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# Alaska Conversion Study 2011

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## Converting Inquirers into Alaska Visitors

*Market Research for the State of Alaska Travel & Tourism Industry*

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## The State of Alaska Releases Results of Conversion Study

### Study Measures Effectiveness of 2011 Advertising Program

**H**ow effective is the State of Alaska direct response advertising program in generating awareness, interest, and ultimately conversion of prospects into Alaska visitors? What is the effectiveness and cost efficiency of the individual direct response strategies in generating inquiries for the official State of Alaska Vacation Planner? Which advertising sources are the most effective and efficient? Answers to these and many more questions were uncovered in a marketing research study, *2011 Conversion Study*, conducted on behalf of the State of Alaska by GMA Research Corporation of Bellevue, Washington in late 2011.

The State of Alaska uses the annual Conversion Study to pinpoint the most effective and efficient advertising sources in converting responses in an effort to determine future direct response strategies. The study also attempts to assess the overall contribution of the selected magazine, direct mail, television, online and other miscellaneous sources to total conversion for future planning. Alaska Conversion Study 2011 consisted of 21,600 randomly selected telephone interviews with a sample of roughly 300 requestors from each of seventy-two different sources. The basic categories and questions of the study remain constant to allow for comparisons, trends, and to track changes. Periodically new areas are added to keep up with changing times.

For 2011, as in years past, promotion of the free official State of Alaska Vacation Planner through business reply card (BRC) advertising in selected magazine publications was used to generate awareness, interest and, ultimately, conversion of prospects to Alaska visitors. Additionally, solicitation of responses through direct mail advertising using selected consumer lists was used to create new visitors.

The Alaska Conversion Study 2011 conducted on behalf of the State of Alaska seeks to measure the effectiveness and cost efficiency of converting responses from selected advertising sources into Alaska visitors.

Key objectives of the Alaska Conversion Study 2011 are to:

- Measure the effectiveness and cost efficiency of the 2011 program in converting inquirers to Alaska visitors.
- Determine inquiry response rate and visitor conversion rate.
- Measure cost per inquiry, cost per conversion, and Return on Investment (ROI) based on advertising costs, response, conversion rates and transportation costs.
- Compare reply-card visitor projections with actual visitation.
- Make specific media vehicle comparisons between the effectiveness and cost efficiency of the 2011 program versus prior programs.
- Establish conversion guidelines for use in future media and direct marketing strategy development.
- Pinpoint the most effective and efficient sources for selecting future direct response strategies.
- Assess overall contribution of various sources to total conversion for future planning.

Evaluation of a direct response advertising program's success involves analysis of performance on several characteristics. The 2011 Alaska Conversion Study analysis attempts to answer the following questions:

- How many inquiries did the advertising generate?
- What did it cost to generate those inquiries? (cost per inquiry)
- What percentage of those who inquired actually visited Alaska in 2011? (conversion rate)
- What did it cost to produce those conversions from inquiry to actual visit? (cost per conversion)
- What is the Return on Investment (per person) for each source, including and excluding transportation costs?

### Number of Inquiries in 2011

The total circulation of all 2011 sources combined was 58,307,244 which generated a total of 701,214 inquiries, an increase of 12% compared to 2010.

The following table shows the number inquiries generated over the past eight years:

Year	2004	2005	2006	2007	2008	2009	2010	2011
Total Inquiries	506,734	502,479	594,471	563,915	534,816	591,764	616,460	701,214

## Response Rate

The Response rate is measured as a percentage of inquiries to circulation. The 2011 Vacation Planner was requested by 1.20% of those to whom it was made available through the various advertising media tested. Response rates for the past eight years:

Year	2004	2005	2006	2007	2008	2009	2010	2011
Response Rate	0.80%	1.31%	1.53%	1.34%	1.36%	1.24%	1.25%	1.20%

## Overall Conversion Rate for 2011

Since the primary objective of the ATIA advertising program is to convert inquirers into Alaska visitors, the Conversion Rate is one of the key performance measurements. The conversion rate is the percentage of inquirers who actually visited Alaska, and is derived by dividing the number of visitor parties by the number of inquiries. The overall 2011 conversion rate for all sources combined is 11.44%, slightly lower (5%) from the 2010 study 12.06%.

Year	2004	2005	2006	2007	2008	2009	2010	2011
Conversion Rate	15.6%	14.7%	16.1%	15.6%	19.2%	12.3%	12.06%	11.44%

Conversion rates are highest in the West (12%), followed by the Midwest (10%), the South (10%), and the East (10%). The largest proportion of total conversions for 2011 occurs in the West (31% up from 27% in 2010), followed by the Midwest (28% down from 29% in 2010), the South (28% down from 31% in 2010) and the East (13% the same as 2010 13%).

Requestors reporting the highest conversion rates have already decided to go to Alaska. The highest conversion rates are found among those who at the time the Planner was requested had “already decided to go to Alaska” (24%), “already been to Alaska; planning to go again” (19%). Past Alaska travel experience also has a positive affect on conversion, with those who have “already been to Alaska and just wanted to see the literature” converting at a rate of 12%.

Those who were “trying to decide where to go on vacation” converted at a rate of 5%, while those who don't recall receiving the literature converted at a rate of 2%. Requestors who “had no travel plans and just wanted to see the literature” report a very low conversion rate of 2%.

**Inquirers converted to Alaska visitors at a rate of 11% in 2011**

## Number of Visitors Generated Increased Slightly

Overall, the sources tested generated 217,892 visitors to Alaska in 2011. This represents an increase (7.9%) of 17,118 visitors from 2010. The average party size for all sources combined in 2011 is 2.7, the same as 2010 (2.7) but slightly higher than 2009, 2008 and 2007 (2.6). Following is a comparison of visitors generated since 2004:

Year	2004	2005	2006	2007	2008	2009	2010	2011
Total Visitors	213,843	188,437	240,818	229,307	270,618	190,714	200,774	217,892

The sources tested generated 217,892 visitors to Alaska in 2011

## Cost Efficiency

The cost per inquiry, or the cost to generate each inquiry (advertising costs divided by number inquiries), for all sources combined is \$10.04, up from 2010 (\$8.09). The overall cost per conversion (including fulfillment) for all 2011 sources combined is \$32.30 per visitor, a (30%) increase compared to 2010 (\$24.83). Cost efficiency since 2004:

Year	2004	2005	2006	2007	2008	2009	2010	2011
Cost per Inquiry	\$7.05	\$6.23	\$6.44	\$8.45	\$7.81	\$8.32	\$8.09	\$10.04
Cost per Conversion	\$16.70	\$16.61	\$15.89	\$20.77	\$15.43	\$25.81	\$24.83	\$32.30

## Return on Investment Consistent Over the Past Three Years

The Return on Investment (ROI) is another key measurement component in determining the overall effectiveness of the program as well as the individual sources. Those that visited Alaska in 2011 were asked how much their immediate party spent on their Alaska trip, and the ROI is then derived by dividing the total trip expenditure by the advertising cost. The ROI is the dollar amount returned for every \$1 spent by the program. The overall return on investment for all 2011 sources combined is \$97.07 per visitor, a decrease from 2010 (\$116.31). ROI since 2004:

Year	2004	2005	2006	2007	2008	2009	2010	2011
Return on Investment	\$160.25	\$174.54	\$168.19	\$137.20	\$178.66	\$104.76	\$116.31	\$97.07

## Visitor Behavior Insights

Those inquirers that visited Alaska in 2011 were asked a variety of questions in an effort to gain insight into their travel behavior and to better understand how to market Alaska most effectively. Insights include:

- The majority of 2011 visitors generated from the Planner fulfillment program visit Alaska primarily for pleasure purposes (89%), which is slightly higher than in 2010 (88%).
- Far fewer visitors go to Alaska to visit friends and/or relatives (8%) or for business purposes (3%).
- Among those who mention they visited Alaska primarily for pleasure, 20% respond they also visited friends and/or relatives while in the state.
- Overall, 14% of all visitors to Alaska in 2011 indicate visiting friends and relatives was either the primary reason or an important (5-6-7 rating) reason for their trip.
- More than half (59%) of all reservations for 2011 travel occurred from January 2011 through July 2011. One in six (17%) reservations occurred in 2010. One in twelve (7%) did not make any reservations, and (13%) didn't know or refused.
- More than half (57%) of 2011 visitors traveled within four months of their reservation date. One in five (19%) travel within one month of their reservation date; two in five (38%) travel within two to four months and 36% five to eight months from the time of booking. Less than one in ten (8%) report booking their Alaska vacation nine months or more in advance of travel.
- As in previous years, the most popular time to visit Alaska in 2011 was during the warm weather months of July (32%), August (29%) and June (29%). The months immediately preceding and following these three months, May (13%) and September (15%), also exhibit significant visitor activity. Very few report visiting Alaska during the other months of the year.
- The average party size for all sources combined in 2011 is 2.7, the same as 2010 (2.7). Average party size since 2004:

Year	2004	2005	2006	2007	2008	2009	2010	2011
Average Party Size	2.7	2.5	2.5	2.6	2.6	2.6	2.7	2.7

- Visitors are asked how many people are traveling in their group, which may be different than the number traveling in their party. The average group size for all sources combined in 2011 is 4.5. This is down from 5.9 in 2010.

- Of all visitors in 2011, almost one in three (29%) were repeat visitors, the same as 2010 (29%). Average of all visitors since 2004:

Year	2004	2005	2006	2007	2008	2009	2010	2011
First Trip	62%	60%	71%	67%	69%	65%	71%	71%
Repeat Visitor	38%	40%	29%	33%	31%	35%	29%	29%

- Of those visitors purchasing most of their travel arrangements before departure, 41% entered and exited Alaska by air and 56% entered or exited by cruise ship.
- Among visitors who indicated on their BRC they planned to travel to Alaska by air, 58% actually entered and exited the state by air, while another 36% sailed in or out by cruise ship. 73% of those who indicated on their BRC they intended to travel by cruise actually sailed in and out of Alaska, with 23% entering and leaving the state by air.
- Three in five (63%) of all visitors generated from the sources tested in 2011 purchased the majority of their travel arrangements such as lodging, sightseeing trips and tours, before arriving in Alaska. Another 16% did not purchase any package trip in advance, but did buy some sightseeing and/or organized activities once in Alaska. One in five (21%) visited Alaska completely on their own, without purchasing an advance travel package or any organized activities while in Alaska.
- Alaska visitors that did not take a cruise spent an average of 13.6 nights in Alaska in 2011, compared to 15.0 nights in 2010. By comparison, cruise visitors spent an average of 6.9 (7.0 in 2010) nights on a cruise ship and 3.2 (3.2 in 2010) nights on land during their Alaska trip. Two in five (46%) of those who took a cruise spent no nights on land, compared to 45% in 2010.
- Visitors are asked which cities or specific destinations they visited while in Alaska during 2011. The highest proportion mention visiting Anchorage (64%). The other most frequently mentioned cities or specific destinations are Juneau (60%), Ketchikan (58%), Inside Passage (57%), Skagway (54%), Mt. McKinley/Denali (48%), Glacier Bay (44%) and Seward (39%).
- Visitors are asked which various types of accommodations were used while in Alaska during 2011. Half of Alaska visitors (50%) stayed in a hotel or a motel, almost one in three (30%) stayed in a wilderness lodge/resort/cabin, one in eight (13%) stayed with a friend or relative, one in ten stayed either in a private RV campground (10%), a State/Federal RV Campground (9%), or in a bed and breakfast (8%). One in five (26%) didn't use accommodations while in Alaska.
- Visitors are asked whether they engaged in 41 different activities while visiting Alaska in 2011. Visitors engaged in one or more of the following activities: "shopping" (84%), "glacier viewing" (83%), and "wildlife viewing" (75%). The remaining activities scored less than 70%.

- Overall, seven of ten (67%) of those who first visited Alaska on a prepaid package trip did so again in 2011. Six in ten (63%) of those who visited on their own in the past also visited in the same manner this year.
- Repeat visitors to Alaska describe their first trip as either a Cruise (44%), Fishing Trip (13%), Sightseeing Trip (10%), or visiting friends or relatives (11%).
- Respondents were asked if they visited the official State of Alaska website ([www.TravelAlaska.com](http://www.TravelAlaska.com)) in planning their Alaska vacation. Among all 2011 visitors, almost two in three (60%) visited the website, the same as in 2010 (60%); one in three (33%) did not and 7% don't know.
- Of those who primarily visited friends or relatives in 2011, half (43%) did the same on their first trip to the state.
- Of all visitors in 2011, 49% are male and 51% are female. The average age is 62.0.