified their travel plans due to high gasoline prices. Research done for the Recreational Vehicle Industry Association (RVIA) reinforced TIA findings.

FY01 HIGHWAY STRATEGY #1: Provide potential highway and marine highway travelers with planning information.

PROGRESS:

- Placed a full-page ad in the Yukon Vacation Guide to encourage potential Yukon visitors to extend their trip into Alaska.
- Added Tourism North contact information to the list of information sources in the Official State Vacation Planner.
- ATIA's Inquiry Fulfillment Center responded to requests regarding highway and ferry travel. In addition, names/addresses of potential visitors are forwarded to Tourism North's fulfillment contractor and the Alaska Marine Highway System so additional travel information could be sent.

FY01 HIGHWAY STRATEGY #2: Increase awareness of highway and marine highway travel opportunities.

PROGRESS:

- Promoted highway and ferry travel to Alaska by including highway and ferry images and information in the State Vacation Planner and Invitation to Alaska brochure.
- Assisted travel writers and editors with articles they were writing on highway or ferry travel to Alaska.
 - Assisted with update of the Alaska Highway Book.
 - Assisted Seattle Times with a story on ferry travel for a special travel supplement.
- Featured highway travel in full-page ads in seven national publications, resulting in 20,926 requests.
 - Trailer Life
 - Westways (AAA)
 - VIA
 - Colorado Motorist (AAA)
 - Arizona Highways
 - Journey - WA (AAA)
 - Midwest Traveler (AAA)

- Highlighted highway and ferry travel on the ATIA website media center so travel writers and editors have continuous access to Alaska information.
- Sent direct mail package to more than 368,000 potential visitors resulting in 43,000 requests for trip-planning information. Some of the direct mail lists utilized were: Good Sam Club, Trailer Life, RV Book and Directory, and Target Source which was segmented to include only those individuals interested in RV travel and had no kids living in the home.

Trade Programs

Creating interest among the consumer market is only one part of the essential destination marketing for Alaska. Once consumers have made the decision to travel to Alaska, an outlet where they can purchase travel must be available. The ATIA travel trade program is designed to generate agent and operator interest and offer extensive education.

The majority of visitors to Alaska are from the U.S. so domestic travel trade (travel agents and tour operators) is a very important area for ATIA to target. Therefore, it is very important to generate agent and operator interest and offer extensive education. Since Alaska is such a large state with so many different modes of transportation, attractions and variables in general, Alaska is potentially a difficult destination to sell. The up side is that when you are able to show them what Alaska has to offer, they become truly committed to learning about and selling the destination.

Over the course of the year, ATIA participated in six trade events and gathered contact information for more than 500 qualified travel agents and tour operators. Businesses that participate in the events, in addition to DMOs, may access these leads immediately following each event to conduct further marketing efforts. Alaska businesses may also subscribe to the Leads program and access leads online by entering a password-protected section on the www.alaskatia.org website.

FY01 TRADE STRATEGY #1: Provide Alaska travel information to, and contacts with, tour operators and wholesalers.

PROGRESS:

- ATIA participated in Pow Wow, which is the Travel Industry Association of America's annual meeting for U.S. tourism businesses to meet with international inbound tour operators. ATIA shared a booth with four Alaska businesses and two Destination Marketing Organizations (DMOs). In addition, ATIA hosted a reception for Alaskan delegates providing an opportunity for networking and cross selling of products. A total of 130 appointments were held with international tour operators, wholesalers and media during Pow Wow.
- The American Bus Association (ABA) Marketplace took place in Baltimore, MD. ATIA was an official sponsor for speakers, staffed an exhibit in the

registration area and coordinated prizes from Alaska suppliers. Over 60 leads for group business to Alaska were generated through this event, and 12 businesses and DMOs joined with ATIA to promote Alaska at this event.

- Eight Japanese tour operators visited Juneau, Fairbanks and Anchorage to participate in Alaska winter sports and to view the Northern Lights. By experiencing what Alaska has to offer first-hand, they are better able to sell Alaska tours to their customers.
- Alaska maintained its presence at the International Tourism Bourse (ITB) in FY01. ATIA staff met with European tour operators, primarily from German-speaking countries, generating a total of 30 qualified leads.
- Teaming up with Convention & Visitor Bureaus from Anchorage and Fairbanks, ATIA staffed an informational booth at Visit USA Tokyo. In addition to 20 pre-scheduled appointments with tour operators and travel media, there were one-on-one contacts with an additional 50 during the two and one-half day event.
- ATIA coordinated Destination Alaska sponsored events at the National Tour Association (NTA) convention, working with over 40 companies to present Alaska as a premier tour destination to tour operators. In addition, a trade booth was staffed to distribute Alaska information and to promote the NTA Spring Meet scheduled to take place in Anchorage. More than 80 pre-scheduled appointments were held with tour operators interested in creating or expanding programs to Alaska.
- In November, three Alaska businesses joined ATIA to staff a booth at World Travel Marketing in London. Wholesalers and media representatives from around the world attended the event. 141 contacts were generated from this event.
- The 6th Annual Alaska Travel Fair and Marketplace was held in Valdez, Alaska, and more than 35 tour operators from around the world visited the state. A total of 45 Alaska businesses joined the ATIA at the Travel Fair and Marketplace. Eight simultaneous familiarization tours were also coordinated to allow the tour operators to see the variety of tour and travel opportunities available for inclusion in their itineraries.

FY01 TRADE STRATEGY #2: Conduct a series of retail travel agent educational workshops in key U.S. markets.

PROGRESS:

- A travel agent training workshop was held in Orlando, FL, hosted by ATIA and 13 Alaska businesses.
- Emphasis shifted from one-on-one meetings with travel agents to development of a program that will be accessible to all agents, as described in Strategy #3.

FY01 TRADE STRATEGY #3: Develop "Top -of-the-World Specialist" program for travel trade.

PROGRESS:

- ATIA originally planned to create an online training program but shifted focus slightly and chose to partner with the Institute of Certified Travel Agents (ICTA) to produce a Destination Specialist training course for Travel Agents. Alaska is only the second U.S. state to partner with ICTA, which is a highly regarded non-profit organization dedicated to educating and certifying travel industry professionals.
- When completed, the training course will include sections on Geography, History, Regional Information and Tips for Selling Alaska Travel.

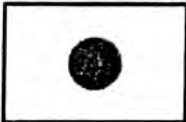
International Programs

The role of ATIA international programs is to reach out to the highest potential international markets and provide image awareness, trip planning and product information. Throughout the year, ATIA focuses on opportunities to target travel agents and tour operators that sell travel to Alaska. ATIA staff participates in shows and events to promote the state and works with travel trade to develop or enhance existing Alaska tour itineraries and travel programs. Currently ATIA maintains representative offices in those countries that produce the majority of Alaska's international visitors. These include Australia, German-speaking Europe, Japan, Korea, Taiwan and the United Kingdom. The international contractors are responsible for providing direction for Alaska tourism marketing and sales activities and to enhance and maintain Alaska's presence in those markets. In addition, each contractor receives Official State Vacation Planners for distribution overseas.

Germany, together with Austria and Switzerland, represents Alaska's largest international market. Japan continues to be the most important off-season market, with 50 percent of Japanese visitors coming to Alaska during the winter months.

ATIA introduced an International Leads Subscription Program in FY01, allowing participants, DMOs and ATIA marketing partners to access and further market to contacts generated through International efforts.

ATIA went out to bid on all international contracts. Several new contractors were brought on-board and traveled to Alaska to meet with ATIA staff. In addition to seeing first-hand what the state has to offer, contractors had the opportunity to meet with nine community representatives and received in-depth briefings on the unique attractions and events taking place in each community.



FY01 INTERNATIONAL STRATEGY #1: Foster Alaska travel interest and provide planning information within the Japanese market.

PROGRESS:

- Workshops were arranged for 17 Alaska suppliers to meet with travel professionals in four cities in Japan. Over 240 Japanese tour operators, travel agents and media attended.
- ATIA hosted eight Japanese tour operators on a familiarization tour to Alaska in February 2001.
- Japanese travel agent workshops were conducted in 4 cities in April 2001.

- ATIA staff teamed up with representatives from the Anchorage and Fairbanks Convention & Visitors Bureaus to participate in the Visit USA Travel Fair held in Japan in October.
- A new 12-page, 4-color Alaska Hiking brochure was produced and distributed to over 800 Japanese tour operators.
- 10,000 copies of the 4-color brochure, Alaska Winter Times, was produced and distributed.
- Six stories focusing on the Northern Lights were published in Japanese newspapers, and press releases were distributed on Fur Rendezvous and Tlingit Dancers.
- ATIA assisted many travel writers and editors to increase Alaska's exposure in overseas markets. A few of the articles that were published or broadcast during the year include:
 - Assisted the weekly magazine Shukan-Shincho (weekly circ: 600,000) with two articles focusing on the Aleutian Islands.
 - Assisted Northwest in-flight magazine with a 17-page feature article "Alaska, the Last Frontier on Earth" which appeared in the September/October issue.

FY01 INTERNATIONAL STRATEGY #2: Foster Alaska travel interest and provide planning information within the German-speaking Europe market.

PROGRESS:

- Workshops were held in conjunction with Visit North America, Zurich, Switzerland in January 2001, resulting in a total of 19 qualified leads.
- German language press kits were developed and used to respond to leads generated through participation in the International Tourism Bourse (ITB) trade show held in March.
- ATIA participated in the TUI Roadshow to reach 457 travel trade representatives in Frankfurt, Munich and Cologne.
- ATIA assisted many travel writers and editors to increase Alaska's exposure in overseas markets. A few of the articles that were published or broadcast during the year include:
 - 45-minute travel feature on Alaska's Klondike Gold Rush aired on German TV station HR in September.
 - 30-minute travel feature on Alaska cruises aired on German TV station WDR in September.
 - Assisted writers from Loop magazine (circ: 170,000), Globo magazine (circ: 106,566) and Marco Polo travel guide.



FY01 INTERNATIONAL STRATEGY #3: Foster Alaska travel interest and provide planning information within the United Kingdom market.

PROGRESS:

- ATIA hosted a travel writer with Prima Magazine on a press trip to Seward, Talkeetna, Denali, Fairbanks and Anchorage.
- A total of 187 travel agent and operators attended workshops and media receptions held in Manchester and London. Twelve Alaska suppliers and DMOs participated, and 17 leads were generated.
- ATIA's UK office responded to a total of 867 agent and wholesale level inquiries and 385 consumer inquiries.
- Representatives from ATIA's UK office attended the Destinations 2001 consumer show in London in February. Alaska businesses had the opportunity to participate in a brochure distribution program.
- ATIA assisted many travel writers and editors to increase Alaska's exposure on Alaska in overseas markets. A few of the articles that were published or broadcast during the year include:
 - Coordinated trip for Claire Daubney with The Field that included visits to Katmai Lodge, Alaska Sealife Center and the Alaska Native Heritage Center.
 - Assisted Travel Trade Gazette, a very prestigious UK media group, with an article showcasing Alaska.
 - Assisted United Airlines in-flight magazine with article for the September issue.
 - Worked with a writer from News of the World on a story documenting his trip to Alaska.



FY01 INTERNATIONAL STRATEGY #4: Foster Alaska travel interest and provide planning information within the Australian market.

PROGRESS:

- ATIA partnered with The Great Outdoors, a prime-time television program that airs in Australia. Five programs were filmed featuring Valdez, Kodiak, Ketchikan, Sitka and Anchorage.

FY01 INTERNATIONAL STRATEGY #5: Provide planning information within other International Markets.

PROGRESS:

- ATIA's representative from Taipei participated in the International Travel Fair (ITF) in December 2000.

- Sent Official State Vacation Planners to the Philippines for distribution at a trade show.
- Throughout the year, ATIA assisted many international travel writers from countries (i.e., Italy, Spain, and Korea, among others).

Inquiry Fulfillment

The role of inquiry fulfillment is to provide potential visitors with information that will help motivate them to plan a trip to Alaska and to provide useful trip-planning and product-specific information. Inquiries generated through ATIA's tourism marketing program are received by ATIA's fulfillment contractor and fulfilled with a State Vacation Planner or an Invitation to Alaska brochure. In addition, ATIA maintains a Visitor Inquiry Center² (VIC) in Anchorage where staff responds to questions from potential visitors. Travel-related requests for information received in Juneau by the State Office of Tourism are also forwarded to ATIA's Visitor Inquiry Center (VIC). The challenge in FY01 was to be responsive to visitor requests while at the same time establishing the VIC.

At the beginning of the year, ATIA staff worked with the State Office of Tourism to expedite the transfer of existing fulfillment materials to ATIA. In addition, the travel agent 800 number - formerly maintained by the State - was rolled over so it would ring at ATIA's Anchorage office. Procedures were established for transferring inquiries arriving at the Juneau office so requests from potential visitors received prompt response. VIC staff established procedures for processing inquiries and customized a database program to allow for efficient data entry and sorting capabilities. The majority of inquiries received by VIC staff are forwarded to ATIA's fulfillment contractor resulting in substantial cost savings due to efficiencies gained through bulk mailing. Data entered by VIC staff is also integrated into the primary database maintained by ATIA's fulfillment contractor, so a complete record of inquiries received throughout the year is maintained. VIC staff also worked to integrate ATIA's membership database into fulfillment efforts allowing potential visitors to receive comprehensive answers to their specific questions regarding Alaska.

FY01 INQUIRY FULFILLMENT STRATEGY #1: Distribute Alaska image and planning information to interested prospects generated through ATIA's marketing program and other sources.

PROGRESS:

- ATIA's primary fulfillment piece is the Official State Vacation Planner. A total of 450,000 Planners were printed in FY01 and distributed primarily by ATIA's fulfillment contractor.

- The primary inquiry database is maintained by ATIA's fulfillment contractor and contains roughly 600,000 records. ATIA staff maintains a secondary database of inquiries received directly at the Anchorage office. These are later integrated into the primary database.
- Businesses may purchase names/addresses from the primary inquiry databases for use in their individual marketing efforts. Although ATIA collects and enters consumer e-mail addresses into its database, these are not being provided to businesses/DMOs due to legal issues.
- In addition to sending the Official State Vacation Planner, ATIA staff also distributes the following material upon request:
 - Alaska State Map
 - Invitation to Alaska Brochure
 - North to Alaska Magazine
 - Alaska Wild And Wonderful
 - Sport Fish Brochure
 - Hunting Brochure
 - Wildlife Viewing Brochure
 - Alaska Poster
- The Visitor Information Center received approximately 45,000 requests for visitor information in FY01. Of these, roughly 15,000 were phone or e-mail requests that required a customized response to specific questions.
- Another 30,000 requests for visitor information required printed trip-planning information be mailed. These requests were entered into the VIC database and forwarded to ATIA's fulfillment contractor so lower postage rates could be incurred. A rough breakdown of total inquiries by categories is listed below:
 - 20,000 VIC Database-requested printed materials/forwarded to ATIA contractor for fulfillment
 - 6,000 E-mail requests for information
 - 2,000 Referred to communities/businesses
 - 1,000 Travel agent requests
 - 1,000 Highway/Ferry requests-forwarded to Tourism North contractor for fulfillment
- To replenish supplies, ATIA customized and printed 10,000 state maps utilizing artwork provided by the State Office of Tourism.
- Continued to respond to international inquiries following the same method established previously by the State.

FY01 INQUIRY FULFILLMENT STRATEGY #2: Encourage DMOs and visitor industry businesses to provide product specific information to prospective visitors and travel trade.

PROGRESS:

- ATIA received requests for information on specific businesses or communities and provided direct e-mail links or phone numbers so potential visitors could easily get in contact with those communities and businesses they were most interested in learning about.
- Potential visitors were also referred to the Alaska Public Lands Information Centers (APLICs) so they could obtain further information about Alaska's public lands.
- Potential visitors indicating an interest in specific types of businesses or activities were given lists of contacts generated from the ATIA database (i.e. list of hotels or white water rafting companies).
- A customized travel agent packet was created and sent to travel agents inquiring about Alaska. Included in the packet are two Vacation Planners, an Alaska state map and an order form so travel agents could request additional Alaska trip-planning materials.
- Travel Agent requests are isolated in the database so ATIA staff and members may continue marketing to this group.

Marketing Research

The role of research in the ATIA marketing program is to provide market research to Alaska's visitor industry and to measure the effectiveness of ATIA programs. ATIA continues to rely on research to guide the marketing efforts so that state and industry funds are used judiciously and effectively.

The Images of Alaska 2000 study was completed in FY01 providing up-to-date information on potential and actual visitors to the state. The study is the fourth in a series of market potential research studies. A secondary study that looked at repeat visitors was also completed. Knowing how repeat visitors differ from other visitors and determining key characteristics of this market will help ATIA attain the goal of increasing the rate of repeat visitation.

A Conversion Study was conducted to determine the effectiveness and cost efficiency of converting responses from selected magazine, direct mail TV and other media vehicles to actual visitors to Alaska. By determining which program elements are most effective, ATIA can refine future marketing programs to ensure the best return on investment.

ATIA took preliminary steps toward developing a "brand" for Alaska. The purpose of creating a brand for Alaska is to develop a distinct, clear image that matters to consumers and clearly differentiates the state from other destinations. Four distinct branding concept statements were created and tested using focus group research to determine how the traveling public perceives Alaska, and what images and words they associate with Alaska travel. This information will help ATIA develop a concept statement that will later guide all marketing efforts and ensure a consistent and persuasive message is being delivered. Branding is a process that takes time, commitment and financial support, so the project will be ongoing over the next several years.

FY01 RESEARCH STRATEGY #1: Determine the effectiveness of ATIA's marketing program.

PROGRESS:

- A total of 50 sources were tested in the Conversion Study, including individual TV, newspaper and magazine ads, and direct mail lists. ATIA also analyzed responses generated via the website, banner ads and the Canadian program.

- Highlights of the Conversion Study:
 - The number of requests for trip-planning information in FY00 grew by 10% over the previous year. It is important to remember that during the time period being tested, additional funding for television and newspaper advertising had been appropriated, which likely explains the increased volume.
 - Direct mail continues to be the most effective marketing vehicle for ATIA producing response rates in excess of 20 percent.
 - Internet was the most inexpensive way to generate requests for Alaska trip-planning information.
 - More inquiries were received from the Western region of the U.S. (32 percent) followed by the South (27 percent) and Midwest (26 percent).
 - Nearly half (49 percent) of the bookings for 2000 travel occurred between January and June, and one-quarter (24 percent) traveled within one month of the booking date. This information is helpful in planning the timing of ATIA's marketing efforts.
- ATIA regularly polls member businesses participating in marketing programs to determine what programs are of value to the membership and how programs should be strengthened (i.e. Alaska Travel Fair, Tourism North program, trade shows, Cooperative Newspaper Program). This input is used to refine existing programs and when introducing new programs.

FY01 RESEARCH STRATEGY #2: Survey potential and actual visitors to Alaska.

PROGRESS:

- Determining why people visit and how they make their travel decisions is valuable information in guiding ATIA's marketing efforts. Therefore, key objectives of the Images 2000 study included:
 - Identify the size of the potential Alaska visitor market
 - Define travel needs, motivating factors and attitudes of past and potential visitors
 - Profile the demographic, geographic and media-graphic characteristics of current and potential visitors
 - Define the travel behavior and frequency of high potential visitors (those determined most likely to visit Alaska in the next 5 years)
 - Measure change and identify trends
- Using data from the Images 2000 study, ATIA - and Alaska businesses - can gain insight on how to reach potential visitors with their marketing message and motivate them to travel to Alaska. Highlights of the Images 2000 study:
 - The size of the potential Alaska visitor market is 34.8 million, which is an increase of 4.3 million since 1996. Of these prospective Alaska

visitors, 23 million indicate they are interested in visiting within the next five years.

- Most of Alaska's visitors come from the West (13 percent) and the Midwest (12 percent).
- Alaska ranked third in terms of the next destination visitors are most likely to travel to in the next five years.
- Cost and time continue to be the two reasons why potential visitors state they have not yet traveled to Alaska.
- Use of the Internet as a trip-planning resource increased substantially - from 5 percent in 1996 to a whopping 44 percent in 2000!
- Search engines were listed as the primary source in locating websites, followed by newspapers and magazine ads.
- Repeat visitors are an attractive market segment because they have already visited the state once, therefore, getting them to return is potentially less costly than convincing a first-time visitor to travel. Highlights of the Repeat Visitors study include:
 - Repeat Visitors to Alaska return to the state an average of 3.6 times and stay longer than 1st Time Visitors (15.6 days vs. 12.6 days).
 - Repeat Visitors are more likely to be male (63 percent) and nearly half (47 percent) live in the West.
 - Compared to 1st time Visitors, Repeat Visitors are significantly more likely to have participated in the following activities while in Alaska:

	<u>Repeat</u>		<u>1st Time</u>
▪ Birdwatching	58%	vs.	45%
▪ Fishing	50%	vs.	23%
▪ Car rental	44%	vs.	29%
▪ Camped in tent	23%	vs.	10%
 - Repeat visitors are significantly more likely to visit Alaska in the fall/winter months than 1st Time Visitors (18 percent vs. 2 percent).
- ATIA staff maintained an active interest in the AVSP study and shared update reports, provided by the State, with the ATIA Board and Marketing Committee members. The report is widely anticipated as it will provide much needed information regarding visitors to Alaska and allow ATIA to track progress made on key marketing goals.

FY01 RESEARCH STRATEGY #3: Provide tools and information to ATIA members to enhance individual marketing efforts.
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PROGRESS:

- Copies of the Images 2000 report were provided to ATIA Community Partners so up-to-date research information could be shared with their

member businesses. A copy of the report was also added to the ATIA Resource Library for review by all members.

- Communities and ATIA Marketing partners may also access, for a fee, the raw data from Images 2000 to further analyze and cross-sort the information pertinent to their business.
- Copies of the Images 2000 report are available for purchase if businesses or individual prefer to have a personal copy.
- ATIA actively maintains a resource library containing marketing and travel industry research which ATIA business may use to enhance their individual marketing efforts.

FY01 Budget

Per the contract with the State of Alaska, Department of Community and Economic Development (DCED), ATIA funded 30 percent of the Tourism Marketing Program, with the remaining 70 percent of the program being funded by the state. The total budget for FY01 was \$6,928,571. It is important to note that the amount allocated by the legislature for FY01 included \$50,000 in funding from the Alaska Marine Highway System (AMHS). This amount was never received by ATIA due to program restructuring within AMHS. Rather than reduce the overall marketing budget, ATIA replaced these funds with private sector funds - in addition to spending another \$349,166 over the required match stated in the State contract - so additional marketing could be conducted.

A detailed FY01 budget, sorted by components mutually agreed upon by the State and ATIA, is attached. The last column indicates the total variance in component lines from the beginning to the end of the year. A brief explanation of the shift in funding is outlined below.

	BUDGET
MARKETING RESEARCH	-
Conversion Study	145,000
Images IV Remaining Costs	20,000
Program Implementation	26,203
Total Marketing Research:	191,203
CONSUMER MARKETING	-
PUBLIC RELATIONS	-
Media Outreach & Assistance	128,213
Summer Press Trips	35,293
New Story Packages	5,995
Media Kits	2,760
Crisis Communications/DMO Briefings	2,751
1-800 Number, Clip Service	18,611
Contractor Admin & Travel	29,951
Program Implementation	18,602
Subtotal:	242,176
ADVERTISING	
Magazine & Direct Mail	1,787,783
Joint Yukon Program	101,698
Advertising of Internet Site	332,477
1-800 Number	10,040
Ad Agency Direct Expense	81,386
Talent, Tapes & Shipping	7,670
List Rental/Newspaper Program	94,907
Branding	94,308
FY02 Pre-Production	394,776
Program Implementation	126,572
Subtotal:	3,031,617
INTERNET	
Site Development	99,258
Site Hosting	4,313
Program Implementation	41,491
Subtotal:	145,062
Total Consumer Marketing:	3,418,855

<u>NICHE MARKETING</u>	-	
-	-	
Winter Press Trip		36,000
Winter Promotions		16,969
Niche Advertising		290,100
Tourism North		200,000
Niche Brochure Program		35,033
World Congress on Adventure Travel		14,998
Niche Research		7,500
Martha Stewart		25,077
Special Olympics		40,000
Program Implementation		33,162
Total Niche Marketing:		698,839
<u>INQUIRY FULFILLMENT</u>	-	
-	-	
Vacation Planner		1,405,501
Inquiry Section		2,838
Program Implementation		208,038
Total Inquiry Fulfillment:		1,616,377
<u>TRADE INT'L MARKETING</u>	-	
-	-	
Trade International Marketing		148,441
International Contracts		
Japan		270,423
German-Speaking Europe		188,539
UK		116,915
Australia		55,020
Taiwan Fulfillment		3,000
Korean Fulfillment		2,500
Program Implementation		218,459
Total Trade & Int'l Marketing:		1,003,297
Contractual Committed:		6,928,571
Unallocated		6,928,571
-		

Alaska Tourism Industry Crisis Recovery Plan

December 12, 2001

**Alaska Travel Industry Association, 2600 Cordova Street, Ste. 201,
Anchorage, Alaska 99503 Phone: (907) 929-2842 Fax: (907) 561-5727**

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SUMMARY

The terrorist attacks that occurred on September 11, 2001 are having an extraordinary impact on the travel industry throughout the world. As a result, consumers are more reluctant to fly, are planning to travel closer to home, are uncertain about the future and are less willing to commit to long-term travel plans. This will have a profound impact on Alaska's visitor industry and the state's economy.

WHAT DOES THIS MEAN FOR ALASKA? The forecast is bleak. A survey of Alaska travel businesses shows a 30 to 46 percent decline in bookings for major sectors of the industry, including: airlines 30%, cruise ships 39%, motorcoaches 34%, and RV rentals 46%.

Research also indicates current marketing efforts may yield significantly fewer visitors. To protect our market share and strive to maintain visitation, adjustments are being made to current marketing efforts to bolster programs that stimulate inquiries and attract more visitors.

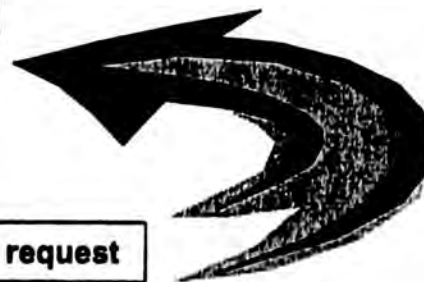
IMPACT ON ALASKA. A decrease in visitors coming to the state will mean less revenue for Alaska visitor industry businesses and municipalities that are funded in part through bed taxes. This in turn, will trickle through all areas of the state's economy. Businesses have indicated they are cutting back on business upgrades and improvements to lessen their debt load in anticipation of an extremely tight year. The impact of reduced development spending on top of reduced visitor spending will effect many sectors of the Alaskan economy that benefit from visitor spending.

WHAT NEEDS TO BE DONE? Marketing efforts need to be increased immediately in order to increase interest in visiting Alaska this year. Competition for those visitors willing to fly has become extremely competitive with destinations around the world marketing furiously to maintain their share of the pie. If Alaska is going to compete, additional financial resources are needed in order to get Alaska's message into the national marketplace. Recent surveys indicate consumers are most likely to travel domestically and inclined to stay closer to home, so marketing efforts will be focused wholly on domestic markets.

ATIA REQUEST AND EXPECTED RESULTS. The Alaska Travel Industry Association (ATIA) is requesting \$12.5 million for implementation of emergency marketing programs to lessen the impact of the September 11 terrorist attacks. This campaign will generate an additional 182,850 visitors to the state this season, each spending an average of \$726 per trip. This equates to an overall economic impact of \$332 million in direct and indirect spending. **This is a return rate of more than 26:1.**

\$332 million return

\$12.5 million request



SITUATION OVERVIEW

Unquestionably, the events of September 11 severely impacted the travel and tourism industry nationwide. The total U.S. job losses are estimated to be up to one million. Estimates by the World Travel & Tourism Council indicate a 10% reduction in the volume of business would result in 8.8 million job losses out of 207 million employed worldwide.

National surveys taken over the last two months paint a negative forecast. According to the Travel Business Roundtable (10/31/01):

- 17% of all travelers say they are traveling less
- One out of every 20 trips is being cancelled
- 13% of leisure travelers have either cancelled, put on hold, or are still uncertain about whether they will take an upcoming trip

Closer to home, a December 1 survey of Alaska businesses throughout the state, conducted by GMA Research, shows a sharp decline in bookings compared to last year:

- Major travel modes indicate a drop of:
 - 34% Motorcoach
 - 46% RV Rental
 - 39% Cruise ship
 - 30% Airlines

Results from a separate survey of respondents to the state marketing program, conducted November 28, suggest:

- 1-in-3 people who indicated they were definitely planning to visit the state prior to 9/11 now indicate they are less committed to visiting, with 1-in-10 having made the decision not to visit this year
- Only 1-in-10 who have decided to visit, have actually made reservations or finalized their travel plans
- 10% of survey respondents say they are less likely to travel on vacation in general

POSSIBLE OUTCOMES OF THESE REDUCTIONS IN ALASKA

10% decrease in visitors loss of 140,000 visitors loss of \$101.6 million in visitor spending and 1,564 travel related jobs

20% decrease in visitors loss of 280,000 visitors loss of \$203.3 million in economic impact and 3,127 travel related jobs

There is no timeline on the war against terrorism and this will undoubtedly have a negative impact on the psychology of future travelers. Add to this a recession in the U.S. and there is a great likelihood that Americans will spend less on travel and stay closer to their own homes.

Destinations continue to implement supplemental marketing plans to minimize losses. The impacts vary among the states but it is anticipated that destinations more accessible by cars and trains will benefit at the expense of destinations primarily accessible by plane, such as Alaska.

The Air Transport Association reports domestic revenue passenger miles have dropped by 21.1% and International by 37.3%. According to the Travel Industry Association of America (TIA), U.S. travel in the fourth quarter dropped significantly and the projections are soft for the first quarter. Over 50 percent of Alaska's non-resident visitors arrive or depart by plane. Because the majority of travelers to Alaska arrive by air, visitation to the state may be impacted to a greater degree than those states that are easily reached by road or rail. According to NFO Plog Research's Travel Confidence Survey, conducted October 3-8, total air passengers are down by 23% over last year.

International flight itineraries to Alaska from Asian markets have been cut. Alaska Airlines flights were reduced by 15%. Delta Airlines ended service to Fairbanks in October.

The cruise industry has repositioned ships to Alaska but a significant number of cancellations to the industry, as a whole, could reach the \$2 billion mark according to industry analyst Lazard Freres. Even with increased ship activity to Alaska, there are no guarantees that these vessels will operate at near capacity and incentive discounts could translate to significant reductions in land-based expenditures in Alaska.

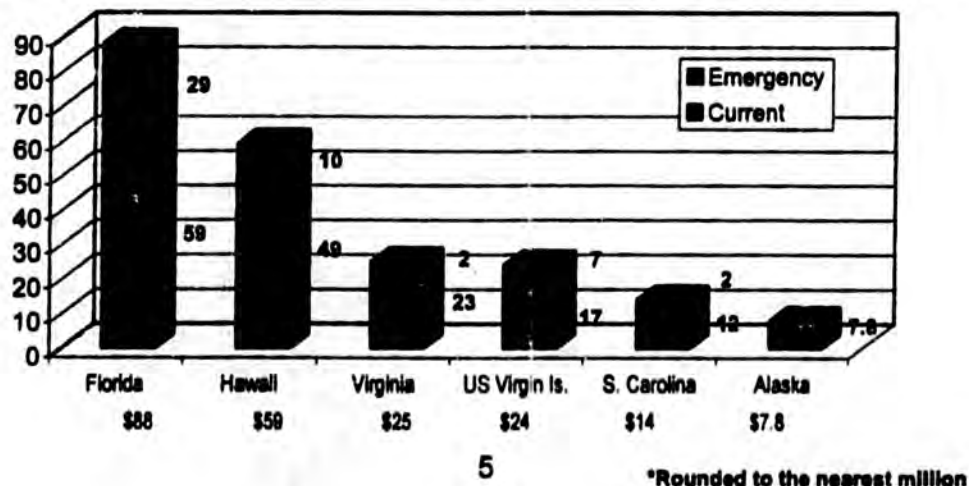
The result is that more Americans will travel closer to home, or not at all. Inbound international travel is also expected to decline. Travel and tourism related operations will suffer business declines or erosion of profits in 2002 with small businesses particularly vulnerable. Long-term predictions will depend upon a return of consumer spending, the public's willingness to travel and Alaska's ability to compete with other destinations for market share.

Competition

Within 60 days of the attacks, many destinations were already in the marketplace with multi-million dollar marketing plans in order to lessen the impact of September 11 on travel to their destination. Some of these destinations are shown below.

To understand the overall competitive marketing picture for Alaska you must understand the state's pre-September 11 position. Before the attacks, Alaska was at a significant marketing disadvantage compared to other states. Alaska's current marketing budget—\$7.8 million—is far below the average state marketing budget of \$13.7 million for 2000-2001. Alaska is also low in terms of state funding for tourism, ranking 36th out of 50 states.

Compounding the problem, countries, states and even cities have received emergency state funds to bolster their tourism marketing efforts. The Alaska Travel Industry Association is requesting \$12.5 million from the state for a national emergency marketing campaign so Alaska can compete against destinations that are aggressively targeting U.S. consumers.



COUNTRY	Emergency Funds*
Travel Industry Association of America	\$20
Caribbean	\$16
Canadian Tourism Commission	\$20
Puerto Rico	\$15
Mexico	\$16
Barbados	\$6
European Travel Commission	\$6

CITY	Emergency Funds*
New York City	\$40
Las Vegas	\$13
Miami	\$2

*Rounded to nearest million

Opportunity

Due to state department warnings about potential dangers to Americans traveling overseas, consumers with European or Australian travel plans may consider a trip within the United States this year instead.

Within our own country, significant portions of the population may hesitate to travel to the East Coast. Significant numbers of travelers from the West Coast and Canada may show renewed interest in visiting Alaska.

Targeted marketing efforts to the lower 48 states could also encourage people who are thinking of postponing a trip to Alaska to visit this year.

VALUE OF TOURISM TO ALASKA'S PRIVATE SECTOR

Visitors spend about \$949 million annually in Alaska. Therefore, if there is a decline in the number of visitors, businesses will feel the impact in the form of lower sales.

WHAT IS A VISITOR WORTH?

Visitors spend an estimated \$726 per-person, per-trip

Total direct full-year spending for all visitors is \$949 million

Visitor industry accounts for approximately 30,700 Alaska jobs, or 1-in-8 private sector jobs

Tourism Revenue

Prior to September 11, Alaska received - by current estimations - approximately 1.4 million visitors per year. These visitors injected over \$124 million directly into state and local treasuries in the form of taxes, fees and other assessments.

Jobs for Alaskans

Tourism is Alaska's second largest private sector employer, accounting for one-in-eight private sector jobs. This means that 30,700 Alaskans are directly or indirectly employed in the tourism industry (full-time, year-round equivalent). The visitor industry has a 78% resident hire rate, the highest of all industries.

Many visitor-related companies throughout the U.S. have laid-off employees due to the downturn in travel and the economic belt-tightening occurring across America. By aggressively promoting travel to Alaska, we hope to maintain the number of Alaskans employed in the visitor industry and the economic benefit of visitor spending within the state.

The overall purpose of the campaign will be to preempt the dramatic decline in travel to Alaska this year and the devastating effect it will have on the state's economy. Preserving small businesses that make up the backbone of Alaska's tourism industry will be a priority.

RECOVERY PLAN OBJECTIVES

Encourage previous inquirers to proceed with their travel plans

Increase efforts to convince those "willing to travel" to come to Alaska

Target various sectors of trade that are in key positions to affect destination choices

Remind consumers that Alaska is part of the United States

The recovery plan will rely on advertising, public relations, Internet, research, travel trade and resident travel campaigns to accomplish the recovery plan objectives.

Timing

It is crucial that Alaska increase its presence in the national marketplace immediately. Each day delay translates to lost bookings and lost revenue. Bookings for Alaska travel are down significantly – some businesses are reporting reservations for next summer are down more than 50% over last year.

ATIA Images 2000 research indicates about half (49%) of all visitors DECIDED to visit Alaska within six months of actual travel. **We are now in that critical decision-making time period.** In addition, roughly half (49%) of Alaska's actual visitors BOOKED their Alaska trip within 3-6 months prior to travel. If aggressive efforts are not taken immediately, the impact could be devastating to many of Alaska's small tourism businesses. The time to act is now.

RECOVER ALASKA AND DELIVERABLES

This crisis recovery plan - by necessity - is considered dynamic and may be adjusted based on changing market conditions and updated research results.

ADVERTISING

- Aggressive television advertising campaign launched to elevate interest in visiting Alaska this year and enhance performance of other marketing efforts. Data indicates the effectiveness of other marketing such as magazine and direct mail greatly increases when TV advertising runs concurrently.
 - TV campaign will generate 100,000 requests for trip-planning information and bring 42,100 visitors to the state.
 - Television ads will include a toll-free 800# and website address so potential visitors may request Alaska trip-planning information. This will generate exposure for the more than 1,000 Alaska businesses with advertisements in the Planner and on the website.
 - Existing film footage will be used in production of television ads to ensure Alaska's message can be placed on the air as soon as funding is available.
 - Television ads will run on national cable network stations.
- Page-dominant Alaska newspaper advertisements placed in 25 national markets and sub-markets.
 - Newspaper campaign will generate 13,000 responses and bring 10,400 visitors to the state.
 - Newspaper advertising placements will leverage travel sections, thereby increasing editorial exposure for Alaska. Research indicates newspaper articles are highly credible, and therefore a very effective method to communicate Alaska's message.
 - Alaska's small tourism businesses partner directly with ATIA to participate in the national newspaper campaign. This partnership provides greater media exposure for smaller tourism businesses than they could achieve on their own.
 - Toll-free 800# and the www.travelalaska.com website address will be included in newspaper advertising, allowing potential visitor to access specific information on more than 1,000 Alaska tourism businesses.
- 2.5 million direct mail packages delivered to targeted independent travel prospects to encourage them to visit Alaska and persuade visitors not to postpone travel plans
 - Direct mail campaign will generate 135,000 responses and bring 33,400 visitors to the state.
 - A modified direct mail package will be sent to roughly 452,000 potential visitors that have already indicated they are interested in visiting Alaska to encourage them to travel this year.

- An additional 2 million direct mail packages will be sent to individual consumers using targeted direct mail lists with proven track records.
 - Direct mail packages will include multiple response options including a toll-free 800#, URL, postage-paid return request card and write-to address to assist potential visitors in obtaining Alaska travel information.
- Printed information, including the Official State Vacation Planner, will be produced in order to respond to inquiries.
- It will be necessary to send additional trip planning information in order to generate the same number of actual visitors as in previous years.

PUBLIC RELATIONS

- Whistle Stop promotion conducted to spotlight Alaska and generate news coverage that will capture the imagination of people of all ages.
- Whistle Stop promotion will result in \$200,000 in national editorial coverage for Alaska and bring 1,400 visitors to the state.
 - ATIA will directly reach 20 key editorial publications and/or broadcast stations, along with 150 key travel agencies over the course of the promotion.
 - ATIA will partner with the Alaska Railroad to transport a railcar to Vancouver, BC for travel along the West Coast. Stops along the way will generate news events targeting media and travel trade in order to boost awareness and knowledge of Alaska.
 - Well-known Alaska dignitaries and celebrities will be invited to travel on the train and attend media/trade events to boost interest in Alaska and generate news exposure.
 - Tie-in marketing may include trip and merchandise give-aways, travel press receptions featuring Alaska food and drink, and distribution of Alaska trip-planning information.
- West Coast Editor Briefings scheduled with 60 key travel editors from influential consumer and travel trade publications along the West Coast.
- Elevate awareness of Alaska and establish ATIA as a resource for editors so they will consider writing Alaska stories.
 - One-on-one editor briefings will leverage ATIA's ongoing media relations efforts and ensure greater editorial reach in those markets.
 - Extensive follow-up efforts with editors will ensure editor needs for story ideas, photography and other information are being met. This follow-up greatly facilitates the process for getting Alaska stories into the marketplace.
- Two-minute television advertorial (combination of advertisement message and editorial comment) placed on West Coast cable stations to showcase the beauty and splendor of Alaska.
- Advertorial will result in 25,700 responses and generate 10,800 visitors to the state.

- Advertorial will air on West Coast cable stations, reaching more than 500,000 viewers.
- Messages contained in the advertorial will echo those included in the Official State Vacation Planner and Invitation to Alaska brochure and will also include testimonials from well-known celebrities who have visited Alaska.
- An online radio site will link to the Official State Travel Website. This will allow ATIA to capture relevant information from potential visitors for use in future marketing efforts.

INTERNET

- Additional multi-media features will be added to the official Alaska travel site www.travelalaska.com to increase traffic to the site and elevate interest in Alaska.
 - Enhanced features will encourage longer online visits and lead to more extensive search of the website. This increases exposure for Alaska businesses.
 - Incorporating messages from other media campaigns will enhance overall performance of all marketing efforts by providing reinforcement of key messages.
- Utilize Internet advertising and opt-in email – also referred to as permission email – to complement traditional advertising programs and achieve an efficient level of national reach.
 - Internet advertising campaigns will generate 96,000 responses and bring 51,500 visitors to the state.
 - Placement of banner advertisements and pop-up ads on websites and search engines will encourage click-through to www.travelalaska.com.
 - Targeted opt-in email lists will reach approximately 800,000 individual consumers already indicating they are interested in receiving travel-related information.
 - Opt-in email messages featuring the Governor will be tested, with the most favorable messages being used for larger mailings.
 - Messages will reflect current events and traveler attitudes/concerns.
 - Tests will be conducted against the current Governor message and evaluated on regular basis to ensure the most effective version is used.
- Implement an interactive Travel Alaska television series and Internet promotion to boost interest in travel to Alaska in West Coast markets.
 - Campaign will generate 62,500 responses and bring 26,300 visitors to the state.
 - Partnering with highly rated West Coast morning television programs, a six-week series of Alaska segments will be produced featuring Alaska trips (i.e., camping adventure, fishing trip, cultural expedition).
 - Alaska trips will be promoted on television and station websites, allowing viewers to learn about different adventures Alaska has to offer. Selected families will be profiled and viewers will be asked to vote for the family they would like to see 'win' the Alaska vacation.

- Promotion will include the message "travel close to home" to boost interest from consumers living in the Western U.S. that may be interested in a vacation closer to home.

RESEARCH

- To ensure Alaska is positioned to react to changes in the marketplace, continual travel trend research will be conducted to measure the terrorist attack impact on attitudes and travel plans among potential visitors.
 - Provide a constant barometer of changes in travel plans to help the state and tourism businesses assess the upcoming travel season.
 - Will allow ATIA to modify its marketing message and approach to optimize success in convincing consumers to travel to Alaska this year.
 - Travel agents will be contacted to gauge attitudes and trends among travel trade and their clients.

TRAVEL TRADE

- Conduct retail travel agent training programs.
 - Partner with quality, high producing travel agencies in known productive markets to conduct Alaska travel training in their regional offices.
- Place advertising in U.S. trade publications to ensure Alaska is foremost in the mind of travel agents when they suggest possible travel destinations to their clients.
 - Partner with leading trade publications to produce cooperative marketing inserts to reach travel agencies throughout the U.S. with Alaska's message. Alaska information will also be posted simultaneously on publication websites.
 - Partner with trade marketing organizations, to produce Alaska travel planners for distribution to group leaders, tour operators, motor coach operators and travel professionals.
- Direct mail campaign to travel agencies across the U.S.
 - Send Alaska travel information to U.S. travel agents, using targeted mailing lists, in order to put Alaska trip-planning tools into the hands of those selling travel. A postage paid card will be included so individual requests may be facilitated.
 - Engage in cooperative mailing programs with tour operators specializing in Alaska travel in order to reach their prospective Alaska clients.
- Participate in trade shows to elevate interest in Alaska and establish direct relationships with travel agents so further marketing and education may be conducted.
 - Attend U.S. trade shows to increase awareness of Alaska, provide product information and offer trip-planning tools to those actively booking Alaska travel.

- Forge cooperative promotions with leading tour companies to facilitate direct contact with highly qualified tour guides and encourage new Alaska packages being marketed and sold.
- Share leads with businesses so they may conduct their own marketing.

RESIDENT TRAVEL

- Encourage residents and visiting friends and relatives to travel instate.
 - Television campaign will reach more than 110,000 viewers and result in 20,000 visitors traveling within Alaska.
 - Television spots will encourage residents to invite their friends and relatives to visit the state and experience a true Alaskan adventure.
 - TV advertisements will augment current marketing efforts. By extending the campaign, we can ensure the "stay home - discover your own back yard" message reaches a greater number of residents and leads to higher visitation.
- Conduct a statewide newspaper advertising campaign targeted at Alaskan residents, to elevate interest in Alaska vacations accessible by car, train, ferry or short plane trips.
 - Newspaper advertising will be placed in major publications throughout the state and reinforce messages being delivered through television.
 - The State Vacation Planner will be offered free-of-charge to residents and their friends and relatives by calling a unique 800#, writing or visiting the website. Residents will be driven to an online Alaska Resident interface page tied to the Official Alaska Travel Website.
- Implement an aggressive Public Relations outreach to local media, in order to promote Alaska vacations and encourage residents and visiting friends and relatives to visit near-by communities.
 - Press kit will supply feature and business writers comprehensive information about Alaska tourism and facilitate publication of Alaska travel stories.
 - Resident Travel promotion will increase awareness among residents of the many wonders Alaska has to offer and encourage exploration of Alaskan communities.

RECOVERY BUDGET

A 28 member broad-based committee charged with developing the marketing plan believes \$12.5 million is needed to implement this crisis recovery plan. Without additional funding Alaska will continue to lose market share to destinations that are aggressively reaching out to those consumers willing to travel this year. As more destinations receive emergency marketing funds to counter the effects of September 11, Alaska becomes even more vulnerable to losing visitors to destinations that are actively marketing.

Adjustments are already being made to the current core marketing program, but it won't be enough to offset the decrease in inquiries and visitation to Alaska. It is also worth noting that the travel industry has already contributed \$1.2 million **ABOVE** the required state match in FY02 in an effort to boost Alaska's marketing position among competing destinations.

Television Campaign	\$8,080,000
Newspaper Campaign	425,000
Direct Mail Campaign	975,000
Online Campaign	650,000
State Vacation Planner/800#	464,000
Public Relations Campaign	722,000
Website Development/Promotion	300,000
TV Advertorial	250,000
Research	54,000
Travel Trade Training/Marketing	280,000
Instate Travel Campaign	<u>300,000</u>
TOTAL:	\$12,500,000

RETURN ON INVESTMENT

Overall, the campaign will:

- Generate an estimated 182,850 visitors to the state this year.
- Result in a direct economic impact of \$132.7 million as a based on each visitor spending an average of \$726 on their Alaska vacation. This translates into 2,042 jobs.
- Total economic impact of \$332 million (direct and indirect spending) based on data indicating the average visitor dollar circulates through the Alaska economy about two and a half times before leaving the state.
- Replace those visitors who decide not to travel to Alaska this year as a result of economic or crisis impacts. Current estimates suggest that Alaska visitation could decline 10-20% from its present estimated level of 1.4 million. Economic impacts could be:
 - 10% decrease in visitors ➡ loss of \$101.6 million in visitor spending ➡ 1,564 jobs
 - 20% decrease in visitors ➡ loss of \$203.3 million in visitor spending ➡ 3,127 jobs

RESULTS OF \$12.5 MILLION TOURISM MARKETING CAMPAIGN

Delivers 182,850 visitors to the state THIS year

Generates \$132.7 million in direct revenue

Saves 2,042 jobs

Translates to \$332 million in direct/indirect spending

RECOVERY SCHEDULE 2002

COMPONENT	Details	2001	2002					
		December	January	February	March	April	May	June
RESEARCH								
Track Travel Trends	8-10 min phone survey. Each wave = 1200 interviews							
PUBLIC RELATIONS								
Whistle Stop Promotion	5 markets: Canada, WA, OR, CA							
West Coast Editor Briefings	8 Markets: Canada, WA, OR, CO, CA							
Television Advertorial	Portland, OR + Cable							
ADVERTISING								
Television (:30 sec. Spots)	Cable: A&E, TNT, Discovery, Home & Cable: 45% A markets: 33% B Markets: 22%							
	Garden, History Chnl, Travel Chnl							
	A Markets: Seattle, Portland, San Fran, SLC, San Diego, Sacramento, Denver							
	B Markets: W. Palm Beach, Mpls, L.A., Tampa, Phoenix							
Newspaper	25 newspapers in A and B Markets							
Direct Mail	2 mill/outside lists; .5 mill/inside lists							
Vacation Planners	Print additional 150,000							
TRAVEL TRADE								
Travel Agent Training								
Trade Advertising								
Direct Mail								
Trade Shows								
RESIDENT TRAVEL								
Television	ARCS, GCI Cable (17 cable stations)							
Newspaper	Statewide							
Public Relations	Statewide							
INTERNET								
Website Development								
Online Ads/Opt-In Email	Banner Ads, 800,000 Opt-In Emails							
Interactive Travel Series								

ALASKA TRAVEL INDUSTRY ASSOCIATION INDUSTRY POLL
TOURISM BUSINESS CLIMATE
2001 vs 2002 SEASON
December 1, 2001

Summary:

As of December 1, 2001, a poll of 303 Alaskan tourism businesses statewide indicates an overall drop of 23% in tourism bookings and inquiries compared to last year

CATEGORIES	INQUIRIES	BOOKINGS
AIR TAXI/CHARTER	-37%	-23%
AIRLINES	-38%	-30%
BACK COUNTRY EXPERIENCES	-27%	-28%
BED AND BREAKFASTS	-22%	-25%
CABINS	-30%	-31%
CAMPING AND RV PARKS	-24%	-33%
CAR RENTAL/TAXI/OTHER	-34%	-46%
CRUISESHIPS	-37%	-39%
DAY CRUISES/CHARTERS	-19%	-19%
DISABLED VISITOR INFORMATION	-21%	-17%
FERRIES	-13%	-18%
FISH AND WILDLIFE INFORMATION	-23%	-23%
GIFT SHOPS	-7%	-6%
GUIDEBOOKS/MAPS/VIDEOS	0%	18%
HOSTELS	0%	0%
HOTELS AND MOTELS	-20%	-26%
LOCAL ACTIVITIES	-13%	-13%
MOTORCOACH/BUS	-32%	-34%
OTHER	-9%	-6%
OVERNIGHT CRUISE/OTHER	-40%	-31%
PACKAGE TOUR	-17%	-13%
REGIONWIDE ACTIVITIES	0%	0%
RESTAURANTS	-13%	-12%
RV RENTAL/MOTORHOME	-32%	-46%
STATEWIDE ACTIVITIES	-19%	-18%
ALL TRAINS	-47%	-50%
TRAVEL AGENTS/TRIP PLANNERS	-21%	-28%
VISITOR INFORMATION ORGANIZATIONS	-18%	-26%
WILDERNESS LODGES/RESORTS	-27%	-19%
Average - All Categories	-23%	-23%

Methodology: Poll conducted by GMA Research on behalf of ATIA. 303 total respondents. Results are averages of respondents and include both positive and negative changes. Respondents were allowed to select more than one category.