The Role of Visitors in Alaska’s Economy

Prepared for: Alaska Chamber
October 25, 2018
McDowell Group

- Multidisciplinary research and consulting firm since 1972
- 19 professional staff in Anchorage, Juneau, and Bellingham
- Tourism clients include:
  - State/Federal agencies (DCCED, AMHS, Alaska Railroad, NPS)
  - DMOs and municipalities (Anchorage, Fairbanks, Juneau, Ketchikan, Sitka, Kodiak, Haines, Valdez, Kenai, Mat-Su)
  - Alaska Native Organizations (Ahtna, Huna Totem, Shee Atika, Goldbelt, Sealaska, Aleutian Pribilof Islands Association)
  - Industry associations (ATIA, CLIA-Alaska, SEAtrails, sportfishing groups)
  - Large and small cruise lines
  - Other private companies (hotels, tours, attractions)
Presentation Outline

• Alaska Visitor Statistics Program overview
• Visitation update
• Economic impacts of visitor industry
• Community findings
• But first, a warm up...
Percentage of Chart Which Resembles Pac-man

- Resembles Pac-man
- Does not resemble Pac-man
Dark Desert Highway

- on a dark desert highway
- cool wind in my hair
- warm smell of colitas
- rising up through the air
- up ahead in the distance
- I saw a shimmering light
- my head grew heavy
- and my sight grew dim
- I had to stop for the night
- there she stood in the doorway
- I heard the mission bell
- and I was thinking to myself
- this could be heaven or
Key Data Source: AVSP

- Alaska Visitor Statistics Program 7
  - Summer 2016
- Visitor profile
  - 5,926 out-of-state visitors surveyed at 13 exit points
  - Airports, ferry terminal, cruise ship docks, highway borders
- Visitation estimates
  - 53,441 visitor/resident tallies
  - Airports and highway borders
Visitation Update
Summer 2017

Total Visitors: 1,926,300

- Air: 750,500 (39%)
- Cruise: 1,089,700 (57%)
- Highway/ferry: 86,100 (4%)

Change Summers 2016-17

- Total: +4%
- Air: +<1%
- Cruise: +6%
- Highway/ferry: +2%
Visitor Volume Trends

Summer Visitor Traffic, 2008-2017

- 2008: 1,707,400
- 2009: 1,601,700
- 2010: 1,532,400
- 2011: 1,556,800
- 2012: 1,586,600
- 2013: 1,693,800
- 2014: 1,659,600
- 2015: 1,780,000
- 2016: 1,857,500
- 2017: 1,926,300

% change 2008-2017: +13%
% change 2010-2017: +26%
Cruise Volume 2008-2017

2008: 1,033,100
2009: 1,026,600
2010: -15% (878,000)
2011: 883,000
2012: 937,000
2013: 999,600
2014: 967,500
2015: +3% (999,600)
2016: +3% (1,025,900)
2017: +6% (1,089,700)

Source: CLAA.
<table>
<thead>
<tr>
<th>Port</th>
<th>Cruise Traffic (2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Juneau</td>
<td>1,072,300</td>
</tr>
<tr>
<td>Ketchikan</td>
<td>1,010,400</td>
</tr>
<tr>
<td>Skagway</td>
<td>845,300</td>
</tr>
<tr>
<td>Seward</td>
<td>185,100</td>
</tr>
<tr>
<td>Sitka</td>
<td>177,800</td>
</tr>
<tr>
<td>Icy Strait Point</td>
<td>155,500</td>
</tr>
<tr>
<td>Whittier</td>
<td>134,000</td>
</tr>
<tr>
<td>Haines</td>
<td>51,200</td>
</tr>
<tr>
<td>Kodiak</td>
<td>16,700</td>
</tr>
<tr>
<td>Anchorage</td>
<td>12,300</td>
</tr>
</tbody>
</table>

Source: CLAA.
Summer Air Volume 2008-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
<td>597,200</td>
<td>-15%</td>
</tr>
<tr>
<td>2009</td>
<td>505,200</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>578,400</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>604,500</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>580,500</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>619,400</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>623,600</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>703,400</td>
<td>+13%</td>
</tr>
<tr>
<td>2016</td>
<td>747,100</td>
<td>+6%</td>
</tr>
<tr>
<td>2017</td>
<td>750,500</td>
<td>+&lt;1%</td>
</tr>
<tr>
<td>Year</td>
<td>Volume</td>
<td></td>
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<td>------</td>
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<tr>
<td>2008</td>
<td>77,100</td>
<td></td>
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<tr>
<td>2009</td>
<td>69,900</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>76,000</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>69,300</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>69,100</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>74,800</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>68,500</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>77,000</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>84,500</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>86,100</td>
<td></td>
</tr>
</tbody>
</table>

Growth rates:
- 2008-2009: +10%
- 2010-2011: +2%
- 2011-2012: +12%
- 2012-2013: +10%
- 2013-2014: +2%
- 2014-2015: +12%
- 2015-2016: +10%
- 2016-2017: +2%
Fall/Winter Estimates

• Fall/Winter AVSP 2016-17 not funded
  • Last Fall/Winter AVSP (and ratios): 2011-12

• Industry observations
  • Chinese!!! Mainland, US immigrants, college students
  • Japanese market flat/down
  • Fairbanks is hopping
  • Expanded activities beyond Northern Lights: domes, overnighting above the Arctic Circle, photography, ice fishing
  • Railroad expanding service
  • Short-trippers from West Coast
  • In-state travel down
Total F/W Visitors: 322,000

- Air: 308,900 (96%)
- Highway/Ferry: 13,100 (4%)

Volume By Season, 2017-18

- Fall/Winter: 322,000 (14%)
- Summer: 1,926,300 (86%)
Fall/Winter Visitor Volume 2008/09-2017/18

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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>242,500</td>
<td>237,000</td>
<td>244,100</td>
<td>266,800</td>
<td>263,100</td>
<td>273,000</td>
<td>286,800</td>
<td>315,500</td>
<td>316,600</td>
<td>322,000</td>
</tr>
</tbody>
</table>

% change 2008/09-2017/18: +33%
NEW Visitor Volume Reports

- Updates occur in between AVSP study periods; managed by State of Alaska, DCCED
  - Summer 2017
  - Fall/Winter 2015/16 to 2017/18
- Reports include indicators...
  - Outbound air enplanements by port
  - Changes in bed/vehicle tax revenues
  - Fishing license sales
  - Nationwide tourism indicators
  - Annual included in fall/winter
- Summer 2018 will be available in December
  - Preliminary indicators reveal continued growth
Outbound Domestic Air Passengers (May-Aug)

<table>
<thead>
<tr>
<th>Year</th>
<th>Passengers</th>
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<tbody>
<tr>
<td>2009</td>
<td>849,783</td>
</tr>
<tr>
<td>2010</td>
<td>873,341</td>
</tr>
<tr>
<td>2011</td>
<td>885,165</td>
</tr>
<tr>
<td>2012</td>
<td>900,655</td>
</tr>
<tr>
<td>2013</td>
<td>963,505</td>
</tr>
<tr>
<td>2014</td>
<td>961,076</td>
</tr>
<tr>
<td>2015</td>
<td>1,053,775</td>
</tr>
<tr>
<td>2016</td>
<td>1,090,037</td>
</tr>
<tr>
<td>2017</td>
<td>1,088,730</td>
</tr>
<tr>
<td>2018</td>
<td>1,135,069</td>
</tr>
</tbody>
</table>

Sources: Alaska DOTPF, Juneau Airport, Ketchikan Airport, Alaska Airlines, Delta Air.
Outbound Domestic Pax By Port, May-Aug

Anchorage: +4%
Fairbanks: +6%
Juneau: +3%
Ketchikan: +3%
Sitka: +4%
Other: +13%

Source: Alaska DOTPF, Alaska Air, Delta.
International Air Passenger Exits (May-Aug)

Total international passenger exits May-August 2018: 17,243

- Condor 66%; Icelandair 27%; Korean 3%; Yakutia 3%

Source: Alaska DOTPF.

*Cross-Gulf up ~20% in 2018

Source: CLAA.
CA-AK Border Traffic (private vehicle occ; May-Aug)

Source: US Customs and Border Protection; Yukon Dept of Culture
CA-AK Border Traffic, By Border

(private vehicle occ; May-Aug)

Source: US Customs and Border Protection
AMHS Traffic 2010-2018 (total traffic; May-August)

Source: AMHS
2018 Preview

- Domestic Air: +4%
- International Air: -2%
- Cruise: +7%
- Highway: +13%
- Ferry: +2%
Visitor Industry Impacts
Visitor Industry Impacts Overview

Direct impacts
Visitors & cruise lines spend money in Alaska

- Goods
  - Food/beverages
  - Souvenirs
  - Fuel for rental cars

- Services
  - Tours
  - Recreation
  - Lodging
  - Airfare

Indirect impacts
Companies that directly serve tourists spend money in Alaska

- Goods
  - Restaurant supply
  - Inventory
  - Fuel for transportation

- Services
  - Utilities
  - Building maintenance
  - Accountants
  - Publishing

Induced impacts
Employees of tourism and related companies spend money in Alaska

- Goods
  - Groceries
  - Clothing
  - Restaurants

- Services
  - Medical care
  - Real estate
  - Recreation
Methodology

- Visitor volume from AVSP
- Visitor spending from AVSP 7, by season/region/category (adjusted for inflation and tour commissions)
- Cruise line spending from cruise line vendor data
  - Data for 91% of passengers
- Direct spending translated into direct/indirect/total jobs, labor income, and output; DOL and BEA data comparison
- State/muni revenues: sales/bed/vehicle taxes, ADF&G licenses, dockage/moorage, CPV tax, AMHS, AKRR, etc.
- Study period: October 2016-September 2017
Visitor Spending by Sector

- Lodging, $454m (21%)
- Tours/activities, $394m (18%)
- Gifts/souvenirs, $427m (20%)
- Food/beverage, $438m (20%)
- Transportation, $258m (12%)
- Other, $217m (10%)
Visitor Spending by Region

- **Southcentral**, $960m (44%)
- **Southeast**, $705m (32%)
- **Interior**, $392m (18%)
- **Southwest**, $104m (5%)
- **Far North**, $28m (1%)
Direct Visitor Industry Spending, 2017

- Visitor spending
  - Adjusted to remove commissions
- Cruise line spending/payroll
  - Adjusted to remove double-counting of shore-ex
- Crew member spending
- Spending on air/ferry tickets to enter/exit Alaska

Visitor spending, $2.2b
Cruise line spending/payroll, $297m
Crew member spending, $22m
Air/ferry tickets, $326m
Total Direct Spending: $2.8 billion
Visitor Industry Impacts 2017

- **43,300 Jobs**
  - 1 in 10 jobs in Alaska

- **$1.5 Billion**
  - Labor Income
  - Wages and benefits spent throughout the Alaska economy year-round

- **$4.5 Billion**
  - Economic Output
Trends in Economic Impacts

Employment

<table>
<thead>
<tr>
<th>Year</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>37,800</td>
</tr>
<tr>
<td>2013</td>
<td>39,000</td>
</tr>
<tr>
<td>2014</td>
<td>38,700</td>
</tr>
<tr>
<td>2015</td>
<td>39,700</td>
</tr>
<tr>
<td>2017</td>
<td>43,300</td>
</tr>
</tbody>
</table>

Employment Up 15%
2011-2017
Trends in Economic Impacts

Labor Income

- 2011: $1.2 billion
- 2013: $1.3 billion
- 2014: $1.3 billion
- 2015: $1.4 billion
- 2017: $1.5 billion

Up 21% 2011-2017
Trends in Economic Impacts

Economic Output

<table>
<thead>
<tr>
<th>Year</th>
<th>Economic Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$3.7 billion</td>
</tr>
<tr>
<td>2013</td>
<td>$3.9 billion</td>
</tr>
<tr>
<td>2014</td>
<td>$3.9 billion</td>
</tr>
<tr>
<td>2015</td>
<td>$4.2 billion</td>
</tr>
<tr>
<td>2017</td>
<td>$4.5 billion</td>
</tr>
</tbody>
</table>

Economic Output Up 22%
2011-2017
Alaska Employment, 2015-2017 Change

- TOTAL: -10,600
- Oil & Gas: -4,400
- Construction: -2,500
- Prof. & Business Services: -2,100
- State Gov't: -2,000
- Visitor Industry: +3,500
State of Alaska Revenues, 2017

Total: $125.6 million
Cruise line payments: $33.3 million

- Commercial Passenger Vessel Environmental Compliance Program: $1.0m
- Ocean Ranger Program: $4.2m
- Vehicle Rental Tax: $7.8m
- Passenger Gambling Tax: $8.2m
- Corporate Income Tax - Tourism: $11.2m
- Alaska Marine Highway System: $16.0m
- Commercial Passenger Vessel Tax: $19.9m
- Fish and Game Licenses/Tags: $25.5m
- Alaska Railroad Corporation: $31.9m
Municipal Revenues, 2017

Total: $88.5 million

- Dockage/Moorage Fees: $17.8m
- Lodging Tax: $33.1m
- Sales Tax: $37.6m
Trends in Government Revenues

Municipal Revenues

- 2011: $71 m
- 2013: $78 m
- 2014: $78 m
- 2015: $83 m
- 2017: $88 m

Municipal Revenues Up 24%
2011-2017
Trends in Government Revenues

State of Alaska Revenues

2011: $91 m  
2013: $101 m  
2014: $100 m  
2015: $105 m  
2017: $126 m

State Revenues Up 38%  
2011-2017
Local Impacts
Mat-Su

- Economic Impact of the Visitor Industry in the Mat-Su Borough, 2016
- Prepared for Mat-Su CVB
- Included visitor volume estimates by location

Annual Economic Impacts

- 1,700 jobs
- $47 million labor income
- $133 million economic output
Juneau

- Juneau Visitor Profile and Economic Impact Study, 2016
- Prepared for Travel Juneau
- Included visitor profile from AVSP data

**Annual Economic Impacts**

- 2,800 jobs
- $13.5 million tax revenue
- $14.2 million marine revenue
- $109 million labor income
- $319 million economic output
Kenai Peninsula

• Kenai Peninsula Visitor Profile and Economic Impact Analysis, Summer 2016
• Prepared for Kenai Peninsula Tourism Marketing Council
• Included visitor profile from AVSP data

Summer Economic Impacts

3,100 jobs
$95 million labor income
$218 million economic output
Ketchikan

- *Ketchikan Summer Visitor Profile and Economic Impact Analysis, 2017*
- Prepared for Ketchikan Visitors Bureau
- Included visitor profile from AVSP data

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**Summer Economic Impacts**

- **1,750** jobs
- **$76 million labor income**
- **$18.7 million municipal revenues**
Where do I find out more?

- AVSP, Visitor Volume, and Economic Impacts on DCCED website

- And at ATIA’s website
  http://www.alaskatia.org/marketing/alaska-visitores-statistics-program-avsp-vii

- McDowell Group
  www.mcdowellgroup.net
ONE DOES NOT SIMPLY
TAKE A SURVEY

Oh yeah! A PHONE SURVEY!

Said no one ever

YEAH, IF YOU COULD JUST TAKE MY SURVEY

THAT'D BE GREAT
Thank you!

www.mcdowellgroup.net