

Table of Contents

<i>Executive Summary</i>	1
Introduction	1
Summary of Findings	1
<i>Introduction</i>	5
Introduction	5
The Alaska Visitor Statistics Program (AVSP)	5
Alaska Visitor Statistics Program III Phases.....	6
Random Arrival Survey Locations.....	7
<i>Chapter I: Arrivals</i>	9
Total Arrivals (Residents and Visitors Combined).....	11
Resident/Visitor Arrival Composition	14
Visitor Arrivals by Entry Mode	15
Visitor Arrivals by Trip Purpose	16
Visitor Arrivals by Origin.....	17
<i>Chapter II: Visitor Arrival Trends</i>	19
Introduction	21
Visitor Entry Mode Trends.....	23
Visitor Trip Purpose Trends	27
Arrival Trends (Residents and Visitors Combined).....	31
Resident/Visitor Arrival Composition Trends.....	35
Resident Visitor/Arrival Composition by Mode.....	35
<i>Appendix</i>	39
Methodology Summary	41
Domestic Air.....	41
Cruise Ship	41
Alaska Marine Highway System.....	41
Highway	41
International Air.....	41
Acknowledgments.....	42

Executive Summary

Introduction

This report presents McDowell Group estimates of visitor arrivals to Alaska. These estimates are based on secondary data only. No actual field surveying has been conducted for summer since the summer 1993 *Alaska Visitor Statistics Program III (AVSP)*. The visitor arrival numbers presented here are based on total arrival trends (including Alaska residents), economic conditions in Alaska, population growth, visitor industry trends and other factors. For marketing purposes readers should focus on study discussions that deal with visitor (non-resident traveler) data.

Summary of Findings

Visitor Arrivals by Entry Mode

- The number of visitors entering Alaska in Summer 1998 (May through September) exceeded 1.1 million and accounted for three-quarters (75%) of total passenger arrivals to the state.
- Summer 1998 visitors traffic increased by 1.3% over Summer 1997. Visitor growth was stimulated by significant increases in ferry and highway traffic, as well as a slight increase in cruise traffic.
- Visitor growth slowed considerably in comparison to Summer 1997, which saw a 5% increase in visitor traffic. The lower growth rate is due in large part to reductions in both domestic and international air visitor traffic, which decreased by 1.7% and 4.7%, respectively.
- While cruise ship traffic did increase by nearly 3% in 1998, the growth is far less significant than in past years. 1996 saw a 19% increase in cruise passengers, while in 1997 there was a 16% increase. The average annual growth in cruise ship numbers since 1989 is 11%.
- The highway system posted the largest increase of any travel mode at 17%. Traffic on the Alaska Marine Highway System also increased dramatically, with 14% more visitors than in 1997. Growth rates for these two modes usually correspond as visitors using one mode often use the other. Gold Rush Centennial (1898-1998) promotions by Alaska and the Yukon, improved AMHS service with the Malaspina shuttle and the new Kenicott, and the Governor's promotional program aimed specifically at independent visitors all contributed to exceptional increases in these modes.

Total Arrivals (Residents and Visitors Combined)

- Total Arrivals (residents and visitors combined) entering Alaska in the summer of 1998 amounted to slightly more than 1.5 million travelers. This was a 0.43% increase over Summer 1997 and a gain of about 6,500 arrivals.

- Residents entering Alaska in Summer 1998 comprised 25% of total arrivals, or approximately 380,000 travelers.

**Visitor (Non-Resident) Arrivals by Entry Mode
Summer 1997 and Summer 1998**

Entry Mode	Summer 1997	Summer 1998	% Change 1997-1998
Domestic Air	560,800	551,600	-1.6%
Cruise Ship	392,100	403,200	+2.8
Highway-Personal Vehicle	96,600	113,100	+17.0
Highway-Motorcoach	3,700	4,100	+10.8
Alaska Marine Highway System	18,900	21,600	+14.3
International Air	21,000	20,000	-4.8
Other	27,500	22,100	-19.6
Total Visitors	1,120,600	1,135,700	+1.3%

Visitor Trip Purpose

- Trip Purpose trends did not experience any significant changes from summer 1997 numbers; not one category posted an increase or decrease of more than 2%.
- Visitors who come to Alaska for vacation or pleasure account for over three-quarters (76%) of all visitors.
- As in past years Vacation/Pleasure (V/P) visitors accounted for most of the growth in Alaska visitors, increasing by over 2%. However, this increase is small in comparison to both 1996 and 1997, which saw increases of 13% and 7% in V/P visitors.
- Visitors coming to Alaska to spend time with friends and relatives totaled an estimated 103,100, slightly less than in 1997. This assumption is based on the fact that the domestic air mode which carries most VFRs declined slightly.
- Business-related visitors also experienced slight declines. This assumption is based on a nationwide softening of the business travel market and a decline in the domestic air mode which carries virtually all business travelers.

**Visitor Arrivals by Trip Purpose
Summer 1997 and Summer 1998**

Trip Purpose	Summer 1997	Summer 1998	% Change 1997-1998
Vacation/Pleasure	839,200	858,000	+2.2%
Visiting Friends and Relatives	104,500	103,100	-1.3
Business and Pleasure	66,400	65,700	-1.0
Business Only	96,800	94,900	-2.0
Seasonal Workers	13,700	14,000	+2.0
Total Visitors	1,120,600	1,135,700	+1.3%

Visitor Origin

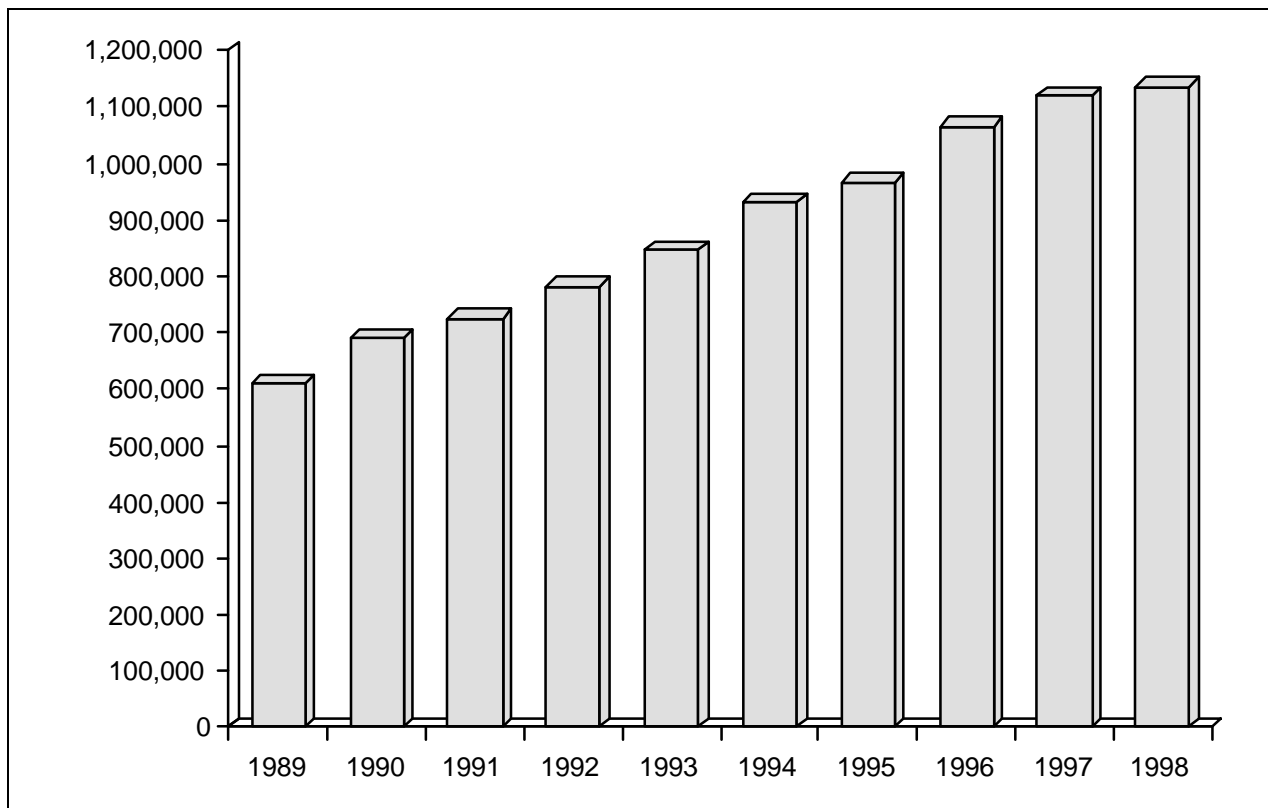
- The most recent research available on visitor origin was acquired in Summer 1993 through the *Alaska Visitor Statistics Program*. These 1993 percentages are presented in this document. However, due to significant changes in markets and mode volumes, it is no longer appropriate to apply 1993 origin data to 1998 visitor volume estimates.

Visitor Volume Trends

- Historical trends show visitor volume growing moderately in the late 1980s, followed by a period of rapid growth during the 1990's. This recent boom, led by the cruise industry, appears to have leveled off in 1998.

Visitor Volume Trends

Summer 1989-1998
May through September



Introduction

Introduction

The *Arrival Count*, the subject of this report, estimates the number of visitors to Alaska in the years between primary data collection of the *Alaska Visitor Statistics Program*. The purpose of the *Arrival Count* is to track year-round passenger volume into Alaska and to develop estimates of visitor volume, trip purpose, and entry mode. For marketing purposes readers should focus on the study discussions that deal with visitor (non-resident traveler) data. These travelers are most likely to be impacted by marketing programs.

To determine the total number of visitors, non-resident ratios are applied to the total population arriving in Alaska. While no survey data exists after April 1994, the McDowell Group estimates arrival composition based on historic (1993-94) survey data and takes into consideration current relevant trends in the visitor industry, the Alaska economy and the state's passenger transportation industry.

The McDowell Group collects and compiles detailed arrival count data for five entry modes (domestic air, international air, cruise ship, Alaska Marine Highway System, and highway) from six major entry locations (Anchorage, Fairbanks, Juneau, Ketchikan, Alcan, Poker Creek and Skagway U.S. Customs stations). Arrival data is derived from a number of secondary sources including a voluntary and confidential reporting program to obtain domestic air statistics. All domestic air carriers entering Alaska provide the McDowell Group with reports on passengers and flights entering the state. Other arrival count data sources are the Alaska Marine Highway System's Management Information Group, the Anchorage International Airport Manager's office, Cruise Line Agencies of Alaska and the Alaska Highway offices of the U.S. Customs and Immigration Service.

The Alaska Visitor Statistics Program (AVSP)

The *Alaska Visitor Statistics Program (AVSP)* is a comprehensive information system designed to enhance the public and private sectors' understanding of the Alaska visitor industry. It was initiated by the State of Alaska Division of Tourism in 1985. The McDowell Group, Inc. of Juneau, Alaska was selected by the Division of Tourism to be the program contractor in 1985-86, 1989-90 and 1993-94.

The *AVSP* was designed to measure visitor volume, composition, opinions and attitudes, expenditures, and demographics. Arriving visitors were interviewed for a period of one year through personal intercept interviews, an expenditure diary survey, and a follow-up mail survey. The methodology developed by the McDowell Group consistently yielded records in response rates for visitor survey research.

The program has four distinct but interdependent phases. These are the *Arrival Count*, *Random Arrival Survey*, *Visitor Expenditure Survey*, and *Visitor Opinion Survey*. The exhibit and map on the following pages show the survey locations and program phases. A series of six comprehensive reports presents the results of the survey fielding from the most recent survey fielding period, May 1993 through April 1994.

Alaska Visitor Statistics Program III Phases

(last conducted in 1993-1994)

Random Arrival Survey Locations

NOTE: The Alaska Marine Highway is sampled onboard vessels from Prince Rupert and Bellingham underway to Ketchikan. Highway is sampled at the U.S. Customs Station on the Taylor Highway and near the U.S. Customs Station near Tok. Klondike Highway is sampled at the U.S. Customs Station at Skagway.

Chapter I: Arrivals

Total Arrivals

Resident/Visitor Arrival Composition

Visitor Arrivals by Trip Purpose

Visitor Arrivals by Entry Mode

Visitor Arrivals by Origin

Arrivals

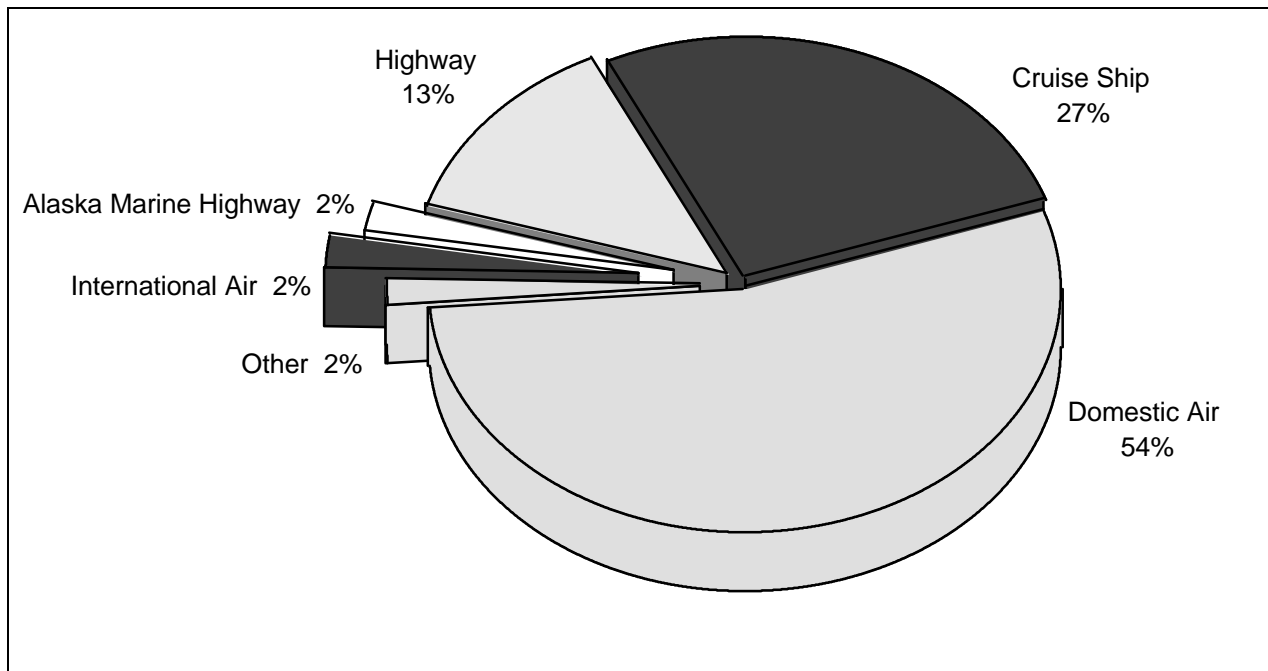
Total Arrivals (Residents and Visitors Combined)

The total number of travelers (residents and visitors combined) entering the state of Alaska in the summer of 1998 reached 1,520,000, a 0.4% increase over Summer 1997.

Proportionally, domestic air carries more than half of all arriving passengers into Alaska, while cruise ships bring in one out of every four passengers. The highway mode carries one out of eight arriving passengers. The Alaska Marine Highway and International Air modes contribute small percentages of the total.

Graph I-A

**Total Arrivals by Entry Mode
(Residents and Visitors Combined)
May through September 1998**



Among the five summer months September posted the greatest increase of 5% over Summer 1997. July, historically the biggest visitor travel period during the summer, brought the largest number of arrivals to the state.

Table I-A

**Total Arrivals
Total Passengers Entering Alaska
(Residents and Visitors Combined)
May to September 1998**

Mode	May	June	July	August	September	Total	Percent Change 1997-98
Domestic Air¹	126,154	191,193	204,242	197,256	105,640	824,485	-2.5 %
Anchorage	97,764	150,054	159,629	152,587	81,393	641,427	-2.2%
Other	28,390	41,139	44,613	44,669	24,247	183,058	-3.4%
International Air²	2,610	5,720	5,900	7,128	3,735	25,093	-5.1 %
Signatories (scheduled)	1,319	1,944	1,768	1,757	1,815	8,603	-37.3%
Non-Signatories (not scheduled) ¹	1,291	3,776	4,132	5,371	1,920	16,490	+29.6%
Cruise Ship³	57,725	94,628	93,852	95,061	61,938	403,204	+2.8 %
Highway⁴	22,492	50,710	60,858	46,901	22,157	203,118	+11.5 %
Alcan & Poker Creek							
Personal Vehicle	10,470	31,216	35,676	27,205	11,419	115,986	+16.9%
Motorcoach ⁵	72	1,103	1,140	774	169	3,258	+13.9%
Skagway							
Personal Vehicle	11,822	18,084	23,812	18,779	10,555	83,052	+4.8%
Motorcoach	127	307	230	142	15	822	-2.6%
Alaska Marine Highway⁶	3,214	7,079	7,624	6,101	2,364	26,382	+12.5 %
Departing Bellingham	1,814	3,019	3,221	2,515	1,344	11,913	-2.5%
Departing Prince Rupert	1,400	4,060	4,403	3,586	1,020	14,469	+28.7%
Other⁷	5,461	9,760	8,672	8,882	4,951	37,725	-13.9 %
Total Arriving Passengers⁸	271,655	359,090	381,148	361,328	200,785	1,520,007	+0.4 %
% of Change By Month 1997-98	+2.3 %	-1.0 %	-1.0 %	+1.9 %	+5.2 %	+0.4 %	

Arrival data was collected directly from domestic airlines (through a confidential reporting system), the Anchorage International Airport Manager's office, the Alaska Marine Highway System Traffic Manager's office, U.S. Customs at Skagway, the U. S. Immigration and Naturalization Service and Alaska Public Lands Information Center at Tok for the Alaska and Taylor Highways, Cruise Line Agencies of Alaska and other sources.

Footnotes For Table I-A

Important note: Arrivals are defined as passengers entering Alaska at a first point of entry. Further, the number of first arrivals at each entry point are only those using that point of entry for their first stop. In Anchorage, for example, 641,427 passengers entered the state on Domestic Air carriers which landed first at Anchorage. Several times that number transited in and out of Anchorage by air from instate locations.

- ¹ Domestic Air totals include both scheduled and charter flights by domestic carriers.
- ² International Air totals include both scheduled and charter flights by international carriers.
- ³ Cruise Ship arrivals are listed by the first point of entry after entering Alaska waters northbound.
- ⁴ Highway Personal Vehicle totals include all passengers passing into Alaska through U.S. Customs stations on Alaska, Taylor and Klondike Highways. These totals include passengers arriving in Alaska at their first point of entry and those previously entering Alaska at other points, such as on the Ferry in Southeast Alaska before driving into mainland Alaska. Those passengers not arriving by Highway as their first point of entry are screened out by the AVSP survey process and are not double counted in the visitor totals included in the tables that follow this section. Passengers entering Alaska on the Klondike Highway who first visited mainland Alaska are also screened out by the survey process.
- ⁵ Highway motorcoach arrivals are first arrivals only and, unlike the Personal Vehicle arrivals, do not include Motorcoach passengers who first entered Alaska at another point of entry. Motorcoach first arrivals are those passengers traveling from their point of origin entering Alaska first via Highway at the Alcan, Taylor and Klondike highways U.S. Customs stations.
- ⁶ Alaska Marine Highway System arrivals are the number of passengers on board as the ferries pass northbound into Alaska waters from the two outside points of departure, Prince Rupert, B.C. and Bellingham. The total does not include users of the system boarding within Alaska.
- ⁷ Other arrivals includes first arrivals at minor points of entry not surveyed. This includes Domestic Air first arrivals at locations other than Ketchikan, Juneau, Anchorage and Fairbanks; some private vessel and aircraft arrivals; commercial truck passengers through Alcan, Taylor and Klondike checkpoints and a statistical adjustment to prevent disclosure of individual carrier volume. This does not include crew members of all other passenger transportation modes.
- ⁸ Totals include Skagway arrivals. Skagway arrivals via the Klondike Highway were surveyed for the first time in 1989, and again in 1993, these arrivals are included in the totals but comparisons of Skagway arrivals prior to 1989 are not possible.

Resident/Visitor Arrival Composition

The first step in determining visitor characteristics is to estimate the proportion of visitors (non-residents) among total arrivals. In the absence of survey data for Summer 1998, a combination of methods is used to determine proportions of residents and visitors among total arrivals. This combination includes a review of past survey results, the study of changes in the Alaska economy and its population, a review of any events/trends which may have affected travel to and from Alaska, and detailed examination of visitor trends by the five trip purpose groups. The end results of these analyses are estimates of the volume of arriving visitors by each entry mode during the Summer 1998 season.

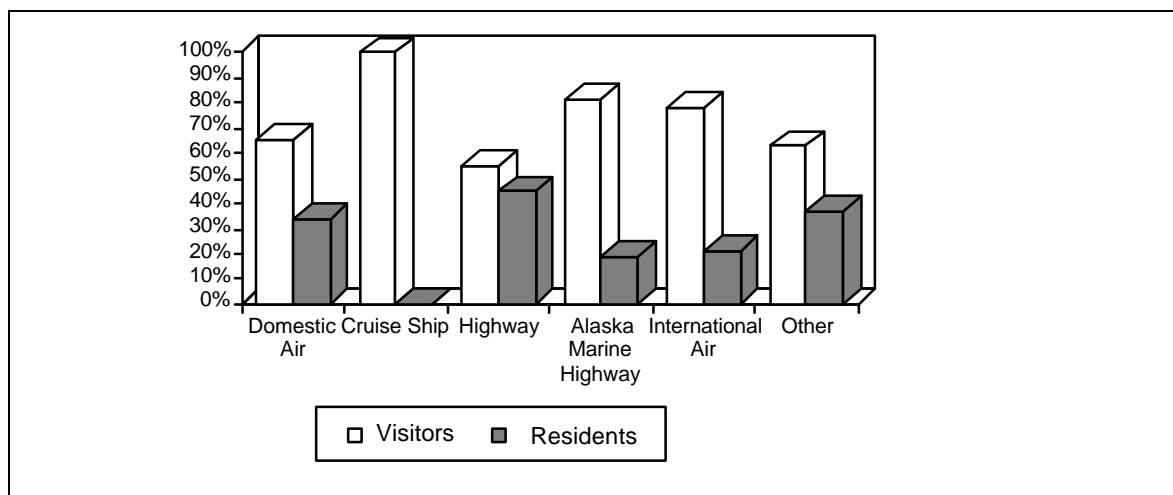
Alaska's population has been increasing only slightly, at a rate of less than 1% annually in recent years. The state's total population stood at 621,400 in July 1998 (provisional data from the Alaska Department of Labor), and grew 2%, or by 12,089 individuals over July 1997.

In recent years employment figures also increased slightly. Between 1997 and 1998 employment grew by 3.4%, or by approximately 10,000 jobs. While such increases in employment and population sometimes suggest a corresponding increase in resident travel, anecdotal evidence indicates that resident travel remained steady in the summer of 1998.

As shown in Graph I-B, several transportation modes are dominated by visitor travel. Cruise ship remains 100% visitors. The AMHS ratio between visitors and residents is estimated at 82% versus 18% residents. The balance between visitors (78%) and residents (22%) among International Air travelers is similar to AMHS. Domestic Air arrivals were an estimated two-thirds (67%) visitors in Summer 1997. The Highway Personal Vehicle visitor/resident mix had 57% visitors, a number calculated prior to screening out second arrivals. After this adjustment, the highway resident/visitor ratio becomes similar to that of other modes.

Graph I-B

**Resident/Visitor Arrival Composition
By Entry Mode
Summer 1998**



When determining the ratio between residents of Alaska and visitors, several assumptions come into play. Historically, the mix of residents versus visitors has been gradually changing as visitor industry travel has grown faster than resident travel. The analysis begins with Summer 1993 data as a baseline from which non-resident ratios are based.

Visitor Arrivals by Entry Mode

Summer 1998 visitors totaled 1,135,700 and were 75% of total arrivals (residents and visitors combined) to Alaska. This ratio increased slightly over Summer 1997, growing a modest 0.5%.

Domestic Air visitor arrivals totaled 551,600 or 49% of all visitors coming to Alaska in Summer 1998. Cruise Ship visitors were the second largest market to Alaska comprising 36% of all visitors to the state. Highway visitors tallied more than 117,000 (personal vehicle and motorcoach passengers combined) visitors. International Air and AMHS visitors each accounted for about 2% of the visitor market.

Table I-B

**Resident/Visitor Arrivals by Entry Mode
May to September 1998**

Entry Mode	Total Arrivals	% Visitors	# of Visitors¹	% of Total Visitors
Domestic Air	824,485	66.9%	551,600	48.6%
Cruise Ship	403,204	100.0	403,200	36.0
Highway-Personal Vehicle	199,038	56.8	113,100	10.0
Highway-Motorcoach	4,080	100.0	4,100	0.4
Alaska Marine Highway System	26,382	81.9	21,600	1.9
International Air	25,093	79.7	20,000	1.8
Other	37,725	58.6	22,100	1.9
Total Arrivals	1,523,007	74.6%	1,135,700	100.0%

¹ Totals for the number of visitors have been rounded up.

Visitor Arrivals by Trip Purpose

Visitors to Alaska grew an estimated 1.3% between Summer 1997 and Summer 1998 and totaled approximately 1,135,700. This increase was substantially lower than that experienced in previous years. The average annual growth rate for visitors since 1989 has been approximately 7%.

Estimates of visitor arrivals by trip purpose are arrived at primarily by studying changes in the entry mode volumes that carry large portions of each specific trip purpose visitor category. This is supplemented by anecdotal evidence collected in supplemental interviews with experienced transportation and visitor industry authorities.

The modes which are heavily devoted to carrying Vacation/Pleasure visitor traffic increased in 1998. These include cruise ship, highway and ferry. As a result of these observations and other evidence we assume a slight increase of just over 2% in this Trip Purpose.

Although the population of Alaska has increased slightly, the dominant mode for VFRs, domestic air, showed a decline with all carriers and all points of entry. The assumption is a slight decrease in VFR travel to Alaska. This may also be affected by more restrictive frequent flyer policies.

Business-related travel is also assumed to be down slightly, again based primarily on the decline in domestic air volumes. This mode is virtually the exclusive travel mode of business-related visitors.

Seasonal worker volumes are assumed to be up slightly following a 3% increase in Alaska 1998 summer employment.

Table I-C

**Trip Purpose
May to September 1998**

	Summer 1998	Percent of Visitors	Percent Change From 1997
Vacation/Pleasure	858,000	75.6%	+2.2%
Visiting Friends and Relatives	103,100	9.1	-1.3
Business and Pleasure	65,700	5.8	-1.1
Business Only	94,900	8.4	-2.0
Seasonal Workers	14,000	1.2	+2.0
Total Visitors¹	1,135,700	100.0%	+1.3%

¹ Totals for the number of visitors have been rounded up.

Visitor Arrivals by Origin

Visitor origin data was last collected in Summer 1993 and Fall/Winter 1993-1994. Recent growth in Cruise ship, Domestic Air and International Air coupled with declines in Ferry and Highway arrivals have understandably altered visitor origin patterns. The 1993 patterns are not considered valid indicators of today's visitor origins. For these reasons 1993 percentages only are presented in the following table and are not applied to 1998 visitor volumes.

Table I-D

Visitor Arrivals by Place of Origin May to September 1993*

	Percent of Total Visitors	
West	36.8 %	
California		14.0 %
Washington		10.4
Oregon		3.5
Colorado		2.3
Arizona		1.7
Hawaii		1.0
Montana		1.0
South	20.1 %	
Florida		5.0 %
Texas		4.6
Virginia		1.5
Georgia		1.4
North Carolina		1.2
Maryland		1.0
Louisiana		1.0
Midwest	15.1 %	
Illinois		2.6 %
Ohio		2.5
Michigan		2.3
Minnesota		2.2
Missouri		1.3
Wisconsin		1.1
Indiana		1.1
East	11.1 %	
New York		4.0 %
Pennsylvania		2.2
New Jersey		2.2
Massachusetts		1.2
Total United States	83.1 %	
Canada	9.6 %	
British Columbia		3.0 %
Yukon		2.3
Alberta		1.5
Ontario		1.4
Overseas	6.4 %	
Europe		3.6 %
Germany		1.3
Great Britain		1.0
Pacific Region Total		2.0 %
Unknown	0.9 %	
Total Visitor Arrivals	100.0 %	
* Please refer to discussion above.		

Chapter II: Visitor Arrival Trends

Introduction

Visitor Entry Mode Trends

Visitor Trip Purpose Trends

Arrival Trends (Residents and Visitors)

Resident/Visitor Arrival Composition Trends

Introduction

Visitor arrivals have been on the rise since data were first collected in the 1985 *Alaska Visitor Statistics Program*. All entry mode and trip purpose groups have experienced growth. An overview of these trends is presented in this section including total arrivals, resident/visitor composition, entry mode and visitor trip purpose.

The organization of this chapter is slightly different from Chapter I. Visitor (non-residents) discussions are placed ahead of the Total Arrivals and Resident/Visitor composition discussions, since visitors are affected by statewide marketing programs implemented by the State of Alaska Division of Tourism, and are therefore the focus of this research. For marketing purposes, readers should focus on study discussions dealing with visitor data.

Two broad refinements have been made to data collection since the *AVSP's* inception. First, Skagway was not included as an entry point until June of 1989. Second, from 1985 through 1992, the summer season was defined as June through September. In 1993, the summer season was expanded to include May. In order to present a more complete picture of arrival trends, the tables in this chapter have been revised to include Skagway and May. These trend numbers will differ from statistics presented in past *Alaska Visitor Arrivals* documents which did not include the Skagway and May data.

Only the Trip Purpose table and discussion in this document will continue to exclude May data since it was beyond the scope of this report to recreate visitor trip purpose percentages for May for the years 1989 through 1992. As a result, Trip Purpose figures will differ slightly from visitor numbers presented in the other trend tables within this document.

This chapter presents a comparison of more current data between Summer 1989 and Summer 1998. Trend information from the years 1985 through 1988 is available in previous *Alaska Visitor Arrivals* documents.

Visitor Entry Mode Trends

The rapidly increasing visitor market seems to have slowed in Summer 1998, which posted only a 1.3% growth in visitor numbers. Between Summer 1989 and Summer 1999 total visitors grew an estimated 86% or at an average annual rate of over 7%. Peak growth years were between Summers 1989 and 1990 (+13%), and Summers 1993 and 1994 and Summers 1996 and 1997 (both at +10%).

Domestic Air visitors grew substantially, increasing by an estimated 240,000. Over the nine year period air visitor volumes were affected by a variety of factors, such as increased competition in service and rates, and excellent frequent flyer benefits. However, in the last two years, domestic air visitor volumes have ceased to grow and in fact declined in 1998. This is counter to the national trend towards increased leisure air travel and should be of high concern to Alaska travel marketers. Competition has decreased, fares have not declined further, and frequent flyer benefits are more restrictive.

Cruise Ship travel demonstrated the most explosive growth, increasing by nearly 158% or at an annual average rate of more than 11%. Expansion of the cruise industry in Alaska and worldwide – with new cruise lines and larger vessels – resulted in extensive marketing on the part of the industry. However, cruise trends are clearly slowing, with less than a 3% increase in 1998 and only a slight increase forecast for 1999. Some observers think the cruise market worldwide is saturated after the phenomenal growth in the last decade. Others believe that the enormously effective marketing practices of the cruise industry will be able to fill the ever-increasing number of new ships coming on line in the next several years.

Overall Highway arrivals posted an increase since 1989, growing at an estimated average annual rate of 4%. While Alcan and Poker Creek arrivals grew at an average annual rate of 3%, Skagway arrivals grew slightly faster (5%) since 1989. Though exhibiting growth overall, Highway arrivals increased at a much slower rate than most other travel modes. In fact, since peaking in Summer 1995 Highway visitors have decreased slightly. The promotions that led to an impressive 17% increase in 1998 proved that directed marketing to this segment can be effective.

The Alaska Marine Highway volume grew significantly up until 1993, and then declined every year through 1997. A lack of directed marketing, service disruptions, and discount cruise pricing all contributed to this downturn. But in 1998, which featured the new Malaspina shuttle service, the new Kenicott, directed independent marketing promotion, and zero service interruptions, traffic grew by a significant 13%. The future of both the highway and Marine Highway markets is heavily dependent on adequate promotion.

International Air visitations have fluctuated since 1989, depending on service schedules, worldwide economics, overseas marketing, and changes in long-haul international aircraft equipment. The decline in 1998 was a function primarily of reduced scheduling and international economic difficulties.

Table II-D

**Visitor Entry Mode Trends
Total Visitors Entering Alaska
May to September 1989 - 1998**

Entry Mode	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997	Summer 1998	Annual Avg. 1989-1998
Domestic Air	312,700	354,200	386,300	412,600	443,600	488,000	508,300	547,900	560,800	551,600	+7.6 %
International Air	18,400	19,500	18,800	15,300	14,500	14,200	13,300	22,500	21,000	20,000	+0.7 %
Cruise Ship	152,200	187,400	194,000	212,000	247,000	285,100	283,500	336,500	392,100	403,200	+11.4 %
Alaska Marine Highway System	27,000	28,200	29,600	27,000	29,100	28,400	27,000	24,000	18,900	21,600	-2.1 %
Highway¹	82,600	84,400	83,100	99,100	91,900	95,300	108,100	103,400	100,200	117,200	+4.0 %
Alcan/Poker Creek											
Personal Vehicle	48,700	52,200	49,600	53,900	55,300	58,600	66,500	61,600	57,700	65,900	+3.4 %
Motorcoach ²	3,700	3,300	4,200	2,600	3,500	3,300	3,200	3,500	2,800	3,300	-1.6 %
Skagway											
Personal Vehicle											
Motorcoach	30,200	28,900	29,300	42,600	33,100	33,400	38,400	38,300	39,700	48,000	+5.3 %
Other³	15,800	16,400	14,700	16,000	20,100	20,400	26,900	30,000	27,500	22,100	+3.8 %
Total Arrivals	608,700	690,100	726,500	782,000	846,200	931,400	967,100	1,064,300	1,120,600	1,135,200	+7.2 %
% Change		+13.3 %	+5.3%	+7.6 %	+8.2 %	+10.1 %	+3.8 %	+10.1 %	+5.3 %	+1.3 %	

¹ The highway figures are slightly different from the numbers reported in the Alaska Visitor Statistics Program III Summer 1993 Visitor Arrivals, based on revised estimates.

² Summer 1989 through 1993 motorcoach arrivals are estimates based on the number of motorcoaches entering Alaska at their first point of entry.

³ Other Domestic Air arrivals were not sampled from Summer 1989 through 1993. Visitor arrivals were estimated for the small volume of Domestic Air arrivals at locations other than the four sample points, and private vessel and aircraft arrivals at select locations.

Visitor Trip Purpose Trends

Trip Purpose estimates were developed using three methods. First, historical trip purpose composition of each entry mode from the Summer 1993 visitor data base was applied to the 1997 entry mode figures. Second, trip purpose composition of the total visitor volume was reviewed. And, finally, economic trends, relevant travel trends which affected travel to and from Alaska and visitor trends within each trip purpose group were considered.

Vacation/Pleasure (VP) visitor market growth expanded considerably since Summer 1989, averaging an annual growth rate of over 8%. The largest growth period (13%) occurred between Summer 1989 and Summer 1990. Another high growth year occurred between Summers 1995 and 1996 (12%). The 6% growth rate between Summers 1996 and 1997 could signal a slowing of the visitor industry as the Alaska market matures. In addition, Alaska is competing against a variety of other travel destinations, all vying for VPs. The statewide marketing program, most likely to draw pleasure visitors to Alaska has been weakened by the lack of funding to implement a strong, effective program.

As in past years, visitors who came to Visit Friends and Relatives (VFRs) were Alaska's second largest travel market (9%) during Summer 1998. VFRs have grown at a very modest rate reflecting the slow growth rate of Alaska population. Other factors such as a less competitive airline environment probably contributed the slight declines assumed in 1997 and 1998.

The Business Only market grew considerably (115%) between Summer 1989 and Summer 1998. Some of this growth is attributed to the rebound of the Alaska economy following extreme downturns in the mid-1980s. In addition, the U.S. economy in general achieved stability in the mid-1990s. Low interest rates and efficient productivity, among other factors, created an overall positive economic outlook across the United States and spurred business travel in the Lower 48 and Alaska. However, changes in business travel patterns are resulting in a softening of the national business travel market. Slight declines are beginning to show in business travel volume.

The Business & Pleasure (BP) market increased by 19% over the nine year period beginning with Summer 1989. Slight decreases are beginning to show in the last two years, and this is consistent with the general softening in business-related travel.

Seasonal Worker volumes are a function of the state's economy, especially activities in selected industries such as seafood processing and tourism. The long-run trend has been for seasonal worker volumes to gradually decline. But in recent years the estimates show stability.

Table II-E

**Visitor Trip Purpose Trends*
Total Visitors Entering Alaska
June to September 1989-1998**

Trip Purpose	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997	Summer 1998	Annual Avg. 1989-1998
Vacation/Pleasure	367,900	415,500	434,200	468,800	524,300	586,200	609,800	682,500	725,800	735,200	+8.1%
Visiting Friends and Relatives	86,700	96,200	98,100	102,000	80,900	85,700	88,500	91,900	91,600	92,800	+0.8%
Business & Pleasure	49,300	55,900	58,400	61,900	50,500	53,500	54,900	58,100	58,100	58,900	+2.1%
Business Only	39,500	43,200	43,900	44,800	78,100	79,700	81,300	84,600	84,900	86,000	+9.2%
Seasonal Workers	15,900	19,100	17,100	17,100	11,600	11,800	12,000	12,000	12,000	12,000	-2.6%
Total Visitors¹	559,300	629,700	651,700	694,600	745,400	816,900	846,500	929,100	972,400	985,100	+6.5%

* Total Trip Purpose figures are different than those presented in other tables in this document. Data gathered prior to Summer 1993 did not include May as part of the Summer season. May was first added to Summer in 1993. In order to present comparable trend data from Summer 1989 forward, May numbers have been eliminated from the Summer figures shown in the above table. As a result, the numbers above differ from those in other visitor tables in this document.

¹ Totals for the number of visitors have been rounded up.

Arrival Trends (Residents and Visitors Combined)

Total Arrivals to Alaska (residents and non-residents combined) have grown substantially between Summers 1989 and 1998. Total travelers grew an estimated 71% or at an average annual rate of approximately 6%.

Growth rates varied considerably over the eight year period. Peak growth years occurred between Summers 1989 and 1990 (14%) and Summer 1993 and 1994 (9%).

Domestic Air total arrivals increased by an average of approximately 6%, or by about 320,000 passengers for the nine year period. It is the dominant travel mode for arrivals to the state accounting for about 54% of Alaska's total arrivals in Summer 1998. Domestic Air's share of total state arrivals has changed little since Summer 1989, ranging between 54% and 59%.

Cruise ship has been the second most common method of travel to Alaska. Cruise ship arrivals have increased significantly (+165%) since Summer 1989. The surge in cruise arrivals can be attributed to several factors. The addition of new large capacity vessels and new cruise lines entering the Alaska market resulted in increased cruise passengers. Discounting practices by cruise companies utilized to fill vessel berths also spurred additional growth for this market. Cruise arrivals presented here do not represent the entire cruise market, which is larger than those travelers entering Alaska on a ship. Many cruise passengers travel to Alaska on a domestic air carrier prior to embarking on their cruise. Cruise market growth dropped to the low single digits in 1998, and is expected to increase only slightly in 1999.

Arrival trends for International Air travelers have shifted considerably since Summer 1989. The cessation of scheduled stopovers at the Anchorage International Airport greatly affected volumes for this travel mode. Charter flights from Europe and Japan were critical in alleviating the decline experienced between Summers 1990 and 1995. International Air arrivals continue to fluctuate from year to year.

Alaska Marine Highway System (AMHS) passenger arrivals exhibited the largest downturn between Summer 1989 and Summer 1997 (23%) averaging an annual decline of nearly 4%. This was followed by a promising 13% increase in 1998.

Highway arrivals to Alaska grew by an estimated 36% between 1989 and 1998. Between Summers 1989 through 1995 Highway arrivals grew about 29%. Arrivals on the Klondike Highway at Skagway outpaced (+53%) those experienced on the Alaska and Taylor (+11%) Highways. In Summer 1996 highway arrivals began to decline and dipped again in 1997, then increased substantially in 1998.

Table II-A

Arrival Trends
Total Passengers Entering Alaska
Residents and Visitors Combined - May to September 1989 - 1998

Entry Mode	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997	Summer 1998	Annual Avg. 1989-1998
Domestic Air	504,583	574,722	627,083	689,136	697,451	763,554	788,065	836,994	845,455	824,485	+5.6%
International Air	23,238	24,260	23,484	18,510	19,458	20,590	19,260	28,637	26,455	25,093	+1.5%
Cruise Ship	152,201	187,331	194,018	211,970	246,967	285,095	283,461	336,511	392,063	403,204	+11.4%
Alaska Marine Highway System	34,699	37,272	39,162	35,973	35,905	35,100	32,954	30,050	23,461	26,382	-2.6%
Highway¹	149,052	160,420	165,923	174,158	175,221	182,211	191,999	187,225	182,248	203,118	+3.5%
Alcan/Poker Creek											
Personal Vehicle	89,324	100,825	94,134	99,763	99,449	105,115	108,980	105,795	99,262	115,986	+1.3%
Motorcoach ²	3,726	3,304	4,163	2,602	3,500	3,318	3,240	3,514	2,861	3,258	-2.6%
Skagway											
Personal Vehicle	51,927	54,574	65,964	69,991	71,628	73,231	79,168	77,271	79,281	83,052	+5.4%
Motorcoach	4,075	1,717	1,662	1,802	644	547	611	645	844	822	-8.9%
Other³	25,910	26,836	24,040	32,593	31,532	31,917	42,155	47,090	43,813	37,725	+4.3%
Total Arrivals	889,683	1,010,841	1,073,710	1,162,340	1,206,534	1,318,467	1,357,894	1,466,506	1,513,495	1,520,007	+6.2%
% Change		+14.0%	+6.2%	+8.3%	+3.8%	+9.3%	+3.0%	+8.0%	+3.2%	+0.4%	

¹ The highway figures are slightly different from the numbers reported in the Alaska Visitor Statistics Program III Summer 1993 Visitor Arrivals, based on revised estimates.

² Summer 1989 through 1993 motorcoach arrivals are estimates based on the number of motorcoaches entering Alaska at their first point of entry.

³ Other Domestic Air arrivals were not sampled from Summer 1989 through 1993. Visitor arrivals were estimated for the small volume of Domestic Air arrivals at locations other than the four sample points, and estimates of private vessel and aircraft arrivals.

Resident/Visitor Arrival Composition Trends

The composition of residents versus visitors (non-resident travelers to Alaska) has changed moderately between Summer 1989 and Summer 1998. Newsworthy events such as the *Exxon Valdez* oil spill, the MV Malaspina ferry blockade, and cruise ship mishaps as well as celebrations such as the Alaska Canada Highway 50th anniversary and centennial celebration of the Yukon Gold Rush affected the mix between resident and visitor travel. High profile stories provided “free publicity” and were more likely to augment the proportions of visitors traveling to Alaska.

In Summer 1998, visitor composition estimates grew to 75% of all arrivals entering the state. The proportion of visitors to Alaska has grown steadily since Summer 1989. This indicates that visitor travel grew at a much faster rate, an annual average of nearly 8%, compared to resident travel, which averaged an annual increase of about 4%. Visitor numbers grew 86% over this period and exceeded 1.1 million in Summer 1998.

Resident Visitor/Arrival Composition by Mode

Resident/visitor composition varies according to transportation mode. Table II-C indicates that over the Summer 1989 through Summer 1998 period the balance between residents and visitors has tended to shift towards a higher proportion of visitors.

Domestic Air resident/visitor composition has gradually increased from 62% to 67% visitors between Summer 1989 and Summer 1998. This is simply a reflection of the fact that the visitor market has grown significantly faster than resident travel.

International Air resident/visitor proportions varied between 1989 and 1998, depending on scheduling changes and international economic conditions. International Air volume historically consisted of 75-80% visitors and 20-25% resident Alaskans.

Cruise ship and Highway motorcoach arrivals consist of 100% visitors.

Alaska Marine Highway travelers are increasingly composed of visitors starting with 78% in 1989 and increasing to 82% in 1998.

Highway resident/visitor arrival compositions ranges between 50% and 60% visitor, depending on the highway and the year. The remaining 40% to 50% consists of residents and visitors who have already entered the state by another mode or route.

Table II-B

**Resident/Visitor Arrival Composition Trends
Total Passengers Entering Alaska
May to September 1989 - 1998**

	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997	Summer 1998	Annual Avg. 1989-1998
Arrivals	889,683	1,010,841	1,073,710	1,162,340	1,206,534	1,318,467	1,357,894	1,466,506	1,513,495	1,523,007	+6.2%
Visitor Arrivals	608,700	690,100	726,500	782,000	846,200	931,400	967,100	1,064,300	1,120,600	1,135,200	+7.2%
Resident Arrivals	280,983	320,741	347,210	380,340	360,334	387,067	390,794	402,206	392,895	387,807	+3.7%
Percent Visitors	68.4%	68.3%	67.7%	67.3%	70.1%	70.6%	71.2%	72.6%	74.0%	74.5%	

Table II-C

**Resident/Visitor Arrival Composition Trends
Total Passengers Entering Alaska Residents and Visitors Combined
Percent Visitors – May to September 1989 - 1998**

Entry Mode	Summer 1989	Summer 1990	Summer 1991	Summer 1992	Summer 1993	Summer 1994	Summer 1995	Summer 1996	Summer 1997	Summer 1998
Domestic Air	62 %	62 %	62 %	60 %	64 %	64 %	64 %	66 %	66 %	67 %
International Air	79	80	80	83	75	69	69	79	79	78
Cruise Ship	100	100	100	100	100	100	100	100	100	100
Alaska Marine Highway System	78	76	76	75	81	81	82	80	81	82
Highway¹										
Alcan/Poker Creek										
Personal Vehicle	55	50	53	54	56	56	61	58	58	58
Motorcoach ²	100	100	100	100	100	100	100	100	100	100
Skagway										
Personal Vehicle	58	53	44	61	45	45	48	49	49	49
Motorcoach	100	100	100	100	100	100	100	100	100	100
Other³	61 %	61 %	61 %	49 %	64 %	64 %	64 %	64	63	59
Total Arrivals	68 %	68 %	68 %	67 %	70 %	71 %	71 %	73 %	74 %	75 %

¹ The highway figures are slightly different from numbers reported in the Alaska Visitor Statistics Program III Summer 1993 Visitor Arrivals, based on revised estimates.

² Summer 1989 through 1993 motorcoach arrivals are estimates based on the number of motorcoaches entering Alaska at their first point of entry.

³ Other Domestic Air arrivals were not sampled from Summer 1989 through 1993. Visitor arrivals were estimated for the small volume of Domestic Air arrivals at locations other than the four sample points, and private vessel and aircraft arrivals at select locations.

Appendix

Methodology Summary

Acknowledgments

Appendix

Methodology Summary

The Arrival Count (AC) is the method of counting all passengers (visitors and residents) who entered the state. The count is conducted by obtaining passenger counts from airlines and ferry carriers, Highway arrivals through U.S. Customs and U.S. Immigration and Naturalization records and Cruise Ship arrivals from Cruise Line Agencies of Alaska and other sources.

Domestic Air

Domestic Air arrival counts were obtained through a voluntary confidential reporting system. All Domestic Air carriers participated, making possible an analysis of the complete Domestic Air Alaska visitor market.

Cruise Ship

Cruise Ship arrival count data was obtained through Cruise Line Agencies of Alaska in Ketchikan and other sources.

Alaska Marine Highway System

Arrival count data for the Marine Highway was obtained from computer scanned passenger tickets generated by the Marine Highway Manager's office in Juneau.

Highway

Arrival count data was obtained from the U.S. Customs Port Director's offices in Alcan and Skagway and the U.S. Immigration and Naturalization Office at Alcan.

International Air

International Air arrival count data was obtained through the marketing office at the Anchorage International Airport.

Acknowledgments

The Arrival Count phase of the *Alaska Visitors Statistics Program* relies a great deal on the cooperation and good will of many people and organizations involved in the Alaska visitor industry. We would like to thank the following for their assistance:

- The management of the Domestic Air carriers serving Alaska: Alaska Airlines, America West, Continental, Delta Airlines, Hawaiian Vacations, Northwest Airlines, MLT Vacations, Reno Air and United Airlines;
- The marketing office at the Anchorage International Airport;
- The Alaska Marine Highway System management;
- The management at Cruise Line Agencies of Alaska;
- The U.S. Customs Service personnel at Alcan, Poker Creek and Skagway;
- The staff at the Alaska Public Lands Information Office in Tok.