

ALASKA TRAVEL INDUSTRY
ASSOCIATION
2007
ANNUAL REPORT



FROM THE PRESIDENT & BOARD OF DIRECTORS CHAIR

2006-2007 presented yet another year of change and challenges for ATIA. A number of issues will have substantial impact on the industry for years to come. Other, unresolved issues remain that must be addressed in order for your association and, more importantly, the travel industry in Alaska to continue to thrive.

Your Board of Directors worked diligently to address a variety of subjects and topics that are very important to our industry. Highlights of the Board's actions include:

DENALI NATIONAL PARK

Opportunities for additional day trips into the park were increased with the introduction of a natural history tour, expansion of group access to visitor tourism shuttles, as well as additional allocation and improvements to Savage Creek, visitor interpretation and hiking trails. Representatives of the Board and ATIA staff partnered with federal, state and local government representatives and the private sector to plan for the development of a much needed south side access point and an information/interpretation center on Curry Ridge at mile 134 of the Parks Highway.

UNITED STATES FOREST SERVICE

FLAT FEE

ATIA supported member concerns by obtaining legal counsel to aid in objecting to USFS proposals to alter fee structures. Increases would have risen as much as 480 percent for certain types of outfitters, guides and tour operators utilizing Alaska USFS lands. ATIA suggested alternatives to the process that would balance the needs of the USFS and the users. We are hopeful that the USFS will consider the proposed fee changes.

BEAR VIEWING

ATIA took positions on a number of bear viewing issues throughout Alaska. We advocated for sound management plans and suggested alternatives that balanced the needs of the travel industry and resource extractive interests.

HALIBUT SPORTS CHARTER

REGULATIONS

Staff and the Board of Directors coordinated with members and sports charter halibut organizations to retain a two fish per angler/per day limit and further enhance access to more halibut for the future. ATIA has participated in meetings concerning halibut sports charter issues since 2004 and will continue to do so to protect member interests.

CRUISE SHIP BALLOT INITIATIVE

Following passage of the Cruise Ship Ballot Initiative, ATIA supported members and other interested stakeholders in their efforts to mitigate one of its more onerous aspects. The commission disclosure portion of the initiative was restructured and following legislative approval, was signed into law by Governor Sarah Palin, eliminating the requirement that would have effectively forced Alaskan businesses to disclose their business plans.

EFFECTIVE STABLE FUNDING SOLUTION

Throughout the 2007 legislative session, your Government Relations Committee, lobbyists and Board of Directors worked diligently to convince the Alaska State Legislature and the Palin administration of the need to modify the funding model for ATIA's marketing efforts on behalf of the state. ATIA hosted its first ever legislative briefing at the start of the session, with 34 legislators in attendance. ATIA followed up with personal visits to the offices of all 60 legislators. Our efforts were marginally successful – while we did obtain \$900,000 specifically for additional marketing to independent travelers, we were unable to convince the legislature of the critical need to change the dollar-for-dollar private/public match scenario. The 50/50 match requirement, coupled with additional targeted taxes on our industry is already impacting our marketing efforts in FY08 and will continue to do so unless it is changed.

Despite the limits of a marketing budget that provides only \$11.35 million to market Alaska, we were still able to achieve positive results in our efforts to attract more visitors to our state, which include:

CONSUMER RESPONSE INQUIRIES

ATIA generated 559,618 requests for Alaska travel information during FY07, exceeding the goal for the year by 12.4 percent.

TRAVELALASKA.COM

ATIA's web site TravelAlaska.com continued to achieve high traffic this year, with a total of 5.2 million visitor sessions compared to 3.6 million the previous year. Nearly 21 percent of consumers returned to the site after their initial visit, a clear indicator that they found our site useful.

MARKET RESEARCH

ATIA's Conversion Study was the largest research study undertaken this year. By evaluating the previous years marketing program we can measure it's effectiveness in converting interest in Alaska into actual travel. Study results showed that the 2006 program converted at a higher rate than 2005, increasing from 15 percent to 16.11 percent.

In an effort to make ATIA research results more accessible for use by members, brief overviews of ATIA research studies were written this year and posted on www.AlaskaTIA.org.

IMAGE ADVERTISING

Alaska TV ads aired on the Travel Channel, Weather Channel and Hallmark Channel again this year, in addition to National Geographic, BBC and Outdoor Life Networks. This combination of campaigns allowed ATIA to exceed the response goal by 25 percent, generating roughly 33,000 requests for Alaska travel information.

NORTH TO ALASKA

The North to Alaska program, a partnership with the governments of Alberta, British Columbia and Yukon, focuses on the goal of increasing the number of people interested in traveling through Canada and into Alaska via the highway system. The strength of the North to Alaska campaign generated roughly 88,000 inquiries.

TRAVEL TRADE

ATIA's domestic travel trade program focuses on connecting tour operators with Alaskan suppliers and providing marketing support for selling Alaska itineraries. Training and education are the main priority when working with travel agents and reservation staff. We continue to work closely with the travel trade to educate them on how to package and sell Alaska. By attending trade shows and conventions we were able to meet with 282 tour operators and over 1,400 travel agents. ATIA conducted training seminars and developed an online training program called Alaska Certified Expert (ACE). Over 225 trade professionals successfully became ACE certified in FY07 and the program continues to grow.

INTERNATIONAL MARKETING

ATIA continued to focus international marketing efforts in our five key international markets of Australia, German-Speaking Europe, Japan, Korea and the United Kingdom. Due to budget constraints, emphasis has been placed on working with the travel trade through training, sales missions, road shows and marketing support. Reaching consumers is limited to public relations efforts and web presence. Each office handles inquiry fulfillment through distribution of the Vacation Planner or a foreign language travel planner.

PUBLIC RELATIONS

Through our Public Relations efforts, ATIA continued to grow and promote awareness of Alaska as a travel destination to media around the world. In addition to conducting press trips and providing itinerary assistance, ATIA regularly provides over 750 travel writers with information on new visitor opportunities and images.

In FY07, ATIA staff and our public relations contractor hosted the fifth annual Alaska Media Road Show in New York City. Traveling to this media mecca was a huge step for ATIA and allowed more members and media to participate in the one-on-one interviews and a closing reception that showcased Alaska chefs cooking various seafood specialties. The road show continues to be an effective tool in reaching a variety of media and generating positive exposure for Alaska.

INDEPENDENT TRAVEL CAMPAIGN

ATIA was successful in obtaining two marketing grants from the 2006 legislature to focus on independent travel. All indicators point to success. We saw highway traffic go up by nine percent in the summer of 2007. Projects that were funded out of the combined \$1.35 million grants were:

- New TV commercials focusing on independent travel
- Newspaper inserts that appeared in four spot markets
- Two press trips – one focusing on remote lodges and another that took writers up and down the highway
- A familiarization tour for Japanese tour operators who package tours for independent travelers

INSTATE TRAVEL MARKETING

TV and radio advertising was run on local channels and a "Get Out" direct mail piece was sent to Alaska residents to encourage them to visit TravelAlaska.com or request a State Vacation Planner so they could learn more about what there is to see and do in Alaska. Residents could also request Vacation Planners for their friends and relatives.

To test the success of the program, we conducted an in-state poll and found that 67 percent of those responding remembered seeing or hearing the ads and 60 percent of those indicated they traveled more or recommended Alaska travel to others.

The following annual report outlines our programs and the impact the tourism industry has on Alaska's economy. 2006-2007 represented a major crossroads for our industry. We face a very real challenge moving forward – we must continue our efforts to engage the legislature and the Governor in growing marketing to the state. The combination of a loss in cruise contributions coupled with an outdated match formula will hamper our efforts incrementally in the future unless a change is made. Although ATIA is financially sound and we have established a solid cash reserve, the prognosis for a competitive destination marketing program is bleak unless a paradigm shift occurs. We thank you for your support and hope you will continue to promote ATIA's efforts in the year to come.

Patti Mackey, *ATIA Board Chair*



Ron Peck, *President & COO*



MEMBERSHIP BENEFITS & OPPORTUNITIES

ATIA OFFERS MEMBERS POWERFUL MARKETING TOOLS

- A listing in the Alaska State Vacation Planner, on Alaska's official travel website, TravelAlaska.com, and the independent highway traveler website, NorthToAlaska.com
- Access to nearly 600,000 names and addresses of highly qualified potential visitors to Alaska
- Names and addresses of their fellow members in our Membership Directory and available for purchase
- Marketing and research materials that forecast trends and consumer habits

ATIA WORKS FOR ITS MEMBERS

- Industry briefings and regular newsletter updates
- Legislative updates and tourism industry representation at visitor industry policy discussions in Juneau
- Our Government Relations program monitors industry specific legislation and presents the position of our membership at planning meetings and before policy makers

ATIA GIVES MEMBERS FORUMS TO NETWORK AND INCREASE THEIR KNOWLEDGE & SKILLS

- Our annual Convention and Trade Show
- The member website, AlaskaTIA.org, which serves as a valuable forum for sharing information with our membership

ATIA HELPS MEMBERS SAVE TIME & MONEY

- Cooperative domestic and international marketing programs that feature advertising opportunities in both our publications and websites as well as other media; consumer and trade shows; booth share and brochure distribution; industry familiarization trips; and a public relations program featuring press trips, media assistance and the Alaska Media Road Show
- Member-only credit card program featuring discounted transaction fees
- Free use of hundreds of images for promotional purposes
- Free unlimited job postings on AlaskaTourismJobs.com
- Stay on top of issues that can affect your business and the industry by using our daily briefing on AlaskaTIA.org

ATIA CHAPTERS

All members receive a complimentary membership to one of seven local chapters throughout Alaska. The chapters focus on four main objectives: advocacy, community awareness, business networking and providing a link between communities and the statewide organization. Chapters are located in Anchorage, Mat-Su, Fairbanks, Juneau, Ketchikan, Sitka and Skagway.

ATIA FOUNDATION SCHOLARSHIPS

As one of our efforts to support Alaska and its people, our foundation funds scholarships each year for students pursuing a career in the tourism industry. The program is designed to offer assistance to promising Alaskans who have expressed an interest in turning their tourism experience into a career. In 2007, we provided 14 scholarships totaling \$27,000 to students pursuing careers in the visitor industry:

ATIA Two-Year Scholarship Sean Hovik, Ketchikan	\$5000
ATIA Anchorage Chapter Scholarship Shauna Moore, Anchorage	\$2500
ATIA Continuing Education Scholarship Maria Benner, Anchorage	\$2500
ATIA Rural Scholarship Jonathon Garrison, Wrangell	\$2500
Kris Geldaker Memorial Scholarship Mitchell Potter, Ketchikan	\$2500
Kris Geldaker Memorial Scholarship Kory Eberhardt, Fairbanks	\$2500
Bob Rocker Memorial Scholarship Catherine Burtness-Adams, Fairbanks	\$2000
Princess Cruises & Tours Scholarship Asia Fisher, Wrangell	\$1500
Holland America Line Scholarship Tram Anh Nguyen, Ketchikan	\$1000
Alaska Travel Adventures Scholarship Ty Nausid, Ketchikan	\$1000
Royal Caribbean Cruises Scholarship Melissa Stoner, Anchorage	\$1000
Chuck West Memorial Scholarship Gabrielle Vance, Juneau	\$1000
ATIA One-Year Scholarship Chelsea Alletson, Anchorage	\$1000
ATIA Continuing Education Award Pamela Winders, Anchorage	\$1000



FY07 EVENTS

2006 ANNUAL CONVENTION & TRADE SHOW

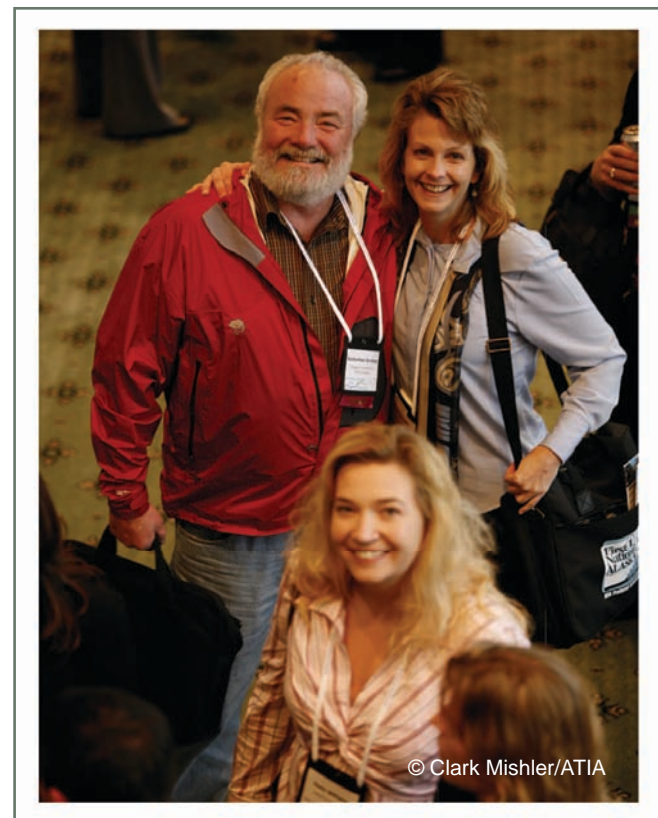
During October 2006, our Annual Convention and Trade Show was held in Valdez with the theme *Discovering Sound Opportunities*. Over 440 participated in the event and had the opportunity to hear from national speakers including:

- Judy Randall – *Top 10 Trends in Tourism Marketing with Implications for Alaska*
- Patricia Schultz – *1000 Places to See Before You Die*
- Bob Abrams – *Touch Marketing*

Despite weather and travel challenges the convention was fun and successful. The 2006 convention delegates were offered educational workshops on our cooperative marketing programs, ecotourism, research, Travel Media and Travel Trade. Delegates also provided input to help formulate our 2007 legislative and government relations initiatives.

21ST ANNUAL TRAVEL TREASURES AUCTION

The 21st Annual Travel Treasures Auction raised nearly \$90,000 to support ATIA's general operations. The "I Love the 70's" theme worked well with our attendees. The event was held March 30, 2007 at the Egan Convention Center.



© Clark Mishler/ATIA

ATIA Convention 2006

ANNUAL VISITOR INDUSTRY CHARITY WALKS

Almost 2,000 volunteers from Anchorage and Fairbanks participated in their cities Charity Walk and contributed \$75,475 to over 100 Alaska charities. The Charity Walk continues to be a venue for Alaska tourism to give back to Alaska on an annual basis. Volunteers and generous donations from the industry were combined to support numerous organizations while participants walked.

HEALTHY VISITORS INITIATIVE

We continue to work with Alaska's Public Health authorities to keep our members informed about "best practices" for keeping our guests healthy. We also continue monitoring global health concerns such as Bird Flu. This year, our crisis management team drilled our crisis plan with a scenario pulled from headlines about the potential of drug resistant tuberculosis occurring in Alaska.



© Dave Worrell/ATIA

Visitor Industry Charity Walk 2007

DOMESTIC MARKETING

The primary focus of ATIA's consumer marketing programs is on the North American market since this is where the vast majority (85%) of Alaska's visitors come from. States producing the largest number of visitors continue to be California (14%), Washington (8%) and Texas (5%). Canada also ranks high with 6 percent of Alaska's visitors. Through our marketing efforts, we strive to reach those most likely to come in the next few years and we follow through by providing them with compelling information about our state. If we do our job right, we will convert that interest into actual travel to Alaska, and that's exactly what we are doing! The annual Conversion Study shows that the marketing program is operating at the highest rate since 1998, with 16.11 percent of consumers responding to our program actually traveling to Alaska in the first year. Even better, those coming within four years convert at 31 percent

The marketing program generated more than 568,000 requests for Alaska trip planning information. Our aggressive direct response programs allowed us to reach millions of potential visitors and through careful list selection and applying segmentation strategies, we were able to reach more than 3.6 million consumers with Alaska's message.

The primary barriers to travel continued to be time, money and health. To overcome these barriers, our marketing messages focus on communicating that an Alaska trip can be done in as little as one week and are comparable in cost to other vacation destinations. Our marketing efforts are targeted primarily to "traveling boomers" who are 45 to 65 years old, are affluent, educated and well-traveled. Secondary targets include "adventure seekers" who are 35 to 45 years old that are employed and are affluent single or married couples. Another secondary target includes "swinging seniors" that are 60 years or older, married and most likely retired.

The internet allows consumers to obtain travel information instantly and easily compare prices through the click of a mouse. Traffic to our website - TravelAlaska.com - continues to increase with over 2.58 million unique visitors to our site this year. This is great news for the 1,100 Alaska businesses that place ads on our website. Our internet marketing efforts this year included advertising on several online sites and emails were also sent to those who subscribe to the Alaska Airlines Insider newsletter.

ALASKA'S BRAND

All marketing efforts proudly display the branding logo and tagline "Alaska. Beyond your Dreams. Within your Reach." Although Alaska represents much, much more, these simple words capture the key lure elements (identified by our research) that differentiate Alaska from other destinations - mountains, glaciers and wildlife. By connecting with consumers and appealing to their sense of wonder via images and copy we are able to inspire them to experience the excitement of an Alaska vacation first-hand.

TV & PRINT ADVERTISING

We used television to elevate awareness of Alaska as a travel destination and to showcase the state's scenic wonders. Our 30-second and 10-second spots featured visuals that connect with consumers on an emotional level and include an original music score. Although our budget for television placement was limited, the spots ran for 17 weeks over network cable and nationally syndicated broadcast television. In addition, we were able to increase the TV value by 10 percent by negotiating complimentary TV spots and billboards.

Although building image awareness for Alaska is vital to increasing the number of visitors to the state, we also focused on connecting with potential visitors so we could send them additional trip-planning information. Magazine advertising helped build Alaska's image and conveyed the beauty of Alaska's mountains, glaciers and wildlife. We analyzed hundreds of publications before making a decision on which magazines would be included in our campaign. The primary purpose of the magazine campaign was to generate requests for the State Vacation Planner and we were successful in generating more than 101,000 requests.

Again this year, we concentrated our efforts on one large circulation magazine rather than advertising in many smaller magazines. We focused our effort on AARP's "The Magazine". This one magazine generated 64 percent of the total magazine inquiries. We also included ads in magazines such as National Geographic Traveler and Good Housekeeping. When placing magazine ads this year, our negotiation efforts really paid off! Through shrewd negotiation, we were able to secure free ads, free printing of the bound-in business reply cards and deeply discounted rates, thereby leveraging our magazine campaign by another \$1.3 million.

Highway travel through Canada and into Alaska was promoted in Trailer Life, Coast to Coast and AAA Going Places and consumers were able to order the Alaska and Yukon travel guides by filling out one business reply card. We also ran a limited online direct mail campaign using the RVIA mailing list.

DIRECT MAIL

Direct mail continued to dominate our marketing program. Early direct mail drops included a package that included a personalized letter from former Governor Murkowski. Direct mail packages sent later in the year included a personalized letter from Governor Palin. We found that a governors' approval rating and/or picture had no real bearing on the effectiveness of the package, with response rates staying constant. Friendly and informative, these letters and accompanying pieces continued to be well received, with response rates as high as 29 percent. We carefully selected mailing lists targeting segments to ensure we were reaching only those most likely to have interest in Alaska. By working the lists extensively

DOMESTIC MARKETING

before mailing, we were able to minimize postage and printing costs, thereby maximizing results.

INDEPENDENT TRAVEL

ATIA received supplemental funding from the State's operating and capital budgets this year to supplement the core marketing program. These funds were used to create new television commercials that focused on highway travelers. In conjunction with the TV campaign, newspaper inserts ran in four major US cities targeting independent and highway travelers to consider Alaska for their next vacation. Several press trips and tour operator familiarization tours were conducted.

The campaign was deemed a success based on an increase of 9 percent in overall border crossings

COOPERATIVE MARKETING PROGRAMS

With the legislative mandate to match public funds with private funds, we depend on the recruitment of new marketing partners and the development of marketing partnership programs to generate the private industry match. The programs are developed to help small Alaska tourism businesses access a national audience at an affordable price.

To increase awareness of ATIA – and the programs businesses can participate in – our staff traveled extensively throughout the state to meet with businesses to explain how they could get involved with our statewide marketing effort. Popular marketing programs were continued in FY07, including the cooperative magazine campaign, cooperative leads programs, consumer shows, advertising on TravelAlaska.com and the Vacation Planner. These programs are especially important because they allow members a cost-effective way to gain exposure before a national audience to sell their specific products or services.

COLLATERAL

The Official State Vacation Planner continues to evolve and grow to meet consumer needs and the needs of Alaska businesses. This year the regional overviews were rewritten and updated. To ensure the information was correct and reflected community goals and marketing initiatives, ATIA worked extensively with representatives from local Chambers and Convention & Visitor Bureaus. The editorial in the front was also rewritten and the section redesigned to address trip planning issues and to replace long blocks of text with brief copy that could be easily scanned.

ATIA continued to publish the Within Your Reach brochure to encourage potential visitors who were still undecided about visiting Alaska to make the decision to travel. At the end of FY07, a decision was made to reduce the size of the Reach brochure so that postage savings could be realized going into FY08 but

the content was kept the same. Due to the smaller layout, the book will have a much more substantial feel, going from 24 to 40 pages in length.

Over the course of the year, 450,000 State Vacation Planners and 375,000 Within Your Reach brochures were distributed to consumers and travel trade throughout the world. The Vacation Planner was also distributed in-state at visitors centers and major airports.

IN-STATE MARKETING

ATIA's in-state marketing campaign was expanded in FY07 and the TV and radio ads had a huge impact! A telephone poll conducted in the summer of 2007 showed that 67 percent of those responding to our survey remembered seeing/hearing the ads and 60 percent said they were influenced to travel more or to recommend Alaska travel to others. Another research study was conducted to learn more about Resident Instate Pleasure Travel and we found that residents averaged just over six overnight trips in the past year. Anchorage was by far the top visited community (43%) followed by Fairbanks (18%), Homer (15%) and Seward (14%).

A colorful direct mail piece was mailed to Alaskan residents encouraging them to "Get Out" and explore Alaska this year. A reply card also allowed residents to order copies of the State Vacation Planner for themselves or their friends and relatives so they could start planning their trips.

RESEARCH

We continue to base Alaska's tourism marketing program on solid research so that state and industry funds are used judiciously and effectively. By tracking trends and testing new programs, we are able to anticipate changes and revise the marketing plan accordingly. We share this information with communities and member businesses to ensure marketing decisions throughout the state are being made from the same base of knowledge.

In an effort to get more people to use ATIA research as a basis for their business or marketing decisions, ATIA produced summaries for all key research so members could review a two or three page report and get a basic understanding of the research. Those who wanted to learn more could then make the decision to read the full report. These summaries are posted on www.AlaskaTIA.org and are available to all site visitors.

DOMESTIC MARKETING

INTERNET

The internet now ranks as the primary information source for trip planning. The primary goal of our internet marketing efforts was to generate traffic to TravelAlaska.com and generate requests for the Vacation Planner. In FY07, we continued to see an increasing number of consumers requesting information over the internet, however, the number of consumers filling out the online form (19%) still pales in comparison to those filling out the printed reply card included in our direct mail packages or placed adjacent to our magazine ads (72%). The remainder dialed a recorded toll-free 800 number or sent a written request to the ATIA office. Another key goal for TravelAlaska.com was to link consumers to Alaska businesses so they could close the sale.

Our electronic newsletter for consumers, My Alaska News, continues to be an effective tool, reconnecting with potential visitors who have requested information on visiting Alaska. We provide practical trip-planning information to approximately 200,000 potential visitors each month and supplement the messages with alluring photos that pique interest in visiting Alaska.

Some of the changes to TravelAlaska.com this year included the addition of seven video clips and allowing consumers to share their Alaskan experiences with other site visitors.

CONSUMER SHOWS

We continued our involvement in U.S. consumer shows in an effort to elevate awareness of Alaska as a travel destination. The shows attracted more than 408,000 travelers and an estimated 39,000 pieces of Alaska literature were distributed, including Vacation Planners, Reach brochures, Alaska maps, National Parks brochures, North to Alaska brochures and member business brochures.

NICHE MARKETING

Niche markets, including adventure travel, ecotourism, sportfishing, bed & breakfasts, highway and winter tourism were addressed as segments of the overall



marketing program. In addition we continued partnership programs with Yukon, Alberta and British Columbia to encourage consumers to travel through Canada and into Alaska via the highway. The North to Alaska program generated more than 90,000 requests for highway travel information. Our research shows that 13 percent of these people actually drove to Canada or Alaska during the year.

NATIONAL SCENIC BYWAY PARTNERSHIP

Working with the Glenn Highway Association, a marketing plan and website along with a series of newspaper ads were developed. These materials highlighted the cultural and historical aspects of the Glenn Highway along with the attractions, activities and scenery that can be seen along the highway. ATIA secured the urls GlennHighways.org and GlennHighways.com for association use.

PUBLIC RELATIONS & COMMUNICATIONS

In order to generate stories about Alaska, it is important to constantly reach out to travel writers and editors and ensure Alaska stays on their travel radar. We are in constant contact with national and international travel media outlets to remind them that Alaska is a premier visitor destination. We focus a significant portion of our public relations effort on responding to inquiries from travel media. In order to provide broad exposure for Alaska's travel opportunities and statewide destinations, we assist with itinerary planning and provide travel assistance to top quality travel journalists who come to Alaska, either individually or as part of sponsored press trips.

PUBLIC RELATIONS

Alaska Media Road Show

The Alaska Media Road Show has become our primary Public Relations event and our most important media outreach program. Now in its fifth year, we are starting to see a wait list of travel writers who have heard about the event and want to be invited. We actively recruit the best and brightest representatives of the travel media and pair them with Alaskans from throughout the state in order to share stories and generate enthusiasm for Alaska. In FY07, the event was held in New York City and 160 Journalists and 44 ATIA members participated. The event was once again a huge success and we have already seen several national stories published as a result.

Media Outreach & Assistance

ATIA actively works with travel writers and editors to provide story ideas and reference materials to ensure all areas of the state, modes of travel and a wide variety of activities and attractions are featured throughout the year. We provide itinerary planning, b-roll duplication, fact checking, image fulfillment and editorial suggestions to over 400 domestic journalists and over 100 international media outlets ranging from the Today Show to Travel + Leisure magazine.

On-Line Media Center

We continue to keep the media pages on TravelAlaska.com fresh with new story ideas and updated press kits. New photography is added to the photo gallery section once photo shoots are complete. This year we were able to add winter and National Parks images.

Alaska Travel News Bulletin

We provide story ideas to the media through e-mail bulletins that reference all areas of the state, modes of travel and a wide variety of activities and attractions. We send the Alaska Travel News Bulletin to over 750 domestic and international travel writers. Over the course of the year, we strive to highlight all the major regions and communities in the state as well as key activities and events.

Press Trips

ATIA hosted 3 summer press trips this year, bringing journalists to Alaska to experience Alaska's great lodges, National Parks and to explore Alaska's road system.

In-State PR

ATIA launched the Alaska Insiders campaign that focused on six well-known Alaskans and featured their favorite places to eat, hike and visit. The goal of the campaign was to get potential visitors interested in different areas of the state and to "Get out and See Alaska." The campaign featured Rosey Fletcher, Ray Troll, Dermitt Cole, Dee Dee Jonrowe, Bill Spear and Hobo Jim on a special section of TravelAlaska.com. Coffee sleeves were also produced and distributed through Café Del Mundo shops in Anchorage.

COMMUNICATIONS

Member Newsletter

Our Member Newsletter has become an indispensable tool for communicating with our members. We rely on it to cost-effectively announce events, recruit participation and provide members with valuable information.

AlaskaTIA.org

This year we continued our efforts to improve the association's member website, AlaskaTIA.org. We believe that the functionality we've incorporated will make it a valuable tool for our members. Now they can update their own contact information, register online for events, post jobs on AlaskaTourismJobs.com, locate pictures for use in marketing from our on-line image library and access a comprehensive archive of essential association documents and information. We've also added a "blog" where we post information important to the industry: www.AlaskaTIA.org/brief.asp.

TRAVEL TRADE & INTERNATIONAL

DOMESTIC TRAVEL TRADE

Our domestic travel trade program is designed to generate agent and operator interest in Alaska and offer extensive education about our state. Since the state is so large, with different modes of transportation and attractions, selling Alaska poses some unique challenges. However, once we show the trade what Alaska has to offer, they become committed to learning about the destination and selling the state.

Education is the cornerstone of our outreach to the travel trade. This year we launched our online training program, Alaska Certified Expert, on the www.TravelAlaska.com/trade website. In 2007, the program graduated over 225 travel agents who successfully completed four learning modules and tests about Alaska's regions and how to package and sell the state. We continued to send out a bi-monthly newsletter to members of the travel trade and trade media to keep them informed of new products and tours in Alaska. Several destination trainings for travel agents were conducted throughout the year. We attended six travel agent shows to obtain leads and booth share with members, including the Travel Institute's National Forum, National Trade Shows, CLIA Cruise3sixty, ASTA's The Trade Show, Luxury Travel Expo and the Vacation.com Annual Conference. We introduced the Alaska Roadshow which took members to three cities in the Midwest for travel agent training and trade shows as well as tour operator sales calls.

We also attend several tour operator marketplaces where we conducted one-on-one meetings with tour operators. We helped them create and sell Alaska itineraries and provide qualified leads to our members. We had a major sponsorship presence at the National Tour Association and the American Bus Association in order to create image awareness for Alaska and to foster relationships between members and tour operators. We also produced a special directory of Alaska businesses that attend these marketplaces. Throughout the year, we also attended the annual marketplaces of the United States Tour Operator Association, North American Journeys and new for 2006, the Student and Youth Travel Association.

INTERNATIONAL HIGHLIGHTS

Our international marketing campaign works with international contractors to promote Alaska as a destination to trade, consumers and the media in the key markets of German-Speaking Europe (GSE), Japan, United Kingdom, Australia and Korea. In addition, we have been doing targeted promotions in Taiwan and China. We provide image awareness, trip planning and product information to the highest potential



International Summer Travel Fam 2006

international markets to promote travel to the state. The central focus is to educate tour operators and wholesalers on what Alaska has to offer, as well as bring our tour suppliers and buyers together to increase Alaska product lines. We achieve these goals through international sales and media missions, participation in the Travel Industry of America's International POW WOW and through a variety of in-market trade shows.

Because the international marketing program budget is not large enough to conduct consumer advertising, we generate interest in travel to Alaska through ATIA's Japanese and German language websites and by partnering with members of the travel trade to actively promote their Alaska programs through cooperative marketing efforts.

We rely heavily on media coverage of Alaska in order to generate interest in Alaska within the key international markets. We work closely with travel writers, television crews and airline partners to gain maximum exposure for Alaska. Staff and contractors attended a variety of media marketplaces in order to pitch stories to international journalists. We assisted with media trips for 18 international journalists and film crews.

As in the domestic market, training the travel trade is an important component of our overseas marketing efforts. Members participated in the Australia Sales Mission and the Japan Workshops and trained over 500 travel agents on their product. In December Alaska was a major sponsor of the DERTour Reiseakademie which reached over 700 DERTour travel agents from Germany. Contractors in each market conduct in-house training for sales and reservation staff for major tour operators.

TRAVEL TRADE & INTERNATIONAL

We conduct a variety of familiarization tours (fams) to Alaska each year to educate the trade and foster product development. Central to this program are the Alaska TravelFams which are held three times a year featuring different regions and seasons of the state. We hold meetings and receptions in some of the communities so that local members have the opportunity to introduce their product to international tour operators. As part of our grant from the National Park Service, we also conducted a familiarization tour to Wrangell St. Elias and Kenai Fjords National Parks to help tour operators learn how to package these areas.

In conjunction with AVSP V, ATIA commissioned a detailed report on international visitors to Alaska. The research shows that 9.4 percent of summer visitors are from overseas with nearly two-thirds of those from Europe. Summer 2006 international visitors spent a total of \$144 million on their trip to Alaska not including travel to and from the state and 72 percent of international visitors booked their trip through a travel agent. This information will help guide future ATIA international marketing efforts. The full report is available on www.AlaskaTIA.org.

DIRECT FLIGHTS

Germany

The Condor charter flights continue to be a success. In the peak summer season, four flights were operated

to Alaska every week for a total of 77 flights to Alaska, an increase of 15 percent. The shoulder season schedule continues to expand with flights beginning in early May and running through the end of October.

Japan

Japan is a very important market due to the success of year-round, direct charter flights. Not only did Japan Airlines successfully operate 14 non-stop flights in the summer season, they also operated 10 non-stop charter flights to Fairbanks in the winter season. This is a remarkable 30 percent increase in service from last year.

KOREA

Korean Airlines discontinued its charter service to Anchorage. However, Korea recently became a visa-waiver country with the U.S. which could yield an increase in Korean visitors and ATIA will work with major Korean air carriers to encourage a re-installment of direct flights to Alaska.

TAIWAN

China Air continues to provide direct service year-round to Anchorage for flights bound to New York from Taipei. We have supported the travel trade in Taiwan with Alaska training and fam tours. This has helped yield a modest increase in year-round, independent and land-based travel to Alaska.



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Japan Fam 2007

GOVERNMENT RELATIONS

FY07 LEGISLATIVE PRIORITIES FOR FY08

FY08 Budget

I \$20 million – Core Domestic and International Tourism Marketing Program – Alaska’s core tourism marketing program relies on State matching funds thru the Qualified Trade Association (QTA) line item in the Department of Commerce, Community and Economic Development budget. Due to the increase of targeted taxes on the industry, ATIA’s funding landscape has dramatically changed. In FY08 we anticipate achieving an industry contribution of between \$2 and \$2.5 million. Conservative estimates are that the state will see \$125 million in contributions by travel and tourism to state coffers.

FY08 Legislation Request: We respectfully request legislation changing the matching formula for the QTA line item be changed from 50% ATIA/50% State to 10% ATIA/90% State.

FY08 Budget Request: We respectfully request that core program (QTA) matching funding expand to an \$18 million cap with an industry match of \$2 million for a combined core marketing budget in FY08 of \$20 million.

Results:

The matching formula remained at 50% ATIA/50% State. The State’s maximum contribution for core marketing program in FY08 will be \$5.0 million.

II Independent Traveler Marketing with Vehicle Rental Tax Revenue – The legislation establishing the statewide rental vehicle tax calls for its revenue to be used for visitor marketing. In FY07 we established a new marketing program targeted toward independent travelers, allocated as non-matched funding. We propose to strengthen that program as we move forward. A stronger independent travel marketing program will primarily benefit rural, bush, RV and fly/drive businesses throughout Alaska. This market segment has been stagnant for several years and needs the concentrated effort that a stable funding source of approximately \$8.5 million per year will provide.

FY08 Budget Request: We respectfully request that proceeds from the Alaska Vehicle Rental Tax (approximately \$8.5 million) be allocated to a marketing program targeting independent travelers.

FY08 Capital Budget Request \$750,000

Funding for two ATIA initiatives are requested. It is important to note that these programs supplement ATIA’s core marketing efforts beyond the scope of our annual funding. These projects will require multiple years to complete – a longer time-frame than our operating budget programs – and will result in long term benefits for the state’s economy.

I \$500,000 – Long Range Tourism Planning – To insure steady and sustainable growth in Alaska’s tourism industry, attention must be given to maintaining the quality of Alaska as a visitor destination. Providing an overall vision and plan to guide development over the next five to 20 years and guarantee that visitation is adequately dispersed throughout Alaska will benefit all sectors of the industry and Alaska’s residents as well. These efforts can best occur through coordination of state, federal and private efforts that are currently underway, assessing projects on the drawing board in the near future and influencing future projects so that end results have a positive impact on Alaska’s quality of life, visitor experience and economic well-being.

II \$250,000 – 50th Anniversary of Statehood Marketing – Alaska’s 50th Anniversary in 2009 presents an exciting opportunity to develop special projects to promote visitation to the state during our Anniversary celebrations similar to those developed for the Gold Rush Centennial and the AICan Highway’s 50th Anniversary. This funding will allow us to coordinate with the efforts of the Statehood Commission and to enhance the appeal of Alaska on the 50th Anniversary of Statehood.

Results:

With support from key members of the legislature, we were able to keep the state’s Qualified Trade Association (QTA) line item (for match) at \$5 million. The legislature also approved funding an enhanced marketing campaign targeted toward independent travelers totaling \$893,200. No funding was made available for long-range planning or for 50th Anniversary Marketing.

Cruise Ship Ballot Initiative

Passage of the Cruise Ship Ballot Initiative in August of 2006 presents a variety of challenges to Alaska’s visitor industry. ATIA desires to work proactively with the administration and the legislature to amend the voter initiative specifically in the areas of commission disclosure, to eliminate redundancies in the environmental regime and to assure appropriate implementation of a cruise ship tax structure that supports continued visitor growth.

Results:

The Cruise Ship Ballot Initiative continued to be an important issue for many of our members. This year in the legislature we supported HB 217 “An Act relating to required onboard disclosures about promotions, tours, flightseeing operations, other shoreside activities, shoreside vendors, and visitors bureaus; and providing for an effective date.” HB 217 passed and was signed by Governor Palin.

TOURISM'S IMPACT ON ALASKA

TOURISM BUILDS ALASKA'S ECONOMY

- Total visitor arrivals fall 2006-summer 2007 estimated 2 million
- Average in-state visitor expenditure: \$935
- Visitor spending in Alaska: \$1.87 billion
- Generates over \$152 million in state and local taxes and fees each year
- Every \$1 invested in Tourism marketing returns an estimated \$168

TOURISM PROVIDES JOBS

- Tourism is a leading industry in Southcentral, Southeast and Interior Alaska
- Provides one in seven private sector jobs
- Tourism is responsible for over 40,000 full-time equivalent jobs annually
- Travel industry accounts for more than 13.7 percent of all employment in Alaska
- 10 of Alaska's top 100 employers are directly involved in the travel industry

ATIA IS A MEMBERSHIP ORGANIZATION THAT REPRESENTS OVER 1,100 TOURISM INDUSTRY BUSINESSES IN ALASKA

OUR VISION:

The Alaska Travel Industry Association will be the leading industry organization promoting Alaska as a top visitor destination, communicating and promoting the Alaskan tourism industry as one of the state's major economic forces, and will be the respected voice of the industry for the growth of the industry, while remaining attentive to care for the environment, recognition of cultures and Alaska's unique quality of life.

OUR MISSION:

As we strive to attain our vision for the Alaska visitor industry, ATIA will undertake the following:

- 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 visitor industry in Alaska.
- Encourage the increase and improvement of quality visitor facilities, services and attractions throughout Alaska.
- Plan and execute a statewide marketing campaign promoting Alaska as a visitor destination.
- Increase awareness of the economic importance of the visitor industry.
- Develop and implement programs beneficial to the travel supplier and consumer, which no other single industry component or organization would be expected to carry out on its own.
- Initiate and cooperate with local, state and federal entities in developing and implementing programs, policies and legislation that are responsive to the needs of the industry and to intervene in those issues and initiatives that would directly affect the facilitation and promotion of travel to and within Alaska.
- Work cooperatively with the state on tourism development and long-range planning.

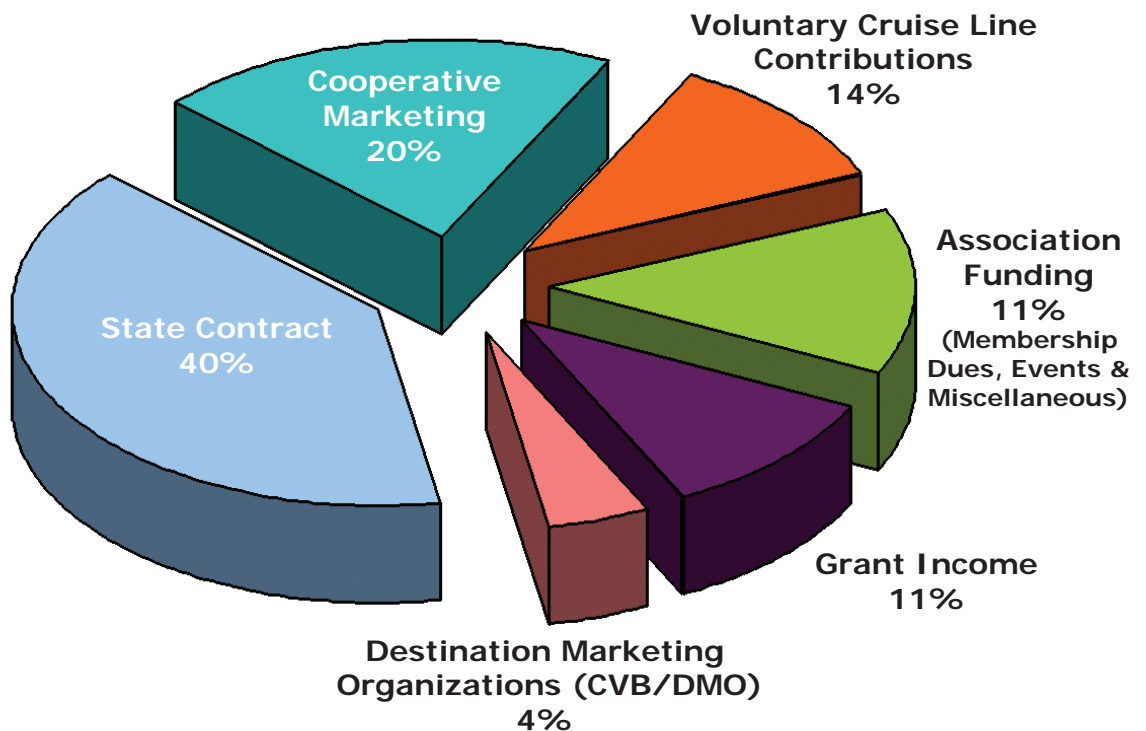


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REVENUE & EXPENDITURES

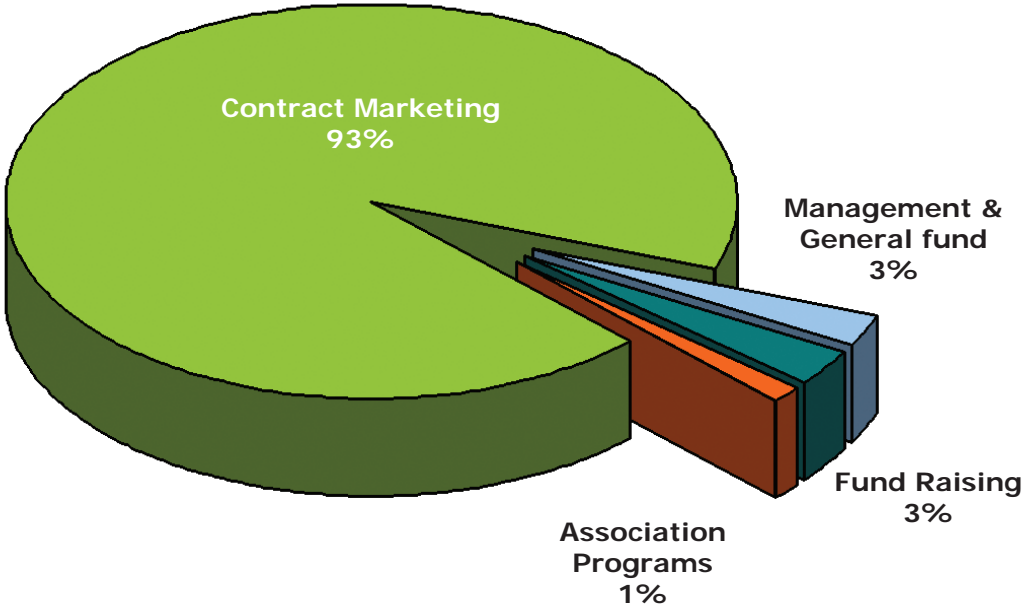
FY07 REVENUE

State Contract	\$5,000,000
Cooperative Marketing Partnership Programs	\$2,574,036
Grant Income	1,417,199
Voluntary Cruise Line Contributions	\$1,714,568
Domestic Marketing Organizations (CVB/DMO)	\$549,689
Membership Dues, Events & Miscellaneous	\$1,335,480
TOTAL	\$12,590,972



REVENUE & EXPENDITURES

FY07 EXPENSES	
Management & General Fund	\$315,085
Fund Raising	\$359,441
Association Programs	\$173,528
Contract Marketing	\$11,433,141
TOTAL	\$12,281,195



ALASKA TRAVEL INDUSTRY ASSOCIATION TEAM

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ATIA STAFF

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Jenifer Sczegan, Receptionist

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Cathy Rodgers, Communications Administrative Assistant

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Andrew Larsen, Travel Trade & International Marketing Manager
Teri Hendricks, Trade Coordinator

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Jackie Englund, Website Development & Marketing Manager
Christie Johansen, Marketing & Research Coordinator

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