

2005 ANNUAL REPORT



ALASKA TRAVEL INDUSTRY ASSOCIATION

Alpenglow light up a mountain range at a small boat harbor in Valdez

LETTER FROM THE PRESIDENT & CHAIR OF THE BOARD

This past year has been exciting, challenging and productive for the Alaska Travel Industry Association and its membership of over 1,000 businesses. Fiscal year 2005, (July 01, 2004 through June 30, 2005) presented a unique set of challenges and opportunities for our industry. The Board's primary focus was to foster a positive environment for tourism and tourism businesses in Alaska.

Your Board of Directors worked diligently on many different topics that are meaningful to our industry. Specifically:

- We worked with the Murkowski administration and legislative leadership to increase the states matching contribution to ATIA's marketing program from \$4 million to \$5 million. This means our marketing budget for FY06 will be over \$10 million.

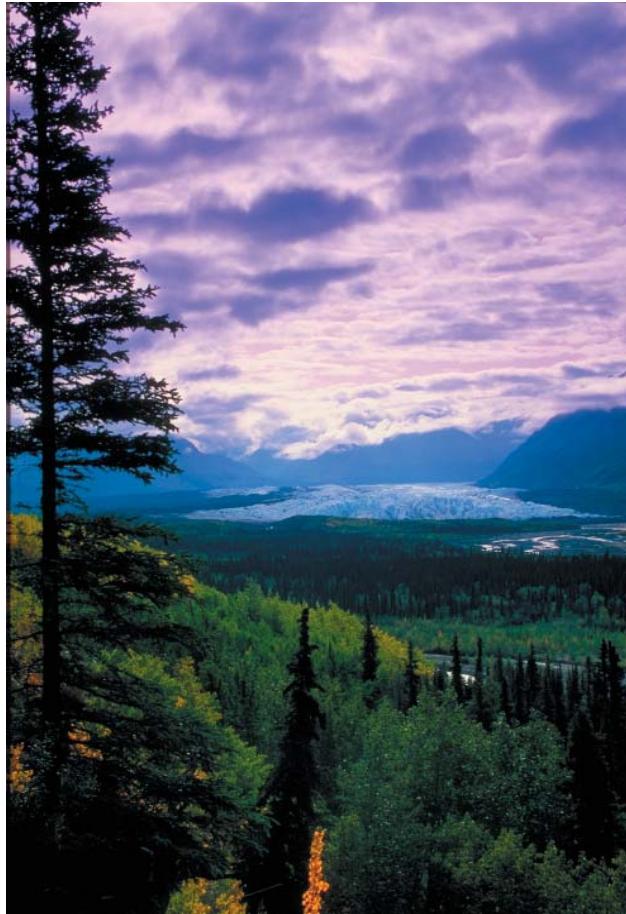
- We collaborated with the state to gain funding for the Alaska visitor survey program, a very important piece of research that aids in identifying the who, what, how, and why of visitors coming to our great state.

- We voiced concern over the Cruise ship head tax initiative by becoming a participant in the lawsuit questioning the validity of this punitive referendum.

- On the federal level, we worked to include specific language that prohibits additional taxation of flight seeing operators in Alaska. This language was included HB3, the Transportation Equity Act.

Internally, the organization continued to focus on delivering a strong return on your investment. Significant accomplishments include:

- Completion of the third annual Alaska Media Road show that brought Alaska tour product, programs, and destinations before some of the most influential media personnel in North America travel.



A beautiful mountain valley near Mat-Su Glacier

- Enhancement of the quality of our TravelAlaska.com website by improving usability, refining regional content and adding features to the site. Traffic continued to grow during FY05 netting 1.5 million "unique visitors."

- Improvement of the Official State Vacation Planner with changes to the publication that gives additional recognition to specific areas in the 5 major regions and added a campground grid for the road traveler.

- Development of a brand new invitation marketing piece called "Alaska within your reach" that includes sample itineraries for a variety of experiences and destinations. This piece will be used as a tool to increase the excitement and likelihood of traveling to Alaska by potential visitors.

- Continued refinement and improvement of the manner in which ATIA manages our Sales and Marketing representation firms in the U.K. Germany, Japan, Australia, and Korea. The changes allow for less administrative charges and therefore increased funds for specific marketing projects.

- Completion of initial work on the National Parks marketing efforts that are geared to increase interest and excitement about all 17 of our wonderful National Parks in Alaska including Wrangell St. Elias, Kenai Fjords, and Katmai.

This year's annual report outlines ATIA's programs and accomplishments in FY05 and demonstrates what can be completed when your board, staff and our federal and state government representatives work collaboratively and cooperatively together. We hope you take great pride in your association's success and the role you played. In the coming year, we will continue to strengthen our cooperative marketing and planning efforts for you our valued members.

Ron Peck, *President & COO*

Ken Dole, *Chairman of the Board*

ALASKA TRAVEL INDUSTRY ASSOCIATION TEAM

ATIA STAFF

EXECUTIVE DEPARTMENT

Ron Peck
President & COO
Mark Miller
Tourism Planner
Leslie Bodley
Executive Assistant

FINANCE DEPARTMENT

Shirly Laird
Director of Finance & Human Resources
Shelly Jones
Accounting Clerk
Jenifer Sczegan
Receptionist

TRAVEL TRADE & INTERNATIONAL DEPARTMENT

Jillian Simpson
Director of Travel Trade & International Marketing
Andrew Larsen
Travel Trade & International Marketing Manager
Teri Hendricks
Trade Coordinator

MARKETING DEPARTMENT

Kathy Dunn
Director of Marketing
Charlene Spadafore Vassar
Cooperative Marketing Manager
Jackie Englund
Website Marketing Coordinator
Maria Benner
Marketing & Research Coordinator

COMMUNICATIONS DEPARTMENT

Dave Worrell
Director of Communications
N'Keisha Alleyne
Communications Specialist
Scott Correy
Internet Communications Coordinator

MEMBERSHIP DEPARTMENT

David Lee
Director of Membership Sales & Service
Richard Garvin
Membership & Advertising Sales Manager
Jane Dial
Membership Sales & Services Coordinator

2004-2005 ATIA BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

Ken Dole, Chair,
Waterfall Resort
Gary Odle, Vice Chair,
Alaska Highway Cruises
Brett Carlson, Government Relations Chair,
Northern Alaska Tour Company
Patti Mackey, Marketing Chair,
Ketchikan Visitors Bureau
Steve Mahay, Secretary,
Mahay's Riverboat Service
Ann Campbell, Treasurer,
Aurora Consulting
Charlie Ball, Past Chair,
Princess Cruises & Princess Tours
Ron Peck, Ex Officio,
Alaska Travel Industry Association

BOARD MEMBERS

Paul Allen, Holland America Line, Inc.
Roark Brown, Homer Ocean Charters
Bruce Bustamante, Anchorage CVB
Bob Dindinger, Alaska Travel Adventures
Carl Ekstrom, Rika's Roadhouse and Landing
Bob Engelbrecht, NorthStar Trekking
Pam Foreman, Kodiak Island CVB
Don Habeger, Royal Caribbean & Celebrity Cruises
John S. Hall, John Hall's Alaska
Deb Hickok, Fairbanks CVB
Kirk Hoessle, Alaska Wildland Adventures
Dave Karp, Alaskan / Hawaiian Vacations
Scott Reiland, Denali Grizzly Bear Cabins & Campground
Suzanne Rust, K2 Aviation
Stan Stephens, Stan Stephens Cruises
Brad Walker, Alaska Airlines

MEMBERSHIP BENEFITS & OPPORTUNITIES

ATIA OFFERS MEMBERS

POWERFUL BUSINESS TOOLS:

- A free listing in the Alaska State Vacation Planner, on the official Alaska travel website, TravelAlaska.com, and the independent highway traveler website, NorthToAlaska.com
- Access to more than 500,000 names and addresses of highly qualified potential visitors to Alaska
- Names and addresses of their fellow members available for purchase and in the 2005 ATIA Membership Directory
- Marketing and research materials that forecast trends and consumer habits

ATIA KEEPS MEMBERS INFORMED:

- Industry briefings and regular newsletter updates
- Legislative updates and tourism industry representation at visitor industry fly-in events in Juneau
- ATIA's Government Relations monitor industry specific legislation and presents the position of our membership at planning meetings.

ATIA GIVES MEMBERS A FORUM TO NETWORK AND INCREASE SKILLS & KNOWLEDGE:

- ATIA's annual Convention and Trade Show
- Complimentary membership to one of seven local chapters
- ATIA member website, AlaskaTIA.org, which serves as a valuable forum for sharing information with the ATIA membership.

ATIA HELPS MEMBERS SAVE TIME & MONEY:

- Cooperative marketing program that features advertising opportunities in the Official Alaska State Vacation Planner, newspapers and magazines, travel publications and internet sites
- Member-only credit card programs featuring discounts on transaction fees
- Free use of hundreds of images for promotional purposes
- Free unlimited job postings on AlaskaTourismJobs.com

ATIA CHAPTERS

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

ATIA FOUNDATION SCHOLARSHIPS

In an effort to give back to the community, ATIA funds several scholarships each year for students pursuing a career in the tourism industry. In FY05, \$24,500 was awarded to 12 students:

Kris Geldaker Memorial Scholarship 1 Erik Anderson, Juneau	\$2500
Kris Geldaker Memorial Scholarship 2 Ryan Seaver, Ketchikan	\$2500
ATIA Continuing Education Award Carole Sharpe, Anchorage	\$1000
Bob Rocker Memorial Scholarship Kory Eberhardt, Fairbanks	\$2000
ATIA Continuing Education Scholarship Leah René Boltz, Palmer	\$2500
Alaskan Vacations Scholarship Alex Worthen, Anchorage	\$1000
ATIA Rural Scholarship Sofia Reutov, Nikolaevsk	\$2500
ATIA Anchorage Chapter Scholarship Teal Hetrick, Moose Pass	\$2500
ATIA two-year scholarship Nicholas Massie, Anchorage	\$5000
Holland America Line Scholarship Sara Schroeder, Ketchikan	\$1000
Princess Cruises & Tours Scholarship Jacquoi James, Yakutat	\$1000
Alaska Travel Adventures Scholarship Brian Vreeland, Ketchikan	\$1000

ATIA EVENTS

2004 ANNUAL CONVENTION & TRADE SHOW

During October 5-7, 2004, the ATIA Annual Convention and Trade Show was held in Fairbanks with the theme, "Northern Lights and City Sights." Over five hundred delegates participated in the event and had the opportunity to hear from national speakers and statewide officials including:

- Governor Frank Murkowski on the state of the industry
- Dr. Peter Tarlow speaking about security as a service component
- Stuart Ellis Myers on achieving peak performance
- Federal Lands Representatives including NPS, USFS and BLM

The 2004 convention delegates were offered educational workshops on ATIA cooperative programs, Internet marketing, photography, research, retirement, and customer service. Delegates also provided input to help formulate the 2005 legislative initiatives.

19TH ANNUAL TRAVEL TREASURES AUCTION

The 19th Annual Travel Treasures Auction raised \$60,000 to support ATIA's general operations. The "Classy Carharts" theme continued its second year in partnership with the Make-A-Wish Foundation. The event was held on March 22, 2005 at the Egan Convention Center. ATIA extends a special thank you to Auction Committee Chair, Dee Dee Kay of CIRI Tourism.

ANNUAL VISITOR INDUSTRY CHARITY WALK

Volunteers from Anchorage, Fairbanks, and Ketchikan participated in local Charity Walks to raise \$128,000 for over 100 Alaska charities on May 8 and 11, 2005. The Charity Walk continues to be a venue for Alaska tourism to give back to our communities in this annual event. Volunteers and generous donations from the industry were combined to support numerous organizations while participants walked.



Close-up of the working stern wheel on the Riverboat Discovery along the Tanana River in Fairbanks

DOMESTIC MARKETING

Marketing conducted in North America is a high priority for ATIA since the vast majority of Alaska's visitors arrive from the United States and Canada. The program is guided by research, and an aggressive direct response campaign is conducted to ensure Alaska's message is delivered to those consumers most likely to have interest in visiting Alaska. Collateral materials and Alaska's official travel website, TravelAlaska.com, include useful trip planning information, beautiful Alaska images and a detailed directory of businesses so consumers have everything they need to plan their Alaska trips.

"Alaska, Beyond your dreams. Within your reach. ®" was officially registered with the United States Patent and Trademark Office and we continue to integrate the brand into all marketing efforts. We showcase the logo and tagline in all advertising efforts, and through visuals and text we reinforce Alaska is a part of America and within reach – both in terms of time and budget. Work began on a new brochure that will help mitigate issues potential visitors face when considering a trip to Alaska. The *Within Your Reach* brochure highlights key Alaska images that we know appeal to consumers: mountains, glaciers and wildlife and includes sample itineraries so visitors can begin to understand the experiences Alaska has to offer.

RESEARCH

ATIA relies heavily on research to guide marketing efforts. By tracking trends and testing new programs, ATIA is able to anticipate changes and revise the marketing plan accordingly. The annual Conversion Study continues to be the primary research study conducted by ATIA and analyses results of the prior year program so upcoming media decisions can be made in a responsible manner.

ATIA also studies how consumers are using TravelAlaska.com and what features/tools they find most useful. And by tracking how people are finding their way to our website, we can better target our message and ensure a steady flow of visitors to the website throughout the year.

TV & PRINT ADVERTISING

Television is used as the primary vehicle for brand positioning and top-of-mind awareness. Our thirty-second spots feature visuals that connect with consumers on an emotional level and include an original music score. This year, the campaign delivered 164.6 million gross impressions on national cable

networks such as National Geographic, Outdoor Life and the Travel Channel.

Before finalizing ATIA's FY05 magazine campaign, over 200 publications were analyzed. The primary purpose of the campaign is direct response advertising with a secondary goal of further establishing Alaska's image and brand. Again this year, ATIA concentrated its effort on one large circulation magazine rather than advertising in many smaller circulation publications. Following this strategy, we were able to reach an audience of more than 22 million.

DIRECT MAIL

Direct mail continues to dominate ATIA's marketing program. More than 2.6 million people received a direct mail package and according to reports published by the Travel Industry of America (TIA), Alaska implements the largest direct mail program when compared to other states. Consultants Nichols and Gilstrap stated, "[Alaska] has proven to be an exception among organizations that use public sector marketing dollars...it has been a leader in developing direct mail programs to target visitors."

Alaska's direct mail package includes a personalized letter from Governor Murkowski. Friendly and informative, this letter

and accompanying pieces continue to be well received, resulting in an average response rate of 12 percent. Mailing lists are carefully selected and targeted segmentation ensures we are reaching only those most likely to have interest in Alaska. By working the lists extensively before mailing, we are able to minimize postage and printing costs, thereby maximizing results.

WEBSITE DEVELOPMENT

TravelAlaska.com continues to evolve and grow. This year a new search appliance was purchased so visitors looking for specific information receive quick and accurate results. Many sections of the site were rewritten or enhanced with new images. Campground and accommodations grids were added to the site, and a dynamic mapping feature was developed to help visitors see where specific businesses are located in Alaska.

Site administration was expanded and is being integrated with ATIA's member database. By linking the two together, members can access, monitor and modify their business information and ad-



Fireweed in full bloom at McKinley State Park

DOMESTIC MARKETING



A beautiful sunrise at Robe Lake near Valdez

vertising from one portal. Especially beneficial to members is the ability to track real-time statistics for their ads on TravelAlaska.com. Members can also change their ad copy from their own computer.

Visitor feedback and site statistics confirm enhancements to the site are in step with consumer trip planning needs. The amount of time spent exploring the site has increased and roughly 20 percent of those visiting the site come back another time to access information.

COLLATERAL

An exciting project this year was the design of the new *Within Your Reach* brochure that will debut in FY06. The *Within Your Reach* brochure focuses on providing potential visitors with travel trips, sample itineraries and detailed travel information that demonstrates a trip to Alaska is obtainable both in terms of time and cost.

The *State Vacation Planner* continues to be ATIA's principal collateral piece. The directory section puts Alaska businesses directly in front of a worldwide audience and advertisers place ads year after year because they see visitors coming to their

door as a result. In 2005 a campground grid was introduced, allowing visitors an easy way to compare campgrounds throughout the state.

ONLINE ADVERTISING

The number of Americans using the internet for travel planning continues to increase. The internet now ranks as the primary information source for trip planning.

The primary goal of ATIA's internet marketing is to generate traffic to TravelAlaska.com and generate responses. In FY05 more than 2.68 million visitor sessions were recorded with the average time spent on the site averaged just over 9 minutes. By getting consumers to visit the website we are able to increase brand awareness, provide trip planning information, and link consumers to Alaska businesses so they can close the sale.

HIGHWAY MARKETING

Tourism North is ATIA's primary highway program and was very successful in 2005, generating more than 85,000 leads. Our research shows we are converting this interest into actual travel

DOMESTIC MARKETING

at a higher rate than the previous year so we are optimistic about the number of highway travelers we may see in the coming years.

The North! To Alaska magazine was well received by potential visitors and associations like AAA and CAA. In fact, it was so popular we exhausted our supply before the end of the year! The NorthToAlaska.com website continues to attract visitors, providing travel tips and route information for consumers interested in travel through Canada and into Alaska. And through media outreach efforts like the Alaska Media Road Show and participation at the Society of American Travel Writers conference an estimated 1.6 million readers were exposed to Tourism North travel during the year.

Good news was received at the end of the year in the form of BC Tourism's commitment to re-join the program in FY06. This will strengthen the program in terms of funding, and result in more comprehensive information being provided to potential visitors.

NICHE MARKETING

ATIA focuses on the following niches: culture, adventure/ecotourism, sportfishing, winter travel, bed & breakfasts and highway travel. Although this list was primarily driven by business needs rather than the wants and desires of visitors, the two are not mutually exclusive.

National interest in niche travel certainly supports ATIA's commitment to promoting these segments, and Alaska is well-aligned to meet the needs of most any visitor interested in fishing, hiking, camping, rafting, winter activities or cultural/historical attractions. ATIA promotes these niche segments primarily through public relations programs and via the internet.

VISITOR INFORMATION CENTER

The trend toward obtaining travel information via the internet is clearly reflected in changes to ATIA's Visitor Information Center. During ATIA's first year of operation, there were two full-time employees dedicated to answering letters, phone calls, faxes and e-mails. That year, ATIA received nearly 20,000 individual requests for Alaska travel information. The total number of inquiries received in 2005 was just over 3,000 and are now handled by the ATIA receptionist.

Although the number of requests has decreased over the years, each request is very important to ATIA and we respond with accurate and comprehensive information. Often the request is quite simple – information on a specific business or a request for a State Vacation Planner or Highway Map. Other requests are more complex – ranging from information on the best places for wildlife viewing, how to find the best fishing spots, or what cultural activities are available in Alaska. Whenever possible, ATIA connects the potential visitor with the Alaska business or Convention & Visitors Bureau so the visitor can easily build their itinerary.



A stunning reflection of mountains at Moose Pond in Southcentral's Portage Valley

COMMUNICATIONS



A group enjoys horseback riding at Echo Ranch in Juneau

The goal of ATIA's Public Relations program is to proactively generate stories of interest to both national and international travel media outlets in order to solicit the greatest amount of consumer interest in Alaska as a premier visitor destination. We focus a significant portion of our PR budget 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 our sponsored press trips.

We continue to target public relations efforts toward creating a positive, visitor-friendly image of Alaska through feature articles, guidebooks and television programs that promote travel to the state. Our staff and contractors respond to numerous media inquiries each year. Fact-checking, b-roll and image requests, as well as providing information about travel opportunities and events, is the work we do with media representatives to ensure support is readily available to complement their Alaska travel articles and ensure published information is accurate.

ALASKA MEDIA ROAD SHOW

The Alaska Media Road Show has become our flagship Public Relations event. This event is all about sharing Alaska's stories with the best and brightest representatives of the travel media. The 2004 event was the third annual Alaska Media Road Show and was warmly received by both the media and our member partners.

Forty-two Journalists, including Steve Lorton, northwest bureau chief of Sunset Magazine, and 33 ATIA member businesses met at the Salish Lodge & Spa to talk about future editorial content for Alaska. "Meet the Editors" panels were conducted that featured Laura Hughes, Elite Traveler; Nancy Coulter-Parker, Hooked on the Outdoors; Joan Tapper, Santa Barbara Magazine; Jackson Mahaney, Endless Vacation; and Kim Brown Seely, Town & Country. The event was once again a huge success. The Alaska Media Road Show is well on it's way to being an institution and we will continue to work on making future Road Show events better for our members and the media.

MEDIA OUTREACH & ASSISTANCE

In addition to providing support materials, we provide story ideas, e-bulletins and reference materi-

als to ensure all areas of the state, modes of travel and a wide variety of activities and attractions are featured throughout the year. We provided 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 "AAA on the Go" to "Quantas Magazine." In May, the Society of American Travel Writers (SATW) had their western region conference in at the Alyeska Resort. We worked with our partner CVBs, DMOs and member businesses to provide pre and post conference fam trips and tours and also made a breakfast presentation to the assembled writers.

ON-LINE MEDIA CENTER

In the digital arena, we continued to keep the media pages on TravelAlaska.com fresh with new story ideas and continued to update the content of our press kits to keep information current. The media press kits are available as electronic (PDF) files in the on-line media center for quicker, less expensive distribution. Niche PDF press kits specifically focus on winter, adventure, sportfishing, and highway/marine highway and cultural opportunities. Work on a new press kit focusing on Alaska's National Parks began, with completion planned for FY06.

ALASKA TRAVEL NEWS BULLETIN

ATIA provides 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 throughout the year. The Alaska Travel News Bulletin is sent to over 750 national and international travel writers.

COMMUNICATIONS



Fish drying on a tree near the Dalton Highway

B-ROLL SHOOT

This year we arranged a five-day shoot of Southeast Alaska. Stories were shot in Juneau, (glacier weddings and the AJ Mine), Skagway, (Chilkoot Trail, gold rush history), Haines, (fishing), Sitka, (National Historical Park, 200th Anniversary of Tlingit battle, Alaska Raptor Center), and Ketchikan, (Creek Street and beauty shots). The weather cooperated and the shoot was very successful.

MEMBER NEWSLETTER

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

ALASKATIA.ORG

This year we continued our efforts to improve the association's organization website – AlaskaTIA.org. We believe that the enhanced functionality we've incorporated will make it an even more valuable tool for our members. We have implemented a "universal" log-in system that allows members to update their own contact information; register online for events; post jobs on AlaskaTourismJobs.com (which was completely re-designed and upgraded for easier use); locate pictures for use in marketing from our on-line image library and access a comprehensive archive of essential association documents and information.

GOVERNMENT RELATIONS

2005 LEGISLATIVE PRIORITIES:

1. Increase Department of Commerce QTA grant line general

funds from \$4,000,000 to \$5,000,000 to fund the State of Alaska Tourism Marketing Program.

2a. Increase Department of Commerce contractual capital budget to fund the Alaska Visitors Statistics Program (AVSP): \$750,000

2b. Increase Department of Commerce contractual capital budget to include items presented on supplemental list derived from discussions with Governor Murkowski's staff: \$530,000

3. Support the Repeal of the State's Passenger and Recreational Vehicle Rental Tax. We continue to oppose targeted visitor industry taxes; specifically when used to fund general government services.

This year we were fortunate to have Governor Murkowski's support for our first two legislative priorities through the Administration's proposed budget. With support from the administration and key members of the legislature, we were able to increase the state's match from \$4 to \$5 million. The new 50/50 match ratio will result in a \$10 million Marketing Program in FY06. The legislature also approved the \$750,000 capital budget line item for the AVSP. However, they chose not to fund the governor's \$530,000 special project request. Finally, conditions were not ripe to work actively toward the repeal of the vehicle rental tax. None-the-less, our association remains firmly against narrow taxes, targeted at individual sectors of our industry unless industry driven and designed to enhance Alaska's visitor industry.

At the Federal level, we worked closely with our congressional delegation to protect Alaska's small airplane and helicopter sight-seeing services from taxes designed for commercial air-carriers. The Safe, Accountable, Flexible, and Efficient Transportation Equity Act (SAFETEA) of 2005 included these provisions that were welcomed by a segment of Alaska's tourism industry that faced potentially ruinous taxation.

TRAVEL TRADE & INTERNATIONAL

DOMESTIC TRAVEL TRADE

ATIA's 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 selling the destination and sending visitors to the 49th state.

One of the main goals has been to identify tour operators and wholesalers with Alaska programs so that ATIA can better support their programs. In addition, we identified new operators not currently selling Alaska and invited them to start selling our destination. Training and education is the main priority when working with travel agents, airline reservation agents and group leaders. ATIA provided destination training to over 590 agents and sponsored the Group Leaders of America (GLAMER) annual chapter meetings held in various cities across the country. We also renewed our sponsorship of the Destination Specialist Alaska course offered through the Travel Institute (formerly ICTA) and saw an additional 151 travel agents become certified.

Over the course of the year, ATIA participated in nine trade events, gathered contact information from qualified travel agents and tour operators and provided opportunities for members to join: National Tour Association, United States Tour Operators Association, American Bus Association, Winter Leisure & Cruise-a-thon, Luxury Travel Expo, Vacation.com Annual Conference, Spring Cruise-a-thon, Cruise Holidays Annual Conference, and The Travel Institute's National Forum.

INTERNATIONAL HIGHLIGHTS

ATIA's international marketing campaign works with international contractors and coordinators to promote Alaska as a destination to trade, consumer and media in the key markets

of German Speaking Europe (GSE), Japan, United Kingdom, Australia and the secondary market of Korea. ATIA provides image awareness, trip planning and product information to the highest potential 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 Alaska tour suppliers and buyers together to increase the amount of Alaska product being sold in each market. ATIA achieves these goals through sales and media missions, participating in International POW WOW and hosting Alaska Travelfams throughout the year in different regions of the state.

ATIA reallocated a substantial portion of the trade-marketing budget to meet specific targets. These reallocations necessitated a rethinking of how ATIA could effectively execute our domestic and international marketing plan. As a cost control measure, ATIA decided to change its international contractual obligations in German Speaking Europe, UK and Australia. The decision was made to allow ATIA to be more proactive in working directly with trade partners and to develop the most effective marketing programs in key markets. As a result, ATIA was able to partner more with overseas operators to promote Alaska programs and direct flights.

DIRECT FLIGHTS

Germany

The Condor charter flights continued to be a success. They operated non-stop charter flights from Frankfurt to Anchorage and direct flights to Fairbanks and Anchorage via Whitehorse bringing a total of 7,721 passengers to Alaska in the summer of 2004. A non-stop charter flight to Anchorage has been added for the summer of 2005 and could yield another 1,883 seats.

Japan

Japan has emerged as a very important year round market with the success of the direct flights. Not only were there 27 non-stop charter services for the 2004 summer season but Japan AirLines operated 3 non-stop charter services between Narita and Fairbanks in December and February bringing approximately 850 Japanese visitors to Alaska. That is in addition to the 5,000 passengers that came to Alaska in the summer via Japan Airlines, North American and Omni Airlines.



Chilkat dancers, wearing their traditional Chilkat blankets in Haines

TRAVEL TRADE & INTERNATIONAL

Korea

Korean Airlines operated direct flights from Seoul to Anchorage with a continuation on to New York in FY05. Although there were no charter flights to Anchorage, as in previous years, the scheduled service did result in close to 2,700 arrivals from Korea in FY05.

In FY05, ATIA and its contractors attended a variety of media marketplaces in order to pitch stories to international journalists including: International POW WOW, Visit USA Japan, Visit USA UK, World Travel Market, and See America London. ATIA also assisted in media fams for 13 journalists and film crews. The media coverage of Alaska in each of our key international markets totaled close to \$13 million.

INTERNATIONAL MEDIA

ATIA and the international contractors and coordinators rely heavily on media coverage of Alaska in order to generate interest of Alaska within the key international markets. ATIA works closely with travel writers, television crews and airline partners to gain maximum exposure of Alaska.

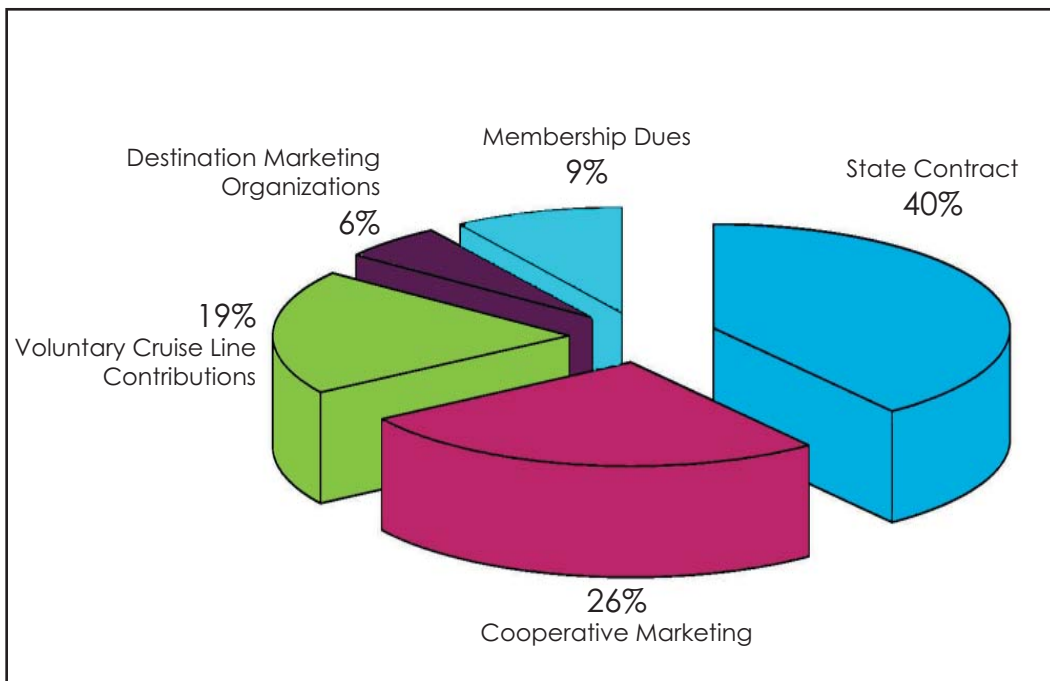


Antique car on display at Chena Hot Springs near Fairbanks

REVENUE & EXPENDITURES

FY05 REVENUE

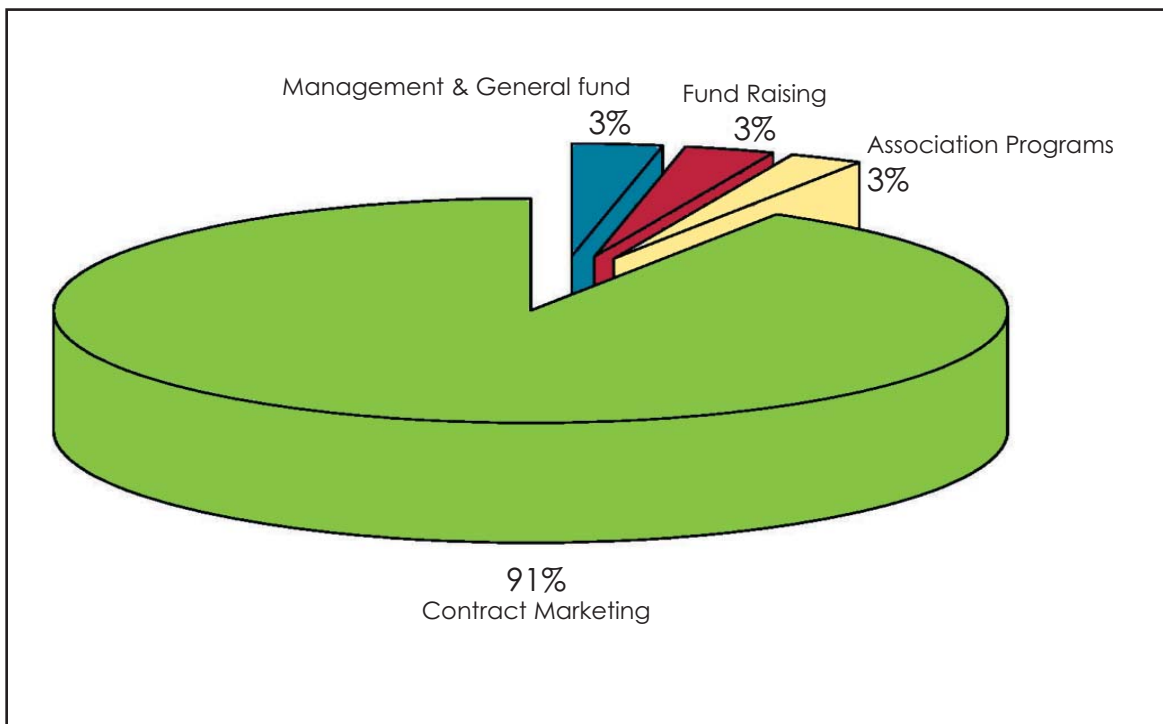
State Contract	\$4,000,000
Cooperative Marketing Partnership Programs	\$2,615,299
Voluntary Cruise Line Contributions	\$1,951,675
Domestic Marketing Organizations (CVB/DMO)	\$553,256
Membership Dues, Events & Miscellaneous	\$934,651
TOTAL	\$10,054,881



REVENUE & EXPENDITURES

FY05 EXPENSES

Management & General Fund	\$300,379
Fund Raising	\$300,424
Association Programs	\$257,127
Contract Marketing	\$8,981,713
TOTAL	\$9,839,643



TOURISM'S IMPACT ON ALASKA

TOURISM BUILDS ALASKA'S ECONOMY

- Total visitor arrivals fall 2003 - summer 2004 estimated 1.55 million
- Tourism's economic contribution: \$1.5 billion
- Average instate visitor expenditure \$1,260
- Generates over \$125 million in state and local taxes and fees each year
- Second-largest private-sector industry in the state

TOURISM PROVIDES JOBS

- Leading industry in Southcentral, Southeast and Interior
- Provides 1 in 8 private sector jobs
- Directly & indirectly employs 37,650 Alaskans
- 14 of Alaska's top 100 Employers are directly involved in the travel industry
- Third-largest private-sector employer in the state

ATIA IS A MEMBERSHIP ORGANIZATION THAT REPRESENTS OVER 1,000 TOURISM INDUSTRY BUSINESSES IN ALASKA

VISION STATEMENT

The ATIA 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.

MISSION STATEMENT

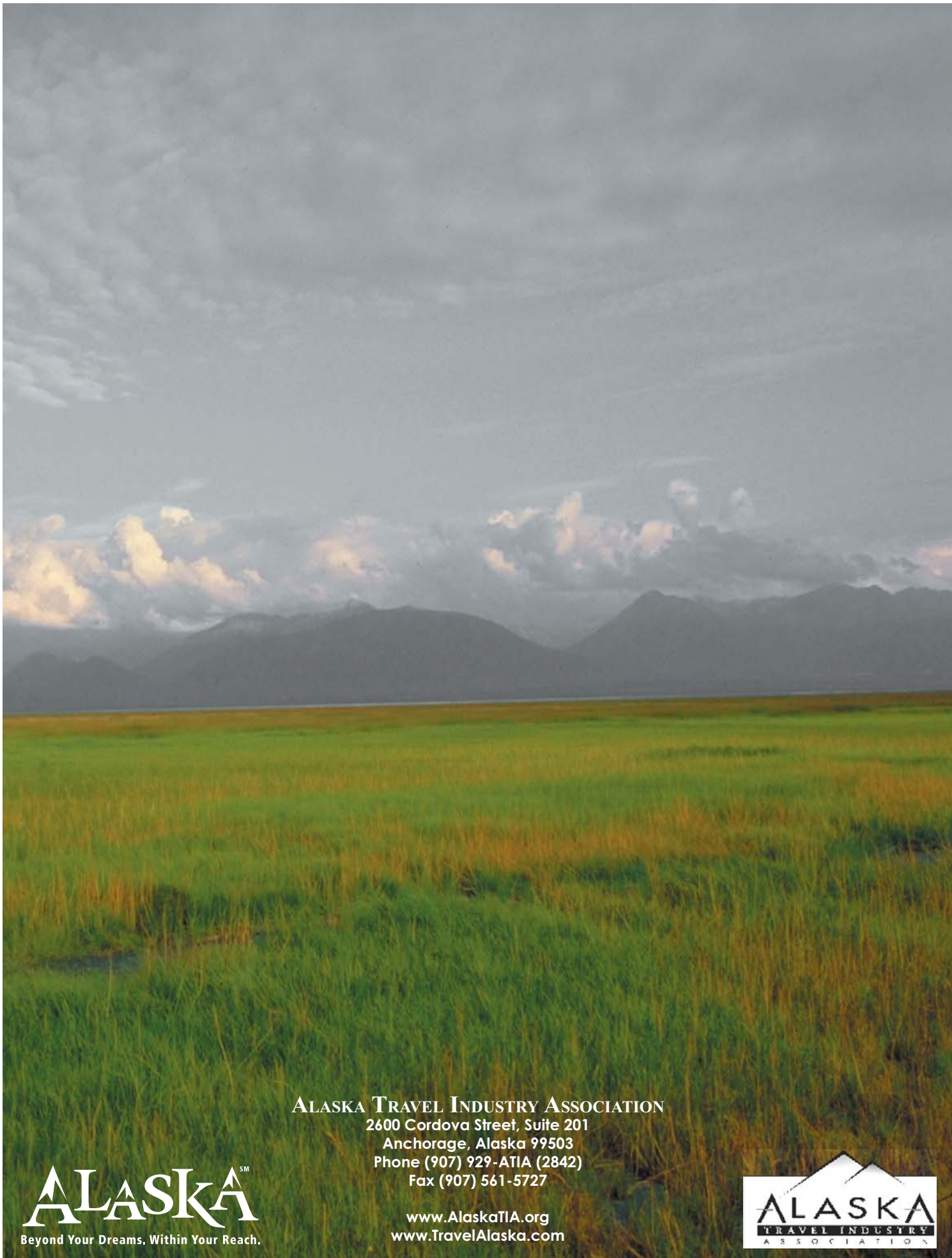
As we strive to attain our vision for the Alaska visitor industry, ATIA will undertake the following:

- 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.



A Russian Orthodox church with onion domes in the town of Old Harbor on Kodiak Island



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ALASKASM

Beyond Your Dreams. Within Your Reach.

www.AlaskaTIA.org
www.TravelAlaska.com



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