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Web posted Friday, April 1, 2011

## Tourism looking to stop downturn in 2011

By Sean Manget  
*Alaska Journal of Commerce*

Though state tourism officials aren't expecting a record number of visitors this year, key indicators point to an end to the downward trend of the last two years.

Numbers from trade associations anticipate mild gains this year, with cruise ship passengers expected to increase by more than 7,000 passengers during the summer months, according to John Binkley, president of the Alaska Cruise Association.

Ron Peck, president and CEO of the Alaska Travel Industry Association, said that based his organization's research, the state should see an increase of about 5 percent over the more than 1.5 million visitors last summer.

While that gain isn't quite to the peak of more than 1.7 million visitors estimated to have come to Alaska in 2007, a figure gathered by a McDowell Group visitor volume report, Binkley said even relatively flat growth is preferable to another slump.

"The good news is, we've stopped the reduction in cruise passengers, and it looks like we're going to start building back in 2012 and beyond," Binkley said.

The cruise industry is by far Alaska's top draw for tourists; last year, 300,000 more travelers came here by cruise ship compared to the second-most utilized mode of travel, air.

Last year, Binkley's association forecasted a loss of 142,000 cruise ship passengers for the year and blamed it on the state's \$46 head tax. The association went so far as to sue the state in federal court, eventually agreeing to drop the suit if the tax were reduced.

The state Legislature, along with Gov. Sean Parnell, listened. Last April, the tax was reduced to \$34.50, and the suit was dropped.

Bruce Bustamante, vice president of community and public affairs with Princess Cruises, said the liner is still scaling back its passenger capacity this year, with one small 14-day itinerary being withdrawn.

That will cut Princess Cruises' passenger capacity by slightly more than 5,000 passengers, according to Binkley. This follows a reduction of one other ship in 2010.

But Princess plans to bring a ship back in 2012, Bustamante said, and he credited the head tax reduction, along with assistance from the Parnell administration on other regulatory measures, with motivating the recovery.

"With those changes made, and improvements in the economy, certainly, it made sense for us to bring a ship back," he said.

The Alaska Railroad Corp. is expecting to carry more passengers this summer than last, said Steven Silverstein, the railroad's vice president of business development.

The railroad runs a series of tours through Anchorage, Fairbanks and Whittier, among others. The vast majority of its passengers are visitors, Silverstein said.

"Our reservations numbers are up substantially from 2010," he said. "I don't think we're quite up to 2008 yet, which was a peak year, but it looks like we may get close this year."

Bookings for 2011 on the railroad's main passenger trains are up 17 percent from the same time of the year last year, Silverstein said. Overall, the railroad is expecting to carry about 145,000 passengers this year, Silverstein said.

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But Silverstein warned that some of that may be due to people booking earlier, and may cancel reservations this season.

"But it's looking very strong," he said.

Icy Strait Point, a privately owned cruise ship stop in Hoonah, will benefit from the year's gains. Tyler Hickman, the tourist destination's vice president of operations, said 6,000 more cruise passengers will likely visit in 2011.

As with the industry in general, Icy Strait Point peaked in 2007 with 161,000 visitors, he said.

But he is enthusiastic about the future, especially given the head tax reduction. Hickman said measures like this are important because cruise companies can always head elsewhere if Alaska becomes unfriendly toward business.

"Quite frankly, the cruise companies can take their ships anywhere in the world. Alaska is an amazing place, but there are a lot of other places in the world where, if it's more profitable for them to go, they'll go," he said.

To help bring in more of those tourists, Icy Strait Point is rebranding itself, Hickman said, adopting a new logo and playing up its distinctly Alaska Native culture and local food choices.

That means offering more menu items reflective of the local Tlingit heritage, he said. One example: caribou sliders.

The Ketchikan Visitors Bureau also is forecasting an increase this year. Though the projected number of visitors is 786,730, which is lower than the 828,929 last year, the final numbers for the summer likely will be higher because the final numbers are always above the estimates.

In 2010, the estimate had been only 771,284 before the season began, said Carri Hassett, visitor services coordinator with the bureau. The estimate is always based on an average of two people occupying a given room, but there are always more than that, Hassett said. Alaska recently has become the subject of a slew of new reality shows, among them a series that focused on former Gov. Sarah Palin's family life in Wasilla and the lives of an Alaska Bush pilot family. And while those shows can bring attention to the state, Peck said in an email that tourism marketing is still important because the message conveyed by those shows is not always a positive one.

"An example that I use is a TV reality show about an exterminator in Florida," Peck wrote. "His show is all about killing snakes, cockroaches, ants, spiders insects and vermin of all kind in Florida — it does not make me want to visit Disneyworld or Miami."

In that spirit, a bill has recently been proposed that would cement in a funding formula for tourism marketing. After July 1, 2013, the bill would have an Alaska trade association paying for half of a tourism marketing campaign with the state handling the other half.

House Bill 160 has been referred to the House Finance Committee.

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