

***Alaska Visitor Statistics Program VI  
Interim Visitor Volume Report***

*Summer 2014*

**Prepared for:  
*State of Alaska***

*Department of Commerce, Community,  
and Economic Development  
Division of Economic Development*



Research-Based Consulting

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# Table of Contents

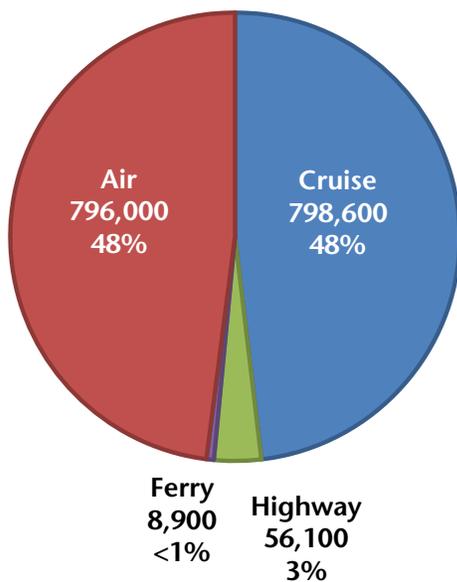
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**Key Findings**..... 1  
**Methodology** ..... 8  
**Additional Traffic Data** ..... 10  
    Visitor/Resident Ratios ..... 10  
    Highway Border Crossings..... 11  
    Total Traffic..... 11

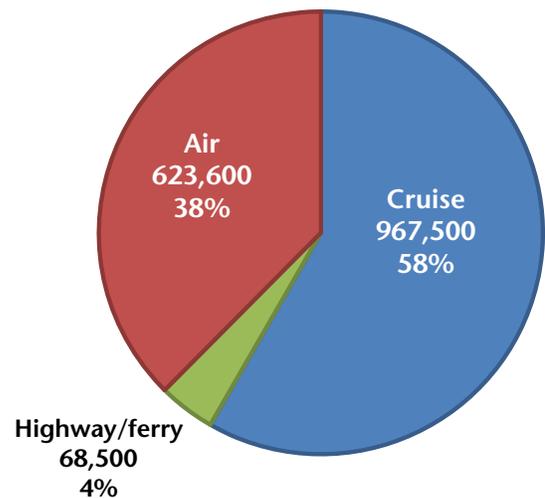
## Visitor Volume, Summer 2014

Alaska received 1.66 million out-of-state visitors between May and September, 2014. In terms of exit mode, nearly half of visitors (48 percent) exited the state via cruise ship, 47 percent exited via air, 3 percent exited via highway, and less than 1 percent exited via ferry (see chart, below left). Because many cruise ship passengers exit Alaska via airplane, it is also helpful to consider visitors in terms of transportation market (see chart, below right). The majority of visitors (58 percent) were cruise ship passengers; 38 percent were air visitors (entered and exited the state via air); and 4 percent were highway/ferry visitors (entered or exited the state via highway or ferry).

**CHART 1. Alaska Visitor Volume, Summer 2014, By Exit Mode**



**CHART 2. Alaska Visitor Volume, Summer 2014, By Transportation Market**



**Total Estimated Visitors: 1,659,600**

Visitor volume was down by 2 percent between summers 2013 and 2014, decreasing from 1,693,800 to 1,659,600. The decrease was largely attributable to a 3 percent decrease in cruise ship volume. Air volume was up by 1 percent, while highway volume was down by 8 percent.

**TABLE 1. Visitor Volume, by Transportation Market, Summers 2013-2014**

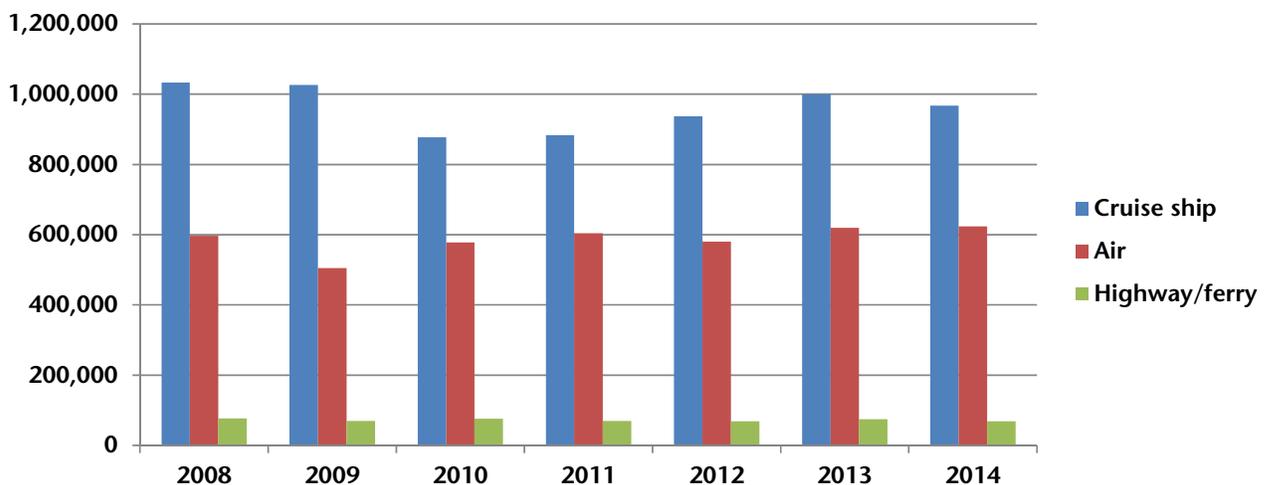
	2013	2014	% change
Air	619,400	623,600	+1%
Cruise ship	999,600	967,500	-3%
Highway/ferry	74,800	68,500	-8%
<b>Total</b>	<b>1,693,800</b>	<b>1,659,600</b>	<b>-2%</b>

## Visitor Volume Trends

The chart and table below show how visitor traffic has fluctuated by transportation market since 2008.

- In 2014 cruise passenger volume dropped for the first time in four years (by 3 percent). The 2014 volume of 967,500 was 6 percent below the 2008 peak of 1,033,100, and 10 percent above the 2010 low point of 878,000.
- The air market (non-cruise visitors that fly in *and* out of Alaska) increased by 1 percent in 2014, on the heels of a significant increase (7 percent) in summer 2013. While the air market has fluctuated over the years, reflecting the nationwide economy as well as airfares, the 2014 total is the highest since the “transportation market” method of counting visitors started in 2006.
- The 2014 highway/ferry market (non-cruise visitors that enter *or* exit by highway *or* ferry) shows a decline of 8 percent from 2013, following an increase of 8 percent between 2012 and 2013. Prior to the 2013 bump, the highway/ferry market had shown a long-term general downward trend reflecting travelers’ increasing tendency to take shorter trips, closer to home.

**CHART 3. Visitor Volume, by Transportation Market, Summers 2008-2014**



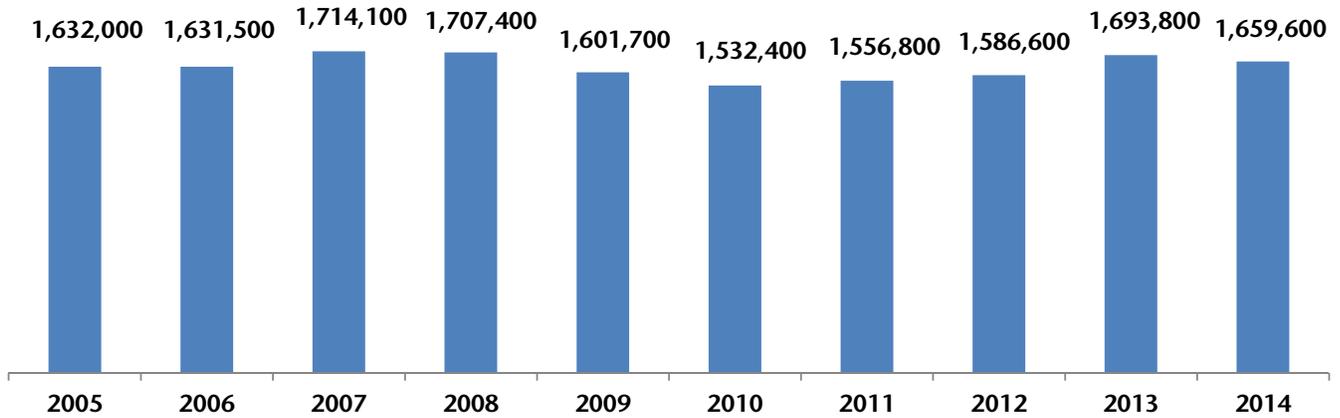
**TABLE 2. Trends in Summer Visitor Volume, By Transportation Market, 2008-2014**

	2008	2009	2010	2011	2012	2013	2014
Cruise ship	1,033,100	1,026,600	878,000	883,000	937,000	999,600	967,500
Air	597,200	505,200	578,400	604,500	580,500	619,400	623,600
Highway/ferry	77,100	69,900	76,000	69,300	69,100	74,800	68,500
<b>Total</b>	<b>1,707,400</b>	<b>1,601,700</b>	<b>1,532,400</b>	<b>1,556,800</b>	<b>1,586,600</b>	<b>1,693,800</b>	<b>1,659,600</b>
<b>% change</b>	<b>-0.4%</b>	<b>-6.2%</b>	<b>-4.3%</b>	<b>+1.6%</b>	<b>+1.9%</b>	<b>+6.8%</b>	<b>-2.0%</b>

Sources: AVSP V and AVSP VI.

Alaska's summer 2014 visitor volume was above average for the last decade: well ahead of the recession-era slumps of 2009-2011, but below the peaks of 2007 and 2008. The summer 2014 drop of 2.0 percent was on the heels of a very strong 2013 summer, which was up 6.8 percent from the previous year. With cruise traffic projected to increase next year by 3 percent, it is likely that summer 2015 will show an overall increase, if not reaching the volume of 2013.

**CHART 4. Summer Visitor Volume to Alaska, 2005-2014**



Sources: AVSP V and AVSP VI.

## **Additional Visitor Industry Indicators**

Table 3 (see page 6) presents changes in traffic data and other indicators comparing the 2014 summer visitor season with the previous year (2013). Unless otherwise indicated, data refers to the May through September time period.

### **Domestic Air**

Domestic air traffic exiting Alaska (including both residents and visitors) was flat between 2013 and 2014, with the percent change by airport varying from -2 percent for Anchorage to +15 percent for Juneau.

- The 2 percent decline in Anchorage traffic follows a significant increase in 2013 (9 percent) related to increased capacity and heavy discounting by airlines. The summer of 2014 did not show the big capacity changes of 2013. While Virgin America (a new airline in 2013) did not return to Anchorage in 2014, their relatively small volume had little effect.
- Fairbanks traffic was up by 1 percent, following a 3 percent increase in 2013.
- Juneau showed the largest increase at 15 percent, due at least in part to the addition of Delta Airlines to the Juneau market, where Alaska Airlines had previously provided the only jet service. Prices dropped significantly for the summer months, while capacity grew, prompting the jump in traffic.
- Sitka's increase of 7 percent may be related to the addition of Delta Airlines to Juneau: even though Delta did not land in Sitka, airfares were lower for Juneau, a frequent stopover for Sitka passengers. Ketchikan also showed an increase, of 4 percent.
- "Other" airports include Petersburg, Wrangell, Cordova, and Yakutat. Combined, enplaning passenger traffic on flights from these airports, bound outside of Alaska, was down by 2 percent.

### **International Air**

Passengers exiting Alaska via international air declined by 3 percent between 2013 and 2014, from 22,200 to 21,600, following a 6 percent increase in 2013. This is not necessarily an indicator of the overall international market; most international visitors exit Alaska via domestic air and cruise ship.

- Condor Airlines, which represented 61 percent of all international enplanements in 2014, was down by 1 percent from 2013.
- Icelandair, in its second year flying to Anchorage, was up by 19 percent from 2013. They represented 25 percent of 2014 international enplanements.
- Japan Airlines represented 9 percent of enplanements in 2014, and was up by 52 percent from 2013.
- Korean Air represented 3 percent of enplanements in 2014, and was down by 77 percent from 2013.
- Yakutia Air represented 3 percent of enplanements in 2014, and was down by 6 percent from 2013.

### **Cruise Ship**

Total cruise ship volume was down by 3 percent between 2013 and 2014.

- The decline in passenger volume in 2014 was largely attributable to decreased capacity by Princess.
- Based on planned itineraries, cruise traffic is projected to increase by 3 percent in 2015.

- In terms of a long-term outlook, while limited port capacity makes it unlikely that future cruise traffic will show the large increases of past decades, passenger volume is likely to grow gradually as larger ships replace smaller ships.
- Cross-gulf passengers (those sailing between Whittier/Seward and ports in the lower 48 and British Columbia) were down by 7 percent. A corresponding decrease in land tour volume was reported by at least one cruise line.
- Poor weather in Southeast Alaska led to an unusually high number of flightseeing cancellations, and a lower degree of participation in outdoor tours, which had an impact on overall shore excursion income. (The decline was more dramatic owing to the spectacular weather – and corresponding high sales – of 2013.) Conversely, retail spending tends to increase in poor weather seasons, as passengers replace the time usually spent on tours with shopping.
- Alaska’s small ship market, which includes ships with capacities of less than 250 passengers, showed a second strong year of growth, increasing in volume from about 6,000 in 2012, to 10,000 in 2013, to 15,000 in 2014. While some of this increase is attributable to an improved method of counting small ship passengers (most of whom are not tracked in CLAA data), the market does appear to be recovering following the demise of Cruise West. One line accounts for about half of the market; Un-Cruise Adventures was up from about 5,000 to 8,000 passengers, explaining much of the increase.

## **Ferry**

The number of visitors using the Alaska Marine Highway System was up by 5 percent in 2014 (based on the number of non-Alaska residents who purchased at least one ferry ticket anywhere). The number of visitors exiting Alaska via AMHS was down by 4 percent (based on the number of non-Alaska residents who disembarked at Prince Rupert or Bellingham). Visitors appear to be using the ferry more to travel between Alaska communities, but less to travel to and from the state.

## **Tax Revenues**

Bed taxes and vehicle rental taxes reflect usage by both residents and non-residents, and can be affected by changes in rental rates. Changes in tax revenues are presented as supporting indicators; they are not necessarily directly reflective of visitor volume.

Anchorage bed tax revenues were up by 8 percent, and car rental revenues were up by 11 percent, an interesting finding considering that enplanements were down by 2 percent. The increased tax revenues are likely related to higher room and car rental rates. Fairbanks and Mat-Su bed tax revenues were flat, while Denali was up by 8 percent. Juneau was up by 9 percent, corresponding to their increased air traffic. Sitka showed the largest increase of all communities at 23 percent.

**TABLE 3. Summer 2014 Visitor Industry Indicators  
Change from Previous Summer, 2013-2014**

	<b>Change 2013-2014</b>
<b>Domestic airplane passengers exiting Alaska, May-September</b>	
Anchorage	-2%
Fairbanks	+1%
Juneau	+15%
Ketchikan	+4%
Sitka	+7%
Other	-2%
<b>Total</b>	<b>0%</b>
<b>International airplane passengers exiting Alaska, May-September</b>	
Total	-3%
<b>Cruise passenger traffic, May-September</b>	
Total passenger volume	-3%
Cross-gulf passenger volume	-7%
<b>Out-of-state ferry passenger volume, May-September</b>	
Total non-resident volume	+5%
Non-residents exiting Alaska	-4%
<b>Non-resident sportfishing licenses, January-September</b>	
Total	+1%
<b>Bed tax revenues, April-September</b>	
Anchorage	+8%
Fairbanks	0%
Mat-Su	0%
Denali	+8%
Juneau	+9%
Sitka	+23%
<b>Vehicle rental tax revenues, April-September</b>	
Anchorage car rental	+11%
Anchorage RV rental	+8%

Notes: All bed tax revenue data refers to April through September with the exception of Mat-Su, which refers to May through September. The Fairbanks bed tax figure reflects combined City and Borough taxes.

Sources: Alaska Airlines, Ted Stevens Anchorage International Airport, Fairbanks International Airport, Juneau International Airport, Cruise Line Agencies of Alaska, Alaska Department of Fish and Game, Alaska Marine Highway System, Municipality of Anchorage, Fairbanks Convention and Visitors Bureau, Matanuska-Susitna Borough, Denali Borough, City and Borough of Sitka, and City and Borough of Juneau.

## U.S. Travel and Economic Indicators

U.S. travel indicators point to an overall growth in the industry, with increases posted for hotel occupancy, hotel rates, and domestic air traffic. Through September 2014, hotel-related metrics increased to levels not seen since peak occupancies in 1995 and 1996. Occupancy rates were up 3.5 percent from the same period in 2013, reaching 65.9 percent. Higher occupancies have pushed average daily rates up 4.5 percent from a year earlier. Revenue per available room also showed strong gains, increasing 8.2 percent over the same period in 2013. Domestic enplanements were up 1.3 percent from June 2013 to June 2014.

Overall U.S. economic activity increased in 2014. Unemployment was down by 1.1 percent, to 6.1 percent in August 2014. The Consumer Price Index (CPI) indicates that while the cost of goods and service is growing, the increase of 1.7 percent (August 2013-August 2014) is relatively moderate. Consumer spending was up 2.9 percent between July 2013 and September 2014.

The data shows that Alaska's travel industry contracted slightly in 2014, while the U.S. economy and travel industry showed some growth. Since Alaska's decline is attributable to fewer cruise passengers, and cruise volume is expected to recover in 2015, Alaska will be in a better position to capitalize on the improving U.S. economy next season.

**TABLE 4. Nationwide Economic and Travel Industry Indicators**

	Change
<b>U.S. Travel Indicators</b>	
Hotel occupancy (Jan-Sept 2013-14)	+3.5%
Average Daily Rate (ADR) (Jan-Sept 2013-14)	+4.5%
Revenue Per Available Room (RevPAR) (Jan-Sept 2013-14)	+8.2%
Domestic enplanements (June 2013-June 2014)	+1.3%
<b>U.S. Economic Performance</b>	
Unemployment rate (% of labor force) <sup>1</sup>	-1.1%
Consumer Price Index (August 2013-14)	+1.7%
Consumer Spending (July-September 2013-14)	+2.9%

Sources: U.S. Hotel Indicators from US Travel Association ([ustravel.org](http://ustravel.org)), Smith Travel Research ([str.com](http://str.com)), American Hotel and Lodging Association ([ahla.com](http://ahla.com)). Passenger statistics from Bureau of Transportation Statistics ([bts.gov](http://bts.gov)). Consumer Price Index from Bureau of Labor Statistics ([bls.gov](http://bls.gov)). Consumer Spending from Bureau of Economic Analysis ([bea.gov](http://bea.gov)).

<sup>1</sup>Unemployment rate reflects drop from 7.2 percent in August 2013 to 6.1 percent in August 2014.

# Methodology

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This report provides visitor volume estimates for Alaska between May 1 and September 30, 2014, as part of the *Alaska Visitor Statistics Program VI (AVSP)*, conducted by McDowell Group for the Alaska Department of Commerce, Community, and Economic Development (Division of Economic Development).

Visitor volume is estimated by exit mode; the methodology is slightly different for each mode.

**Domestic and International Air:** Outgoing traffic by month and by port was gathered from Alaska Airlines, Anchorage International Airport, Fairbanks International Airport, and Juneau International Airport. Visitor/resident ratios were applied to monthly traffic, by port, to arrive at visitor volume estimates. Ratios were determined in the summer 2011 AVSP survey fielding period, during which time 43,333 domestic flight passengers and 6,034 international flight passengers were tallied as they embarked on flights exiting Alaska. The airports where tallies took place included Anchorage, Fairbanks, Juneau, Ketchikan, and Sitka.

**Highway:** Border crossing data (the number of people exiting Alaska/entering Yukon) was provided by month and port by the Yukon Department of Tourism and Culture. Visitor/resident ratios were applied to monthly traffic, by port, to arrive at visitor volume estimates. Ratios were determined in the summer 2011 AVSP survey fielding period, during which time 5,238 highway travelers were tallied as they drove the highway, before exiting Alaska. Tallies occurred at four locations: near the US border stations on the Klondike, Haines, and Alcan Highways, and north of Tetlin Junction on the Taylor highway.

**Ferry:** The Alaska Marine Highway provided non-resident exiting traffic data by month and port (passengers disembarking at Bellingham and Prince Rupert).

**Cruise:** Cruise Line Agencies of Alaska provided passenger data for every port and every cruise ship for the summer 2014 season. Two numbers are generated from this data: the total number of cruise passengers, and the number of passengers who exit Alaska via cruise ship. The total number of cruise passengers is determined by adding together the maximum number of passengers recorded for each ship (without double-counting passengers who call at the same port twice). The number of passengers exiting Alaska is determined by counting the passengers aboard each ship as it exited the state (sailed southbound from an Alaska port to a Canadian port). All cruise ship passengers are assumed to be visitors.

This report also includes additional indicators of the 2014 visitor season. Sources included:

- Bed tax revenues collected from Municipality of Anchorage, City of Fairbanks, Denali Borough, City and Borough of Juneau, and Matanuska-Susitna Borough.
- Vehicle rental tax revenues collected from Municipality of Anchorage.
- Fishing license sales data from the Alaska Department of Fish and Game.
- U.S. travel industry and economic indicators from the U.S. Travel Association, Bureau of Labor Statistics, Bureau of Transportation Statistics, and Smith Travel Research.

The AVSP VI study team would like to acknowledge the following entities for their assistance with the project.

Alaska Airlines

Alaska Department of Transportation and Public Facilities

Alaska Department of Fish and Game

Alaska Marine Highway System

Cruise Line Agencies of Alaska

U.S. Customs and Border Protection

Yukon Department of Tourism and Culture

## Visitor/Resident Ratios

The following table shows the percentage of all travelers exiting the state by various transportation modes who are out-of-state visitors (rather than Alaska residents) in summer 2014. For example, an estimated 68.0 percent of travelers who exited Alaska via Domestic Air in summer 2014 were visitors. These ratios are a composite of ratios by location, by month. Because they apply to traffic data on a monthly and by-location basis, applying them to overall traffic will not yield the same results.

It is important to note that the highway ratio refers to highway travelers who are exiting the state for the final time on their trip. This eliminates the possibility of double-counting visitors who exit the state twice – for example, ferry passengers who exit the state at Beaver Creek, then re-enter at Haines to board a ferry.

**TABLE 5. Visitor Percentages, by Mode**

Exit Mode	Percentage Visitors
Domestic Air	68.0%
International Air	76.6%
Highway <sup>1</sup>	34.5%
Ferry	63.7%
Cruise ship	100.0%
<b>Total</b>	<b>77.5%</b>

<sup>1</sup> The highway ratio refers to “last-exit” visitors: not planning to re-enter Alaska on the same trip.

## Highway Border Crossings

The table below shows the number of personal vehicle occupants crossing the border from Alaska into Canada between 2007 and 2014, May through September, by the four highways. Overall, personal vehicle crossings were down by 7.2 percent. Changes were minor for the Alcan (up by 0.3 percent), Haines (up 1.2 percent), and Top of the World (down 2.5 percent). The decrease in Klondike highway crossings of 16.2 percent, on the heels of an 18.9 percent increase in 2013, suggests either a one-time, special event that caused traffic to spike, or a problem with the source data. (The source data, originating from Yukon border officials, was checked several times and corroborated by Yukon Department of Culture staff.) In any case, 2014 crossings on the Klondike were very consistent with 2012 data: 74,149 in 2014, 0.2 percent less than 74,334 in 2012.

**TABLE 6. Highway Border Crossings by Personal Vehicle, May-September 2006-2013**

	2007	2008	2009	2010	2011	2012	2013	2014
All highways	163,395	150,517	150,326	156,533	152,101	151,912	166,395	154,362
% change	-3.2%	-7.9%	-0.1%	+4.1%	-2.8%	-0.1%	+9.5%	-7.2%
Alcan	66,879	55,155	52,403	60,543	48,654	48,392	47,776	47,905
% change	-0.1%	-17.5%	-5.0%	+15.5%	-19.6%	-0.5%	-1.3%	+0.3%
Top of the World	13,880	12,603	9,960	8,378	10,881	10,131	10,925	10,649
% change	+13.8%	-9.2%	-21.0%	-15.9%	+29.9%	-6.9%	+7.8%	-2.5%
Klondike	56,652	60,647	63,972	67,310	72,137	74,334	88,349	74,149
% change	-7.8%	+7.1%	+5.5%	+5.2%	+7.2%	+3.0%	+18.9%	-16.1%
Haines	25,984	22,112	23,991	20,302	20,429	19,055	19,345	21,659
% change	-8.1%	-14.9%	+8.5%	-15.4%	+0.6%	-6.7%	+1.5%	+1.2%

Source: Yukon Department of Tourism and Culture.

## Total Traffic

The following table provides total traffic volume of residents and out-of-state visitors exiting the state (2007 to 2014) by various transportation modes. This table differs from Table 2 in that it shows both resident and visitor traffic, as opposed to only visitor traffic.

Note that two different cruise volume numbers are provided: the first is the number of people exiting by cruise ship; the second is the number of total cruise passengers.

**TABLE 7. Trends in Traffic, By Entry/Exit Mode, 2007-2014**

	2007	2008	2009	2010	2011	2012	2013	2014
Air	1,142,900	1,130,500	1,032,300	1,054,500	1,082,900	1,091,700	1,169,600	1,167,300
Cruise ship	827,800	836,500	835,000	742,700	752,800	775,900	823,300	798,600
Highway	194,200	175,400	171,500	170,500	169,200	172,700	186,600	162,600
Ferry	16,400	15,300	15,700	15,200	15,400	14,400	14,500	13,900
<b>Total</b>	<b>2,181,300</b>	<b>2,157,700</b>	<b>2,054,500</b>	<b>1,982,900</b>	<b>2,020,300</b>	<b>2,054,600</b>	<b>2,194,000</b>	<b>2,142,400</b>
% change	+4.2%	-1.1%	-4.8%	-3.5%	+1.9%	+1.7%	+6.8%	-2.4%
Total cruise	1,029,800	1,033,100	1,026,600	878,000	883,000	937,000	999,600	967,500
% change	+7.3%	+0.3%	-0.6%	-14.5%	+0.6%	+6.1%	+6.7%	-3.2%

Sources: AVSP V and VI.