

Cruise Port Profile: Sitka

Understanding Cruise Activity & Economic Impacts in Sitka

Prepared by:



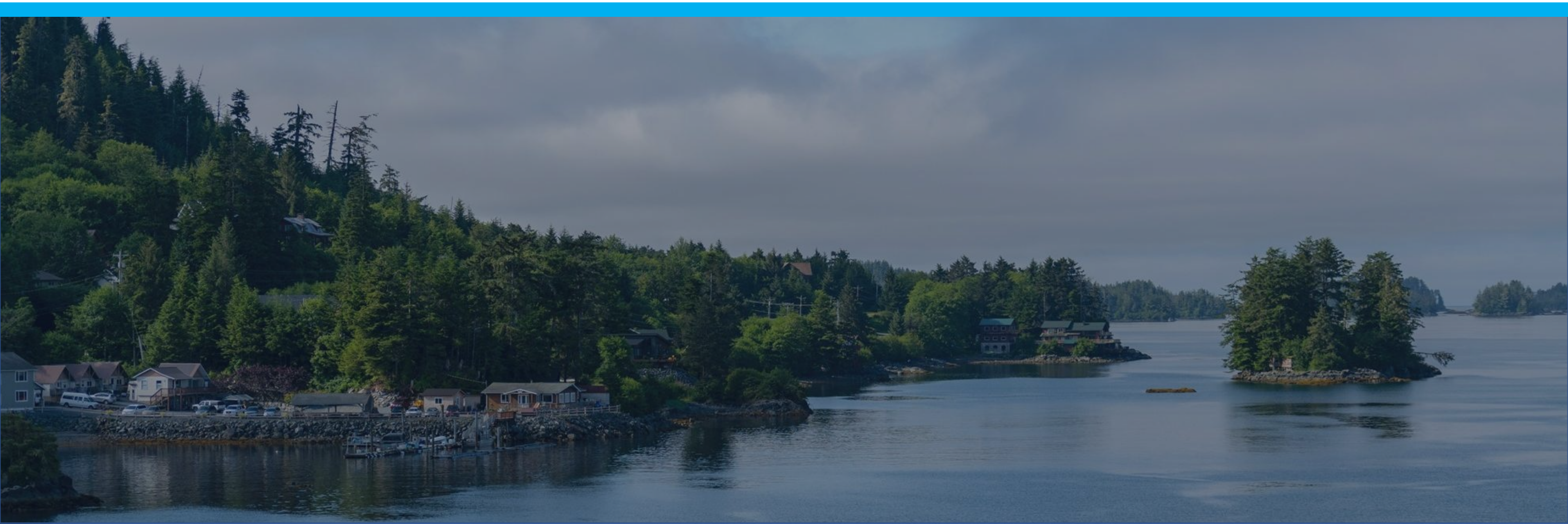
Prepared for:



STRENGTHS CON

- **Introduction**
- **Key Findings**
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- **Local Business Survey**
- **Technical Appendix**

INTRODUCTION





Introduction

The cruise industry is playing an increasingly important role for local economies across the globe. However, there is limited consistent information available at local level to enable a more thorough understanding of these impacts. While studies are periodically undertaken which document the impacts of cruise activity in destinations, there are often inconsistencies between approaches which limit the extent to which comparisons and inferences can be made to truly understand trends within the industry.

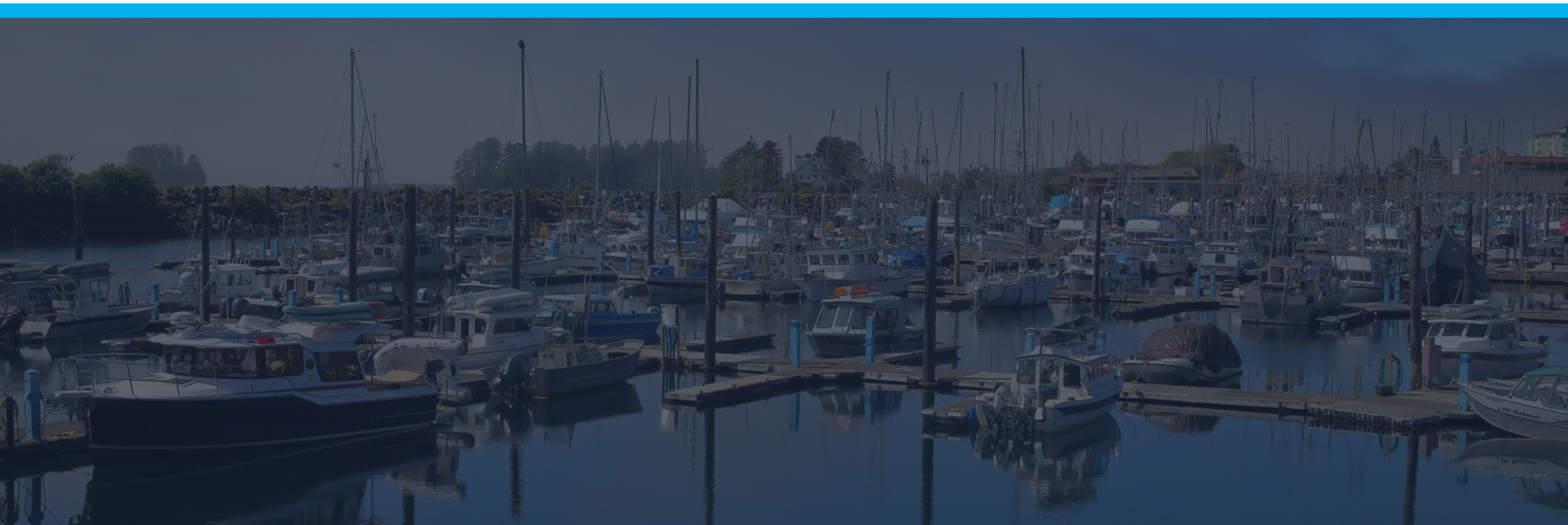
To address this issue, Cruise Lines International Association (CLIA) commissioned Tourism Economics to develop and implement a consistent framework for measuring and understanding cruise activity at individual ports. The CLIA Port Profile project was launched in 2024 for ten ports around the world, consisting of five ports in Europe and five ports in North America's Pacific Northwest (PNW) coast.

This report discusses the findings of the Port Profile study conducted in Sitka. The report is comprised of the following sections which, collectively, enable a detailed and thorough understanding of cruise activity and impacts in the city:

- **Visitor activity:** Key trends and attributes relating to the cruise industry in Sitka and the North American Pacific Northwest as a whole.
- **Visitor profile:** Insights regarding the types of cruise visitors that come to Sitka, including their demographic characteristics.
- **Destination engagement:** Understanding the behaviors of different types of cruise visitors, including the activities they undertake.
- **Passenger spending:** The spending behavior of cruise visitors in the city.
- **Economic impact:** Analysis of the economic impact of cruise-linked activity in Sitka on the local region.
- **Local business survey:** Views and attitudes towards cruise visitors and the broader industry among local businesses.

A technical appendix is included at the end of the report which provides additional detail regarding the research.

KEY FINDINGS





Key Findings

VISITOR ACTIVITY

Sitka achieved around 614,000 cruise passenger visits in 2024. Transit passengers, coming ashore for the day while undertaking a cruise, accounted for almost all the cruise visitors in Sitka.



614K
Total Passenger Visits¹



102K
Total Crew Member Visits



>99.5%
Share of Transit Passengers



<0.5%
Share of Turnaround Passengers

Sitka recorded around 614,000 cruise passenger visits in 2024, with almost all of these by transit passengers, visiting the city and surrounding area for the day as part of their cruise itinerary in Alaska. In addition to the cruise passengers, the destination benefited from around 102,000 crew member visits in 2024, which helped to generate further economic benefits for the local visitor economy.

Cruise Activity in Sitka

Reflective of the broader trend in Alaska, there are seasonal variations in cruise activity in Sitka, with significantly higher passenger volumes during summer months compared to the shoulder months of April and October. In 2024, Sitka recorded peak cruise passenger visitation in July, which was seven times higher than in the lowest-activity month of October. This was broadly comparable with the Alaska cruise region overall, recording peak visitation which was eight times higher than the quietest month in 2024.

Cruise Seasonality

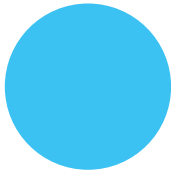
Busiest month as multiple of quietest month

Sitka



7x

Alaska



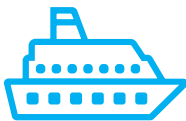
8x

Note: Scaling is approximate for visualization purposes. Excludes months with zero activity.

Cruise Vessel Size and Class Segments

Large vessels accounted for the greatest share of cruise passengers in Sitka in 2024, making up 48% of passengers, followed by medium-sized vessels at 39%.

Consistent with the predominance of larger vessels calling at Sitka, the contemporary class segment accounted for over 60% of passengers, while the premium segment comprised 26%.



48%
Share of Large
Cruise Vessels



63%
Share of
Contemporary
Class Cruises

1. Note: Cruise passenger visits include embarkation, disembarkation, and transit visits. Passenger visits can be up to twice the number of unique passengers at turnaround ports.

Visitor Profile

Sitka’s cruise visitors are primarily from the United States, with most aged 55 or above. They regularly explore the area and visit local shops. Cruises play an important role introducing new audiences to Alaska, as most were visiting the state for the first time.

Transit Visitors



92% United States
5% Canada



64% >55 years
26% 35-54



83% first time visitors to Sitka
64% first time visitors to Alaska



72% Explore
70% Shopping
46% Attractions

Visitor Profile and Destination Engagement

Understanding variations in the profile and behavior of different cruise segments is critical to inform the destination’s strategies for developing and enhancing its cruise offering.



Source Markets

The United States was Sitka’s primary source market for cruise visitors, accounting for 92% of the transit visitors surveyed. This was followed by Canada, comprising 5% of transit visitors, and the United Kingdom (1%). Other international source markets made up the remainder, with visitors from over 25 international source markets responding to the survey.



Age Demographics

Passengers aged 55 years or above represented nearly two-thirds of transit visitors. The second largest group was those aged 35 to 54, accounting for around a quarter. Meanwhile, just under one in ten were aged 18 to 34 years.



Visit Patterns

Highlighting the importance of cruise expanding the destination’s reach to new audiences, there were high levels of first-time visitation among cruise passengers. Over eight out of ten transit visitors were discovering Sitka for the first time, and 64% were visiting Alaska for the first time.



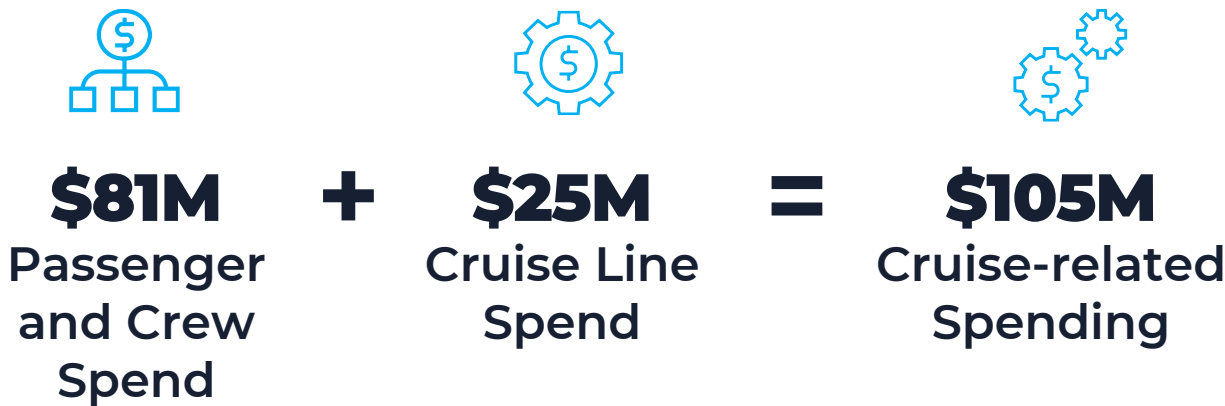
Activity Profiles

Exploring was a key activity for most cruise visitors, with 72% of transit passengers taking time to walk around Sitka. Visiting local shops was the next most common activity, enjoyed by 70% of passengers. This was followed by visiting local attractions and undertaking guided tours, with 46% and 43% of cruise passengers, respectively, undertaking these activities while ashore. These results demonstrate that cruise passengers engage with Sitka in a variety ways which helps to generate dispersed economic impacts.

Visitor Spending and Economic Impact

Total direct spending by cruise passengers, crew members and cruise lines was \$105 million.

Passengers and crew injected \$81 million directly into the economy of Alaska, with the largest share going into the tours sector. Cruise lines contributed an additional \$25 million, with around 70% of this related to fuel. Together, this spending generated \$105 million in direct cruise-related economic impact for the region.

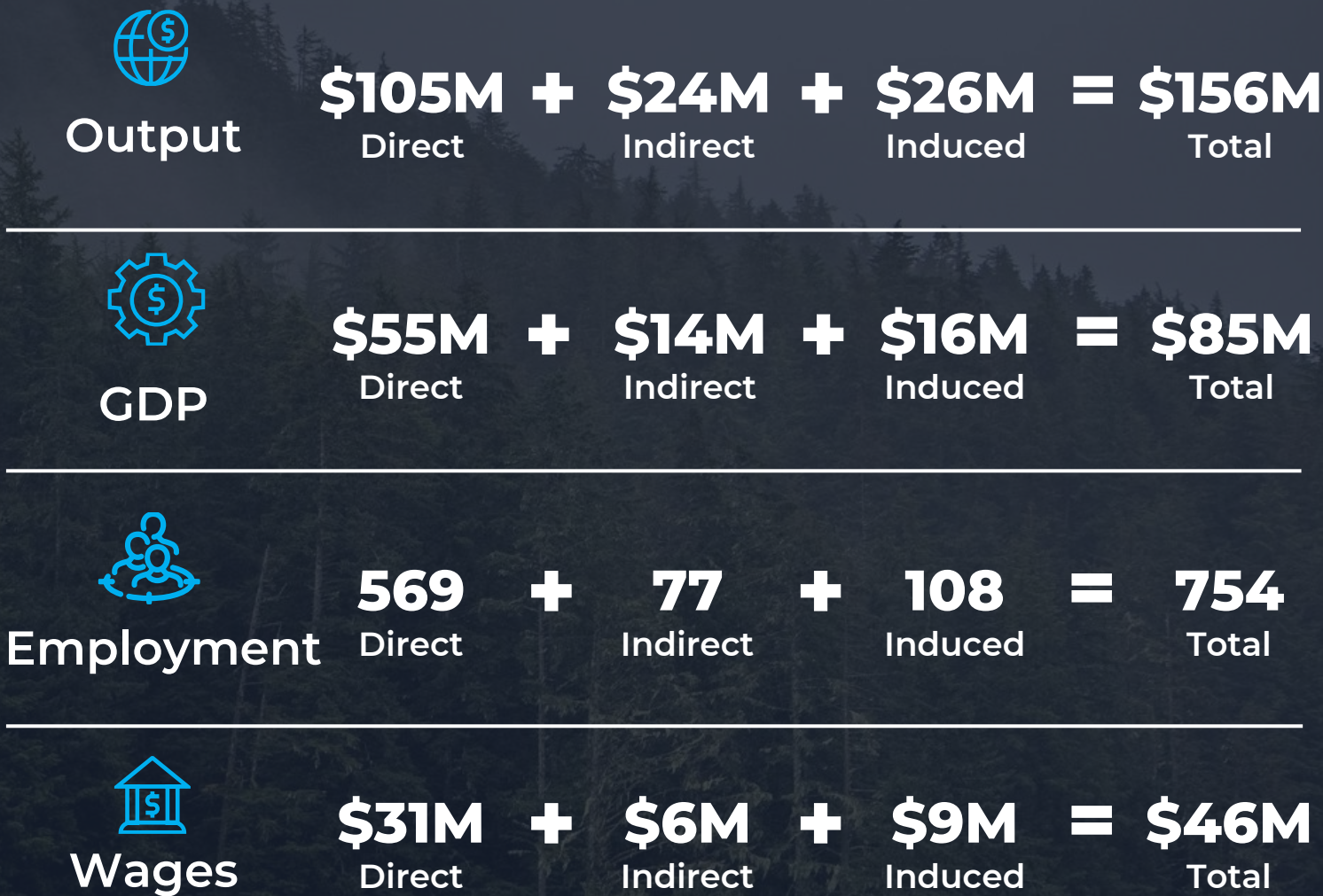


Direct visitor spending injects revenue into businesses, which then purchase from suppliers (indirect effects) and pay wages to employees who then spend their income in the wider economy (induced effects). Taken together, cruise-related spending resulted in a total economic impact of \$156 million in the Alaskan economy in 2024, supporting \$85 million in GDP. In the labor market, this equates to just over 750 jobs and \$46 million in linked wages.



Total Output from Cruise-related Spending in Sitka in 2024

Economic Impacts of Sitka Cruise Activity



Note: Values may not sum due to rounding.

Local Business Survey

Most local businesses surveyed agreed that the cruise industry has a positive impact on their organization and the local economy overall.

Among the businesses surveyed, cruise visitors account for a large share of their overall revenues. This was estimated to be just over 50% in the current financial year. There was significant optimism that cruise-related revenues would grow over the next five years, signaling a positive outlook for the sector's impact on the local economy.

The businesses surveyed demonstrated very positive views regarding the cruise industry's impact, with 85% agreeing that cruise visitors are important to the local economy. Highlighting strong recognition of individual impacts for their business, 75% of the businesses sampled agreed that their sales increased when cruise ships call at Sitka. Further highlighting support for the industry, significantly more businesses agreed than disagreed that Sitka gains additional benefits due to repeat visits from cruise passengers.

Reflecting these positive perceptions, 47% of respondents were satisfied with the cruise industry's current impact in Sitka. This compares to 34% who stated they were dissatisfied. When asked about suggestions to improve cruise tourism impacts, businesses commonly mentioned cruise call timing considerations. Better timing of cruise calls during the week was suggested by 62% of respondents, followed by 49% who felt that a more spread-out schedule of calls during the season would generate improved impacts.

**Current financial year:
Estimate % of sales due to
cruise visitors**

55%

Average

**'Cruise visitors are important
to the local economy in Sitka'**

85%

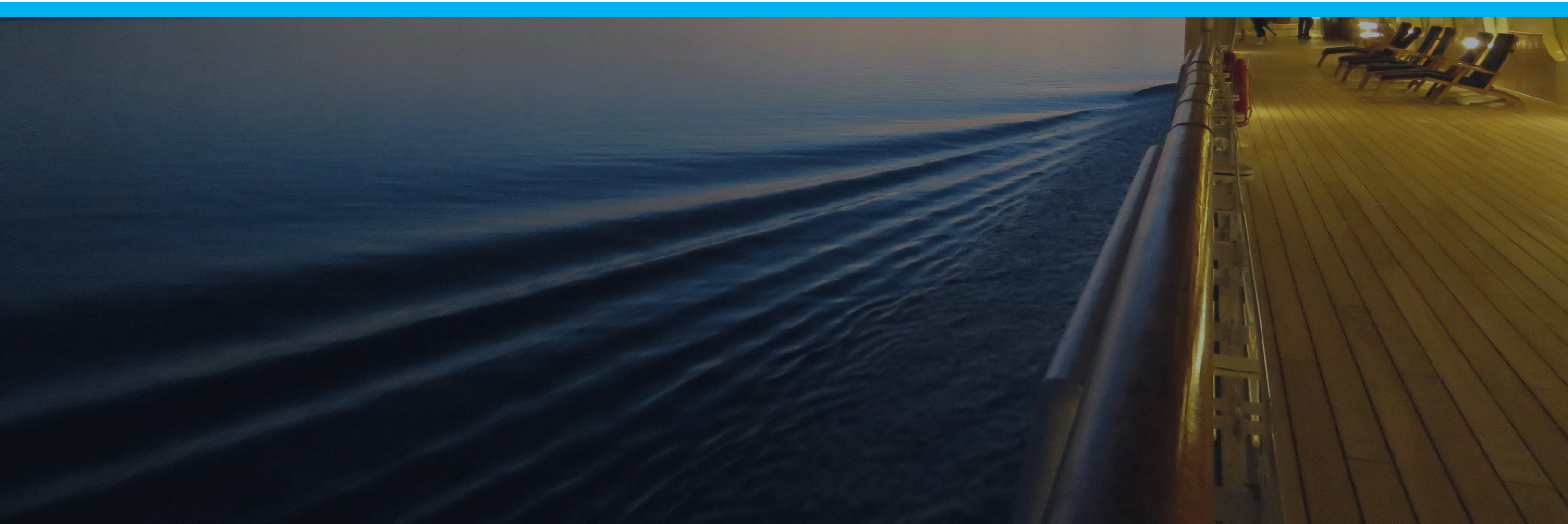
Agree

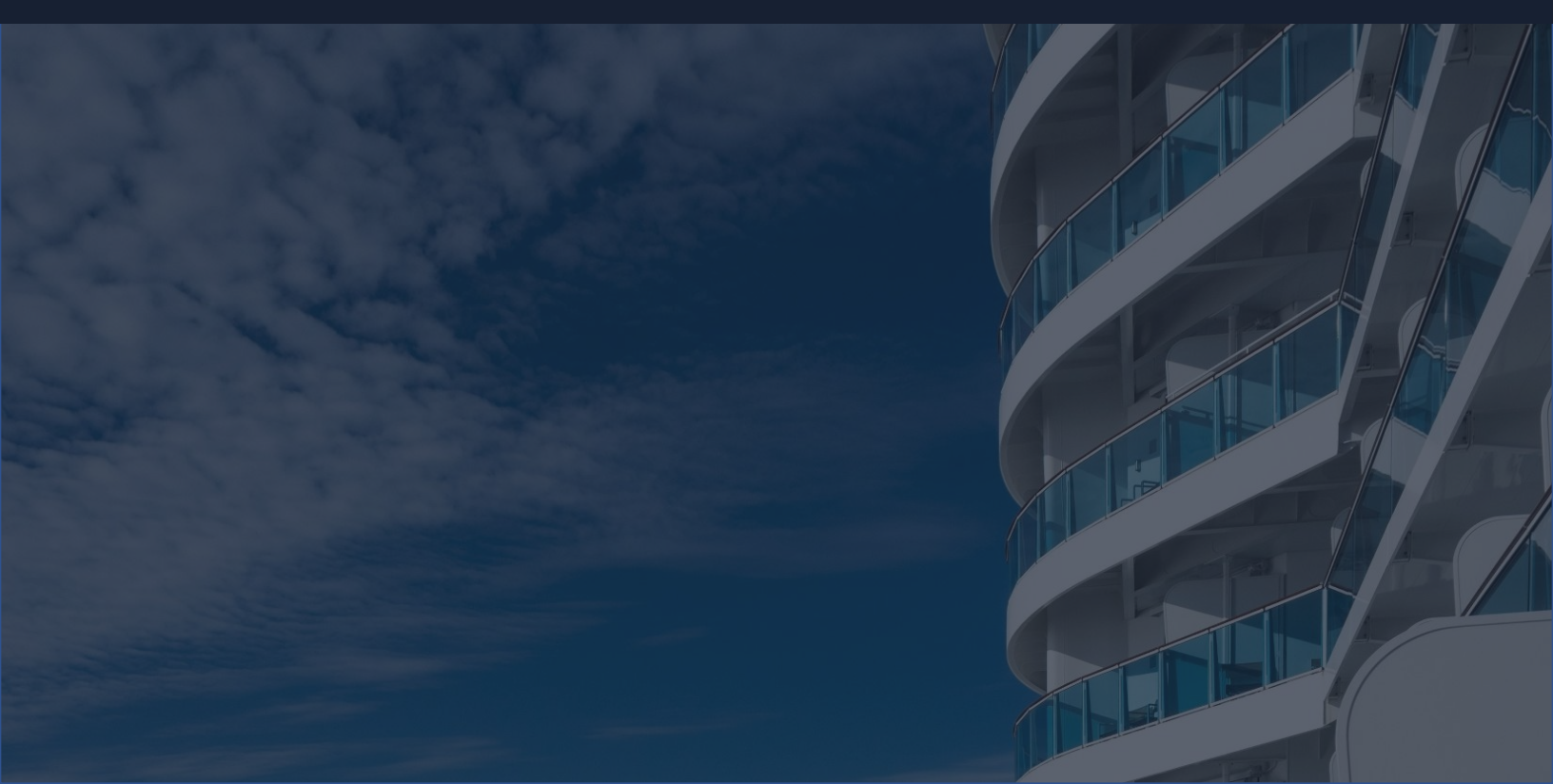
53% of businesses
are confident that
**sales linked to
cruise visitors will
grow** over the
next five years

47% of businesses
are **satisfied** with
the current visitor
impact in Sitka

62% suggested
that **better timing
of cruise ships**
during the week
would increase
the visitor impact
in Sitka

VISITOR ACTIVITY





3. Visitor Activity

Global Overview

The cruise industry has rebounded strongly since the end of the pandemic with global demand in 2024 around 20% above the previous high-water mark of 2019.

The cruise industry delivered an exceptionally strong performance in 2024, marking a full recovery to 2019 occupancy levels. This was achieved while industry capacity expanded by over 20% during the same period, underscoring the impressive growth story of global cruising in recent years. The strong rebound is particularly striking compared to other tourism sectors, such as U.S. hotel demand and international travel, which have struggled to achieve their 2019 benchmarks.

One factor which has contributed to drive up demand is cruising’s growing reputation as a value offering. This has been particularly important in recent years as many consumers have become increasingly price conscious and value-driven when evaluating travel decisions. Expanding supply has also played an important role fueling growth. This has been influential in attracting more new audiences to cruise, especially younger consumers. Consequently, total passenger demand globally has risen robustly from 30 million in 2019 to 35 million in 2024.

The industry's momentum has also reignited activity in cruise ship construction with a growing orderbook signaling strong confidence in future growth. Projections for 2025 indicate another positive year as global cruise deployment is expected to expand by an additional 6%.

Alaska Cruise Demand Forecast

Following exceptional growth in recent years, cruising in the Pacific Northwest region is projected to expand at a slower pace. Demand for premium class ship experiences and passenger limitations in key ports are expected to influence deployment.

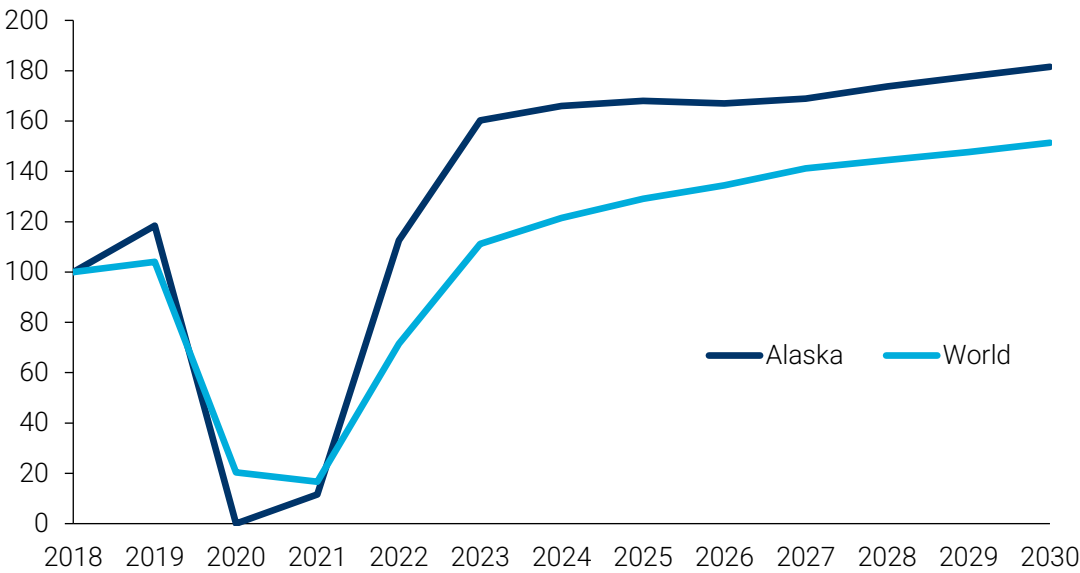
Cruise demand in the Alaska cruise region has surged in recent years, increasing 40% from 1.2 million in 2019 to 1.7 million in 2024. This growth is more than double the global rate of 17% over the same period as cruise demand globally increased from 30 million to 35 million passengers.

After this rapid expansion, growth across the region is expected to moderate in the coming years. Demand is projected to rise by 9% between 2024 and 2030, well below the global passenger growth forecast of 25% over the same period. This reflects the current orderbook, with other regions set to see a stronger uplift in capacity as more large cruise ships are deployed. In addition, caps on cruise visitors in Juneau and other potential tourism management initiatives across the region are contributing to soften the outlook.

Meanwhile, there is a disproportionately large share of premium class cruise activity across the region, as the segment in 2025 is expected to account for just over half of cruise passenger visits in Alaska, compared to a global average of just over 20%. Strong underlying demand in this segment is expected to drive new deployment in 2026 targeting consumers seeking premium class cruise experiences.

Cruise demand

Index, 2018 = 100



40% growth
in Alaska
cruise
demand
(2019-2024)¹

Source: Cruise IP, Tourism Economics

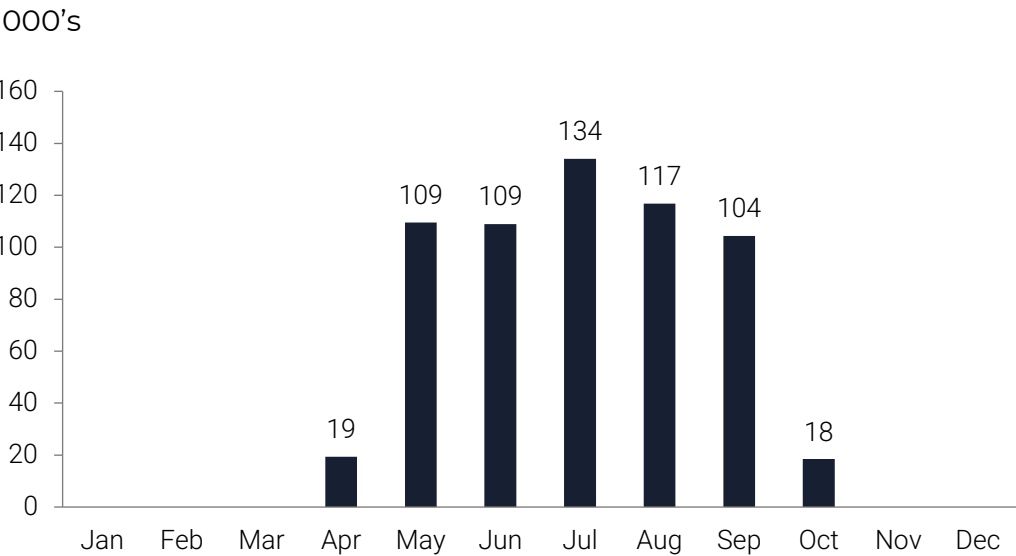
1. Note: Refers to the Alaska cruise region, which includes Sitka.

Sitka Cruise Visitor Activity

Sitka achieved an estimated 614,000 cruise passenger visits in 2024, with the vast majority being transit visitors. Consistent with the pattern observed across Alaska, cruise visitation in Sitka is seasonal, with the highest levels occurring during peak summer months.

In 2024, we estimate that Sitka recorded approximately 614,000 cruise passenger visits. According to Tourism Economics’ Cruise IP, the most comprehensive cruise industry database available based on published planned itineraries, almost all the cruise activity in Sitka occurs between May and September, with relatively stable demand of around 110,000 passenger visits per month in 2024. Meanwhile, reflective of lower deployment, the shoulder months of April and October recorded significantly lower activity of around 20,000 visits per month. Consistent with the regional trend, there were no additional cruise visitors in Sitka during the remaining months of the year.

Passenger visits to Sitka’s port by month in 2024



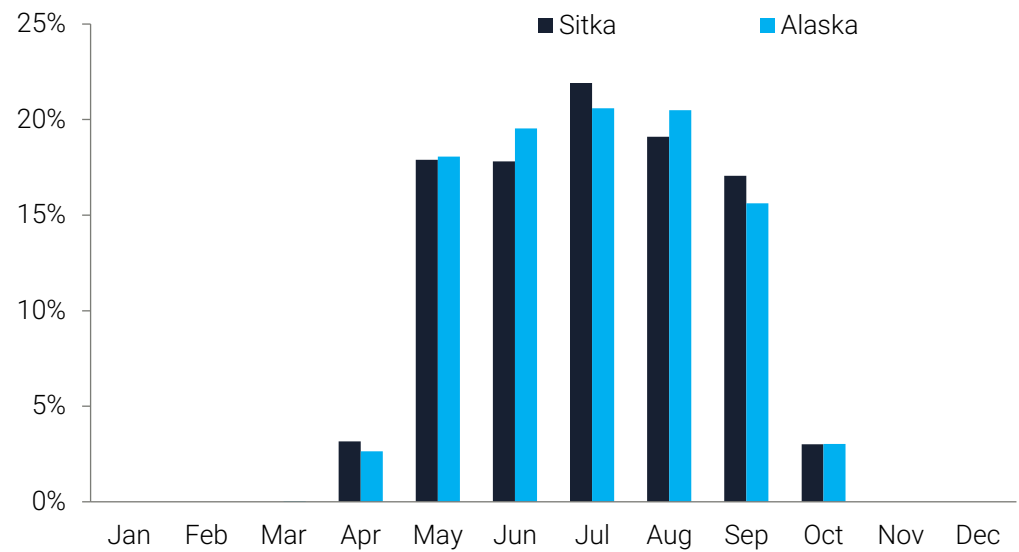
Source: Cruise IP, Tourism Economics

Based on 2024 data from Tourism Economics’ Cruise IP, a similar seasonal pattern is observed in the broader Alaska cruise region, where deployment and demand are largely concentrated between May and September with some additional activity during the shoulder months of April and October. Overall, these findings highlight the region’s exposure to seasonality as cruise deployment largely halts during the winter months. Staffing limitations are also a significant constraint on industry operations in the region outside of the peak season period.

According to our estimates using Cruise IP data, Sitka’s peak cruise passenger visitation in July 2024 was approximately seven times higher than the lowest visitation level in October 2024. This was broadly on par with the regional average using the same metric as for the Alaska region overall there was a ratio of eight when comparing the busiest and quietest months in 2024. These results highlight that both Sitka and the region overall experience notable shifts in cruise activity between the quieter, off-season months and the busier, peak season months.

Monthly capacity compared to Alaska

Monthly capacity as a share of annual capacity in 2024



Source: Cruise IP, Tourism Economics

Cruise Seasonality by Region (2024)

Busiest month as a multiple of quietest month

Sitka



7x

Alaska



8x

Note: Scaling is approximate for visualization purposes. Excludes months with zero activity.

Sitka Cruise Visitor Segmentation

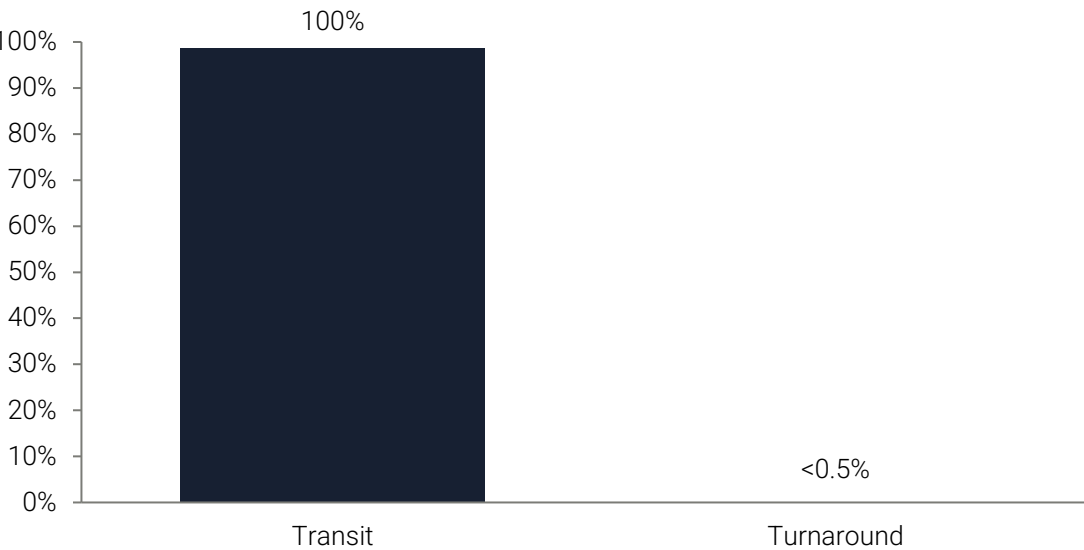
Almost all cruise passengers in Sitka are transit visitors. Around half of these passengers arrive at Sitka in large cruise vessels in the contemporary class segment.

Transit passengers are those who come ashore for a day to visit local attractions, shop, eat and drink, and carry out other tourism-related activities. Turnaround passengers embark or disembark at the beginning or end of their cruise itinerary. These passengers typically incur additional expenses, including transport costs to reach Sitka and accommodation costs, if they choose to stay overnight before and/or after their cruise.

According to data extrapolated from Tourism Economics’ Cruise IP, nearly all cruise passengers in Sitka were transit visitors, with less than 0.5% being turnaround passengers, starting or ending their cruise. These findings underscore the importance of Sitka in Alaska cruise itineraries as destinations play a significant role influencing cruise decision-making overall.

Passenger visits by type

% of passenger visits

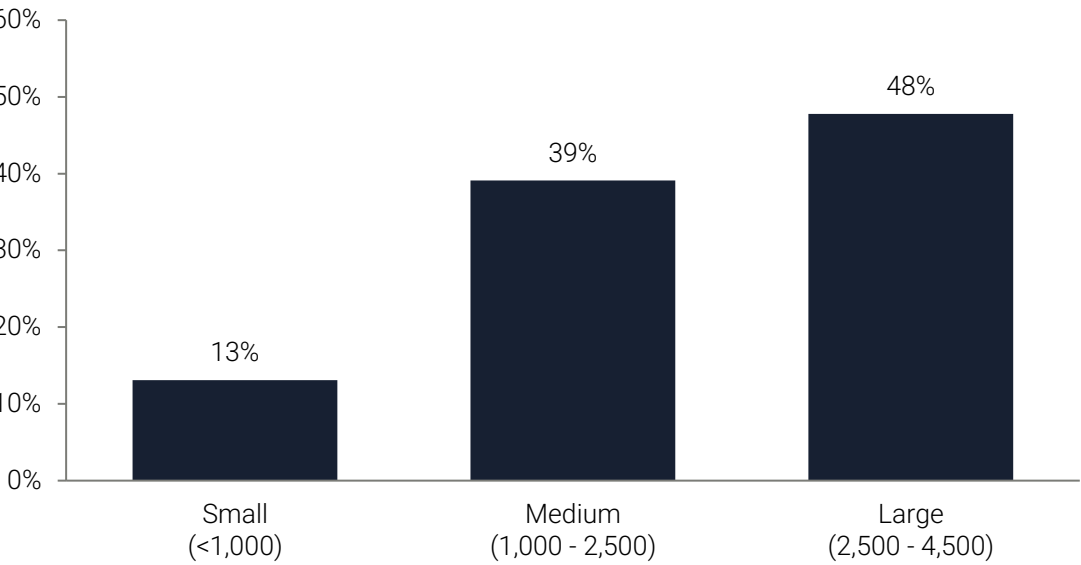


Source: Cruise IP, Tourism Economics

According to Cruise IP data, around half (48%) of the cruise passengers in Sitka in 2024 traveled in larger vessels with capacity between 2,500 and 4,500 passengers. The next most common type, accounting for 39% of cruise passengers, was medium-sized vessels capable of carrying 1,000 to 2,500 passengers. Meanwhile, small vessels with fewer than 1,000 passengers accounted for 13% of all passengers in the destination during the year.

Passenger capacity by vessel size

% of passenger visits

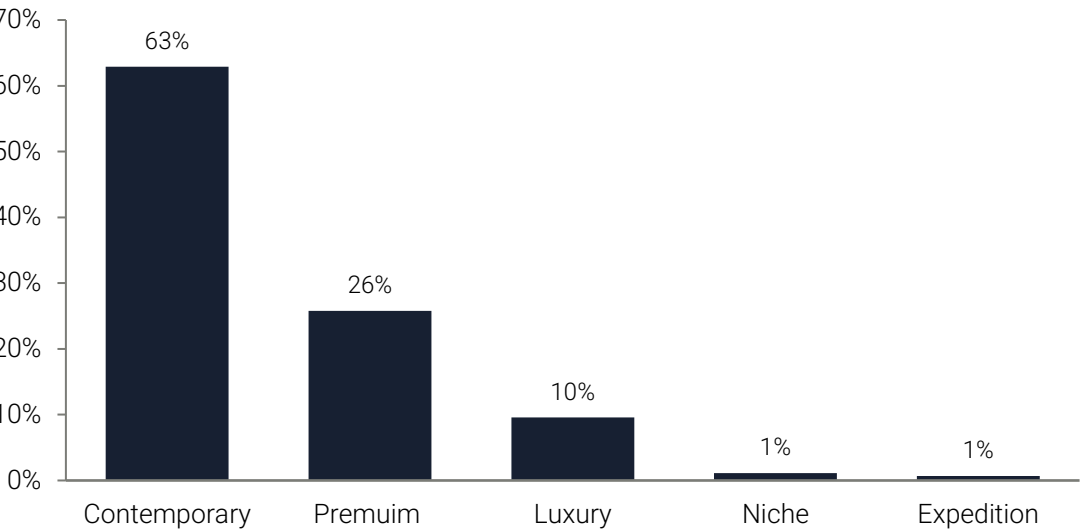


Source: Cruise- IP, Tourism Economics

In 2024, contemporary class brands made up the largest share of the cruise market by some distance, with 63% of cruise passengers in Sitka travelling in this segment. This reflects the destination’s reliance on larger vessels, which align with the contemporary class segment. Meanwhile, premium class brands accounted for 26% of passengers, followed by luxury operators which generated around 10% of Sitka’s cruise visitors in 2024.

Passenger capacity by cruise brand class

% of passenger visits



Source: Cruise IP, Tourism Economics

CRUISE VISITOR RESEARCH





4. Cruise Visitor Research

Introduction

Comprehensive primary research was conducted among passengers visiting Sitka during April to October 2024. The survey enabled detailed understanding of how cruise visitors interact with the city, including spending insights.

Primary research was undertaken to evaluate and understand the behavior, experience, and spending profile of two different cruise segments - transit passengers and turnaround passengers – visiting the city.

Increased understanding of the needs and behaviors of specific cruise segments provides opportunities for the city's business community to develop effective initiatives aimed at growing and improving the economic footprint of the cruise industry in the city.

In addition to capturing insights to better understand the needs and behaviors of cruise visitors, the survey captured critical information about the expenditure behaviors of cruise visitors. This spend data was utilized to inform our economic impact analysis for Sitka which is set out later in this report.

Methodology

Cruise lines distributed an online survey to passengers known to have visited Sitka during the 2024 season. Overall, 3,469 completed surveys were achieved.

A survey of cruise passengers was conducted between April and October using an online questionnaire, which was distributed by email to passengers by cruise lines.

The questionnaire was developed to enable a comprehensive understanding of the behavior, experience, and spending impact of cruise visitors to Sitka. The final questionnaire was developed and agreed after consultation with representatives at CLIA.

In total, 3,469 surveys were completed among cruise passengers, which included 3,465 survey responses among transit visitors and 4 survey responses among turnaround visitors. This distribution reflects Sitka's primary role as a destination for transit cruise passengers who come ashore for the day as part of their cruise itinerary in Alaska.¹

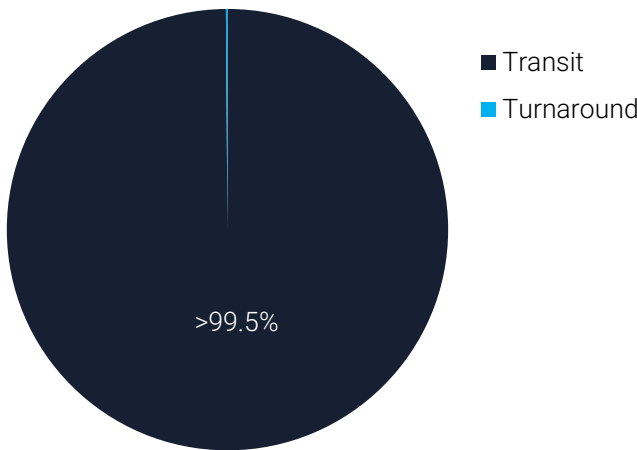
Cruise Passenger Survey Sample

The survey achieved a good spread of responses by cruise visitors during the season. Holland America Line guests accounted for the largest share of survey responses.

Reflecting the underlying distribution of cruise passengers who come to Sitka, the overwhelming majority of the survey responses were among transit visitors (99.9%), with the remainder (0.1%) among turnaround visitors.

Cruise passenger visit type

% of respondents



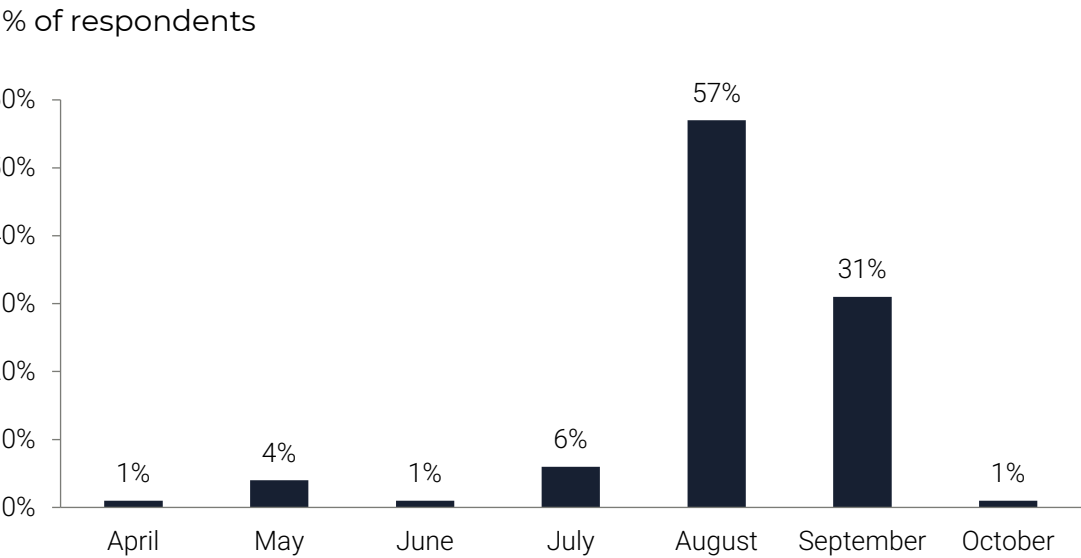
Source: Tourism Economics

1. Note: Due to Sitka's primary role as a transit port, only a limited number of turnaround surveys were achieved. The sample size is too small for meaningful analysis, so results are not included in this report.

Cruise Passenger Sample (cont.)

The survey captured feedback from transit visitors throughout the season from April to October 2024. However, most of the survey responses were from visitors who came ashore at Sitka in August and September 2024 (87%), reflecting the seasonal pattern of cruise visitor volume in the destination. The remaining survey responses, 13% of the sample, were from cruise visitors outside of these peak season months.

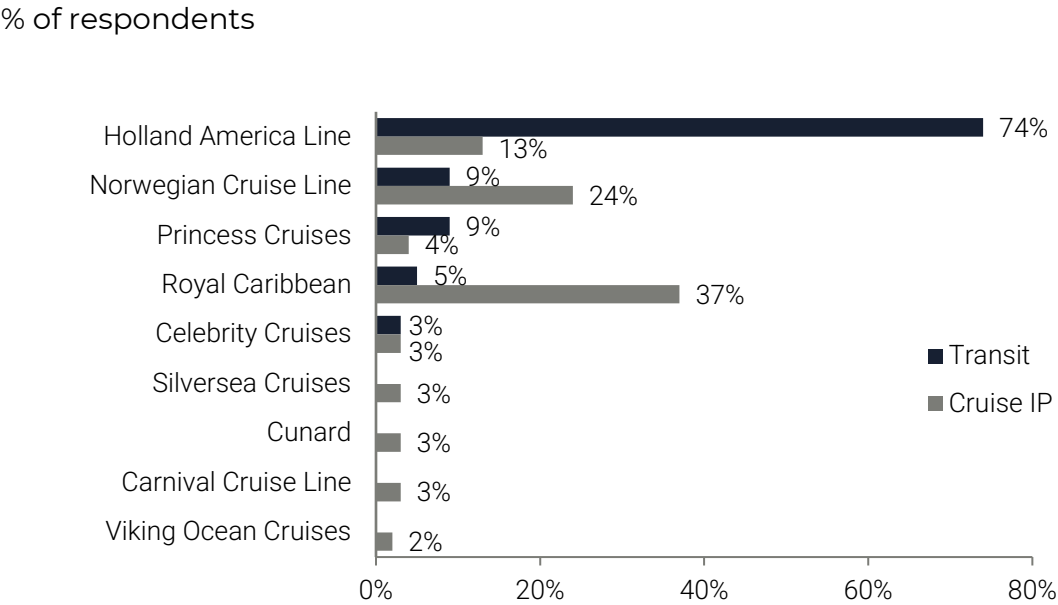
Cruise passenger monthly surveys



Source: Tourism Economics

Due to the cruise line’s high level of engagement with the research, guests from Holland America Line accounted for the largest share of responses, accounting for 74% of the sample. This was followed by Norwegian Cruise Line at 9% and Princess Cruises at 9%, with the remaining responses among passengers from Royal Caribbean (5%) and Celebrity Cruises (3%).

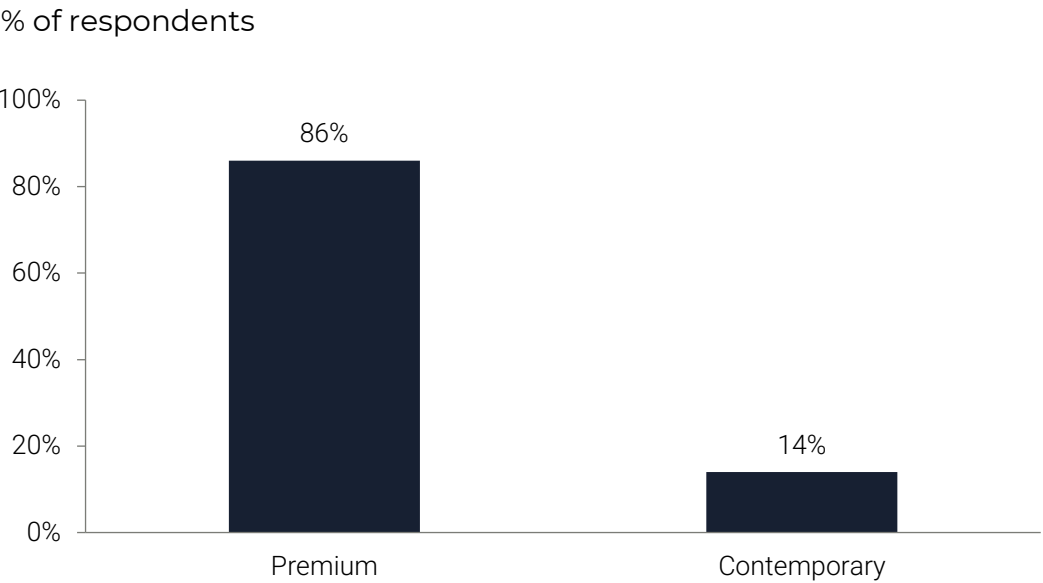
Cruise passenger cruise brand



Source: Tourism Economics

Heavily influenced by the high share of responses from Holland America Line passengers, 86% of the sample undertook a cruise with a premium class cruise line, while the remainder (14%) sailed with a contemporary class cruise brand.

Cruise passenger cruise brand class



Source: Tourism Economics

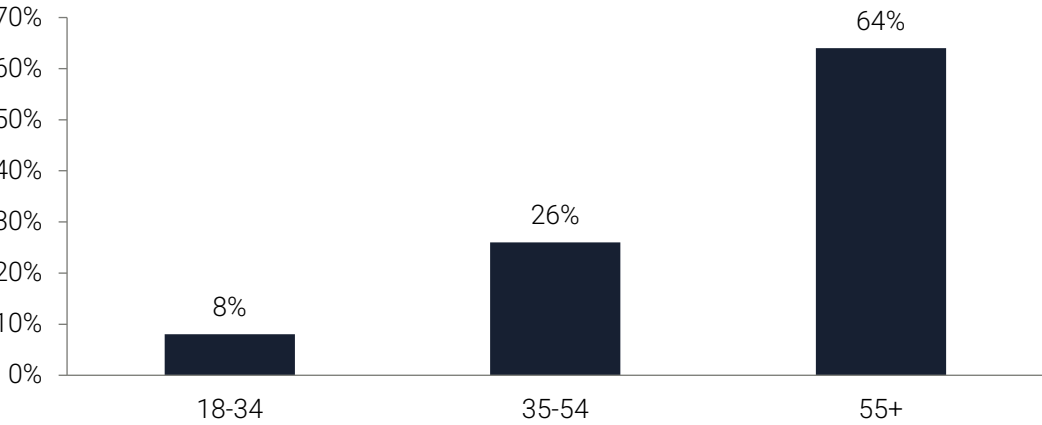
Cruise Passenger Visitor Profile

The most common age group was 55 or above. Most cruisers traveled with adult family members or as a couple. Passengers were most commonly from the United States and typically had not visited Sitka or Alaska before.

Reflecting an older age profile of passengers, nearly two-thirds were aged 55 or over, while those aged 18-34 accounted for under 10% of the sample. The remaining responses, 26% of the sample, were from those aged 35-54, a segment most likely to be visiting with children.

Cruise passenger age group

% of respondents

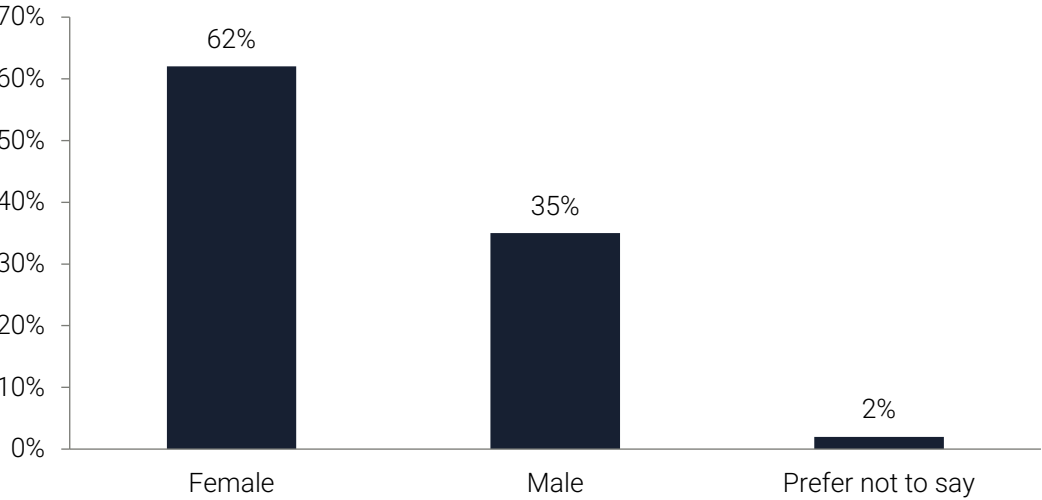


Source: Tourism Economics

The survey achieved a mix of responses from male and female passengers. There were more responses from females, accounting for 62% of the sample, with males making up 35%.

Cruise passenger gender

% of respondents



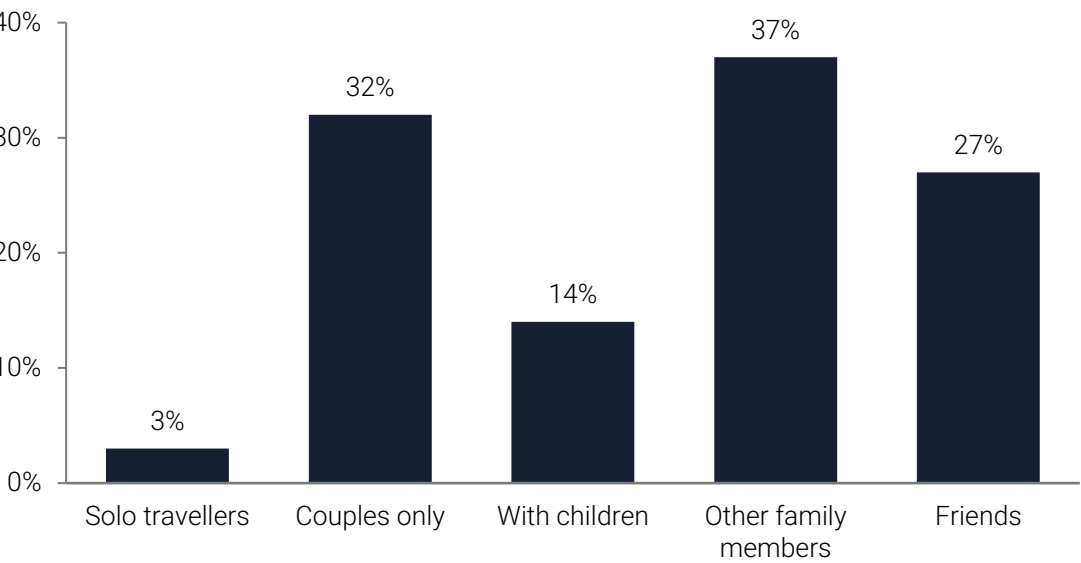
Source: Tourism Economics

Those traveling with other family members made up the largest share of respondents, representing accounting for 37%. This was followed by those cruising with only their partner, who made up almost one-third of respondents. However, 51% reported having their partner with them, suggesting many respondents were traveling as part of a larger party, including their partner.

The least common type was those undertaking a cruise by themselves, making up 3% of responses. This was followed by groups traveling with children, accounting for 14% of the sample. The relatively low proportion of those traveling with children was due to the age profile, as respondents aged 55 or above are less likely to travel with children than younger travelers.

Cruise passenger traveling party

% of respondents



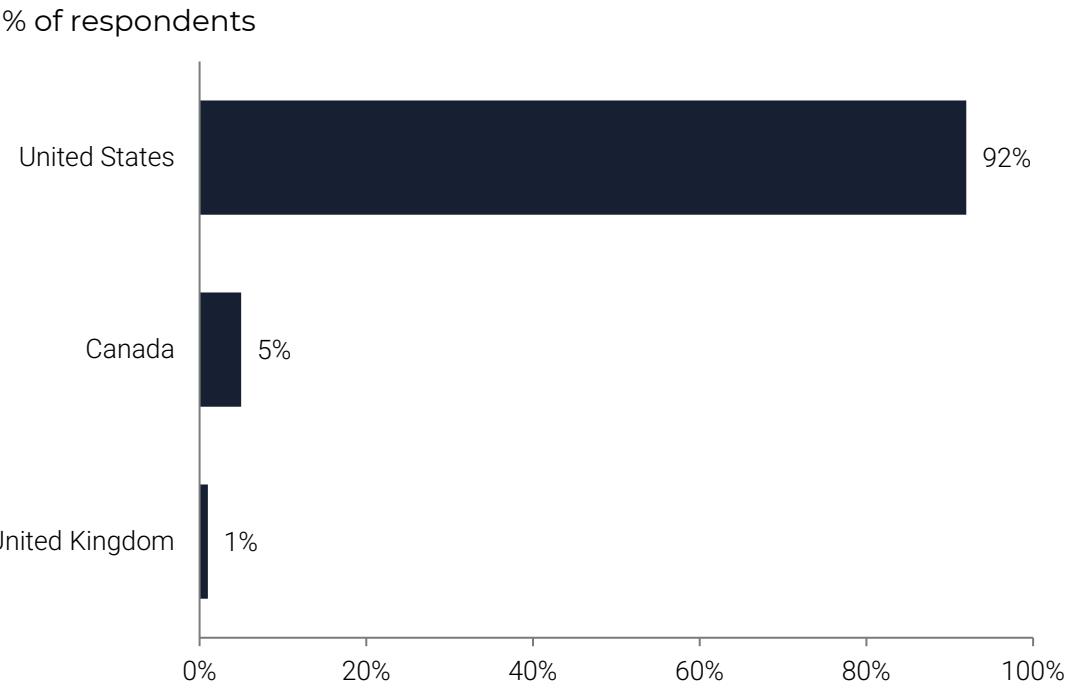
Note: Multiple response question hence sum may exceed 100%
Source: Tourism Economics

Accounting for **64%** of passengers, the most common age group was **55+**. Passengers most regularly traveled **with other family members** or as a **couple**.

Cruise Passenger Visitor Profile (cont.)

The dominant source market was the United States, accounting for 92% of the sample. The next most common source markets were Canada, making up 5% of responses, and the United Kingdom (1%). While these three markets accounted for over 95% of the sample, the survey captured the views of cruise visitors from a further 26 international source markets.

Cruise passenger country of origin

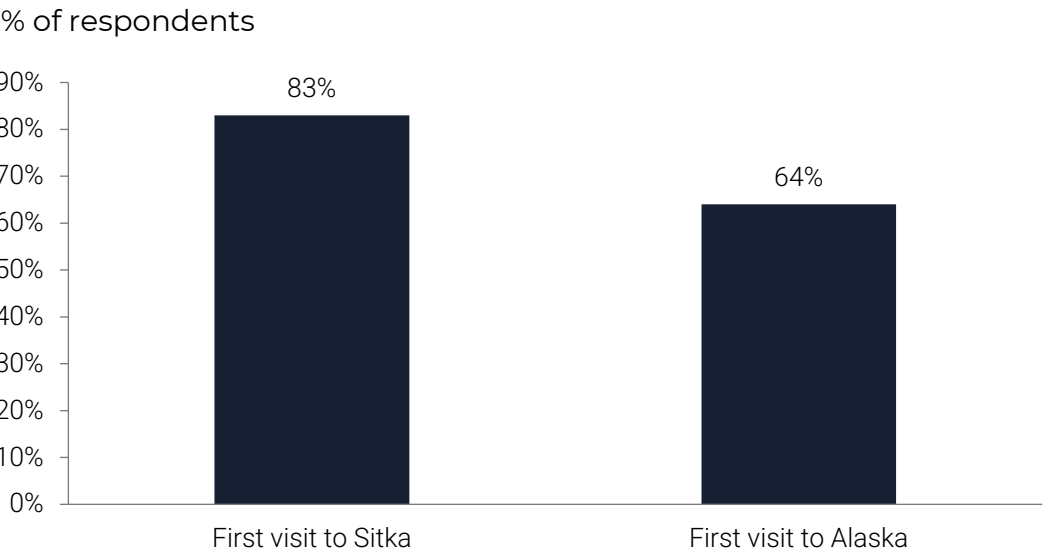


Source: Tourism Economics

Survey respondents were asked whether it was their first time in Alaska and Sitka. Nearly two-thirds stated that they had not visited Alaska before, and an even higher share (83%) stated they had not previously visited Stika.

These findings underline the importance of cruising for destinations like Sitka as they bring new visitors to the area, which can generate additional visitor activity and economic benefits due to repeat visits and word-of-mouth recommendations.

Cruise passenger first time visit to Sitka or Alaska



Source: Tourism Economics

Visitors from the **United States** were most common making up **over 90%** of the sample.

83% of were visiting Sitka for the first time, highlighting the importance of cruises attracting new audiences.

Cruise Passenger Destination Engagement

Activities & Dwell Time

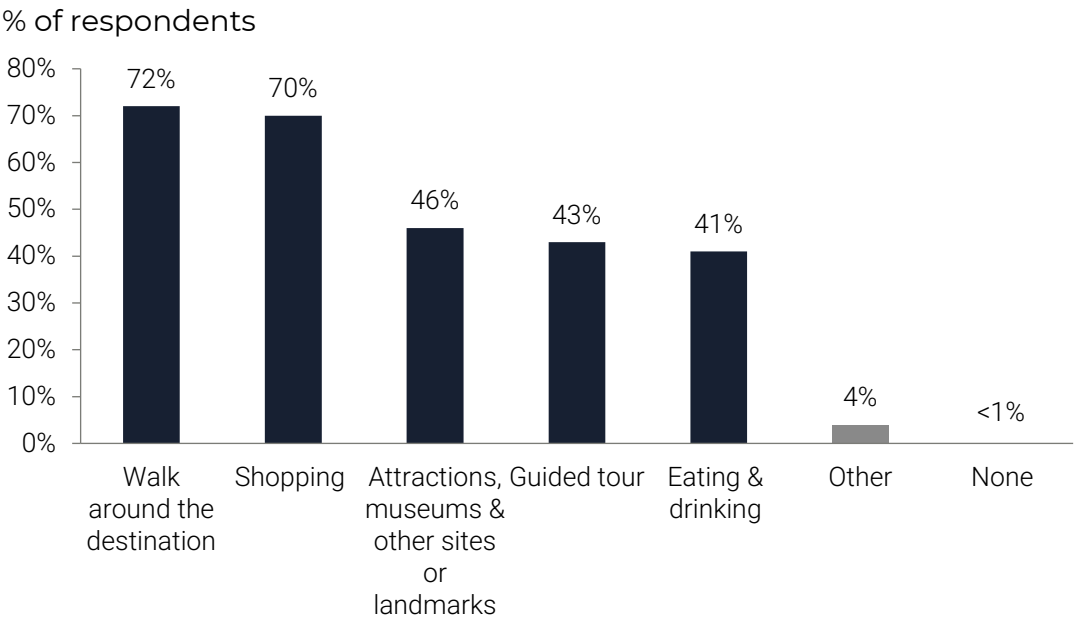
Cruise visitors undertook a broad variety of activities in Sitka. The two most common pursuits were walking around the destination and shopping. Passengers tended to spend around five hours in Sitka, highlighting high engagement with the destination.

The survey asked passengers about the types of activities they undertook while visiting Sitka, offering valuable insights into the cruise industry’s local impacts.

Walking around the destination was the main activity undertaken by cruise passengers, with 72% exploring Sitka. This activity plays a key role in enabling a broad range of other activities in the destination. This was evident as nearly all (99.5%) participated in at least one activity.

The next most common activity was shopping, with 70% taking the opportunity to visit local retail establishments. This was followed by visiting attractions, museums, and other local sites of interest, mentioned by 46% of visitors. Undertaking guided tours and visiting local eating and drinking establishments were also popular activities in Sitka, mentioned by 43% and 41% of passengers, respectively.

Cruise passenger activities undertaken



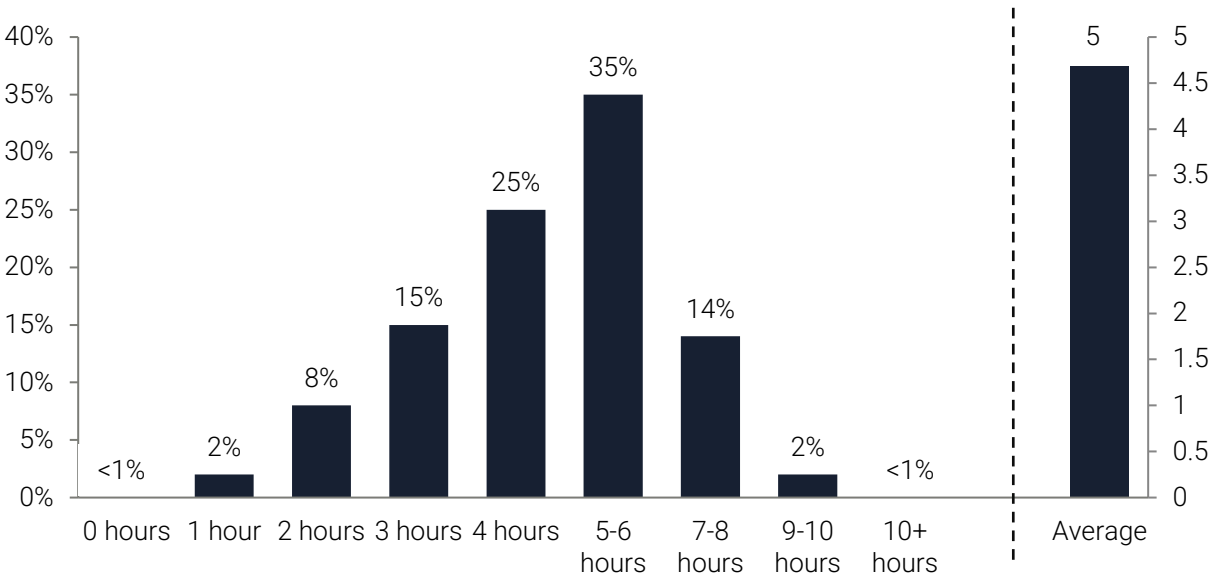
Source: Tourism Economics

The survey gauged how much time visitors spent in the city. On average, transit visitors spent nearly 5 hours exploring Sitka, with 16% spending seven or more hours in the destination and only around 10% staying for less than 3 hours.

These results indicate a high level of engagement with the destination, which aligns with the high incidence of activities that they undertook.

Cruise passenger dwell time in Sitka

Average hours, distribution (left side) and average number of hours (right side)



Source: Tourism Economics

On average, transit visitors spent nearly **5 hours** in Sitka.

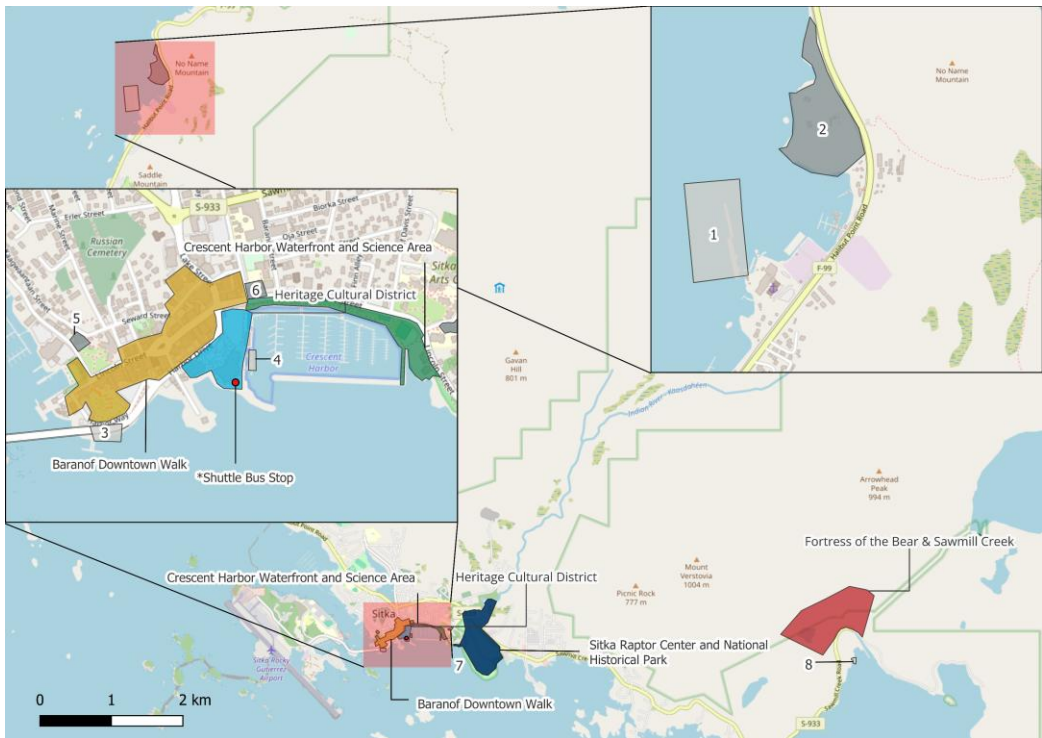
Geolocation Analysis

Mobile device data highlights significant tourism dispersal among cruise visitors. The Heritage Cultural District and Baranof downtown walk areas were most visited.

Leveraging mobile device signal data enables opportunities to identify and analyze visitation patterns to Sitka and the surrounding area by cruise visitors. Overall, the results suggest that cruise visitors explored different locations while ashore, implying dispersed impacts for the destination.

Based on defined locations which were agreed in partnership with the City and Borough of Sitka, the Heritage Cultural District emerged as the most visited area among transit passengers. In central Sitka, the Heritage Cultural District highlights the city’s Tlingit and Russian heritage through historic sites and totem poles. The location attracted 68% of transit passengers who had their devices tracked. These visitors spent an hour and a half in the district, which indicates a high level of engagement with the area. The second most visited location was the Baranof downtown walk, an area with Russian-era landmarks and historic streets. This location was visited by 65% of tracked visitors, who spent nearly 80 minutes in the area.

Map of the city outlining the terminal and main visitation points



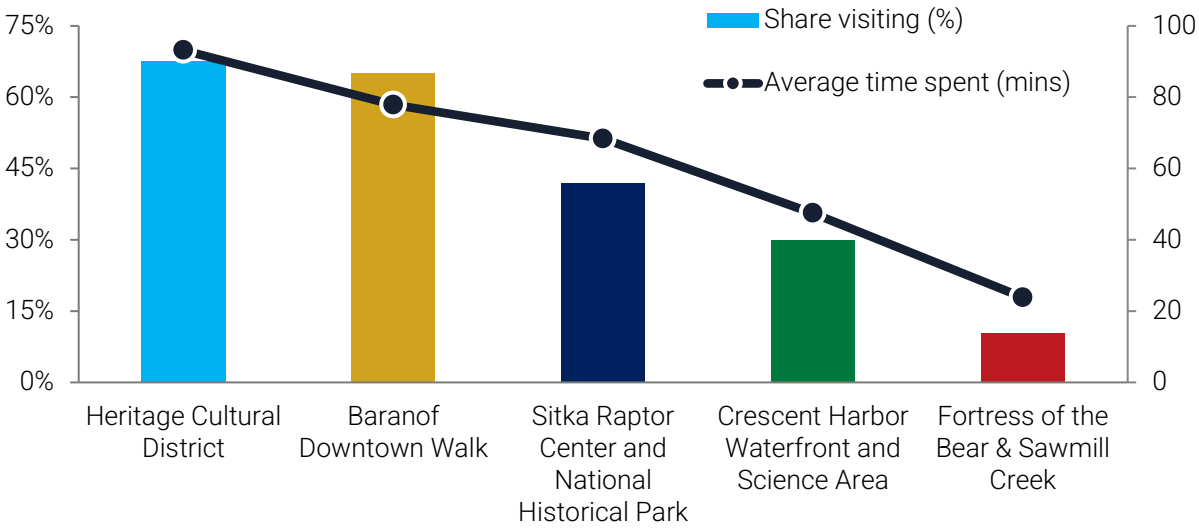
Source: Tourism Economics

Notes:

- 1. Areas in light gray are cruise terminals.
- 2. Areas in dark gray have very low sample sizes, hence have not been included in the chart.
- 3. The following areas are not shown in the map and chart: 1. Main Cruise Terminal, 2. Sheet'ka Treetop Adventures, 3. O'Connell Bridge Lightering Dock, 4. Crescent Harbor, Lightering Facility, 5. Sheet'ka Kwaan Naa Kahidi, 6. Russian Bishop's House, 7. Sheldon Jackson Museum, 8. GPIIP Multi-Purpose Dock.

Transit passenger movements in Sitka

Percentage of devices tracked (left side) and average time at each location in minutes (right side)



Source: Tourism Economics

1. Note: Estimates of time spent in locations depend on phone signals and data roaming settings and should be considered as indicative. As a result, the true time spent in these areas may be higher.

The remaining areas were less well-visited with under half of the tracked devices observed in these locations. Around 40% of transit visitors went to the nearby Sitka Raptor Center and National Historical Park. On average, these visitors spent nearly 70 minutes in this location, indicating strong tourist appeal and engagement.

The next most visited areas were Crescent Harbor Waterfront and Science Area, known for its scenic views and marine exhibits, and the Fortress of the Bear and Sawmill Creek, where visitors can see rescued bears in a natural habitat. Crescent Harbor Waterfront and Science Area, attracted around 30% of visitors, who spent nearly 50 minutes on average in the area. The Fortress of the Bear and Sawmill Creek attracted 10% of visitors and a dwell time of around half an hour among the devices tracked there.

Passenger Spending

Cruise visitors spent an average of \$136 per person during their time ashore in Sitka. The majority of passenger spend was directed towards guided tours and shopping.

The average total expenditure by transit visitors in Sitka was \$136 per person, which includes passengers who did not spend anything during their time ashore.

Guided tours were the top spending category, reflecting their popularity as an activity among transit passengers. On average, passengers spent \$63 each on this activity, which represented 46% of total passenger expenditure in Sitka.

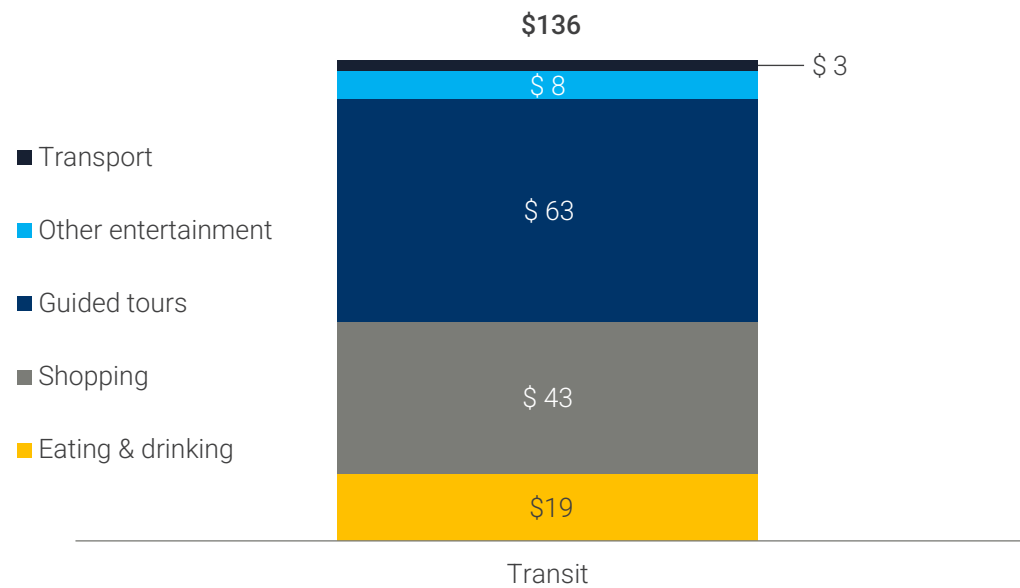
Shopping was the next largest component of spending, making up 32% of the total, with passengers spending on average \$43 each at local shops in Sitka.

Spending on eating and drinking (\$19 per person), other entertainment (\$8 per person), and transport (\$3 per person) accounted for the remainder of passenger expenditure.

Spend intensity, which considers dwell time and expenditure in the city, was \$29 per hour.

Cruise passenger expenditure on goods and services

US Dollars



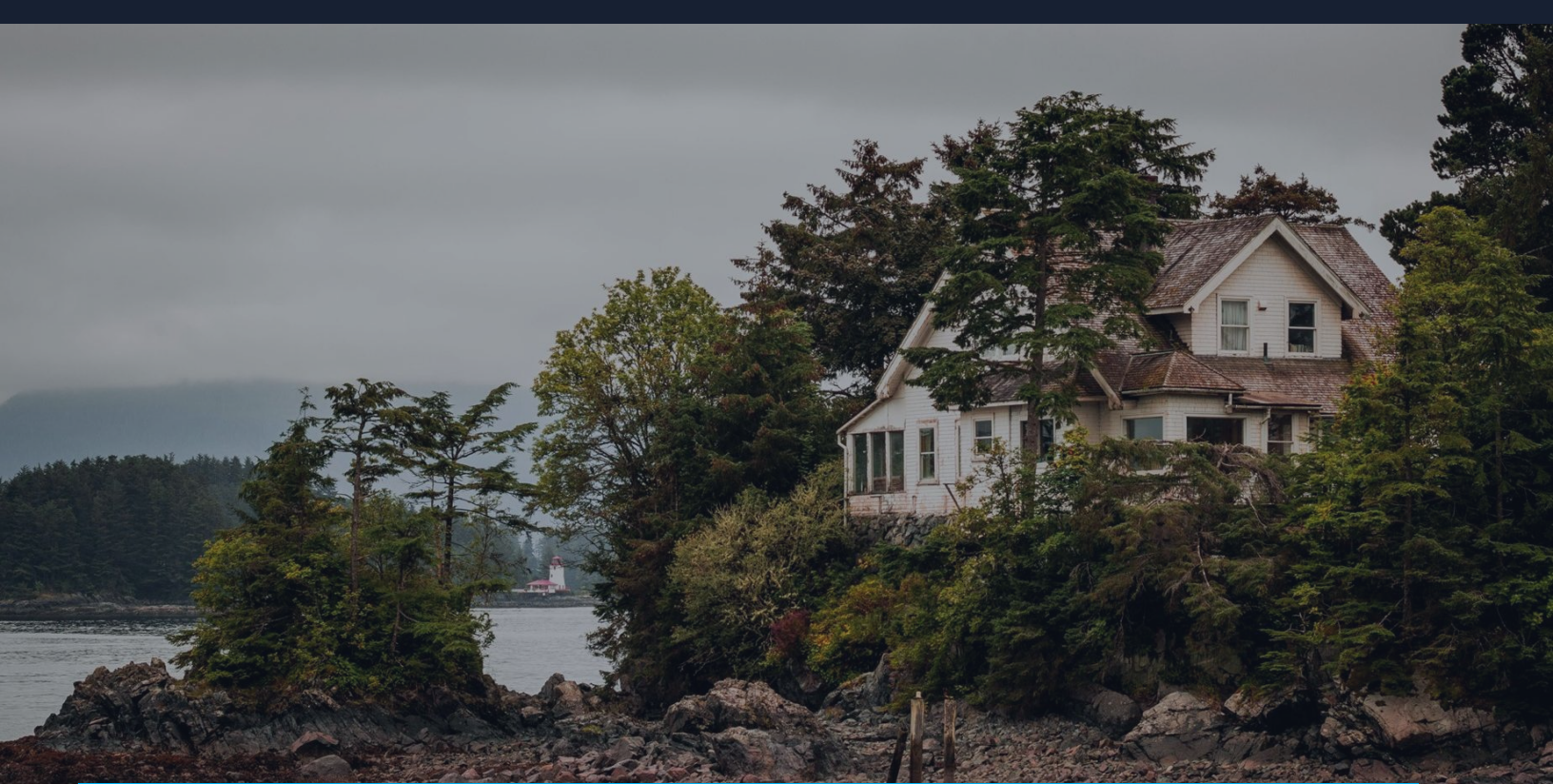
Source: Tourism Economics

Transit passengers spent an average of **\$136 per day** in Sitka, equivalent to **\$29 per hour**.



ECONOMIC IMPACT





5. Economic Impact

Introduction & Approach

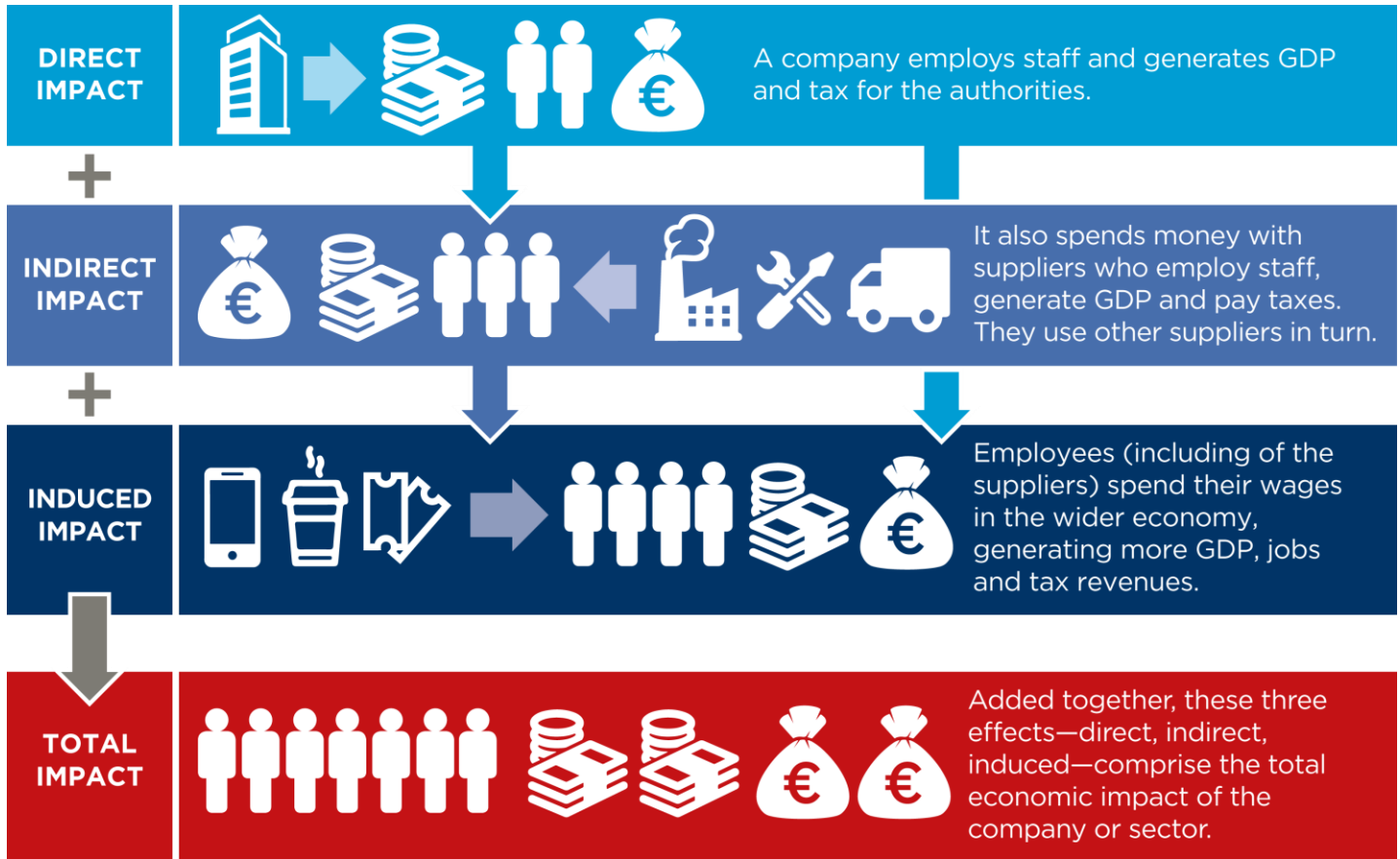
In this section, we assess the economic impact of cruise tourism in Sitka using a standard approach known as economic impact analysis which quantifies the impact of the cruise industry across three “core” channels:

- **Direct impact**—this relates to the economic activity supported by expenditure directly linked to the cruise industry. This includes visitor spending at ports and cruise line operational purchases.
- **Indirect impact**—captures the regional supply chain effects that follow on from direct impacts. For example, purchases by businesses of goods and services from other businesses.
- **Induced impact**—captures the income effect and flow on to household consumption. Direct and indirect impacts generate employment and wages among businesses, and these employees then spend part of their earnings elsewhere in the economy.

We present the economic impact of the cruise industry in Sitka across four key metrics:

- **Output**—this consists of those goods or services that are produced by a company or industry. To calculate output, we add together the value of the inputs used in the production process including labor, capital, and intermediate goods and services. Output is closely linked to revenue.
- **GDP**—the gross-value added contribution to GDP. This reflects the value (after accounting for costs) that a business or sector receives for producing goods and services. This value is distributed between wages and profits.
- **Employment**—the number of jobs supported.
- **Wages**—which includes the gross wages paid to workers but also includes benefits in-kind and employer social security contributions (including pensions).

Channels of Economic Impact



Direct Spending Summary

In 2024, there were an estimated 614,000 cruise passenger visits to Sitka, with the vast majority being transit passengers, and approximately 102,000 crew member visits. This led to cruise-related direct spending of \$105 million.

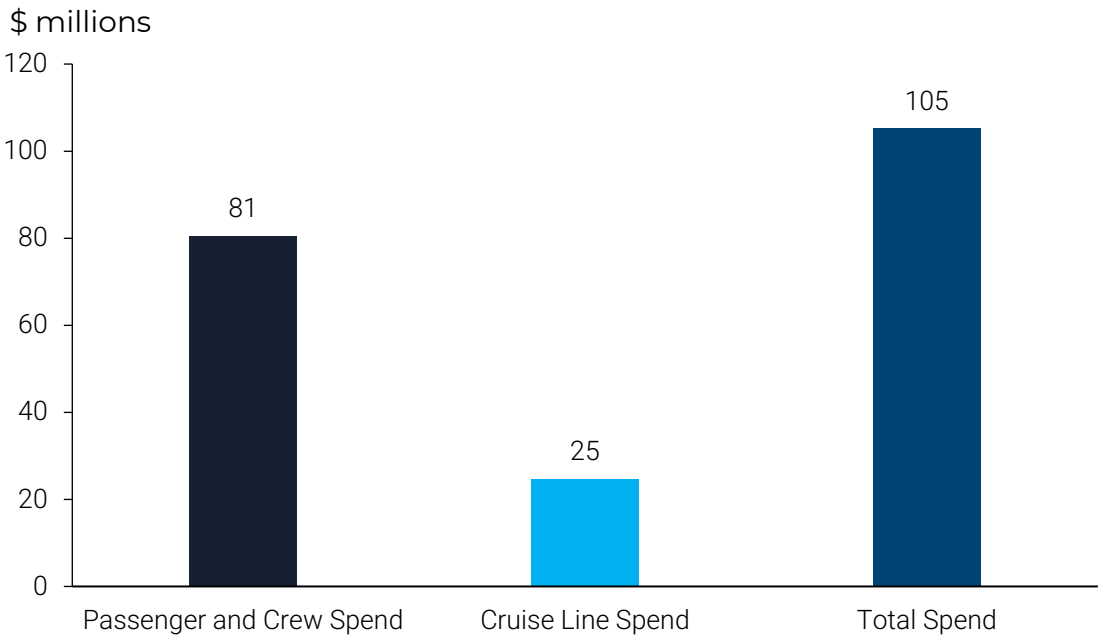
The direct local impact of cruise activity in Sitka can be split into two categories:

Passenger and crew spend occurs at various stages of the journey, including during embarkation and transit stops as passengers visit destinations on the ship’s itinerary. Spending before or after embarkation often includes the cost of travel to and from Sitka, as well as accommodation for those that choose to stay in the area as part of their cruise trip.

Cruise line spend is limited to operational expenses. It is driven primarily by embarkation calls, when cruise vessels restock on their supplies and carry out any light maintenance. Cost of sales and other headquarter related expenses, as well as shipbuilding, are excluded from this study.

The total cruise-linked spend in Sitka was \$105 million in 2024. Sitka is primarily a transit port, meaning that most of the total spending is concentrated in passenger and crew spend rather than cruise line spending—76% compared to 24%, respectively.

Total direct spending by category



Source: Tourism Economics

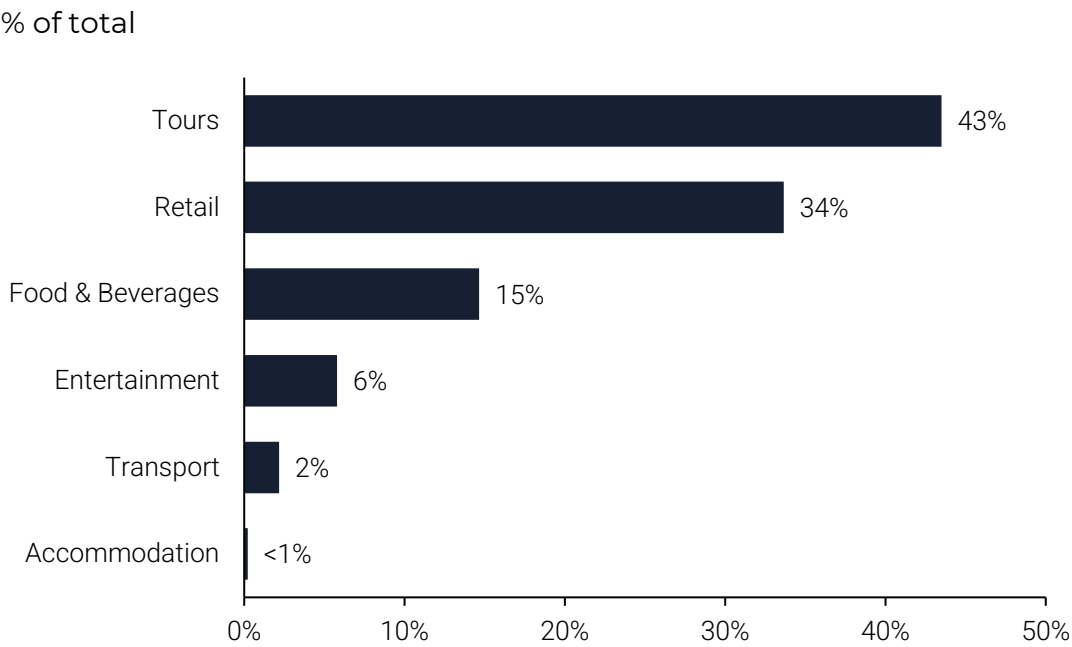
Overall cruise line spending in Sitka, which includes expenditure on fuel, supplies, provisioning, port fees, and light maintenance, was estimated at \$25 million in 2024.

Passenger and crew spending reached \$81 million in 2024. This was largely made up of spending on tours and retail, accounting for 43% and 34%, respectively. This was followed by food and beverages (15%), entertainment (6%), transport (2%), and accommodation (<1%).

The high proportion of spending on tours in Sitka is driven by strong demand to engage with the area’s scenery and wildlife. Retail expenditure also accounted for a notable share of overall expenditure which reflected high passenger engagement with local shops.

Meanwhile, accommodation expenditure made up the smallest share of passenger and crew spending, primarily due to the low volume of turnaround passengers in Sitka. These passengers often stay in destinations before or after their cruise, which can generate additional spending impacts for destinations.

Passenger and crew in-destination spending by type



Source: Tourism Economics

Cruise-related direct spending in Sitka totaled **\$105** million in 2024.

Output Impact of Cruise Activity in Sitka

The economic contribution of the cruise industry in Sitka extends beyond the direct spending of passengers, crew, and cruise lines. Total output, including indirect and induced effects, is estimated at \$156 million in 2024.

Direct spending generates a knock-on effect across multiple sectors, stimulating business activity, supporting employment, and driving economic growth. These effects are spread across the direct, indirect, and induced channels. Direct output represents the total value of goods and services directly purchased by crew, passengers, and cruise lines. This direct spending reflects the immediate financial contribution of the spending channels to the Alaskan economy.

Indirect output represents the economic activity that spreads through the supply chain as a result of this direct spending. This occurs when businesses that benefit from the direct spending such as hotels, tour operators, fuel suppliers, and shipyards make purchases from other industries to meet demand. It captures the value of goods and services generated within the supply chain due to direct spending, as well as the contributions from sectors such as wholesale and retail trade, transportations and logistics, hospitality services, and construction, which provide goods and services that support cruise industry operations and related expenditures. These indirect effects are quantified using country-specific input-output multipliers, accounting for regional specializations.

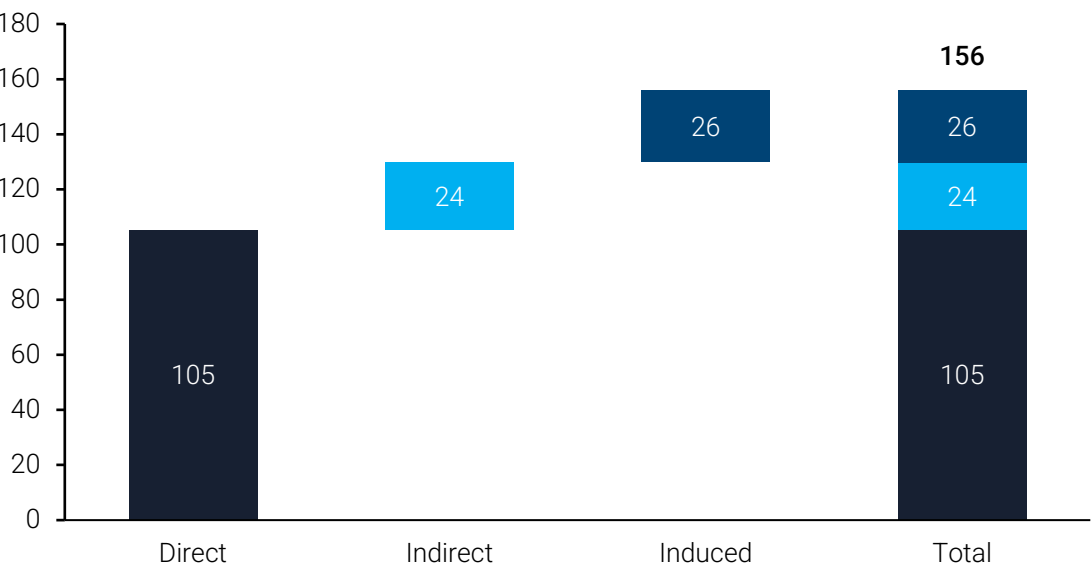
Induced output represents the economic activity generated when employees in the sectors impacted by cruise-related spending, directly or indirectly, spend their wages within the broader economy. It is estimated using country-specific and region-specific household expenditure data from national accounts, covering retail activity, utilities, recreation, and other purchases, which break down spending based on consumption patterns at a national and local level. This highlights the wider economic benefits resulting from wage-driven consumption.

Total output is the sum of direct, indirect, and induced output. This reflects the overall economic contribution of the spending channels to economic activity, generated across multiple sectors.

In 2024, cruise activity in Sitka supported \$156 million in economic output in Alaska. An initial injection of \$105 million in direct output—or direct spending—by passengers, crew and cruise lines led to a further \$24 million in sales output through the indirect channel, and \$26 million through the induced channel, linked to cruise industry wages impacts.

Output by channel of impact

\$ millions



Source: Tourism Economics

The cruise industry in Sitka contributed **\$156** million in economic output to the local economy.

GDP Impact of Cruise Activity in Sitka

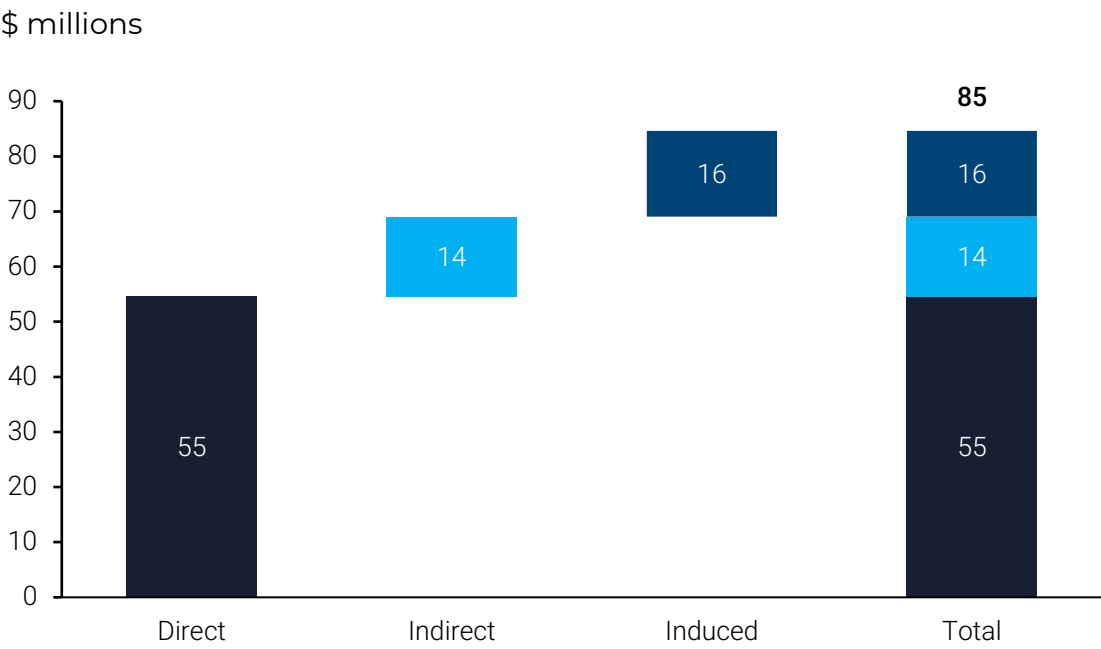
The GDP impact of cruise activity in Sitka in 2024 was significant at around \$85 million for the local economy. The arts, culture and leisure and wholesale commerce and retail trade sectors make up a sizeable share of the GDP impact.¹

An important indicator used to measure the impact of business and industry activity in the economy is Gross Domestic Product (GDP) contributions. While quantifying output (sales) enables measurement of overall economic activity, identifying GDP contributions provides important insights highlighting the value added by business activities, which includes profits and wages supported.

Cruise industry-linked spending in Sitka is estimated to have contributed \$85 million in GDP to the Alaskan economy in 2024. Of this total, \$55 million was delivered through direct effects, \$14 million through indirect effects (i.e. supply chain effects), and \$16 million through induced (wage-linked) effects.

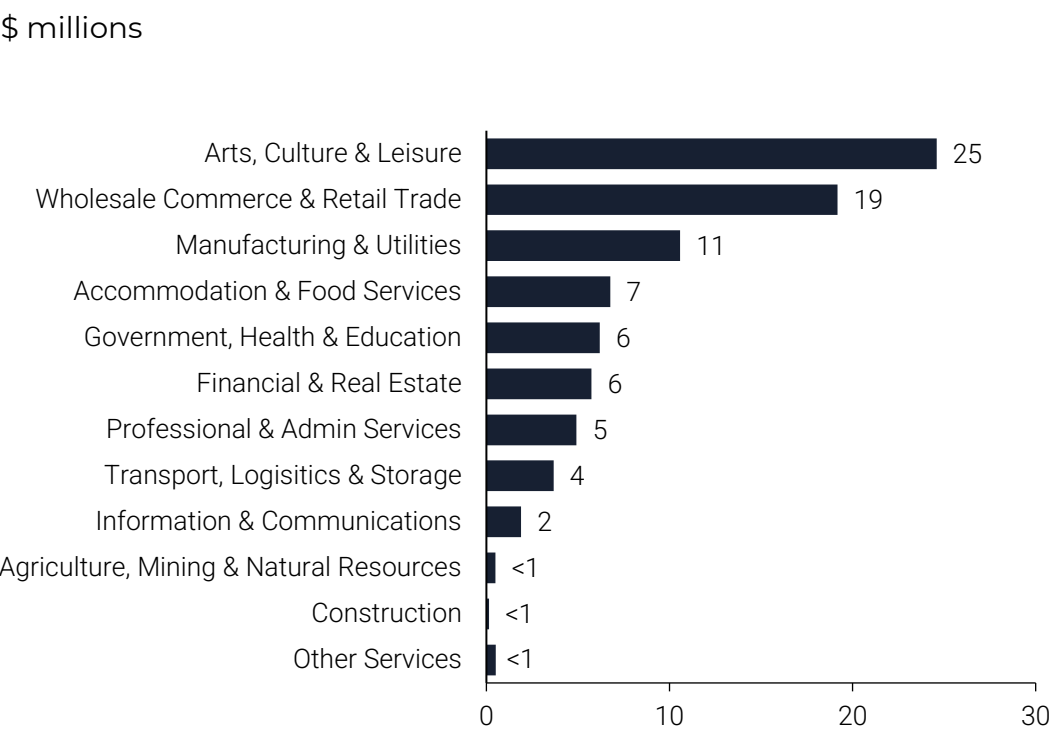
The largest impact was across the arts, culture and leisure sector (\$25 million GDP impact) followed by the wholesale commerce and retail trade sector (\$19 million GDP impact). The sectors with the lowest GDP impact included agriculture, mining and natural resources and the construction sector.

GDP by channel of impact



Source: Tourism Economics

GDP impact by sector



Source: Tourism Economics

1. Note: Industry breakdowns of the economic impact results are derived from aggregations of economic activity classifications following NACE Rev. 2 Section structure.



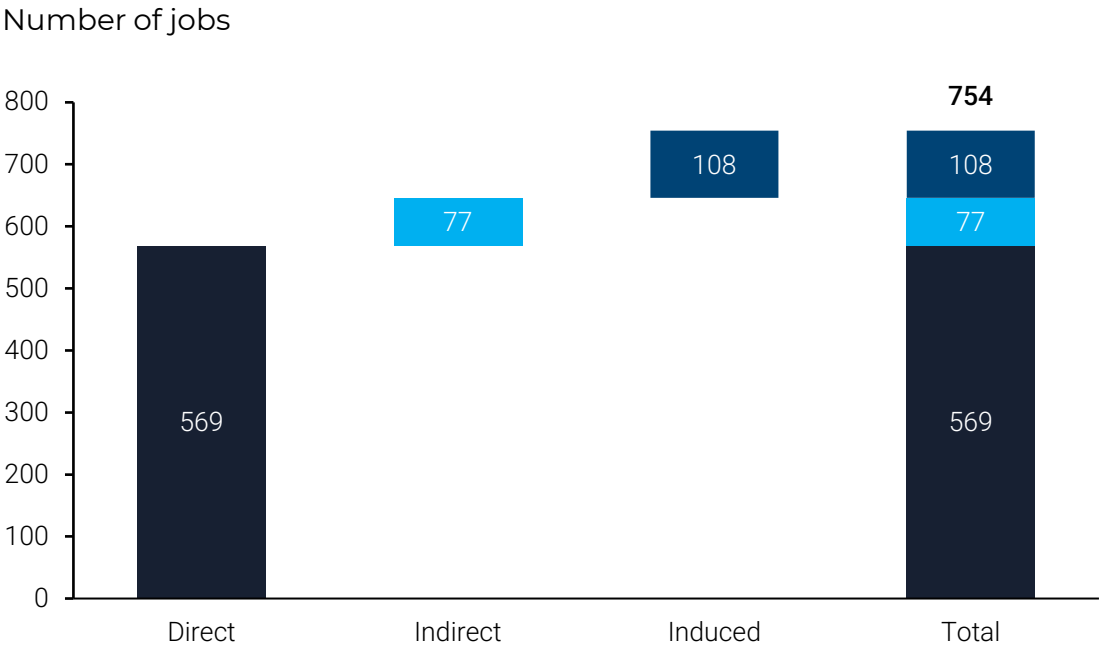
Total GDP impacts related to cruise were **\$85** million. The arts, culture and leisure sector accounted for the greatest GDP contribution of **\$25** million.

Employment Impact of Cruise Activity in Sitka

Cruise industry activity in Sitka supported over 750 jobs in Alaska in 2024, with nearly 300 of these in the arts, culture and leisure sector.

In 2024, cruise industry activity in Sitka supported over 750 jobs in the Alaska region. This was generated through almost 570 direct jobs, which refers to jobs that exist specifically due to spending by passengers, crew, and cruise lines. Close to 80 jobs were supported through the indirect channel, representing jobs generated within the supply chain due to demand from direct purchases. Almost 110 jobs were supported through the induced channel, showing the broader effects of wage-driven spending. Workers in direct and indirect jobs earn wages and their spending supports additional employment in consumer services, housing, and retail industries.

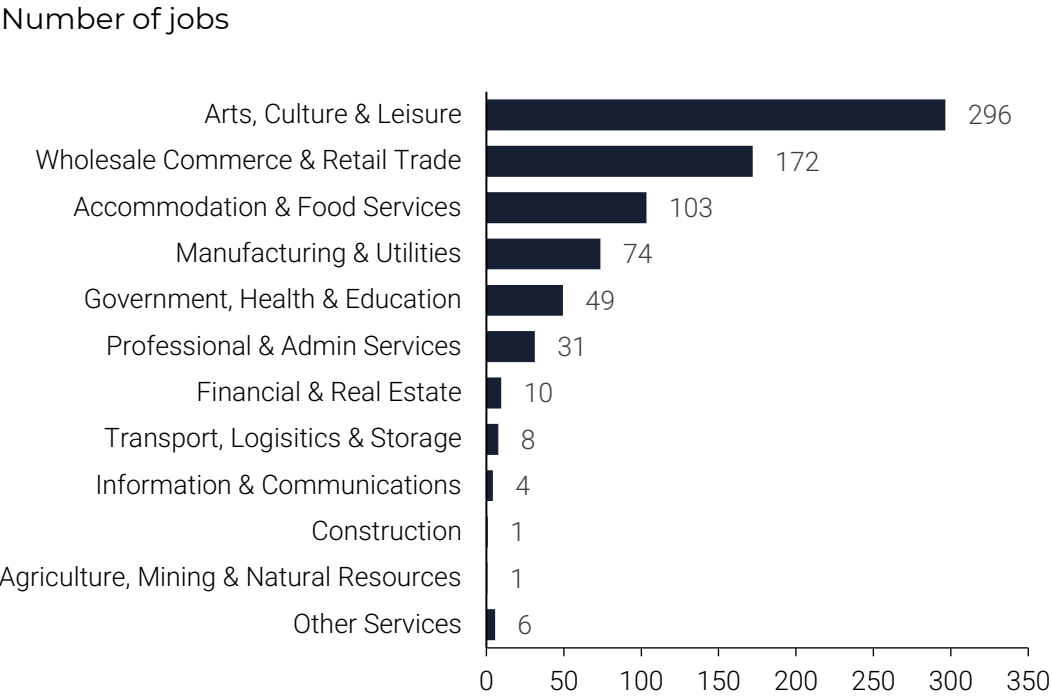
Employment by channel of impact



Source: Tourism Economics

The largest proportion of these jobs (39%) was in the arts, culture and leisure sector, supporting nearly 300 jobs, followed by the wholesale commerce and retail trade (23%), and accommodation and food services (14%) sectors. Meanwhile, the lowest impacts were for the construction and agricultural, mining and natural resources sectors.

Employment impact by sector



Source: Tourism Economics

Over **750 jobs** were supported by cruise activity in Sitka in 2024.

Wages Impact of Cruise Activity in Sitka

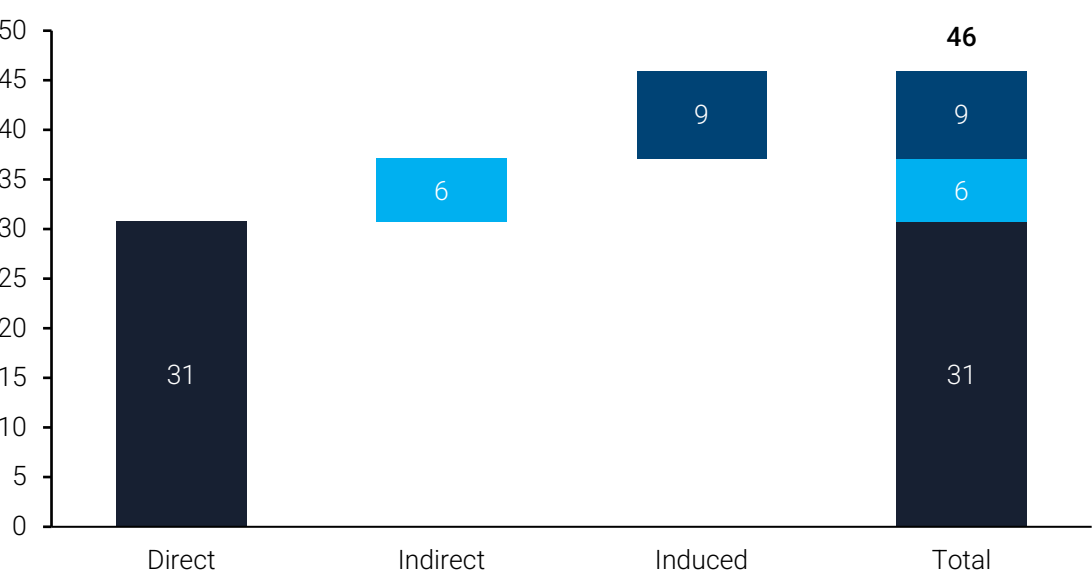
Cruise industry activity in Sitka generated total wages of \$46 million in the Alaskan economy in 2024.

In 2024, the jobs supported by cruise activity at the port of Sitka earned a total of nearly \$46 million in wages across the Alaskan economy. This represents the combined earnings of workers whose jobs were either directly or indirectly tied to cruise tourism.

This was generated through \$31 million in direct wages, which represent the salaries and benefits paid to workers directly involved in providing the services to cruise passengers and crew that go ashore, as well as servicing cruise line operational purchases. A further \$6 million is generated through indirect effects, which includes salaries paid to workers in supplier industries that service businesses directly involved in cruise operations. Finally, \$9 million is generated through the induced channel, reflecting the wages earned in industries benefiting from increased consumer spending and cruise line purchases due to employment growth.

Wages by channel of impact

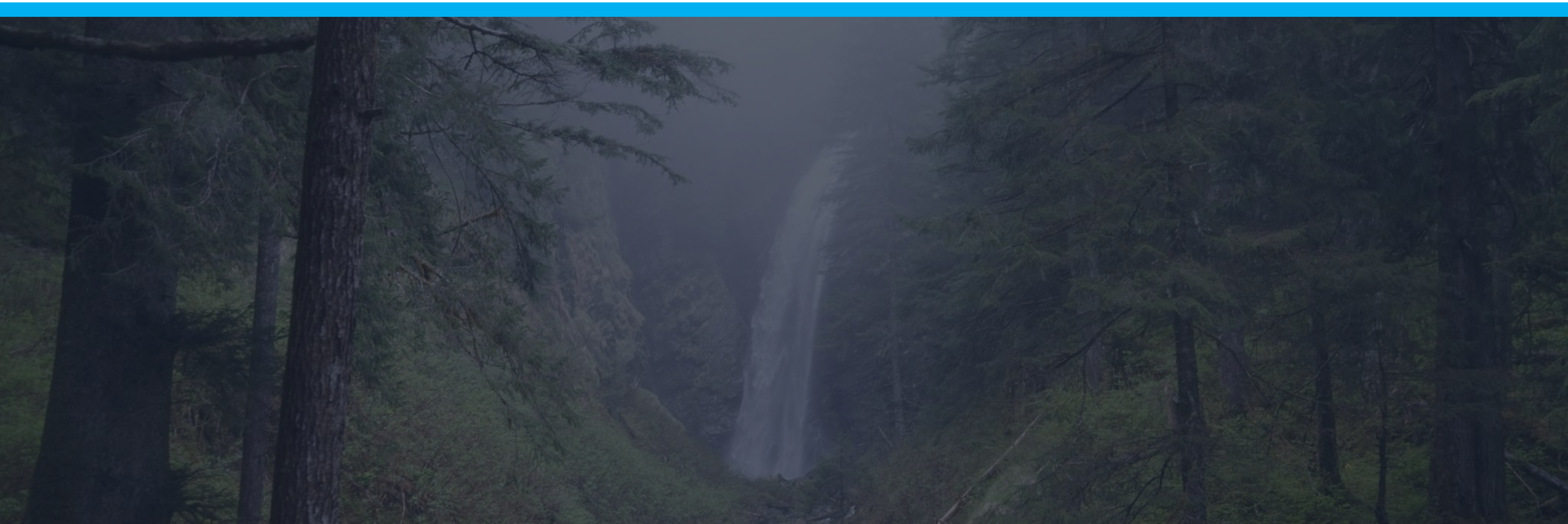
\$ millions

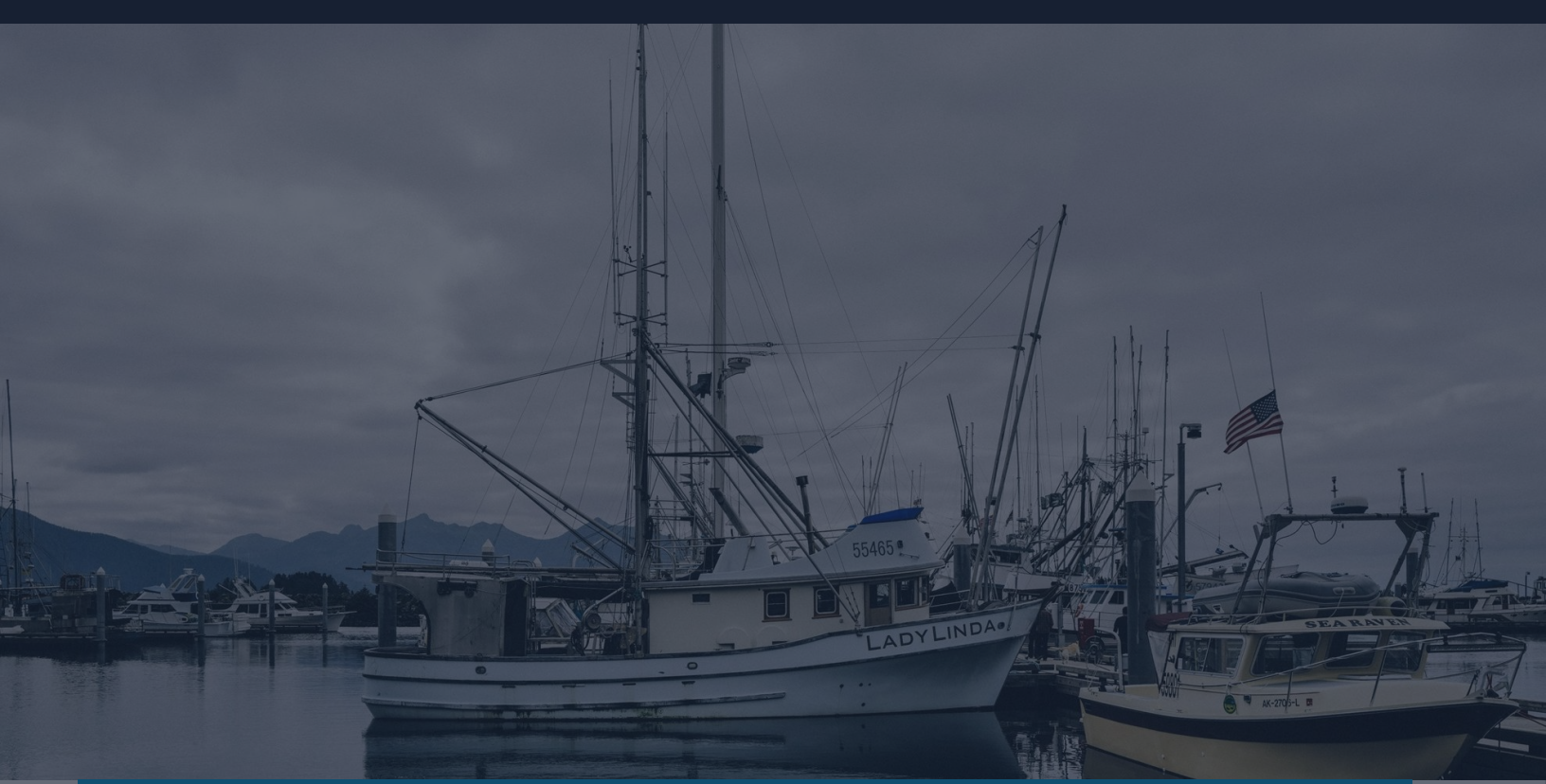


Source: Tourism Economics

In 2024, wages earned in jobs supported by cruise activity in Sitka totaled \$46 million for the local economy.

LOCAL BUSINESS SURVEY





6. Local Business Survey

Introduction

A survey among local businesses was undertaken to assess the impact of cruise visitors on the destination.

To supplement the cruise visitor research which relied on input from passengers, a survey among local businesses was undertaken. The objective of the survey was to gather insights regarding the impact of the cruise industry on the business community in Sitka.

Among other topics, the questionnaire assessed the importance of cruise visitors on the overall operations of local businesses and gauged opinions on the impacts of both cruise visitors and cruise lines on the destination.

The findings from this research provide additional context for understanding the impact of cruise tourism in the visitor economy of Sitka.

Methodology

The research was conducted by an online survey, which was distributed to local business contacts by Greater Sitka Chambers of Commerce.

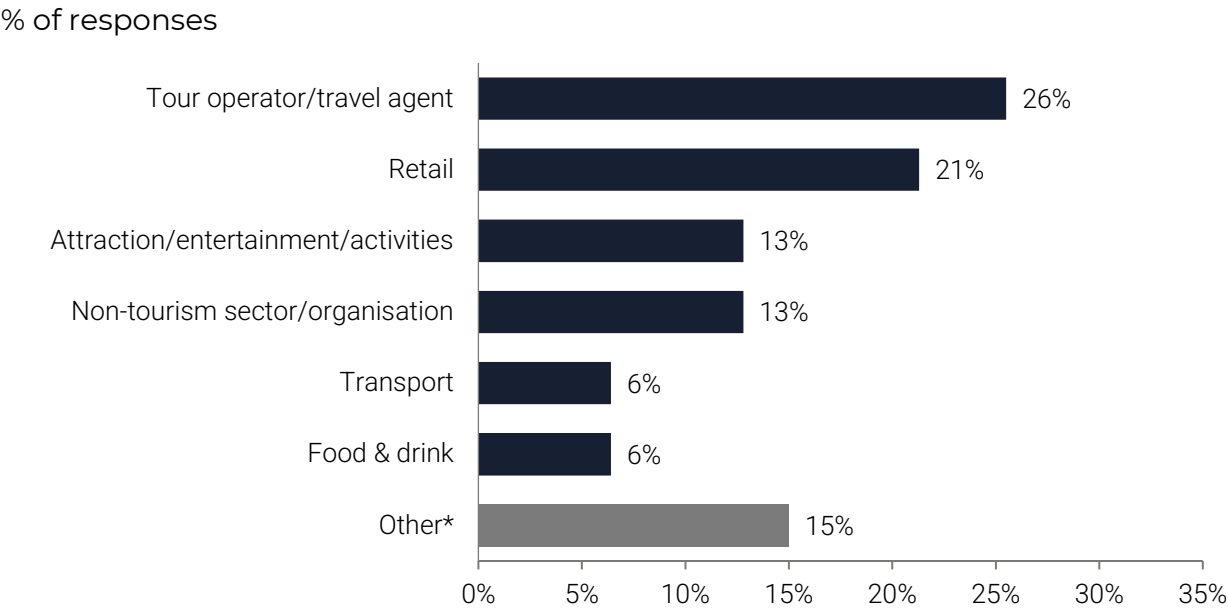
In November and December 2024, the survey captured feedback from 47 representatives of local businesses.

Business Survey Sample

The survey gathered views from a broad variety of local businesses. Responses tended to be from well-established, small-sized entities based in central Sitka.

The largest proportion of responses were from tour operators or travel agents, accounting for 26%, followed by retailers (21%). The remaining responses were spread among a broad range of business types, including attractions, accommodation, transport, food and drink businesses as well as non-tourism-related organizations.

Business sector



Source: Tourism Economics
Other includes 'Supplier providing goods or services to tourism organization' (4%), 'Accommodation' (2%), 'Local/national government organization' (2%) and 'Other tourism-related sector' (6%)

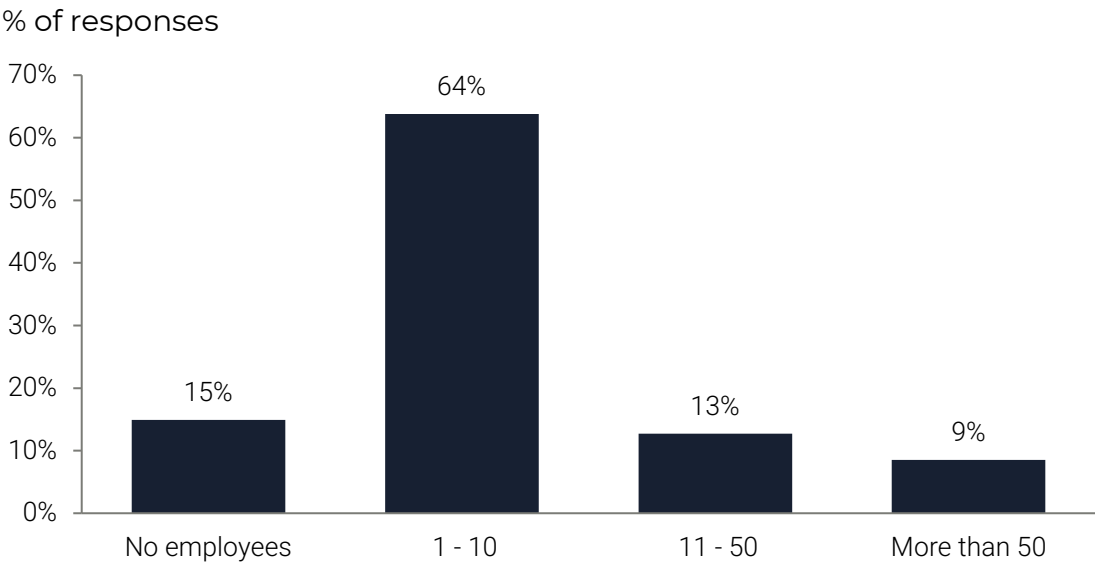
Businesses responding to the survey were commonly well-established in Sitka, with 64% having traded for 10 years or more. Most of the remaining responses were from businesses with under five years trading experience, accounting for 30% of the sample.

The survey achieved responses from businesses operating year-round and during seasonal periods only. However, most responses were from businesses open year-round, making up 72% of the sample.

Business Survey Sample (cont.)

Smaller-sized businesses with between 1 and 10 full-time staff were most common, making up nearly two-thirds of the sample. Among the remaining responses, there were a mixture of smaller entities without any staff and larger entities with 11 or more staff.

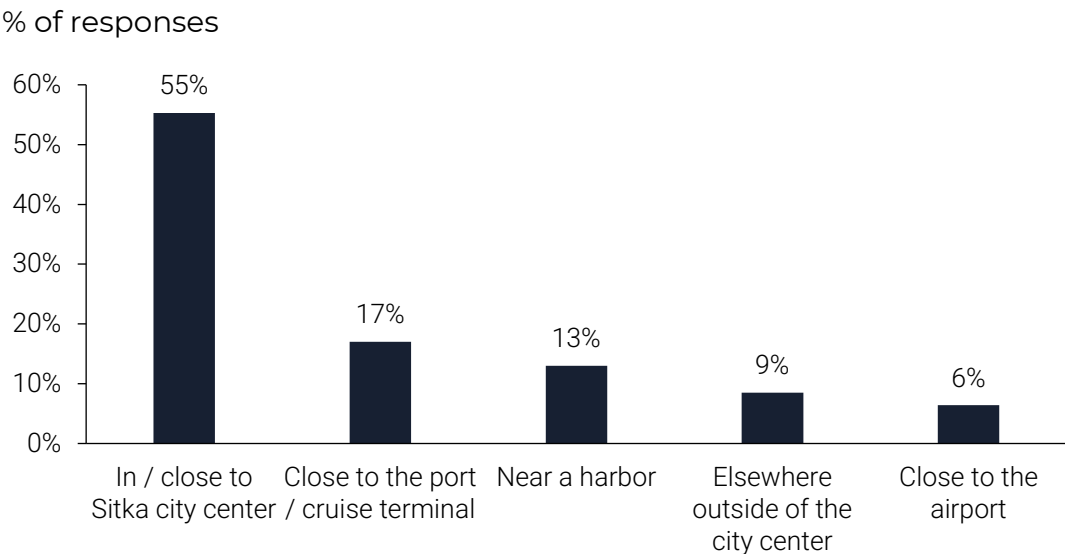
Full-time business headcount



Source: Tourism Economics

Just over half (55%) of the businesses participating in the research were based in or close to Sitka city center. The next most common area in which businesses were located was close to the cruise terminal, with 17% of businesses based there.

Business location



Source: Tourism Economics

Cruise Industry Business Impacts

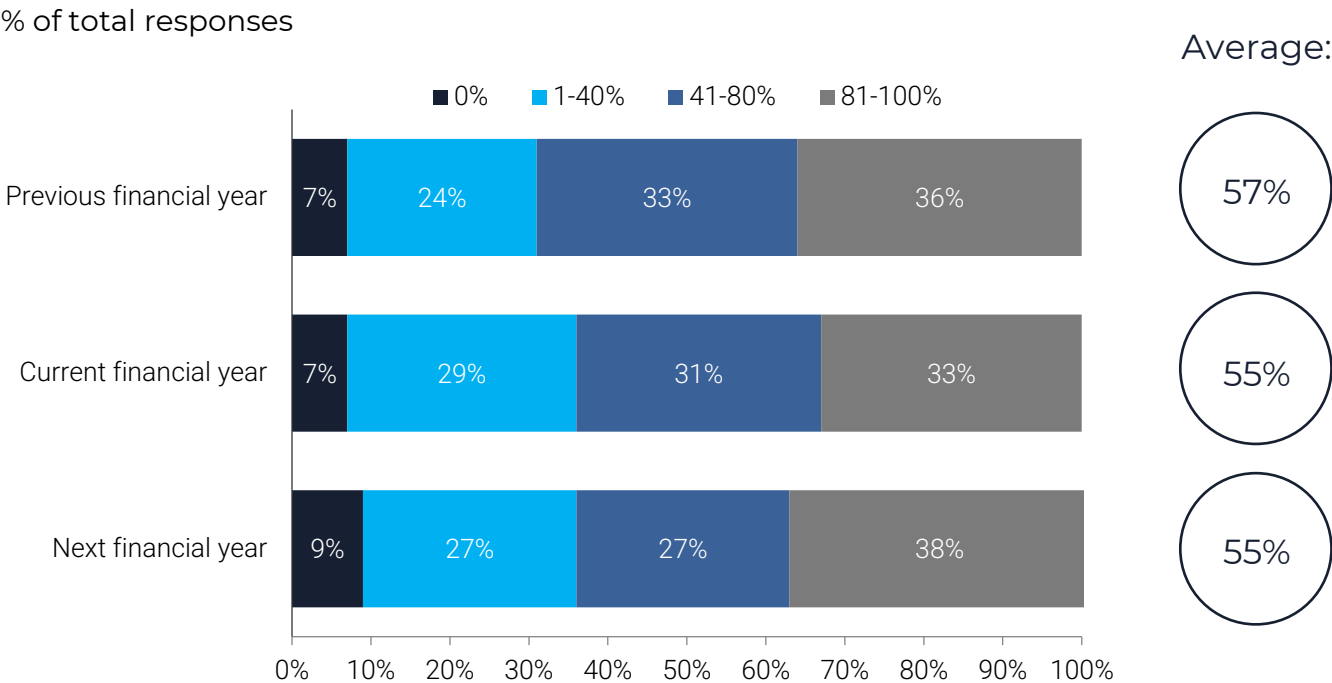
Businesses participating in the research indicated that the cruise industry accounts for a sizeable share of their total revenues. Signaling optimism for the future, businesses expect to grow their cruise-related revenues overall in the coming five years.

Businesses were asked to estimate the percentage of sales that were and are expected to be generated by cruise visitors in the previous financial year, current financial year, and next financial year.

The average percentage of sales generated by cruise visitors was relatively consistent across the three financial years. In the previous financial year, the average reported value was 57% of sales, which was also broadly in line with the current financial year's average (55%). Meanwhile, for the next financial year, the average percentage of sales expected to be generated by cruise visitors was expected to remain at 55% overall.

The results indicate that the cruise industry plays a significant role in generating revenue among the sampled businesses. Overall, our findings suggest that over 50% of the revenue achieved by these organizations is directly linked to cruise activity in Sitka.

Estimated sales generated by cruise visitors



Source: Tourism Economics

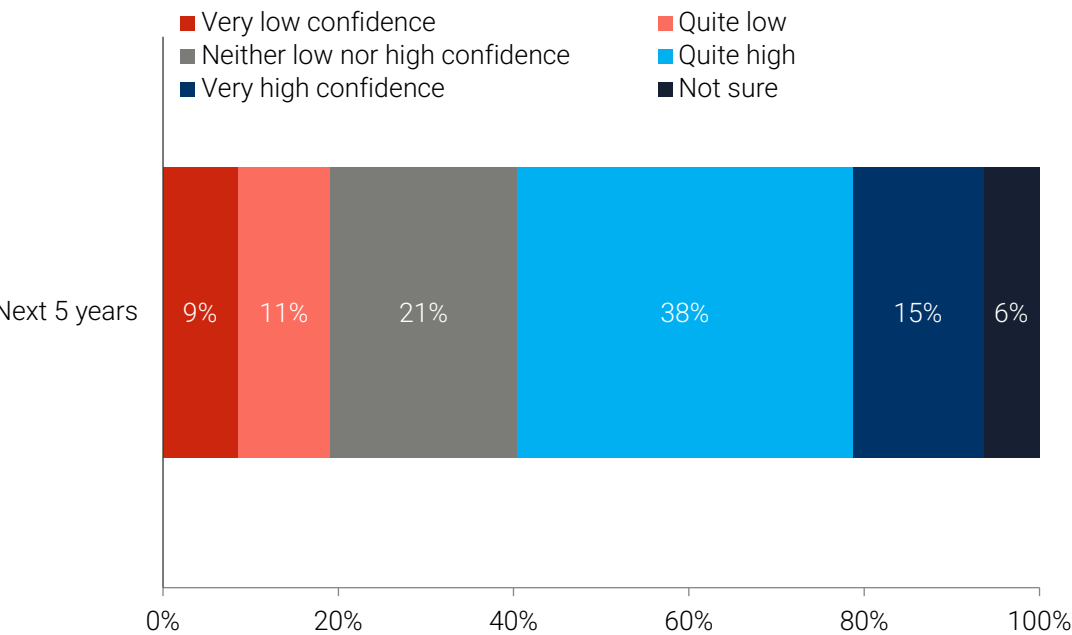
Cruise Industry Business Impacts (cont.)

Businesses generally had high rather than low confidence regarding growing their cruise-related revenues in the coming five years. Just over half (53%) stated they were either quite or very confident about growing this segment of their business, while 19% expressed quite or very low confidence. The remaining 27% of businesses reported a neutral outlook or were uncertain about their prospects for growing cruise-related revenues.

Overall, the findings suggest a positive outlook for cruise-related revenues among local businesses in Sitka. This bodes well for the local economy and highlights that the cruise industry may become potentially more important in the future as local businesses expect to benefit further from the industry.

Business confidence in growth in cruise visitor sales (next 5 years)

% of total responses



Source: Tourism Economics

Impact of Cruise Visitors

There were positive associations with cruise visitors in Sitka as most businesses agreed they are important to the local economy and that their organization benefits directly from cruise ship calls.

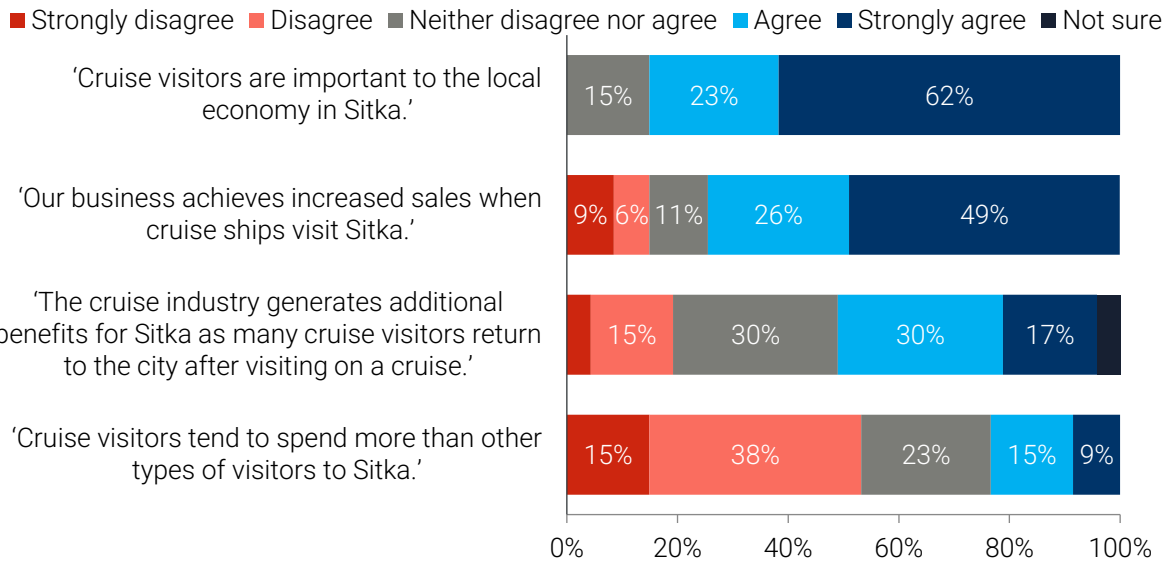
Businesses were provided with a list of statements regarding the impact of cruise visitors in Sitka and were asked the extent to which they agreed or disagreed with each statement.

Highlighting strong support for the industry’s impact, 85% of businesses agreed that cruise visitors are important to the local economy in Sitka. Similarly, there was strong agreement that businesses achieve higher sales when cruise ships visit Sitka, with 75% agreeing compared to just 15% who disagreed. Further highlighting the sector’s economic contribution, significantly more businesses agreed than disagreed that the industry generates additional benefits through cruise visitors returning to the area.

There was a less positive response overall regarding the spending impact of cruise visitors as 53% disagreed that cruise visitors spend more than other visitors, while only 23% agreed. This suggests there may be opportunities to increase cruise visitor spending through new initiatives.

Business views on cruise visitor impact: Statement agreement

% of total responses



Source: Tourism Economics

53% of businesses are confident that their cruise visitor sales will grow over the next five years.

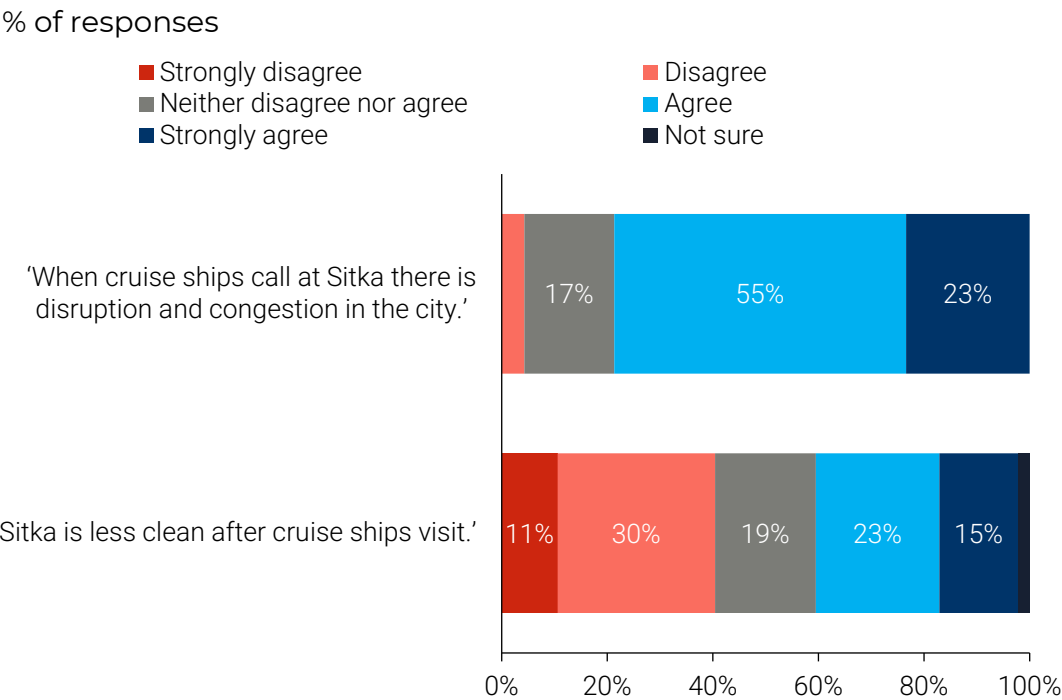
85% of businesses agreed that cruise visitors are important to the local economy.

Impact of Cruise Visitors (cont.)

Alongside positive views on the economic impact of cruise visitors, local businesses participating in the research also highlighted issues linked to the industry. There was strong agreement overall that cruise ship calls lead to congestion and disruption in the city, with 79% in agreement and just under 5% disagreeing. This issue is linked to the relatively small size of Sitka as the arrival of a large cruise ship can significantly increase the share of people using the city’s infrastructure.

Views were more polarized about the impact of cruise visitors on the city’s level of cleanliness. Responses were evenly divided, with approximately 40% agreeing and 40% disagreeing that cruise visitors made the city less clean. These results suggest that local businesses are less concerned about the impact of cruise visitors on the cleanliness compared to their impact in terms of congestion in the city.

Business views on cruise visitor impact: Statement agreement



Source: Tourism Economics

79% of businesses agreed that Sitka becomes congested when cruise ships visit.

Impact of Cruise Industry

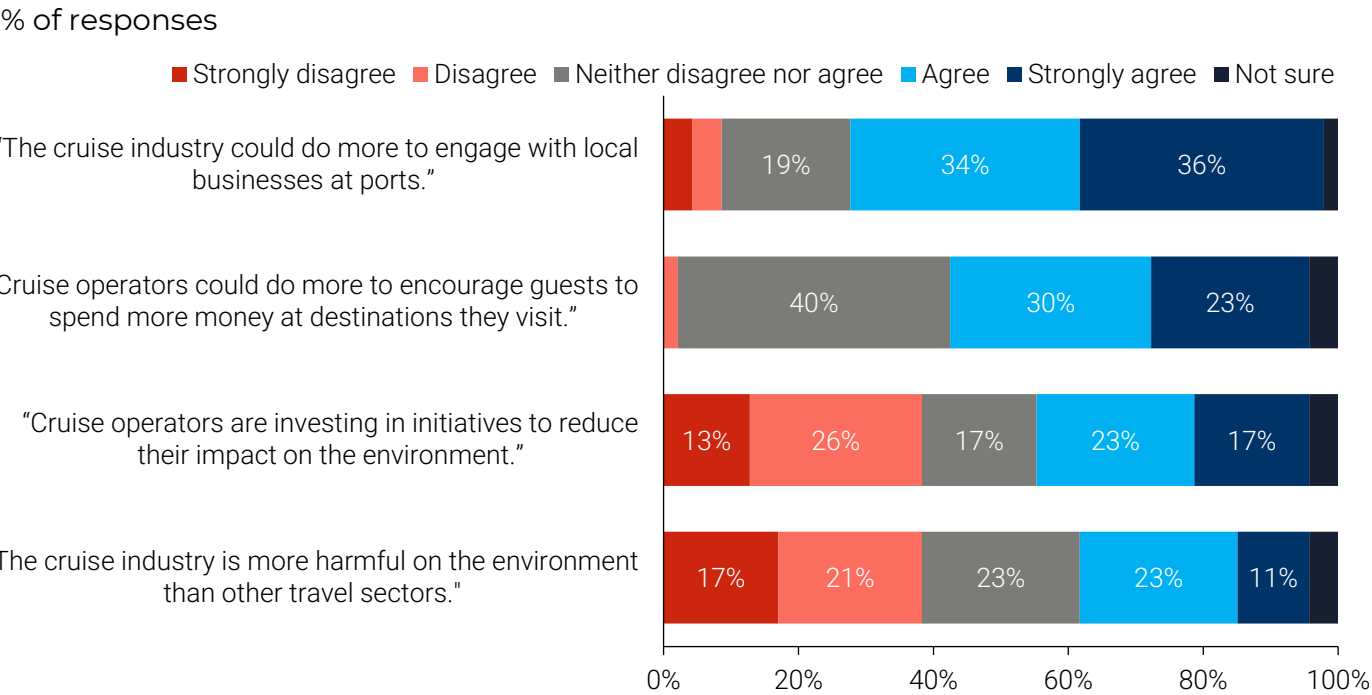
Local businesses responding to the survey believe the cruise industry can engage more with local businesses and facilitate increased passenger spending. Meanwhile, there were mixed views about the cruise industry’s role on the environment.

Respondents were asked about the cruise industry’s role engaging with businesses and its broader impact on the environment.

Overall, there was a view that the industry could be more collaborative with local business communities, as 70% agreed that the industry could engage more with local businesses in destinations, while just 9% disagreed with this statement. There was also overall agreement that the cruise industry can encourage or facilitate additional guest spending in destinations, with just over half of respondents supporting this statement compared with under 5% who disagreed.

There were mixed views about the cruise industry’s impact on the environment and its efforts to reduce environmental impacts. However, overall, businesses were more likely to view the industry positively than negatively. This was reflected in the fact that slightly more respondents agreed than disagreed that the industry is investing in initiatives to reduce its environmental impact. Conversely, slightly more disagreed than agreed that cruising is more harmful to the environment than other sectors.

Business views on cruise operator impact: Statement agreement



Source: Tourism Economics

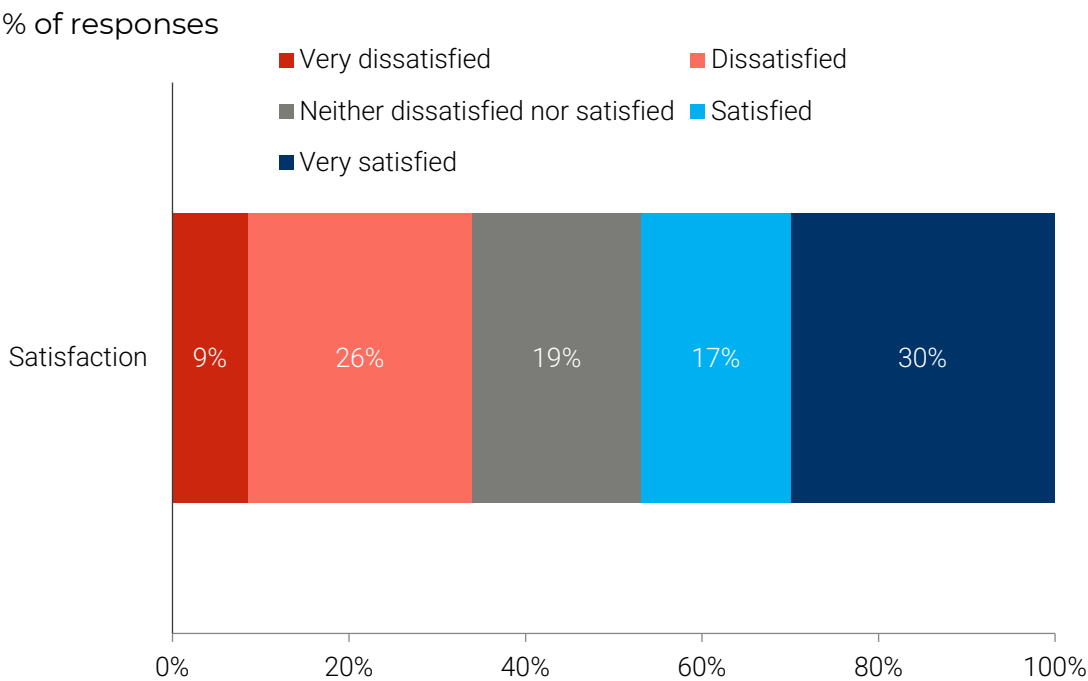
Satisfaction & Recommendations to Improve Impact

Businesses are generally satisfied with the current impact of the cruise industry in Sitka. Better timing of cruise ship calls was the most common suggestion to improve the industry’s impact.

Businesses were asked how they feel about the current situation in terms of the impact of cruise visitors in Sitka.

Just under half (47%) of businesses responding to the survey indicated they were satisfied or very satisfied with the current impact, while around a third (34%) stated they were dissatisfied or very dissatisfied and the remainder, 19% of businesses, stated a neutral view. Overall, these results highlight that local businesses are generally content with the current situation in terms of cruise activity and its associated impacts in Sitka.

Business satisfaction with cruise visitor impact

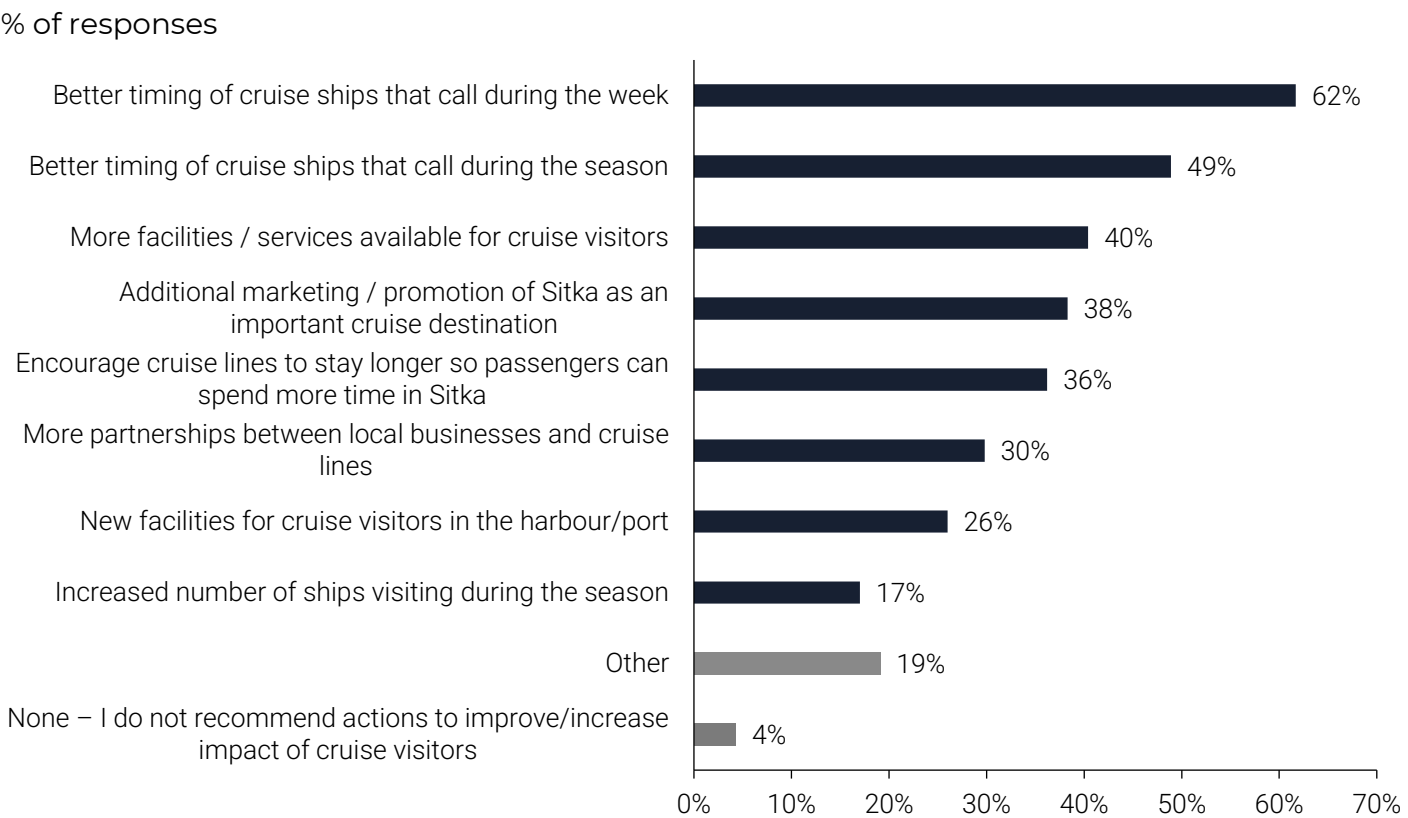


Source: Tourism Economics

The most common suggestion to improve cruise-related impacts for local businesses was to change the timing of cruise ship calls. Better timing of calls during the week was the most frequently mentioned improvement (62%), followed by better timing of calls during the season (49%). The next most common suggestions were to provide more facilities and services to cruise visitors in the city (mentioned by 40%), followed by additional marketing of Sitka as a cruise destination (38%), and encouraging cruise lines to stay longer (36%).

Overall, the results suggest that adjusting the scheduling of cruise calls, alongside initiatives to promote the destination and extend visitor dwell time, will help to boost the economic impact of cruise tourism while fostering more positive perceptions of the industry.

Recommendations to improve/increase impact

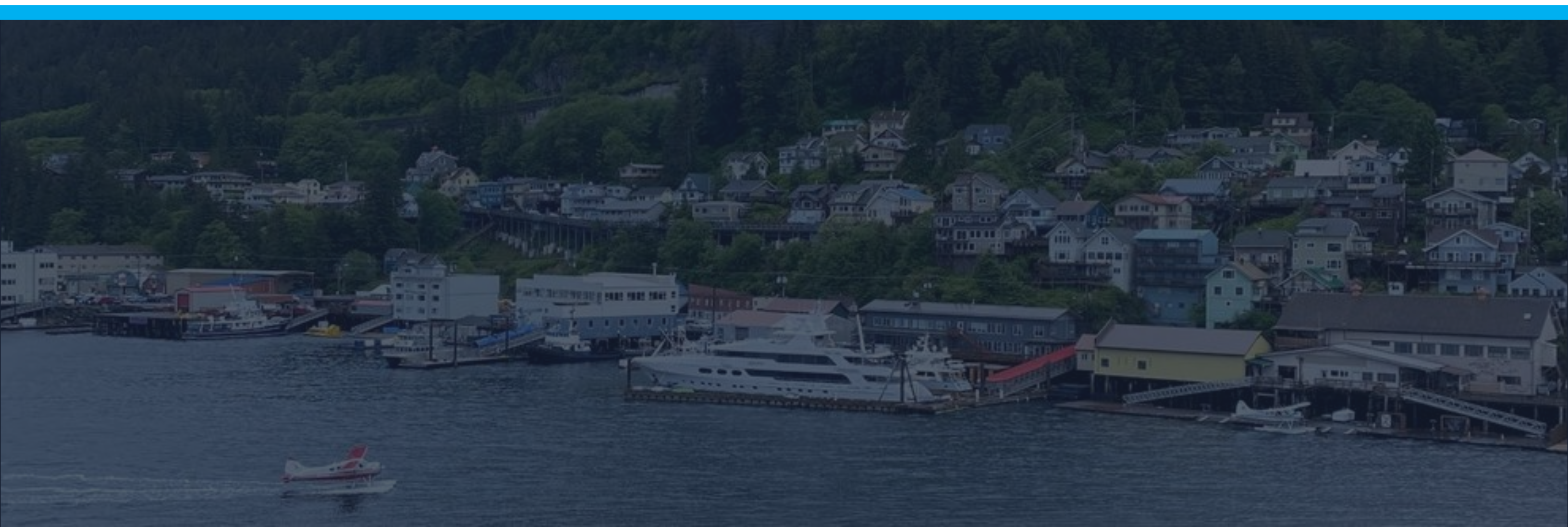


Source: Tourism Economics

47% of businesses are satisfied with impact of cruise visitors in Sitka.

62% of businesses stated better timing of cruise calls during the week would lead to improved impacts.

TECHNICAL APPENDIX



Glossary

Port of Sitka: The primary location with multiple cruise terminals or docking areas where cruise ships start, stop, or finish their journeys in Sitka. This location serves as the central hub for cruise activity examined in this report. The analysis specifically focuses on spending by both cruise passengers and cruise lines associated with operations at the port of Sitka.

Sitka: The primary location where direct spending by cruise visitors takes place. While the majority of tourism-related expenditure occurs within the city—covering activities such as shopping, dining, and visiting attractions—a small portion may also take place in surrounding areas within the broader region. For the purposes of this report, spending is primarily attributed to Sitka as a simplified reference point.

Alaskan economy: The broader regional economy that serves as the focus area for assessing the economic impacts of cruise-related spending.

Cruise passengers:

- **Transit visitors/passengers:** Cruise passengers who disembark at a destination for a day visit without beginning or ending their cruise there. These visitors typically engage in tourism-related activities such as sightseeing, shopping, dining, and visiting local attractions during their limited time ashore.
- **Turnaround visitors/passengers:** Cruise passengers who begin (embark) or end (disembark) their cruise itinerary in Sitka. In addition to engaging in tourism-related activities such as sightseeing, shopping, dining, and visiting local attractions, these visitors also typically incur transportation costs to reach the city and may spend on accommodation if staying overnight before or after their cruise.

Crew members: Individuals working on board cruise ships who may embark or disembark in Sitka. When granted shore leave, they engage in local activities similar to transit passengers, such as shopping, dining, and limited sightseeing, typically within the duration of their stay in port.

Passenger visits: Cruise passenger visits include embarkation, disembarkation, and transit visits. As a result, passenger visits can be up to twice the number of unique passengers at turnaround ports as both embark and disembark visits are included.

Passenger and crew spend: This is visitor-related spending that is directly attributable to the cruise industry. It includes expenditure by cruise passengers and crew members on eating and drinking, shopping, guided tours, other entertainment, and transport. Turnaround passengers may incur additional accommodation and transport costs. This spending is combined with cruise line spending to calculate cruise-related direct spending.

Cruise line spending: Operational expenditures incurred by cruise lines during port calls, primarily associated with embarkation stops. This includes spending on supplies, provisioning, port fees, and light maintenance. The analysis excludes broader corporate costs such as headquarters operations, cost of sales, and shipbuilding, focusing solely on local operational spending related to cruise activity in the region.

Total economic output (Output): total sales in an industry or the economy.

Total value added (GDP): total contribution (value added) to the GDP of an industry or GDP of the economy.

Jobs supported: number of jobs supported by cruise-related spending.

Wages supported: gross wages paid to workers but also includes benefits in-kind and employer social security contributions (including pensions).

Cruise class segments: Data relating to two key cruise market segments are discussed in this report. These segments are defined as follows:

- **Contemporary class** cruise lines tend to have the largest cruise ships with the most entertainment options and onboard attractions. The wide array of options allows cruise passengers to choose the type of cruise experience they desire. Typically, contemporary cruise lines are more affordable than premium cruise lines. This segment accounts for around 65% of global capacity.
- **Premium class** cruise lines are designed for passengers seeking a more sophisticated and refined cruising experience while maintaining an accessible price point. These cruise ships offer a more intimate and upscale experience, setting them apart from contemporary cruise lines. This segment accounts for around 20% of global capacity.
- Other cruise market segments which are not discussed in detail in this report are: budget, luxury, niche/boutique and expedition. Collectively, these segments account for around 15% of global capacity.

Industry breakdowns of the economic impact results are derived from aggregations of economic activity classifications following NACE Rev. 2 Section structure. For example, Manufacturing and Utilities covers economic activity classifications in Section C (Manufacturing), Section D (Electricity, gas, steam and air conditioning supply), and Section E (Water supply, sewerage, waste management and remediation activities).

Cruise IP (Cruise Intelligence Platform): Tourism Economics' proprietary cruise industry database, offering the most comprehensive view of global cruise activity. It is built from published planned itineraries, providing detailed, forward-looking insights into cruise operations worldwide.

Appendix A: Cruise Visitor Research

A key part of this study was to undertake primary research among cruise passengers and crew during the 2024 season from April to October.

Sampling approach

This study collected data through online questionnaires distributed via cruise line networks to passengers known to have visited Sitka.

Cruise passengers ¹

- **Turnaround visitors**—those embarking on or disembarking from a cruise ship at the start/end of cruise their cruise trip.
- **Transit visitors**—those visiting the destination/surrounding area for the day or undertaking a shore excursion as part of their cruise trip.

The data was gathered by an online survey which was distributed by cruise lines to passengers who previously visited Sitka. In the overall sample, there was a high share of responses (74%) among Holland America Line customers which needs borne in mind when drawing inferences from the research.

Sample size²

This following sample sizes were achieved for the target sample:

- **Cruise passengers**
 - Turnaround visitors: n=3465, Transit visitors: n=4

1. Note: As Sitka primarily serves as a transit port, only a limited number of turnaround surveys were achieved. The sample size is too small for meaningful analysis, so results are not included in this report.
2. Note: The sample sizes that formed the basis of the expenditure analysis were on average around 10% below these values as the data was cleaned to remove anomalous responses.

Appendix B: Local Business Survey

Another research component entailed gathering feedback from local businesses to better understand views and attitudes regarding the cruise industry impact. This survey was undertaken between November and December 2024.

Sampling approach

This study was undertaken using an online survey that was distributed to predominantly tourism-related organizations in the Sitka area by Greater Sitka Chambers of Commerce.

Sample size

The survey achieved 47 responses from business contacts, most of which were representing local businesses in and around the city center and port of Sitka.

Appendix C: Cruise Line Spend Research

The estimates of local cruise line spending are based on detailed national-level data provided by various cruise lines to CLIA.

Estimation approach

We have used data on a range of countries with good data to estimate the relationship between the number of embarking passengers, the number of transit visitors, and the cruise line spend per visitor. The list of countries included are the United States and Canada. The formula below outlines the approach taken.

Cruise line spend = β₁ × embarkations + β₂ × transit visits

The estimates for β₁ provide a guidance on the cruise line spend per embarking (turnaround) passenger. Turnaround passengers are counted only once for this purpose, to be consistent with the formula above.

The estimates for β₂ provide a guidance on the cruise line spend per transit visit. This tends to be focused on payments for tours and port charges, with some spend on food and beverages.

Overall, we found that cruise line spending is concentrated in turnaround calls, where cruise lines have more time to re-stock their supplies. Fuel payments are more mobile and are driven by cost differences between countries.

Limitations

The cruise spend estimates are based on patterns observed at the national level. Therefore, it may be that large parts of the goods and services procured come from other parts of the country outside the study area of Alaska.

Appendix D: Economic Impact Assessment

The total economic contribution of cruise tourism starts with the direct spend incurred by passengers, crew, and cruise lines. Their expenditure is then allocated across sectors of the economy based on port-specific survey data and historical patterns observed at the national level. The direct spending estimates are then run through a model of the regional economy to estimate the knock-on impacts from the supply-chain (indirect effects) and from wages (induced effects). The sum of direct, indirect and induced effects is the total regional economic impact linked to cruise activity out of the port of Sitka.

Direct Spending Estimates

Direct expenditure linked to cruise activity out of Sitka is split in four categories:

- **Turnaround** considers expenditure by embarking and disembarking passengers before and/or after their cruise. Spending estimates are based on findings from the Cruise Visitor Research outlined in Appendix A and adjustments to reflect the true distribution of turnaround passengers in Sitka by brand segment using data from Tourism Economics’ Cruise IP.
- **Transit** considers expenditure by cruise guests visiting Sitka as part of their itinerary. Spending estimates are based on findings from the Cruise Visitor Research outlined in Appendix A and adjustments to reflect the true distribution of transit passengers in Sitka by brand segment using data from Tourism Economics’ Cruise IP.
- **Crew** considers expenditure by crew members visiting Sitka during a turnaround or transit port call. Spending estimates are based on findings from the Cruise Visitor Research outlined in Appendix A. Due to the low number of crew responses in Sitka, crew spending estimates are based on other ports surveyed as part of this study.
- **Cruise line** considers operational expenditure by cruise lines visiting Sitka during a turnaround or transit port call. Detail on the spending estimates is available in Appendix C.

For more detail on the forecasts of direct spending please refer to Appendix A and Appendix C above.

Spend by Category

The spending for each type of visitor is then distributed across various items and sectors according to the survey results. For more detail on the survey approach, please see Appendix A on Cruise Visitor Research.

Total Economic Output Impact

The direct spending estimates are then combined with supply-use tables published by the OECD. These tables are adjusted to reflect specializations and the size of the regional (Alaskan) economy. The adjustment is done using data on regional employment by sector to construct the Flegg Location Quotient (FLQ). For more information on the approach taken please see “Julia Kowalewski (Feb 2013) *Regionalization of National Input–Output Tables: Empirical Evidence on the Use of the FLQ Formula*”.

The total economic impact is estimated using this regional supply-use table as follows.

$$total\ impact\ by\ sector = direct\ spending \times (I - A)^{-1}$$

Where A is the direct requirements matrix and I the identity matrix. Direct spending is a vector with the final expenditure by sector.

This total impact can be split into direct, indirect (supply-chain), and induced (wage-linked). For more information on the approach taken to estimate the indirect and induced multipliers, please see “ONS (Apr 2022) *Input-output analytical tables: guidance for use*”.

GDP, Employment, Wages

Tourism spending figures are combined with national statistics and forecasts for macroeconomic indicators to produce an estimate of the direct contribution of tourism to GDP, Employment, and Taxation.

- **GDP** contribution is calculated based on sector-specific GDP to output ratios sourced from the U.S. Bureau of Economic Analysis. Gross revenue (or output) is multiplied by the sector-specific GDP to output ratio to get an estimate of the associated GDP. GDP estimates are based on Gross Value Added (GVA) data from the U.S. Bureau of Economic Analysis. However, the terminology of GDP is used within the report for ease of communication
- **Employment** is calculated based on sector-specific labor productivity ratios sourced from the U.S. Bureau of Economic Analysis. GDP is divided by these ratios to get an estimate of the associated jobs.
- **Wages** are calculated based on sector-specific compensation of employees to GDP ratios sourced from the U.S. Bureau of Economic Analysis. GDP is multiplied by these ratios to get an estimate of the wages associated with the above employment.

About the Research Team

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Oxford Economics is an adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base comprises over 2,000 international organizations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics in order to answer the most important questions facing destinations, investors, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, forecasting models, policy analysis, and economic impact studies.

Oxford Economics employs 700 full-time staff, including 300 professional economists and analysts. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Alaskan DC.



For more information, questions on the report or other general inquiries, please reach out to the team at admin@tourismeconomics.com.

