



Alaska Travel Industry Association
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Images of Alaska 2006

The Potential to Attract Visitors to Alaska

Market Research for the Alaska Travel & Tourism Industry

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ATIA Research Study Identifies Size of Alaska's Visitor Market and Key Visitor Travel Needs

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 are uncovered in a marketing research study, *Images of Alaska 2006*, conducted on behalf of the Alaska Travel Industry Association by GMA Research Corporation of Bellevue, Washington in September 2006.

The Alaska Travel Industry Association (ATIA) 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 2006 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.)* The study is the fifth in a series of market potential research studies. Previous Images studies were completed in 1976, 1980, 1996 and 2000. The methodology and 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 2006 marketing research study conducted on behalf of the Alaska Travel Industry Association 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 2006 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 2000 Images of Alaska study.

The Images 2006 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 takes 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 are defined as persons known to have visited Alaska for vacation only in the past ten years.

Market Potential Has Decreased Since 2000

The market potential for Alaska Travel and Tourism is large; however it has declined since 2000. This marks the first time since the study's inception that the market potential has decreased in relation to the previous study. Since 2000, the U.S. adult population has grown significantly but the percentages of the overall population that are Prospects, Acceptors, and High Potentials decreased. Since 2000 the adult population has increased nearly 9 percent, from 204.8 million to 222.5 million. In this same time period, the number of Prospects decreased nearly 14 percent, from 59.4 million in 2000 to 51.2 million in 2006. Over half of all Prospects (56%), 28.9 million, are interested in visiting Alaska for vacation in the next five years; a decrease from 34.8 million in 2000. 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 – 23 percent of all adults are prospective Alaska travelers. This represents approximately *51 million* adults residing in the lower 48 states. Of these, a sizable 56 percent, or *28.9 million*, are interested in visiting Alaska in the next five years. High Potential prospects represent about *20 million* or 9 percent of all adults.

The good news is that among Acceptors, 69 percent are likely to visit Alaska for vacation in the next five years, a slight increase from 65 percent in 2000. Within Acceptors there is a subgroup labeled High Potentials because of their very high levels of interest and likelihood to visit Alaska within the next five years. In 2006, High Potential prospects represent approximately 20 million or 9 percent of all adults.

The West and South Offer the Greatest Potential

Since 2000, there has been a dramatic shift in where High Potential prospects reside. Consistent with 2000, the Images of Alaska 2006 study reveals that the highest incidence is in

the West, where one in eight, or 12 percent, of all adults is a High Potential Alaska traveler. However, there has been a tremendous increase in the South, where one in nine or 11 percent are considered High Potential prospects compared to only 6 percent in 2000. While the South has doubled, the incidence of High Potentials in the Midwest and East has decreased significantly since 2000. In terms of the number of adults, there are more High Potentials in the South (8.6 million) and West (5.8 million) than in the Midwest (3.0 million) and the East (2.6 million). The following tables depict the differences in population by Prospect type and region between the 1996, 2000 and 2006 Images of Alaska studies:

• Table 1: Population Comparison by Prospect type between 1996, 2000 and 2006.

Population Comparison by Prospect Type	1996 (millions)	2000 (millions)	2006 (millions)
High Potentials	18.3 (9%)	22.5 (11%)	20.0 (9%)
Acceptors	30.5 (16%)	34.8 (17%)	28.9 (13%)
Prospects	52.3 (27%)	59.4 (29%)	51.2 (23%)
Total U.S. Adult Population (Percent of population)	195.0 (100%)	204.8 (100%)	222.5 (100%)

• Table 2: Population Comparison of High Potentials by Region between 1996, 2000 and 2006.

High Potentials Comparison by Region	1996 (millions)	2000 (millions)	2006 (millions)
West	6.2 (14%)	6.0 (13%)	5.8 (12%)
South	5.1 (7%)	4.3 (6%)	8.6 (11%)
Midwest	3.5 (8%)	5.8 (12%)	3.0 (6%)
East	3.7 (9%)	4.5 (12%)	2.6 (6%)

Interest in Taking an Alaska Vacation Remains High

Alaska is still a destination people want to visit. A high percentage of both Prospects (57%) and Visitors (71%) expressed a high level of interest in taking an Alaska vacation in the next five years. Of these, nearly three in ten Prospects (27%) and two in five Visitors (41%) 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 increased since 2000 (72% vs. 60%). The potential for repeat travel among Visitors is very high as nearly three in ten (28%) said

they are “very likely” (7 rating on 1-to-7 scale) to take an Alaskan vacation in the next five years.

The repeat or return visit market is large as well. Over two-thirds (68%) of Visitors to Alaska for vacation are first timers. 86 percent of first-time visitors prepaid for some or all of their Alaska vacation. Those traveling by ferry (88%) or cruise (72%) are most likely to be first-time Visitors.

Barriers and Challenges – Cost and Time are primary deterrents

What prevents potential prospects from visiting Alaska? While the market potential is significantly very large, the greatest challenge is in moving or converting High Potentials from “prospect” to “visitor.” There are 20 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). About half 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* 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 2006 Visitors (92%) 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.

A question was added in 2006 that gauges respondents’ impressions of what a vacation to Europe and Australia would be like, and Alaska fared very well in comparison. Among 2006 Visitors, Alaska received the highest percentage of good to excellent ratings in 14 of the 21 aspects measured, and received the lowest rating in only one aspect: cultural attractions. High

Potentials rate Alaska the highest in 10 of the 21 aspects, and the lowest in only four: ease of planning a vacation, cultural attractions, food and restaurants and ease of getting around.

High Potentials need more information and assistance in planning their Alaska vacation. Approximately seven in ten 2006 High Potentials would be more likely to visit Alaska if someone would make it easy by packaging the kind of vacation they want to take (68%) and if they knew exactly how much it would cost (71%). About half (52%) don't know what type of Alaska vacation they want to take. When Visitors make up their mind to take an Alaska vacation, 54 percent actually travel within six months of their decision. One in four (27%) decided a year or more in advance and planned for it.

Timing is everything. 54 percent of all Visitors actually travel to Alaska within six months of their decision to take an Alaska vacation.

Traveler Needs and Interests vary significantly based on age, but viewing wildlife and outstanding scenery top the list

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 and dining opportunities, as well as the ability to travel independently. Nearly all 2006 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 (91%), visit national and state parks (84%), dine out (84%), visit historic sites or museums (84%), travel independently (83%), and view wildlife (75%). High Potentials likely to travel to Alaska by car or RV are significantly more inclined toward wilderness travel, hiking, and camping (campground or wilderness).

High Potentials rank Alaska second on their list of Vacation Destinations they are most likely to visit in the next five years

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 2006 study, Alaska ranked third in terms of the next destination Visitors are most likely to visit in the next five years, and second among High Potentials.

Advertising awareness for Alaska as a vacation destination is experiencing a slow but steady decline. Since 1996, total Alaska advertising awareness has decreased across all segments, primarily among High Potentials:

• Table 3: Total Awareness for Alaska Advertising 1996, 2000 and 2006.

Segment	1996	2000	2006
Visitors	91%	86%	83%
All Prospects	72%	69%	65%
High Potentials	81%	74%	70%

In 2006, unaided (recall of advertising without prompting or specific mention) advertising awareness for Alaska is significantly higher for Visitors (57%, up from 45% in 2000) than for High Potentials (20%, down from 21% in 2000). Alaska leads all other destinations among Visitors, but lags significantly behind other destinations among all Prospects including High Potentials. Similar to 2000, TV (51%) is the primary source for Alaska advertising recall among High Potentials, significantly more than any other source. The top-mentioned sources for Visitors are magazines (39%) and TV (35%).

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 2006, three in five Visitors (62%) used the Internet to plan or arrange their Alaska vacation, compared to 44% in 2000 and only 5% in 1996. Brochures are also playing an increasing role as a planning resource. In 2006, 62% of Visitors wrote or called for a brochure. Travel books (55%) and friends and relatives (42%) continue to be top-mentioned sources.

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 2006, the percentage of Prospects that use the Internet to get specific information from businesses, make travel-related purchases and choose a vacation destination has increased significantly since 2000. Eight in ten High Potentials (79%) have made travel related reservations and purchases on the Internet, compared to 55% in 2000. 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.

Another growing trend and an effective means of reaching Prospects is through the use of electronic travel newsletters or travel-related updates or specials. In 2006, one in four (27%) High Potentials and two in five Visitors (41%) with Internet access subscribe to these services. However, one prime target segment, High Potentials over age 65, has not embraced the Internet to the extent that other segments have. Only 4% of High Potentials over age 65 subscribe to electronic travel newsletters, updates or specials, primarily because they are also

less likely to have Internet access and to have used the Internet to plan or arrange a vacation. As age increases, the percentage of High Potentials that use the Internet to plan or arrange a vacation decreases.

Travel planning guides and brochures are important resources used to assist in planning or arranging an Alaska vacation, particularly for independent travelers. There is an opportunity to find ways to encourage prospective visitors to connect with Alaska companies and tourism bureaus. When asked specifically whether they have ever requested information about travel to Alaska from the state of Alaska or an Alaska company, not surprisingly Visitors (37%, down from 51% in 2000) are more likely than High Potentials (18%) to have requested such information.

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 3: Profile of Visitors Compared to High Potentials Prospects, Images of Alaska 2006.

Profile Comparison: Images of Alaska 2006 (Averages)	Visitors	High Potentials
Age	58.1	49.9
% Over 65	33%	15%
% Under 35	3%	15%
Household income	\$89,900	\$77,700
Number persons in household	2.4	2.9
% With children in household	23%	45%
Some college	81%	75%
Married/living with someone	79%	71%
Retired	45%	27%
Working full-time	39%	56%
% With two or more salaries in household	48%	56%

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