

# **State of Alaska FY2011 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 2012.

**Status of Strategies to Achieve End Result**

- Exceeded target of distributing 500,000 brochures to potential Alaska visitors by distributing 583,156 brochures in FY09.
- 19.17% 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 FY09 increased by more than 15% over FY08.

**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, a steeper loss is anticipated for 2009.
- International visitors to Alaska increased 10.5% from 172,000 in 2007 to 190,000 in 2008.

**Status of Strategies to Achieve End Result**

- Travelers whose primary mode of travel was by air to and from Alaska decreased by 0.83% between summers 2007 and 2008.
- The number of highway/ferry travelers to and from Alaska continues to decline with a 6% reduction between summers 2007 and 2008, following a 3% reduction between summers 2006 and 2007.
- The number of visitors traveling on cruise ships to and from Alaska increased by 0.32% from 2007 to 2008.

**Major Activities to Advance Strategies**

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

### Major Activities to Advance Strategies

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|--|--|
| <ul style="list-style-type: none"> <li>educate the trade and help build new Alaska tour programs.</li> <li>• Promote Alaska on social media networks.</li> </ul> | <ul style="list-style-type: none"> <li>• Conduct research on an ongoing basis to increase effectiveness of all marketing initiatives.</li> <li>• Adjust Alaska's marketing efforts as needed to respond to market changes to ensure the program is successful in generating interest in Alaska.</li> </ul> |
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## 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 TV, in magazines, discussed online and in other media.

### High Travel Costs and Other Barriers

The costs of gas – and concerns about the global economy – affect many consumers' ability to travel for vacation purposes. The recent increase in energy costs has caused higher airfare prices and diminished flight capacity to Alaska. 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. In addition, continuing passport regulation changes and pandemic flu outbreaks have the potential to reduce visitation to Alaska.

## Significant Changes in Results to be Delivered in FY2011

No significant changes to component.

## Major Component Accomplishments in 2009

### Increased interest in Alaska as a visitor destination.

- Generated over 583,000 requests for Alaska trip planning information.
- Hosted Food Network's Ace of Cakes show with Chef Duff Goldman. The show traveled to Alaska for inspiration to build a 50<sup>th</sup> Anniversary of Statehood themed cake to showcase in their season premiere reaching over 750 million viewers.
- Created an Alaska page on YouTube.com and posted several promotional videos.
- Sponsored the Alaska 50<sup>th</sup> Anniversary of Statehood float in the Rose Bowl Parade in Pasadena, California. The parade was viewed by approximately 40 million consumers throughout the United States as well as millions of international viewers in more than 140 territories throughout the world.
- Ran Alaska television commercials on national cable networks.
- Mailed over 3.1 million direct mail packages to potential Alaska visitors.
- Generated approximately 84,400 responses to requests for highway travel information from independent travelers choosing to drive to Alaska.
- Increased the conversion rate (the percent of people who visit during the year they requested information) to 19%. The conversion rate increases to roughly 35% when the response period is lengthened to four years.
- More than 1.2 million individual consumers visited Alaska Travel Industry Association's (ATIA) website, TravelAlaska.com. ATIA believes traffic to TravelAlaska.com is stronger than any other Alaska visitor related site.
- Hosted Alaska Media Road Show, ATIA's premiere media event which brings qualified writers/editors to meet one-on-one with Alaska tourism businesses. Major national newspapers from Los Angeles, Dallas, New York and Chicago attended the two-day event, in addition to major travel publications such as Travel & Leisure, Trailer Life, Backpacker, Audubon and National Geographic Traveler.
- 600 travel agents became graduates of the Alaska Certified Expert (ACE) online destination training course bringing the total number of ACEs to 1,206.
- Sponsored a special event during the National Tour Association annual convention promoting the 50<sup>th</sup> Birthday of Alaska Statehood. The event brought together 44 domestic tour operators with 27 Alaska tour suppliers.

- Conducted meetings and destination training for 2,419 travel agents and 332 tour operators.

Programs aimed at increasing international visitors

- Conducted six familiarization tours to 29 tour operators from key international markets in summer and winter.
- Hosted journalists from 15 different international media outlets on press trips.
- Conducted Sales Missions and Workshops with Alaskan tour suppliers in eight countries which included product development meetings, travel agent training, media presentations and meetings with airlines.
- Produce and distribute Japanese and German language travel planners as well as maintain and promote [www.Alaska-Japan.com](http://www.Alaska-Japan.com) and [www.Alaska-Travel.de](http://www.Alaska-Travel.de) in Japan and Germany.
- Participated in six 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.

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: northern lights viewing, backcountry winter adventures in Valdez, snowmobile races, heli-ski and snowboard options in Juneau, downhill skiing, cross-country skiing, hot springs in Alaska, the Aurora Winter Train trip, snow-cat adventure tour in Nome, North Pole Christmas in Ice festival and ice sculpting competition, Iditarod, and Yukon Quest.
- Highlighted winter topics in the newsletters sent to potential visitors each month: winter travel, northern lights, winter snowmobile adventures, Alaska made Christmas gifts, dog sledding races, ice sculpting competitions and skiing.
- 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 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
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**Qualified Trade Association Contract  
Component Financial Summary**

*All dollars shown in thousands*

	<b>FY2009 Actuals</b>	<b>FY2010 Management Plan</b>	<b>FY2011 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
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
<b>Expenditure Totals</b>	<b>9,000.0</b>	<b>9,000.0</b>	<b>9,000.0</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	4,500.0	4,413.8	4,413.8
1200 Vehicle Rental Tax Receipts	4,500.0	4,586.2	4,586.2
<b>Funding Totals</b>	<b>9,000.0</b>	<b>9,000.0</b>	<b>9,000.0</b>

**Summary of Component Budget Changes  
From FY2010 Management Plan to FY2011 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2010 Management Plan</b>	<b>9,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>9,000.0</b>
<b>FY2011 Governor</b>	<b>9,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>9,000.0</b>

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

**Component:** Qualified Trade Association Contract (1844)

**RDU:** Qualified Trade Association Contract (431)

	<b>FY2009 Actuals</b>	<b>FY2010 Conference Committee</b>	<b>FY2010 Authorized</b>	<b>FY2010 Management Plan</b>	<b>FY2011 Governor</b>	<b>FY2010 Management Plan vs FY2011 Governor</b>	
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%
<b>Totals</b>	<b>9,000.0</b>	<b>9,000.0</b>	<b>9,000.0</b>	<b>9,000.0</b>	<b>9,000.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1004 Gen Fund	4,500.0	4,413.8	4,413.8	4,413.8	4,413.8	0.0	0.0%
1200 VehRntITax	4,500.0	4,586.2	4,586.2	4,586.2	4,586.2	0.0	0.0%
<b>General Funds</b>	<b>9,000.0</b>	<b>9,000.0</b>	<b>9,000.0</b>	<b>9,000.0</b>	<b>9,000.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
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		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
<b>FY2010 Conference Committee</b>												
	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										
	<b>Subtotal</b>	<b>9,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>9,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
	<b>Subtotal</b>	<b>9,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>9,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
	<b>Totals</b>	<b>9,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>9,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**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		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000	Services		9,000.0	9,000.0	9,000.0
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
<b>73000 Services Detail Totals</b>			<b>9,000.0</b>	<b>9,000.0</b>	<b>9,000.0</b>
73753	Program Mgmt/Consult	Contract with Alaska Travel Industry Association to promote travel to Alaska.	9,000.0	9,000.0	9,000.0