

***Alaska Visitor Volume Report
Fall/Winter
2015-16, 2016-17, and 2017-18***

Prepared for:

**Alaska Department of Commerce,
Community, and Economic Development
Division of Economic Development**

August 2018



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**State of Alaska
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Division of Economic Development**

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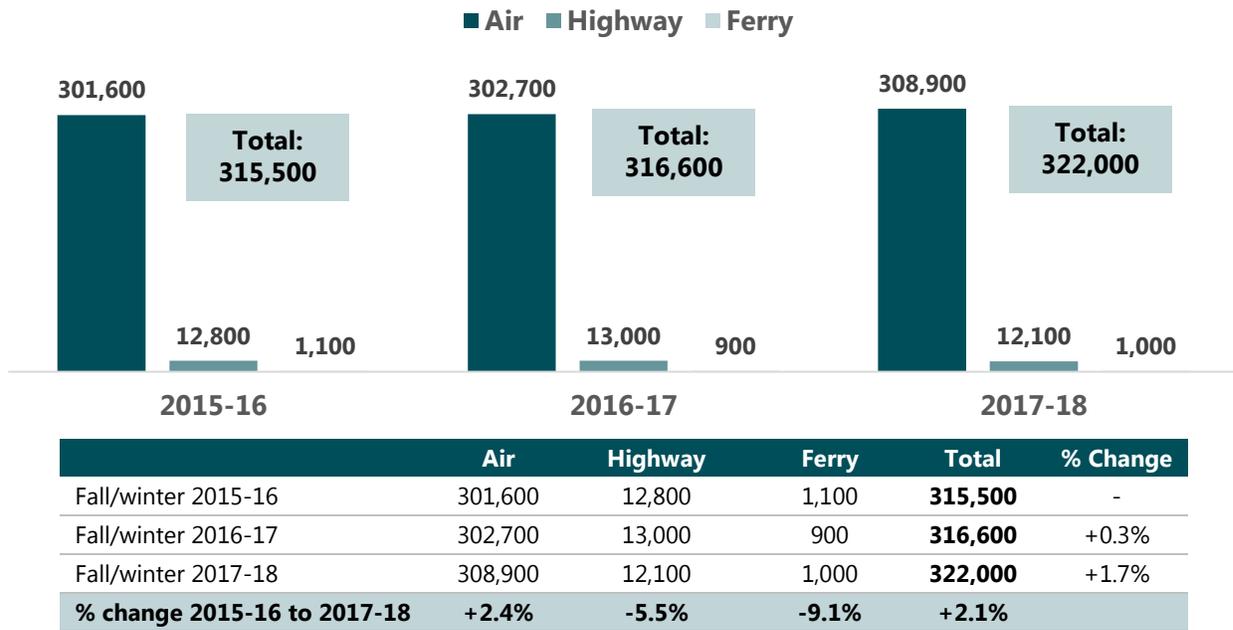
Fall/Winter Visitor Volume

Visitor Volume, 2015-16 to 2017-18

Between 315,000 and 322,000 out-of-state travelers visited Alaska over the last three fall/winter seasons (2015-16, 2016-17, and 2017-18). Nearly all fall/winter visitors exit the state by air: 96 percent in the 2017-18 season. This compares with just 4 percent exiting by highway, and less than 1 percent exiting by ferry. (Exit mode percentages contrast dramatically from the summer season, when nearly half of visitors exit via cruise ship.)

Fall/winter visitation increased slightly in each of the last two seasons: by 0.3 percent in 2016-17, then by 1.7 percent in 2017-18, for a total increase of 2.1 percent over the last three seasons. The increase is attributable to a 2.4 percent increase in air exits; over the same time period, highway exits decreased by 5.5 percent, and ferry exits decreased by 9.1 percent.

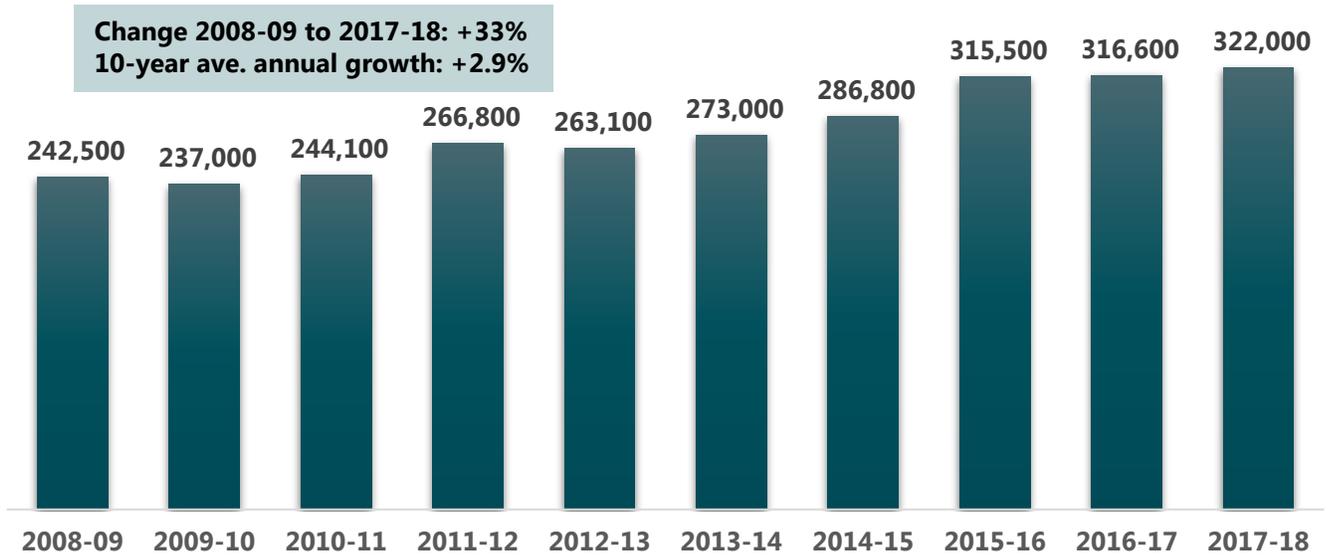
Chart and Table 1. Alaska Visitor Volume, Fall/Winters 2015-16, 2016-17, and 2017-18, By Exit Mode



Long-Term Fall/Winter Visitor Volume

Alaska's fall/winter visitor volume has been growing fairly steadily over the last decade and has fluctuated far less than summer visitation. The 2017-18 volume was 33 percent up from a decade earlier (2008-09), for an average annual growth rate of 2.9 percent.

Chart 2. Alaska Visitor Volume, Fall/Winters 2008-09 to 2017-18



Source: AVSP 6 and 7.

Traffic and Tax Indicators

Table 2 presents changes in traffic data and other indicators comparing the three fall/winter seasons covered in this report. Unless otherwise indicated, data refers to the October to April time period. All numbers refer to both Alaska residents and out-of-state visitors combined.

DOMESTIC AIR

- Domestic air exiting traffic (visitors and residents combined) increased in each of the last three fall/winter seasons, including a 10 percent increase in 2015-16, followed by smaller increases (1 percent in 2016-17 and 2 percent in 2017-18).
- Anchorage's fluctuations resembled the overall market; not surprising, as Anchorage represents over 70 percent of all exiting traffic. Enplanements at Anchorage rose 8 percent in 2015-16, fell 2 percent in 2016-17, then increased by 1 percent in 2017-18.
- Fairbanks showed strong growth in all three periods: a 26 percent increase in 2015-16 (Delta started flying year-round that season), 11 percent in 2016-17, and 9 percent in 2017-18.
- Juneau and Ketchikan also showed three consecutive years of growth: Juneau was up 3 percent (2015-16), then 11 percent (2016-17), then 5 percent (2017-18), while Ketchikan was up 9 percent, then 3 percent, then 3 percent.
- Sitka and other airports both showed overall growth, with a slight dip in 2016-17. ("Other" airports include Petersburg, Wrangell, Cordova, and Yakutat.)

INTERNATIONAL AIR

- International air enplanements fluctuated widely over the three study periods, showing a 16 percent decrease in 2015-16, an 18 percent increase in 2016-17, and a 50 percent decrease in 2017-18. This is partly a function of it being a very small market: only 905 passengers enplaned on international flights in 2017-18, compared with 952,150 domestic enplanements. (Because many international visitors to Alaska depart via domestic air, international air enplanements are not necessarily reflective of the international visitor market.)
- International carriers in the fall/winter season shifted from year to year. Japan Airlines was the only carrier to serve Alaska in all three seasons. Their traffic fluctuated: from 456 passengers in 2015-16, to 1,038 in 2016-17, to 605 in 2017-18. Other carriers over the three seasons included China Airlines and Uzbekistan Air.
- Most or all international enplanements occurred in Fairbanks (as opposed to Anchorage) over the last three periods: 100 percent in 2015-16, 86 percent in 2016-17, and 67 percent in 2017-18.

FERRY

- The number of Alaska Marine Highway System passengers was down by 27 percent in 2015-16, and by another 15 percent in 2016-17, then increased by 11 percent in the most recent season. (Data on non-resident ridership is not available as the ferry system no longer requires passengers to report their zip codes.)

TAX REVENUES

- Anchorage bed tax revenues fell in both 2015-16 (by 2 percent) and 2016-17 (by 5 percent); they increased by 6 percent in the most recent season.
- Fairbanks bed tax revenues increased by 13 percent in 2015-16, and by another 15 percent in 2016-17, then decreased by 5 percent in 2017-18.
- Juneau bed tax revenues increased by 7 percent in 2015-16, then fell in both 2016-17 and 2017-18 (by 7 percent, then 5 percent).
- Anchorage car rental tax revenue changed little over the three study periods: up by 2 percent in 2015-16, another 2 percent in 2016-17, then down by 1 percent in 2017-18.
- Anchorage convention attendance was up by 5 percent in 2015-16, down by 22 percent in 2016-17, then up by 5 percent in 2017-18. Fairbanks' convention market (measured by the number of room nights attributable to conventions) was more variable: up 50 percent in 2015-16, up another 69 percent in 2016-17, then down 45 percent in 2017-18. The large bump in 2016-17 is mostly attributable to the Alaska Federation of Natives convention that year. Explore Fairbanks noted that some of the increase over the last several years is attributable to an increase in hotels reporting.

See table, next page.

**Table 2. Fall/Winter Visitor Industry Indicators
Change between Fall/Winter Periods, 2014-15 to 2017-18**

	Change 2014-15 to 2015-16	Change 2015-16 to 2016-17	Change 2016-17 to 2017-18
Domestic airplane passengers exiting Alaska, October-April			
Anchorage	+8%	-2%	+1%
Fairbanks	+26%	+11%	+9%
Juneau	+3%	+11%	+5%
Ketchikan	+9%	+3%	+3%
Sitka	+7%	-1%	+4%
Other	+6%	-1%	+15%
Total	+10%	+1%	+2%
International airplane passengers exiting Alaska, October-April			
Total	-16%	+18%	-50%
Alaska Marine Highway traffic, October-April			
Total passengers	-27%	-15%	+11%
Bed tax revenues, 4th plus 1st quarters			
Anchorage	-2%	-5%	+6%
Fairbanks	+13%	+15%	-5%
Juneau	+7%	-7%	-5%
Vehicle tax revenues, 4th plus 1st quarters			
Anchorage car rental	+2%	+2%	-1%
Convention attendance, October-April			
Anchorage	+5%	-22%	-5%
Fairbanks	+50%	+69%	-45%

Notes: Air passenger traffic includes both residents and non-residents. Fairbanks bed tax figures reflect combined revenues from City of Fairbanks, City of North Pole, and Fairbanks North Star Borough; Borough revenues are subject to change. Fairbanks convention numbers reflect number of room nights associated with conventions, not number of attendees.

Sources: Alaska Airlines, Alaska Department of Transportation and Public Facilities, Alaska Marine Highway System, Municipality of Anchorage, Explore Fairbanks, and City and Borough of Juneau.

Industry Observations

In the absence of new fall/winter survey data, McDowell Group conducted interviews with visitor industry executives with expertise in Alaska's winter markets. They represented a range of businesses and organizations: airlines, DMOs (destination marketing organizations), receptive tour operators specializing in Asian markets, and operators offering winter tours. (A list of organizations is provided in the Methodology section.) The focus of the discussions was primarily on the vacation/pleasure market; other travelers (business and visiting friends/relatives) are less of a focus for the industry as they are very likely to visit Alaska regardless of promotional efforts.

Following is a summary of these contacts' observations on Alaska's winter visitor market over the last several seasons. One important caveat is that Fairbanks promotes its "aurora season" as lasting from August 21 through April 21. Thus, some of the observations below apply to late summer (August 21-September 30) along with the traditional fall/winter season (October-April).

- The Chinese market (including Taiwanese) has exploded over the last several seasons, particularly in Fairbanks. Their main draw is the Northern Lights although they also participate in hot springs, dog-mushing, Alaska Railroad, Arctic Circle tours, ice fishing, and snow-machining. This market's desire for new and unique experiences is on the rise such as overnighting above the Arctic Circle, and sleeping in "domes" where you can view the Northern Lights from your bed.
- There are several main subsegments to the Chinese market: Chinese residents, Chinese students studying in the U.S., and Chinese-Americans. All three markets have been growing in recent years, but the student segment has showed particularly strong growth as the US-based Chinese student population grows. These visitors tend to visit Alaska for their school breaks (Thanksgiving, winter holiday, and spring break).
- While the Chinese market has been expanding, the Japanese market has contracted somewhat. The downturn in charter flights was reportedly a factor (Japan Air's decrease in passengers was noted previously). One contact noted that changes in the Alaska Air/Delta partnership also had a negative impact on the Japanese market; recent schedules have made it less convenient for visitors flying from Japan through Seattle. Another contact noted that there has been fewer efforts and resources put into attracting the Japanese market in recent years.
- Fairbanks reported strong growth in occupancy and Average Daily Rate among their hoteliers in 2015-16 and 2016-17, although growth slowed in the most recent season (2017-18).
- One contact noted the growth of Fairbanks businesses catering to the winter market, beyond Northern Lights: photography tours, dog-mushing, snow-machining, ice fishing, and fat bike rentals. The railroad has also significantly increased their scheduled winter service between Anchorage and Fairbanks over the last several years.
- One Fairbanks-based operator noted a recent increase in winter visitation from Western US markets, often on shorter visits of several days, to experience the Northern Lights and other winter activities. This

was echoed by an Anchorage-based operator. Another contact said they had heard there were more Australians coming in the winter, including some who had already been to Alaska on cruises.

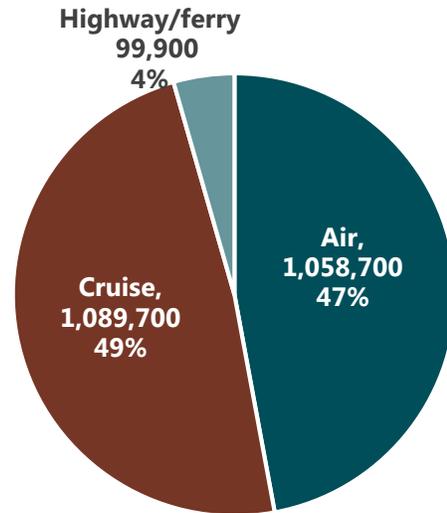
- An Anchorage-based contact noted that Anchorage hoteliers have been reporting a softening in the fall/winter market over the last several years. He attributed this to several factors: less travel by in-state residents for conferences and pleasure travel, related to the recession; less oil/gas-related travel; and an increase in hotel beds, which naturally spreads out the market thinner. He reported that Iditarod-related travel has also been down in recent years.
- In contrast, Alyeska Resort reported unprecedented growth in out-of-state visitation over the last several winter seasons. The representative attributed this to several factors: good snow years in Anchorage, bad snow years in the Lower 48, a cooperative pass program with resorts in the Lower 48, and other promotional efforts.
- An airline contact noted that the downturn in state government travel (due to the State of Alaska's budget crisis) in the fall/winter has likely been slightly offset by an uptick in oil industry travel (related to new developments) and military-related travel.

Full-Year Visitor Volume and Trends

Combining results of the Summer 2017 and Fall/Winter 2017-18 study periods, the volume of out-of-state visitors to Alaska for the 12-month period of May 2017 through April 2018 was 2,248,300. The summer market (1,926,300) represented 86 percent of the annual volume; the fall/winter market (322,000) represented 14 percent. The full-year volume of 2017-18 represents an increase of 3.4 percent over the previous 12-month period.

The chart at right shows the full-year volume by transportation market. The cruise ship volume of 1,089,700 includes all cruise ship visitors (regardless of entry/exit transportation mode). The air volume of 1,058,700 represents all visitors who entered and exited Alaska via air (excluding cruise ship passengers). The highway/ferry volume of 99,900 includes all visitors who entered or exited Alaska via highway or ferry.

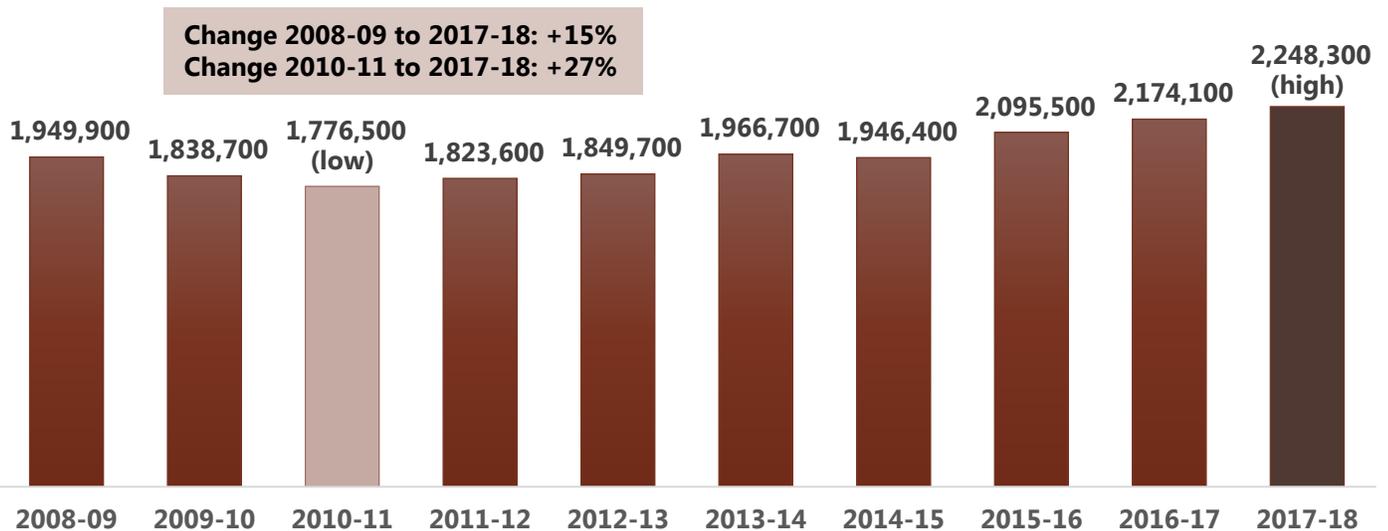
Chart 3. Alaska Visitor Volume, Full Year, 2017-18, By Market



TOTAL VISITORS: 2,248,300

The chart below shows annual Alaska visitor volume over the last ten periods. The most recent period of 2017-18 is 15 percent above the volume of ten years earlier (2008-09), and 27 percent above the low of 2010-11. The most recent increase of 3.4 percent is the third consecutive year of growth, following growth of 7.7 percent in 2015-16 and 3.8 percent in 2016-17. Recent growth is attributable to increases across all three transportation markets: cruise, air, and highway/ferry.

Chart 4. Annual Alaska Visitor Volume, 2008-09 to 2017-18



Source: AVSP 6 and 7.

This report provides visitor volume estimates for Alaska between October 1 and April 30 for the following fall/winter periods: 2015-16, 2016-17, and 2017-18. McDowell Group is contracted by the Alaska Department of Commerce, Community, and Economic Development (DCCED) to conduct periodic visitor volume estimates. For additional information on both visitor volume and visitor characteristics, please refer to the following studies:

Alaska Visitor Statistics Program 6 (Summer 2011 and Fall/Winter 2011-12)

Alaska Visitor Statistics Program 7 (Summer 2016 only)

These are available at the following link:

<https://www.commerce.alaska.gov/web/ded/DEV/TourismDevelopment/TourismResearch.aspx>

Visitor volume is estimated by exit mode; the methodology is slightly different for each mode.

Domestic and International Air: Outgoing traffic by month and by port was gathered from Alaska Airlines, and the Alaska Department of Transportation and Public Facilities (for Anchorage and Fairbanks airport traffic). Visitor/resident ratios were applied to monthly traffic, by port, to arrive at visitor volume estimates. Ratios were determined in the fall/winter 2011-12 AVSP survey fielding period, during which time 34,381 domestic flight passengers and 3,634 international flight passengers were tallied as they embarked on flights exiting Alaska. Tallies took place at airports in Anchorage, Fairbanks, Juneau, Ketchikan, and Sitka. (The most recent AVSP included only the summer period of 2016, not the fall/winter period; fall/winter ratios have not been updated since 2011-12.)

Highway: Highway border crossing data was gathered from the U.S. Department of Homeland Security. While all other traffic data refers to exiting traffic, entering traffic is used for highway estimates due to Yukon border data being incompatible with AVSP methodology. The assumption is made that a similar number of people cross the border each direction. Visitor/resident ratios were applied to seasonal (fall and winter) traffic, by port, to arrive at visitor volume estimates. The ratios were based on tallies conducted in AVSP V (2006-07) because no highway tallies were conducted for AVSP VI (2011-12).

Ferry: The Alaska Marine Highway provided exiting traffic data by month and port (passengers disembarking at Bellingham and Prince Rupert). Several years ago AMHS stopped requiring zip codes when passengers purchase a ticket; therefore visitor/resident ratios from 2014-15 were applied to total passengers, by month and port, to arrive at estimated visitor volume.

This report includes additional indicators of the fall/winter visitor season. Sources included:

- Bed tax revenue data from Municipality of Anchorage, Explore Fairbanks, and City and Borough of Juneau. (The timing of bed tax reporting in several other municipalities precludes isolating the fall/winter time period.)
- Vehicle rental tax revenue data from Municipality of Anchorage.
- Convention attendance from Visit Anchorage and Explore Fairbanks.

Sources consulted for “industry observations” were from the following organizations:

Alaska Airlines
Alyeska Resort
Explore Fairbanks
HAI Shirokuma Tours
Northern Alaska Tour Company
Skylar Alaska Travel
Visit Anchorage

McDowell Group would like to acknowledge the following entities for their assistance in providing traffic data for the project.

Alaska Airlines
Alaska Department of Transportation and Public Facilities
Alaska Marine Highway System
U.S. Department of Homeland Security

Visitor/Resident Ratios

The following table shows the percentage of all travelers exiting the state by various transportation modes who are out-of-state visitors (rather than Alaska residents) during the three study periods. For example, an estimated 32.2 percent of travelers who exited Alaska via Domestic Air in fall/winter 2017-18 were visitors. These ratios are a composite of ratios by location, by month. Because they apply to traffic data on a monthly and by-location basis, applying them to overall traffic will not yield the same results.

It is important to note that the highway ratio refers to highway travelers who are exiting the state for the final time on their trip. This eliminates the possibility of double-counting visitors who exit the state twice – for example, ferry passengers who exit the state at Beaver Creek, then re-enter at Haines to board a ferry.

Table 3. Visitor Percentages, by Mode

Exit Mode	2015-16	2016-17	2017-18
Domestic Air	32.6%	32.4%	32.2%
International Air	100.0%	100.0%	100.0%
Highway ¹	22.8%	23.7%	23.1%
Ferry	25.3%	25.4%	25.3%
Total	32.1%	32.0%	31.9%

¹ The highway ratio refers to “last-exit” visitors: not planning to re-enter Alaska on the same trip.