

State of Alaska FY2012 Governor's Operating Budget

Department of Commerce, Community, and Economic Development Qualified Trade Association Contract RDU/Component Budget Summary

RDU/Component: Qualified Trade Association Contract*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Promote Alaska as a top visitor destination, communicating and promoting the tourism industry as one of the state's major economic forces.

Core Services

- Promote and facilitate travel to and throughout the state of Alaska
- Provide a broad-based association of individuals and companies with an interest in the Alaska visitor industry
- Increase awareness of the economic importance of the visitor industry
- Work cooperatively with the state on tourism development and long-range planning

Results at a Glance

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

END RESULT A: Interest and awareness of Alaska as a travel destination is increased.

- The FY06 Images of Alaska Study identified 20 million high potential visitors to Alaska, which represents an 11.11% decrease since 2000. The next time the data will be updated is 2011.

Status of Strategies to Achieve End Result

- Exceeded target of distributing 500,000 brochures to potential Alaska visitors by distributing 610,760 brochures in FY10.
- 12.28% of consumers who receive Alaska marketing information traveled to Alaska within one year, exceeded target of 12%.
- The number of visitors to TravelAlaska.com in FY10 increased by more than 18% over FY09.

END RESULT B: The number of visitors to Alaska is increased.

- Tourism's five-year, 30% growth to over 1.7 million summer visitors showed a slight 0.4% decrease in 2008, followed by another 7.27% decrease in 2009.
- International visitors to Alaska increased 10.5% from 172,000 in 2007 to 190,000 in 2008. The next time data will be updated is 2011.

Status of Strategies to Achieve End Result

- The number of visitors traveling on cruise ships to and from Alaska decreased by 0.63% from 2008 to 2009.
- Travelers whose primary mode of travel was by air to and from Alaska decreased by 17.47% between summers 2008 and 2009.
- The number of highway/ferry travelers to and from Alaska continues to decline with a 17.13% reduction between summers 2008 and 2009, following a 6.2% reduction between summers 2007 and 2008.

Major Activities to Advance Strategies

- | | |
|---|--|
| <ul style="list-style-type: none"> • Distribute information to consumers via marketing brochures and the internet • Conduct consumer marketing to include direct mail, television, online and magazine advertising campaigns using the most effective media channels • Conduct research to create a new TravelAlaska.com website, in an effort to improve usability as a trip planning tool • Increase market exposure by increasing the number of travel agents graduating from the Alaska Certified Expert (ACE) program • Increase market exposure by coordinating efforts at | <ul style="list-style-type: none"> • Host Alaska Media Road Show, Alaska's premiere media marketplace, in order to connect Alaska business with influential travel writers and editors • Conduct an annual media event in New York City so Alaska businesses and travel writers/editors can cultivate ideas for Alaska travel stories • Assist journalists and media outlets by providing Alaska editorial suggestions, photography, fact checking and itinerary assistance • Conduct a trade marketing program in key international markets to increase the number of visitors and improve direct air service from overseas |
|---|--|

Major Activities to Advance Strategies

<ul style="list-style-type: none"> major trade shows Organize familiarization tours throughout the year to educate the trade and help build new Alaska tour programs Promote Alaska on social media networks 	<ul style="list-style-type: none"> market Assist travel trade with itinerary building, destination training, business referrals and collateral support Conduct research on an ongoing basis to increase effectiveness of all marketing initiatives Adjust Alaska's marketing efforts as needed to respond to market changes to ensure the program is successful in generating interest in Alaska
---	--

Key Component Challenges

Getting the Message Out

Alaska spends less on tourism marketing than competing states, countries and cities. New taxes and fees on the tourism industry put pressure on the ability of businesses to contribute to Qualified Trade Association (QTA)'s marketing efforts. The cost to market (media placement, paper, postage) has increased substantially. Alaska's message to "take a vacation in Alaska" is not being heard. Instead people are choosing to travel to destinations that are being featured on television, in magazines, discussed online and in other media.

High Travel Costs and Other Barriers

Concerns about the global economy affect many consumers' ability and interest to travel for vacation purposes. Research shows that consumers are traveling less, are not using all their vacation time, are traveling closer to home and personal savings are lower than the previous generation. These trends do not bode well for Alaska long-haul travel.

Significant Changes in Results to be Delivered in FY2012

Due to continued increased funding from the State of Alaska, material changes to results are expected. Notably, heightened interest in Alaska travel will be driven by new television commercials scheduled to run on seven national cable networks. An example of a predicted change in results is 100,000 additional individual consumer responses are expected. Projected conversion rates are forecast to rebound after experiencing a decline starting in 2009. An interim report on the results attributed to this funding will be delivered to the Division of Economic Development (DED) in January 2011.

Major Component Accomplishments in 2010

Increased interest in Alaska as a visitor destination

- Generated over 615,460 requests for Alaska trip planning information
- Ran Alaska television commercials on the Travel Channel
- Mailed over 3.1 million direct mail packages to potential Alaska visitors
- Generated approximately 99,000 responses to requests for highway travel information from independent travelers choosing to drive to Alaska, a 15% increase over the previous year
- More than 1.5 million individual consumers visited Alaska Travel Industry Association's (ATIA) website, TravelAlaska.com. The ATIA believes traffic to TravelAlaska.com is stronger than any other Alaska visitor related site. A major focus was to construct an entirely new website, built from the ground up, with research guiding the design process.
- Among several articles published as a result of ATIA media outreach, a 9-page story appeared in the April 2010 Adventure Issue of Outside Magazine. Written by Steven Rinella, this article focused on Alaska's National Parks describing Alaska as "the last real place to find epic, crowd-free adventure on American soil."
- Sponsored a special lunch during the National Tour Association annual convention featuring Sen. Mark Begich and a performance by the Native dance group Pumyua. The event brought together 1,500 tour and travel professionals along with 25 Alaska tour suppliers.
- Hosted Alaska Media Road Show, ATIA's premiere media event which brings qualified writers/editors to meet one-on-one with Alaska tourism businesses
- Partnered with the Alaska Seafood Marketing Institute (ASMI) to host the Experience Alaska media event in New York City

- 306 additional travel agents became graduates of the Alaska Certified Expert (ACE) online destination training course bringing the total number of ACEs to 1,512

Programs aimed at increasing international visitors

- Conducted familiarization tours for 30 tour operators and travel agents from nine countries in summer and winter
- Hosted journalists from 17 different international media outlets on press trips
- Conducted Sales Missions and Workshops with Alaskan tour suppliers in four countries which included product development meetings, travel agent training, media presentations and meetings with airlines
- Produced and distributed Japanese and German language travel planners as well as maintained and promoted www.Alaska-Japan.com and www.Alaska-Travel.de in Japan and Germany
- Participated in 10 international trade shows including the U.S. Travel Association's annual Pow Wow event that brings together roughly 1,500 international and domestic travel buyers so they can develop new or expanded travel packages - A lunch presentation to 5,000 delegates featured Alaska video images from the popular Ken Burn's TV documentary, *The National Parks: America's Best Idea*.

Positioned Alaska as a year-round destination

- Featured winter travel in State Vacation Planner by including winter images, listing winter activities in the Calendar of Events, and highlighting average temperatures and clothing tips to increase interest in travel to Alaska during the winter
- Included comprehensive winter information on TravelAlaska.com so potential visitors could see what was unique to Alaska in the winter and begin planning their trips
- Highlighted winter topics in the media e-newsletter sent to 1,200 travel writers/editors each month: Improvements at Alyeska Resort, the 75th Anniversary of Anchorage's Fur Rondy, Aurora Photography Tours, Heli-skiing in southeast Alaska, Talkeetna Air Taxi winter offer, winter trail enhancements in the Mat-Su Valley, and Salmon Berry Tours Ice Road touring
- Highlighted winter topics in the newsletters sent to potential visitors each month: 75th Anniversary of Anchorage's Fur Rondy, Ketchikan's New Year's Eve celebration, cross-country skiing, heli-skiing, snowboarding, Russian culture and Orthodox Christmas, Iditarod and early spring whale migration
- Include the electronic winter press kit on TravelAlaska.com/media so travel writers/editors have access to Alaska winter travel information anytime they need it
- Conducted two winter familiarization tours for domestic and international tour operators
- All travel agent destination trainings including the Alaska Certified Expert program teach about winter product and how to sell the destination year-round

Statutory and Regulatory Authority

AS 44.33.119-125 Tourism Marketing Contracts

Contact Information
<p>Contact: Caryl McConkie, Tourism Development Manager Phone: (907) 465-5478 Fax: (907) 465-3767 E-mail: caryl.mcconkie@alaska.gov</p>

**Qualified Trade Association Contract
Component Financial Summary**

All dollars shown in thousands

	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	9,000.0	9,000.0	9,000.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	9,000.0	9,000.0	9,000.0
Funding Sources:			
1004 General Fund Receipts	4,500.0	4,413.8	0.0
1200 Vehicle Rental Tax Receipts	4,500.0	4,586.2	4,164.5
1206 Commercial Passenger Vessel Tax	0.0	0.0	3,018.2
1211 Cruise Ship Gambling Tax	0.0	0.0	1,817.3
Funding Totals	9,000.0	9,000.0	9,000.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Authorized	FY2012 Governor
Unrestricted Revenues						
Unrestricted Fund	68515	9,000.0	0.0	0.0	9,000.0	9,000.0
Unrestricted Total		9,000.0	0.0	0.0	9,000.0	9,000.0
Restricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0	0.0	0.0
Total Estimated Revenues		9,000.0	0.0	0.0	9,000.0	9,000.0

**Summary of Component Budget Changes
From FY2011 Management Plan to FY2012 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2011 Management Plan	4,413.8	4,586.2	0.0	0.0	9,000.0
Proposed budget decreases:					
-Delete funding related to CH 103 SLA 08 (HB 147) Tourism Contract Sunset	-4,413.8	-1,886.2	0.0	0.0	-6,300.0
Proposed budget increases:					
-Maintain FY2011 Funding for Tourism Contract	1,817.3	1,464.5	3,018.2	0.0	6,300.0
FY2012 Governor	1,817.3	4,164.5	3,018.2	0.0	9,000.0

Component Detail All Funds
Department of Commerce, Community, and Economic Development

Component: Qualified Trade Association Contract (1844)

RDU: Qualified Trade Association Contract (431)

	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Management Plan	FY2012 Governor	FY2011 Management Plan vs FY2012 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	9,000.0	9,000.0	9,000.0	9,000.0	9,000.0	0.0	0.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	9,000.0	9,000.0	9,000.0	9,000.0	9,000.0	0.0	0.0%
Fund Sources:							
1004 Gen Fund	4,500.0	4,413.8	4,413.8	4,413.8	0.0	-4,413.8	-100.0%
1200 VehRntITax	4,500.0	4,586.2	4,586.2	4,586.2	4,164.5	-421.7	-9.2%
1206 CPV Tax	0.0	0.0	0.0	0.0	3,018.2	3,018.2	100.0%
1211 CSG Tax	0.0	0.0	0.0	0.0	1,817.3	1,817.3	100.0%
Unrestricted General (UGF)	4,500.0	4,413.8	4,413.8	4,413.8	1,817.3	-2,596.5	-58.8%
Designated General (DGF)	4,500.0	4,586.2	4,586.2	4,586.2	4,164.5	-421.7	-9.2%
Other Funds	0.0	0.0	0.0	0.0	3,018.2	3,018.2	100.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Commerce, Community, and Economic Development

Component: Qualified Trade Association Contract (1844)

RDU: Qualified Trade Association Contract (431)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
***** Changes From FY2011 Conference Committee (Final) To FY2011 Authorized *****												
FY2011 Conference Committee												
	ConfCom	9,000.0	0.0	0.0	9,000.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		4,413.8										
1200 VehRntlTax		4,586.2										
Subtotal		9,000.0	0.0	0.0	9,000.0	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2011 Authorized To FY2011 Management Plan *****												
Subtotal		9,000.0	0.0	0.0	9,000.0	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2011 Management Plan To FY2012 Governor *****												
Delete funding related to CH 103 SLA 08 (HB 147) Tourism Contract Sunset												
	Dec	-6,300.0	0.0	0.0	-6,300.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-4,413.8										
1200 VehRntlTax		-1,886.2										
The sunset of HB147 (Ch 103 SLA 08) on July 1, 2011 returns QTA to a 50/50 state/industry match based on AS 44.33.125 (a). Alaska Travel Industry Association (ATIA) was awarded the contract in FY12 for the purpose of planning and executing a destination tourism marketing campaign.												
Maintain FY2011 Funding for Tourism Contract												
	Inc	6,300.0	0.0	0.0	6,300.0	0.0	0.0	0.0	0.0	0	0	0
1200 VehRntlTax		1,464.5										
1206 CPV Tax		3,018.2										
1211 CSG Tax		1,817.3										
This transaction continues funding at FY2011 level for the Qualified Trade Contract for tourism.												
The sunset of HB147 (Ch 103 SLA 08) on July 1, 2011 returns QTA to a 50/50 state/industry match based on AS 44.33.125 (a). Alaska Travel Industry Association (ATIA) was awarded the contract in FY2012 for the purpose of planning and executing a destination tourism marketing campaign.												
Totals		9,000.0	0.0	0.0	9,000.0	0.0	0.0	0.0	0.0	0	0	0

Line Item Detail
Department of Commerce, Community, and Economic Development
Services

Component: Qualified Trade Association Contract (1844)
RDU: Qualified Trade Association Contract (431)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000	Services		9,000.0	9,000.0	9,000.0
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000 Services Detail Totals			9,000.0	9,000.0	9,000.0
73753	Program Mgmt/Consult	Contract with Alaska Travel Industry Association to promote travel to Alaska.	9,000.0	9,000.0	9,000.0

Unrestricted Revenue Detail
Department of Commerce, Community, and Economic Development

Component: Qualified Trade Association Contract (1844)
RDU: Qualified Trade Association Contract (431)

Master Account	Revenue Description			FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
68515	Unrestricted Fund			9,000.0	9,000.0	9,000.0

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
68515	Unrestrict Fu Source			11100	9,000.0	9,000.0	9,000.0