

Assets, Challenges and Outlook

Assets

Petersburg has a good inventory of attractions for selective development of independent and small ship tourism markets. The attractions include abundant natural attractions, plus cultural and historical features of interest. (Please refer to the tourism chapter in the *Petersburg Economic Profile* for a detailed assessment of Petersburg tourism).

The community is home to a creative tourism business community that has developed local tours, marine wildlife excursions, charter operations, attractive accommodations, adventure experiences such as kayaking, and unique retail offerings of interest to visitors. The community is also headquarters for a major travel agency that is an important contract marketing and reservations agent for the Alaska Marine Highway System.

Petersburg has adequate infrastructure for a moderately increased tourism business. Harbor facilities (for marine charters, private vessels and small ships), campgrounds and RV facilities, and frequent air and marine transportation access are examples of these infrastructure assets.

According to local sources, travelers who visit Petersburg express a very positive response to their experience. This indicates a quality product that, if marketed, would attract additional people.

Challenges

Petersburg has a low market presence as a visitor destination. This is the result of a very modest marketing program during a time when most communities have significant marketing budgets managed by professionals. Petersburg does maintain an Internet Web site and responds to inquiries from potential visitors.

Community competition is intense with other Southeast cities such as Haines and Sitka that budget \$200,000 or more to attract visitors. Petersburg's budget is estimated at less than 10 percent of that amount. Juneau's tourism marketing budget is nearly \$1 million.

The independent visitor market is of highest interest to Petersburg. This market is flat or declining in Alaska, due to the loss of state funds for generic tourism marketing, and other factors.

Recent visitor arrival data show some market targets for Petersburg. Alaska Marine Highway System arrivals have declined due to changes in AMHS policies of operation. Arriving air volume has also declined over the past several years. A significant increase in small ship arrivals has compensated to some degree.

Outlook

Petersburg's outlook for tourism development in the markets favored by the community is primarily dependent on a local marketing effort by city government and businesses led by the Petersburg Chamber of Commerce. While the outlook is favorable for increased regional and statewide visitation of independent, small ship and large ship tourism, Petersburg is unlikely to participate fully without a larger, competitive marketing presence and program.

Favorable trends in U.S. demographics (Baby Boomers like to visit Alaska) and a likely increase in statewide marketing through the Alaska Travel Industry Association are positive long-term factors for tourism market growth.

Strategic Action Plan

Community guidelines for tourism development

Clear community guidance is an asset for development planning. Fortunately, the Petersburg community provides very specific guidance to both private business and government for selective and moderate tourism development. The Petersburg economic development mission statement is clear about the potential impacts on residents of any development: "Developing and growing in a manner compatible with both use and enjoyment of our natural surroundings and resources." The mission statement adds that diversification can only occur, ". . . while maintaining compatibility with our traditional resources-based lifestyle." The mission statement specifically encourages selective tourism development: "Diversifying our economy in ways that are compatible with our lifestyle and interests by nurturing: visitation by independent tourists . . ."

Further, the *Petersburg Household Economic Issues Survey* gives detailed direction with statistical certainty. Sixty percent of households favor growth in independent tourism vs. 7 percent that would like to see a decrease. Forty-five percent favor small ship growth vs. 12 percent selecting decline. The community is also very clear on large ship tourism with 63 percent preferring decline (or no increase) vs. just 10 percent favoring growth. The community specified the forms of independent tourism preferred for future growth. Between 65 percent and 76 percent favored growth in local sightseeing (both guided and unguided), active adventure tourism, ferry foot passengers, and guided marine sightseeing. Finally, the community says that slow to moderate (but not fast) growth is acceptable.

Strategy: Develop a competitive market presence for Petersburg.

Discussion: Marketing is necessary to both increase and guide tourism markets. Marketing carries the message to the prospective visitors that the community prefers. It can also communicate what Petersburg does not want. Without advertising, the community is not likely to attract many additional, desirable visitors and will not be able to communicate its selectivity (no big ships, no crowding) to the market. The city should retain a tourism marketing consultant to help develop the following actions.

Action: Retain a tourism marketing consultant to design and recommend an effective marketing program and image, including evaluation of participation with other programs and the AMHS. The consultant should also recommend in detail a structure for overall marketing success. The report should include a plan for incorporating marketing of other Petersburg products in an overall “Market Petersburg” program. Tourism marketing should also include some consideration of attracting Alaskans for pleasure travel and for meetings and smaller conventions.

Responsibility: City of Petersburg. *When:* Early in FY 2002.

Action: Following the consultant’s report, develop an organizational structure for a much larger tourism marketing program and commit professional staff and sufficient budget to have a strong, competitive impact. Coordinate this effort with the recommendation for marketing all aspects of Petersburg (tourism, seafood, forest products, medical services, arts and crafts, senior living, etc.). Most communities in Alaska use a convention and visitors bureau (CVB) structure to accomplish tourism marketing and guide community tourism development. While the Petersburg Chamber of Commerce structure has made good use of very limited marketing resources, most communities have left general economic promotion with the chambers and moved targeted tourism marketing to a CVB structure. This specialized structure can attract professional talent to compete in today’s market. Local governments – primarily through dedicated hotel bed tax proceeds – provide most of the money in the CVB structure. Private sector members who benefit from the program also contribute to the common CVB budget.

Responsibility: City of Petersburg. *When:* FY 2002 and 2003.

Action: Focus particular professional attention and financial resources to develop a competitive Internet marketing program for Petersburg. The Internet is becoming a very cost-effective way for communities to market tourism. A small community or small business can appear as attractive as large ones on the Internet.

Responsibility: New marketing structure. *When:* FY 2002.

Action: Evaluate benefits and costs of participation in cooperative marketing programs of the Alaska Travel Industry Association (statewide program), Southeast Alaska Tourism Council (regional), and Tourism North! (international – Alaska and Western Canada).

Responsibility: New marketing organization with consulting assistance. *When:* FY2002.

Action: Coordinate Petersburg program with the new Alaska Marine Highway System marketing director. The AMHS is renewing its long-dormant effort to increase traffic through marketing. The AMHS has a new, well-qualified marketing director and is allocating money to marketing. The AMHS is also improving the speed of the tedious reservations system that has discouraged interested customers in recent years.

Responsibility: New marketing organization. *When:* FY2002.

Action: Develop a preferred market image and market position for Petersburg. Hire a tourism marketing consultant to assist in developing marketing image and marketing plan. This image should be irresistibly attractive to independent visitors in preferred segments of adventure travel, local tours, overnight visitors, AMHS foot passengers, and those appreciating cultural and historical aspects of Alaska. The image should also be attractive to people who want to meet local Alaskans, who appreciate living in a smaller community, and who travel in small groups. An image that communicates these features will also let those who prefer large group, pre-programmed travel know that Petersburg is not the place for them.

Responsibility: New marketing organization with consulting assistance.
When: FY2002.

Strategy: Continue to develop a unique visitor attraction base that differentiates Petersburg from competing communities and locations.

Action: Provide financial and marketing support to attractions related to premium Alaska natural experiences. The primary motive for visitors to Alaska is the spectacular scenery, opportunity to view wildlife and marine life, and have experiences in the Alaska environment. Visitors do and will visit Petersburg because they see it as a place to have these experiences. Attractions that can provide this, such as the Marine Mammal Center, deserve support. Infrastructure that embraces marine sightseeing and adventure experiences is also important.

Responsibility: City of Petersburg, special interest supporters, and tourism businesses. *When:* Ongoing.

Action: Support and market cultural attractions and events. While Alaska's natural attractions are the major motivator for visiting, cultural features can be support motives for visiting Petersburg and they can deliver satisfaction. Specifically, support the proposed Petersburg Cultural Center facility that would house the museum, library and the Marine Mammal Center. Petersburg's Norwegian history is an asset, but the typical visitor, unless visiting in May during the Little Norway Festival, has little exposure to this special part of Petersburg. Additional Norwegian exhibits and entertainment would add to the attraction base. Petersburg's Alaska Native heritage has been under-represented in the past. The expected raising of two Tlingit totem poles in 2001 could be the beginning of making the community known for this attractive heritage.

Responsibility: City of Petersburg, supporters of the museum, Marine Mammal Center, library, and economic development staff. *When:* Secure funding by June 2002.

Action: Support the development of attractions, infrastructure and tour content that educate visitors about Petersburg's economic lifeline – commercial fishing and fish processing. To maintain the community as residents want it and to clear up misconceptions about how Alaskans manage their resources, it is imperative that visitors be exposed to and accurately educated about the seafood industry.

Responsibility: New City of Petersburg economic development staff, tourism advocates, and community. *When:* List priorities by December 2001.

Action: Develop the attraction base to differentiate Petersburg as unique. The attraction base needs to support the recommended market position that Petersburg is the place in Southeast Alaska to go for premium natural experiences (spectacular scenery, wildlife/sea life, and adventure activities for the independent visitor). The secondary appeals are: The Norwegian and Native cultures, being a real Alaska working town, and being a community that is free of large-volume, impersonal tourism. No other regional community can make this collection of claims.

Responsibility: New economic development staff, tourism advocates, community. *When:* List priorities by December 2001.

Strategy: Develop infrastructure for selective tourism industry growth supported by the community.

Action: Improve infrastructure that supports operators serving the small ship, private vessel, independent, adventure, local tour, charter fishing, and marine sightseeing markets. Particular attention should be paid to the scale of operation the infrastructure supports. Clearly the community does not want large ships, so developing the waterfront to accommodate primarily smaller operations is recommended.

Responsibility: City of Petersburg and transportation interests. *When:* Identify priorities by December 2001.

Action: Seafood industry needs must be considered when building a base for tourism. Seafood is the priority industry and tourism development needs to be compatible with the infrastructure used by the seafood industry. Visitors should be encouraged to observe and learn about the seafood industry, but in a safe way that does not interfere.

Responsibility: Tourism and seafood industry advocates. *When:* Ongoing dialogue.

Strategy: Support infrastructure development that serves the interests of both residents and visitors.

Discussion: Surveys of both business owners and households revealed strong support for growth of recreation facilities. This is an area where residents' local goals can be assisted by visitor industry growth. Visitors and residents jointly use a number of recreation facilities and infrastructure. Examples can include campgrounds, trails, public telephones, museums and visitor centers. Revenues from visitor fees can augment resident fees.

Petersburg's tourism preferences are to target independent visitors who are attracted to activities such as guided walks, local sightseeing, active adventure tourism, and marine guided sightseeing. Recreation facilities and infrastructure that could generate visitor fees include:

- Trails where brochure guides can be purchased at the trail head.
- Maps or brochures with walking tours that highlight the working waterfront.
- Museums and cultural centers with displays and information on local flora, fauna, and marine mammals, and on area Norwegian and Tlingit cultural history.

Responsibility: City of Petersburg. *When:* Ongoing planning process.