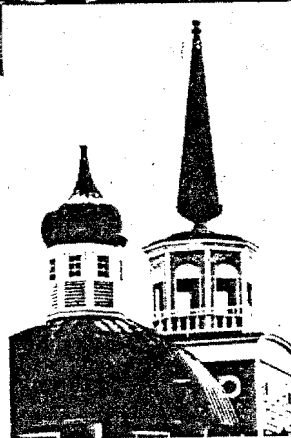


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Alaska's Visitor Industry

An Economic Profile



Prepared for:

Alaska
Division of
Tourism

Department of
Commerce and
Economic
Development

State of Alaska

Prepared by:



Juneau • Ketchikan

July 1991

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Introduction

Study Purpose

This study, completed by the McDowell Group for the Alaska Division of Tourism, quantifies the economic impact of the visitor industry in the state of Alaska, and each of its four regions. Employment, payroll, industry spending and investment, and the role of the tourism industry in Alaska's basic economy are all quantified.

Statement of the Situation

The visitor industry is one of Alaska's most important industries. Alaskans close to the industry recognize this, because they see tourists every day. But this recognition is not widespread. Those that live in communities with relatively little visitor traffic, may be unaware of the economic significance of the visitor industry to Alaska's economy.

Unlike mining or forest products or government, the visitor industry is not measured in standard economic data systems. Industries like mining and forest products are defined by what they produce. The visitor industry, in contrast, is defined by who buys, not what is produced. Because of this difference, tourism is not measured in the standard systems, instead, its impact is spread out over many sectors of the economy - transportation, retail trade, services - which also include activity not related to the visitor industry.

This report remedies this long-standing information deficit by providing a quantitative measurement of the visitor industry, including activity in the transportation, retail trade, and service sectors. It also provides a foundation for comparisons of the tourism industry (part of the larger visitor industry) with other basic industries.

Methodology

To gather the data contained in this report, the McDowell Group conducted the Alaska Visitor Industry Business Survey, a comprehensive survey of Alaska businesses and organizations involved in the state's visitor industry. Businesses in the transportation, retail and service sectors were surveyed as well as government and non-profit organizations active in the visitor industry.

Virtually all of the major industry players and a broad sampling of other tourism-affected businesses responded to the survey. A total of over 900 businesses and organizations provided detailed information on their employment, payroll, spending, investments, and revenues. Each respondent also estimated the importance of non-resident customers to their particular business.

Definitions

The visitor industry in Alaska in the broadest sense includes those businesses affected by travel to the state by non-residents, as well as travel within the state by Alaskans. These businesses include transportation, retail and service sector businesses. Alaskans traveling within the state are not bringing new dollars into the overall statewide economy, but rather, recirculating existing dollars. This study was commissioned to examine the impact of the visitor industry in the statewide economy. **Therefore, for the purposes of this study, the visitor industry is defined as all non-resident travel to Alaska. The value of resident travel is not included in the scope of the study.**

The tourism industry is that part of the visitor industry which serves non-resident pleasure visitors, more commonly known as tourists. **Not all visitors are tourists** – the visitor industry serves all kinds of visitors, including those traveling on business. The tourism industry serves only those traveling for pleasure – primarily vacationers and those visiting friends and relatives.

The Role of Tourism in Alaska's Economy

A basic industry is one that sells goods and services to markets outside the local area, drawing income from outside the community. The oil industry is an example of a basic industry. A support industry is one that meets local needs, such as the health care industry.

Not all of the visitor industry is basic industry, but the tourism industry is. This distinction is important, because although the visitor industry is larger than the tourism industry, only the tourism industry can be compared with other basic industries, such as seafood, oil, and government.

It would not be appropriate to compare the economic impact of the entire visitor industry with the economic impact of basic industries like seafood, oil, and government, because these industries are responsible for most of the business travel to Alaska. For business visitors, the visitor industry is fulfilling a support sector function, not a basic industry function.

The study quantifies both the visitor industry and the tourism industry, and compares the tourism industry with other basic industries in Alaska.

Report Organization

This report is divided into an Executive Summary section and five chapters. Chapter I provides an historical overview of Alaska's visitor industry. Chapter II is a profile of the visitor industry today. Visitor industry employment and payroll estimates are presented in Chapter III, including regional data. In Chapter IV visitor industry spending and investment is quantified. The role of the visitor industry in Alaska's economic base is presented in Chapter V. The Appendix includes a detailed discussion of survey methodology along with data tables used in visitor industry employment and payroll calculations.

Executive Summary

Introduction

The visitor industry in Alaska in the broadest sense includes those businesses affected by travel to the state by non-residents, as well as travel within the state by Alaskans. Alaskans traveling to other communities on business or pleasure are considered visitors to those communities and contribute to their economies. However, Alaskans traveling within the state are not bringing new dollars into the overall statewide economy, but rather, recirculating existing dollars. This study was commissioned to examine the impact of the visitor industry in the *statewide* economy. Therefore, for the purposes of this study, the visitor industry is defined as all non-resident travel to Alaska.

The visitor industry includes a diverse collection of businesses in the transportation sector, the retail sector, and the service sector. According to the 1989 *Alaska Visitors Statistics Program*, Alaska hosted over 800,000 non-resident visitors during the 12 month period of June 1989 through May 1990. These visitors spent an estimated \$1.1 billion on their Alaska travels. This report provides an assessment of the economic impacts of this spending in Alaska.

Two general segments of visitors make up the visitor industry: those traveling for pleasure and those traveling for business. Visitors traveling for pleasure are known as "tourists" and the pleasure travel industry is known as the "tourism industry". Both the visitor industry as a whole, and the tourism industry segment of the visitor industry are discussed in this report.

Visitors have been traveling to Alaska to view the glaciers, mountains and wildlife for more than 100 years. Steamers brought the first "tourists" as early as 1884. Prior to World War II an estimated 20,000 tourists a summer were visiting Alaska, traveling by steamer, highway (Valdez to Fairbanks) and train (Alaska Railroad). Following World War II, the modern tourism industry in Alaska was born. The completed Alaska Highway, regularly scheduled air service from the Lower 48, the advent of the Alaska Marine Highway System and the development of the packaged tour market all contributed to the growth of the industry.

The Visitor Industry Today

- Today more than 800,000 visitors a year come to Alaska. The past two decades have seen rapid growth in the number of visitors to Alaska, particularly tourists. Seven out of ten visitors come to Alaska during the peak travel months of June through September.
- Most visitors to Alaska are tourists, that is, pleasure-oriented visitors. These visitors come to either vacation or to visit friends and relatives. More than two-thirds of all visitors to Alaska are pleasure visitors.

Trip Purpose of Alaska Visitors
Full Year – Summer 1989 and Fall/Winter/Spring 1989-90

	% of Visitors
Pleasure-related Visitors (Tourists)	69%
Vacation/Pleasure	52%
Visiting Friends and Relatives	17%
Business-related Visitors	31%
Business Only	17%
Business and Pleasure	11%
Seasonal Workers	3%

Source: Alaska Visitor Statistics Program II, 1989-90.

- Visitors from all over the world travel to Alaska, but most of the state's visitors come from the United States, with the Western U.S. generating the largest number of visitors. Canada generates nearly one of ten Alaska visitors.
- Visitors from overseas are a small but growing segment of the total market. Two-thirds of overseas visitors are from Europe, the remaining one-third from the Pacific Region, with half of those from Japan.

Origin of Alaska Visitors
Full Year – Summer 1989 and Fall/Winter/Spring 1989-90

	% of Visitors
Total U.S.	86%
West	47%
South	18%
Midwest	15%
East	10%
Canada	8%
Overseas	6%

Source: Alaska Visitor Statistics Program II, 1989-90.

- Most visitors fly to Alaska on one of several domestic carriers. Cruiselines carry over one-quarter of all visitors to Alaska in the summer and a small portion in the spring.
- Other important transportation modes which carry considerable numbers of visitors include the highway, the ferry system and international air.

Transportation Used to Enter Alaska
Full Year - Summer 1989 and Fall/Winter/Spring 1989-90

	% of Visitors
Domestic Airlines	61%
Cruiseship	20%
Highway/Personal Vehicle	11%
Ferry	4%
International Airlines	4%

Source: Alaska Visitor Statistics Program II, 1989-90.

Employment and Payroll

- The visitor industry provides the annual equivalent of 13,500 jobs in Alaska and \$244 million in annual payroll (based on 1990 employment data).
- Visitor industry employment includes an estimated 3,500 jobs in the transportation sector, 5,000 jobs in the retail sector, and 5,000 jobs in the service sector.
- Peak season employment (July and August) in Alaska's visitor industry exceeds 18,800 jobs.
- Over 52,000 jobs in Alaska are directly affected by non-resident visitor spending in the transportation, retail and service sectors. Thousands of other Alaska jobs in other sectors are indirectly affected by visitor spending.

Employment and Payroll in Alaska's Visitor Industry

Business Sector	Peak Season Employment	Annual Average Employment	Total Payroll (\$ million)
Transportation	5,488	3,518	\$103
Retail	6,091	4,993	69
Services	7,166	5,011	72
Total	18,745	13,522	\$244

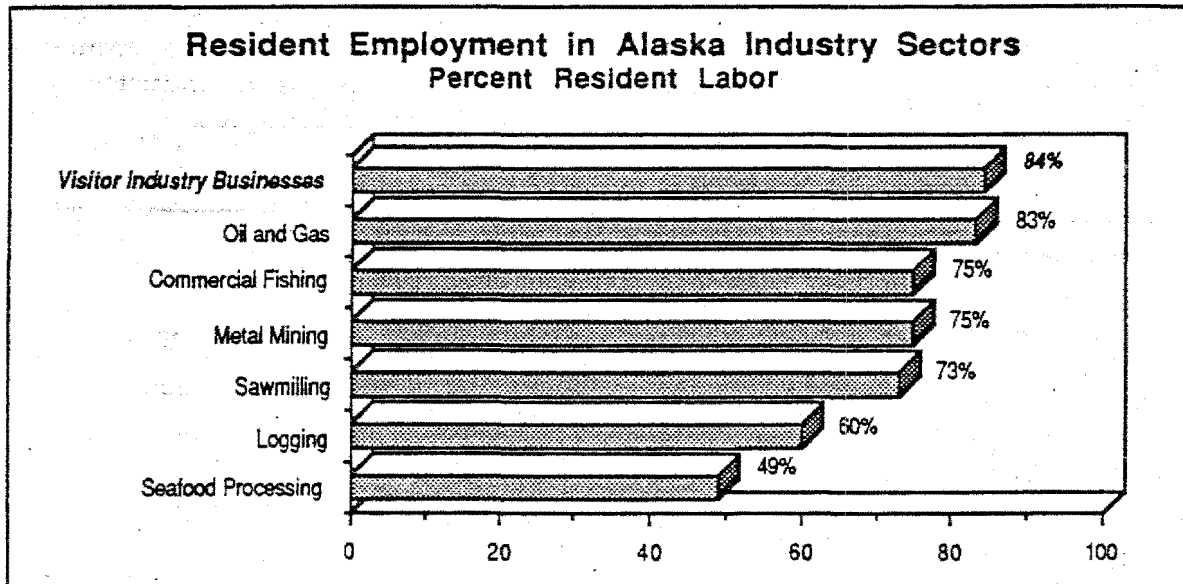
- Non-resident pleasure visitors account for about three-quarters of visitor industry employment in Alaska. That makes the industry the second largest private sector basic industry in Alaska, after the seafood industry.
- These employment and payroll totals do not include the estimated 10,000 jobs on board cruiseships that serve the Alaska visitor market. (Cruise staff and crew aboard ships also spend on shore in Alaska, however, it was not in the scope of this study to capture this spending).
- The visitor industry employment and payroll estimates presented in this report are the most accurate and comprehensive estimates ever made. Nevertheless, it is likely that some Alaskan participants are not included in these totals. Sole proprietorships and other individuals who earn income from non-resident visitor spending and who do not report their employment to the Alaska Department of Labor are not included in the totals presented here. Therefore, these are considered conservative estimates of visitor industry employment and payroll.

Indirect Employment and Payroll

- Survey results suggest that the visitor industry's impact in the state's economy also includes one thousand jobs in government agencies and non-profit organizations. These include jobs managing Alaska's parks and other natural resources, marketing Alaska, operating airports and ferries, and other public sector activities. These jobs account for an estimated \$35 million in annual payroll.
- Using standard employment multipliers for the Alaska economy it is estimated that the visitor industry indirectly accounts for 6,800 jobs (annual equivalent) in the support sector. Therefore, the visitor industry impact in the state's economy, including direct and indirect employment, totals 20,300 jobs.
- Businesses that provide goods and services to the visitor industry come from virtually all sectors of Alaska's economy. Most industries in Alaska benefit to some degree from visitor industry spending. All Alaskans benefit from an enhanced level of service and supply sector development that would not be possible without the visitor industry.

**Resident Labor in
Alaska's Visitor
Industry**

- More than one in four workers in Alaska's private sector are non-residents, according to Alaska Department of Labor data.
- Alaskans comprise more than 80% of the labor force in visitor affected industries. Resident labor participation ranges from 80% (in the lodging and water transportation sectors) to 91% (in general merchandise stores).



**Regional
Employment
Estimates**

- Over half of the state's visitor industry employment is in Southcentral Alaska. The region accounts for an annual average at least 7,200 visitor industry jobs, with a peak season total of nearly 10,000 jobs.
- Southeast Alaska's economy includes at least 2,600 visitor industry jobs (3,900 at the peak season) accounting for \$46 million in annual payroll.
- In the Interior/Northern region, the visitor industry accounts for over 2,000 jobs (annual average) and \$34 million in annual payroll. Peak season employment in the visitor industry in Interior/Northern is estimated at just under 3,000 jobs.

**Visitor Industry Employment and Payroll
by Region**

	Peak Season Employment	Annual Average Employment	Total Annual Payroll (\$ million)
Southeast	3,949	2,598	\$ 46
Southcentral	9,578	7,256	141
Interior/Northern	2,975	2,038	34
Southwest	790	444	6
Unspecified*	1,453	1,186	17
Alaska Total	18,745	13,522	\$244

*Employment not attributed to any one region of Alaska.

- Not included in these employment estimates are jobs that are created as a result of Alaskans traveling within Alaska (intra-state travel). It is beyond the scope of this study to measure such employment, however, available data suggests that intra-state travel accounts for the annual equivalent of 8,200 jobs statewide: 900 jobs in Southeast, 5,600 jobs in Southcentral, 1,100 jobs in the Interior/Northern region, and nearly 600 jobs in Southwest Alaska.

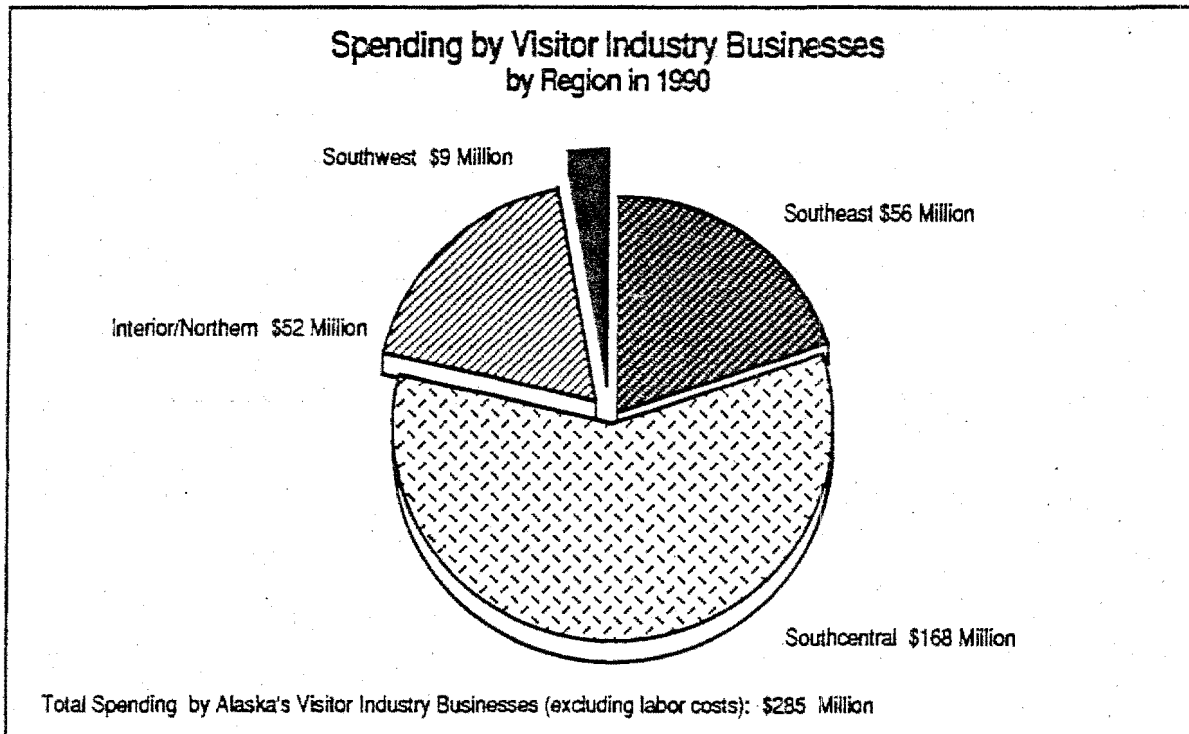
Spending and Investment

- The Alaska visitor industry generated \$1.1 billion in revenues in 1989-90, according to data compiled in the *Alaska Visitor Statistics Program*. To generate these revenues, businesses spent an estimated \$822 million. The remaining \$260 million is paid out in taxes, payments to capital and profits to business owners.
- Spending in support of visitor industry operations includes \$353 million in labor. Nearly nine out of ten labor dollars are spent in Alaska. Out of state labor dollars are nearly all associated with cruiseship operations.
- Total spending in support of visitor industry operations, excluding labor, totaled an estimated \$469 million, with nearly two-thirds spent in-state.
- The visitor industry spent an estimated \$42 million on advertising/marketing in 1990, including \$35 million spent out-of-state to promote Alaska.
- Virtually all sectors of the Alaska economy are impacted by visitor industry spending. Construction, manufacturing, and wholesale businesses such as fuel suppliers and food/beverage suppliers all benefit to some degree. A multitude of service sector businesses also benefit, such as finance and credit institutions, insurance carriers and other business services.

Spending by Alaska's Visitor Industry
Estimated Annual Total
(\$ Millions)

	In-state	Out-of-state	Total
Inventory for Resale	\$ 37	\$ 26	\$ 63
Advertising/Marketing Spending	7	35	42
All Other Spending	241	123	364
Total Spending (Excluding Labor)	\$285	\$184	\$469
Labor	305	48	353
Total All Spending	\$590	\$232	\$822

- About 60% of all visitor industry spending occurs in Southcentral Alaska. The visitor industry spent an estimated \$168 million in Southcentral in 1990, excluding labor costs.



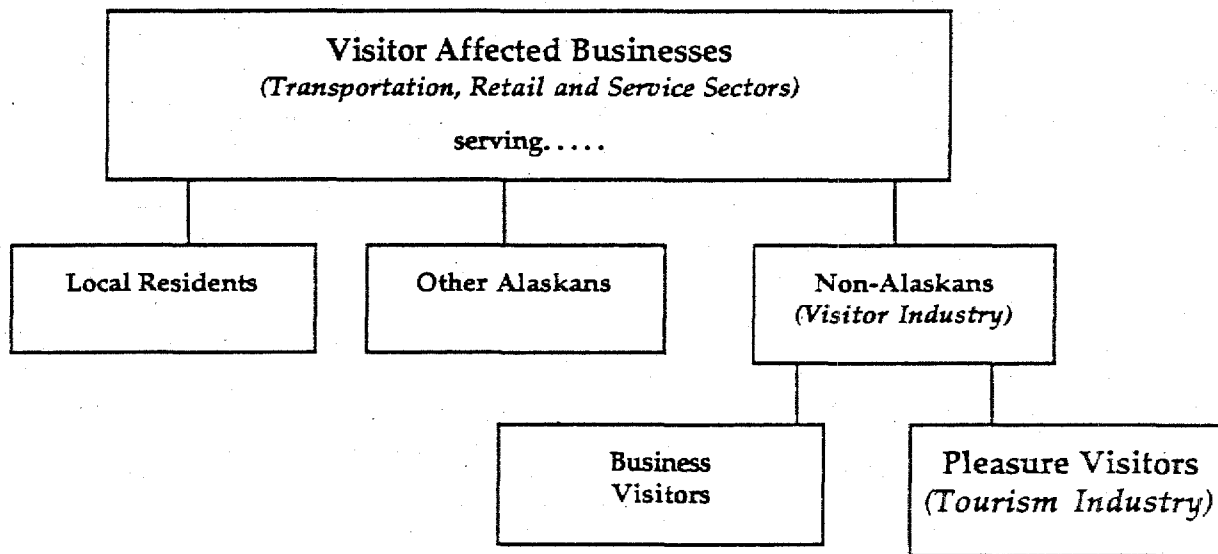
- Total investment in Alaska's visitor industry is estimated at \$448 million, not including investment in cruiseships that visit Alaska, estimated to exceed \$2 billion.
- Investment in Alaska that can be attributed to non-resident visitation includes approximately \$268 million in property, primarily in hotels and lodges. Approximately \$180 million is invested in operating equipment. Most of this equipment is manufactured outside of Alaska but is in service in Alaska. The air transportation sector accounts for most of the visitor industry's investment in operating equipment.
- Investment attributed to non-resident travel in Alaska is expected to reach half a billion dollars total within the next two years. This does not include the millions of dollars governments have invested in docks, airports, visitor centers and other facilities that serve visitors. Investment by both the private sector and the government promises to create more jobs, especially in Alaska's construction industry.

Role of the Visitor Industry in Alaska's Economy

For purposes of this study the visitor industry is defined as all non-resident travel into Alaska bringing new dollars into the state. To determine the role of the visitor industry in Alaska's economy, compared to other industries, the "basic industry" component of the visitor industry must be identified. A basic industry is an industry or government activity that exports some product or service to an outside market and draws money back into the economy.

Visitor affected businesses serve three markets: local residents, other Alaskans, and non-Alaskans (non-residents). Serving locals, other Alaskans and non-resident business visitors are support sector activities. Serving non-resident business travelers is a support sector activity because other industries – such as oil, seafood, timber, and mining – are responsible for most business travel to Alaska.

Serving non-resident pleasure visitors is a distinct basic industry. This is the "tourism" industry. The tourism industry is a basic industry because it exports both a "product" (the Alaska mystique) and a service (the means to experience Alaska) to an outside market.



Tourism (the pleasure visitor component of the visitor industry), like the oil industry or the seafood industry, is one of Alaska's basic industries.

Role of the Tourism Industry in Alaska's Economy

- Non-resident tourism (a segment of the larger visitor industry) is one of the most important basic industries in Alaska. In terms of employment, the tourism industry is Alaska's second largest private sector basic industry, following the seafood industry. Tourism is third largest among all basic industries (including government), after the seafood industry and the military.
- Alaska's tourism industry employs an annual average of 10,300 workers who earn an estimated \$186 million in annual payroll. This is total employment and payroll due to non-resident pleasure visitors only.
- Tourism industry employment in Alaska includes an estimated 2,700 jobs in the transportation sector, 3,300 jobs in the retail sector, and 4,300 jobs in the service sector.

Employment and Payroll due to Non-Resident Pleasure Visitors

	Tourism Industry Employment	Tourism Industry Payroll (\$ million)
Transportation	2,667	\$78
Retail	3,341	46
Services	4,280	62
Total	10,288	\$186

**Regional
Employment
Estimates**

- Spending by non-resident pleasure visitors directly generates an estimated 5,500 jobs and over \$100 million in annual payroll in Southcentral Alaska. The tourism industry accounts for just over 2,000 jobs in Southeast Alaska and nearly 1,600 jobs in the Interior/Northern region of the state.

**Employment and Payroll due to Non-Resident Pleasure Visitors
by Region**

	Tourism Industry Employment	Tourism Industry Payroll (\$ million)
Southeast	2,065	37
Southcentral	5,512	107
Interior/Northern	1,591	26
Southwest	229	3
Unspecified*	891	13
Alaska Total	10,288	\$186

* Employment not attributed to any one region of Alaska.

- The tourism industry is a leading private sector basic industry in three of Alaska's regional economies. The tourism industry is the third largest industry in terms of employment in Southeast Alaska, second in Southcentral, and second in the Interior/Northern region. Tourism is a small but growing part of the Southwest economy.

Chapter I

*A History of the
Tourism Industry in Alaska*

Introduction

In the introduction to this study, a distinction was made between "visitors" and "tourists". Not all visitors are tourists - Alaska receives a large number of business travelers every year. Only those traveling for pleasure are tourists.

The tourism industry is not a new industry in Alaska. Sightseers have been coming to Alaska for over 100 years. Transportation to and from the state has improved and expanded since the first visitors arrived, as have many other visitor opportunities.

Interestingly, the attractions which brought the first tourists to Alaska are still bringing travelers today. Package tour itineraries today are remarkably similar to those offered during the early part of this century.

The following is a brief history of the tourism industry in Alaska. Of course, the developments which have shaped the tourism industry have contributed to the growth of the visitor industry overall. The focus here, however, is on the development of the tourism industry.

The Early Years

Travelers began to discover Alaska soon after it became a United States possession. A few of these travelers, most notably explorer/naturalist John Muir, and missionary/government agent Sheldon Jackson wrote about their experiences in the area now known as Southeast Alaska. Both Muir and Jackson promoted the region in their written accounts, inspiring visitors northward.

A few years following Muir's travels, the Pacific Coast Steamship Company became interested in the region. By 1884 they were running regular excursions through what became known as the Inside Passage. By 1890 they were carrying upwards of 5,000 passengers a season. Excursion steamers sailed from either San Francisco or Seattle and stopped at Mary Island for customs, before continuing to Fort Wrangel, Juneau, Glacier Bay and Sitka. These ships existed primarily to serve tourists, since Alaska had few residents at the time.

The Gold Rush

The Gold Rush of 1889 provided a big break for Alaska tourism. Publicity generated by the presence of gold in the Yukon attracted many prospectors to the region. The tourists weren't far behind. Though space for tourists was limited on steamers during the first part of the Gold Rush, space became available within a few months.

During the turn of the century, Skagway became a popular tourism center. In June 1889, Dawson saw its first tourists - two wealthy American women who carried their "ton of goods" over the Chilkoot Pass including two Great Danes, a bowling alley, movie projector, pigeons, canaries, parrot, mandolin, a zither, air mattresses, a gramophone, a music box, coal-oil stove and an ice-cream freezer.

The Harriman Expedition of 1899 also generated a considerable amount of public awareness for Southeast Alaska. The 25 members of the expedition were invited by E. H. Harriman, a railroad tycoon, on an all expenses paid tour to study and write about the region. The expedition resulted in a 14 volume collection of writing which became the standard reference work on Alaska at the time.

With completion of the White Pass & Yukon Route, tourists now had an opportunity to travel more comfortably into the north country. Most visitors traveled only as far as Bennett Station before returning to their steamer in Skagway. Others traveled to Atlin, which became popular in the early 1900s. The White Pass & Yukon Route introduced regular riverboat transportation from Whitehorse to Dawson in 1900, but it wasn't until 1907 that they promoted travel to Dawson.

A few visitors opted to continue down the Yukon through Alaska to St. Michael at the rivers' mouth, but most returned to Whitehorse. Those who continued down river joined up with steamers at Nome which connected back to Seattle. In 1910 the cost of this excursion would have been about \$100 for the Inside Passage Steamer and \$200 for the rail/riverboat transportation from Skagway to St. Michael.

The early 1900s also brought competition among steamship companies. As with most businesses, success breeds competition and soon Pacific Coast Steamship Company was joined by several other steamship lines serving the Alaska route, including the Canadian Pacific Railroad.

About this time excursion itineraries began to feature the Southwestern part of Alaska (what we now call Southcentral). This route became known as the Prince William Sound Cruise. Stops included Juneau, Sitka, Yakutat, Cordova, Valdez and Seward. Some lines included Ninilchik, Seldovia, Anchorage and Kodiak. The major attraction on this itinerary was the side excursion on the Copper River and Northwestern railroad from Cordova to view Miles and Childs glaciers up the Copper River valley.

Steamers to Nome also began to carry visitors. These itineraries usually included only a stop in the Aleutians, at Unalaska, or St. Michael before stopping at Nome. Some visitors used Nome as a jumping off point for trips to Siberia.

World War I and the Roaring '20s

With the war in Europe, travel to Alaska became even more popular. For many, a trip to Alaska was akin to the grand tour of Europe. In fact, many Alaska visitors were veterans of a European grand tour. Visitors to Alaska at this time tended to be leisurely, wealthy travelers, primarily from the East Coast.

Tourist traffic to Alaska continued to increase during the decade after World War I. European travel was still difficult during these years, but the general prosperity of the Roaring '20s also played a role in fueling the increasing demand. In fact, space on Alaska-bound steamers became difficult to secure, often booked months in advance.

New Travel Opportunities

Prior to World War I, most visitors were limited to cruising the coastal routes, with the two railroads (at Skagway and Cordova) providing the only opportunities to see the interior regions. However, the completion and improvement of the Richardson Highway from Valdez to Fairbanks and the completion of the Alaska Railroad brought new tour options for the traveler.

In 1913 the first car drove the Richardson Highway. By 1919, groups of tourists were making the trip over the highway. The typical itinerary involved the steamship to Cordova, train to Chitina and car to Fairbanks. Some combined this trip with travel on the Yukon River. Roadhouses sprung up along the route to serve the traveler, some of which are still in operation today. Another popular route involved a loop combining the train from Cordova to Chitina and car from Chitina to Valdez, reconnecting with the steamer.

The completion of the Alaska Railroad in 1922 gave visitors the opportunity to ride the rails from Seward to Fairbanks. This route included an excellent view of Mt. McKinley, and the railroad was quick to capitalize on this attraction. Other shorter excursions were developed as well, including trips to parts of the Kenai Peninsula.

Visitors had many different options to see Alaska. The "Great Circle Route" or "Yukon Circle Tour" as it was called, was developed and became one of the most popular tours. It included a steamer to Skagway, WP & YR to Whitehorse, riverboat to Fairbanks, Alaska Railroad to Seward and steamer to Seattle. The entire trip took at least 23 days from Seattle, 30 if going upstream on the Yukon River.

Another popular route was known as the "Golden Belt" Line tour. This tour combined steamship travel to Cordova, train to Chitina, travel on the Richardson Highway to Fairbanks and the Alaska Railroad to Seward, connecting to a Southbound steamer. This tour also took 22 or 23 days.

Recognition and Development

During these early years of tourism in Alaska, independent visitors were seldom seen. Although the Alaska bound steamships served anyone who wanted to buy a ticket (and felt it necessary to save space for business travelers and Alaska residents), independent-minded travelers had a difficult time breaking away from a pre-arranged itinerary or tour group. If someone wanted to linger longer than the two days allotted for sightseeing at Mt. McKinley, they risked losing a berth on a Seattle-bound steamship. At this time, southbound steamships were usually booked to capacity.

Government and business leaders in Alaska began to recognize the economic benefits of this growing industry during the first decades of the 20th century. Transportation services, hotels, restaurants and other services (such as auto repair and service stations) had all developed as a result of the increasing number of visitors. Seeing the employment and tax benefits of tourism, many politicians and business leaders were eager to support the industry.

Realizing that the common perceptions of Alaska were that of a cold and forbidding territory, various communities within the state began to advertise Alaska as a comfortable, but adventurous place to travel. In 1929, the Fairbanks Commercial Club promoted Fairbanks as "the real Alaska". The Valdez Chamber of Commerce was busy extolling the virtues of traveling the road from Valdez to Fairbanks, rather than the railroad (from Cordova to Chitina) and car connections.

In 1917 the Alaska Bureau of Publicity was created to provide information about Alaska's resources and commercial opportunities. The Bureau also began to answer tourism inquiries. Their budget was \$7,500 a year. When the Bureau was phased out in 1921, the Governor took over responding to tourism inquiries until after World War II. However, the Alaska Railroad advertised heavily, recognizing the importance of attracting tourists to the region.

Much of the information about Alaska available to potential travelers was found among the various published accounts of John Muir, Eliza Scidmore and other writers. The Alaska Bureau of the Seattle Chamber of Commerce provided most of the Alaska advertising prior to 1925, when local Alaska organizations began promoting their areas. The Alaska Territorial Chamber of Commerce, with an office in New York City was also helpful distributing information about the territory.

The Depression Years

The Great Depression which began with the stock market crash in 1929, resulted in a sharp downturn in tourism to Alaska. However, by 1933 the industry recovered and by 1935 various tourism businesses were reporting strong gains.

Alaska received national attention in 1935 when the Matanuska colony was founded. Tourists soon followed the settlers to Alaska, and the Alaska Railroad began passenger service on a branch line to the Matanuska Valley. In 1936 tours to Atlin ended due to shorter steamer stop in Skagway and in 1938 the CR & NW railroad ceased operations due to the closing of the Kennecott Mine.

The 1930s brought other new opportunities for the visitor, however. Among these was air travel. Though very few tourists rode a plane to or from Alaska, flightseeing became popular. It wasn't until 1940 that the first scheduled air service between the U.S. and the Territory of Alaska operated. Tour packages included air transportation to and from Alaska after World War II. Among those places where visitors could flightsee were Mt. McKinley and the Mendenhall and Taku Glaciers in Fairbanks and Juneau. Visitors in Fairbanks would often charter a plane and fly up to 4,000 feet to view the midnight sun.

Interest was rekindled in steamer travel to Nome and the Bering Sea during these years. Often, these itineraries included brief stops in Kotzebue, the Pribilofs and on Russian soil at East Cape, Siberia.

World War II

With war looming over Europe again, tourism to Alaska reached the highest levels ever seen to that point. Though official records of the number of visitors do not exist, some estimate an average of 20,000 visitors were coming to Alaska during the summer months.

Then, on December 8, 1941, tourism to the Territory came to a screeching halt. The U.S. declared war against Germany and Japan, and Alaska was declared off-limits to tourist travel. Steamers used on the Alaska route were called into service by their respective governments. The two railroads were taken over by the military.

Although the war brought Alaska's fledgling tourism industry to a temporary halt, it brought infrastructure changes that would prove invaluable in the years to come. The highway to Alaska, originally proposed by tourism boosters in the late '20s, was actually built during the war years to meet a military need. Today, many visitors use the highway every year.

The Post-war Years

After the war, the government sought new economic development opportunities, and in 1945 the Alaska Development Board was created by the Alaska Legislature. Governor Gruening announced, "The tourism industry will be bigger than the \$50 million salmon industry. Our job is to prepare for tourists, and not turn them away with the excuse that we have no accommodations. If necessary, we must take visitors into our homes and make them feel welcome..."

The Alaska Development Board, using much of the information generated by its predecessor, the Alaska Planning Council, set about promoting tourism and helping potential investors develop visitor facilities.

A few enterprising entrepreneurs were instrumental in re-starting the tourism industry after the war. The leader among this group was Chuck West, along with Jim Binkley, Everett Patton and others. West began by offering air tours to the villages of Nome and Kotzebue. He eventually went on to build the basis for one of the largest packaged tour operators in Alaska.

Although the airline industry was growing rapidly, most visitors to the state still came by steamship. Tour packages were developed using the steamship lines, and a few of the tours from the pre-war period were revived. Among these was the "Golden Belt Line" tour which included steamship through Southeast Alaska to Valdez, bus to Fairbanks, train to Seward and steamer back to Seattle.

Local tours developed specifically for the tourist trade sprang up in various towns, including the riverboat tour in Fairbanks and air tours to Nome and Kotzebue. A shortage of lodging facilities prompted the development of new hotels.

The 1950s

Attitudes towards tourism were mixed in these early post-war years. Tour operators such as Chuck West had difficulty securing space in the better hotels because they catered to business travelers. Many old-timers didn't see the value in the tourism industry and didn't really care.

Those involved in the tourism industry saw the need to counter the anti-tourism sentiment if the industry was to grow. In 1950, the Alaska Visitors Association (AVA) was established to act as an industry trade association and create positive public awareness of the value of the visitor industry. The AVA has grown considerably since 1950 and today plays an important role in the Alaska tourism scene.

The 1950s brought further developments which form the basic structure of the industry today. The Alaska Highway replaced the Yukon River as a means to reach interior Alaska. Soon, bus service between Whitehorse and Fairbanks developed, creating another popular tour itinerary. Air travel increased, and tour packages were developed which included air transportation to and from Alaska.

In 1954, the Alaska Steamship Company discontinued passenger service to Alaska. Alaska was still served by two Canadian steamship lines, but since these lines provided transportation for both residents of Alaska and visitors, space was limited for Alaska tour operators. If the Alaska tourism industry was to grow, more ships were needed to sail the Inside Passage waters. In 1957, the first ship since the early part of the century to cater exclusively to tourists sailed the Inside Passage. Thus, the modern cruise industry in Alaska was born.

In the meantime, travelers not tied to a packaged tour began to show up in the territory in ever-increasing numbers. Access to Alaska had improved considerably after the war with scheduled air service and a highway connecting Alaska with the rest of the country. The formation of the Alaska Marine Highway system in 1963 did much to attract the independent traveler. Now there was a low-cost public conveyance traveling the Inside Passage. Today the Alaska Marine Highway system provides a critical transportation link for the independent visitor.

Alaska was granted statehood in 1959. The newly formed state government realized it could have a significant impact on the growing visitor industry. Therefore, soon following statehood a separate division in state government was formed with the specific mission of promoting Alaska to potential visitors. The Division of Tourism, as it is still called today, began with a small staff and meager budget. Nevertheless, it filled a much needed void promoting the state and providing information to those who inquired about travel opportunities.

The 1960s and 1970s

The 1960s and 1970s brought slow steady growth to the industry. More and more entrepreneurs began to provide services for both packaged tour and independent Alaska visitors. Hotels were built, transportation companies formed, and sightseeing options developed.

The Alaska Marine Highway system began to carry visitors to the state in 1963. Demand for Inside Passage cruises was growing to the point where more ships were needed.

Alaska began to attract the attention of various cruise and tour operators from around the world. In 1972, Westours, the company founded by Chuck West, was purchased by Holland America Lines, a Dutch company. By 1972, Westours had become the largest, vertically integrated tour operator in Alaska. They owned cruiseships, hotels, and busses. They operated cruises, cruise/tours, highway transportation from Whitehorse to Fairbanks, and local sightseeing tours.

The 1970s also saw the entry into the marketplace of other cruise operators, including P&O, otherwise known as Princess Cruises and its tour operator, Princess Tours. The "Love Boat" television series (which filmed a segment in Alaska), popularized cruising and helped launch the growth of the cruise industry worldwide.

Another significant boost for Alaska tourism came with the formation of the Alaska Visitors Association (AVA) Marketing Council in 1975. Recognizing the need for more focus on the marketing of Alaska, members of the AVA contributed dollars to a marketing fund which was then used to supplement the Division of Tourism's small marketing budget. This "cooperative" marketing program utilized the expertise of private and public sector marketing professionals to develop the program executed by the Division of Tourism staff. The cooperative marketing program became *the* model public/private partnership program for states promoting tourism and operated in this form until 1988, when it was replaced by the Alaska Tourism Marketing Council.

The 1980s

The effects of this powerful cooperative marketing program were felt within a few years. By 1980, Alaska had become a premier vacation destination, competing with Europe and Hawaii for visitors. The number of visitors to Alaska had increased significantly in five short years, to reach nearly half a million.

The 1980s saw strong growth for the industry, particularly in the latter part of the decade. Along with growth came many changes. As the oil dollars began to flow into the state coffers, the State tourism budget increased significantly, from approximately \$2 million in 1980 to close to \$8 million in 1983. Contributions from the private sector also increased to over \$1 million by 1985. Alaska now had marketing clout and advertised on national television, capturing the attention of millions of Americans.

The structure of the industry also saw many changes. In the early '80s, more cruise lines were attracted to Alaska and by 1986, 27 different vessels sailed the Inside Passage. New ships were being constructed to serve the growing cruise demand worldwide, much of that demand was in Alaska. These new ships were much larger (1,000 - 1,600 passengers) than their older cousins from the '70s (typically 400 - 700 passengers).

Infrastructure development brought more new businesses, large and small, into the industry. Additional sightseeing opportunities developed, more bus companies (now called motorcoach lines) popped up, hotels were built.

Takeovers and restructuring of the airline industry resulted in Alaska being well-served by the end of the decade by four major domestic carriers and a few domestic charter operators. Several international carriers used Anchorage as a refueling stop on their Asia-Europe routes during this time as well. However, available seats into and out of Anchorage were limited, hampering the growth of the international market.

The cruise industry, like the airlines, also experienced takeovers and restructuring. As a result, two cruiselines now carry the majority of the packaged tour visitors, while many other cruiselines participate in the industry to a more limited degree. The cruise industry also experienced increased market segmentation. There were cruises for those who wanted to be on a big luxury liner and visit the more traditional ports. Other cruises and tours were available for those who wish to cruise on a small vessel, visiting more remote, less traveled locations.

Both packaged tour and independent visitors were arriving in ever increasing numbers. The packaged tour visitors had the choice of cruises, cruise/tours, ferry/tours, and air tours. Tour itineraries expanded and cruiseships offered service to Southcentral Alaska, as they did earlier in the century, including the ports of Valdez, Whittier, Seward and Anchorage. Some even ventured to Homer, Kodiak, the Aleutians, the Pribilofs and Nome. The Alaska Railroad, long an attraction for visitors, began hauling private luxury rail cars belonging to the major tour companies.

Alaska became less of a mystery for the independent visitor, thanks to effective media exposure through the cooperative marketing program. The independent had many travel choices and saw improved opportunities for travel to the state. The Alaska Highway was paved. Numerous services began catering to the independent traveler, including bed and breakfasts, and RV and auto rental agencies.

The Alaska Tourism Industry Today

Diversity marks the Alaska visitor industry today. Travel opportunities include everything from the luxury of a cruise to adventure travel, such as kayaking, sport fishing, and wildlife safaris. Salmon bakes, flightseeing, riverboat cruises, train rides, canoe trips, river rafting, horse trekking and much more all tempt the visitor during their trip.

The industry remains highly seasonal, with over two-thirds of all visitors arriving in state during the peak season months of June through September. Most of the visitors who are on vacation come during these months.

Renewed efforts in the past few years to attract visitors during the fall/winter/spring months (October-May) have begun to bear fruit. Specialized markets, such as the Japanese northern lights watchers, are growing. Although travel to Alaska during these months is difficult to sell due to the many misconceptions about the state, more and more businesses are remaining open during this season, providing the fall/winter/spring visitor with a wider range of travel options.

Travel choices for visitors to Alaska range from completely independent itineraries arranged by the traveler to highly structured package tours. In the early years of Alaska tourism, independent visitors were few and far between. Nearly all visitors traveled on a pre-arranged packaged tour. This is not so today. From June through September vacation visitors to Alaska who travel as independents comprise nearly half the market, packaged tour vacation visitors the other half. During the fall/winter/spring months, independent visitors make up nearly two-thirds of the vacation market.

The Independent Market

A new trend is emerging in the strong independent market. Among independents a sub-group, called Inde-package visitors, has grown from only 3% of all visitors to 19% of all visitors in the past five years. This is the fastest growing segment among all visitor types. Inde-package visitors stay longer, travel more widely around the state and spend more than most other visitor types.

Several hundred small businesses in the state offer visitors opportunities to purchase local sightseeing tours and events. Inde-package visitors take advantage of these opportunities and purchase more in-state tours and events than any other visitor group. The expansion of these local tour opportunities and better in-state marketing of these options has contributed to the growth of this market.

Today, independents use the Alaska Marine Highway System, domestic air carriers and the Alaska Highway heavily. The number of independents using these three transportation modes has grown considerably in the past decade, the result of effective marketing by the state. The future growth of the independent market will be tied to the capacity available on these transportation modes.

The Package Tour Market

The packaged tour market in Alaska today is also healthy and growing. The packaged tour industry is dominated by two large vertically integrated companies, Holland America-Westours, and Princess Tours. Both companies have developed their own hotels, motorcoach transportation, private rail cars hauled by the Alaska Railroad, and various sightseeing options. A smaller company, Alaska Sightseeing Tours, (founded by Chuck West in the mid '70s, a few years after his departure from Westours), owns and operates much smaller ships than the two larger companies and operates a fleet of motorcoaches throughout Alaska.

Many of the same small business operators in Alaska who serve the independent market also serve the packaged tour market. The packaged tour companies rely heavily upon these operators to provide sightseeing opportunities and activities for their clients. An example of this is the Riverboat Discovery in Fairbanks. This tour, originally started by Jim Binkley in the late 1940s, is still owned and operated by his family today. The Riverboat Discovery excursion is not only a part of many packaged tours, but also is purchased by many independent visitors.

A small number of packaged tours are not cruiseship-related. These include tours using the Alaska Marine Highway system or air transportation to and from Alaska, as well as the adventure tour market including sport fishing, hiking, rafting, canoeing, kayaking, dogsledding and cross-country skiing. These specialized packaged tours mark the diversity of opportunities offered for the visitor to Alaska.

Marketing

Marketing of Alaska as a travel destination is led by two state agencies within the Department of Commerce and Economic Development: the Division of Tourism and the Alaska Tourism Marketing Council (ATMC). The Division of Tourism is fully funded by the State whereas the ATMC is a public/private partnership, receiving 85% of its funding from the state and 15% from contributions by tourism industry businesses.

The Division of Tourism staff concentrates on developing new markets for visitors, such as Europe and the Pacific Rim countries. The Alaska Tourism Marketing Council (ATMC) is charged with marketing to the primary markets of the United States and Canada. The ATMC is comprised of 20 council members, ten appointed by the Governor, and ten appointed by the Alaska Visitors Association. The Director of the Division of Tourism is the 21st member and chairs the council.

The tourism industry in Alaska has never been stronger than it is today. Alaska is truly a major travel destination, competing with top destinations around the world, including Hawaii, Europe, Mexico and Australia. The reasons most tourists come to Alaska today are the same reasons visitors came to the area 100 years ago: the natural beauty, the glaciers, the wildlife, the last frontier. Alaska tourism has a promising future and will remain one of the state's strongest private sector industries.

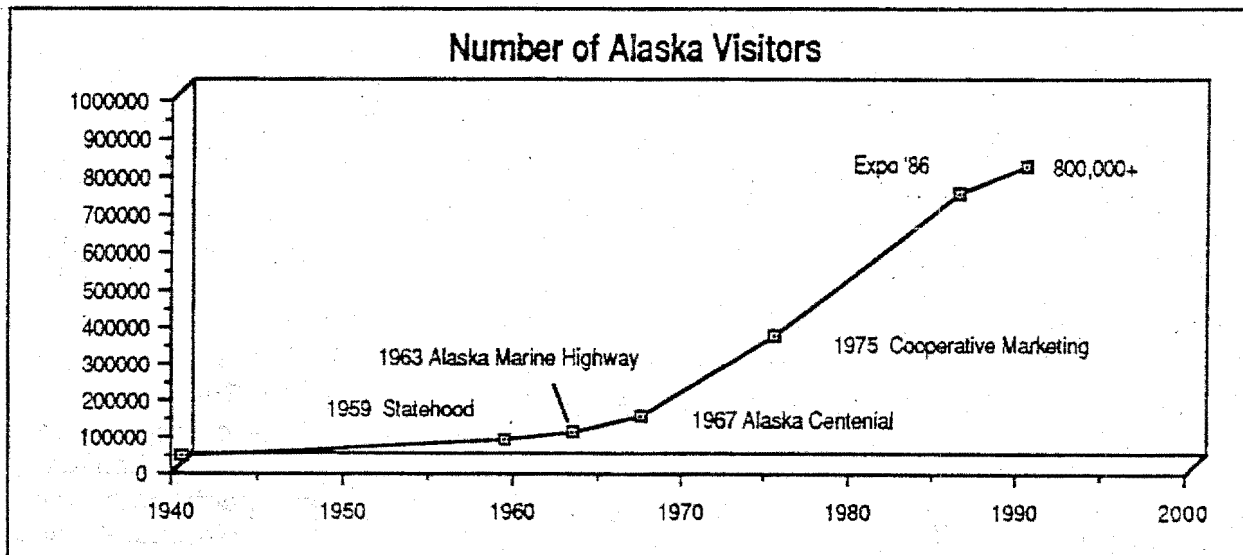
Number of Alaska Visitors

Alaska visitor arrivals are now at their highest level ever, continuing a pattern of growth that has lasted since the end of World War II.

The visitor industry has been growing ever since the first steamer began plying the Inside Passage. Prior to World War II, however, no official records on the number of visitors to the state were kept. Historians have studied passenger manifests from steamship companies and railroads and have estimated the number of visitors to Alaska before World War II to be about 20,000 people a summer season.

During the war visitor travel to Alaska halted, but resumed in 1945. Again, official estimates were not kept, but early studies in the '60s estimated the number of visitors arriving in Alaska at approximately 87,000 in 1963, growing to almost 150,000 by 1970. By 1980, the number of visitors to Alaska had increased to nearly 500,000 a year and by 1990, over 800,000 visitors were coming to the state annually.

Graph I-1



Sources for this chapter:

Norris, Frank. *Gawking at the Midnight Sun: The Tourist in Early Alaska*. Alaska Historical Commission, Juneau, 1985.
 West, Charles B. *Mr. Alaska, The Chuck West Story: Forty Years of Alaska Tourism*. Weslee Publishing, 1985.

A Profile of the Visitor Industry Today

Introduction

The following chapters of this report will provide detailed data on employment, payroll, spending and investment by businesses in Alaska's visitor industry. A complete profile of the visitor industry, however, must include some information on the market for these businesses – visitors to Alaska.

It is not within the scope of this report to provide a detailed profile of Alaska's visitors. Nevertheless, a general overview of the visitor market is useful in understanding the economic impacts of the visitor industry.

In the mid '80s, the Alaska Division of Tourism contracted with the McDowell Group to conduct the first *Alaska Visitor Statistics Program (AVSP)*. Extensive survey research generated the most extensive data base ever compiled on visitor arrivals, travel patterns, and visitor opinions. Most important in terms of economic impact, the AVSP measures visitor spending in Alaska.

The *Alaska Visitor Statistics Program* survey was repeated in 1989-1990. Data from the AVSP II project forms the basis for this chapter. This chapter is a general overview of AVSP II data only. Much more detail about Alaska visitors is included in the full series of AVSP II reports, available from the Division of Tourism.

Number of Alaska Visitors

Over three-quarters of a million people visit Alaska annually. Most of these visitors come to the state during the summer months of June through September, the peak months of visitor travel. More visitors come to Alaska during July than any other month.

The fall, winter and spring months (October through May) attract fewer visitors than the summer season. Still, nearly a quarter of a million people visit Alaska during that time.

Table II-1

Number of Visitors	
Summer 1989 (June-September)	559,200
Fall/Winter/Spring 1989-90 (October-May)	249,300
Total Full Year	807,000

Trip Purpose of Alaska Visitors

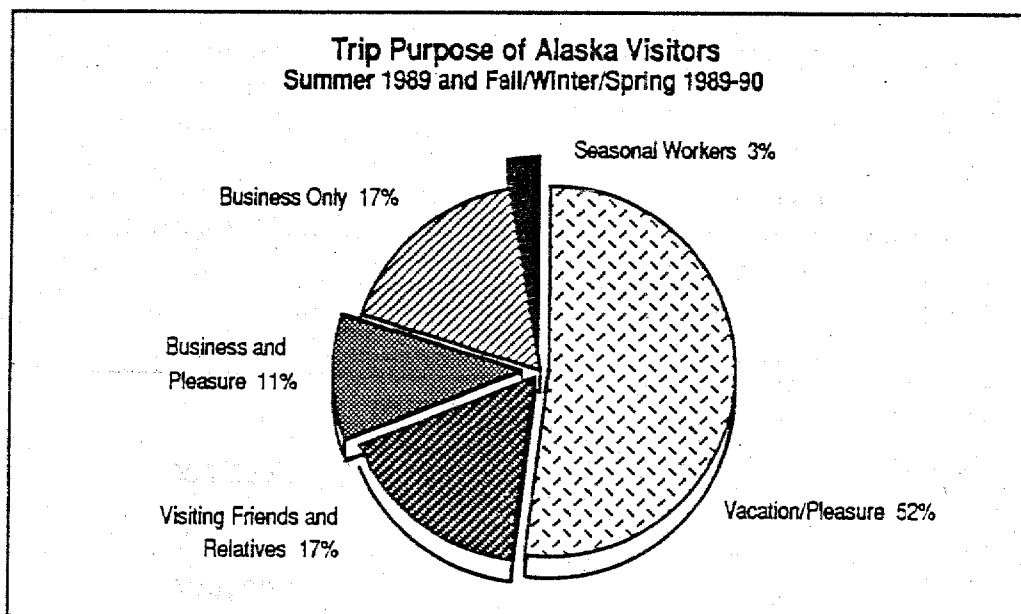
Most of Alaska's visitors are here to experience the Alaska mystique – the state's natural beauty, wildlife and cultural heritage. But in fact, visitors come to the state for a variety of reasons. The *AVSP II* study defined five visitor markets in terms of trip purpose: vacation/pleasure visitors, visitors visiting friends & relatives (VFRs), visitors mixing business and pleasure, visitors here on business only and seasonal workers.

Overall, vacation/pleasure visitors are by far the largest visitor group in the Alaska market. They are also the group with the largest growth potential. Vacation/Pleasure visitors are the group most responsive to marketing efforts, and they are the target of the state's marketing campaign.

The following graph shows the relative importance of each visitor group. During the summer months (June through September), four out of five visitors are either in Alaska on vacation, or to visit friends and relatives. The business-related visitor groups (business & pleasure, business only and seasonal workers), comprise one-fifth of the total summer market.

The fall, winter and spring months attract a very different set of visitors. During this part of the year, only two out of five visitors are traveling to Alaska for pleasure, and almost as many are visiting friends and relatives as are vacationing. Business-related visitors comprise the majority of the fall/winter/spring market.

Graph II-1



Origin of Alaska Visitors

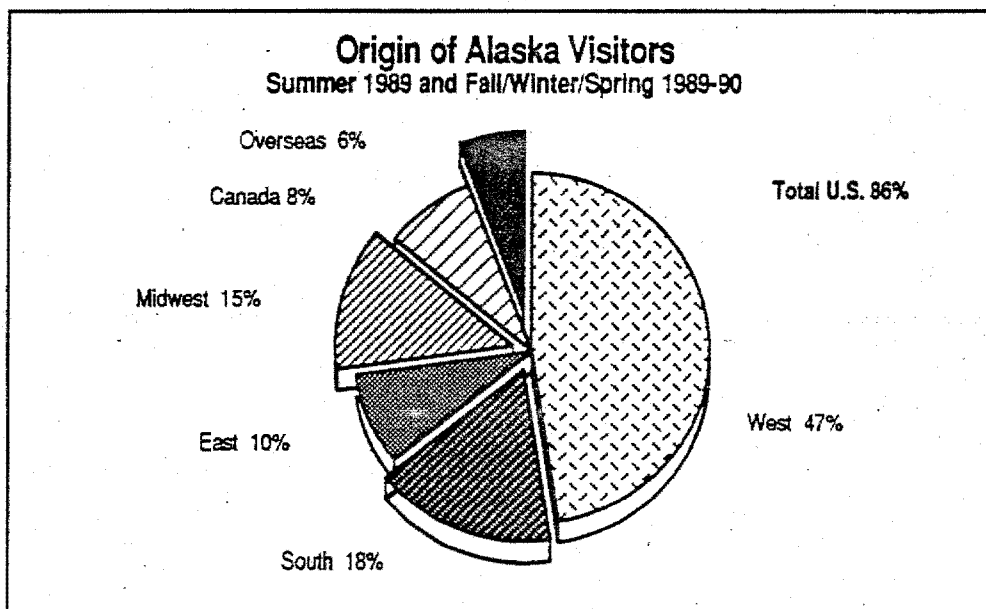
Visitors from all over the world travel to Alaska, but most of the state's visitors come from the U.S. Americans are 85% of the summer market, with the Western U.S. alone generating 41% of visitors. The leading states are California and Washington.

The West is a primary market for Alaska pleasure visitors. In addition, Alaska has important business and commerce ties in the West, drawing substantial business travel. Other regions of the U.S. produce considerable numbers of visitors, with the South generating 18% of all Alaska visitors, the Midwest 15% and the East 10%.

Canada generates nearly one of ten visitors to Alaska in the summer and slightly fewer in the fall/winter/spring months. Visitors from overseas are a small but growing segment of the total market. In 1986, this group was only 4% of all visitor arrivals. Now, 6% of visitors in both the summer and fall/winter/spring are from overseas.

Of the overseas visitors, two-thirds are from Europe, most from Germany, Switzerland, and Austria. The remaining one-third are from the Pacific Region, with half of those from Japan.

Graph II-2



Transportation Used By Visitors To Enter Alaska

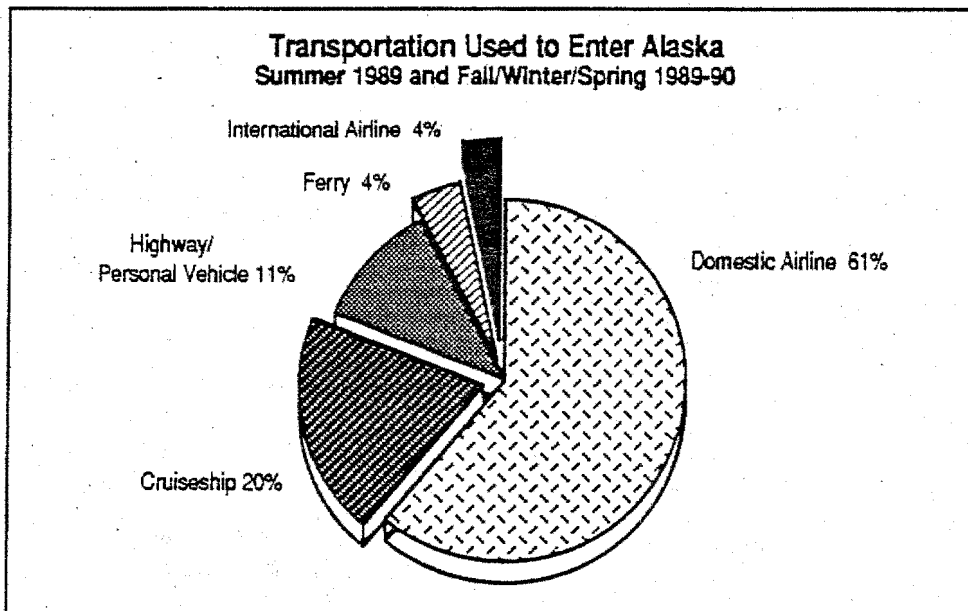
Most visitors fly to Alaska. Alaska is well-served through the Seattle gateway by several domestic air carriers. During the summer months half of all visitors use these air carriers to enter the state. In the fall/winter/spring, eight out of ten visitors arrive by a domestic air carrier.

Cruiselines carry over one-quarter of all visitors to Alaska in the summer. Visitors entering Alaska on the highway – either on the Alcan at Port Alcan, the Taylor Highway or on the Klondike Highway at Skagway – comprise 13% of the summer market and 7% of the fall/winter/ spring market.

Visitors using the ferry to enter the state are 5% of the total in the summer and 4% in the fall/winter/spring. Though these figures seem small compared to the total, the ferry system is an important transportation mode for independent visitors.

The international airlines flying into Anchorage carry 3% of the summer visitors into the state and 5% of fall/winter/spring visitors. Not all visitors from overseas points of origin use the international carriers to enter or leave the state. Many use domestic air from a west coast gateway, some use either the ferry or highway and others are passengers on cruiseships.

Graph II-3



Visitors do not always leave the state the way they came. Many visitors use one transportation mode to travel to Alaska, and a different one for the trip home, especially during the summer season. For example, a visitor who drives to Alaska on the highway may leave the state by ferry with their car on board. Many cruiseship arrivals leave the state by domestic air, while many domestic air arrivals leave by cruiseship.

**Packaged Tours
and
Independent
Travel**

There are two basic types of travel, packaged and independent. Visitors that buy a package tour are called "packaged visitors". Cruiseship passengers are an example of packaged visitors. Those that make their own travel arrangements and are not part of packaged tour are called "independent visitors".

Tour packages typically include transportation to and from the state, accommodations while in the state and/or sightseeing options. Types of packaged tours include round-trip cruises, cruise/tours (which include a ground tour in Alaska), air/cruise (sometimes includes a short ground tour), air tours, ferry tours, fishing lodges and adventure tours.

Independent visitors are those who are not traveling on a packaged tour. These visitors are further defined as either pure independent or Inde-package. Pure independent visitors have made all their own arrangements and do not plan to purchase sightseeing or tours while in the state. Inde-package visitors, on the other hand, plan their own itineraries and make their own travel arrangements, but also plan to purchase sightseeing options once they have arrived in Alaska.

Most visitors to Alaska are independent travelers. During the summer, six out of ten visitors are independents. Fall/winter/spring visitors are primarily independent travelers, even those who are in the state on vacation.

Table II-2

	Type of Travel (Percent of Visitors to Alaska)			
	Summer		Fall/Winter/Spring	
	All Visitors	Vacation/ Pleasure	All Visitors	Vacation/ Pleasure
Total Independent	60%	45%	92%	65%
Independent	41	26	87	56
Inde-package	19	19	5	9
Packaged Tour	40	55	8	35

*Regions and
Communities
Visited*

For purposes of this study, Alaska was divided into four regions: Southeast, Southcentral, Interior/Northern, and Southwest.

The Southcentral region receives the largest number of Alaska visitors, over half a million in 1989-90. Two-thirds of all visitors to Alaska during the summer months visit Southcentral, and nearly three-quarters of those who visit during the fall/winter/spring months do.

Anchorage, Alaska's largest city, is located in Southcentral. Anchorage is the commerce and transportation center for the state, and it attracts a large number of business travelers throughout the year. However, this part of the state includes many of the state's major pleasure visitor attractions.

Southeast Alaska attracted over 370,000 visitors in 1989-1990, or nearly half the total number of visitors to Alaska. Most of these visited Southeast during the summer months, when numerous cruiseships ply the Inside Passage and vacation travel is at its peak.

The Interior/Northern region of Alaska, which stretches from Fairbanks to the Arctic coastal towns of Nome, Kotzebue, Barrow and Prudhoe Bay, saw nearly 250,000 visitors in 1989-90. Denali/McKinley is the largest attraction by far in the region, drawing about one-quarter of all visitors to Alaska, mostly during the summer months when the park is open.

A small number of visitors (less than one in ten) travel to Southwest Alaska. This region is dotted with small towns and villages and lacks the infrastructure necessary to support larger numbers of visitors. The main attractions in this region include the national and state parks, the wildlife and abundant fishing opportunities.

Table II-3

Regions Visited (Number of Visitors)			
Region	Summer	Fall/Winter/Spring	Full Year
Southcentral	356,400	178,600	535,000
Southeast	307,700	63,600	371,300
Interior/Northern (incl. Denali/McKinley)	180,500	63,500	244,000
Southwest	42,000	14,000	56,000

Table II-4

Communities Visited (Number of Visitors)			
Community	Summer	Fall/Winter/Spring	Full Year
1. Anchorage	346,100	174,500	520,600
2. Juneau	249,700	40,500	290,200
3. Ketchikan	227,400	36,300	263,700
4. Fairbanks	154,200	57,400	211,600
5. Skagway	188,500	23,800	212,300
6. Sitka	127,000	15,600	142,600
7. Seward	122,700	18,200	140,900
8. Kenai/Soldotna	115,300	20,200	135,500
9. Palmer	108,100	18,500	126,600
10. Homer	99,000	15,600	114,600
Total Visitors to Alaska	521,000	240,000	761,000

Attractions Visited

Glaciers dominate the top of the list of Alaska's most visited attractions. Portage Glacier is Alaska's most visited attraction. The Mendenhall Glacier is the third most visited attraction. Historical and cultural attractions are also very popular, including Skagway, the Ketchikan Totems, and the Anchorage Museum of History and Art. The University of Fairbanks and the TransAlaska pipeline are also popular attractions.

Table II-5

Attractions Visited June 1989 through May 1990	
Attraction	Visitors
1. Portage Glacier	301,500
2. Inside Passage	250,900
3. Mendenhall Glacier	224,200
4. Ketchikan Totems	200,800
5. Glacier Bay	195,400
6. Skagway's Historic Gold Rush District	192,000
7. Denali/McKinley	190,700
8. Anchorage Museum of History and Art	184,400
9. University of Alaska - Fairbanks	154,200
10. Kenai River	135,100
11. TransAlaska Pipeline	133,900

Visitor Spending

Visitors spent an estimated \$1.1 billion on their Alaska travels during the period of June 1989 through May 1990, according to AVSP II data. Approximately \$416 million was spent in Alaska, and nearly \$700 million more was spent on transportation to and from Alaska. Roughly three out of four visitor dollars were spent during the summer season.

Visitors spent more on lodging than anything else; roughly one in five visitor dollars went to hotels, bed & breakfasts, and other lodging places. Transportation within the state was the next largest expenditure category overall, followed by tours and recreation.

Fall/winter/spring visitors spend differently than summer visitors, partly because of the large concentration of business visitors during the fall and winter months. Lodging and food/beverage make up a larger part of spending during the fall/winter/spring months than during the summer. Tours and recreation, on the other hand, are less important than they are during the summer.

Table II-6

Total In-state Spending Summer and Fall/Winter/Spring 1989-90 (\$ million)			
Expenditure Category	Summer	Fall/Winter/Spring	Full Year
Lodging	\$65.8	\$27.7	\$93.5
Transportation	66.0	17.7	83.7
Tours/Recreation	60.6	6.0	66.6
Food/Beverage	46.8	29.2	76.0
Gifts/Souvenirs	40.2	12.4	52.6
Personal Expenses	12.4	5.6	18.0
Undistributed Expenses	7.8	6.2	14.0
Clothing	4.2	3.2	7.4
Business Expenses	0.2	2.3	2.5
Elder Hostel	N/A	1.4	1.4
Total In-State Expenditures	\$304.1	\$111.8	\$415.9

Vacation/Pleasure visitors account for more than half of all visitor spending. Pleasure visitors (including those visiting friends and relatives) spent nearly three times as much as business visitors over the course of the year.

Pleasure visitors do most of the spending during the summer season. Business visitors account for one out of six visitor dollars spent during the summer. During the winter, however, business visitors account for nearly twice as much total spending as pleasure visitors (tourists).

Table II-7

Total In-state Expenditures by Trip Purpose			
Summer and Fall/Winter/Spring 1989-90			
(\$ million)			
Visitor Type	Total Summer Expenditures	Total F/W/S Expenditures	Total Expenditures
Vacation/Pleasure	\$220.8	23.7	244.5
Visiting Friends & Relatives	38.9	16.4	55.3
Business & Pleasure	26.8	29.5	56.3
Business Only	17.6	42.0	59.6
Total	\$304.1	111.8	\$415.9

Visitors spent more than \$200 million dollars in Southcentral Alaska between June 1989 and May 1990. Spending in the Southeast and Interior/Northern regions was less than half of that. Southwest's developing visitor industry attracted \$16.5 million in visitor spending.

Seasonal spending patterns vary according to region. The summer season is proportionately more important in Southwest Alaska than in Southcentral, where fall/winter/spring visitors account for over one-third of total spending.

Table II-8

Total Visitor In-state Spending by Region			
Summer 1989 and Fall/Winter/Spring 1989-90			
(\$ million)			
Region	Summer Expenditures	F/W/S Expenditures	Total
Southeast	\$ 66.0	\$ 10.4	\$ 76.4
Southcentral	133.8	71.0	204.8
Interior/Northern*	69.1	17.7	86.8
Southwest	14.5	2.0	16.5
Ferry/At Sea	12.8	3.1	15.9
Undistributed	7.8	7.5	15.3
Total	\$304.1	\$111.8	\$415.9

* Includes spending at Denali/McKinley

Some communities benefit more than others from Alaska's visitor industry. One in three visitor dollars were spent in Anchorage, but only one in six were spent in Fairbanks, the state's next largest community. Other major beneficiaries included Juneau, Skagway, Ketchikan, and Kenai/Soldotna.

Most communities in Southeast Alaska, where summer cruises dominate the visitor market, saw much more spending during the summer than the rest of the year. Anchorage, Fairbanks, and Valdez, on the other hand, all saw considerable visitor spending during the fall/winter/spring months, most likely due to business traffic.

Table II-9

Visitor Spending in Alaska Communities and Areas Summer 1989 and Fall/Winter/Spring 1989-90 (\$ million)			
Community	Summer Expenditures	F/W/S Expenditures	Full Year Expenditures
1. Anchorage	\$87.8	\$58.8	\$146.6
2. Fairbanks	37.4	13.6	51.0
3. Juneau	24.1	4.9	29.0
4. Skagway	16.2	1.8	18.0
5. Ketchikan	14.7	2.4	17.1
6. Kenai/Soldotna	8.7	3.6	12.3
7. Homer	5.7	2.1	7.8
8. Valdez	4.8	1.7	6.5
9. Sitka	4.6	0.5	5.1
10. Seward	4.2	0.8	5.0
11. Tok	3.9	0.2	4.1
12. Haines	2.6	0.3	2.9
13. Other Kenai Peninsula	1.5	0.4	1.9
Barrow	1.8	0.1	1.9
15. Nome	1.7	0.1	1.8
16. Wasilla	1.2	0.4	1.6
17. Palmer	1.0	0.4	1.4
18. Kotzebue	0.7	0.1	0.8
19. Wrangell	0.4	0.1	0.5
20. Petersburg	0.4	<0.1	0.4
Whittier	0.4	<0.1	0.4
22. Cordova	0.1	0.2	0.3
23. Bethel	0.1	<0.1	0.1
Denali/McKinley	16.2	1.9	18.1
Ferry at Sea	12.8	3.1	15.9
Other Southcentral	18.6	2.9	21.5
Other Southwest	12.0	1.3	13.3
Other Interior	7.6	1.5	9.1
Other Southeast	5.5	0.4	5.9
Undistributed	7.8	6.2	14.0

Employment and Payroll in Alaska's Visitor Industry

Alaska's visitor industry is actually comprised of several industries with the common objective of serving visitors to the state. The transportation industry, the retail industry, and the broad category of businesses commonly known as the service sector are all part of Alaska's visitor industry.

It is this "inter-industry" relationship that prevents inclusion of the visitor industry in most economic analyses of Alaska. The Alaska Department of Labor (ADOL) routinely publishes employment statistics for the transportation industry, for the retail sector and for the service sector, among other industries. Of course, these industries serve Alaskans and non-Alaskans alike. What is not known is how much of the employment in these industries is due to non-resident visitors. Without this vital piece of information it is not possible to fully measure the economic impact of the visitor industry.

The purpose of the 1991 Alaska Visitor Industry Business Survey was to quantify the role of non-resident visitors in Alaska industries affected by visitors. Over 1,400 surveys were sent to Alaska businesses and organizations involved in the visitor industry. The six-page survey included questions about employment, payroll, spending and investment by businesses providing goods and services to visitors.

The survey achieved a remarkable 53% rate of return. Approximately 900 private sector businesses participated in the survey. Businesses responding to the survey employ a total of 16,000 workers and generate annual gross sales of over \$1.2 billion. The response to the survey was representative of all components of the visitor industry. With detailed survey results from 745 Alaska businesses involved in the visitor industry, it is assumed that the results of the survey are generally representative of the entire visitor industry in Alaska (see Appendix for discussion of survey methodology).

Probably most important, the Alaska Visitor Industry Business Survey asked business owners and managers to estimate the importance of non-residents to their particular business. Specifically, managers were asked to estimate the percentage of their gross business sales that are to non-residents. Data on visitor sales as a percentage of total sales is presented in the Appendix of this report, along with a discussion of methodology. With this sales information it was possible to quantify the role of the visitor industry in various sectors of Alaska's economy.

**Statewide
Employment and
Payroll in
Alaska's Visitor
Affected
Industries**

Alaska businesses that provide transportation, retail trade, or any of a wide variety of services are the businesses most involved in the visitor industry. Employment in these industries is well documented by the Alaska Department of Labor (ADOL). Results from the Alaska Visitor Industry Survey make it possible to estimate how much of this employment is due to non-resident visitors.

There is an important underlying assumption made in this analysis. It is assumed that since non-resident visitors account for some percentage of a business' sales, they therefore account for a similar percentage of a business's employment. Of course there are factors other than sales that determine how many people a business employs. For any individual business, such an assumption might not be valid. But for a business sector (a group of similar businesses) and certainly for an industry sector overall, the assumption is considered valid.

Other limitations to the data include the uncertainty of a business' sales to non-resident visitors. Most businesses keep no records of sales by customer origin, so the survey relies on the manager's perception of the importance of non-residents.

It is also important to note that "visitors" to Alaska includes both pleasure and business visitors. As such, the visitor industry is defined more broadly than the tourism industry, which includes only pleasure visitors. It is important to make the distinction to avoid double counting when measuring the economic impact of basic industry in Alaska. An oil industry executive traveling to Alaska on business is one example. While he or she is a non-resident visitor to the Alaska, that traveler's impact on the economy is a result of oil industry activity, rather than tourism industry activity.

In the following employment analysis, two sets of estimates are made, one for the visitor industry, and one for the tourism industry. The *visitor* industry estimates include the economic impact of non-resident business travelers and pleasure visitors. The *tourism* industry estimates include the economic impact of pleasure visitors only.

The Transportation Sector

There are four general areas of employment within the transportation industry that are visitor-affected: local transit including buses and taxis, transportation by water, transportation by air, and transportation services such as travel agents and tour companies. According to the most recent available data, in total, Alaska businesses within these sectors employed an annual average of 9,840 workers who earned a total annual payroll of \$282 million.¹

Based on the results of the Alaska Visitor Industry Business Survey, approximately 40% of sales by these businesses are to non-resident visitors. Based on this percentage about 3,500 jobs in the transportation industry are attributable to the visitor industry along with \$103 million in annual payroll (based on average salaries in the industry).

Table III-1

Visitor Industry Related Employment in Alaska's Transportation Sector			
	Average Annual Employment	Percent of Sales to Visitors	Visitor Industry Employment
Local and Interurban Transit	670	50%	335
Water Transportation	1,018	54%	550
Air Transportation	6,496	32%	2,079
Transportation Services	894	62%	554
Transportation Sector Total	9,078	39%	3,518

Visitor Industry Related Payroll in Alaska's Transportation Sector			
	Average Annual Salary	Visitor Industry Employment (# of Employees)	Total Payroll (\$ millions)
Local and Interurban Transit	\$ 16,271	335	\$ 5
Water Transportation	42,782	550	24
Air Transportation	29,962	2,079	62
Transportation Services	20,334	554	11
Transportation Sector Total	\$ 29,146	3,518	\$ 103

¹ Compiled from Alaska Department of Labor Statistical Quarterly(s), data for the 12-month period ending June 30, 1990.

Pleasure visitors account for about three-quarters of the non-resident sales in the transportation sector. The following table measures the pleasure visitor component of visitor industry related employment in Alaska's transportation sector. This data suggests that non-resident pleasure visitors account for approximately 2,700 jobs in Alaska's transportation industry, with more than half of those jobs in the air transportation sector. Total pleasure visitor related payroll is an estimated \$78 million annually, based on an average annual salary of \$29,146.

Table III-2

Pleasure Visitor Related Employment in Alaska's Transportation Sector			
	Visitor Industry Employment	Percent of Visitor Sales to Pleasure Visitors	Pleasure Visitor Related Employment
Local and Interurban Transit	335	74%	248
Water Transportation	550	85%	467
Air Transportation	2,079	71%	1,476
Transportation Services	554	86%	476
Transportation Sector Total	3,518	76%	2,667

The Retail Sector

Alaska's retail trade businesses, including general merchandise stores, grocery stores, gas stations, clothing stores, restaurants and bars and other miscellaneous retail stores are obvious beneficiaries of non-resident visitor spending in Alaska. Together these businesses create 32,000 jobs with a total annual payroll of \$576 million. The single largest component in the retail sector is in eating and drinking places, with over 13,000 jobs. Grocery stores create an annual average of over 6,000 jobs in Alaska.

The results of the Alaska Visitor Industry Business Survey suggest that about 15% of the sales in the visitor affected portion of Alaska's retail sector are to non-resident visitors. This includes 24% of sales in restaurants and bars, 13% in general merchandise stores, and 11% of sales in miscellaneous retail stores (both of the latter include gift shops). Based on these percentages, the visitor industry directly accounts for just under 5,000 jobs in Alaska's retail sector. These jobs generate approximately \$69 million in annual payroll.

Table III-3

Visitor Industry Related Employment in Alaska's Retail Sector			
	Average Annual Employment	Percent of Sales to Visitors	Visitor Industry Employment
General Merchandise Stores	4,474	13%	582
Clothing Stores	1,567	6%	94
Food Stores	6,479	7%	454
Eating and Drinking Places	13,154	24%	3,157
Service Stations	1,093	9%	98
Miscellaneous Retail	5,526	11%	608
Retail Sector Total	32,341	15%	4,993

Visitor Industry Related Payroll in Alaska's Retail Sector			
	Average Annual Salary	Visitor Industry Employment (# of Employees)	Total Payroll (\$ millions)
General Merchandise Stores	\$16,827	582	\$ 10
Clothing Stores	11,787	94	1
Food Stores	17,483	454	8
Eating and Drinking Places	12,130	3,157	38
Service Stations	15,051	98	1
Miscellaneous Retail	16,649	608	10
Retail Sector Total	\$13,765	4,993	\$69

Pleasure visitors account for about two-thirds of visitor industry related employment in Alaska's non-resident affected retail sector. Just over 3,300 retail jobs are created in Alaska because of non-resident, pleasure related travel. These jobs account for an estimated total annual payroll of \$46 million, based on an average annual salary of approximately \$13,765.

Table III-4

Pleasure Visitor Related Employment in Alaska's Retail Sector			
	Visitor Industry Employment	Percent of Visitor Sales to Pleasure Visitors	Pleasure Visitor Related Employment
General Merchandise Stores	582	75%	436
Clothing Stores	94	75%	70
Food Stores	454	76%	345
Eating and Drinking Places	3,157	62%	1,957
Service Stations	98	72%	71
Miscellaneous Retail	608	76%	462
Retail Sector Total	4,993	67%	3,341

The Service Sector

Alaska's service sector employs over 50,000 workers. This broad category includes businesses which are not significantly impacted by the visitor industry, including the huge health and social services sector (which accounts for nearly one-third of all service sector jobs). Also not directly affected by the visitor industry are business services, legal services, and educational services.

That portion of the service sector which is directly and significantly affected by the visitor industry employs over 10,000 workers statewide. Hotels, motels, lodges and bed and breakfasts employ 5,000 workers in Alaska who earn \$73 million in annual payroll. Peak season (July and August) employment in the lodging sector exceeds 6,000 workers.

Businesses providing personal services (beauty shops, laundries, etc.) employ 1,700 workers in Alaska. Auto repair shops account for another 1,700 service sector workers. Businesses that provide "amusement and recreation" services employ 1,500 workers. This category includes Alaska's sportfishing charter boat operators.

Non-resident visitors account for approximately 50% of the sales in these components of Alaska's service sector, though there is wide variation between industry sectors. According to survey results, 69% of the lodging sales are to non-resident visitors. In terms of employment, the lodging sector is the single largest component within the service sector, with 3,600 of 5,000 jobs total. Total visitor industry payroll in the service sector is estimated at \$72 million.

Table III-5

Visitor Industry Related Employment in Alaska's Service Sector			
	Average Annual Employment	Percent of Sales to Visitors	Visitor Industry Employment
Hotels and Other Lodging Places	5,218	69%	3,600
Personal Services	1,714	4%	69
Auto Repair Services/Car Rentals	1,772	11%	195
Amusement and Recreation Services	1,509	76%	1,147
Service Sector Total	10,038	50%	5,011

Visitor Industry Related Payroll in Alaska's Service Sector			
	Average Annual Salary	Visitor Industry Employment (# of Employees)	Total Payroll (\$ millions)
Hotels and Other Lodging Places	\$14,588	3,600	\$53
Personal Services	13,028	69	1
Auto Repair Services/Car Rentals	24,224	195	5
Amusement and Recreation Services	12,092	1,147	14
Service Sector Total	\$14,370	5,011	\$72

Out of 5,000 total visitor industry jobs in Alaska's service sector, about 4,300 jobs are due to pleasure visitors. These 4,300 workers earn an annual payroll estimated at \$62 million, based on average salary of about \$14,370.

Table III-6

Pleasure Visitor Related Employment in Alaska's Service Sector			
	Visitor Industry Employment	Percent of Visitor Sales to Pleasure Visitors	Pleasure Visitor Related Employment
Hotels and Other Lodging Places	3,600	85%	3,060
Personal Services	69	77%	53
Auto Repair Services/Car Rentals	195	69%	135
Amusement and Recreation Services	1,147	90%	1,032
Service Sector Total	5,011	85%	4,280

*Summary of
Statewide
Employment
Impacts*

The annual equivalent of 13,500 workers are employed in Alaska's visitor industry. These workers earn an estimated \$244 million in annual payroll. These totals do not include the approximately 10,000 crew members employed on large cruiseships visiting Alaska during the four to five month summer season. They also do not include visitor industry employment that is generated as a result of Alaskans traveling within the state, either for business or pleasure.

Employment as a result of intra-state travel is estimated at approximately 8,200 jobs statewide.

Survey results suggest that peak season (July and August) employment in Alaska's non-resident visitor industry is about 39% higher than annual average employment. Peak season transportation sector employment is estimated at 56% above the annual average (5,488 jobs). Peak season employment is estimated at 22% above the annual average in the retail sector and (6,091 jobs) and 43% above the annual average in the service sector (7,165 jobs) That places peak season employment in the visitor industry at approximately 18,700 jobs.

Table III-7

Summary of Alaska's Visitor Related Employment and Payroll				
	Total Visitor Industry Employment	Pleasure Visitor Related Employment	Total Visitor Industry Payroll (\$ millions)	Pleasure Visitor Related Payroll (\$ millions)
Transportation	3,518	2,667	\$ 103	\$ 78
Retail	4,993	3,341	69	46
Services	5,011	4,280	72	62
Total	13,522	10,288	\$ 244	\$ 186

The component of the visitor industry that includes only pleasure visitors (commonly referred to as the tourism industry), generates an estimated annual equivalent of 10,300 jobs. These jobs account for a total annual payroll of \$186 million (excluding cruiseship crew members).

Regional Employment and Payroll Data for the Visitor Industry

Southeast Alaska

Businesses active in the visitor industry employ a total of about 6,700 workers in Southeast Alaska. Overall, visitors to Alaska account for approximately 40% of sales by these businesses. Based on this percentage, non-resident visitors to Southeast Alaska generate 2,600 jobs in the region's transportation, retail and service sectors. These workers earn an estimated \$46 million annually in payroll.

Peak season visitor industry employment in Southeast Alaska is estimated at approximately 52% above the annual average, based on survey results. Based on that percentage, July and August employment in the visitor industry in Southeast is estimated at just under 4,000 jobs total (3,949).

Table III-8

Visitor Industry Related Employment in Southeast Alaska			
	Average Annual Employment	Percent of Sales to Visitors	Visitor Industry Employment
Transportation			
Local and Interurban Transit	209	56%	117
Water Transportation of Passengers	441	80	353
Air Transportation	836	39	326
Transportation Services	112	76	85
Total Transportation Sector	1,598	55%	881
Retail			
General Merchandise Stores	146	7%	10
Clothing Stores	78	6	5
Food Stores	1,058	7	74
Eating and Drinking Places	1,370	37	507
Service Stations	119	2	2
Miscellaneous Retail	850	17	145
Total Retail Sector	3,621	21%	743
Services			
Hotels and Other Lodging Places	1,120	76%	851
Personal Services	140	4	6
Auto Repair Services/Car Rentals	108	3	3
Amusement and Recreation Services	132	86	114
Total Service Sector	1,500	65%	974
Total Southeast	6,719	39%	2,598

Survey results for Southeast Alaska businesses indicate that 79% of their visitor sales are to pleasure visitors. This suggests that tourists and the tourism industry account for just under 2,100 jobs (annual average) in Southeast and approximately \$37 in annual payroll². The importance of this employment and payroll in the Southeast Alaska economy is addressed in Chapter IV of this report.

It is important to note that these employment and payroll estimates are for the non-resident visitor industry only. In Southeast Alaska and other regions, intrastate visitors (Alaskans visiting other parts of Alaska) are a very important component of the local visitor industries. For example, business travel to Juneau during the legislative session is very important to local merchants. Juneau, Ketchikan and Sitka all function as service and supply centers for outlying communities. Travel to these cities from smaller communities is significant year-round.

It is beyond the scope of this study to measure the impacts of intrastate travel in Southeast Alaska's economy. Available data suggests, however, that about 900 jobs are generated in Southeast as a result of residents traveling within the region and Alaskans visiting from other parts of Alaska.³

Southcentral Alaska

Southcentral Alaska businesses that serve non-resident visitors employ an annual average of 32,000 workers. Almost one-quarter of this employment (23%) is due to non-resident visitors. Nearly 7,300 jobs (annual equivalent) are generated in Southcentral's transportation, retail and service sectors as a result of visitor spending. Workers in Southcentral's visitor industry earned an estimated \$141 million in payroll last year.

Survey results suggest that peak season (July and August) visitor industry employment in Southcentral is about 32% above the annual average. That places total employment in the region's visitor industry at just under 10,000 jobs (9,578).

² Detailed tables with data on visitor industry payroll in Southeast and pleasure visitor related employment are presented in the appendix.

³ McDowell Group estimates.

Table III-9

Visitor Industry Related Employment in Southcentral Alaska			
	Average Annual Employment	Percent of Sales to Visitors	Visitor Industry Employment
Transportation			
Local and Interurban Transit	233	72%	168
Water Transportation of Passengers	362	47	170
Air Transportation	4,336	31	1,344
Transportation Services	599	46	276
Total Transportation Sector	5,530	35%	1,958
Retail			
General Merchandise Stores	1,989	6%	119
Clothing Stores	1,113	4	45
Food Stores	3,938	3	118
Eating and Drinking Places	8,901	21	1,869
Service Stations	728	7	51
Miscellaneous Retail	3,418	7	239
Total Retail Sector	20,087	12%	2,441
Services			
Hotels and Other Lodging Places	2,994	66%	1,976
Personal Services	1,196	2	24
Auto Repair Services/Car Rentals	1,103	14	154
Amusement and Recreation Services	1,065	66	703
Total Service Sector	6,358	45%	2,857
Total Southcentral	31,975	23%	7,256

Pleasure visitors traveling to Southcentral account for an estimated annual average of 5,500 jobs, or about three-quarters of the region's visitor industry employment. Non-resident business travelers account for the other 1,800 jobs. The pleasure visitor component of Southcentral's visitor industry generated an estimated \$107 million in annual payroll.

Travelers from other parts of Alaska who visit Southcentral also have important economic impact in the region. Anchorage serves as the transportation, finance and trade center for much of Alaska and as such hosts a large number of business visitors from all across the state. An estimated 5,600 jobs are created in Southcentral as a result of residents traveling within the region and Alaskans visiting from other parts of the state.

*The Interior/
Northern Region*

The Interior/Northern region of Alaska includes the Fairbanks area, Denali/McKinley, the Yukon-Koyukuk region, the North Slope, the Northwest Arctic Borough and Nome. Over 7,700 workers in the region are employed in visitor affected businesses, mostly in the Fairbanks area.

Approximately one-quarter of these jobs, at least 2,000 jobs total, are directly due to non-resident visitors. This is a conservative estimate. It does not include employment in certain categories, such as water transportation of passengers and personal services, which is not disclosable due to the confidentiality of ADOL data and McDowell Group survey results. These 2,000 visitor industry jobs account for \$34 million in annual payroll.

Table III-10

Visitor Industry Related Employment in the Interior/Northern Region of Alaska			
	Average Annual Employment	Percent of Sales to Visitors	Visitor Industry Employment
Transportation			
Local and Interurban Transit	204	48%	98
Water Transportation of Passengers	*	*	*
Air Transportation	735	45	331
Transportation Services	118	62	73
Total Transportation Sector	1,057	47%	502
Retail			
General Merchandise Stores	636	17	108
Clothing Stores	137	*	*
Food Stores	878	3	26
Eating and Drinking Places	2,378	21	499
Service Stations	192	7	13
Miscellaneous Retail	691	7	48
Total Retail Sector	4,912	14%	694
Services			
Hotels and Other Lodging Places	771	77	594
Personal Services	276	*	*
Auto Repair Services/Car Rentals	519	9	47
Amusement and Recreation Services	218	92	201
Total Service Sector	1,784	47%	842
Total Interior/Northern	7,753	26%	2,038

*Data not disclosable due to insufficient data or confidentiality reasons.

Peak season employment in the Interior/Northern region is estimated at 46% above the annual average, or 2,975 jobs.

Pleasure visitors account for about three-quarters (78%) of the Interior/Northern region's visitor industry jobs. At least 1,600 jobs (annual average) are generated in the region's transportation, retail and service sectors as a direct result of non-resident pleasure visitors. Workers holding these 1,600 jobs earn \$26 million in annual payroll.

Fairbanks serves as the service and supply center for the Interior/Northern region and as such receives a significant volume of visitors from outlying communities. Fairbanks also benefits from business related travelers from outside the region. The University of Alaska, for example, draws business-related travelers from throughout Alaska. Overall, an estimated 1,100 jobs are generated in the Interior/Northern region as a result of Alaskans visiting the region and traveling within the region.

Southwest Alaska

The Southwest region as defined in this study includes Kodiak, the Aleutians, the Bristol Bay area, Dillingham, Bethel and the Wade Hampton area. The relatively undeveloped economy of the Southwest region of the state includes approximately 2,800 jobs (annual average) in visitor affected businesses. About 15% of this employment, or about 450 jobs, is directly attributable to non-resident visitors, with peak season employment of 790. Visitor industry payroll totals approximately \$6 million annually. About half of this employment (230 jobs) and payroll (\$3 million) is due to non-resident pleasure visitors.

Employment data for certain visitor affected industries in the region is not available due to confidentiality reasons, so these estimates are conservative. Alaskans traveling within the region and from elsewhere in Alaska are more important to many visitor affected businesses in Southwest than non-resident pleasure visitors. An estimated 560 jobs are created in the region in support of Alaskan intra-state travelers.

Table III-11

Visitor Industry Related Employment in Southwest Alaska			
	Average Annual Employment	Percent of Sales to Visitors	Visitor Industry Employment
Transportation			
Local and Interurban Transit	*	*	*
Water Transportation	*	*	*
Air Transportation	590	5	30
Transportation Services	29	82	24
Retail			
General Merchandise Stores	576	3	17
Clothing Stores	15	*	*
Food Stores	496	*	*
Eating and Drinking Places	411	34	140
Service Stations	54	*	*
Miscellaneous Retail	256	6	15
Services			
Hotels and Other Lodging Places	278	77	214
Personal Services	52	*	*
Auto Repair Services	39	9	4
Amusement and Recreation Services	*	*	*
Total Southwest	2,796	n/a	444

**Summary of
Regional
Impacts**

Over half of the state's visitor industry employment is in Southcentral Alaska. Southcentral has a minimum of about 7,300 visitor industry jobs, accounting for about \$141 million in annual payroll. At least 5,500 of these jobs are due to non-resident pleasure visitors. Approximately one in five of Alaska's visitor industry jobs is located in Southeast and one in seven is in the Interior/Northern region. Southeast accounts for at least 2,600 jobs and Interior/Northern accounts for at least 2,000 jobs in Alaska visitor industry.

These estimates of visitor industry employment in Alaska's regions are minimums only. A significant number of visitor industry related jobs reported in the Alaska Visitor Industry Business Survey were not credited to any one region, but were classified as "statewide". If these jobs are divided proportionally among Alaska's regions, the Southeast visitor industry total is approximately 2,800 jobs, the Southcentral total is about 8,000 jobs, and the Interior/Northern total is approximately 2,200 jobs. Visitor industry employment in the Southwest region totals about 500 jobs.⁴

Table III-12

	Visitor Employment Employment	Pleasure Visitor- Related Employment	Total Visitor Industry Payroll (\$ million)	Pleasure Visitor Related Payroll (\$ million)
Southeast	2,598	2,065	\$46	\$37
Southcentral	7,256	5,512	141	107
Interior/Northern	2,038	1,591	34	26
Southwest	444	229	6	3
Unspecified*	1,186	891	17	13
Alaska Total	13,522	10,288	\$244	\$186

* Employment not attributed to any one region of Alaska.

⁴ Measured visitor industry employment for each region is distributed as follows: 21.1% in Southeast, 58.8% in Southcentral, 16.5% in Interior/Northern, and 3.6% in Southwest Alaska.

*Non-resident
Labor
Participation in
Alaska's Visitor
Industry*

Like all of Alaska's basic industries, the visitor industry includes a non-resident labor component. In fact, in Alaska's private sector, over one-quarter (27%) of all workers are non-residents.⁵ In Alaska's seafood processing industry, for example, 51% of the workers are non-residents. Approximately one-quarter of the participants in Alaska's commercial fishing industry are non-Alaskans, excluding the off-shore factory trawl fishery. The logging industry employs 40% non-residents. The ADOL estimates that 17% of the oil and gas industry workers are non-resident. A majority of Alaska's military population is non-resident.

Labor residency is important because it is one measure of economic "leakage" from Alaska. Non-resident labor participation in the state's work force means that payroll dollars are leaving Alaska without being circulated through the economy. Alaska has historically suffered from a high level of economic leakage, and this leakage continues today.

ADOL data suggests that the non-resident component in the visitor industry is slightly less than 20%, meaning Alaskans comprise more than 80% of the labor force in these businesses. In the air transportation industry, for example, 86% of workers are Alaska resident. Eighty percent of the employees in the water transportation industry are Alaskans as are 80% of hotel and motel workers in Alaska. Alaskan labor in the retail sector ranges from 91% (in general merchandise stores) to 82% (in bars and restaurants).

The Alaska Department of Labor estimates that about \$386 million was paid to non-residents working in Alaska in 1988 in all private sector industries, excluding commercial fishing earnings or military payroll. This is about 11.5% of total Alaska payroll. Among the primary visitor affected industries, in the hotel/motel sector 12.5% of payroll went to non-residents and 10.8% of payroll in eating & drinking establishments went to non-residents. In the transportation sector, non-resident payroll ranged from 7.1% of total payroll (transportation services), to 17.3% of total payroll (water transportation).

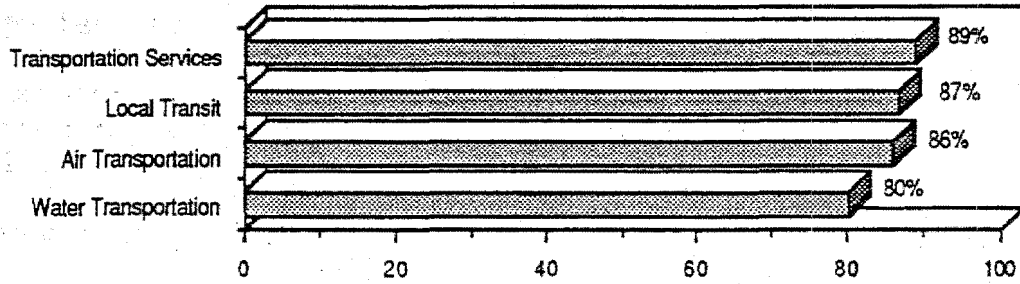
With non-resident labor participation of less than one in five, and with less than one in eight payroll dollars leaving the state, the visitor related industries are responsible for proportionately less economic leakage than most of Alaska's other basic industries.

⁵ Non-Residents Working in Alaska, 1988. Alaska Department of Labor, State of Alaska. Residency data was calculated by matching Alaska Permanent Fund dividend data with Alaska Department of Labor wage data.

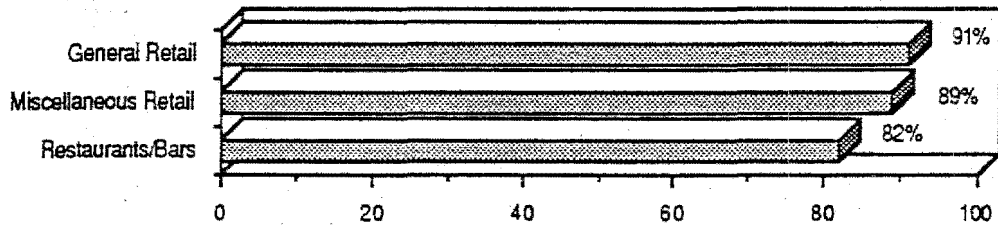
Graph III-1

Non-resident Employment in Alaska Industries
Visitor Industry Sectors versus other Alaska Industry Sectors
Percent Residents

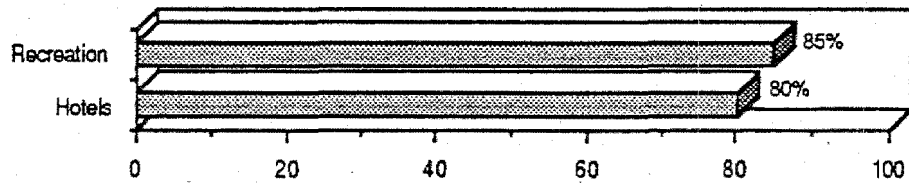
The Transportation Sector



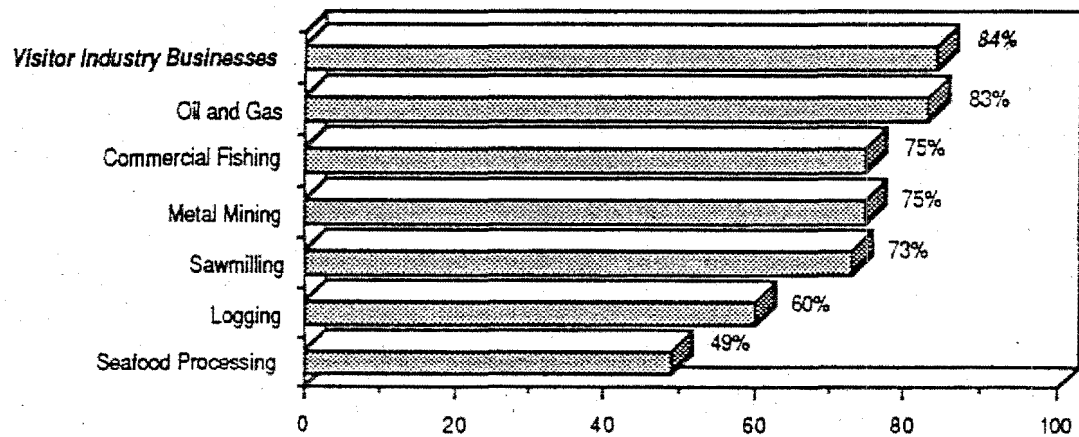
The Retail Sector



The Service Sector



Other Alaska Industry Sectors



Indirect and Induced Employment

Employment and spending in a basic industry, such as tourism, has secondary or "indirect" impacts in the state's economy. Indirect economic impact occurs as a result of spending in support of basic industry operations. The demand for goods and services by basic industry workers and their families generates "induced" economic impacts.

Indirect and induced economic impacts are often quantified together by an employment multiplier. For example, an employment multiplier of 1.5 tells us that for every basic industry job, one half of a job is created in the support sector. In other words, for every two basic industry jobs, one job is created in the support sector. These support sector jobs are created throughout the service and supply sector, including in schools, hospitals, banks, stores, gas stations and elsewhere in the government and private sectors.

Employment multipliers vary from basic industry to basic industry. As previously mentioned, non-resident labor participation is one determining factor. The average wage or salary paid in the basic industry also has a significant influence on the employment multiplier. The higher the average wage paid to basic industry workers, the more they spend and the greater the impact in the support sector.

Finally, the service and supply needs of the basic industry also determine secondary impacts. If Alaska's support sector is capable of competitively meeting the supply needs of a basic industry, a higher employment multiplier will result. If not, industry will buy from out-of-state and there will be reduced economic benefit in-state.

It is beyond the scope of this study to calculate a specific employment multiplier for the visitor industry. Estimating such an employment multiplier requires modeling of the entire Alaska's economy and detailed analysis of all industry in Alaska. Past modeling work suggests that Alaska's employment multiplier is about 1.5.⁶

The employment multiplier for the visitor industry is apparently not significantly different than the Alaska average of 1.5. The visitor industry has a lower non-resident labor component than other basic

⁶ Goldsmith, Scott, The Alaska Economic Multiplier: An Explanation with a Review of Past Estimates. ISER Working Paper 85.6. Institute of Social and Economic Research, University of Alaska Anchorage, Oct. 1985.

industries in Alaska. Further, the industry's service and supply needs are met largely in-state (see Chapter IV, discussion of in-state spending). Both of these factors point toward a higher than average multiplier effect. However, visitor industry employees earn the lowest average salary among Alaska's basic industries at about \$18,000 a year. This suggests a lower than average multiplier effect.

Assuming that the Alaska average multiplier of 1.5 applies to the visitor industry, the industry indirectly accounts for nearly 6,800 jobs in the support sector. Therefore, visitor industry employment in Alaska, including direct and indirect employment, totals about 20,300 jobs (13,522 direct jobs x 1.5 = 20,283 total jobs).

The results of the Visitor Industry Business Survey provide a specific example of the indirect employment impacts that result from industry spending in Alaska. Approximately 120 Alaska businesses that provide goods and services to hotels, restaurants, airlines and other visitor industry businesses were surveyed. Fifty businesses actually responded to the survey.

Among food wholesalers in Alaska (18 were surveyed), managers estimate that 40% of their sales were to businesses that provide goods or services to Alaska visitors. One-third (34%) of wholesale beverage supply sales are to visitor industry businesses. Among wholesale fuel suppliers, 31% of sales are to visitor industry businesses.

Alaska's economy includes 3,734 jobs in the non-durable goods wholesale sector accounting for \$110.3 million in annual payroll. Assuming that about one-third of wholesale sales of non-durable goods in Alaska are to businesses serving visitors, the visitor industry's indirect impact on the state's economy includes over 1,200 jobs and \$37 million in annual payroll in the wholesale sector.

Other support sector businesses generate sales as a result of the visitor industry. Obviously, hotel and motel suppliers, and restaurant suppliers are heavily dependent on the visitor industry. In addition, survey results suggest that 20% of sales by printing and publishing houses are visitor industry related. Advertising agencies estimate that one-quarter of their sales are to businesses that serve visitors. Even among TV and radio stations, an estimated 10% of sales are to visitor affected businesses.

*Other Public and
Private Sector
Employment
in the Visitor
Industry*

Government and private non-profit organizations are also participants in Alaska's visitor industry. As part of this study, 121 agencies and organizations were surveyed. The purpose of the survey was to quantify the economic impact of this component of the industry by measuring employment, payroll and spending.

Agencies and organizations responding to the survey employed a total of 5,000 workers in Alaska in 1990. Most of this employment is not directly related to the visitor industry however. The Bureau of Land Management and the U.S. Forest Service are the two largest employers in this group, and only a very small portion of employment in the agencies is related to visitors. Other government agencies play a more important role in the visitor industry, including the National Park Service and the state Division of Parks; and of course, the state Division of Tourism. Other government entities surveyed included local or state government operated airports.

A wide variety of organizations were surveyed, including local convention and visitors bureaus, museums, chambers of commerce, performing groups and arts festivals.

These agencies and other organizations were asked to estimate the percentage of their time and budget spent on visitor industry-related activities. Further, they were asked to estimate the percent of their visitor industry-related budget that was spent to attract non-resident visitors. This information was used to estimate visitor industry employment by the agencies and organizations.

It is estimated that as many as 1,900 agency and organization workers serve visitors, including Alaskans traveling within Alaska. Most of this employment is local, state and federal government. These 1,900 workers account for a total annual payroll of about \$70 million.

Survey results suggest that 1,000 of these jobs can be attributed to the non-resident visitor industry. Some of these workers indirectly participate in the visitor industry (airport workers, land managers) and some are direct participants in the visitor industry (museum employees, ferry workers). These workers earn an estimated \$35 million in annual payroll. A more detailed discussion of this component on the visitor industry follows.

Convention and Visitors Bureaus

With increasing awareness of the importance of the visitor industry in Alaska, government has come to play a more active role in promoting Alaska as a visitor destination. At the local level, convention and visitors bureaus (CVBs) are active in promoting their communities in the pleasure and business travel markets. Convention and visitors bureaus also serve as an information link between visitors (and prospective visitors) and the communities visitor industry. These local organizations are typically funded through bed taxes or other local revenue sources.

Seventeen CVBs responded to the survey. These CVBs employed 122 workers during the peak of the 1990 season and an annual average of 95 workers. Statewide, CVB annual budgets totaled \$7.4 million. These organizations estimated that 75% of their time and budget went toward non-resident visitor related activities.

Chambers of Commerce

Almost 60% of the time and budgets of Alaska's chambers of commerce are spent responding to non-resident visitor inquiries, marketing to non-residents and sponsoring events for visitors. The 14 chambers responding to the survey employed a total of 36 workers with budgets that totaled about \$1 million.

Museums

Twelve museums provided detailed employment, payroll and budget information. These museums employed an average of 36 workers in 1990, with a peak employment level of 50. Their budgets totaled \$6.3 million, according to survey results. Museum managers estimated that, overall, two-thirds (66%) of their time and budget was non-resident visitor related.

Events and Attractions

A wide variety of events and attractions responded to the survey, such as the Anchorage Opera, the Sitka Summer Music Festival, the Fairbanks Summer Arts Festival, the Alaska Folk Festival, the Skagway Days of '98 Show and many others. Twenty-two events and attractions reported total employment of 200 workers in 1990, with peak employment of about 700 workers. Budgets for these events and attractions totaled \$12 million.

Events (such as music festivals) cater primarily to residents, while attractions are primarily for the benefit of non-residents. Overall an estimated 45% of time and budget spent by events and attractions is targeted at non-resident visitors.

Government Agencies

This very broad category ranges from agencies only remotely involved in the visitor industry (Bureau of Land Management) to agencies entirely involved in the industry (Division of Tourism).

Federal government participation in the visitor industry includes management of Alaska's greatest visitor attractions such as Glacier Bay National Park and Denali National Park. The Park Service, the Forest Service and the Bureau of Land Management all administer resources that are important visitor industry assets.

A total of 28 state and federal parks and wildlife preserves responded to the survey. The parks and preserves employ an annual average of 652 workers earning \$22 million in annual payroll. Park and preserve managers estimate that almost half (46%) of their time and budget is spent on tourism-related activities (though there is a wide range of responses, from 5% to 75%). About half of their tourism related budget is spent on attracting and serving non-residents. Total budgets for these organizations was \$27.5 million in 1990.

At the state level, the Division of Tourism, within the Department of Commerce and Economic Development, manages the state's developmental marketing program focusing primarily on the overseas market. The Division of Tourism also manages the state's tourism-related research. The Tok visitor information center is managed by the Division of Tourism.

Operating on a budget of \$3.2 million, the Division of Tourism employs 17 full-time workers and 3 part-time workers. The Alaska Tourism Marketing Council, which receives about 85% of its funding from the state, operates on a total budget of about \$6.2 million and employs two full-time workers. Industry contributions account for the remaining 15% of the ATMC budget. ATMC handles the state's U.S. and Canadian marketing efforts.

The University of Alaska also participates in the visitor industry via its Travel Industry Program. Through two-year and four-year degree programs, students can prepare themselves for careers in the travel and hospitality industry. Employment in the program includes three full-time and several part-time instructors.

Another important state agency involved in the visitor industry is the Alaska Marine Highway System (AMHS). AMHS managers estimate 20% of their time and budget is spent on tourism-related activities. The AMHS employs 865 workers in Alaska who earn \$25 million in annual payroll. Spending in support of AMHS operations in Alaska totals \$48 million.

Local government participation in the visitor industry includes funding for CVBs, funding for marketing organizations such as the Southeast Alaska Tourism Council, funding for operation of museums, and special event funding.

State and local governments also operate airports, which of course are a vital link in Alaska's visitor industry. The Anchorage and Fairbanks international airports employ a total of 400 workers who earn \$22 million in annual payroll. Airport operation spending totals \$54 million annually, including labor. Airports in Juneau, Sitka, and Ketchikan employ an estimated 50 workers earning \$2 million in annual payroll.

*Industry
Organizations*

Visitor industry organizations such as the Alaska Visitors Association take a lead role in representing the interests of the industry in Alaska. Though they do not employ a significant number of people, their effort and spending is directly entirely at non-resident visitors. Other visitor industry organizations, which have a handful of employees, include Southeast Alaska Tourism Council, Prince William Sound Tourism Coalition and the Great Alaska Highway Society. These marketing organizations spend close to a million annually in their marketing efforts.

Chapter IV

*Visitor Industry Spending and
Investment in Alaska*

Visitor Industry Spending and Investment in Alaska

Annual Visitor Industry Spending in Alaska

Visitors spend over a billion dollars each year on their Alaska travels, according to data from the *Alaska Visitor Statistics Program (AVSP)*. The AVSP is an Alaska Division of Tourism research program that generated six volumes of detailed information on visitors to Alaska, including arrival patterns, visitor opinions and attitudes, demographics, and spending patterns.

Visitors spend \$670 million each year traveling to and from the state, primarily on cruiseships and airlines. Nearly half a billion dollars (\$416 million in 1989) is spent in Alaska on lodging, food, tours, gifts and other items. In total, visitors spent \$1.08 billion on their Alaska travels in 1989.

It is obvious that Alaska's economy benefits from \$400 million in visitor in-state spending. But Alaska also benefits from the significant portion of out-of-state spending which is returned to Alaska indirectly through employee wages, in-state operations spending and in-state capital investment. Results of the Alaska Visitor Industry Business Survey provide a measure of this visitor industry spending in Alaska.

Statewide Spending

The 745 Alaska businesses that responded to the survey reported total in-state spending of \$402 million in 1990, excluding labor costs. Businesses in the transportation sector spent \$222 million in Alaska. Hotels and other lodging facilities spent \$64 million in Alaska in support of their operations, excluding labor.

The portion of this spending attributable to serving non-resident visitors is estimated at \$180 million, or about 45% of all spending. This spending estimate is calculated by applying a business's resident/non-resident sales ratio to its spending. In other words, if 30% of a business's sales are to non-residents, the assumption is that 30% of its spending is attributable to non-resident visitors.

Of course this is only a portion of the total in-state spending by visitor industry-related businesses. Businesses responding to the survey accounted for approximately \$681 million in Alaska visitor sales, or about 63% of the \$1.08 billion spent by visitors to Alaska in 1989, as reported in the *AVSP II*. Therefore, the assumption can be made that businesses responding to the survey also account for 63% of visitor industry spending in Alaska. Expanding the \$180 million in spending reported by surveyed business to account for all visitor industry businesses, it is estimated that total visitor industry spending in Alaska was approximately \$285 million, excluding spending on labor.

*Total In-state
and
Out-of-state
Spending*

In summary, visitor industry spending in Alaska is estimated at approximately \$590 million annually. This includes \$285 million on non-labor spending and \$305 million on labor costs. The \$305 million labor cost estimate is based on \$244 million payroll (see Chapter II) and an estimated \$61 million in benefits.⁷

In addition to the \$590 million in spending in Alaska in support of the visitor industry, it is estimated that another \$232 million was spent outside of Alaska. Survey results suggest that 58% of spending on inventory for resale in Alaska was spent in-state. Industry-wide, out of state spending on inventory is estimated at \$26 million.

Most marketing spending occurs outside Alaska. Of an estimated \$42 million in marketing spending, \$35 million was spent outside Alaska. A small number of very large corporations account for most of this marketing effort.

All other spending on supplies and services (fuel, food, utilities, rent, fees, etc.) in support of visitor industry operations totaled an estimated \$364 million. About one-third of this spending occurred out-of-state, or \$123 million. Most of this out-of-state spending is in support of cruise operations, which buy food, fuel and other supplies at or near their point of origin, most often Pacific Northwest.

Most visitor industry spending on labor, \$305 million out of an industry total of \$353 million, occurs in-state. Almost all of the non-Alaska labor spending is on crew for the two dozen cruiseships that travel to Alaska.

This estimate of total industry spending, approximately \$822 million in 1990, equals about 76% of total revenues generated in Alaska's visitor industry. This suggests that the \$260 million remaining was paid out in taxes, as payments on capital, and as profits to business owners.

⁷ Benefits and other employee overhead costs are typically about 20% of total labor costs. WC&L Pension and Benefits Fact Book, 1989. Compiled by the Chamber of Commerce of the United States.

Table IV-1

Spending by Alaska's Visitor Industry			
Estimated Annual Total*			
(Millions of Dollars)			
	In-state	Out-of-state	Total
Inventory for Resale	\$ 37	\$ 26	\$ 63
Marketing Spending	7	35	42
All Other Spending	241	123	364
Total Spending (Excluding Labor)	285	184	469
Labor	305	48	353
Total All Spending	\$590	\$232	\$822

*Source: Alaska Visitor Industry Business Survey.

*Spending by
Industry Sector*

The \$285 million in in-state spending by the visitor industry is spread throughout the visitor affected economy. Most spending is by businesses in the transportation sector, particularly air transportation businesses. Airlines responding to the survey reported over \$158 million in spending (excluding labor) in 1990. Based on survey results, it is estimated that \$60 million of this spending is to serve the non-resident visitor market. Including firms that did not respond to the survey, it is estimated that airlines, air taxis, sightseeing and charter operations spent nearly \$100 million in Alaska, excluding the cost of labor, in support of non-resident visitors.

Another important sector of the economy that spends significantly on the non-resident visitor market includes hotel and other lodging places. A total of 138 lodging businesses responded to the survey. They spent a total of \$64 million in Alaska in support of operations, excluding labor. It is estimated that approximately \$40 million of this spending was due to non-residents, based on survey results.

In the following table, spending information gathered in the survey is presented for all visitor affected business sectors. These results are for surveyed businesses only and therefore are not industry totals.

Table IV-2

Visitor Industry Related Spending in Alaska
(excluding Labor)
by Business Sector

	Surveyed Businesses ¹	Total In-state Spending (\$ millions)	Estimated Spending due to Non-resident Visitors ² (\$ millions)
<i>Transportation</i>			
Local and Interurban Transit	15	\$ 2.9	\$ 2.3
Water Transportation	31	43.0	41.0
Air Transportation	29	158.6	60.1
Transportation Services	18	17.0	15.9
Total Transportation Sector	93	\$221.5	\$119.3
<i>Retail</i>			
General Merchandise Stores	35	\$14.8	\$ 1.9
Clothing Stores	12	1.2	0.1
Food Stores	23	27.4	1.9
Eating and Drinking Places	74	25.8	6.2
Service Stations	14	11.1	1.0
Miscellaneous Retail	113	26.2	2.9
Total Retail Sector	271	\$106.5	\$14.0
<i>Services</i>			
Hotels/Other Lodging Places	138	\$63.9	\$39.8
Personal Services	11	1.1	0.1
Auto Repair Services/Car Rentals	35	11.0	1.2
Amusement/Recreation Services	103	6.8	5.5
Total Service Sector	287	\$82.8	\$46.6
Total for All Business Surveyed	651	\$401.8	\$179.9
Total for All Visitor Affected Businesses ³	n/a	n/a	\$285.5

¹ Number of businesses responding to the spending question in the Alaska Visitor Industry Business Survey.

² Weighted according to each businesses' percent of sales to non-resident visitors.

³ Businesses responding to the survey accounted for approximately \$681 million in Alaska visitor sales, or about 63% of the \$1.08 billion spent by visitors to Alaska in 1989, as reported in the AVSP II. Therefore, the assumption can be made that businesses responding to the survey also account for 63% of visitor industry spending in Alaska.

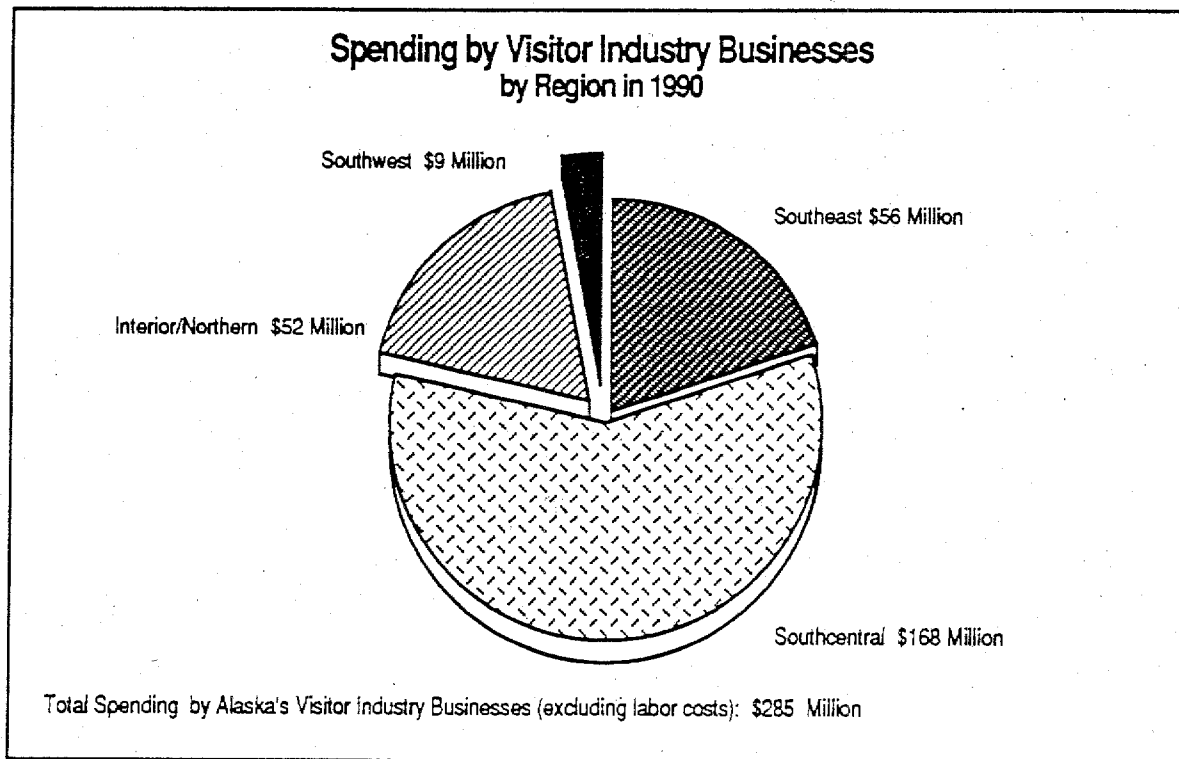
n/a Not applicable

**Visitor Industry
Spending
by Region**

The distribution of visitor industry spending around Alaska was also quantified in the Alaska Visitor Industry Business Survey. Southcentral, which hosts about two-thirds of all of Alaska's visitors, accounts for about 60% of all visitor industry spending. The visitor industry spent an estimated \$168 million in Southcentral in 1990, excluding labor costs.

Southeast Alaska benefited from approximately \$56 million in visitor industry spending in 1990, 20% of total visitor industry spending in Alaska. An estimated \$52 million in visitor industry spending occurred in the Interior/Northern region, 19% of the Alaska total. About 3% of 1990 industry spending occurred in Southwest Alaska, approximately \$9 million.

Graph IV-1



*Purchases of
Goods and Services
in Alaska*

No data is available on the total value of visitor industry spending on specific goods and services. However, surveyed businesses did provide a list of their most important vendors. The visitor industry's most important vendors are fuel distributors and wholesalers of food and drink. But virtually every other component of Alaska's service and supply sector is represented on the visitor industry vendor list. Construction contractors of all types (carpenters, plumbers, electricians and others) for example, benefit from visitor industry spending in Alaska.

Alaska manufacturers of goods sold by the visitor industry also benefit, including seafood processors and manufacturers of other food products, printing and publishing houses, and the hundreds of Alaskan artists who sell their work to retail outlets. This spending helps generate thousands of jobs in Alaska's support sector.

Communications and utilities providers provide services to Alaska's visitor industry. Radio and television stations and newspapers play an important role in marketing visitor industry products inside and outside of Alaska. Alaska's advertising and marketing firms are another link in this communications effort.

Public and private sector providers of utilities, including electric services, gas supply and distribution services, and waste disposal services all generate income as a result of visitor industry spending in Alaska.

In addition to serving visitors directly, Alaska's retail sector also provides support to other businesses in Alaska's visitor industry. Hardware stores, clothing stores, furniture stores, car dealers, boat dealers and others in the retail sector earn income by supplying visitor industry businesses.

A variety of businesses in Alaska's service sector provide services to visitor industry businesses. For example, laundry services provide an important service to hotels. Auto repair services earn income through sales to visitor industry businesses. Stevedoring services, legal services, accounting services and other services benefit from visitor industry spending in Alaska.

*Taxes and Fees Paid
by the Visitor
Industry*

Businesses responding to the Alaska Visitor Industry Business Survey reported paying \$40 million in taxes and fees in 1990. This includes property tax payments, airport fees, port fees, bed taxes, sales taxes, inventory taxes and others. Over two-thirds (68%) of gross sales by these businesses are to non-resident visitors, therefore, about \$28 million of the total taxes and fees paid can be directly attributed to the visitor industry. It is estimated that the entire visitor industry, including businesses that did not respond to the survey, paid approximately \$44 million in taxes and fees in 1990.⁸ Much of this spending goes to support local government operations throughout Alaska.

The leading visitor expenditure on taxes and fees is on airport operations. In 1990, airlines, air taxis and charter operators paid \$12 million in aircraft landing fees. Anchorage International Airport generated the bulk of these fees, \$9.5 million. Since non-residents account for about one-third of passenger ticket sales in Alaska, approximately one-third of total airport fees (\$4 million) are attributable to the visitor industry. Tie down fees, terminal rentals and land rentals are other important expenditure for airlines. Based on survey results, the visitor industry spends an estimated total of \$20 million on airport-related fees.

Moorage and lightering fees paid by the visitor industry are an important source of income for Southeast communities. Cruiseships paid \$331,000 in moorage and lightering fees to the City and Borough of Juneau, for example. Ketchikan earned \$189,000 from cruiseship fees in 1990. The cruise industry spends several million more on stevedoring fees in these ports. Other local governments generating revenues from cruiseship moorage and lightering fees include Sitka (\$24,000) and Wrangell (\$6,200). Cruiseships also pay moorage fees to private dock owners in Haines, Skagway, Petersburg, Whittier and other Alaska ports.

Property taxes paid by hotel owners and other property owners generate millions of dollars each year in local government revenues. For example, 109 hotels and other lodging places reported total property tax payments of \$917,000 in 1990, or about \$8,400 per facility. Obviously property tax payments range from zero to many times this figure. This average includes tax payments by hotels, lodges, bed & breakfasts, and RV parks. If this is typical of the lodging industry overall (560 businesses total), this sector paid about \$4.7 million in property taxes.⁹

⁸ Businesses responding to the survey account for 63% of all visitor industry sales. Therefore it is assumed that they also account for 63% of payments of taxes and fees paid by the industry.

⁹ It is estimated that Alaska has 250 operating hotels, motels and lodges, 250 bed & breakfasts (based on a count of business licenses) and 60 RV parks.

Alaska hotels and motels also generated \$8 million in bed taxes in 1990. Anchorage area hotels accounted for \$5.2 million in bed taxes, Fairbanks generated \$1.3 million, and Juneau hotels paid \$700,000 in bed taxes. Other communities, including Valdez (\$264,000), Ketchikan (\$148,000), Skagway (\$104,000), Kodiak (\$93,000) Sitka (\$87,000), Wrangell (\$23,000) and Petersburg (\$19,000) also received bed tax revenues in 1990. The Denali area began levying a bed tax in fiscal year 1991.

The visitor industry's impact on state government revenues includes visitor spending on hunting and fishing licenses and on Alaska Marine Highway travel. Non-residents spent nearly \$7 million on fishing and hunting licenses in 1990. Non-residents spent an estimated \$17 million on the Marine Highway in 1989.

Investment in Alaska's Visitor Industry

Businesses responding to the Alaska Visitor Industry Business Survey reported total investment in property in Alaska of \$355 million. These businesses also reported investment in operating equipment of \$201 million. This investment in property and equipment is to serve both the resident and non-resident markets.

Weighting these investment figures according to visitor sales versus Alaska resident sales provides an indication of investment in the non-resident market. Among businesses responding to the survey, visitor industry investment includes an estimated \$169 million in property and \$113 million in operating equipment that is used in Alaska.

No investment data is available for the businesses that did not respond to the survey. However, it is possible to roughly estimate investment by these firms. Businesses that did not respond to the survey account for about one-third of sales (37%) in Alaska's visitor industry. If the assumption is made that they also account for 37% of investment in the industry, then total investment is \$268 million in property and \$180 million in operating equipment. Total investment, therefore, is estimated at \$448 million.

These estimates do not include investment in cruiseships. Investment in cruiseships that travel to Alaska is probably in excess of \$2 billion. These ships spend from one-third to one-half of the year in the Alaska market. Clearly, a significant portion of this investment in cruiseships must be attributed to the Alaska visitor industry.

Investment by Industry Sector

The lodging industry accounts for most of the investment in Alaska's visitor industry. The 122 hotels that responded to the survey reported total investment in property and equipment (reported as insured or assessed value) of \$216 million. Because 64% of hotel sales are to non-residents, approximately \$139 million of this investment can be attributed to the visitor industry. This total includes only those hotels that responded to the survey. Including those hotels that did not respond to the survey, total visitor industry investment in lodging facilities in Alaska is probably over \$200 million.

Investment in property, such as hotels, has a greater impact on the state's economy than does investment in operating equipment. Almost all operating equipment, airplanes, boats, buses, etc., is manufactured outside of Alaska, therefore the spending on this equipment does not directly benefit the state's economy. Hotels and other facilities, on the other hand, are constructed in Alaska by the Alaska construction industry. More of the investment dollar stays in the state's economy.

The transportation sector accounts for most of the remaining investment in Alaska's visitor industry. The transportation sector overall reported \$165 million in property and equipment investments in Alaska. Nearly \$100 million of this investment is directly attributable to non-resident visitors. The largest component of transportation sector investment is in transportation services. The major cruiselines are included in this category of businesses and they have substantial investment in Alaska in addition to their hotels and lodges.

Air transportation businesses reported total investment of \$71 million, primarily in operating equipment. Approximately 40% of this investment is due to non-residents. Actual investment in aircraft that serve Alaska is certainly far greater than this. Many of the aircraft serving Alaska also serve other markets and it is difficult to attribute some portion of investment in such aircraft to the Alaska market. No doubt, hundreds of millions of dollars worth of aircraft serve Alaska.

Table IV-3

**Visitor Industry Related Investment in Property and Equipment
in Alaska by Business Sector**

	Number of Businesses ¹	Total In-state Investment (\$ million)	Estimated Investment due to Non-resident Visitors ² (\$ million)
<i>Transportation</i>			
Local and Interurban Transit	14	\$16	\$13
Water Transportation	25	30	17
Air Transportation	23	71	29
Transportation Services	14	48	40
Total Transportation Sector	76	\$165	\$99
<i>Retail</i>			
General Merchandise Stores	28	\$26	\$3.4
Clothing Stores	10	5	0.3
Food Stores	16	11	0.8
Eating and Drinking Places	56	42	11.0
Service Stations	12	5	0.5
Miscellaneous Retail	76	24	2.6
Total Retail Sector	198	\$113	\$19
<i>Services</i>			
Hotels/Other Lodging Places	122	\$216	\$139
Personal Services	6	1	-
Auto Repair Services/Car Rentals	24	28	3
Amusement/Recreation Services	99	28	22
Total Service Sector	251	\$273	\$164
Total for All Business Surveyed	525	\$556	\$282
Total for All Visitor Affected Businesses ³			\$448

¹ Number of businesses responding to the investment question in the Alaska Visitor Industry Business Survey.

² Weighted according to each businesses percent of sales to non-resident visitors.

³ Based on the assumption that businesses responding to the survey account for 63% of visitor industry investment in Alaska.

**Visitor Industry
Investment in
Alaska by Region**

Information gathered in the survey of businesses in Alaska indicates that almost half (45%) of all visitor industry investment in property has occurred in Southcentral Alaska. Just over one-quarter (28%) of visitor industry investment in property has occurred in Southeast Alaska. About one in five (21%) visitor industry property investment dollars are in the Interior/Northern region. The remaining 6% is invested in the Southwest region.

The visitor industry has invested \$180 million in operating equipment. Some of this equipment is used statewide, but over half (53%) of this equipment is used primarily in Southcentral, and one-quarter (25%) is used in Southeast. Survey results suggest that 13% of operating equipment investment is in the Interior/Northern region.

Table IV-4

Investment in Alaska's Visitor Industry by Region (Millions of Dollars)			
	Investment in Property	Investment in Operating Equipment	Total Visitor Industry Investment
Southeast	\$ 73	\$ 45	\$ 118
Southcentral	118	95	213
Interior/Northern	55	24	79
Southwest	13	11	24
Unattributed	9	5	14
Total Investment	\$268	\$180	\$448

*Future Investment
in Alaska's Visitor
Industry*

Visitor industry investment in 1991 and 1992 could increase total visitor industry investment in Alaska by as much as 20%. Among surveyed businesses, \$76 million in capital outlays were scheduled for this year. Half of this investment, or about \$39 million is attributable to the non-resident visitor market. Thirteen million dollars in hotel investment was slated for 1991, among businesses responding to the survey. Another \$11 million in investment in the water transportation sector was scheduled for 1991.

For 1992, investments totaling \$34 million are planned, among businesses responding to the survey. The non-resident visitor market accounts for about two-thirds of this investment, or approximately \$23 million. Most of this new investment (\$10 million) is in the water transportation sector. Another \$7 million in hotel investments are included in this total.

These investment projections for 1991 and 1992 present only a partial picture of upcoming investment in Alaska's visitor industry. Actual investment this year and next is impossible to gauge at this time. It is almost certain, however, that total investment in the visitor industry in Alaska will reach half a billion dollars by 1992.

The Role of Tourism in Alaska's Economy

The Alaska Economy

Alaska's economy is a composite of government and private sector activities which generate income for the state's residents (and others). Tourism is one basic component of an economy that is also based on the production of seafood, oil and gas, minerals and timber, military activity and management of federal interests in Alaska.

This analysis quantifies the importance of tourism in the state's economy. Alaska's economy can be defined in terms of three very broad categories of industry: the Basic Sector, the Infrastructure Sector and the Support Sector. The basic sector industries generate all economic activity in the state. Basic industries funnel money into Alaska. The infrastructure sector provides essential services to basic industries and to the residents of the state. Income in the infrastructure sector comes equally from industry and individual consumers. The support sector serves primarily the residents of Alaska.¹⁰

Basic Sectors

- Seafood Production
- Tourism
- Oil and Gas Production
- Forest Products Manufacturing
- National Defense
- Civilian Federal Government

Infrastructure Sectors

- Construction
- Transportation (excluding tourism related)
- Communications
- Public Utilities

Support Sectors

- Trade (excl. tourism related)
- Finance
- Services (excl. tourism related)
- Manufacturing
- State and Local Gov't

¹⁰ A comprehensive discussion of this structural definition of the Alaska economy is provided in the report The Alaska Economy: An Overview, prepared for the Alaska Department of Commerce and Economic Development by the Institute of Social and Economic Research, June 1990.

The tourism industry, like other basic industries in Alaska, is indirectly responsible for economic activity - employment and income - in Alaska's infrastructure and support sectors. Measuring precisely the indirect employment and income that is due solely to non-resident visitors is complex and beyond the scope of this study. In fact, the Alaska economy as a whole has to date not been modeled accurately enough to make precise estimates of indirect impacts for any basic industry in Alaska.

It is possible, however, to compare the tourism industry with other basic industries in Alaska. This provides an indication of the relative importance of each basic industry in the state's economy. Following is a brief discussion of Alaska's basic industries and a comparative ranking in terms of employment and payroll. Also included in this chapter is a discussion of the importance of tourism in Alaska's regional economies.

Alaska's Economic Base

Alaska's economy is built upon a diversity of industrial and government activities. The oil industry, seafood, tourism, timber, and mining are the leading private sector industries in Alaska's economy. The military and federal government are also among the most important players in the state's economy.

A local, regional or statewide economy can be defined in terms of its basic and support sectors. Sometimes referred to as an "export base", the basic sector funnels outside money into the economy. This money is recirculated in and by the infrastructure and support sectors.

Within the basic sector, industry (or government) exports some product or service to an outside market and draws money back into the economy. The seafood industry is a basic industry because it exports a product (seafood) to a national and international market. The industry draws money into Alaska, primarily in the form of wages for employees and in-state spending on goods and services. Similarly, oil, mining, and timber are basic industries because they export a product to outside markets. The federal government and the military are also basic industries in Alaska, though they export a service, instead of a product.

The tourism industry is a basic industry because it markets the Alaska mystique to non-residents. Tourism exports both a "product" (Alaska's scenery, wildlife, and heritage) and a service (the means to see Alaska) to an outside market.

Following are brief descriptions of Alaska's basic industries, including estimates of their economic impact on Alaska. This information will provide a framework from which it is possible to measure the role of the visitor industry in Alaska's economy.

The Oil and Gas Industry

The oil and gas sector is frequently thought of as Alaska's most important basic industry. In certain respects it is the most important. The North Slope produces one-quarter of this country's oil and Prudhoe Bay is North America's largest oil field. Alaska's Kuparuk field is the second largest. In recent years, Alaska has been the nation's top oil producer.

The oil and gas industry employs approximately 9,200 workers in Alaska who earn just under \$600 million a year in wages and salaries. The oil and gas industry is Alaska's highest paying industry, with average monthly earnings of \$5,400, more than twice the Alaska average. According to the Alaska Department of Labor, 17% of the workers in the oil and gas industry are non-residents (as of 1988).

The economic impact of the oil and gas industry in Alaska also includes billions of dollars in royalties and severance taxes destined for state government coffers. In fact, 85% of state government revenues come from the oil industry. Much of this money funnels through to local government through revenue sharing and other programs. For FY 1991, the oil industry will have paid over \$2.3 billion to the State of Alaska.

The outlook for the oil industry in Alaska is uncertain, though decline is expected in the near term. Oil production on the North Slope is declining and is expected to drop by 50% over the next ten years. The opening of the coastal plain of the Arctic National Wildlife Refuge (ANWR) could give the industry a major boost, but at least seven years of exploration and development lie ahead.

The Seafood Industry

As in the oil industry, Alaska is the nation's top producer of seafood products. Over a billion dollars worth of seafood is landed in Alaska annually, not including groundfish harvested off-shore. Alaska's salmon fisheries alone generate over \$500 million annually for commercial fishermen. At the first wholesale level Alaska's seafood harvest is worth several billion dollars.

The role of the seafood industry in Alaska's economy has been well documented. A 1989 McDowell Group study, the *Alaska Seafood Industry Study*, found that the industry accounted for about 16% of the state's economic base. Participation in the industry includes 13,300 commercial fisheries permit holders, 34,000 crew members, and 21,300 processing workers. Annual equivalent employment averaged approximately 19,200.

Since the date of that study (which presented 1987 data) seafood processing employment has increased in Alaska. According to ADOL, employment in the Food Processing sector, which is almost entirely seafood processing, has increased from an annual average of 6,885 jobs in 1987 to an annual average of about 8,550 jobs in 1989. Total annual payroll has increased by \$60 million since 1987, according to ADOL data, to \$189 million.

Participation in commercial fishing is relatively consistent from year to year. Most of Alaska's principal fisheries are in the limited entry system, which limits the total number of permits available. Therefore, growth is limited. Growth has occurred in the off-shore groundfish fishery, as a result of the proliferation of factory trawlers. The 1987 study measured employment for 35 active factory trawlers. Today there are an estimated 65 active factory trawlers. For purposes of this study it is assumed that factory trawler employment has increased proportionately, from 1,400 jobs to 2,600 jobs (annual equivalent).

Earnings in the commercial fishing industry vary considerably from year to year, depending on run strength and prices. Net earnings probably have increased since 1987, when fishermen took home an estimated \$471 million. The value of the salmon catch is at about the same level as in 1987, but significant growth has occurred in the crab and off-shore groundfish fisheries. The ex-vessel value (dollars paid to fishermen) of Alaska's tanner crab harvest has almost doubled since 1987. Therefore, it is assumed that crab fishermen's net earnings have also doubled since 1987 (from \$85 million to \$170 million). In the groundfish fishery, it is assumed earnings have increased in proportion to the number of active factory trawlers, from \$42 million to approximately \$78 million annually.

In summary, commercial fishing employment (annual average) is now estimated at 13,820 jobs. Earnings are now estimated at approximately \$592 million annually, including crew shares and skippers' net earnings.

Among basic industries in Alaska, the seafood industry has the largest non-resident component. Over half (51%) of the seafood processing industry's employees are non-residents. In seafood harvesting, approximately one-third of the participants are non-residents.

The Forest Products Industry

The forest products industry plays a vital role in the economy of Southeast Alaska, but a relatively minor role in the economy of the rest of Alaska. Nevertheless, Alaska's two largest manufacturing operations are Ketchikan Pulp Company's mill in Ketchikan and Alaska Pulp Corporation's Sitka mill.

In 1990, Alaska exported \$623 million worth of forest products, including \$350 million in softwood logs, \$185 million in wood pulp, and \$85 million in lumber and cants. Japan is Alaska's primary forest products market.¹¹

Statewide, an annual average 2,895 workers are employed in the logging and sawmilling industries. These workers earned \$111 million in 1989, according to the most recent data available from the ADOL. Alaska's pulp industry employed an annual average of 965 workers who earned \$41 million in payroll. This industry also has a high non-resident component. About 40% of loggers are non-resident as are 27% of sawmill workers. The pulp industry is largely a resident industry.

For purposes of this analysis, forest products industry employment is estimated at 3,860 workers with a total annual payroll of \$152 million. This probably understates the actual forest products industry employment because it does not include employment in road building related to logging, logging-related stevedoring or marine transportation of logs (from logging camps to pulp mills, for example). No data is available to account for this related employment.

The Mining Industry

Alaska has a rich mining heritage. Although mining was critically important to the early development of the state's economy, it lost significance after World War II. Only recently has it again become a major force in the state's economy. Development of the Greens Creek mine near Juneau and the Red Dog mine near Kotzebue has reintroduced Alaska to the large-scale hard rock mining industry. The Greens Creek mine is North America's largest silver mine (in terms of annual production). The Red Dog mine is exploiting one of the continent's richest zinc deposits.

¹¹ "Alaska's Timber Industry Faces an Uncertain Future" in Alaska Economic Trends, June 1991. Alaska Department of Labor.

Alaska's placer mining industry has accounted for almost all of the state's gold production in recent years. In 1989, placer mines produced about 248,000 ounces of gold out of total placer and hard rock production of 285,000 ounces. Alaska has some 220 placer mines, ranging in size from one-man operations to a large-scale mine with over one hundred workers. Alaska produced \$109 million worth of gold in 1989.¹²

Coal mining is another segment of Alaska's mining industry. Usibelli Coal Mine is Alaska's only coal producer. Usibelli produced just under 1.5 million tons of coal in 1989. About half of Usibelli's production is exported to Korea and half is consumed within Alaska. Alaska coal production for 1989 was valued at approximately \$41 million.

Alaska's total mineral production was valued at \$277 million in 1989, including gold, silver, lead, zinc, tin, coal and industrial minerals. This total does not include the Red Dog mine, which did not begin production until 1990.

The ADOL estimates that the metal mining industry employed the annual equivalent of 863 workers in 1989. These workers earned \$41 million in payroll. Preliminary data for 1990 suggests that employment in the industry is now approximately 1,080 annual equivalent jobs with a payroll of \$49 million. Again, the ADOL figure probably understates the employment and payroll impact of the mining industry.

The mining industry includes dozens of small owner/operator mines with one or two workers who are probably not captured in the ADOL data base. The state Division of Geological and Geophysical Surveys estimates that just under 4,200 people are employed at peak season in the mining industry, including seasonal workers.¹³

The mining industry overall employs an annual average of 1,200 workers, including coal and metal miners. Total earnings amount to approximately \$55 million annually.

12 Alaska's Mineral Industry, 1989. Division of Geological and Geophysical Surveys, Special Report 44, State of Alaska, 1990.

13 *Ibid*, pg. 30.

*Federal
Government and
the Military*

Administration and management of national resources in Alaska, such as national forests, parks, monuments and off-shore resources, serves a national purpose and therefore is a basic industry activity. The military in Alaska serves the entire country by providing national defense.

Not all federal government activity in Alaska is a part of the state's economic base. For example, the Postal Service in Alaska serves the needs of Alaskans. Also, not all federal money in Alaska comes from outside. Alaskans pay a billion dollars in federal taxes each year, some of which comes back into the state to serve in-state needs.

The federal government employs 18,200 workers in Alaska who earned \$559 million in payroll during 1989 (this does not include uniformed military personnel). The basic industry component is estimated at about 75% of total federal employment, or 13,650 jobs and \$420 million in payroll. This includes, primarily, civilian military, and the departments of Interior, Agriculture, Commerce and Transportation. Not included are the U.S Postal Service, Health and Human Services and several smaller agencies.

As of April 1990 there were 24,645 active duty military personnel in Alaska. These uniformed personnel earn an estimated \$590 million annually in payroll. The military spends about \$1.4 billion in Alaska each year. It is estimated that the military personnel and their dependents account for about 13% of Alaska's population.¹⁴

Military payroll in the economy has a less significant impact in the economy because much of it is sent out of state. Further, larger military bases in Alaska have their own retail outlets (exchanges) which provide goods to uniformed personnel at discounted prices. The local supply sector does not benefit from this spending.

¹⁴ "The Military in Alaska's Economy" in Alaska Economic Trends, November 1987. Alaska Department of Labor.

The Tourism Industry's Place in Alaska's Export Base

Tourism in Alaska is a basic industry because the industry sells a commodity, Alaska's scenery, wildlife and heritage, to a non-resident market. Tourism is often unrecognized or undervalued as a basic industry because it is largely composed of support sector businesses: providers of transportation services, retail businesses, hotels and restaurants, and others. These business serve residents and visitors alike, so employment in the transportation sector, for example, cannot all be attributed to tourism. No government agency measures employment or payroll in the tourism industry, only in its component parts.

In this analysis it is the tourism industry, not the visitor industry, that is compared with other Alaska basic industry. The visitor industry includes business travelers, and all basic industries generate business travel to Alaska. Non-resident pleasure visitors, however, are here solely as a result of visitor industry activity. This pleasure travel-related component of the visitor industry is the "tourism industry".

The tourism industry employs an annual average of 10,300 workers in Alaska. The state's 535,000 pleasure visitors spent \$300 million in Alaska in 1989. Based on employment, tourism is Alaska's second largest basic industry in the private sector, after the seafood industry. Among all basic industries in Alaska, tourism is the third largest, following the seafood industry and the military.

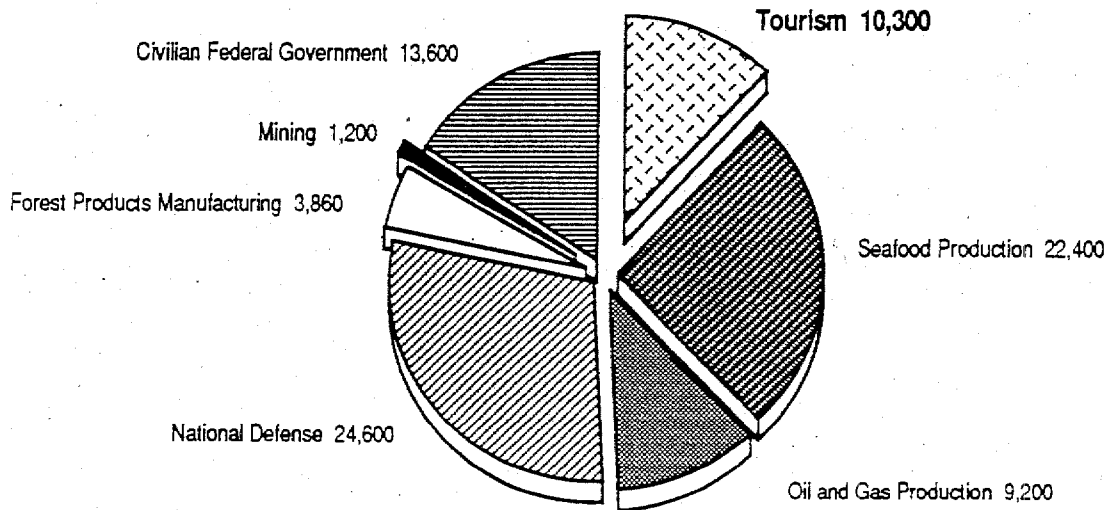
Table V-1

Average Annual Employment in Alaska's Economy by Industry Sector	
Basic Sectors	
Seafood Production	22,400
Tourism	10,300
Oil and Gas Production	9,200
Forest Products Manufacturing	3,860
Mining	1,200
National Defense	24,600
Civilian Federal Government	13,600
Infrastructure Sectors	
Construction	10,200
Transportation (excluding tourism reported above)	11,900
Communications	3,300
Public Utilities	2,600
Support Sectors	
Trade (excl. tourism reported above)	41,800
Finance	9,100
Services (excl. tourism reported above)	43,600
Manufacturing	3,600
Local Government	28,800
State Government	21,200
Federal Government (less basic employment)	5,000

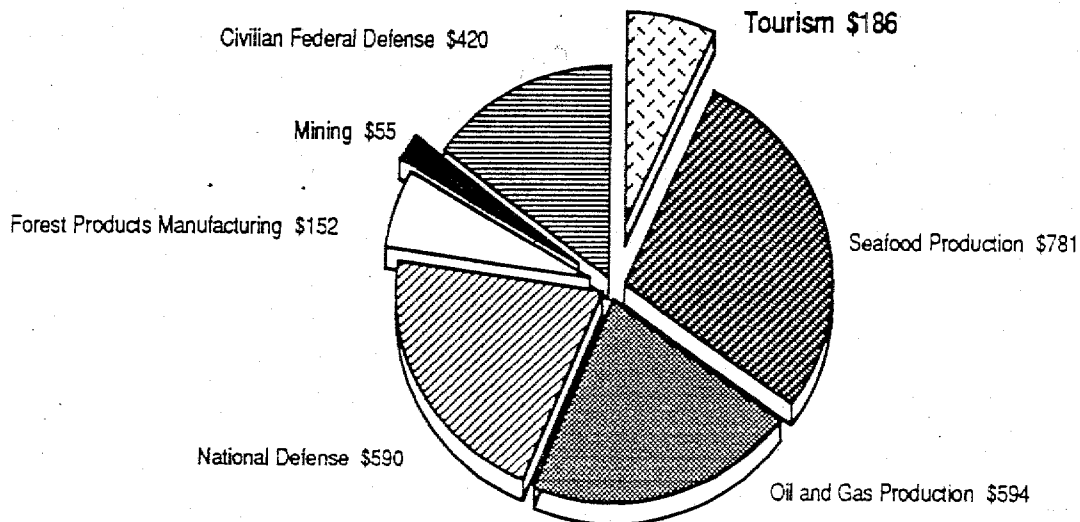
This ranking shifts if viewed in terms of payroll. The oil and gas industry, with the highest wages in the state, replaces tourism in the third place slot overall and the second place slot among private sector basic industry.

Graphs V-1 and 2

Average Annual Employment in Alaska's Basic



Total Annual Payroll in Alaska's Basic Industries
(Millions of Dollars)



NOTE: Cruiseship employment and payroll are not included in these estimates.

Regional Export Base Analysis

Southeast Alaska

Southeast Alaska's economy includes seafood, timber, tourism, mining, state government and federal government. There is relatively little economic linkage between the larger communities of Southeast. Juneau is dominated by state and federal government, with comparatively little economic impact by tourism, seafood and mining.

Sitka and Ketchikan have very diverse economies compared to Juneau. The forest products industry is most important in these communities, but seafood and tourism are also very important. Other local economies in the region are also primarily resource based.

Little quantitative economic base analysis has been performed on Southeast's economy. The 1989 Alaska Seafood Industry Study counted the annual equivalent of 3,990 seafood industry workers in the region, including commercial fishing and seafood processing. The most recent ADOL statistics show employment in Southeast's forest products industry at 3,450, including logging, sawmill and pulp mills.

The federal government is an important employer in Southeast with an estimated 2,000 civilian workers and 700 military personnel (primarily Coast Guard). All of the military is considered basic industry and approximately 75% of civilian employment is considered basic industry.

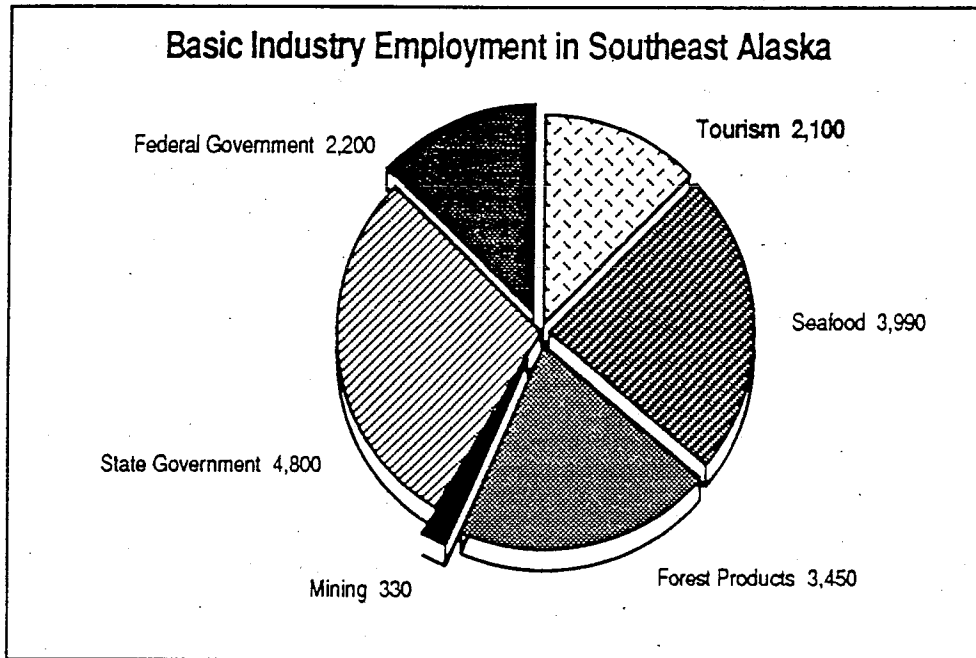
State government draws money into the region's economy, therefore it can be considered a basic industry. Almost all funding (85%) for state government comes from oil industry taxes and royalties. Therefore, for purposes of this analysis it is assumed that 85% of state government employment is a basic industry at the regional level. State government employs 5,650 workers in Southeast Alaska.

Other basic industry in Southeast Alaska includes mining. The Greens Creek mine near Juneau employs about 250 workers. Exploration and mine development activities employ another 80 workers in Southeast.

The tourism industry in Southeast Alaska ranks third among private sector basic industries in terms of employment, with over 2,100 annual equivalent jobs after the seafood industry and the forest products industry. Tourism accounts for approximately 13% of all basic industry employment in the region. Approximately 314,000 pleasure-related visitors spent \$67 million in Southeast in 1989 (or the 12-month period from June 1989 through May 1990).

It is important to note that this employment estimate does not include jobs created in the transportation, retail and service sectors as a result of Alaskans traveling within Alaska. Juneau and Ketchikan in particular serve as regional service and supply centers. Residents from outlying communities travel to the larger towns to shop, recreate, visit friends and relatives, seek medical services, and for other reasons. While this intra-regional travel does create jobs in the region's economy, these jobs are not included in the analysis.

Graph V-3



Southcentral Alaska

The Southcentral region is dominated by the Anchorage economy but includes the Kenai Peninsula borough, the Matanuska-Susitna borough, and the eastern Gulf Coast. The military, the oil industry and government are the leading economic forces in Southcentral. The oil industry is an important employer in the Anchorage area, with approximately 5,200 workers, and another 1,000 workers are employed by the industry in the Kenai Peninsula area.

There are approximately 11,700 uniformed military personnel stationed in the Anchorage area. Another 200 uniformed personnel are stationed elsewhere in the Southcentral region. The federal government employs about 10,300 civilian workers in Anchorage and another 500 workers in other communities in the Southcentral region. Seventy-five percent of federal civilian employment is considered basic industry.

State government employs a total of approximately 9,900 workers in Southcentral, including 7,400 in Anchorage. As in the Southeast region, it is assumed that 85% of this employment is basic industry, or about 8,400 jobs.

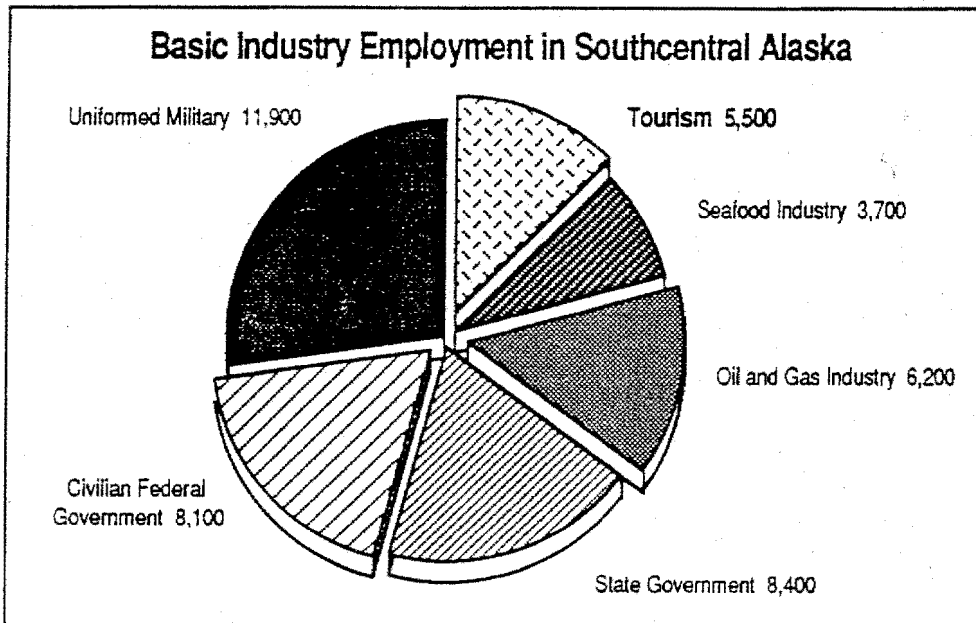
The seafood industry employs an estimated 3,700 workers in Southcentral Alaska.¹⁵ The role of the fishing industry in Cordova, Homer and other smaller coastal communities is apparent, but Anchorage plays a larger role in the seafood industry than many people realize. Nine hundred commercial fisheries permit holders claim Anchorage as their place of residence. These Anchorage residents earn approximately \$30 million annually in gross income.

Anchorage serves as the transportation, finance and trade center for most of Alaska. Anchorage also serves as an international air travel hub. The service sector in Anchorage employs 27,000 workers. The transportation and communications industry employs 10,000 workers in Anchorage. There are 2,500 employees in Anchorage's banking sector. This level of service sector development is in excess of what local industry and the local population demands. Though not quantified in this study, to the extent that Anchorage's service and supply sectors meet a statewide demand, they do serve a basic industry function of drawing money into the community.

¹⁵ The McDowell Group, Alaska Seafood Industry Study: Technical Report, 1989.

The tourism industry employs an estimated 5,500 workers in the Southcentral region. This places the industry second in terms of employment among the region's private sector basic industries. The tourism industry accounts for about one in eight basic industry jobs in the Southcentral region. The region's 355,000 pleasure visitors spent \$122 million in 1989. Another \$40 million was spent by visitors mixing business and pleasure while traveling in Southcentral Alaska.

Graph V-4



Interior/ Northern Region

Alaska's Interior/Northern region includes the Fairbanks area, Denali/McKinley, the Northwest Arctic and the North Slope. Subsistence plays an important role in the region's rural areas. The leading industrial presence in the region is the oil industry, with approximately 3,700 employees. Oil industry workers earn about \$200 million in payroll annually, though this includes a large non-resident component. At least as important to the North Slope Borough are the property tax revenues from oil industry properties in the area.

Mining is a growing industry in the region. The Red Dog mine employs 325 workers. The industry overall, including exploration and development work, placer mining and coal mining, employs an estimated annual average of 900 workers in the Interior/Northern region.

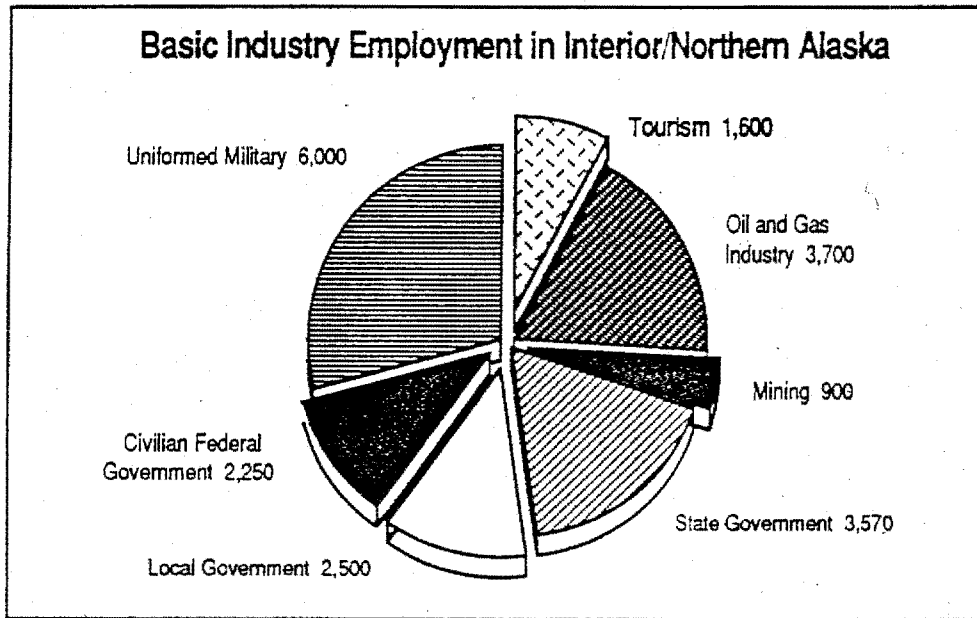
Fairbanks is the population, service and supply center for the region. The Fairbanks North Star Borough has a population of approximately 77,000, according to the Census Bureau. The military is the single most important component of the Fairbanks economy. Eielson Air Force Base and Fort Wainwright are located in the Fairbanks area, with over 6,000 uniformed personnel. The federal government employs another 3,000 civilian workers in the Fairbanks area (assume that 75% is basic industry employment).

Local governments are among the largest employers throughout much of Interior/Northern region. In the North Slope Borough, there are 1,600 local government workers (\$70 million in annual payroll) and in the Northwest Arctic Borough there are over 900 local government workers (\$23 million in annual payroll). Fairbanks has over 2,500 local government employees (including Borough employment). In this analysis, local government employment in rural communities is considered basic industry because local government in these communities is largely funded directly or indirectly by the oil industry.

Throughout the Interior/Northern region, the State of Alaska employs approximately 4,200 workers, primarily in Fairbanks (including the University of Alaska). Eighty-five percent of these jobs are considered basic industry.

Tourism accounts for at least 1,600 jobs (annual equivalent) in the Interior/Northern region, or about one in ten basic industry jobs in the region. Tourism is the region's second largest private sector basic industry. The region hosted about 184,000 non-resident pleasure visitors in 1989 and received about \$55 million in pleasure visitor spending.

Graph V-5



Southwest Alaska

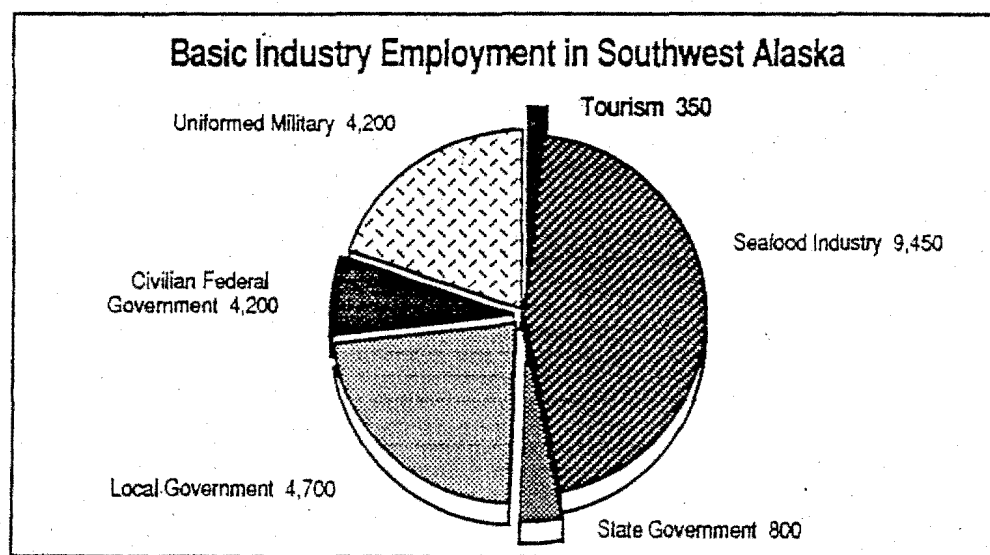
The Southwest region is a huge area with a number of isolated economies, many of which depend on subsistence. As defined in this study, the Southwest region includes Kodiak Island, the Aleutians, Bethel, all of Bristol Bay including Dillingham, and the Wade Hampton area.

Southwest Alaska cash economies are dominated by the seafood industry. It is estimated that the commercial fishing industry generates the annual equivalent of 4,650 jobs in Southwest Alaska (with total participation several times that number). Additionally, the seafood processing industry employs an estimated 4,800 workers (annual average) in the region.

After the seafood industry, government is probably the most important employer in the Southwest economy. There are approximately 4,200 uniformed military personnel station in the Southwest region, primarily in Adak (2,900 U.S. Navy personnel) and Kodiak (1,000 uniformed Coast Guard personnel). The federal government employs an average of 1,500 civilian workers and the state employs 800 workers in the region. Local government is the leading public sector employer in the region with an annual average of 4,700 employees.

The tourism industry does not play a major role in the economy of the Southwest region. It is difficult to precisely calculate tourism industry employment in the region, but there are probably about 300 to 400 jobs (annual equivalent) in the region as a result of non-resident visitor travel. Peak season employment is several times higher. The region hosted an estimated 31,000 non-Alaskan pleasure visitors in 1989 and received about \$14 million in visitor spending.

Graph V-6



Appendix A.

Methodology – Primary Data Collection

Introduction

The methodology selected to assess the economic impacts (employment, payroll, goods and services purchased, taxes, fees, etc.) of the tourism industry involved conducting primary research among three groups of entities:

1. Businesses selling goods and services directly to visitors (direct business);
2. Businesses selling goods and services to group 1, above (indirect businesses);
3. Agencies and organizations directly involved in the servicing, monitoring, regulating and marketing of visitors and the visitor industry.

These three groups of entities were surveyed using survey instruments designed specifically for each. The survey process involved a pre-survey letter personally addressed to the owners/managers of businesses in the samples from the Director of the Division of Tourism, a mailed survey with cover letter from the President of the McDowell Group and a self-addressed, postage paid return envelope. A reminder postcard was sent to the entire sample five days after the surveys were mailed, reminding businesses to fill it out and sent it in. Businesses who had not responded to the survey were called to remind them to send the survey in, or, if the respondent was willing, the survey was conducted over the phone by trained experienced interviewers. In all cases, a minimum of four call-backs were made to each business or organization.

Special executive interviews were scheduled with businesses with data critical to the results of the study. These included the major airlines, major hotels, dominant tour companies, the biggest volume local tours and other dominant entities.

*Direct Business
Survey*

The Standard Industrial Classification (SIC) system was analyzed at the four-digit level to select industries known to be directly affected by visitor spending. This list of selected SIC codes was further analyzed by the number of reporting units in each as recorded by the Alaska Department of Labor. Finally, the Alaska Business License directory was reviewed to assess the number of businesses listed in each SIC code. From this analysis, sample size for each SIC category to the three-digit level was determined.

Because of a great variation in the size of businesses and in their market shares, a strict random sampling of each of the SIC categories was not acceptable. Therefore, two methods were used to select the businesses within the three-digit SIC level. The first method involved selecting the dominant entities in each category. The second method involved reviewing the Alaska Business License Directory and selecting a representative sample of the remaining small to medium-size entities in each category. The *Official Alaska Vacation Planner* from 1989, 1990 and 1991 was also consulted to confirm names and addresses of visitor industry businesses.

Past experience with the Alaska Business License Directory has shown that at least 20%-30% of the businesses listed are either out of business or have never been in business. Therefore, the original sample size of 1,400 was increased by approximately 40% to take into account the businesses which fell into this category.

The total number of businesses receiving the direct business survey was 1945. Of this total sample, 760 surveys were finally received. Fifteen of those were omitted from the data base due to incomplete or inconsistent data, leaving a total data sample of 745 businesses.

All of the remaining businesses who had not responded were telephoned by trained interviewers. Of these remaining businesses 515 were either out of business or had never operated as a business, and another 333 were either not reached (line busy, message left on answering machine) or the manager was never available to be interviewed. In addition, 149 businesses refused to participate, 120 indicated they would put the survey "in the mail", 58 indicated they were not impacted at all by visitors and did not fill out the survey, and 8 represented multiple businesses owned by the same owner. In those cases, the owner or manager filled out the survey representing all businesses owned. Finally, two surveys were sent in too late to be included in the study results.

The final response rate was 52% of all businesses in operation (745/1,430). This rate is about twice the usual response rate for a mail survey, which substantially increases the reliability and accuracy of the results.

Indirect Business Survey

The indirect business survey involved surveying the dominant vendors serving tourism-related businesses. The sample was compiled using two methods. The Alaska Business License Directory was used to compile businesses in the wholesale and service sectors. Another list was compiled of vendors listed by businesses on the direct business survey. The two lists were compared and a final list of vendors compiled.

The total number of businesses receiving the indirect business survey was 131. Of this total sample, 51 were finally received. One of these was omitted from the data base due to incomplete data, leaving a total sample of 50.

All of the remaining businesses receiving the indirect business survey who had not responded were telephoned by trained interviewers. Of these remaining businesses 67 were either not reached (line busy, message left on answering machine) or the manager was never available to be interviewed. In addition five businesses were out of business, six refused to participate and two sent surveys in too late to be included in the final results.

The final response rate was 40% of all businesses in operation (50/126). This response rate is better than the average response rate for mail surveys due to the extensive telephone follow-up. Response among businesses who are only slightly involved in the visitor industry was very difficult to obtain. Therefore, the focus of the telephone follow-up was on the larger and most frequently used vendors.

Agency and Organization Survey

A total of 126 tourist-affected agencies and organizations were selected for this sample. Of these 126, 124 responses were received. Among these, three were unusable due to incomplete data, one was no longer in business and one refused. The response rate for the usable surveys was 96% (121/126).

Agencies and organizations selected included state agencies (i.e. Division of Tourism, Alaska State Museum, State Parks, Alaska Marine Highway, University of Alaska, etc.), federal agencies (National Park Service, National Forest Service, Bureau of Land Management, U.S. Fish and Wildlife Service, etc.) and state, regional and local organizations (Alaska Visitors Association, local convention and visitors bureaus, chambers of commerce, arts organizations, Southeast Alaska Tourism Council, etc.).

Appendix B.
Employment and Payroll Data Tables

Statewide Employment and Payroll

In Visitor Affected Industries

Annual Average Employment and Total Payroll

By SIC Code

Third Quarter 1989 to Second Quarter 1990

		Annual Average Employment	Total Annual Payroll	Average Annual Earnings
Division E. Transportation and Public Utilities				
41	Local and Interurban Passenger Transit	670	\$10,901,739	\$16,271
411	Local and Suburban Transportation	506	\$8,637,169	\$17,070
412	Taxicabs	164	\$2,264,570	\$13,808
44	Water Transportation	1,018	\$43,552,153	\$42,782
448	Water Transportation of Passengers	74	\$1,207,829	\$16,322
449	Water Transportation Services	944	\$42,344,324	\$44,856
45	Air Transportation	6,496	\$194,637,757	\$29,963
451	Air Transportation, scheduled	3,721	\$122,189,933	\$32,838
452	Air Transportation, nonscheduled	2,180	\$60,270,121	\$27,647
458	Airports, flying fields, and services	595	\$12,177,703	\$20,467
47	Transportation Services	894	\$18,178,867	\$20,334
472	Transportation Arrangement	859	\$17,081,512	\$19,885
478	Misc. Transportation Services	35	\$1,097,355	\$31,353
Division G. Retail Trade				
53	General Merchandise Stores	4,474	\$75,281,791	\$16,827
531	Department stores	2,662	\$45,239,658	\$16,995
533	Variety Stores	177	\$2,460,953	\$13,904
539	Misc. General Merchandise Stores	1,635	\$27,581,180	\$16,869
54	Food Stores	6,479	\$113,274,649	\$20,674
541	Grocery Stores	6,076	\$109,620,233	\$18,042
542	Meat and Fish Markets	20	\$391,748	\$19,587
544	Candy, Nut and Confectionery Stores	43	\$306,752	\$7,134
546	Retail Bakeries	217	\$1,652,732	\$7,616
549	Misc. Food Stores	123	\$1,303,184	\$10,595
55	Automotive Dealers and Service Stations	1,093	\$15,816,270	\$14,471
554	Gasoline Service Stations	1,093	\$15,816,270	\$14,471
56	Apparel and Accessory Stores	1,567	\$18,471,916	\$11,788
561	Men's and Boy's Clothing Stores	80	\$1,081,163	\$13,515
562	Women's Clothing Stores	361	\$3,577,524	\$9,910
563	Women's Accessory and Specialty Stores	87	\$1,105,099	\$12,702
564	Children's and Infant's Wear Stores	53	\$556,150	\$10,493
565	Family Clothing Stores	615	\$7,848,357	\$12,762
566	Shoe Stores	285	\$3,388,295	\$11,869
569	Misc. Apparel and Accessory stores	86	\$914,328	\$10,632
58	Eating and Drinking Places	13,154	\$159,549,957	\$12,129
581	Eating and Drinking Places	13,154	\$159,549,957	\$12,129

		Annual Average Employment	Total Annual Payroll	Average Annual Earnings
59	Miscellaneous Retail	5,562	\$92,002,428	\$16,541
591	Drug and Proprietary Stores	978	\$16,633,962	\$17,008
592	Liquor Stores	776	\$14,638,741	\$18,864
593	Used Merchandise Stores	84	\$968,124	\$11,525
594	Miscellaneous Shopping Goods Stores	2,000	\$25,859,070	\$12,930
596	Non-Store Retailers	273	\$5,560,583	\$20,368
598	Fuel Dealers	634	\$18,186,558	\$28,685
599	Retail Stores, nec	781	\$10,155,390	\$13,003
Division I. Services				
70	Hotels and Other Lodging Places	5,218	\$76,122,133	\$14,588
701	Hotels and Motels	5,043	\$73,177,499	\$14,511
702	Rooming and Boarding Houses	30	\$624,738	\$20,825
703	Camps and Recreational Vehicle Parks	145	\$2,319,896	\$15,999
72	Personal Services	1,714	\$22,330,150	\$13,028
721	Laundry, Cleaning and Garment Services	685	\$9,867,267	\$14,405
722	Photographic studios, portrait	67	\$751,183	\$11,212
723	Beauty shops	651	\$8,991,946	\$13,813
729	Misc. personal services, nec	311	\$2,719,754	\$8,745
75	Auto Repair, Services and Garages	1,772	\$42,925,414	\$24,224
751	Auto Repair, Services, and Parking	363	\$6,073,743	\$16,732
753	Auto Repair Shops	1,229	\$34,750,427	\$28,275
754	Automotive Services, except repair	180	\$2,101,244	\$11,674
79	Amusement and Recreation Services	1,509	\$18,247,073	\$12,092
791	Dance studios, schools, and halls	46	\$390,638	\$8,492
792	Producers, Orchestras, Entertainers	153	\$2,352,891	\$15,378
799	Misc. Amusement, Recreation Svcs	1,310	\$15,503,544	\$11,835

Source: Compiled by the McDowell Group from Alaska Department of Labor data.

Southeast Region Employment and Payroll

In Visitor Affected Industries

Annual Average Employment and Total Payroll

By SIC Code

Third Quarter 1989 to Second Quarter 1990

	Annual Average Employment	Total Annual Payroll	Average Annual Earnings
Division E. Transportation and Public Utilities			
41	Local and Interurban Passenger Transit	209	\$3,190,812
411	Local and Suburban Transportation	135	\$2,086,572
412	Taxicabs	74	\$1,104,240
44	Water Transportation	441	\$19,669,893
448	Water Transportation of Passengers		\$44,603
449	Water Transportation Services	441	\$19,669,893
45	Air Transportation	836	\$21,857,671
451	Air Transportation, scheduled	279	\$8,700,297
452	Air Transportation, nonscheduled	557	\$13,157,374
458	Airports, flying fields, and services		\$23,622
47	Transportation Services	112	\$1,692,412
472	Transportation Arrangement	112	\$1,692,412
478	Misc. Transportation Services		\$15,111
Division G. Retail Trade			
53	General Merchandise Stores	146	\$2,827,676
531	Department stores		\$19,368
533	Variety Stores		
539	Misc. General Merchandise Stores	146	\$2,827,676
54	Food Stores	1,058	\$18,222,159
541	Grocery Stores	1,058	\$18,222,159
542	Meat and Fish Markets		\$17,223
544	Candy, Nut and Confectionery Stores		
546	Retail Bakeries		
549	Misc. Food Stores		
55	Automotive Dealers and Service Stations	119	\$1,695,929
554	Gasoline Service Stations	119	\$1,695,929
556	Recreational Vehicle Dealers		\$14,252
559	Automotive Dealers, nec		
56	Apparel and Accessory Stores	78	\$823,717
561	Men's and Boy's Clothing Stores		\$10,560
562	Women's Clothing Stores	52	\$564,149
563	Women's Accessory and Specialty Stores		\$10,849
564	Children's and Infant's Wear Stores	26	\$259,568
565	Family Clothing Stores		\$9,983
566	Shoe Stores		
569	Misc. Apparel and Accessory stores		
58	Eating and Drinking Places	1,370	\$15,180,349
581	Eating and Drinking Places	1,370	\$15,180,349

		Annual Average Employment	Total Annual Payroll	Average Annual Earnings
59	Miscellaneous Retail	850	\$11,011,599	\$12,955
591	Drug and Proprietary Stores	145	\$2,025,818	\$13,971
592	Liquor Stores	166	\$2,011,407	\$12,117
593	Used Merchandise Stores			
594	Miscellaneous Shopping Goods Stores	329	\$3,896,475	\$11,843
596	Non-Store Retailers			
598	Fuel Dealers	84	\$1,744,170	\$20,764
599	Retail Stores, nec	126	\$1,333,729	\$10,585
Division I. Services				
70	Hotels and Other Lodging Places	1,120	\$11,022,294	\$9,841
701	Hotels and Motels	1,120	\$11,022,294	\$9,841
702	Rooming and Boarding Houses			
703	Camps and Recreational Vehicle Parks			
704	Membership-basis organization hotels			
72	Personal Services	140	\$1,759,928	\$12,571
721	Laundry, Cleaning and Garment Services	54	\$567,629	\$10,512
722	Photographic studios, portrait			
723	Beauty shops	86	\$1,192,299	\$13,864
729	Misc. personal services, nec			
75	Auto Repair, Services and Garages	108	\$1,894,918	\$17,546
751	Auto Repair, Services, and Parking	47	\$579,005	\$12,319
753	Auto Repair Shops	61	\$1,315,913	\$21,572
754	Automotive Services, except repair			
79	Amusement and Recreation Services	132	\$1,598,206	\$12,108
791	Dance studios, schools, and halls			
792	Producers, Orchestras, Entertainers			
799	Misc. Amusement, Recreation Svcs	132	\$1,598,206	\$12,108

Source: Compiled by the McDowell Group from Alaska Department of Labor data.

Southcentral Region Employment and Payroll In Visitor Affected Industries

Annual Average Employment and Total Payroll
By SIC Code

Third Quarter 1989 to Second Quarter 1990

		Annual Average Employment	Total Annual Payroll	Average Annual Earnings
Division E. Transportation and Public Utilities				
41	Local and Interurban Passenger Transit	233	\$3,308,770	\$14,201
411	Local and Suburban Transportation	185	\$2,773,070	\$14,990
412	Taxicabs	48	\$535,700	\$11,160
44	Water Transportation	362	\$17,712,896	\$48,931
448	Water Transportation of Passengers			
449	Water Transportation Services	362	\$17,712,896	\$48,931
45	Air Transportation	4,336	\$137,524,607	\$31,717
451	Air Transportation, scheduled	2,775	\$96,768,478	\$34,872
452	Air Transportation, nonscheduled	1,009	\$29,597,489	\$29,333
458	Airports, flying fields, and services	552	\$11,158,640	\$20,215
47	Transportation Services	599	\$12,475,608	\$20,827
472	Transportation Arrangement	599	\$12,475,608	\$20,827
474	Rental of Railroad Cars			
478	Misc. Transportation Services			
Division F. Wholesale Trade				
50	Wholesale Trade, Durable Goods	181	\$3,653,560	\$20,185
509	Miscellaneous Durable Goods	181	\$3,653,560	\$20,185
Division G. Retail Trade				
53	General Merchandise Stores	1,989	\$40,613,620	\$20,419
531	Department stores	1,712	\$35,244,235	\$20,587
533	Variety Stores			
539	Misc. General Merchandise Stores	277	\$5,369,385	\$19,384
54	Food Stores	3,938	\$70,196,948	\$17,826
541	Grocery Stores	3,640	\$67,691,772	\$18,597
542	Meat and Fish Markets			
544	Candy, Nut and Confectionery Stores	34	\$229,197	\$6,741
546	Retail Bakeries	197	\$1,484,159	\$7,534
549	Misc. Food Stores	67	\$791,820	\$11,818
55	Automotive Dealers and Service Stations	728	\$10,235,564	\$14,060
554	Gasoline Service Stations	728	\$10,235,564	\$14,060
56	Apparel and Accessory Stores	1,113	\$12,794,129	\$11,495
561	Men's and Boy's Clothing Stores	54	\$701,812	\$12,997
562	Women's Clothing Stores	275	\$2,697,549	\$9,809
563	Women's Accessory and Specialty Stores	65	\$896,570	\$13,793
564	Children's and Infant's Wear Stores			
565	Family Clothing Stores	433	\$5,173,914	\$11,949
566	Shoe Stores	232	\$2,720,032	\$11,724
569	Misc. Apparel and Accessory stores	54	\$604,252	\$11,190
58	Eating and Drinking Places	8,901	\$110,984,910	\$12,469
581	Eating and Drinking Places	8,901	\$110,984,910	\$12,469

		Annual Average Employment	Total Annual Payroll	Average Annual Earnings
59	Miscellaneous Retail	3,418	\$58,574,378	\$17,137
591	Drug and Proprietary Stores	669	\$11,433,072	\$17,090
592	Liquor Stores	546	\$11,621,221	\$21,284
593	Used Merchandise Stores	67	\$797,578	\$11,904
594	Miscellaneous Shopping Goods Stores	1,286	\$17,750,502	\$13,803
596	Non-Store Retailers	120	\$2,176,747	\$18,140
598	Fuel Dealers	228	\$7,791,675	\$34,174
599	Retail Stores, nec	502	\$7,003,583	\$13,951
Division I. Services				
70	Hotels and Other Lodging Places	2,994	\$50,774,804	\$16,959
701	Hotels and Motels	2,926	\$49,671,964	\$16,976
702	Rooming and Boarding Houses			
703	Camps and Recreational Vehicle Parks	68	\$1,102,840	\$16,218
72	Personal Services	1,196	\$15,981,306	\$13,362
721	Laundry, Cleaning and Garment Services	497	\$7,714,160	\$15,521
722	Photographic studios, portrait	54	\$577,608	\$10,696
723	Beauty shops	429	\$5,967,493	\$13,910
729	Misc. personal services, nec	216	\$1,722,045	\$7,972
75	Auto Repair, Services and Garages	1,103	\$24,997,548	\$22,663
751	Auto Repair, Services, and Parking	231	\$4,126,785	\$17,865
753	Auto Repair Shops	707	\$18,921,628	\$26,763
754	Automotive Services, except repair	165	\$1,949,135	\$11,813
79	Amusement and Recreation Services	1,065	\$13,487,813	\$12,665
791	Dance studios, schools, and halls	38	\$293,207	\$7,716
792	Producers, Orchestras, Entertainers	101	\$1,672,398	\$16,558
799	Misc. Amusement, Recreation Svcs	926	\$11,522,208	\$12,443
84	Museums, Botanical, Zoological Gardens	29	\$484,507	\$16,707
841	Museums and Art Galleries	29	\$484,507	\$16,707

Source: Compiled by the McDowell Group from Alaska Department of Labor data.

Interior/Northern Region Employment and Payroll
In Tourism Related Industries
Annual Average Employment and Total Payroll
By SIC Code
Third Quarter 1989 to Second Quarter 1990

		Annual Average Employment	Total Annual Payroll	Average Annual Earnings
Division E. Transportation and Public Utilities				
41	Local and Interurban Passenger Transit	204	\$4,026,955	\$19,740
411	Local and Suburban Transportation	186	\$3,777,527	\$20,309
412	Taxicabs	18	\$249,428	\$14,052
44	Water Transportation			
448	Water Transportation of Passengers			
449	Water Transportation Services			
45	Air Transportation	735	\$21,443,587	\$29,175
451	Air Transportation, scheduled	297	\$8,625,368	\$29,042
452	Air Transportation, nonscheduled	418	\$12,415,514	\$29,720
458	Airports, flying fields, and services	20	\$402,705	\$19,887
47	Transportation Services	118	\$2,313,437	\$19,689
472	Transportation Arrangement	118	\$2,313,437	\$19,689
478	Misc. Transportation Services			
Division F. Wholesale Trade				
50	Wholesale Trade, Durable Goods	61	\$1,513,205	\$25,012
509	Miscellaneous Durable Goods	61	\$1,513,205	\$25,012
Division G. Retail Trade				
53	General Merchandise Stores	636	\$10,335,513	\$16,257
531	Department stores			
533	Variety Stores			
539	Misc. General Merchandise Stores	636	\$10,335,513	\$16,257
54	Food Stores	878	\$15,517,527	\$17,674
541	Grocery Stores	878	\$15,517,527	\$17,674
542	Meat and Fish Markets			
544	Candy, Nut and Confectionery Stores			
546	Retail Bakeries			
549	Misc. Food Stores			
55	Automotive Dealers and Service Stations	192	\$3,047,918	\$15,875
554	Gasoline Service Stations	192	\$3,047,918	\$15,875
56	Apparel and Accessory Stores	137	\$1,929,938	\$14,087
561	Men's and Boy's Clothing Stores			
562	Women's Clothing Stores	19	\$193,277	\$10,172
563	Women's Accessory and Specialty Stores			
564	Children's and Infant's Wear Stores			
565	Family Clothing Stores	100	\$1,552,854	\$15,490
566	Shoe Stores			
569	Misc. Apparel and Accessory stores	18	\$183,807	\$10,212
58	Eating and Drinking Places	2,378	\$28,245,514	\$11,880
581	Eating and Drinking Places	2,378	\$28,245,514	\$11,880

		Annual Average Employment	Total Annual Payroll	Average Annual Earnings
59	Miscellaneous Retail	691	\$10,643,108	\$15,402
591	Drug and Proprietary Stores			
592	Liquor Stores	44	\$644,277	\$14,726
593	Used Merchandise Stores			
594	Miscellaneous Shopping Goods Stores	305	\$3,083,644	\$10,102
596	Non-Store Retailers			
598	Fuel Dealers	209	\$5,294,409	\$25,332
599	Retail Stores, nec	133	\$1,620,778	\$12,163
Division I. Services				
70	Hotels and Other Lodging Places	771	\$10,239,948	\$13,290
701	Hotels and Motels	771	\$10,239,948	\$13,290
702	Rooming and Boarding Houses			
703	Camps and Recreational Vehicle Parks			
72	Personal Services	276	\$3,543,811	\$12,840
721	Laundry, Cleaning and Garment Services	101	\$1,277,264	\$12,615
722	Photographic studios, portrait			
723	Beauty shops	112	\$1,502,471	\$13,415
729	Misc. personal services, nec	62	\$764,076	\$12,274
75	Auto Repair, Services and Garages	519	\$24,116,704	\$46,468
751	Auto Repair, Services, and Parking	73	\$1,151,948	\$15,780
753	Auto Repair Shops	431	\$22,812,647	\$52,899
754	Automotive Services, except repair	15	\$152,109	\$10,141
79	Amusement and Recreation Services	218	\$1,898,976	\$8,711
791	Dance studios, schools, and halls			
792	Producers, Orchestras, Entertainers			
799	Misc. Amusement, Recreation Svcs	218	\$1,898,976	\$8,711

Source: Compiled by the McDowell Group from Alaska Department of Labor data.

Southwest Region Employment and Payroll
In Visitor Affected Industries
Annual Average Employment and Total Payroll
By SIC Code
Third Quarter 1989 to Second Quarter 1990

	Annual Average Employment	Total Annual Payroll	Average Annual Earnings
Division E. Transportation and Public Utilities			
41			
411			
412			
44			
448			
449			
45			
451	590	\$13,628,601	\$23,099
452	370	\$8,074,756	\$21,824
458	196	\$5,099,744	\$26,019
	24	\$454,101	\$18,921
47			
472	29	\$556,397	\$19,186
478	29	\$556,397	\$19,186
Division G. Retail Trade			
53	576	\$8,048,412	\$13,973
531			
533			
539	576	\$8,048,412	\$13,973
54			
541	496	\$8,161,474	\$16,455
542	496	\$8,161,474	\$16,455
544			
546			
549			
55			
554	54	\$836,859	\$15,497
	54	\$836,859	\$15,497
56			
561	15	\$122,549	\$8,170
562			
563	15	\$122,549	\$8,170
564			
565			
566			
569			

		Annual Average Employment	Total Annual Payroll	Average Annual Earnings
58	Eating and Drinking Places	411	\$4,329,513	\$10,534
581	Eating and Drinking Places	411	\$4,329,513	\$10,534
59	Miscellaneous Retail	256	\$5,439,271	\$21,247
591	Drug and Proprietary Stores			
592	Liquor Stores	20	\$361,836	\$18,092
593	Used Merchandise Stores			
594	Miscellaneous Shopping Goods Stores	77	\$1,092,930	\$14,194
596	Non-Store Retailers	26	\$446,225	\$17,163
598	Fuel Dealers	114	\$3,356,304	\$29,441
599	Retail Stores, nec	19	\$181,976	\$9,578
Division I. Services				
70	Hotels and Other Lodging Places	278	\$3,038,020	\$10,928
701	Hotels and Motels	226	\$2,196,120	\$9,717
702	Rooming and Boarding Houses			
703	Camps and Recreational Vehicle Parks	52	\$841,900	\$16,190
72	Personal Services	52	\$589,732	\$11,341
721	Laundry, Cleaning and Garment Services	32	\$308,214	\$9,632
722	Photographic studios, portrait			
723	Beauty shops	20	\$281,518	\$14,076
729	Misc. personal services, nec			
75	Auto Repair, Services and Garages	39	\$778,276	\$19,955
751	Auto Repair, Services, and Parking	13	\$216,005	\$16,616
753	Auto Repair Shops	26	\$562,271	\$21,626
754	Automotive Services, except repair			
79	Amusement and Recreation Services			
791	Dance studios, schools, and halls			
792	Producers, Orchestras, Entertainers			
799	Misc. Amusement, Recreation Svcs			

Source: Compiled by the McDowell Group from Alaska Department of Labor data.

Visitor Industry Payroll in the Southeast Region

	Visitor Industry Employment	Average Annual Salary	Total Annual Payroll
Transportation			
Local and Interurban Transit	117	\$15,267	\$1,786,239
Water Transportation	353	44,603	15,744,859
Air Transportation	326	26,146	8,523,596
Transportation Services	85	15,111	1,284,435
Total Transportation Sector	881	31,032	27,339,129
Retail			
General Merchandise Stores	10	19,368	193,680
Clothing Stores	5	10,560	52,800
Food Stores	74	17,223	1,274,502
Eating and Drinking Places	507	11,081	5,618,067
Service Stations	2	9,841	19,682
Miscellaneous Retail	145	12,955	1,878,475
Total Retail Sector	743	12,163	9,037,206
Services			
Hotels and Other Lodging Places	851	9,841	8,374,691
Personal Services	6	12,571	75,426
Auto Repair Services/Car Rentals	3	17,546	52,638
Amusement and Recreation Services	114	12,108	1,308,312
Total Service Sector	974	10,073	9,811,067
Total Southeast	2,598	\$17,778	\$46,187,402

Source: Visitor industry employment figures are McDowell Group estimates. Average annual salary data from Alaska Department of Labor data.

Visitor Industry Payroll in the Southcentral Region

	Visitor Industry Employment	Average Annual Salary	Total Annual Payroll
Transportation			
Local and Interurban Transit	168	\$14,201	\$2,385,768
Water Transportation	170	48,931	8,318,270
Air Transportation	1,344	31,717	42,627,648
Transportation Services	276	20,827	5,748,252
Total Transportation Sector	1,958	30,174	59,079,938
Retail			
General Merchandise Stores	119	20,419	2,429,861
Clothing Stores	45	11,495	517,275
Food Stores	118	17,826	2,103,468
Eating and Drinking Places	1,869	12,469	23,304,561
Service Stations	51	14,060	717,060
Miscellaneous Retail	239	17,137	4,095,743
Total Retail Sector	2,441	13,588	33,167,968
Services			
Hotels and Other Lodging Places	1,976	16,959	33,510,984
Personal Services	24	13,362	320,688
Auto Repair Services/Car Rentals	154	22,663	3,490,102
Amusement and Recreation Services	703	16,707	11,745,021
Total Service Sector	2,857	17,174	49,066,795
Total Southcentral	7,256	\$19,476	\$141,314,701

Source: Visitor industry employment figures are McDowell Group estimates. Average annual salary data from Alaska Department of Labor data.

Visitor Industry Payroll in the Interior/Northern Region

	Visitor Industry Employment	Average Annual Salary	Total Annual Payroll
Transportation			
Local and Interurban Transit	98	\$19,740	\$1,934,520
Water Transportation	.	.	.
Air Transportation	331	29,175	9,656,925
Transportation Services	73	19,689	1,437,297
Total Transportation Sector	502	25,954	13,028,742
Retail			
General Merchandise Stores	108	16,257	1,755,756
Clothing Stores	.	.	.
Food Stores	26	17,674	459,524
Eating and Drinking Places	499	11,880	5,928,120
Service Stations	13	15,875	206,375
Miscellaneous Retail	48	15,402	739,296
Total Retail Sector	694	13,097	9,089,071
Services			
Hotels and Other Lodging Places	594	13,290	7,894,260
Personal Services	.	.	.
Auto Repair Services/Car Rentals	47	46,468	2,183,996
Amusement and Recreation Services	201	8,711	1,750,911
Total Service Sector	842	14,049	11,829,167
Total Interior/Northern	2,038	\$16,657	\$33,946,980

*Data not disclosable due to insufficient data or confidentiality reasons.

Source: Visitor industry employment figures are McDowell Group estimates. Average annual salary data from Alaska Department of Labor data.

Visitor Industry Payroll in Southwest Alaska

	Visitor Industry Employment	Average Annual Salary	Total Payroll
Transportation			
Local and Interurban Transit	*	*	*
Water Transportation	*	*	*
Air Transportation	30	23,099	692,970
Transportation Services	24	19,186	460,464
Retail			
General Merchandise Stores	17	13,973	237,541
Clothing Stores	*	*	*
Food Stores	*	*	*
Eating and Drinking Places	140	10,534	1,474,760
Service Stations	*	*	*
Miscellaneous Retail	15	21,247	318,705
Services			
Hotels and Other Lodging Places	214	10,928	2,338,592
Personal Services	*	*	*
Auto Repair Services	4	19,955	79,820
Amusement and Recreation Services	*	*	*
Total	444	\$12,619	\$5,602,852

Source: Visitor industry employment figures are McDowell Group estimates. Average annual salary data from Alaska Department of Labor data.

Pleasure Visitor Related Employment in the Southeast Region

	Visitor Industry Employment	% of Visitor Sales to Pleasure Visitors*	Pleasure Visitor Related Employment
Transportation			
Local and Interurban Transit	117	73%	85
Water Transportation	353	93	328
Air Transportation	326	76	248
Transportation Services	85	96	82
Total Transportation Sector	881	84	743
Retail			
General Merchandise Stores	10	80	8
Clothing Stores	5	90	5
Food Stores	74	85	63
Eating and Drinking Places	507	66	335
Service Stations	2	77	2
Miscellaneous Retail	145	76	110
Total Retail Sector	743	70	523
Services			
Hotels and Other Lodging Places	851	81	689
Personal Services	6	83	5
Auto Repair Services/Car Rentals	3	56	2
Amusement and Recreation Services	114	90	103
Total Service Sector	974	82	799
Total Southeast	2,598	79%	2,065

*From the Alaska Visitor Industry Business Survey.

Pleasure Visitor Related Employment in the Southcentral Region

	Visitor Industry Employment	% of Visitor Sales to Pleasure Visitors*	Pleasure Visitor Related Employment
Transportation			
Local and Interurban Transit	168	78%	131
Water Transportation	170	86	146
Air Transportation	1,344	77	1,035
Transportation Services	276	76	210
Total Transportation Sector	1,958	78	1,522
Retail			
General Merchandise Stores	119	74	88
Clothing Stores	45	70	32
Food Stores	118	70	83
Eating and Drinking Places	1,869	61	1,140
Service Stations	51	65	33
Miscellaneous Retail	239	75	179
Total Retail Sector	2,441	64	1,555
Services			
Hotels and Other Lodging Places	1,976	86	1,699
Personal Services	24	73	18
Auto Repair Services/Car Rentals	154	69	106
Amusement and Recreation Services	703	87	612
Total Service Sector	2,857	85	2,435
Total Southcentral	7,256	76%	5,512

*From the Alaska Visitor Industry Business Survey.

Pleasure Visitor Related Employment in the Interior/Northern Region

	Visitor Industry Employment	% of Visitor Sales to Pleasure Visitors*	Pleasure Visitor Related Employment
Transportation			
Local and Interurban Transit	98	68%	67
Water Transportation	*	100	*
Air Transportation	331	73	242
Transportation Services	73	*	*
Total Transportation Sector	502	62	309
Retail			
General Merchandise Stores	108	83	90
Clothing Stores	*	72	*
Food Stores	26	75	20
Eating and Drinking Places	499	72	359
Service Stations	13	84	11
Miscellaneous Retail	48	81	39
Total Retail Sector	694	75	519
Services			
Hotels and Other Lodging Places	594	90	535
Personal Services	*	*	*
Auto Repair Services/Car Rentals	47	88	41
Amusement and Recreation Services	201	93	187
Total Service Sector	842	91	763
Total Interior/Northern	2,038	78%	1,591

*Data not disclosable due to insufficient data or confidentiality reasons.

*From the Alaska Visitor Industry Business Survey.



Pleasure Visitor Related Employment in Southwest Alaska

	Visitor Industry Employment	% of Visitor Sales to Pleasure Visitors*	Pleasure Visitor Related Employment
Transportation			
Local and Interurban Transit	*	100%	*
Water Transportation	*	70	*
Air Transportation	30	8	2
Transportation Services	24	90	22
Retail			
General Merchandise Stores	17	52	9
Clothing Stores	*	*	*
Food Stores	*	*	*
Eating and Drinking Places	140	4	6
Service Stations	*	*	*
Miscellaneous Retail	15	57	9
Services			
Hotels and Other Lodging Places	214	83	178
Personal Services	*	*	*
Auto Repair Services	4	75	3
Amusement and Recreation Services	*	96	*
Total	444	52%	229

*From the Alaska Visitor Industry Business Survey.