

ALASKA TOURISM MARKETING NEEDS SURVEY

***Prepared for:
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Department of Community & Economic Development
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Introduction

Management of Alaska's tourism marketing is undergoing one of the most profound changes since statehood. Shifting political philosophy and state budget shortfalls have decreased state government funding of tourism marketing. In response to this loss of support, the tourism industry proposed the framework of a new organization – the Alaska Tourism Industry Association (ATIA) – that now assumes statewide tourism marketing responsibilities. It is supported largely by financial commitments from corporations, businesses and organizations with vested interest in the success of Alaska's tourism. ATIA is now the contractor for the Alaska Statewide Tourism Marketing Program with \$4 million in state money inherent in that contract. The Alaska Division of Tourism – charged by statute with responsibility for promoting tourism benefits to all areas and interests in the state – has been hamstrung by budget cuts, and forced to respond to only a portion of their legal responsibilities in recent years.

Yet, the Alaska Division of Tourism remains a critical link in the management of tourism marketing. That link is its statutory relationship and responsibility to all tourism interests in Alaska. In order to meet these responsibilities in the evolution of tourism marketing management, the Alaska Division of Tourism is seeking to assess the marketing needs of Alaska's tourism businesses and organizations. While many of these businesses and organizations are already part of the former (AVA, ATMC) and future (ATIA) marketing organizations, others are not. The Division must consider all entities. Further, while a great deal of effort has resulted in the design of an ATIA framework and membership policies, its exact role and function is being defined. As the recipient of the statewide tourism-marketing contract, it will continue to evolve. In an effort to help define the overall mission of Alaska tourism marketing, the Division has contracted with the McDowell Group, Inc. to conduct an Alaska Tourism Marketing Needs Survey to gather input from the full range of tourism interests in Alaska.

While the response rate was lower than expected, the comprehensive nature of the survey content yields invaluable insights into the marketing practices, needs and opinions of this representation of the Alaska tourism industry. Most importantly, the results provide clear program direction to the ATIA and the Division of Tourism for the future with surprising agreement among respondents on the most desirable and important markets and programs.

Methodology

The methodology used in this survey was an initial mail survey to 673 Alaska tourism businesses and organizations with offices in Alaska. The initial mailing was followed up with telephone calls, follow-up faxes and repeat mailings. Business surveys traditionally receive low responses and as a result the McDowell Group has developed a phone/fax/mail follow-up methodology to boost response. The final response was 142 returned usable surveys. The survey was initiated in March of 2000 with extensive follow-up effort during April and May.

The design of the survey was principally by the Division of Tourism, using a question format derived from an Arizona tourism industry survey with some additional refinements. While this particular format – according to a number of respondents and non-respondents – hindered response rates, the study team assumes that those who did respond tended to be those with high interest and knowledge in tourism. Non-respondents are assumed to be those with less vested interest and knowledge in Alaska tourism and those unwilling to complete the detailed format of the major question regarding the 20 programs the Division of Tourism wished to evaluate.

The survey sample was drawn from a variety of sources. The major source was a complete Alaska Department of Labor list of all Alaska employers in the major tourism-affected Standard Industrial Classification (SIC) categories that define tourism as an industry. The survey used the same SIC categories used in McDowell Group's previous studies (the most recent being the *Alaska Visitor Industry Economic Impact Study, 1999 Update*) that quantified the economic impact of the tourism industry in Alaska. These include Transportation (air, water, ground and transportation services), Retail Trade (general merchandise, food, apparel/accessory, eating & drinking places and miscellaneous specialty retail), and Services (hotels & other lodging places, auto/RV rentals and amusement/recreation services). Further, specific sub-categories of these SICs with high concentrations of tourism businesses were included. Businesses were selected on the basis of having a clear involvement in tourism, as many businesses in these categories are not tourism related and would not have been useful to the survey.

In addition, the survey included 40 tourism-related organizations and agencies in Alaska such as CVBs, Chambers of Commerce, and regional and statewide organizations on file with the Division of Tourism and on the AVA membership list. Finally, a selection of 130 members of the statewide tourism industry organization, the Alaska Visitors Association, was included to insure representation of the most active and involved tourism businesses and organizations.

The total sample of 673 businesses and organizations with Alaska offices is considered representative, rather than random and statistical. The distribution of the survey respondents was spread relatively evenly among major categories, allowing for some sub-group analysis and balanced representation. Of total respondents, 11% were transportation companies, 19% retail, 26% lodging of all kinds, 19% tour companies, 15% organizations (mostly CVBs) and 13% services/other.

Summary and Analysis of Results

Evaluation of Existing Marketing Programs

Summary

Respondents were asked to identify their awareness of, use of, perceived importance (to their business or organization) and satisfaction with each of 20 marketing programs conducted in the past by the Alaska Tourism Marketing Council and the Alaska Division of Tourism.

Only the Alaska Travel Planner programs have near-universal recognition at over 90%. In contrast, at least 30% of respondents are unaware of 18 of the 20 programs under evaluation and six programs are unknown to over 50% of respondents.

In contrast to the awareness of programs, all but one program (Direct Mail Labels) is considered important to their businesses or organizations by at least two-thirds of all respondents. Clearly, respondents appreciate the value of marketing in the tourism business and they are sophisticated enough to recognize that marketing involves many factors to be successful.

Program use varies from a high of 53% (using the Alaska Vacation Planner Listing) to just 8% (three programs). Just two programs (Planner Advertising and Listing) have participation by more than 35% of respondents and eight programs have at least 30% participation. As a rule, participation increased as the size of the business or organization increased.

Satisfaction ratings (by users and non-users combined) are modest, ranging from a high of 37% "satisfied" (Inquiry Fulfillment) to a low of 19% (Winter Tourism). Unsatisfied ratings top out at 38% unsatisfied (with Public Relations Service) with a low of 21% unsatisfied with Trade Show Attendance. Twelve programs have higher positive than negative satisfaction ratings, seven have a negative score and one program breaks even. As in use, satisfaction with programs tends to increase as the size of the business or organization increases.

However, a further analysis of satisfaction ratings reveals dramatic differences in the opinions of users and non-users of programs. Program users are well satisfied with almost all programs, usually by margins of two or three to one over unsatisfied users. Twelve programs are rated between 51% and 86% satisfied, with unsatisfied percentages low, typically between 15% and 25%. Users gave negative satisfaction ratings to just two programs. Conversely, non-users of programs assigned negative satisfaction ratings to 19 or 20 programs. About one-half of non-users still offered opinions on programs they did not use nor, presumably, had much knowledge of. The other one-half of non-users did not rate satisfaction.

In summary, respondents are not universally aware of many programs. They do consider marketing of all kinds as important to their businesses or organizations. They are selective about their participation in the 20 programs and, on average, are moderately satisfied with those programs' effectiveness. Program users are quite satisfied with existing programs while some non-users, for whatever reason, be it

ignorance, misinformation or honest informed opinion, tend to view the programs as not effective. A separate analysis of user/non-user ratings is included in this report.

In the past, the Alaska Tourism Marketing Council (ATMC) and the Alaska Division of Tourism (DOT) have provided statewide marketing programs for tourism-related businesses and organizations. Are you aware of the following programs? Please tell us if you are aware of the program, if it's important to your business or organization, if you have participated in it, and how satisfied you were with the program on a scale of 1, very unsatisfied, and 5, very satisfied.

Tourism Marketing Program Evaluations

Marketing Program	Awareness		Important		Used Program		Satisfaction Rating	
	Yes	No	Yes	No	Yes	No	Satisfied	Unsatisfied
US & Canada Consumer Advertising:	69%	31%	81%	19%	34%	66%	29%	26%
Advertising in Alaska Vacation Planner:	92	8	81	19	48	52	34	28
Listing in Alaska Vacation Planner:	91	9	80	20	53	47	35	27
Direct Mail Labels:	70	30	54	46	23	77	22	38
ATMC Website Program:	59	41	85	15	31	69	32	31
Division of Tourism Website:	55	45	90	10	33	67	29	27
Winter Tourism Program:	65	35	72	28	16	84	19	29
Market Research Information:	53	47	78	22	31	69	34	26
Public Relations Service:	51	49	78	22	18	82	25	36
Travel Trade Marketing:	48	52	69	31	18	82	30	24
Trade Show Attendance:	72	28	78	22	16	84	32	21
Travel Trade Show Attendance:	55	45	74	26	25	75	24	22
Community Brochure Distribution:	60	40	82	18	28	72	33	23
Inquiry Fulfillment:	68	32	89	11	31	69	37	26
Tourism North Program:	51	49	73	27	22	78	28	25
North to Alaska! Free-standing Insert:	36	64	75	25	10	90	27	31
Travel Agent Training:	46	54	80	20	13	87	21	30
Tourism Marketing Technical Assistance:	35	65	66	34	8	92	23	25
International Workshop Series:	42	58	66	34	8	92	24	24
Stock Film Footage:	46	54	67	33	8	92	25	26

Awareness of Marketing Programs

The Alaska Vacation Planner was, by far, the most recognized marketing program among the 20 being evaluated. Ninety-two percent were aware of the opportunity to advertise in it and 91% were aware of the listing opportunity. It was followed by Trade Show Attendance (72% were aware), Direct Mail Labels (70%), U.S. and Canada Consumer Advertising (69%) and the Winter Tourism Program (65%). Community Brochure Distribution at (60%) was the only other program with 60% or higher awareness.

At the other end of the scale, lowest awareness went to Tourism Marketing Technical Assistance (35%), the North to Alaska Free Standing Insert (36%) and the International Workshop Series (42%).

Perceived Importance of Marketing Programs

Fulfillment and technology are the clear leaders in perceived importance. However, twelve programs were identified as important to at least 75% of respondents including some programs with low awareness. Further, at least one-half of all respondents considered every program important.

Division of Tourism Website (90%), Inquiry Fulfillment (89%) and ATMC Website (85%) were the leading choices in terms of importance to respondents' businesses or organizations. Community Brochure Distribution (82%) was followed by US/Canada Consumer Advertising and Advertising in the Alaska Vacation Planner (both 81%). Listing in the Planner and Travel Agent Training (both 80%) were the other programs with 80%+ importance ratings.

Least important, by far, to respondents' businesses or organizations was Direct Mailing Labels (54% rated it important). It was followed by Tourism Marketing Technical Assistance (67%), International Workshop Series (66%) and Stock Film Footage (66%). Though ranked lower in importance, they are still rated high in terms of percentage.

With the exception of the two Planner programs (advertising and listings), every program had a higher importance than recognition score. We assume this means that once people are aware of these programs they think they are important. This points out the need to inform tourism interests of available programs. The fact that at least 30% of these tourism-focused entities that labored through the survey were unaware of 18 of the 20 programs is a major communications challenge for both the ATIA and ADOT. We can probably assume that non-respondents were even less aware of the programs.

Use of Marketing Programs

By far the most heavily used programs were the two Planner programs. Planner Listing (used by 53% of respondents) and Planner Advertising (48%) were the leading programs in terms of use. These were ranked well ahead of the 34% who perceive themselves as using US/Canada Consumer Advertising.

Technology use is next on the program use list. One-third of respondents (33%) said they used the Division of Tourism Website while another 31% used the ATMC Website. Market Research Information and Inquiry Fulfillment (both used by 31%) were the other two programs with over 30% participation.

The Tourism North program, a significant cooperative marketing effort between Alaska and Canada, is used by 22% of respondents, has a 73% importance rating and just over one-half (51%) are aware of it.

Lowest in usage rates were Tourism Marketing Technical Assistance, International Workshop series and Stock Film Footage, each used by 8% of respondents.

Overall, use tends to increase as the size of the company or organization increases. This may be due to a number of factors. Larger firms and organizations have more resources. Participation usually costs money as in the case of some major ATMC programs. Smaller entities tend to make higher use of some of the ADOT programs (ADOT website, inquiry servicing and community brochure distribution) that are free. Further, larger entities are larger often because they historically have done what is successful and participation in these programs is intended to increase success in the Alaska tourism market place.

The largest firms and organizations are the heaviest users of all programs except Inquiry Fulfillment and Community Brochure Distribution. Large entity use is particularly heavy (75% to 100%) in the core ATMC programs. The largest entities have more than 50% participation in ten of the twenty programs. The smallest businesses or organizations are the least likely to participate in programs. Their highest participation is 41% in Planner Listings. Only 20% or more of the smallest entities participate in six of the twenty programs. Mid-sized businesses or organizations participate more than the smaller ones and less than the largest (\$5 million+) businesses or organizations. Their participation is heaviest in the core ATMC programs but they are also important participants in the same ADOT programs popular among the smallest entities.

Satisfaction with Marketing Programs

Respondents were asked to rate effectiveness on a 1 to 5 scale from “very” to “not at all” satisfied. While less than one-half of respondents actually use 19 of the 20 programs, many more respondents have opinions on the effectiveness of these programs so the ratings also include a significant number of non-users. Respondents are moderately satisfied overall but in many cases the largest group is in the middle, saying they are neither satisfied nor unsatisfied.

Respondents are not overly enthusiastic about the effectiveness of any of the 20 programs, nor are they pointedly critical. When comparing the percentage of “satisfied” and “unsatisfied” ratings, three programs have at least 10% more respondents giving a satisfied than an unsatisfied rating.

Inquiry Fulfillment by ADOT (37% satisfied vs. 36% unsatisfied) and Trade Show Attendance (32% vs. 21%) are the leaders in relative satisfaction followed closely by Community Brochure Distribution (33% vs. 23%).

The most heavily used programs (Planner advertising and listing) receive moderately positive ratings with 34% and 35% positives and 28% and 27% negatives. Website programs also have lukewarm returns with positives outweighing negatives by 1% and 2% for the ATMC and ADOT sites, respectively.

Using this same relative satisfaction comparison, the programs judged least effective are Direct Mail Labels (22% satisfied vs. 38% unsatisfied), Public Relations Services (25% vs. 36%) and Winter Tourism Program (19% vs. 29%). Other programs with

negative satisfaction scores are Travel Agent Training, North to Alaska Free Standing Insert, Tourism Marketing Technical Assistance and Stock Film Footage.

In general, satisfaction, like participation, tends to increase as the size of the business or organization increases. Larger firms and organizations tend to rate programs higher, giving “satisfied” ratings above 50% and as high as 75% to nine programs. Travel Show Attendance, Market Research, Public Relations, ATMC website, U.S./Canada Consumer Advertising and Planner Advertising get the highest scores. The smallest businesses or organizations rate no program as high as 50% “satisfied” and their highest scores (of 42% to 35%) go to Inquiry Fulfillment, Market Research Information, ADOT Website, Community Brochure Distribution and Trade Show Attendance. Mid-sized firms and organizations tend to rate programs higher than do the smallest entities and lower than do the largest entities. Among firms and organizations with sales (or budgets) of \$1-\$5 million, the highest satisfaction scores (50%) are Inquiry Fulfillment and Trade Show Attendance. They also rate the core ATMC programs higher than do the smallest entities but not as high as do the largest firms and organizations.

Satisfaction Rating of Alaska Marketing Program By Users and Non-Users

Following is a separate analysis of the dramatically different satisfaction opinions expressed by program users vs. non-users. The following table details these results.

Program users appear quite satisfied with most programs and almost all program users did venture an opinion on this question. In seventeen of twenty cases, satisfied program users significantly exceed unsatisfied users by at least 21% (ADOT Website) and as much as 72% (Stock Film Footage). Only two programs (Winter Tourism at -20% and Travel Agent Training at -7%) have more unsatisfied than satisfied users. The Direct Mail Labels program had a narrow +3% positive margin of satisfied over unsatisfied users. (See “Difference” columns in the following table for this data).

The highest satisfaction levels among program users are Stock Film Footage (86% of users are satisfied), Tourism Marketing Technical Assistance (67%), Market Research Information (63%), Inquiry Fulfillment (62%) and Public Relations service (61%). Users are least satisfied with Winter Tourism (30% satisfied) and Travel Agent Training and Direct Mail Labels (both with 40% of their users satisfied).

About one-fourth of all non-users of each program expressed either a negative or positive opinion and it is the opinions of these respondents that are shown in the following table. Another one-fourth of non-users expressed a neutral (neither satisfied nor unsatisfied) opinion. Overall about one-half of non-users declined to rate each program while one half did express a satisfaction rating of some kind.

The one-fourth of non-users who did offer either a positive or negative opinion are generally unsatisfied with nineteen of the twenty programs and the twentieth program had a breakeven satisfaction rating. Direct Mail Labels, Market Research Information and Planner Listings had the highest negative scores when comparing satisfied with unsatisfied percentages (see following table for details). The question arises as to why this level of dissatisfaction exists among some non-users when those most familiar with these programs (users) rate them highly. Regardless of the reasons (ignorance, misinformation, honest informed opinion, etc.), a clear solution is educational out reach to both users and potential users.

Alaska Tourism Marketing Program Satisfaction Ratings By Program Users and Non-Users

Marketing Program	Program Users		Difference	Program Non-Users		Difference
	Satisfied	Unsatisfied		Satisfied	Unsatisfied	
US & Canada Consumer Advertising:	51%	19%	+32	8%	33%	-25
Advertising in Alaska Vacation Planner:	52	22	+30	10	37	-27
Listing in Alaska Vacation Planner:	47	21	+26	10	39	-29
Direct Mail Labels:	40	37	+3	9	40	-31
ATMC Website Program:	47	25	+22	18	37	-19
Division of Tourism Website:	43	22	+21	11	35	-24
Winter Tourism Program:	30	50	-20	15	21	-16
Market Research Information:	63	17	+36	9	34	-25
Public Relations Service:	61	33	+38	9	39	-30
Travel Trade Marketing:	52	19	+33	19	26	-7
Trade Show Attendance:	55	15	+40	23	23	0
Travel Trade Show Attendance:	50	15	+35	10	24	-14
Community Brochure Distribution:	50	20	+30	21	24	-3
Inquiry Fulfillment:	62	24	+38	13	29	-16
Tourism North Program:	44	20	+24	19	28	-9
North to Alaska! Free-standing Insert:	58	33	+25	20	29	-9
Travel Agent Training:	40	47	-7	15	24	-9
Tourism Marketing Technical Assistance:	67	11	+56	14	28	-14
International Workshop Series:	56	22	+34	17	26	-9
Stock Film Footage:	86	14	+72	17	27	-10

Future Perceived Importance of Current Programs

Respondents were asked to choose the three programs they judge will be most important, and least important, to their business or organization in the next 3 to 5 years. Websites and Planner programs dominated the future importance list. However, many programs that respondents consider important today received little mention for their future importance.

Websites and the Alaska Vacation Planner were the dominant choices for the future. The ATMC (now ATIA) Website was mentioned by 35% of respondents and the ADOT Website was identified as important by 23%. The two Planner programs – Listing with 29% and Advertising with 26% – were the second and third-rated choices overall.

US/Canada Consumer Advertising (18%), Winter Tourism Program (18%), Market Research Information (14%) and the Tourism North Program (13%) were next in line in terms of importance to the future.

Lowest scoring programs were Stock Film Footage and Travel Trade Show Attendance (both 1%), International Workshop Series (3%), Travel Trade Marketing (4%), Tourism Marketing Technical Assistance (5%) North to Alaska Free Standing Insert and Community Brochure Distribution (both 6%) and Direct Mailing Labels and Travel Agent Training (both 7%). All other programs had at least 10% supporting their future importance.

When asked for the least important programs to their future, the responses were essentially in reverse to the previous question lead by Stock Film Footage, International Workshop Series, Trade Show Attendance, Tourism Marketing Technical Assistance, Travel Agent Training, Winter Tourism and Direct Mailing Labels, in that order.

Current Programs Considered Among Three Most Important in the Future

Programs	Percent
ATMC Websit Program	35%
Listing in Alaska Vacation Planner	29
Advertising in Alaska Vacation Planner	26
Division of Tourism Website	23
U. S & Canada Consumer Advertising	18
Winter Tourism Program	18
Market Research Information	14
Tourism North Program	13
Public Relations Service	11
Trade Show Attendance	10
Inquiry Fulfillment	10

Current Tourism Business Marketing Practices

The survey asked respondents to describe their own in-house marketing programs that are not directly related to the cooperative programs listed earlier in the survey. The responses reveal why these businesses and organizations value the full range of marketing programs offered in the past by ATMC and ADOT. The average Alaska tourism business and organization engages in several types of marketing activity. In addition to significant participation in cooperative programs, many of them appear to conduct comprehensive programs on their own. When it comes time to evaluate programs, they are experienced and literate in Alaska tourism marketing.

Almost all tourism businesses or organizations in the survey prepare and distribute a brochure(s) – 84% do so – and maintain a web page for information purposes (80%). Thirty percent also maintain a web page for bookings. A very high percentage (70%) purchase print media advertising on their own and nearly one-half (44%) purchase electronic media advertising. Over one-half (54%) conduct public relations activities of their own. A significant percentage (38%) conduct direct mail promotions of their own.

Responding businesses and organizations tend to participate in local CVB programs (59%) and in regional marketing programs (30%), and nearly one-half claim membership in a trade association of some kind. Four in ten call directly on travel agents and/or wholesalers. Three of ten participate in trade/consumer shows outside and inside Alaska.

However, few of them (just 20%) evaluate their markets or programs through their own market research.

In-House Marketing Program Utilization

Marketing Programs	Percent Using In-House
Prepares & Distributes a Brochure(s)	84%
Maintains Internet Web Page for Information	80
Purchases Print Media Advertising	70
Participates in Local Convention and Visitors Bureau Programs	59
Conducts Public Relation Activities	54
Member of trade Organization	46
Purchases Electronic Media Advertising	44
Calls on travel Agents and/or Wholesalers	41
Conducts Direct Mail Promotions	38
Participates in Trade/Consumer Shows Inside Alaska	33
Maintains Internet Web Page for Booking	30
Participates in Regional Marketing Programs	30
Participates in Trade/Consumer Shows Outside Alaska	27
Conducts Market Research	20

Effectiveness of In-house Marketing Programs

When asked which two of their marketing activities are most effective, Alaska tourism businesses or organizations identify the three most common activities – brochures, the internet and print advertising. Brochures are still the heart of tourism marketing with 41% saying that preparing and distributing them is their most effective sales device. Not far behind is technology with 37% identifying maintaining their web page as their most effective program. Another 18% say having a web page for bookings is among their top two effective programs. Print media advertising is mentioned as most effective for 30%. Finally, participation in local CVB programs was in the top two for 14% of these entities.

Marketing Budgets

Marketing expenditures (expressed as a percent of total business income) varies dramatically among entities surveyed. Responding businesses or organizations total budgets for marketing of all kinds range from nothing to over 20% of total business income and averaged 11% of total business income. Overall, marketing expenditures are fairly substantial. Eleven percent spent over 20% of their total income on marketing, 17% spent between 11% and 20%, while another 20% of all respondents spent between 6% and 10% of their income. One-half of all respondents spent between 1% and 5%.

Markets: Today and in the Future

Survey respondents were asked to identify their important current markets as well as those markets they most want emphasized in future Alaska tourism marketing programs. We asked them to identify their current and desired future markets in terms of the five segments, five countries and five states most important to them. The questions were open-ended so the segments mentioned in this survey are the spontaneous, un-prompted responses of Alaska tourism industry firms and organizations.

Readers should keep in mind that each respondent was asked for the five markets of interest to them so the data reflects only the frequency mentions of specific markets. For some that market may be the dominant market for their business and for others it may be the fifth most important and that could mean it is only a small segment.

In summary, respondents would like to see changes in the specific segments targeted by Alaska marketing programs in the future. Respondents consider it desirable to emphasize marketing to the adventure, eco-tourism, small cruise ship and ferry markets to enhance their importance to the Alaska industry. Conversely, while recognizing that sport fishing and large cruise ship markets are important now and will be in the future, respondents see them as slightly lower future marketing priorities when compared to their current importance.

While respondents are clear about their desired change in market segment emphasis, they prefer to focus in the future on the same countries and states that are producing their current markets. The top ten states and the top eight countries remain unchanged when comparing current markets with desired future emphasis.

Market Segments By Type

Current Market Segments By Type

Respondents were asked to list the five market segments most important to their business today. The market segments most often mentioned are, in order, sport fishing, adventure, highway, large cruise ship, small cruise ship, eco-tourism and the ferry market. These were mentioned as important by between 47% (sport fishing) and 24% (ferry market) of respondents. Cultural heritage (19%), independents (14%) and winter (12%) markets followed. Readers should keep in mind that most segments mentioned were specific segments of independent or inde-package visitors while the generic term “independent” was also mentioned on its own. While the sport fishing importance may seem surprising, an estimated 150,000+ visitors do purchase sport fishing licenses each year and many businesses appear to get at least some of their trade from this segment.

Markets with surprisingly low mentions include wildlife enthusiasts (mentioned by 7% of respondents as one of their five most important markets), the visiting friends and relatives market (5%) and package tours (5%).

Desirable Future Market Segments for Alaska Marketing Programs

Interestingly, the order shifts when it comes to desired future markets compared to current markets. Adventure market (39%), eco-tourism (35%), sport fishing (34%), highway (31%), ferry (28%) small cruise ship (27%) and large cruise ship (24%) are the leaders. Cultural heritage, independent and winter markets follow. Adventure, eco-tourism, ferry and small cruise ship segments increased in rank while sport fishing and large cruise ship segments were ranked lower but still stayed in the top seven markets for future marketing emphasis. The highway market remained in forth position.

Again, the absence of certain market segments among respondent priorities is noticeable. Wildlife enthusiasts was a top five priority market for just 6% of respondents, ranking fourteenth, just ahead of package tours and behind the visiting friends and relatives market. However, the more general category of eco-tourism, the #2 preferred market, certainly would include people seeking outdoor experiences that hopefully would include wildlife viewing.

Most Important Current Markets and Most Desired Markets for Future Alaska Program Emphasis

Most Important Current Market Segments	% Mentioning in Top Five	Most Desired Market Segments for Future Alaska Program Emphasis	% Mentioning in Top Five
Sport Fishing	47%	Adventure	39%
Adventure	38	Eco-Tourism	35
Highway	32	Sport Fishing	34
Large Cruise Ship	31	Highway	31
Small Cruise Ship	31	Ferry	28
Eco-Tourism	30	Small Cruise Ship	27
Ferry	24	Large Cruise Ship	24
Cultural Heritage	19	Cultural Heritage	19
Independent Travelers	14	Independent Travelers	18
Winter Tourism	12	Winter Tourism	18

Geographic Market Segments by Country

Current Geographic Market Segments By Country

Today the Alaska tourism industry, as represented by these respondents, is primarily dependent on the US market. 93% mention it as one of their five most important countries. Following the U.S. is Germany (66%), Canada (43%) Japan (42%) and Australia (35%). England (19%) and Switzerland (17%) are the only other countries mentioned by more than 10% of the respondents.

Desirable Future Market Segments By Country

When asked about the countries most desirable for future Alaska marketing programs respondents put slightly less emphasis on the US (85%) and Germany (62%) and called for slightly more emphasis on Japan (49%), Canada (46%) and Australia (38%). Emphasis on Switzerland declined (to 10%) while Europe increased (to 11%).

Most Important Current Markets and Most Desired Markets for Future Alaska Program Emphasis By Country

Most Important Current Countries:	% Mentioning in Top Five	Most Desired Countries for Future Alaska Program Emphasis:	% Mentioning in Top Five
United States	93%	United States	85%
Germany	66	Germany	62
Canada	43	Japan	49
Japan	42	Canada	46
Australia	35	Australia	38
England	19	England	18
Switzerland	17	Europe	11
France	8	Switzerland	10
United Kingdom	8	United Kingdom	9
Europe	7	Netherlands	7

Geographic Market Segments by State

Current Geographic Market Segments By State

Today's industry lists California (75% mentioned it as one of their top five state markets) and Washington (65%) as the leading producers of Alaska visitors for their businesses or organizations. Next are Florida (39%), Oregon (33%), Texas (31%) and New York (30%). Surprisingly, 29% of survey respondents said Alaska was one of their top five producing states. Other double-digit states are Minnesota (16%) which historically had produced more Alaska visitors per capita than any other state, and Colorado (13%). Arizona (9%) completes the top ten states in the current market.

Desirable Future Market Segments By State

In terms of preferred marketing emphasis for the future, the order of states changes very little with the same ten states in almost the same order.

Most Important Current Markets and Most Desired Markets for Future Alaska Program Emphasis By State

Most Important Current States:	% Mentioning in Top Five	Most Desired States for Future Alaska Program Emphasis	% Mentioning in Top Five
California	75%	California	63%
Washington	65	Washington	52
Florida	39	Oregon	36
Oregon	33	Florida	35
Texas	31	Texas	34
New York	30	New York	31
Alaska	29	Alaska	19
Minnesota	16	Arizona	12
Colorado	13	Minnesota	10
Arizona	9	Colorado	8

Future Marketing Program Priorities for the State of Alaska

Website or web presence (29%), broadcast media (TV, radio) advertising (20%) and the Alaska Vacation Planner (16%) are the top three priorities among respondents for continuation or implementation in the next three to five years. Print media advertising (11%), winter tourism (9%), trade shows and image marketing (6%) were the other future programs that received more than a 5% response.

When this list is compared to the past distribution of statewide program expenditures (it heavily emphasized on print media and list fulfillment), it appears that the respondents would like to see changes from the program in the past (budget allowing, of course).

Comments and Suggestions about Tourism Marketing Needs

A number of respondents entered comments about tourism marketing needs and Alaska tourism in general. These comments tended to mirror other findings in the survey. Nine respondents encouraged more spending on marketing to help small family businesses. Other comments were aimed at improving the Vacation Planner, supporting TV advertising, increasing web presence, revising the current programs and expanding the season.

Future Alaska Tourism Marketing Program Priorities

Marketing Program	% of Total Top Three Mentions
Website/Web Presence	29%
Broadcast Media (TV, Radio) Advertising	20
Vacation Planner	16
Print Media (Newspaper, Magazine) Advertising	11
Winter Tourism	9
Trade Shows	7
Imagine Marketing	6
Education of Wholesalers/Travel Agents	5
Public Relations	5
Direct Mail Labels	4
Market Research	4
International Advertising	4

Characteristics of Survey Respondent Businesses and Organizations

Composition of Sample

The total sample of 673 businesses and organizations with Alaska offices is considered representative, rather than random and statistical. The initial sample consisted of 40 tourism-related organizations and agencies (primarily DMOs), 130 AVA members from the membership list and 503 businesses selected from several thousand from the Alaska Department of Labor list of tourism-affected businesses. This third group also included additional AVA members as they randomly occurred in the population of all tourism-related businesses. The distribution of the 142 survey respondents was spread relatively evenly among major categories, allowing for some sub-group analysis and balanced representation. Of total respondents, 11% were transportation companies, 19% retail, 26% lodging of all kinds, 19% tour companies, 15% organizations (mostly CVBs) and 13% services and other.

Origin of Sales

On average, the businesses surveyed generated two-thirds (66%) of their 1999 gross sales from visitors to Alaska and one-third (34%) from Alaska residents. Nearly one-half of the businesses surveyed received over 75% of their 1999 sales from visitors.

Of the total Alaska visitors that constituted the markets for the businesses surveyed, 50% were classified as independent visitors, 16% as inde-package visitors and 33% were considered package tour visitors.

The dominant share of visitors business (83% of 1999 sales to visitors) came in the summer months of May through September. Fall (October-December) delivered 8% of total visitor business and Winter (January through April) provided 9%.

Employment By Tourism Businesses and Organizations

The survey included a mix of small, medium and large operators. The average entity participating in the survey employed 41 people, 11 of them year-around employees and 30 of them seasonal employees. About one in four firms employed five or fewer people, 28% employed 6 to 10, 18% employed 11 to 20 and 28% employed over 20 people in 1999.

Gross Sales

Responding businesses represented a wide range of businesses from very small family operations to major corporations. Of those willing to answer the gross sales question, 39% grossed \$250,000 or less, 31% grossed between \$250,000 and \$1 million, 22% between \$1 million and \$5 million and the 8% earned the largest amount over \$5 million in 1999.

Business Ownership

Businesses were asked the percentage of the enterprise owned by Alaska residents. Since the sample consisted of businesses and organizations with offices in Alaska, it is not surprising that 84% were owned 100% by resident Alaskans. Ten percent were owned 50% to 99% by Alaskans and 7% of the surveyed businesses had less than 50% Alaskan ownership.

Survey Results

1. Please briefly describe your tourism-related business or organization.

Tourism Related Category of Sample Respondents

Transportation	11%
Retail	19
Lodging	26
Tour	19
Organization	15
Services/Other	13

2. In the past, the Alaska Tourism Marketing Council (ATMC) and the Alaska Division of Tourism (DOT) have provided statewide marketing programs for tourism-related businesses and organizations. Are you aware of the following programs? Please tell us if you are aware of the program, if it's important to your business or organization, if you have participated in it, and how satisfied you were with the program on a scale of 1, very unsatisfied, and 5, very satisfied.

Tourism Marketing Program Evaluations

Marketing Program	Awareness		Important		Used Program		Satisfaction Rating	
	Yes	No	Yes	No	Yes	No	Satisfied	Unsatisfied
US & Canada Consumer Advertising:	69%	31%	81%	19%	34%	66%	29%	26%
Advertising in Alaska Vacation Planner:	92	8	81	19	48	52	34	28
Listing in Alaska Vacation Planner:	91	9	80	20	53	47	35	27
Direct Mail Labels:	70	30	54	46	23	77	22	38
ATMC Website Program:	59	41	85	15	31	69	32	31
Division of Tourism Website:	55	45	90	10	33	67	29	27
Winter Tourism Program:	65	35	72	28	16	84	19	29
Market Research Information:	53	47	78	22	31	69	34	26
Public Relations Service:	51	49	78	22	18	82	25	36
Travel Trade Marketing:	48	52	69	31	18	82	30	24
Trade Show Attendance:	72	28	78	22	16	84	32	21
Travel Trade Show Attendance:	55	45	74	26	25	75	24	22
Community Brochure Distribution:	60	40	82	18	28	72	33	23
Inquiry Fulfillment:	68	32	89	11	31	69	37	26
Tourism North Program:	51	49	73	27	22	78	28	25
North to Alaska!Free-standing Insert:	36	64	75	25	10	90	27	31
Travel Agent Training:	46	54	80	20	13	87	21	30
Tourism Marketing Technical Assistance:	35	65	66	34	8	92	23	25
International Workshop Series:	42	58	66	34	8	92	24	24
Stock Film Footage:	46	54	67	33	8	92	25	26

**Alaska Tourism Marketing Program Satisfaction Ratings
By Program Users and Non-Users**

Marketing Program	Program Users		Difference	Program Non-Users		Difference
	Satisfied	Unsatisfied		Satisfied	Unsatisfied	
US & Canada Consumer Advertising:	51%	19%	+32	8%	33%	-25
Advertising in Alaska Vacation Planner:	52	22	+30	10	37	-27
Listing in Alaska Vacation Planner:	47	21	+26	10	39	-29
Direct Mail Labels:	40	37	+3	9	40	-31
ATMC Website Program:	47	25	+22	18	37	-19
Division of Tourism Website:	43	22	+21	11	35	-24
Winter Tourism Program:	30	50	-20	15	21	-16
Market Research Information:	63	17	+36	9	34	-25
Public Relations Service:	61	33	+38	9	39	-30
Travel Trade Marketing:	52	19	+33	19	26	-7
Trade Show Attendance:	55	15	+40	23	23	0
Travel Trade Show Attendance:	50	15	+35	10	24	-14
Community Brochure Distribution:	50	20	+30	21	24	-3
Inquiry Fulfillment:	62	24	+38	13	29	-16
Tourism North Program:	44	20	+24	19	28	-9
North to Alaska! Free-standing Insert:	58	33	+25	20	29	-9
Travel Agent Training:	40	47	-7	15	24	-9
Tourism Marketing Technical Assistance:	67	11	+56	14	28	-14
International Workshop Series:	56	22	+34	17	26	-9
Stock Film Footage:	86	14	+72	17	27	-10

3. In the next 3 to 5 years which three of the programs in question #2 do you think would be *most* important to your business, community or organization? Please list in order of importance to you, even if you do not participate in them.

Current Programs Considered Among Three Most Important in the Future

Programs	Percent
ATMC Websit Program	35%
Listing in Alaska Vacation Planner	29
Advertising in Alaska Vacation Planner	26
Division of Tourism Website	23
U. S & Canada Consumer Advertising	18
Winter Tourism Program	18
Market Research Information	14
Tourism North Program	13
Public Relations Service	11
Trade Show Attendance	10
Inquiry Fulfillment	10
Direct Mail Labels	7
Travel Agent Training	7
Community Brochure Distribution	6
North to Alaska! Free Standing Insert	6
Tourism Marketing Technical Assistance	5
Travel Trade Marketing	4
International Workshop Series	3
Travel Trade Show Attendance	1
Stock Film Footage	1

4. In the next 3 to 5 years which three of the programs in question #2 do you think would be the *least* important to your business, community or organization? Please list in order starting with the *least* important to you.

Current Programs Considered Among Three Least Important in the Future

Programs	Percent
Stock Film Footage	28%
International Workshop Series	24
Winter Tourism Program	15
Tourism Marketing Technical Assistance	15
Travel Agent Training	15
Direct Mail Labels	13
North to Alaska! Freestanding Insert	11
Tourism North Program	9
Trade show Attendance	8
Community Brochure Distribution	7
Travel Trade Marketing	6
Public Relations Service	5
Advertising in Alaska Vacation Planner	4
Market Research Information	4
ATMC Website Program	3
Travel Trade Show attendance	2
Listing in Alaska Vacation Planner	1
Inquiry Fulfillment	1
U. S. & Canada Consumer Advertising	1

5. Please tell us about your own tourism marketing efforts *that are not directly part of cooperative programs listed in question two above.*...(Check all that apply)

In-House Marketing Program Utilization

Marketing Programs	Percent Using In-House
Prepares & Distributes a Brochure(s)	84%
Maintains Internet Web Page for Information	80
Purchases Print Media Advertising	70
Participates in Local Convention and Visitors Bureau Programs	59
Conducts Public Relation Activities	54
Member of trade Organization	46
Purchases Electronic Media Advertising	44
Calls on travel Agents and/or Wholesalers	41
Conducts Direct Mail Promotions	38
Participates in Trade/Consumer Shows Inside Alaska	33
Maintains Internet Web Page for Booking	30
Participates in Regional Marketing Programs	30
Participates in Trade/Consumer Shows Outside Alaska	27
Conducts Market Research	20
Other	7

6. Of your own marketing programs in question #5, which 2 are the most effective?

Most Effective In-House Marketing Programs

Marketing Programs	Percent Mentioning
Prepares & Distributes a Brochure(s)	41%
Maintains Internet Web Page for Information	37
Purchases Print Media advertising	30
Maintains Internet Web Page for Booking	18
Participates in Local Convention and Visitors Bureau Programs	14
Conducts Direct Mail Promotions	8
Calls on Travel Agents and/or Wholesalers	6
Word of Mouth	6
Conducts Public Relation activities	5
Purchases Electronic Media Advertising	4
Participates in Trade/Consumer Shows Inside Alaska	1
Participates in Trade/Consumer Shows Outside Alaska	1
Participates in Regional Marketing Programs	1
Other	3

7. What percent of your 1999 total business income did you spend on marketing of all kinds, including cooperative programs?

Marketing Expenditures as a Percent of Total 1999 Income

Marketing as Percent of Total 1999 Income	Percent
0	3%
1-5	50
6-10	20
11-20	17
21+	11

8. Your current market segments. Please list the *five* market segments, *five* countries and *five* states currently most important to your business or organization:
9. Future Alaska Program Emphasis: List the *five* market segments, *five* countries and *five* states you most want emphasized in Alaska marketing programs in the next three to five years.

Most Important Current Markets and Most Desired Markets for Future Alaska Program Emphasis

Most Important Current Market Segments	% Mentioning in Top Five	Most Desired Market Segments for Future Alaska Program Emphasis	% Mentioning in Top Five
Sport Fishing	47%	Adventure	39%
Adventure	38	Eco-Tourism	35
Highway	32	Sport Fishing	34
Large Cruise Ship	31	Highway	31
Small Cruise Ship	31	Ferry	28
Eco-Tourism	30	Small Cruise Ship	27
Ferry	24	Large Cruise Ship	24
Cultural Heritage	19	Cultural Heritage	19
Independent Travelers	14	Independent Travelers	18
Winter Tourism	12	Winter Tourism	18
Hunting	10	Locals	8
Wildlife Enthusiast	7	Visiting Friends & Relatives	7
Locals	5	Hunting	7
Visiting Friends & Relatives	5	Wildlife Enthusiast	6
Package Tour	5	Package Tour	2
Scientist Research	2	Scientist Research	2
Recreational	2	Recreational	1
Canoe/Kayak	1	Canoe/Kayak	1
Business	1	Business	1
Other (All less than 1 percent)	43	Other (All less than 1 percent)	49

**Most Important Current Markets and
Most Desired Markets for Future Alaska Program Emphasis
By Country**

Most Important Current Countries:	% Mentioning in Top Five	Most Desired Countries for Future Alaska Program Emphasis:	% Mentioning in Top Five
United States	93%	United States	85%
Germany	66	Germany	62
Canada	43	Japan	49
Japan	42	Canada	46
Australia	35	Australia	38
England	19	England	18
Switzerland	17	Europe	11
France	8	Switzerland	10
United Kingdom	8	United Kingdom	9
Europe	7	Netherlands	7
Mexico	6	Mexico	6
Netherlands	5	France	6
Italy	5	Italy	4
Austria	4	Asia	4
Russia	2	South America	4
Denmark	2	Austria	3
Sweden	2	Korea	3
Norway	2	Russia	2
Korea	2	Denmark	2
Asia	2	Spain	2
Spain	1	China	2
China	1	Norway	2
Finland	1	New Zealand	2
New Zealand	1	Belgium	2
Argentina	1	Sweden	1
Belgium	1	Israel	1
Israel	1	Africa	1
Other	3	Other	2

**Most Important Current Markets and
Most Desired Markets for Future Alaska Program Emphasis
By State**

Most Important Current States:	% Mentioning in Top Five	Most Desired States for Future Alaska Program Emphasis	% Mentioning in Top Five
California	75%	California	63%
Washington	65	Washington	52
Florida	39	Oregon	36
Oregon	33	Florida	35
Texas	31	Texas	34
New York	30	New York	31
Alaska	29	Alaska	19
Minnesota	16	Arizona	12
Colorado	13	Minnesota	10
Arizona	9	Colorado	8
Michigan	8	All States	8
All States	8	Illinois	7
Illinois	5	Michigan	7
Montana	5	Pennsylvania	7
Ohio	5	Massachusetts	6
Georgia	4	Eastern	6
Massachusetts	4	Nevada	5
New Jersey	4	North Carolina	4
North Carolina	4	Midwest	4
Pennsylvania	4	Western	4
Western	4	Southern	4
Connecticut	3	Georgia	2
Hawaii	3	Hawaii	2
Wisconsin	3	Montana	2
Midwest	3	Utah	2
Idaho	2	Ohio	2
Maine	2	Virginia	2
Utah	2	Southwest	2
Eastern	2	Northeast	2
Northeast	2	Connecticut	1
Missouri	1	Idaho	1
Nevada	1	Iowa	1
Rhode Island	1	Louisiana	1
South Carolina	1	New Mexico	1
Southern	1	South Carolina	1
Southwest	1	Wisconsin	1
Other	1	Wyoming	1
		Northwest	1
		Other	4

10. Please rank in order the top three marketing programs of *any kind* that you would like the State of Alaska to continue or implement in the next three to five years.

Future Alaska Tourism Marketing Program Priorities

Marketing Program	% of Total Top Three Mentions
Website/Web Presence	29%
Broadcast Media (TV, Radio) Advertising	20
Vacation Planner	16
Print Media (Newspaper, Magazine) Advertising	11
Winter Tourism	9
Trade Shows	7
Imagine Marketing	6
Education of Wholesalers/Travel Agents	5
Public Relations	5
Direct Mail Labels	4
Market Research	4
International Advertising	4
Promote Cultural Heritage/Art	2
Tourism North Program	1
Brochures	1
Other (All less than 1 percent)	22

11. Please estimate what percentage of your total 1999 gross sales came from.

Respondent Income Dependence on Resident and Visitor Markets

Percent of 1999 Income from:	Alaska Residents	Alaska Visitors
0-25%	49%	15%
26-50	24	18
51-75	13	20
76-100	14	46
Mean	33.8%	66.2%

Read: 49% of respondent businesses received 0-25% of their 1999 business from Alaska residents.

11a. Of your Alaska visitors what percentage came from:

Respondent Alaska Visitor Income Dependence by Market Segment

Percent of 1999 Alaska Visitor Income from:	Package Tour Visitors	Inde-Package Visitors	Independent Visitors
0-25%	54%	81%	38%
26-50	16	15	18
51-75	11	3	8
76-100	19	2	36
Mean	33.3%	16.4%	50.3%

Read: 54% of respondent businesses receive 0-25% of their visitor business from package tour visitors.

12. Please estimate what percentage of your total visitor business occurs during:

Respondent Visitor Income Distribution by Season

Percent of 1999 visitor business during:	Summer (May-September)	Fall (October-December)	Winter (January-April)
0-25%	3%	93%	95%
26-50	5	7	2
51-75	22	0	0
76-100	71	0	2
Mean	82.9%	8.4%	8.7%

Read: 3% of respondent businesses received 0-25% of their total visitor business during summer.

13. How many people are employed in Alaska by your business or organization? Please include yourself and family members.

Alaska Employment by Respondent Business and Organizations

Number of Employees	Year Round Employees	Seasonal Employees	Total Employees in Alaska
0	10%	17%	0%
1-5	58	33	36
6-10	16	16	28
11-20	7	13	18
21+	10	20	28
Mean # of Employees	11.0	30.2	41.3

Read: 10% of respondents have 0 year-round employees

14. Total Gross Sales for 1999:

Gross 1999 Sales by Respondent Businesses and Organizations

\$0 to \$100,000	18%
\$100,001 to \$250,000	21
\$250,001 to \$500,000	17
\$500,001-to \$1 Million	14
\$1.1 Million to \$2 Million	12
\$2.1 Million to \$5 Million	10
\$5.1 Million to \$10 Million	6
Over \$10 Million	2

15. Percentage of business owned by Alaska residents:

Respondent Business Ownership by Alaska Residents

Percent Alaska Business Resident Ownership	Percent
0-50%	7%
51-99	10
100	84
Total	100%

16. Please add any comments about your tourism marketing needs and Alaska tourism marketing in general.

Summary of Open-ended Comments

Spend More Money Marketing Small Business (Mom & Pop Establishments)	9
Suggestions for Vacation Planner	4
TV Advertising	4
Web Presence	3
Revise Current Marketing Programs Available Through the State	3
Expand Season (Market Winter Tourism/Slack Season)	3
Spend More Money on Marketing	3
Print Advertising	2
Business Does Self Promotion, Does not use Marketing Programs	1
Educate Businesses on Marketing Programs	1
Other	17