Images of Alaska 2011

The Potential to Attract Visitors to Alaska

Market Research for the Alaska Travel & Tourism Industry

Prepared by:

GMA Research Corporation
325 118th Ave SE Suite 104
Belleuve, WA 98005
425-460-8800

Images of Alaska 2011

State of Alaska Releases Latest Research Findings

Marketing research study conducted to learn about Alaska's visitors

What is the size of the prospective potential Alaska visitor market? What are some of the key motivating factors, travel needs and attitudes of past and potential visitors to Alaska? Answers to these and many more questions were uncovered in a marketing research study, *Images of Alaska 2011*, conducted on behalf of the State of Alaska by GMA Research Corporation of Bellevue, Washington in May 2011.

The State of Alaska uses marketing research studies of this type to gain a better understanding of visitors' behavior and attitudes in an ongoing effort "to promote and facilitate non-residential travel to and throughout the state of Alaska." Images of Alaska 2011 consisted of 1,000 randomly selected telephone interviews with prospective Alaska visitors across four major regions of the contiguous 48 states. An additional 400 telephone interviews were conducted among past visitors to Alaska. *(The study has a margin for error of plus or minus three percentage points.)*

Images of Alaska 2011 is the sixth in a series of market potential research studies. Previous Images studies were completed in 1976, 1980, 1996, 2000, and 2006. The basic categories and questions of the study remain constant to allow for comparisons, trends, and to track changes. Periodically new areas are added to keep up with changing times.

> The Images of Alaska 2011 marketing research study conducted on behalf of the State of Alaska seeks to gain a better understanding of visitors' behavior and attitudes in an ongoing effort to promote travel to and throughout Alaska.

Key objectives of the Images of Alaska 2011 study:

- Identify the size of prospective, potential and high potential Alaska visitor market.
- Define important and discriminating travel needs, motivating factors and attitudes of past and potential visitors.
- Profile the demographic, geographic and media-graphic characteristics of the current and potential visitor.
- Determine unaided and aided awareness of Alaska advertising.

- Define the travel behavior and frequency of high potential visitors.
- Measure change since the 2006 Images of Alaska study.

The Images 2011 study identified potential visitors as one of three types: Prospects, Acceptors, or High Potentials. Prospects are vacation decision-makers who have taken vacations of at least one week or longer in the past three years and have taken a vacation of at least 2,000 miles from home one-way in the past five years. Acceptors are Prospects who expressed high interest in an Alaskan vacation (rated interest in taking an Alaska vacation 5-to-7 on a 1-to-7 interest scale). High Potentials are Acceptors who stated a high likelihood of visiting Alaska in the next five years (rated 5-to-7 on a 1-to-7 likelihood scale). Visitors were defined as persons known to have visited Alaska for vacation only in the past ten years.

Market Potential Has Decreased since 2006. And since 2000.

The market potential for Alaska Travel and Tourism is large; however it has declined since 2006 and 2000. This wave marks the second time the market potential has decreased in relation to the previous studies. The market potential also decreased in 2006 compared to 2000. Since 2006, the U.S. adult population has grown significantly but the percentages of the overall population that are High Potential prospects decreased. Since 2006 the adult population has increased 4 percent, from 222.5 million to 232.5 million. In this same time period, the number of Prospects increased 1 percent, from 51.2. million in 2006 to 55.9 million in 2011. Over half of all Prospects (54%), 30.0 million, are interested in visiting Alaska for vacation in the next five years; an increase from 28.9 million in 2006. This group is labeled Acceptors because of their high interest in visiting Alaska and represents approximately 13% of all adults.

> Alaska market potential is still very large – 24 percent of all adults are prospective Alaska travelers. This represents approximately *56 million* adults residing in the lower 48 states. Of these, a sizable 54 percent, or *30.2 million*, are interested in visiting Alaska in the next five years. High Potential prospects represent about *18 million* or 8 percent of all adults.

Among Acceptors, 59 percent are likely to visit Alaska for vacation in the next five years. Within Acceptors there is a subgroup labeled High Potentials because of their very high level of interest and likelihood to visit Alaska within the next five years. In 2011, High Potential prospects represent approximately 18 million or 8 percent of all adults. This is a decrease from 2006 when approximately 20.0 million or 9 percent of adults were high potential prospects.

The West and South Offer the Greatest Potential

Since 2006, there has been little shift in where High Potential prospects reside. Consistent with 2006, the Images of Alaska 2011 study reveals that the highest incidence is in the West, where one in ten, or 10 percent, of all adults is a High Potential Alaska traveler. This is the highest incidence of adults who qualify among the regions. This is followed closely by the East (8%), Midwest (7%) and South (7%). In terms of the number of adults, there are more High Potentials in the South (5.6 million) and West (5.5 million) than in the Midwest (3.4 million) and the East (3.4 million). The following tables depict the differences in population by Prospect type and region between the 2000, 2006 and 2011 Images of Alaska studies:

- Table 1: Population Comparison by Prospect type between 2000, 2006 and 2011.

Population Comparison by Prospect Type	2000 (millions)	2006 (millions)	2011 (millions)
High Potentials	22.5 (11%)	20.0 (9%)	18.0 (8%)
Acceptors	34.8 (17%)	28.9 (13%)	30.0 (13%)
Prospects	59.4 (29%)	51.2 (23%)	55.9 (24%)
Total U.S. Adult Population (Percent of population))	204.8 (100%)	222.5 (100%)	232.5 (100%)

- Table 2: Population Comparison of High Potentials by Region between 2000, 2006 and 2011.

High Potentials Comparison by Region	2000 (millions)	2006 (millions)	2011 (millions)
West	6.0 (13%)	5.8 (12%)	5.5 (10%)
South	4.3 (6%)	8.6 (11%)	5.6 (7%)
Midwest	5.8 (12%)	3.0 (6%)	3.4 (7%)
East	4.5 (12%)	2.6 (6%)	3.4 (8%)

Interest in Taking an Alaska Vacation Remains High

Alaska is still a destination people want to visit. A high percentage of both Prospects (53%) and Visitors (73%) expressed a high level of interest in taking an Alaska vacation in the next five years. Of these, nearly one in five Prospects (19%) and two in five Visitors (44%) are "very" interested (7 rating on 1-to-7 scale) in taking an Alaska vacation in the next five years. The percentage of High Potentials among Acceptors has decreased significantly since 2006 (54% vs. 72%). The potential for repeat travel among Visitors is very high as nearly three in ten (30%) said they are "very likely" (7 rating on 1-to-7 scale) to take another Alaska vacation in the next five years.

The repeat or return visitor market is large and growing. In 2006, 68% of visitors were first timers, 32% repeat visitors. In 2011, 57% were first timers, and 43% were repeat visitors

Marketing efforts directed at the repeat market should consider emphasizing the Northern Lights among other activities. When visitors were asked which activities they wish they would have done on their Alaska vacation that they didn't, 2 of every 5 visitors (39%) said Northern Lights viewing, followed by flight-seeing (20%), dog mushing (17%), fishing (15%), hot springs (14%), and riding the Alaska Railroad (14%).

Barriers and Challenges – The Travelers' Perspective

What prevents potential prospects from visiting Alaska? The greatest opportunities also represent the greatest challenges. While the market potential is very large, the greatest challenge is in moving or converting High Potentials from "prospect" to "visitor." There are 18 million High Potential prospects with a strong desire to visit Alaska. Every year, approximately 1 to 1.5 million people visits Alaska. Do the math.

Point of view or perspective is very important. When thinking about Alaska, High Potential prospects have a different perspective and attitude than Rejectors (individuals who would not consider taking an Alaska vacation in the next five years). Not surprisingly, High Potentials have much more positive attitudes compared to Rejectors. About one-third of Rejectors think of Alaska as cold and freezing. In contrast, High Potentials think of Alaska's natural beauty and wildlife. The study revealed that the greater the degree of likelihood to visit, the more Prospects' images of Alaska reflect the same images as Visitors.

However, as much as High Potentials have a strong desire to visit Alaska, *cost*, *distance* and *time* are the primary deterrents that prevent them from actually taking a vacation to Alaska. High Potential prospects are likely to have larger families and a lower household income compared to visitors. They are also more likely to be younger, a two income household with children at home. While they would like to visit Alaska, High Potentials say that *cost-too expensive* is their **primary** reason for never vacationing in Alaska. In order to convert this segment of High Potentials, marketing efforts should emphasize affordability.

Although secondary factors, time and distance are also barriers for High Potentials. The challenge is to convey to High Potentials that a meaningful vacation to Alaska can be achieved in a short period of time and should emphasize the ease of getting to Alaska. Based on the perceptions of those that have actually visited Alaska, these barriers could be interpreted as misconceptions. Nearly all 2011 Visitors (91%) rate the value of an Alaska vacation as good to excellent, and Visitors also give much higher ratings than High Potentials for ease of planning an Alaska vacation, ease of getting around, the weather, a good value, and ease of getting to the destination.

Different Travelers Have Different Needs and Interests

Age of the traveler is also an important consideration. Analysis of interest in specific Alaska activities among High Potentials by age groups reveals significant differences in what High Potentials are looking for in an Alaska vacation, which should be considered in Alaska promotional efforts. In general, High Potentials under age 35 are much less interested in the cultural activities that Alaska has to offer compared to those over age 65, and younger High Potentials age 35-44 express the most interest in outdoor adventure activities such as hiking, camping, wildlife safaris, engaging in winter activities and traveling by bush plane.

Marketing efforts should emphasize Alaska's outstanding scenery, wildlife, parks, museums, as well as the ability to travel independently. Nearly all 2011 High Potentials and Visitors perceive Alaska as an excellent place to see wildlife in its natural habitat and see Alaska's natural beauty and scenery. While on vacation, three-fourths or more of High Potentials like to view outstanding scenery (96%), dine out (91%), sightsee in cities and visit historic sites (90%), travel independently and visit state parks (89%), and experience different cultures (86%). High Potentials likely to travel to Alaska by car or RV are significantly more inclined toward wilderness travel, hiking, and camping (campground or wilderness).

Prepaid visitor activities while in Alaska are more concentrated, independent visitors more diverse. Since the majority of prepaid visitors travel by cruise, their travel is more limited; they are more likely than independent travelers to have visited the Inside Passage, Glacier Bay and coastal cities such as Juneau, Ketchikan, Skagway and Sitka. Compared to prepaid visitors, independent and sightsee travelers are more likely to have traveled along the Alaska Highway and to have visited a variety of places such as Anchorage, the Kenai Peninsula/Soldotna, Prince William Sound, Wrangell, St. Elias National Park, Palmer, Homer and Arctic Circle. Mt. McKinley (41%), Anchorage (40%), Glacier Bay National Park (36%), Inside Passage (28%), Fairbanks (27%) and Juneau (27%) are the top places 2011 visitors would like to visit if they were to return to Alaska

Awareness for Alaska as a Destination Vacation

In today's high-tech, complex world, people have choices. When thinking of the next vacation trip, overall, no one destination comes to mind or stands out. That's good news. There is room to move Alaska to a "top of mind" position among High

Potentials and Visitors. In the Images of Alaska 2011 study, Alaska ranked third in terms of the next destination Visitors are most likely to visit in the next five years, and first among High Potentials.

Total advertising awareness (unaided + aided) for Alaska as a vacation destination is high but experiencing a slow but steady decline. Since 2000, total Alaska advertising awareness has decreased slightly among visitors, and is unchanged among high potential prospects:

- Table 3: Total Awareness for Alaska Advertising 2000, 2006 and 2011.

Segment	2000	2006	2011
Visitors	86%	83%	72%
All Prospects	69%	65%	68%
High Potentials	74%	70%	74%

In 2011, unaided advertising awareness for Alaska (recall of advertising without prompting or specific mention) is significantly higher for Visitors (48%, down from 57% in 2006) than for High Potentials (10%, down from 20% in 2006). Alaska leads all other destinations among Visitors, but lags significantly behind other destinations among all Prospects including High Potentials. Similar to 2000, TV (61%) is the primary source for Alaska advertising recall among High Potentials, significantly more than any other source. The top-mentioned sources for Visitors are TV (61%), internet (25%) and direct mail (24%).

Alaska Visitors Travel in Groups. Many people are involved in the decision to visit Alaska and the decision is often influenced by a specific event.

- The average group size of visitors to Alaska is 4.1 compared to the average party size of 3.3. Group size is the number of people traveling in their group, where as party size is the number of people traveling in their immediate party. Visitor groups to Alaska are varied. 3 out of every 4 (75%) are visiting with their spouse, one in four (23%) are traveling with friends and 1 in 5 (19%) are traveling with extended family (uncle/aunt/cousin). 1 in 10 are traveling with parents (11%), adult children (10%) or young children (9%). In half of the cases, Alaska is first suggested by someone else; spouse (22%), friends (8%), extended family (4%), parents (3%). In 2 out of 5 cases, the final decision to visit Alaska was made by someone else; spouse (29%), friends (7%), extended family (6%), parents (4%) and adult children (4%). The decision to visit Alaska is influenced by a specific event for 1 in every 4 (23%) visitors. An anniversary is the special occasion most often mentioned (48%) that influenced the decision to visit Alaska, followed by a birthday (21%) and retirement (17%).

Many Alaska visitors are booking their Alaska vacation directly with Alaska companies.

1 in every 3 (34%) visitor booked an Alaska accommodation, activity or transportation directly with an Alaska company rather than through a cruise line or package tour operator, as a component of their overall Alaska vacation. Over half (54%) of air visitors book directly and nearly half (42%) car/RV visitors booked directly. 1 in every 4 (25%) cruise passenger made some kind of accommodation, activity or transportation booking directly rather than through the cruise line.

Vacation Planning Resources - The Increasing Role of the Internet

The electronic age has definitely arrived, and as one would expect, the Internet continues to play a dramatically increasing role in vacation planning. In 2011, more than half of Visitors (52%) used the Internet to plan or arrange their Alaska vacation, compared to 46% in 2006 and only 44% in 2000.

About twice as many Visitors and Prospects use the Internet as a planning tool to obtain information and to make travel-related purchases, than those that use it as a resource to choose a vacation destination. In 2011, the percentage of Prospects that use the Internet to get specific information from businesses, make travel-related purchases and choose a vacation destination is still as important as it was in 2006. Eight in ten High Potentials (79%) have made travel related reservations and purchases on the Internet, the same as 2006 (79%). Of those that have made such purchases, air travel, accommodations and ground transportation continue to be the most frequent types of reservations or purchases made.

Regarding travel websites, High Potential Prospects use them more often than Visitors. More than one-third (34%) of all 2011 Visitors and nearly half (44%) High Potential Prospects have visited the Expedia website in the past year. This is closely followed by Travelocity. 2 in 5 (38%) Visitors indicate they have visited none of the websites in the past year. Regarding use of social/community websites, Visitors use them more often than High Potential Prospects. Half of all 2011 Visitors (49%) and 2 of every 5 (37%) High Potential Prospects have visited the Facebook website in the past year. More than 1 in 3 Visitors (35%) and 3 in 4 High Potential Prospects over 65 (72%) indicate they have visited none of the social/community websites in the past year.

Visitor and High Potential Prospect Profiles

Finally, there are some important and unique characteristics that define differences and similarities between Visitors and High Potential prospects. The following table depicts the demographic makeup, or profile, of Visitors and High Potential prospects.

• Table 4: Profile of Visitors Compared to High Potentials Prospects, Images of Alaska 2011.

Profile Comparison: Images of Alaska 2011 (Averages)	Visitors	High Potentials
Age	58.4	47.0
% Over 65	36%	16%
% Under 35	15%	30%
Household income	$101,000	$83,600
Number persons in household	2.3	2.7
% With children in household	15%	34%
Married/living with someone	80%	72%
Working full-time	38%	48%
Retired	47%	22%
% With two or more salaries in household	42%	51%