

ALASKA

MARINE HIGHWAY SYSTEM

► FY11 Marketing Plan



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BACKGROUND

The Alaska Marine Highway System (AMHS) is a state owned and operated public transportation system linking 32 ports along 3,500 miles of coastline between Bellingham, Wash., and Alaska's Aleutian Islands. Since 1963, the Marine Highway has been a critical component of Alaska's transportation system and a conduit that brings travelers and significant revenue to all parts of the state. The state ferry system operates in some of the world's most scenic waterways and, in many cases, is the only way for people to transport vehicles to areas not connected to the road system. While the primary purpose of the AMHS is to provide transportation, passengers particularly enjoy the relaxed atmosphere and experience of cruising Alaska's waters.

During the past year, the AMHS marketing program:

- Distributed 775,000 AMHS e-newsletters to current and potential customers.
- Attracted 131,700 site visits to FerryAlaska.com through a combination of print publications, direct mail brochures and online marketing.
- Promoted the AMHS in 25 local communities through a combination of newspaper, direct mail and radio ads.
- Generated more than 146,000 advertising responses.

The FY11 marketing plan that follows is built upon the foundation laid by previous plans and research. Its purpose is to increase ridership, maximize the impact of available marketing dollars, expand awareness and gain positive exposure of Alaska's ferry system. The strategic direction is centered on preserving the core summer business while stimulating resident travel during the fall, winter and spring. In doing so, the AMHS will employ tactics that have proven to be successful at generating ridership over the past six years while testing new means of communication such as 10-second TV ads and social media marketing.

SITUATION ANALYSIS UPDATE

A number of factors — both external and internal — will have an impact on the AMHS marketing campaign in the coming year. To follow are a few of the unique challenges and opportunities on the horizon.

A value-conscious mindset prevails

Although most economists agree that the recession is over, the severe losses of the past two years are still on the minds of consumers. Americans have moderated their spending behavior, cutting back on nearly every type of purchase, and businesses — those that survived the downturn — are running much leaner operations and employing fewer people. As a result, there has been a widespread shift in priorities away from consumption to more focus on family and friends. This new mindset has long-term implications for travel and transportation. Value expectations are exceptionally high with consumers becoming much more aggressive in seeking the best possible prices and deals. They are changing their purchase patterns, paying greater attention to what they are buying and when. Pricing will remain an important factor in the coming year, increasing the need to position the AMHS as an affordable means of transportation.

Travel remains sluggish

Even though prices remain lower than in previous years, data suggests that the leisure travel market for North America has finally stabilized. The U.S. Travel Association forecasts a 2.6 percent increase in leisure travel and a 4 percent increase in business travel for the coming year. International travel to the U.S. is also expected to increase by 5.1 percent with growth varying significantly by region.

Alaska's travel industry has not yet rebounded. In summer 2009, visitors declined by an estimated 7.3 percent, the largest decline since tracking began in 1985. The Alaska Travel Industry Association is anticipating up to 100,000 fewer visitors in summer 2010 due to the economy and cruise ships being redeployed to other destinations. For FY11, the state has eased industry taxes and increased destination marketing to help boost visitor numbers.

Consumers facing information overload and online booking challenges

The Internet is now a key factor in the travel distribution system. Where people once relied heavily on travel agents to plan their trip, they can now research, plan, compare and book travel themselves via the Internet. Information can be found on company websites, travel booking sites,

search engines, blogs and increasingly through social media. This same proliferation of information and media choices has made it more difficult for people, particularly those in our target market, to filter all of the many options and to find a trusted source of information. People are increasingly turning to review sites and social media to help sift through options. Consumers typically search multiple sites before making a purchase.

Online purchasing also has its challenges. Nearly one in five U.S. online leisure travel bookers encounter a problem when booking online. Some of the most common roadblocks are difficulties in completing or modifying a reservation and locating the conditions of a fare. These problems increase the number of people who call, switch to a competitor or simply do not book at all. Consumers are looking for information that is easy to find and easy to use. Having a website and reservations system that is user-friendly is difficult for a complex product like the AMHS, yet it is critical to the marketing effort.

Traffic to the Alaska Marine Highway's website continues to grow. People are not only looking for information, but they are increasingly using FerryAlaska.com to book everything from cabins to car deck space. Approximately 33 percent of all reservations are now initiated through the OARS online reservation system, a trend that is expected to continue in future years.

Year	*Phone Reservations	*Online Reservations
2008	71%	29%
2009	68%	32%
2010	68%	32%
2011	67%	33%

*Percentage of initial reservations

AMHS CUSTOMER PROFILE

Although there are many reasons why people ride the ferry, the majority of all passengers (61 percent) say they are vacation/pleasure travelers regardless of whether they live in Alaska or not. Twelve percent say they are visiting friends and relatives and 16 percent cite other reasons, including school trips, fishing trips or sporting events. According to the AMHS Marketing & Pricing Study, customers also use the ferry for personal reasons, such as doctor visits and shopping trips, and for commercial shipping of everything from seafood to the U.S. mail. This type of use is largely based on need and circumstances and less likely to be impacted by marketing.

The State of Alaska Visitors Statistics Program shows non-resident ferry travelers are well-educated and well-heeled, with 63 percent graduating from college and an average income of \$109,000. Almost half are retired or semi-retired, and 41 percent have previously been to Alaska. The largest percentage of visitors (42 percent) is between the ages of 45 and 64, while 31 percent are younger than 45 and 26 percent are 65 or older. Ferry visitors stay an average of 15.7 nights in Alaska, which is nearly twice the average for all visitors. Not surprisingly, they are most likely to visit southeast, but ferry visitors also travel to Anchorage, Denali and Seward more frequently than the overall market. Three-quarters of ferry visitors say they participate in shopping and wildlife viewing, and they are more likely than average visitors to experience day cruises, hiking/nature walks and museums.

The top states currently producing ferry riders, in order, are:

1. Alaska
2. Washington
3. California
4. Oregon
5. Texas
6. Florida

TARGET MARKETS

The primary target market is comprised of two consumer groups: Alaska residents and visitors. Marketing will take both groups into consideration. However, planning timelines and physical location dictate that they be approached differently.

Alaska Residents

Alaska residents are an important market for the AMHS. They currently represent the lion's share of the winter market and 3 of 10 summer users. Residents, especially those in the state's urban areas, need to be reminded of reasons to ride the ferry and be enticed by seasonal and route-specific promotions.

Primary Alaska Target

- Alaska residents who live in, or near, port communities plus Anchorage and Fairbanks.

Secondary Alaska Target

- Military personnel moving to and from Alaska.

Alaska Visitors

Alaska visitors are also a significant market for the ferry system. Visitors represent the majority of summer riders and revenue. The greatest revenue is derived from people traveling with a vehicle and booking a cabin. However, during peak times, car deck space and cabins are sold out. As a result, adventure-oriented travelers who are more likely to walk on are also a target.

Primary Visitor Target

- Affluent couples ages 45-65 interested in independent travel to and within Alaska, especially via car or RV. Attracted to natural beauty and relaxed, slower-paced travel.

Secondary Visitor Targets

- Younger adventure-oriented travelers with preference for outdoor activities.
- Past AMHS inquirers.
- Affinity groups such as birders and motorcycle riders.

GOALS, OBJECTIVES AND STRATEGIES

Goal: Increase year-round ridership on all vessels to all ports.

- Objectives:**
1. Enhance awareness of the AMHS and brand it as a provider of unique travel experiences.
 2. Increase resident use of the AMHS during the off-peak season.
 3. Communicate with current and potential customers.

- Strategies:**
1. Encourage Alaskans to ride the ferry during the off-peak season using a combination of pricing and promotion during the fall, winter and spring.
 - Promote seasonal specials and routes in statewide newspaper and radio ads.
 - Utilize direct mail to reach residents in smaller Alaska communities and on military bases.
 - Test new in-state 10-second TV ads in spring 2011.
 - Work with convention and visitor bureaus to promote community events and activities.
 2. Generate awareness of the AMHS and acquire new customers through a targeted multimedia campaign.
 - Promote the AMHS in national magazines that have proven to be cost-effective in generating inquiries.
 - Leverage marketing dollars by participating in strategic partnerships and co-operative advertising.
 - Distribute collateral materials and DVD brochures.
 - Market to consumers who have already expressed an interest in visiting Alaska via Alaska vacation guides, e-mail leads and websites.
 3. Expand efforts to reach consumers online.
 - Increase the proportion of online vs. traditional media.
 - Produce and distribute monthly Sea News e-mail to customers and past inquirers.
 - Launch new social media initiatives.

4. Drive traffic to FerryAlaska.com website.
 - Promote the AMHS and FerryAlaska.com via online ads.
 - Increase pay-per-click advertising on major search engines.
 - Continue to refresh content and upload new video.
 - Apply search engine optimization techniques to increase organic search rankings.

Promotional Timing

Advertising to prospective visitors will take into consideration the longer lead time needed to influence travelers while still in the planning and decision-making stages.

- Advertising directed at visitors will target two key timeframes: September-November 2010 and January-March 2011.
- Advertising aimed at Alaska residents will be tied to specific promotions during the fall, winter and spring taking into account the much shorter planning horizon of residents.

Branding

While the AMHS is a distinctive form of transportation, customers report that its greatest selling feature is the experience of sailing Alaska waters. As such, the ferry system will be positioned as a unique way to “See Alaska” with outstanding scenery, abundant marine wildlife and a relaxed and casual atmosphere. The AMHS will also promote its designation as a National Scenic Byway and All-American Road.

To further the branding efforts of the plan, the AMHS marketing team has developed a visual standards guide. The guide provides direction for both internal and external application of the organization's official logo, standard colors, typography, graphics and images. These standards support the efforts to create brand recognition for the system and are applied to all forms of communication and collateral, such as brochures, the AMHS website, resale items and correspondence.

MEDIA TACTICS

The tactical plan for promoting the AMHS includes a mix of marketing activities conducted within Alaska and in the Lower 48 including:

- Digital marketing
- Print and broadcast advertising
- Collateral and fulfillment
- Public relations
- Cooperative marketing
- Travel and trade shows

Digital Marketing

For FY11 we will continue to migrate from traditional media to online marketing. Tactics will include display ads, text links, pay-per-click advertising, search engine optimization, e-mail broadcasts, e-newsletters, online video and a modest amount of new social media marketing.

Display/Banner Advertising and Text Links

Display ads and/or text links to FerryAlaska.com will be placed primarily on Alaska-based travel sites. During the past year, the AMHS tested placement on Kayak.com and in a National Geographic newsletter. These sites were effective in gaining exposure on a large scale but did not generate inquiries quite as efficiently as Alaska travel sites. For FY11, online ad placement includes:

- Alaska Travel Industry Association travel specials, display ads and links
- Anchorage CVB online enhanced listing, link and photos
- Juneau CVB online display ad and link
- Ketchikan CVB online display ad, narrative ads
- Valdez CVB online display ad
- Skagway Visitor Guide online listing and link
- Whitehorse Visitor Guide online listing and link
- Alaska.org supplier page



Search Marketing

In FY10, pay-per-click (PPC) advertising provided about 70,000 visits to

	Cost per Click	Visits	Pages/Visit	Avg. Time on Site
All Site Visitors	-	937,517	3.85	4:58
Google - PPC	\$0.38	52,821	4.55	5:40
Yahoo - PPC	\$0.27	19,826	4.27	5:44

FerryAlaska.com at an average cost-per-click of \$0.36. Additionally, PPC traffic spends more time on the site and views more pages than the average site visitor, indicating a more engaged user. This is a very efficient campaign with an extremely low cost-per-click for Alaska Travel and Vacation search terms. It is intended to target search engine users who are clearly looking for Alaska travel or Marine Highway information.

The campaign will be divided into three primary groups of keywords and placed on major search engines and Google's display network:

- Core Audience: These terms continue to produce a spectacular click rate on Google, averaging more than 14 percent with a lower than average cost-per-click.
- General Vacation: Since these terms are more generic, positioning is more competitive. Even with lower-page placement, we are generating attention from Alaska travelers and planners who may not be familiar with the AMHS.
- Driving Vacations: On the whole, these search terms continue to perform well. The position and the click rate are good.
- Display Network (formerly Content Network, spans all groups): Content-targeting ads are placed by Google on a multitude of other sites. These ads offer millions of impressions with a lower click rate since placement is more general.

	Clicks	Impressions	Click Rate	Avg. CPC	Avg. Position
Core Audience	13,801	98,242	14.05%	\$0.32	1.5
General Vacation	5,475	6,124,841	0.09%	\$0.54	4.2
Driving Vacations	9,131	493,705	1.85%	\$0.42	2
Display Network	5,698	4,511,033	0.13%	\$0.43	4

Pay-per-click advertising with Yahoo and Google will have an expanded role in the AMHS online marketing plan in FY11. During FY10, the PPC program was only displayed to 60 percent of the possible search traffic during peak planning/booking times due to budget constraints. During the

coming year the Google PPC budget has been increased. Additionally, the merger of the Bing and Yahoo PPC services facilitates new placements on Bing that have not been performed in the past.

Search Engine Optimization (SEO)

The best avenue for increasing the exposure of FerryAlaska.com with search engines is to work on the site's organic performance. Organic performance refers to the site's unpaid listings with the search engines. Once established, not only do these listings have no cost-per-click, but they also typically have a higher click-through rate than paid listings. In FY11, the keyword universe developed for the PPC campaigns will be used to make changes to the content and meta information for FerryAlaska.com. Phrases where organic placements can be improved enough to have FerryAlaska.com appear in the first page of results will be removed from the PPC plan, and new phrases will be added to the plan — thus allowing AMHS to expand the breadth of its keyword universe and the reach of FerryAlaska.com online.

E-mail

In FY11, e-mails will once again be distributed to approximately 20,000 consumers with an interest in visiting Alaska, via highway or ferry, within the next two years and who have requested information from the Alaska Travel Industry Association. This database is a target-rich environment for marketing the AMHS. It has a large percentage of people who ultimately travel to Alaska including repeat travelers.

Sea News

Sea News is an AMHS e-newsletter designed to increase interest in traveling on the Marine Highway and to drive traffic to FerryAlaska.com. In FY10 more than 775,000 newsletters were distributed via monthly e-mail to an average of 29,000 Alaskans and 54,000 out-of-state residents. Contact information was generated from reservations, advertising inquiries and online registration forms. New leads provided by the Marine Highway are imported into the system on a monthly basis, and all communications offer the recipient the ability to opt out of future e-mails.

The current approach will be continued, distributing one version of Sea News for residents of Alaska and a second for those outside the state. A year-round calendar of topics has been created to take advantage of key promotional dates and to generate interest in a variety of routes, events and port communities.

To follow is a recap of Sea News distributed during the past year. Approximately 25 percent of all newsletters were opened with more than 35,000 click-throughs. One of the highest open and click rates was a message from Capt. Falvey. During the coming year, we will also test additional first-person recommendations from some of the vessel captains.

In State

Date	Subject	Delivered	Opened	% Opened	Clicked	% Clicked
July 21, 2009	Alaska Marine Highway - Summer Sailings	24,787	5,687	22.9%	1,309	5.3%
September 3, 2009	Savings on the Alaska Marine Highway	25,259	4,737	18.8%	759	3.0%
November 4, 2009	Alaska Marine Highway - Special Savings	29,096	6,517	22.4%	1,125	3.9%
December 17, 2009	Alaska Marine Highway - Winter Celebrations	25,709	6,576	25.6%	934	3.6%
January 20, 2010	Alaska Marine Highway - Message from Capt. Falvey	28,280	8,204	29.0%	1,498	5.3%
March 5, 2010	Alaska Marine Highway - All-American Road	27,907	7,509	26.9%	1,102	3.9%
April 5, 2010	Alaska Marine Highway - Fish on!	27,509	7,922	28.8%	1,031	3.7%
May 11, 2010	Summer Specials	33,155	9,809	29.6%	2,064	6.2%
June 28, 2010	Alaska Marine Highway - Summer Hiking	34,011	5,506	16.2%	575	1.7%
July 27, 2010	Alaska Marine Highway - We've Got Wildlife	34,558	5,460	15.8%	527	1.5%
		290,271	67,927	23.4%	10,924	3.8%

Out of State

Date	Subject	Delivered	Opened	% Opened	Clicked	% Clicked
August 11, 2009	Alaska Marine Highway - Summer Sailings	48,368	12,870	26.6%	2,313	4.8%
October 14, 2009	Alaska Marine Highway - Special Savings	52,535	13,580	25.8%	2,385	4.5%
December 1, 2009	Alaska Marine Highway - Time to Plan	51,467	12,995	25.2%	3,022	5.9%
January 7, 2010	Alaska Marine Highway - Free DVD	50,963	14,380	28.2%	5,186	10.2%
February 15, 2010	Alaska Marine Highway - All-American Road	50,231	13,537	26.9%	2,419	4.8%
March 22, 2010	Alaska Marine Highway - World-Class Fishing Awaits You	49,867	11,325	22.7%	1,422	2.9%
April 30, 2010	Bring Your Bike	61,315	17,928	29.2%	2,753	4.5%
July 13, 2010	Alaska Marine Highway - Wildlife Worth Watching	59,441	14,679	24.7%	2,220	3.7%
June 9, 2010	Alaska Marine Highway - Hiking the SEATrails	62,173	16,461	26.5%	3,302	5.3%
		486,360	127,755	26.3%	25,022	5.1%

Social Media Marketing

Social media is perhaps the fastest-growing online marketing tool. It is highly effective in improving brand and product consideration when consumers are gathering opinions and looking for trustworthy sources of information. Even those who don't actively post online are often readers of content. For FY11 AMHS will increase its participation on two of the top social networking sites; Facebook and YouTube.

Facebook is now home to over 500 million users around the world and is the number one social media website. During the past year, AMHS conducted two waves of pay-per-click advertising promoting seasonal specials to approximately 106,000 Alaska subscribers, which resulted in 7,477 visits to FerryAlaska.com. This year we will establish a year-round social media presence on Facebook by creating a fan page. Users will be engaged through sharing of content such as: new services and routes, information on special offers, links to news articles about the ferry system, special events, tips and suggestions and FAQs. The fan page will link back to FerryAlaska.com and Sea News registration. Once established, we will also begin to recruit social media community members and “fans” via online promotion.

Online Video

The increasing number of households with broadband access has led to a sharp rise in online video viewing. During the past year, the platform for hosting videos embedded in the AMHS website was migrated to the YouTube platform which has made for faster viewing. In addition, an AMHS YouTube channel was created with all of the current AMHS videos. During the coming year, at least one additional video will be added to the mix and key search terms promoted on YouTube.

Website Traffic

Overall, site visits continue to climb through a combination of clickable ads and promotion of the website address. Visits per user continue to average about 1.5 visits, with users spending about 5 minutes on the site per visit. It should be noted that these statistics are for October 2007-June 2010.

Site Statistics	FY08	FY09	FY10
Total page views	2,760,198	3,652,755	3,600,182
Total visits	579,905	822,878	934,362
Average monthly visitors	41,861	44,693	50,621
Average number of pages viewed	4.74	4.44	3.86
Average visit time	5:39	5:28	4:57
Repeat visitor percentage	43.3%	48.3%	50.1%
Total search engine referrals	258,341	227,326	287,081

In the coming year, we will also establish goal tracking in Google Analytics to provide a more detailed understanding of how the site and specific campaigns perform. These goals will include conversion to timetable, video requests and online travel purchases. Given the pending replacement of OARS and the transition to a new booking engine in the coming years, we will also coordinate with the new development company to explore passing the value of individual sales to Analytics in the new system.

Print and Broadcast Advertising

In addition to online advertising, traditional media will be used to guide the primary target audiences along a compendium from interest to inquiry to booking. In-state media will include newspapers, radio, direct mail and, for the first time, TV. National media will include magazines and Alaska travel publications.

Alaska Newspaper

Newspaper will continue to be the primary form of communication with Alaska residents. Black and white, one-third page ads will appear in 17 local papers approximately every other month from September to June. A tentative promotion schedule includes:

September

- Driver goes free

October

- Winter discount

December

- Christmas celebrations
- Visit family and friends for the holidays

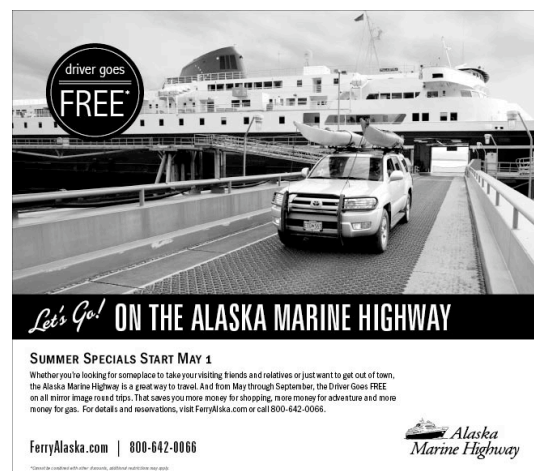
January

- Winter discount reminder

March

Route-specific promotions such as:

- Let's Go See Wrangell (from Ketchikan)
- Let's Go See Ketchikan (from Wrangell)
- New service to Gustavus (Juneau)
- Driver goes free reminder



May-June

Route-specific promotions such as:

- Increased summer service (Petersburg, Sitka, Haines, Juneau, Skagway)
- Let's Go See Cordova (from Anchorage, Kenai, Fairbanks and Valdez)
- Let's Go See Kodiak (from Anchorage and Kenai)

Alaska Radio

Radio will be used to maximize marketing dollars and increase awareness of the ferry system within Alaska. Radio ads will kick off the winter pricing promotion in late September. Thirty-second spots will air on 21 stations in Juneau, Ketchikan, Anchorage, Sitka, Kodiak, Petersburg, Wrangell and Haines.

Alaska TV

New for FY11 will be in-state television advertising. Despite the Internet's steady rise in popularity in the past few years, television remains the dominant media with the average person watching TV 4 1/2 hours a day. The advantage of broadcast is that messages can be delivered to a broad audience with sight, sound and motion. The disadvantage is that it can be cost-prohibitive. The AMHS will test a three-week flight of 10-second TV ads, which are lower-cost, in spring 2011. Ads will be used to promote the ferry system as a travel option and to increase awareness of FerryAlaska.com. The ads will reach more than 200,000 Alaska homes through:

- **Anchorage's KTUU:** Ads will be placed on prominent KTUU programming including Channel 2 News (NBC), which is the most widely distributed broadcast news in Alaska. Broadcasts can reach up to 199,301 Alaska homes and all Alaska communities except Fairbanks and Ketchikan. KTUU's newscasts also reach Juneau (KATH-TV) and Sitka (KSCT-TV) by simulcast. Both stations are NBC affiliates and reach 16,000 homes.
- **The Alaska Rural Communications System (ARCS):** The rural communications system reaches 41,071 Alaska homes in more than 230 rural communities. The majority of Channel 2 news shows, including the M-F news hour, are delivered to these homes, which represent more than 115,000 residents.

- **Southeast Stations:** The Ketchikan market receives their NBC programming on KING TV (Seattle). To provide exposure into the Ketchikan market, schedules will be placed on KJUD in (ABC) and KXLJ (CBS), which service the entire southeast region. KXLJ broadcasts in the Ketchikan market as KUBD Channel 13 and GCI Cable Channel 4.

In addition, the Channel 2 News 5-7 p.m. news block is carried on Anchorage KFQD radio where it is the No. 1 drive-time program for listeners 25-54.

Juneau Channel

This past year, the AMHS sponsored creation of a video for the Juneau Alaska Channel, which was launched in May 2010. The video is broadcast on the in-room information channel available in many Juneau hotels. In FY11 the video will reach Alaskans and others who are hotel guests during the fall, winter and spring.

Alaska Military Advertising

With personnel moving to and from Alaska year-round, the U.S. military offers a small but consistent customer base. Currently, military personnel can choose to fly to Alaska, drive the Alaska Highway or take the ferry. The military pays a significant portion of ferry travel, including costs for a stateroom, vehicle and other allotments.

Year	Military Itineraries	Total Itinerary Items
FY06	225	1,031
FY07	2,157	7,608
FY08	2,191	7,178
FY09	1,773	5,783
FY10	2,186	7,016



In FY10, military traffic rebounded after experiencing a dip in FY09. For the coming year, the AMHS will be positioned as a good option for those making a military move to or from Alaska. Ads will be placed in military guides and maps in Anchorage and Fairbanks, and a direct mail piece sent to approximately 7,000 families living on military bases.

Magazine Advertising

Magazines will be used to increase brand awareness of the AMHS and drive consumers to the website and/or the 800-number for more information. National ads and visitor guides will reach an estimated 12 million readers with heavier penetration in travel and West Coast publications. Ads will be attention-grabbing, full-color ads, ranging in size from 2-inches to one-sixth page, and be coded with a unique URL for tracking where possible.

Through the negotiation process, the agency has secured magazine savings and benefits worth \$67,500, which increases the value of the media by more than 44 percent. To follow is a recap of visitor-targeted publications including total circulation, readership, average household income (AHHI) or median household income (MHHI) for subscribers and any bonuses or negotiated discounts.



AAA Western Journey

Journey is the award-winning magazine for AAA members in Washington and Northern Idaho. Editorial contains informative writing and lively design to engage readers with articles that highlight the best each state has to offer. Journey also encourages readers to travel to other destinations.

- 30% discount off rate card
- Two-month listing online reader's service
- Inclusion in two e-newsletters
- Circulation: 580,000
- Readership: 1,200,000
- Median age: 48
- AHHI: \$89,200

AAA VIA (N. California, Utah, Nevada)

AAA VIA is the award-winning magazine for AAA members in Northern California, Utah and Nevada. Editorial is geared toward informative writing and lively design to engage readers with articles that highlight the best each state has to offer. VIA also encourages readers to travel beyond the state's borders.

- 30% discount off rate card
- Two-month listing online reader's service
- Circulation: 2,680,000

- Readership: 6,432,000
- Median age: 52
- AHHI: \$97,500

Alaska Magazine

Alaska Magazine is a trusted source for information on all things Alaska. With an Anchorage-based staff and a team of contributors from across the state, Alaska Magazine covers everything from communities to culture to history and outdoor sports with compelling stories and outstanding photographs. Readers are invited to experience the Last Frontier.

- One month listing online reader's service
- Circulation: 140,000
- Readership: 238,000
- Average age: 63
- MHHI: \$70,700

Budget Travel

This travel publication inspires readers to go to new places. Budget Travel gives the inside scoop and up-to-the-moment advice on all the can't-miss, most fun things to see and do, across the country and around the world.

- 45% discount off of rate card
- Two-month listing on reader service card (RSC)
- Hyperlink on BudgetTravel.com to coincide with each RSC listing
- Circulation: 675,000
- Readership: 2,400,000
- Median age: 50
- AHHI: \$90,874

Good Housekeeping

Written for the contemporary homemaker. Articles focus on food, nutrition, fashion, beauty, relationships, home decorating, health, childcare and other consumer and social issues. Each issue delivers a unique mix of inspirational and personal stories, trusted information and closely researched investigations and reports.

- One-month online reader's service listing
- Link on ghtravel.com
- Circulation: 784,100

- Readership: 1,568,200
- Median age: 51.1
- MHHI: \$56,026

National Geographic Traveler

Written as a resource for active, curious travelers. It provides service information to enable readers to go places wisely and well. Features focus on domestic and foreign destinations, personal travel reflections, food and restaurants, great places to stay, ecotourism, road trips and cultural events. It also provides short but rewarding getaways that address readers' travel styles and interests.

- 40% discount off rate card
- Four-month online readers service listing
- One A List e-newsletter sponsorship
- Circulation: 726,192
- Readership: 7,687,192
- Average age: 42
- AHHI: \$88,421

Outside Magazine

The mission of Outside magazine is to inspire active participation in the world outside through award-winning coverage of the sports, people, places, adventure, discoveries, health and fitness, gear and apparel, trends and events that make up an active lifestyle.

- 50% discount off rate card
- One-month online readers service
- Circulation: 675,000
- Readership: 2,320,000
- Average age: 38.5
- AHHI: \$95,739

Sunset

Sunset is a regional lifestyle magazine, focusing on living well in the West. Sunset provides localized information on gardening, travel, food, entertainment, home building and remodeling.

- Reader service card listing
- Hotlink on Sunset.com
- Circulation: 1,250,000

- Readership: 4,825,000
- Median age: 51.6
- HHI: \$88,460

Alaska Airlines Magazine

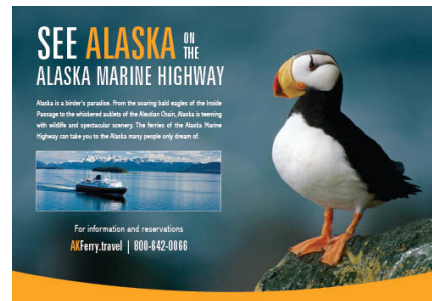
Alaska Airlines' in-flight magazine is a monthly publication designed to engage, entertain and inform the passengers who fly on Alaska Airlines. The magazine focuses on the people and places of the Alaska Airlines route system, exploring the issues, trends and events that shape these regions.

- Reader service card listing
- Hotlink on alaskaairlinesmagazine.com/ads
- Average total passenger boardings per month: 1.56 million
- Readership: 951,000
- Average age: 49.1
- HHI: \$103,400

Audubon Magazine

Provides a place for nature and wildlife enthusiasts, outdoor adventurers and environmentalists to learn, explore and be inspired by the natural world's great beauty and extraordinary diversity.

- 60% discount off of rate card
- Two months on reader service card
- Circulation: 375,000
- Readership: 2,103,000
- Median age: 53
- AHHI: \$81,499



Rider Magazine

Editorial takes an all-brand approach (not just Harley-Davidson or BMW riders). Articles cover a wide variety of topics such as riding, touring, sport touring, accessories, road tests and commuting in the real world.

- 34% discount off rate card
- Circulation: 140,000
- Readership: 322,000
- Median Age: 53
- AHHI: 40% of readers exceed \$100,00

Motorcycle Advertising

Motorcycle traffic, targeted through niche marketing, has been on a slow-but-steady increase. In FY10, an ad was placed in a motorcycle publication and information included in Sea News. An ad will once again be placed in Rider Magazine.

Year	Motorcycle Itineraries
FY06	2,061
FY07	2,619
FY08	2,739
FY09	2,930
FY10	3,027

Alaska Travel Guides

Ferry visitors report a higher usage of travel guidebooks than the overall market. In addition to magazines, ads will be placed in vacation guides that target travelers to and within Alaska including:

- The Milepost
- Alaska Official State Vacation Planner
- Yukon Vacation Planner
- Juneau Visitors Guide
- Tourism Prince Rupert Visitors Guide
- Bellingham Visitors Guide
- Whitehorse Visitors Guide
- Skagway Visitors Guide

Direct Mail

Direct mail will be used to reach residents in small communities where the cost of mailing is efficient and media coverage is limited. A new piece featuring the winter special will be sent to nearly all households in Skagway, Tenakee Springs, Angoon, Hoonah and Kake in two direct mail drops. This year, in addition to promoting seasonal discounts, residents will be encouraged to sign up for the monthly AMHS e-newsletter and Facebook fan page.

Collateral and Fulfillment

Respondents to advertising and promotion will be sent an Alaska Marine Highway All-American Road DVD or a printed schedule depending upon their request. In FY10 13,443 DVDs and 7,468 printed schedules were distributed to consumers. All advertising and Web inquiries are forwarded to the AMHS fulfillment contractor for timely mailing. Contact information is then added to a database for further marketing efforts. Other collateral pieces to be developed or reprinted include:

- See Alaska Brochure
- Highway/Golden Circle Brochure
- Adventure Brochure

Public Relations

Public relations will provide an important tool to gain additional nonpaid editorial coverage. The AMHS marketing staff will continue to work with national and international travel writers in conjunction with the Alaska Travel Industry Association and the Southeast Alaska Tourism Council.

This year we will also create new sample itineraries to share with local and national media. One of the major reasons residents give for not taking the ferry system is that they have no reason to use it. Several trips that can be taken over a long weekend in conjunction with one or more legs on the ferry will be developed. The first itineraries, focusing on encouraging people in the major urban areas to use the AMHS, will distribute in a variety of ways including media briefings, posting on the Internet and Sea News. Examples include:

- Fairbanks, Richardson Highway, Valdez, Cordova
- Anchorage, Whittier, Valdez circle trip
- Anchorage and Kenai to Kodiak
- Juneau, Haines, Skagway circle trip
- Gustavus Getaway

Cooperative Marketing

A number of organizations in Alaska are already marketing to visitors. The AMHS will utilize these programs to identify and market to prospects who have expressed interest in visiting Alaska as well as target repeat travelers. The AMHS will participate in the state tourism marketing program conducted through the Alaska Travel Industry Association as well as working with individual convention and visitors bureaus.

The AMHS also participates in three nonprofit marketing alliances: One alliance focuses on the foreign travel market; another on the domestic market, which targets wholesale travel providers; while the third markets to individual consumers. Through these partnerships, the AMHS can reduce costs by sharing trade show venues and distribution of materials.

Travel and Trade shows

The AMHS also attends independent consumer shows that target travelers interested in learning details of specific destinations and travel options. Following are some of the larger trade shows or conventions that the AMHS plans to attend this year:

ATIA Convention: The Alaska Travel Industry Association holds an annual convention, which is an important way for the AMHS to gain exposure within Alaska with tourism leaders and tour operators and to participate in future planning and business development for the industry as a whole.

AARP National Convention: The AARP convention attracts tens of thousands of attendees and is a great forum for the AMHS to target our specific age demographic. The convention draws retired or semi-retired individuals that have disposable income for longer, more extensive destination vacations.

Alaska Media Road Show: The Media Road Show is the signature media event of ATIA. It presents the opportunity for representatives of the Alaska travel industry to meet one-on-one with pre-screened travel journalists with the goal to advance editorial coverage for the AMHS and increase awareness of the Marine Highway as a unique travel opportunity.

Florida RV Supershow: This event is sponsored by the Florida RV trade association and caters directly to the RV community and driving destinations. This show was attended by several Alaska

marketing organizations last year and received great reviews. In FY11 AMHS has opted to attend this show in lieu of other RV shows which have had declining attendance in the past few years.

Travel & Adventure Shows: The Travel & Adventures Show series takes place across the U.S. Sponsored by some of nation's largest news organizations, they are very well-advertised and have excellent attendance. The shows in general tend to draw over 20,000 attendees in a two-day period and produce consumers with very high interest in all Alaska destinations. This year, AMHS will attend some of the shows in New York; Dallas; Santa Clara; Chicago; Washington, D.C.; and Los Angeles, depending on resources.

Seattle International Bike Expo: Sponsored by the Cascade Bicycle Club, the bike expo is all about destination cycling and adventure sports, which provides the perfect target for AMHS' secondary market — younger outdoor enthusiasts. In 2010 AMHS partnered with the Southeast Alaska Tourism Council for the show, which was held at a new venue at Pier 91 and drew a large crowd.

Northwest Sportshow: Held in Minneapolis, the Northwest Sportshow attracts consumers avid about all types of outdoor recreation. This is a new venue for AMHS but one that has been successful with other DMOs and regional marketing groups in Alaska. AMHS will pursue outdoor enthusiasts who are interested in an independent boating, fishing, hunting or camping adventure.

International Pow Wow: Sponsored by the U.S. Travel Association, Pow Wow is the only annual show attended directly by AMHS that focuses on travel agents and wholesalers. The show focuses on one-on-one meetings where agents can ask questions and learn how to incorporate the AMHS into travel itineraries for their clientele.

MONITORING AND TRACKING

Bradley Reid has established a system for tracking inquiries and responses to all marketing programs. A summary will be produced showing coded reader service card responses and website hits using unique URLs. Advertising programs will be monitored and may be adjusted during the year to achieve greater results. Monitoring will include:

- Reach of magazine, newspaper, radio and online ad placements.
- Advertising-generated inquiries from individual media sources.
- Number of website site visits from unique URLs and key word buys.
- Click-throughs from online advertenting, e-mails and Sea News.

FY11 ESTIMATED BUDGET

The overall budget remains the same as the previous five years, however, the proportion allocated to digital marketing tactics will increase to \$132,000, up from \$40,000 just two years ago. Detailed media budgets and ad creative will be approved by AMHS prior to placement.

Digital Marketing	\$132,000
Includes search marketing, Internet ads, e-newsletter	
Alaska Media Advertising and Production	\$170,000
Includes design, printing, placement and postage	
National Media Advertising and Production	\$158,000
Includes design, printing, placement and postage	
Coordination and Communication	<u>\$40,000</u>
Total	\$500,000

LET'S GO! SEE ALASKA



FerryAlaska.com