

Visit Anchorage: 2018 Report to the Community

Presented by Julie Saupe, Visit Anchorage President & CEO, on January 17, 2019

Rather than spend most of my time talking about the destination we were in 2018, I'd like to emphasize the place we want to be in the years ahead, and how we hope to get there.

At our past presentations, you've heard me rattle off a bunch of numbers, catalogue our every activity, and go line by line through organizational achievements. Though I'm not going to list those one by one in detail, I am as proud as ever of our staff and their accomplishments this year. We had one of our best years in 2018, and 2019 looks positive as well. The staff's work to entice new business, foster awareness and affinity for the destination, and attract and serve visitors to our community is far-reaching, never-ending and worthy of note. It's because of their efforts, our gains in 2018, and the outlook for 2019 that I feel confident and comfortable sharing our successes with the board and with the municipality in our quarterly reporting and with all of you in our printed annual report soon.

Instead of working through a laundry list of activities, I think it's best to focus on our intended outcomes. We find ourselves considering the kind of place we aspire to be in the future. So let's talk about where we are headed. Making a better destination and a better community is no small task. Our board will have to lead in a competitive landscape, our staff will have to make smart choices about initiatives based on our strategic plan, and each of you will have to share your own business insights to further sharpen our collective judgement of the landscape.

To help frame our approach, I want to share an idea from one of the thought leaders in destination marketing. A quote that speaks to how we become the place we want to be. If you haven't had a chance to hear her speak, Maura Gast leads the CVB in Irving, Texas. Apart from her day job, Maura has made a lasting impression on a bunch of us recently, mainly through our educational opportunities with Destinations International. Maura has one of the most concise explanations of what we aim to do. Maura says:

If you build a place people want to visit, you build a place where people want to live. If you build a place where people want to live, you build a place where people want to work. If you build a place where people want to work, you'll build a place where business has to be. And if you build a place where business has to be, you'll build a place where people have to visit.

This is the best brief description of what we work for. We're here to generate dollars, and make businesses and our community successful, but it extends above and beyond.

Travelers unpack more than a suitcase, and contribute in ways outside their wallet. Tourism is economic impact and beyond.

At its best, destination management is about creating a place that is desirable to all – visitors and locals, companies in tourism but also those in any line of work. In fact, the tradeshow outside today is one sign that tourism is more than "tourism businesses." Many different companies that see the value in tourism. They see the benefits of tourism, even though their services and products fall outside of what most consider "tourism." I'd like to recognize our outgoing board chair Lori Brewer of Café D'arte for her

leadership. Our friends at Kaladi – the members of the month – embody commitment to community as well.

More and more, our work means focusing on, fostering and sustaining Maura’s “virtuous circle.” We market the place. We share our home with travelers near and far. Promoting tourism improves our community. But the reverse is true too: focusing on our community can improve tourism. Developing the destination can be as important as spreading the word about it. And building a place travelers like means creating a better place for residents.

Our work has always made the city better for all. It definitely shows on the balance sheet. We anticipate [hotel revenue](#) for 2018 will approach but not yet surpass high-water marks set in 2015, bringing millions in bed tax. Then there’s car rental taxes and business revenue as well. If this early prediction holds, it means our community has seen the halt of the declines we saw in 2016 and ‘17. We think that those losses were primarily a state and business response to Alaska’s economic slump. Leisure travel continues to be a bright spot, despite these headwinds.

Tourism is economic impact and beyond. Taxes paid by visitors help fund municipal services, and are also reinvested in destination marketing.

So that’s where we stand now. But let’s get back to talking about where we intend to go. Our aim is to climb back to the lofty record year...and eventually exceed it. Our emphasis will be on accelerating the rate of growth – particularly as measured by hotel demand – year-over-year.

Many CVBs, tourism bureaus and other destination management organizations across the country now foster demand by looking at the world through Maura’s lens. You must sell the destination, sure. But you also must ensure that on a more intrinsic level, the destination is desirable and stays that way. Anyone who thinks good marketing can gloss over deficiencies, either in service, infrastructure or any other part of the experience has never read TripAdvisor reviews.

The experience on the ground means more and more. People have always shared stories about their travel with their friends and family (who by the way remain our most likely next customer). Those travel stories have been amplified by technology, as travelers Facetime their aunt and Instagram every scenic stop of their trip for all their friends back home to see.

Our best advertising is a satisfied customer who goes home and raves about their experience here. We know that recommendations from friends and family mean more than any ad, article or sales effort we can buy. Focusing on the experience in the destination should remain central to Visit Anchorage’s work, and it should for you as well.

We’ve made a change recently to better focus our work in this area. Our Community, Member and Visitor Relations department is now Member and Destination Services. We made this change in part as a response to the feedback that we received through the member survey. We see a great degree of satisfaction in our existing programs, and more and more members asking us to focus on maintaining and improving the experience in Anchorage for the traveler, either through our visitor services, through assistance encouraging new product, and in some case improvements to the community itself.

Development work is not new money, it's a new mindset. This is not about being a pocketbook for pet projects. It is about advocacy on the issues that matter, and engagement with the community and our leaders.

This change is also a signal of the efforts we hope will help make our community the kind of place that's even more attractive to potential visitors and best equipped to welcome and serve them once they arrive in Anchorage.

In some cases, this can mean physical infrastructure. And this is already a natural part of our work. Maintaining and improving both the [Egan Center](#) and the [Dena'ina Center](#) has had tangible benefits for Alaskans and Alaska visitors alike.

Improvements to the Egan in particular have made it more modern and more efficient. That's a win if you're a meeting planner, but also if you're a cruise passenger on transfer day, a community group hosting a luncheon or, in the hour of need, someone who needs a safe place to be after an earthquake. In the year ahead, we'll work on capital projects that keep the centers in top shape and ready to welcome all. Tourism is economic impact and beyond.

Most of these projects are not attention grabbers by themselves – window shades, lights, acoustic panels, concession areas – but together they are the type of constant, meticulous care that have kept the centers looking great. SMG has done a great deal as a partner to maintain and improve the facilities as their operations contractor. We'll also embark on a project to add solar panels to the roof of the Egan, something that will help the centers keep costs down long-term. Reinvesting in the physical experience of the centers – making the place that people want to visit, in Maura's words – has improved and will improve the quality of life for us all.

Investing in the centers leads to economic benefits for the city, but meetings make contributions locally on top of the money they bring.

The centers will welcome a whole new crop of events this year. In a given year, we gain more than \$90 million in economic impact stemming from meetings held here in Anchorage. We're guilty of touting the immediate economics of meetings without talking about the other ways that they improve our community. Again, tourism is economic impact and beyond. Their benefits will go far beyond just our wallets.

Here's one example: the International Association of Women Police, a group convening this September. This meeting of some 800 law enforcement officers brings the kind of spending in our city that we love. But bringing the best in global law enforcement also gives Alaska police officers, troopers, and others in the field the opportunity to learn and develop alongside an international field of thought leaders, all without ever leaving the state.

This summer we'll also welcome the [National Veterans Golden Age Games](#). 1,200 competitors, coaches and their families will come to Alaska. The competitors are all disabled veterans over the age of 55. They will compete in events from shuffleboard to cycling here in the centers and in other venues across the city. We've also heard from organizers, and many of the participants directly, that they intend to spend extra time in Alaska before and after the games. Registration for the games opens in less than a month, and if you haven't already, I recommend putting together a package that would appeal to these senior veterans visiting Alaska for the first time....anybody have any of those?

Developing the destination has benefits for leisure travel too. But not all projects involve hard hats and renovation and heavy lifting. Some of the “lift” is not a physical action. I’m talking about air-lift. You’ve heard a lot about emerging markets, and rightly so with a flurry of recent activity. However our best customer is still one who is close to us, or at least well-connected in terms of flights. Our work will continue to focus on the well-connected, well-off populations we’re lucky to have at our doorstep (at least relatively speaking). The Western U.S. and direct flight cities continue to be the best investment and the most fertile ground for leisure travel. Residents of these well-connected places can visit with relative ease, but there are always those who don’t yet realize how accessible we are.

Sun Country, which already flies to Anchorage from Minneapolis and Seattle, will add new service from Las Vegas for the summer.

Allegiant will fly from Bellingham, Washington, twice a week this summer.

We’ll also have a stronger East Coast connection, with United flying nonstop from Newark.

And it’s worth noting that new routes are just one way to grow our lift. Increased frequency and larger aircraft don’t get the attention of a new route, but play a great role in growth. Combining the new routes with increases in frequency and bigger planes from Alaska Airlines, as well as Air Canada, United, American and others mean an additional 50,000 seats for Anchorage this summer, on top of last year’s gains.

Tourism is economic impact and beyond. These planes don’t fly one way after all. New lift allows all of us better access to our favorite destinations, and opens up new connections for business and commerce beyond the state.

A huge amount of credit is due to Jim Szczesniak and his team at the airport. We’re pleased to play our part when it comes to developing relationships with airlines, making the destination an enticing one for their passengers and a fruitful one for their shareholders. Keep an ear out; I suspect there’s more news coming.

We’ll also see more cruise capacity gains in 2019, up another 12 percent into Whittier and Seward on top of last year’s gains.

We have to maintain our marketing programs in key markets, and explore opportunities to develop new ones. We’ll continue our development work with China this year with the [Active America China](#) event. It arrives in March, with some 60 Chinese buyers and 15 domestic Chinese receptives in attendance. I’d encourage any of you passionate about developing business from China to register to attend as a seller.

Let’s talk jobs.

Anyone ever heard a term for someone who suddenly stops responding to messages, as if they’ve fallen off the earth? That’s right, it’s called “ghosting,” and it’s a thing. Originally it was used to describe someone who disappeared while dating. A few messages, maybe a date, then all of a sudden, no communication, no responses, nothing! With the national labor market as strong as it is, there are some places in the country where new employees are “ghosting” from jobs, disappearing without a trace after a few days of work.

Suffice to say, Alaska's job market isn't as tight as the rest of the country. Tourism employment stayed strong throughout the state recession, and is expected to grow in the year ahead. So while the phantom phenomenon of "ghosting" may not be an issue in Alaska, we are having our own local troubles with hiring. We've heard from many of you that you have difficulty finding good, qualified candidates, filling positions, and keeping them filled. We're working on something that could help aspects of that need.

We're in the early planning stages of a workforce development initiative. Developing better training programs and partnering with schools could help us create better opportunities for our students, staff your company more quickly with good, homegrown talent, and make visitors even happier with their experience in Alaska as they interact with more locals. We're only in the preliminary steps of this idea, and before we set out, we need to hear from you. We need information on the challenges you see when hiring here in our community. Is there a type of job that's especially difficult to fill? A type of training or a skill set you wish more candidates came already equipped with? Send me a message and let me know.

How many times have you told your earthquake story? It seems that story is one of the mutual experiences of our community right now. We shared our own perspectives as we caught up with friends at holiday gatherings. It even filled in for the weather in polite conversation with strangers.

We continue to monitor for any signs of last year's earthquake on future visitation. I was proud of the response and the work of our marketing, sales and communications programs in the hours and days immediately following the earthquake. From a messaging and communications standpoint, I think we responded quickly and appropriately. So far we haven't seen any indications that it has or will affect visitation. Your own company's data is vital in this area, please let us know if you see any signs to the contrary. We watched a sharp spike in earthquake-related conversations online immediately following the quake fade away in days. Outside concern turned quickly to compassion, and then relief as we shared our recovery and repairs.

If you want to, you can stop telling your earthquake story from November. But while it's still recent and vivid, I would like your help writing the next story. As an industry, I believe we can be a better partner with our community's emergency responders:

We were exceptionally fortunate this time, and we want to better prepare for future emergencies. We should ensure tourism is at the ready to help our friends and neighbors, and that our emergency managers know the type of resources that stand at the ready. We'd like to organize tourism businesses now to respond to the critical needs of our community in an emergency. Especially if you are in transportation or accommodations, we want to coordinate all the assets our companies can bring to bear for the common good in an emergency. Ideally, Visit Anchorage could serve as a clearinghouse for big community needs that overlap with tourism's strengths. If the city needed a place to house those displaced by an event, or a way to quickly move a lot of stuff or people, tourism companies are among those best equipped to lend a hand in times of need. You'll be hearing from us soon as we put together our crisis response network; Let's all show our friends and neighbors that tourism is a bright force even in dark days.

I hope that this effort will serve as one example that tourism drives profits, but also a different kind of prosperity. I can talk all day about economic impact (lucky for you, I won't). We all know that tourism is

and will continue to be a huge economic driver and job generator for our city and state. But we are selling our industry short when this conversation starts and ends with dollars, and numbers. Tourism is economic impact and beyond.

There's a lot to look forward to this year. And there are a few broader issues in tourism worth keeping tabs on this year and in the years to come. It's important that we keep an eye on some trends in global tourism. While these national and international issues aren't at the forefront here in Alaska, they do shape the perspective of our potential travelers. And depending on how they play out, they could eventually arrive at our doorstep in unexpected ways. I'd like to focus on three.

I'll start with the one that I didn't think I'd need to include when we first started working on this presentation. It's also the issue I hope is resolved soonest: the federal government shutdown. When we first saw the news 26 days ago, who knew that the government shutdown would drag on for so long?

We've been here before, with the shutdown in October 2013. Any shutdown has the potential to negatively affect meeting visitation, as government workers cancel planned conference travel, this one is no different.

We're eager for a resolution, so air travel can continue without disruption. Even the public perception that air travel will become a hassle – and stories are certainly beginning to get attention in airports elsewhere in the country – could influence travelers to stay home. Likewise, reopening government will allow national parks, forest service rangers, and federal facilities to welcome travelers again – hopefully soon.

It's disappointing to think that the shutdown has the potential to negatively affect an otherwise strong year. Partisanship and the inability of our leaders to compromise or collaborate is frustrating. We continue to monitor for local effects, mitigate any negative consequences for our guests, and press for a fix through our elected representatives.

The second broader tourism trend switches from a national focus to an international one. Some destinations are struggling with too many travelers. Overtourism is a tremendous challenge for world famous cities and places. As these global destinations struggle with how to balance the desires of travelers with those of residents, there's a huge opportunity for smaller, less-well known places. And despite our successes, we *are* one of those smaller destinations.

To put things in context, Anchorage has about 300,000 residents, and sees about 1 million visitors in a year (about 3 to 1). Barcelona's 1.6 million residents see 32 million visitors (19 to 1!). So, while this decade has seen the biggest years for tourism in Alaska and in Anchorage, our best year pales in the context of global travel.

You may recognize the irony in this old saying: "nobody goes there, it's too crowded!" Well, in the age of overtourism, that old joke has new meaning.

It's worth reminding travelers who are more accustomed to a crush of people in Times Square or a sea of humanity along Amsterdam's canals that Alaska remains a place with room enough for everyone. Wide open spaces could be a breath of fresh air for travelers weary of the masses.

Anchorage still has room to grow, and space to welcome them. We should celebrate our successes, and shout our growth from the rooftop. But I don't want to hear anyone in this room say "our destination is

full.” And I do hear it – within the industry we seem to have bought into this myth. The truth is, even in our best season, there’s room for sustained – and sustainable – growth in visitation. We see growing interest in winter visitation, and Visit Anchorage will continue to market our city as a year-round destination – we always have – and try new methods to reach the type of traveler passionate about what we can offer them from October to April. But it is worth noting that there’s also still plenty of opportunity in mid-May, early June, and in September. Don’t lose sight of this undersubscribed part of the summer.

Another worldwide trend worth bearing in mind: we see a continued emphasis on value and authenticity in travel product and travel experience.

This isn’t value in terms of looking for a bargain. This is value in terms of getting an exceptional experience for the money.

I said it last year, but it bears repeating: this is not the movie “Field of Dreams.” “If you build it, they will come” is not a business model. We have the kind of natural amenities that make other places envious. We talk about glaciers and moose and the northern lights, things that others can only dream of.

But our incredible place means nothing if it isn’t also complemented by exceptional and authentic experience. More people are traveling globally, but they also have more options available to them than ever before. It is not enough to be “good enough.” We have to be the friendliest, the most helpful, and the most customer-centric place. Remarkable service is something we should all aim for, and it’s worth asking ourselves if we measure up.

The more we focus on giving people what they need and want, the better our returns. Paying attention to feedback is vital. In fact, it’s what prompted many of the improvements to the new visitor guide. We conducted research last year to find out what people liked about the guide, and what kind of stuff they hoped to find. Many of the new parts of the guide were built with the recommendations of real travelers. Shorter, more scan-able articles, a tear-out map, insider ideas and local perspective, and more ways to connect with individual advice: all suggestions taken from a research project to better serve our guests.

I’d add that aside from the findings influencing the design and content of the guide, there was also a notable amount of interest in the local and authentic. Think about what you can do in your own offerings to make it more real, more local. Maybe that’s Alaska ingredients in the food, locally made goods on the shelves, or a local’s voice and perspective at the counter.

Tourism can spark an interest in and demand for Alaska cultures. Both traveling and welcoming travelers is a chance for us to share our stories, spread our traditions and learn those of others, and an opportunity for us to reconnect with Alaska’s heritage and rekindle our passion for the people and the place.

Travelers have always hoped to carry home more than pretty pictures from their visit. They want to feel a sense of the place, and they travel for reasons bigger than exploring another part of a map.

So in that spirit, I encourage you to adopt Maura Gast’s quote as one way to join people to product to place to prosperity. In fact, I want you to say it with me. That way it’s ringing in your ears when you

leave today. If you're totally lost, now's your chance to grab it off the table or get eyes on the screen. Just follow my lead and finish the thought.

If you build a place people want to visit, you build a place where people want to live. If you build a place where people want to live, you build a place where people want to work. If you build a place where people want to work, you'll build a place where business has to be. And if you build a place where business has to be, you'll build a place where people have to visit.

Maintaining and improving the actual experience in the destination, thinking about the kind of place we hope to be, and the gains that would make us prouder still of the place we live and share. When we win, it will be on the merits of our work in these areas. I want you each to make this idea a mantra, a credo, a refrain that you return to in the year ahead.

Thank you.