

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

*Summer 2012*

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

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



Research-Based Consulting

Juneau  
Anchorage

*December 2012*

# Table of Contents

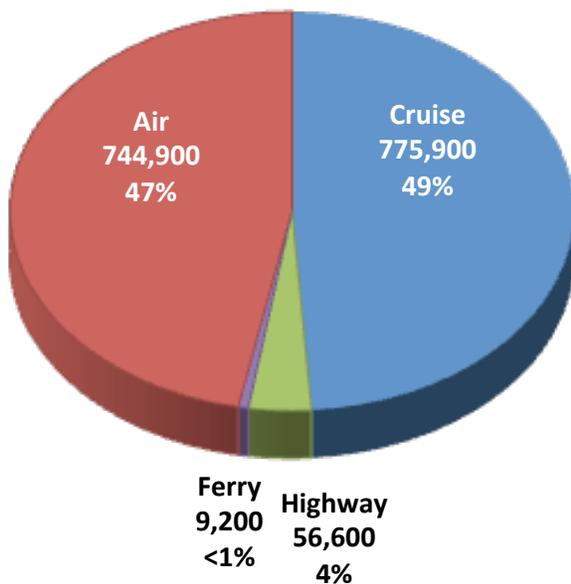
---

**Key Findings** ..... 1  
**Methodology**..... 7  
**Additional Traffic Data**..... 9  
    Visitor/Resident Ratios..... 9  
    Highway Border Crossings ..... 9  
    Total Traffic ..... 10

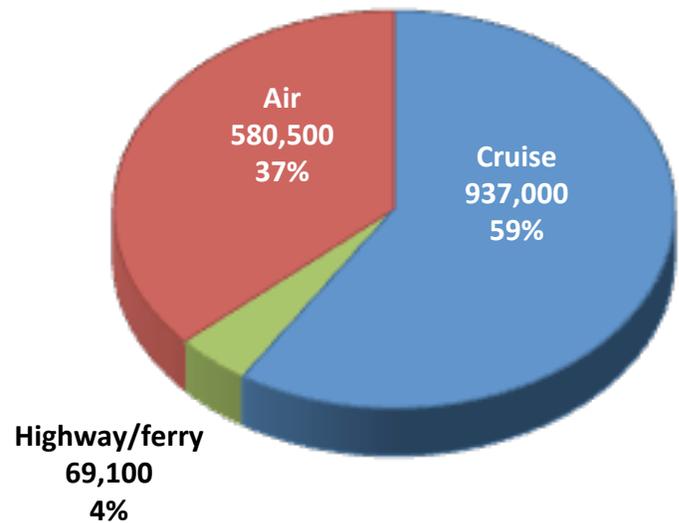
## Visitor Volume, Summer 2012

An estimated 1,586,600 out-of-state visitors came to Alaska between May and September, 2012. In terms of exit mode, nearly half of visitors (49 percent) exited the state via cruise ship, 47 percent exited via air, 4 percent exited via highway, and less than 1 percent exited via ferry (see chart, below left). Because many cruise ship passengers exit Alaska via air, it is also helpful to consider visitors in terms of transportation market (see chart, below right). The majority of visitors (59 percent) were cruise ship passengers; 37 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 2012, By Exit Mode**



**CHART 2. Alaska Visitor Volume, Summer 2012, By Transportation Market**



**Total Estimated Visitors: 1,586,600**

Visitor volume was up by 2 percent in summer 2012, increasing from 1,556,800 to 1,586,600. The number of cruise passengers increased by 6 percent, from 883,000 to 937,000. The increase in the cruise market more than offset the 4 percent decrease in the air market (from 604,500 to 580,500). The highway/ferry market was basically flat between the two years.

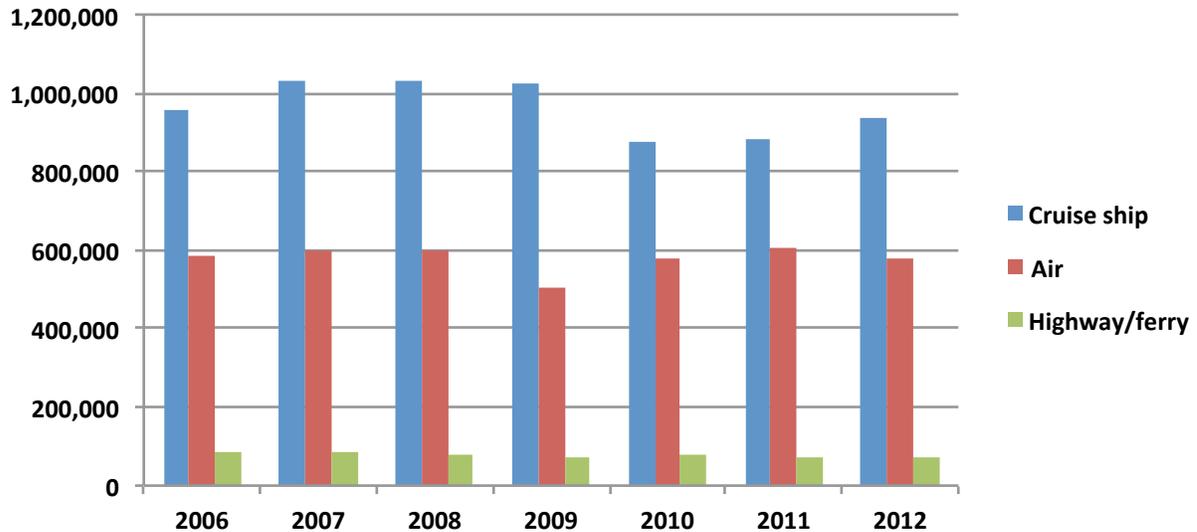
**TABLE 1. Visitor Volume, by Transportation Market, Summers 2011-2012**

	2011	2012	% change
Air	604,500	580,500	-4%
Cruise ship	883,000	937,000	+6%
Highway/ferry	69,300	69,100	0%
<b>Total</b>	<b>1,556,800</b>	<b>1,586,600</b>	<b>+2%</b>

## Visitor Volume Trends

The chart and table below show how visitor traffic has fluctuated by transportation market since 2006. The cruise market is still in recovery from its 14 percent drop in 2010. While volume increased by 6 percent in 2012 (to 937,000), it is 9 percent below the 2008 peak of 1,033,100. The air market has been fluctuating: after a 15 percent drop in 2009, it bounced back in 2010 and 2011, but dropped by 4 percent in 2012. The highway/ferry market held steady in 2012 after several years of decline; however, it is still significantly lower than 2006 volume.

**CHART 3. Visitor Volume, by Transportation Market, Summers 2006-2012**



**TABLE 2. Trends in Summer Visitor Volume, By Transportation Market, 2006-2012**

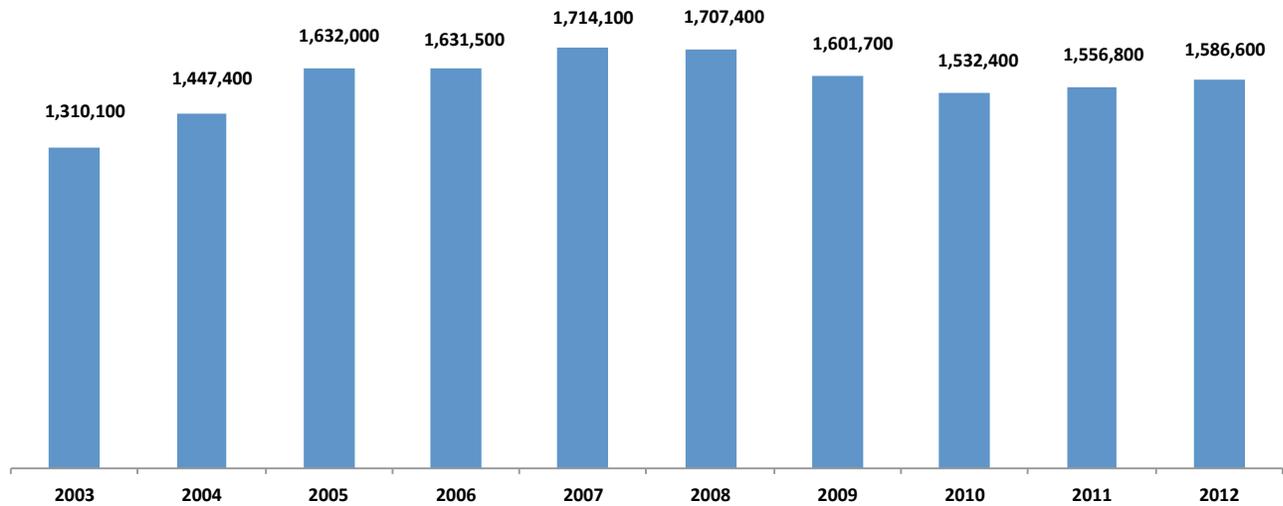
	2006	2007	2008	2009	2010	2011	2012
Air	587,800	602,200	597,200	505,200	578,400	604,500	580,500
Cruise ship	958,900	1,029,800	1,033,100	1,026,600	878,000	883,000	937,000
Highway/ferry	84,800	82,100	77,100	69,900	76,000	69,300	69,100
<b>Total</b>	<b>1,631,500</b>	<b>1,714,100</b>	<b>1,707,400</b>	<b>1,601,700</b>	<b>1,532,400</b>	<b>1,556,800</b>	<b>1,586,600</b>
<b>% change</b>	<b>0.0%</b>	<b>+5.1%</b>	<b>-0.4%</b>	<b>-6.2%</b>	<b>-4.3%</b>	<b>+1.6%</b>	<b>+1.9%</b>

Sources: AVSP V and AVSP VI.

In terms of overall volume, visitor volume to Alaska peaked in 2007 at 1,714,100. The nationwide economic recession resulted in steep declines in 2009 and 2010, followed by slow recovery: by 2 percent in 2011, and another 2 percent in 2012. Visitor volume in 2012 (1,586,600) was 7 percent below the 2007 peak.

*See chart, following page*

**CHART 4. Summer Visitor Volume to Alaska, 2003-2012**



Sources: 2001-2004 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-2010 data based on 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

## **Additional Visitor Industry Indicators**

Table 2 (see following page) presents changes in traffic data and other indicators comparing the 2012 summer visitor season with the previous year (2011) as well as the peak visitor volume year (2007). Unless otherwise indicated, data refers to the May through September time period.

- Domestic air traffic exiting Alaska was generally flat, with no change or 1 percent changes for Anchorage (-1 percent), Ketchikan (flat), Sitka (+1 percent), and Other (flat) as well as total exiting traffic (+1 percent). The exceptions were Juneau (+3 percent) and Fairbanks (+10 percent). The increase in Fairbanks exits may be attributable to the addition of United Airlines to that airport, new in summer 2012. The overall increase of 1 percent does not correspond with the 4 percent drop in the air transportation market because it includes cruise passengers exiting Alaska via air. Since cruise volume increased, the volume of cruise passengers exiting via air also increased.
- Passengers exiting Alaska via international air grew by 1 percent between summer 2011 and summer 2012. (This is not necessarily an indicator of the overall international market; most international visitors exit Alaska via domestic air and cruise ship.) While Edelweiss Air pulled out after a single season (2011), both Korean Air and Condor Airlines increased their number of flights in 2012. A new carrier, Yakutia Airlines, also started service between Anchorage and Petropavlovsk-Kamchatsky (Kamchatka Peninsula, Russia), although the number of enplanements was modest at 351 passengers, and many of these passengers were reportedly stopping in Alaska between flights, or were Alaska residents.
- Total cruise passenger traffic was up by 6 percent between 2011 and 2012, reflecting an additional Princess ship and increased capacity by Holland America.
- The small cruise ship market continued to recover from the loss of Cruise West, which was the largest small ship carrier in Alaska before it went out of business at the end of their 2010 season. Two small cruise ship lines started operating in 2011 (Alaskan Dream Cruises and InnerSea Discoveries); both of these lines increased their capacity in summer 2012. In addition, American Cruise Lines introduced a ship into the Alaska market in summer 2012.
- Land tour volume was up an estimated 7 percent between 2011 and 2012 after several years of decline, reflecting an increase in cross-gulf itineraries. Although land tour participation was up, it will likely not reach previous, peak levels until overall cruise volume likewise recovers.
- The number of non-residents using the Alaska Marine Highway System was down by 2 percent. The number of non-residents exiting Alaska via AMHS was down by 7 percent.
- Bed tax revenues were up for every community surveyed, including 6 percent for Anchorage, 4 percent for the City of Fairbanks, 17 percent for the Fairbanks North Star Borough, 10 percent for Mat-Su, 9 percent for Juneau, 3 percent for Denali, and 6 percent for Sitka. Note that bed tax revenues reflect occupancy by both residents and non-residents, and reflect differences in room rates as well as occupancy. (All bed tax revenue data refers to April through September with the exception of the City of Fairbanks, Fairbanks North Star Borough, and Mat-Su, which refer to May through September.)

- In Anchorage, vehicle rental tax revenues (April through September) were down by 6 percent for Anchorage, even though bed tax revenues were up. The disparity may reflect the increase in the cruise market (which utilizes Anchorage lodging but are less likely to rent cars) and simultaneous decrease in the air (independent) market; air visitors are more likely than cruise visitors to rent cars. RV rental tax revenues were also down, by 5 percent. Like bed taxes, 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.

**TABLE 3. Summer 2012 Visitor Industry Indicators**  
**Change from Previous Summer (2011-2012) and from Peak Visitor Volume Year (2007-2012)**

	Change 2011-2012	Change 2007-2012
<b>Domestic airplane passengers exiting Alaska, May-September</b>		
Anchorage	-1%	-5%
Fairbanks	+10%	+9%
Juneau	+3%	-13%
Ketchikan	0%	-16%
Sitka	+1%	-18%
Other	0%	-8%
<b>Total</b>	<b>+1%</b>	<b>-5%</b>
<b>International airplane passengers exiting Alaska, May-September</b>		
Total	+1%	+9%
<b>Cruise passenger traffic, May-September</b>		
Total passenger volume	+6%	-9%
Land tour volume	+7%	n/a
<b>Out-of-state ferry passenger volume, May-September</b>		
Total volume	-2%	-3%
Exiting Alaska	-7%	-14%
<b>Non-resident sportfishing licenses, January-September</b>		
Total	-1%	n/a
<b>Bed tax revenues, April-September</b>		
Anchorage	+6%	+4%
Fairbanks (City of Fairbanks)	+4%	-11%
Fairbanks (North Star Borough)	+17%	+4%
Mat-Su	+10%	+13%
Denali	+3%	-2%
Juneau	+9%	-12%
Sitka	+6%	-30%
<b>Vehicle rental tax revenues, April-September</b>		
Anchorage car rental	-6%	-8%
Anchorage RV rental	-5%	-12%

<sup>1</sup> All bed tax revenue data refers to April through September with the exception of the City of Fairbanks, Fairbanks North Star Borough, and Mat-Su, which refer to May through September. Sources: Alaska Airlines, Ted Stevens Anchorage International Airport, Fairbanks International Airport, Cruise Line Agencies of Alaska, cruise lines, 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 Juneau, and City and Borough of Sitka.

Table 3 shows nationwide economic and travel industry indicators, comparing January-September 2011 with the same period for 2012.

- Every travel industry indicator shows growth over last year, including a 0.8 percent increase in domestic enplanements; 2.0 percent increase in international enplanements; 3.0 percent increase in room demand; and 7.3 percent increase in room revenue.
- Economic indicators also show recovery, with the unemployment rate dipping by 0.7 percent; consumer confidence up by 15.3 percent; and GDP up by 2 percent.
- With a 2 percent increase over 2011 visitor volume, Alaska’s 2012 visitor season reflected the nationwide continued (slow) recovery from the economic recession of 2008-09.

**TABLE 4. Summer 2012 Nationwide Economic and Travel Industry Indicators  
Change from 2011 to 2012 (January-September)**

	Change 2011-2012
<b>Industry Performance</b>	
Passenger Transportation Services Index	+2.2%
Passenger enplanements, Domestic	+0.8%
Passenger enplanements, International	+2.0%
Employment in transportation	+0.2%
Room demand	+3.0%
Room revenue	+7.3%
Employment in lodging	+0.8%
Travel Price Index	+2.3%
<b>Economic Performance</b>	
Unemployment rate (% of labor force) <sup>1</sup>	-0.7%
Consumer Confidence (index level)	+15.3%
Real GDP	+2.0%

Source: U.S. Travel Association.

<sup>1</sup> Unemployment rate reflects drop from 8.6 in September 2011 to 7.9 percent in September 2012. Source: Gallup.

This report provides visitor volume estimates for Alaska between May 1 and September 30, 2012, 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, and Fairbanks 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 2012 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 2012 visitor season and how they compare to 2011. Sources included:

- Land tour passenger volume data provided by cruise lines.
- Bed tax revenues collected from Municipality of Anchorage, Fairbanks Convention and Visitors Bureau, Denali Borough, City and Borough of Juneau, Matanuska-Susitna Borough, and City and Borough of Sitka.
- 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.

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

Alaska Airlines

Alaska Marine Highway System

Alaska Travel Industry Association

Cruise Line Agencies of Alaska

Fairbanks International Airport

Ted Stevens Anchorage International Airport

U.S. Customs and Border Protection

Yukon Department of Tourism and Culture

# Additional Traffic Data

## 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 2012. For example, an estimated 68.0 percent of travelers who exited Alaska via Domestic Air in summer 2012 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	80.9%
Highway <sup>1</sup>	32.8%
Ferry	64.1%
Cruise ship	100.0%
<b>Total</b>	<b>77.2%</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 2006 and 2012, May through September, by the four highways. Overall, personal vehicle crossings were down by a fraction (0.1 percent) between 2011 and 2012. Declines at the Alcan, Top of the World, and Haines borders were offset by an increase at the Klondike border.

**TABLE 6. Highway Border Crossings by Personal Vehicle, May-September 2006-2012**

	2006	2007	2008	2009	2010	2011	2012
All highways	168,875	163,395	150,517	150,326	156,533	152,101	151,912
<b>% change</b>		<b>-3.2%</b>	<b>-7.9%</b>	<b>-0.1%</b>	<b>+4.1%</b>	<b>-2.8%</b>	<b>-0.1%</b>
Alcan	66,978	66,879	55,155	52,403	60,543	48,654	48,392
<b>% change</b>		<b>-0.1%</b>	<b>-17.5%</b>	<b>-5.0%</b>	<b>+15.5%</b>	<b>-19.6%</b>	<b>-0.5%</b>
Top of the World	12,195	13,880	12,603	9,960	8,378	10,881	10,131
<b>% change</b>		<b>+13.8%</b>	<b>-9.2%</b>	<b>-21.0%</b>	<b>-15.9%</b>	<b>+29.9%</b>	<b>-6.9%</b>
Klondike	61,432	56,652	60,647	63,972	67,310	72,137	74,334
<b>% change</b>		<b>-7.8%</b>	<b>+7.1%</b>	<b>+5.5%</b>	<b>+5.2%</b>	<b>+7.2%</b>	<b>+3.0%</b>
Haines	28,270	25,984	22,112	23,991	20,302	20,429	19,055
<b>% change</b>		<b>-8.1%</b>	<b>-14.9%</b>	<b>+8.5%</b>	<b>-15.4%</b>	<b>+0.6%</b>	<b>-6.7%</b>

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 (2005 to 2012) by various transportation modes. In 2003 and 2004, visitors were measured as they entered the state. 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, 2003-2012**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Air	1,003,000	1,075,000	1,103,900	1,117,900	1,142,900	1,130,500	1,032,300	1,054,500	1,082,900	1,091,700
Cruise ship	620,900	712,400	761,100	758,100	827,800	836,500	835,000	742,700	752,800	775,900
Highway	207,300	210,900	214,500	199,300	194,200	175,400	171,500	170,500	169,200	172,700
Ferry	22,400	22,800	17,800	17,500	16,400	15,300	15,700	15,200	15,400	14,400
<b>Total</b>	<b>1,853,600</b>	<b>2,021,100</b>	<b>2,097,300</b>	<b>2,092,800</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>% change</b>	<b>+1.6%</b>	<b>+9.0%</b>	<b>+3.8%</b>	<b>-0.2%</b>	<b>+4.2%</b>	<b>-1.1%</b>	<b>-4.8%</b>	<b>-3.5%</b>	<b>+1.9%</b>	<b>+1.7%</b>
Total cruise	777,000	884,400	953,400	958,900	1,029,800	1,033,100	1,026,600	878,000	883,000	937,000
% change	+5.0%	+13.8%	+7.8%	+0.6%	+7.3%	+0.3%	-0.6%	-14.5%	+0.6%	+6.1%

Sources: 2003-2004 data (referring to traffic entering Alaska) from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-2012 data (referring to traffic exiting Alaska) from AVSP V and VI (conducted by McDowell Group, Inc.).