

Sitka Visitor Traffic Indicators and Trends, 1991-2005

PREPARED FOR:



***Sitka Economic Development
Association***



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TABLE OF CONTENTS

Introduction and Methodology	1
Sitka Visitor Traffic Indicators	2
Sitka Passenger Volume	2
Cruise Market Share.....	3
Cruise Visitor Volume	4
Gross Business Sales	6
Charter Fishing.....	6
Sitka Visitor Profile Summary	7

INTRODUCTION AND METHODOLOGY

The Sitka Economic Development Association (SEDA) commissioned the McDowell Group to gather traffic indicators and data related to Sitka's visitor industry, and to document all data sources. This brief summary report includes data on cruise ship passenger traffic, airport traffic, ferry traffic, business sales, bed tax revenues, charter fishing activity, and results from a 2005 survey of visitors to Sitka.

Data sources for this report included: Federal Aviation Administration, Alaska Airlines, Alaska Marine Highway System, Cruise Line Agencies of Alaska, City and Borough of Sitka, and Alaska Department of Fish and Game. The final chapter of the report is excerpted from a report conducted for the Sitka Convention and Visitors Bureau, *Sitka Visitor Profile*. This report was based on a survey of visitors to Sitka as part of the McDowell Group's 2005 *Alaska Travelers Survey* program.

SITKA VISITOR TRAFFIC INDICATORS

Sitka Passenger Volume

Traffic volume as measured in cruise ship visitation, airport traffic, and ferry traffic are valuable indicators of visitor industry activity. It is important to note that air and ferry numbers include resident as well as non-resident passengers; however, because resident travel tends to stay fairly constant, any shifts in this data are likely to reflect shifts in non-resident travel.

Passenger traffic has increased most consistently in the air market, which has seen an average annual growth of 3 percent. After a slight drop after 9/11 (from 73,000 in 2001 to 70,000 in 2002 and 2003), the market appears to be rebounding, recording 76,000 passengers in 2004 and 77,000 in 2005.

Sitka's cruise volume has experienced substantial fluctuation over the last 15 years. There was a peak in 1996 of 252,300, followed by declines to as low as 156,000 in 2000. After another peak (of 256,800) in 2003, volume decreased each of the last three years. (Sitka's share of the total market as well as traffic at other Southeast ports are addressed later in this chapter.)

Ferry passenger traffic has been declining fairly steadily since 1991, at an average annual rate of 4 percent. The latest year, 2005, saw a record low of 12,519 passengers. These declines reflect a system-wide decrease in ridership over the last decade.

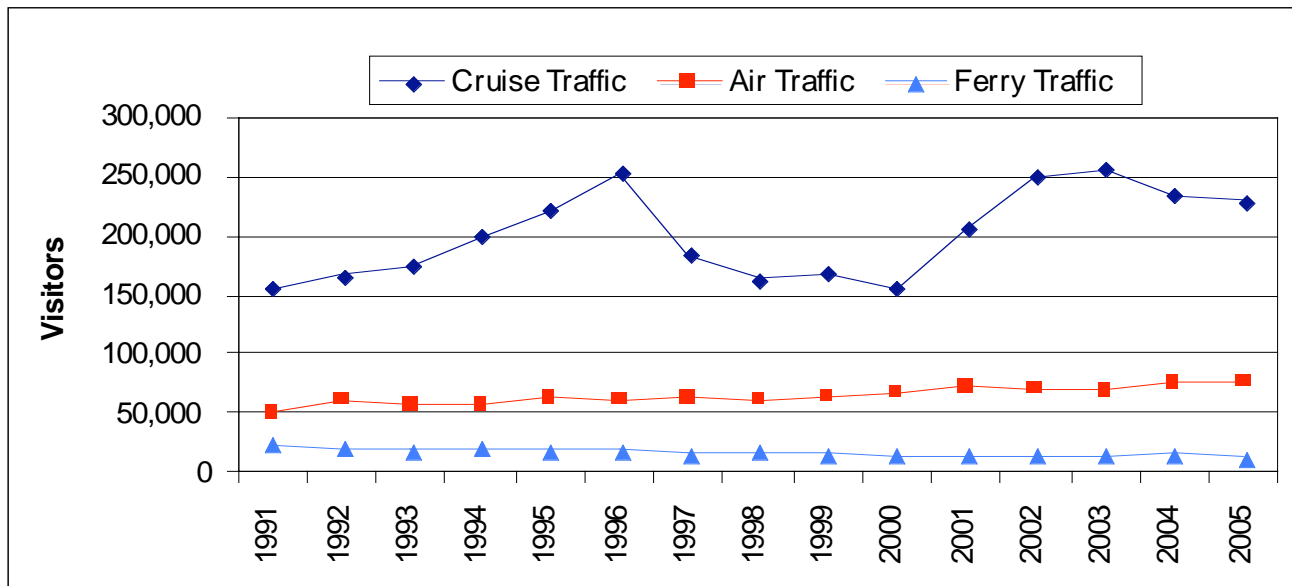
Sitka Visitor Traffic Indicators 1991-2005

Year	Number of Cruise Ship Visitors	Number of Enplaning Passengers, Sitka Airport	Number of Disembarking Ferry Passengers, Sitka Ferry Terminal
2005	229,800	76,864	12,519
2004	233,400	76,078	14,956
2003	256,800	69,109	13,459
2002	249,500	70,095	13,975
2001	206,300	72,912	13,989
2000	156,000	68,002*	13,599
1999	168,000	63,811	16,016
1998	163,400	61,692	16,636
1997	183,600	62,480	16,383
1996	252,300	60,649	18,426
1995	221,000	62,093	18,627
1994	200,000	56,850	19,757
1993	174,000	55,945	18,557
1992	167,200	61,720	20,827
1991	156,000	50,267	23,021

*In 1999, FAA redefined enplanement reporting.

Sources: Cruise volumes: Cruise Line Agencies of Alaska. Sitka Airport enplaning passenger data: Federal Aviation Administration for 1991-2004, Alaska Airlines for 2005. Sitka ferry passenger data: Alaska Marine Highway System Annual Traffic Volume Reports for 1991-2004, AMHS staff for 2005.

Sitka Visitor Traffic Indicators 1991-2005



Cruise Market Share

The table below shows how much of Alaska’s cruise passenger market is captured by each port in two separate years: 1996 and 2005. For example, in 2005, Skagway was visited by 76 percent of all cruise passengers.

Alaska’s top two cruise destinations, Juneau and Ketchikan, consistently capture the vast majority of market share. Juneau gets nearly 100 percent of all passengers (99.5 percent in 2005), while Ketchikan’s share has increased from 92 percent in 1996 to 97 percent in 2005.

Skagway is the third most-visited port, with 76 percent of the market in 2005. This represents a substantial increase from 1996, when they captured 58 percent of the market. Meanwhile, Sitka’s share has decreased significantly: from 54 to 24 percent of the market. (Because cruise volume has increased overall, this decrease does not translate directly into a decrease in volume.)

Icy Strait Point (at Hoonah) began receiving cruise ships in 2004 and by 2005 was already ahead of Wrangell and Haines in market share. Wrangell’s share stayed the same between the two years (but their volume is expected to drop significantly in 2006).

Cruise Port Share of Total Cruise Market 1996 and 2005

	1996	2005
Juneau	100%	100%
Ketchikan	92%	97%
Skagway	58%	76%
Sitka	54%	24%
Icy Strait Point	N/a	8%
Wrangell	5%	5%
Haines	18%	3%

Source: Cruise Line Agencies of Alaska. Market share calculated by McDowell Group using Juneau as 100 percent of market.

Cruise Visitor Volume

The table below shows cruise passenger traffic in the major Southeast ports, along with annual growth rates and a 10-year average growth rate. While regional cruise ship volume has doubled over the past 10 years, each community has experienced varying levels of growth.

Skagway has seen the greatest increases over the last ten years, with an average growth rate of 12 percent. They are followed by Ketchikan (8.9 percent) and Juneau (8.2 percent), the biggest cruise ports in the region. Wrangell's traffic also increased, by an average of 6.9 percent annually. However, in 2006, Wrangell is expected to receive as few as 6,000 passengers, down from 44,800 in 2005.

Sitka and Haines have both experienced a net decline in cruise passenger volume in the past 10 years. Haines has seen the largest drop, declining an average of 10.7 percent annually. Sitka has lost an average of 1 percent annually.

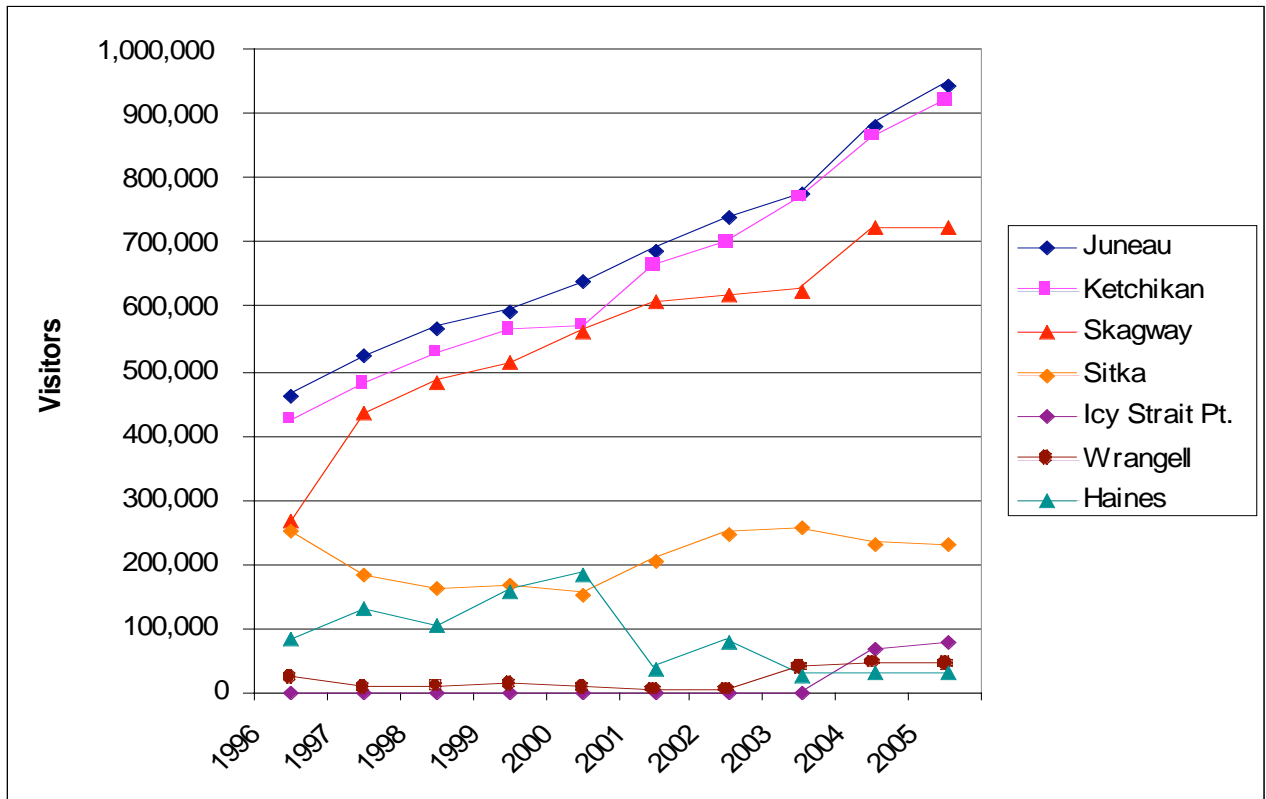
Cruise Passenger Volume by Alaska Ports, 1996 – 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ave. Ann. Change (1996-2005)
Juneau	464,000	525,000	569,000	596,000	640,000	690,000	740,000	777,000	884,400	948,200	
% change		13%	8%	5%	7%	8%	7%	5%	14%	7%	+8.2%
Ketchikan	426,200	480,700	531,100	565,000	572,500	665,200	701,000	770,700	866,900	921,400	
% change		13%	11%	6%	1%	16%	5%	10%	13%	6%	+8.9%
Skagway	268,400	435,600	486,600	515,000	563,700	610,100	619,600	628,000	723,900	723,900	
% change		62%	12%	6%	9%	8%	2%	1%	15%	0%	+11.6%
Sitka	252,300	183,600	163,400	168,000	156,000	206,300	249,500	256,800	233,400	229,800	
% change		-27%	-11%	3%	-7%	32%	21%	3%	-9%	-2%	-1%
Icy Strait Pt.	-	-	-	-	-	-	-	-	67,300	77,500	
% change										15%	N/A
Wrangell	24,400	8,300	11,200	12,000	6,700	4,800	6,000	39,100	47,900	44,800	
% change		-66%	35%	7%	-44%	-28%	25%	522%	23%	-6%	+6.9%
Haines	85,200	132,300	104,500	159,700	187,400	40,200	82,000	28,500	30,200	30,800	
% change		55%	-21%	53%	17%	-79%	104%	-65%	6%	2%	-10.7%

Note: These figures include both large and small cruise ship passengers.

Source: Cruise Line Agencies of Alaska. Growth rate calculations by McDowell Group.

Cruise Passenger Volume by Alaska Ports, 1996 – 2005



Gross Business Sales

Gross business sales, as reported to the City and Borough of Sitka, have grown fairly steadily each year over the last decade, at an average annual rate of 7 percent. Bed tax receipts have also shown strong increases. After a stagnant year following 9/11, revenues grew from \$265,000 to a peak of \$382,000 in 2004. The most recent year showed a slight drop, from \$382,000 to \$358,000. (The significant increase between 1998 and 1999 is largely due to a tax rate increase from 4 to 6 percent.)

Gross Business Sales and Bed Tax Receipts, City and Borough of Sitka, 1997-2005

	Gross Business Sales (000's)	Bed Tax Receipts
2005	\$335,000	\$357,973
2004	\$312,105	\$382,110
2003	\$285,438	\$302,821
2002	\$263,500	\$264,659
2001	\$235,112	\$264,261
2000	\$222,238	\$250,366
1999	\$214,382	\$243,822*
1998	\$209,587	\$136,121
1997	\$195,333	\$133,722

*Bed tax rates increased from 4 to 6 percent in 1999.
Source: City and Borough of Sitka

Charter Fishing

The size of Sitka's charter fishing fleet reportedly grew significantly in the 1990's; however, data is not available to quantify that earlier growth. The table below shows the number of charter businesses and the number of charter vessels from 2001 to 2004. The figures are generally stable year-to-year.

According to the summer 2005 *Alaska Travelers Survey*, charter fishing is one of the most popular activities among Sitka's air visitors, with 63 percent participating. (The number of cruise passengers participating in charter fishing is confidential.)

Sitka Charter Fishing Fleet, 2001-2004 Number of businesses and vessels reporting sales

	Businesses	Vessels
2004	121	213
2003	127	210
2002	123	220
2001	121	209

Source: Department of Fish and Game, ADF&G saltwater charter vessel logbook database.

SITKA VISITOR PROFILE SUMMARY

This section is excerpted from the *Sitka Visitor Profile*, a report produced for the Sitka Convention and Visitors Bureau by the McDowell Group.

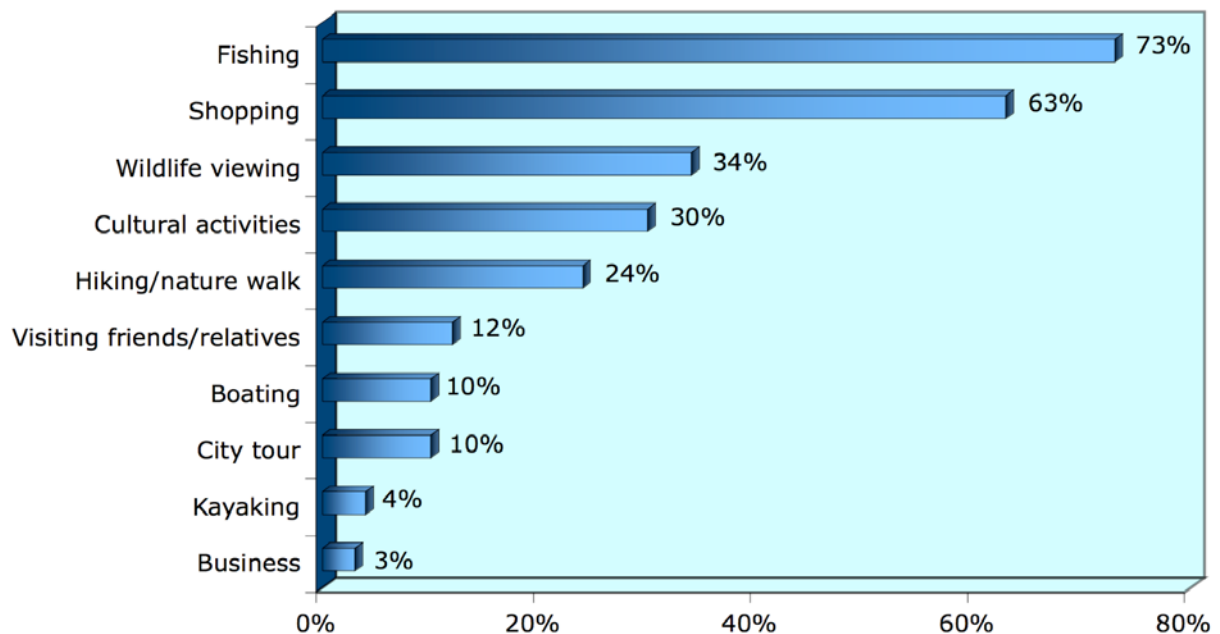
In order to learn more about Sitka's visitor markets, the Sitka Visitors Bureau contracted with the McDowell Group to conduct a survey of Sitka visitors as part of their ongoing research program, the *Alaska Travelers Survey*. The Sitka Economic Development Association and the Sitka Charter Boat Operators Association provided financial assistance for the survey. The *Alaska Travelers Survey* provides current information on Alaska visitor characteristics including satisfaction ratings, travel patterns, demographics and trip planning.

This report presents findings from a survey of 335 visitors departing Sitka by air, conducted in the Sitka Airport between May and September 2005. The maximum margin of error on this sample is ± 5.5 percent, at the 95 percent confidence level. Following are key findings from the study.

Sitka Visitor Activities

- The most popular activity among Sitka air visitors was fishing, with 73 percent of visitors participating. Sixty-three percent participated in charter fishing, while 11 percent fished unguided.
- The second-most popular activity was shopping (63 percent), followed by wildlife viewing (34 percent). Wildlife viewing includes whale watching, bear viewing, birdwatching, and Alaska Raptor Center visits.
- At 30 percent, cultural activities were also popular among visitors, including visits to museums/historical sites, Native cultural tours, and Russian Dancers.
- Rounding out the top five activities was hiking/nature walks, mentioned by 24 percent of visitors. More details on visitor activities can be found on page 8.

Participation in Sitka Tours and Activities (Top 10)
Alaska Travelers Survey, Air Visitors, Summer 2005

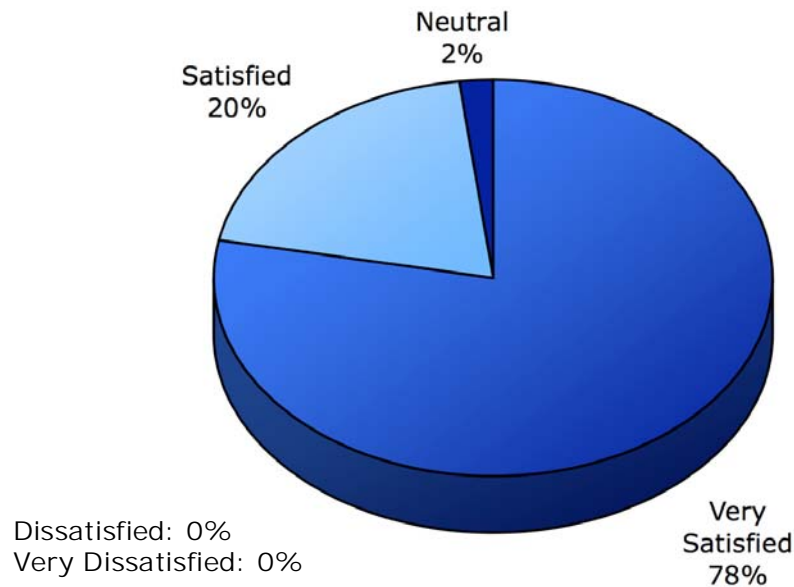


Note: Wildlife viewing includes whale watching, bird viewing, and Alaska Raptor Center visits. Cultural activities include visits to museums and historical sites, Native cultural tours and activities, and Russian Dancers.

Satisfaction with Sitka Experience

- Sitka visitors reported very high levels of satisfaction with their overall experience in Sitka, with 78 percent saying they were very satisfied, and 20 percent saying they were satisfied.
- Not one respondent reported dissatisfaction with their overall Sitka experience.
- Sitka visitors gave even higher ratings to their overall *Alaska* experience, with 86 percent very satisfied.

How satisfied were you with your overall Sitka experience? Alaska Travelers Survey, Air Visitors, Summer 2005



Sitka Visitor Expenditures

- Sitka air visitors spent an average of \$1,456 per person while in Sitka. By far the largest portion of spending was on overnight sportfishing packages, which averaged \$1,125 per person. Visitors reported an average of \$92 per person on other accommodations, \$84 on tours and activities, and \$155 and other items such as dining and souvenirs.
- Visitors who participated in charter fishing reported an average spending of \$1,931 per person.

Air Visitor Expenditures, Per Person, Per Trip Alaska Travelers Survey, Air Visitors, Summer 2005

	Average Spending
Overnight sportfishing packages	\$1,125
Accommodations	\$92
Tours and activities	\$84
Other items	\$155
Total	\$1,456

Past and Future Travel to Sitka

- One half of all air visitors (48 percent) had previously been to Sitka.
- Of repeat Sitka travelers, 8 percent had entered or exited the state via cruise ship on their previous trip.
- Sitka visitors expressed a strong desire to return, with two-thirds saying they were very likely to do so. Just 7 percent of visitors said they were unlikely to return.

Previous and Future Sitka Travel Alaska Travelers Survey, Air Visitors, Summer 2005

% of Air Visitors	
Is this your first trip to Sitka?	
Yes	52%
No	48
How likely are you to return to Sitka?	
Very likely	65%
Likely	19
Unlikely	6
Very unlikely	1