Trends and Opportunities in Alaska's Small Cruise Vessel Market

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ALASKA
NORTH TO OPPORTUNITY

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EXECUTIVE SUMMARY

Small cruise vessel (SCV) activity peaked in Alaska during 2005, when lower berth capacity surpassed 22,000 berths (Figure ES-1). For the purposes of this report, SCV means a small, overnight commercial passenger vessel that carries less than 250 passengers.

During 2005, Cruise West vessels visited Alaska ports from Southeast, to Prince William Sound, to the Aleutian Islands and the Far North. Other companies like Clipper Cruise Lines and American West Steamboat Company, Lindblad Expeditions, and Glacier Bay Cruise Lines also had a strong presence in the state, particularly in Southeast Alaska.

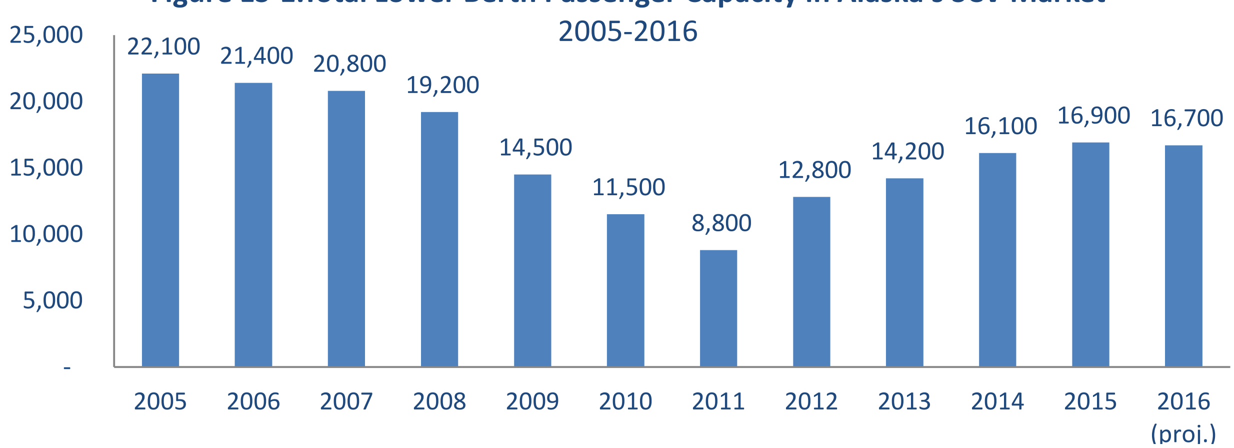
Since 2005, major factors such as national recession, company failures, and vessel groundings contributed to a sharp market decline until lower berth capacity hit a decade low of under 9,000 berths during 2011. The decline was particularly detrimental to smaller Alaska coastal communities that depended on small cruise vessels for a significant portion of their summer visitors.

Project Objectives

1. Provide detailed information on the small cruise vessel market in Alaska that communities, businesses, small cruise vessel operators, and others interested in the market can use in feasibility analyses for specific projects and in business, strategic, and marketing plans.
2. Interview small cruise vessel operators and communicate their operating challenges that impact growth.
3. Demonstrate how communities, businesses, and others interested in the market can turn operating challenges into businesses opportunities and provide recommendations to that end.

The small cruise vessel market has shown growth since its low in 2011, and Alaska is positioned to benefit from global interest in small ship experiences. Lower berth passenger capacity rebounded to 16,900 passengers during 2015 and nearly as many projected for 2016. The small cruise vessel market is an attractive market for many Alaska port communities, but difficulties obtaining consistent market data or predicting operator intent make it difficult to strategically address opportunity through infrastructure, attraction and service development.

Figure ES-1.Total Lower Berth Passenger Capacity in Alaska's SCV Market 2005-2016



Sources: Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, and cruise companies (online schedules and email correspondence). Historical data in this chart do not include vessels carrying less than 20 passengers that accounted approximately 900 passengers during 2015.

The information in this report is intended to provide a snapshot of the business operating environment of this small, but important segment of Alaska's visitor industry. It provides details on the status, trends, and outlook for the small cruise vessel market in Alaska. Small cruise vessel operators, businesses, communities and others interested in the market can use the information for analyzing specific projects and to develop business, strategic, and marketing plans.

SCV Passenger Profile, Current Activity and Outlook

While little data of Alaska SCV passengers is available, Alaska small cruise vessel operators say a National Geographic-sponsored survey on geotourism provides a good profile of their customers.[1] The survey defines geotourism as tourism that sustains or enhances the geographical character of a place—its environment, heritage, aesthetics, culture, and the well-being of its residents. The study results showed that over 55 million American travelers could be classified as Geotourists.[2] Geo-tourists are visitors who "seek culture and unique experiences when they travel."

In terms of activity, lower berth passenger capacity rebounded to 76 percent of 2005 capacity with 16,900 berths during 2015.[3] An estimated 15,000 passengers filled those berths during 2015, the same as passenger numbers during 2014, but still up from 10,000 during 2013 and 6000 passengers during 2012. Essential to decision-making as to whether to target the SCV market for economic development is having information that indicates whether the market will continue to grow.

In the global market, Cruise Lines International Association conducts periodic surveys that show consumer strong consumer interest in specialty cruising, including small ship experiences. Even so, it is difficult to predict activity for the cruise industry (large or small ships) beyond published schedules that show activity two years out. Itineraries for the small cruise vessel market are easily and relatively quickly changed to meet individual company needs and consumer demand.

The most accurate indicator for future small cruise vessel activity in Alaska is operator intent. Two companies, representing just over 50 percent of total passenger capacity in Alaska have indicated that they have priorities to expand operations in Alaska. But even if these companies continue to expand, published company schedules point to more moderate growth compared to the growth Alaska has experienced in the SCV market during the past three years. Projected passenger capacity for 2016 is expected to decline very slightly from 16,900 passengers to 16,700 passengers.

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1 Krielkamp, J., Blanchard, D., Wien, M., Hanson, J. "Small Ships Mean Big Business for Alaska Communities." Alaska Travel Industry Association Annual Convention. Sitka, Alaska. October 7, 2013. Panel Discussion.

2 U.S. Travel Association (formerly Travel Industry Association of America). Geotourism: The New Trend in Travel. National Geographic Traveler, 2003. Print.

3 Total lower berth capacity is calculated by taking the sum of lower berths per vessel multiplied by number of sailings per vessel for the entire fleet in a given year.

Challenges, Opportunities, and Recommendations

Beyond industry trends and indicators, another way to anticipate future growth in the industry is to identify challenges that operators face when doing business in Alaska. Between August and September 2014, the Alaska Division of Economic Development (DED) requested interviews with all SCV companies operating in Alaska that have vessels carrying between 20 and 250 passengers. This report incorporates information provided by representatives from Un-Cruise Adventures, Lindblad Expeditions, American Cruise Lines, and The Boat Company. Additionally, DED convened a panel of small cruise vessel operators during October 2013, to discuss challenges and opportunities associated with the small cruise vessel industry in Alaska. Input from panel members that included Alaskan Dream Cruises, The Boat Company, and Un-Cruise Adventures is also included in this report. Based on SCV company input, the top challenges impacting growth in the sector were:

- Sufficient access to public land for land-based activities,
- Crowding in popular remote areas, which can degrade the small cruise vessel experience,
- Need for increased small cruise vessel experience marketing, and
- Needs for increased port infrastructure.

Identifying operating challenges for the SCV market provides a starting point for communities and businesses to turn challenges into business opportunities. For example, providing information on the economic benefits of the SCV market for Alaska communities would assist SCV operators in their request for federal land permit allocations that allow opportunities for growth. There are also some opportunities to expand the operating season and regions of operation, and there is opportunity for the State of Alaska to work with SCV companies that are not participating in the state marketing programs to make the marketing tools and cooperative programs work better for them.

Finally, increasing competition for port infrastructure may require new infrastructure and new home port options, but the complexities associated with forecasting the market require that planning for small cruise vessel activity in a community should be done in tandem with other marine industry projects. Determining whether the opportunities identified in this report are viable will require feasibility analyses at the community or project level.

Introduction

Approximately 15,000 visitors experienced Alaska by small cruise vessel (SCV) during 2015. For the purposes of this report, SCV means a small, overnight commercial passenger vessel that carries less than 250 passengers.

Even though the numbers are relatively small compared to the nearly one million total cruise ship visitors during 2015, hosting small cruise vessels is attractive to many Alaska port communities. In some cases, the smaller vessels and numbers of visitors are a better fit for a community that may not have infrastructure or interest in hosting larger ships. Many Alaska port communities value SCV visitors for their revenue generating potential.

The lack of data on the SCV market is one of the challenges to developing the market or determining whether sufficient economic opportunity exists to pursue development. Where infrastructure investment and business development requires steady and predictable revenue streams to pay for investment or open a business, the SCV market is challenging to plan for because vessels are easily moved from one region to another. Consequently, companies, itineraries, and vessels operating in Alaska have changed frequently over time.

This report provides information about the SCV market and identifies areas where additional research is required to make better investment-related decisions. Questions that are addressed in the report include the following:

- Who are Alaska's small cruise market visitors and how do they impact local economies?
- What is the status of the SCV market in Alaska and what is the outlook for growth?
- What are the primary impediments to growth for the SCV market?
- What opportunities exist to expand and develop the existing SCV market?

Photo Credit: Discovery Voyages

Discovery Voyages has operated in Prince William Sound since 1992. The M/V Discovery carries 12 passengers and offers about 22 sailings per year.

The Alaska Small Cruise Vessel Market

SCV Passenger Numbers, 2015

During 2015, an estimated 15,000 visitors experienced Alaska on a small cruise vessel, the same number as during 2014, but up from an estimated 10,000 visitors during 2013.[4] Visitors who experience Alaska by traveling on a small cruise vessel make up approximately one and a half percent of Alaska's overall cruise visitors (Table 1). Some of the significant increase between 2013 and 2014 was due to one company that accounted for nearly half the passenger volume. Un-Cruise Adventures was up from about 5,000 passengers during 2013 to about 8,000 passengers during 2014.[5]

Table 1. Alaska Small Cruise Vessel Market Trends, 2012-2015

	2012	2013	2014	2015
Estimated Alaska Cruise Passenger Volume	937,000	999,600	967,500	999,600
Total Estimated Small Cruise Vessel Passenger Capacity (Lower Berth)*	12,800	14,200	16,100	16,200
Estimated Small Cruise Vessel Passenger Volume	6,000	10,000	15,000	15,000
Small Cruise Vessel Passenger Volume/Total Cruise Passenger Volume	0.6%	1.0%	1.5%	1.5%
Small Cruise Vessel Passenger Volume/Lower Berth Capacity	47%	70%	93%	93%

Sources: Alaska Visitor Statistics Program VI, *Summer 2015 Interim Visitor Volume Report* (2015), McDowell Group, Inc.

Other sources include the Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, and cruise companies (online schedules and email correspondence).

*Does not include passengers on vessels carrying less than 20 passengers that accounted an additional 900 passengers during 2015.

A number of small cruise companies with vessels carrying less than 20 passengers are included in the small cruise vessel fleet but are not included in Table 1. These are companies for which historical passenger capacity is not available, and the Alaska Visitor Statistics Program does not capture them as part of the cruise market.

Cruising Style and Visitor Profile

Cruise Type

Approximately 87 percent of the small cruise vessel sailings are itineraries entirely within Alaskan waters, beginning and ending at Alaska ports (Appendix A). This represents nearly 27 percent of all SCV passengers.

[4] McDowell Group, Inc. Alaska Visitor Statistics Program VI, Summer 2014 Interim Visitor Volume Report. Juneau, Alaska, 2014.

[5] McDowell Group, Inc. Alaska Visitor Statistics Program VI, Summer 2014 Interim Visitor Volume Report. Juneau, Alaska 2014.

Small cruise vessel passengers travel by air at least one way and in most cases (70 percent) both ways, requiring overnight stays in local hotels. These visitors have additional opportunity to dine in restaurants and frequent galleries and gift shops. Anecdotally, SCV visitors are believed to be more likely to purchase high quality local art rather than trinkets, but spending data is not available to verify the assumption. Even so, per-person fares ranging from about $5,000 to $20,000 per person (double occupancy) are logical indicators of an affluent clientele.

The percentage of small cruise vessel visitors that spend additional time in Alaska following the cruise varies from company to company. Operators estimate that the approximately 20 percent to 25 percent of their clients spend additional time in Alaska on a land tour.[6]

Photo Credit: The Boat Company.

The Boat Company is a non-profit educational organization and has operated in the Inside Passage since 1979.

Visitor Characteristics

A National Geographic-sponsored survey on Geotourism provides a profile of the SCV sector's customers.[7] The survey defines Geotourism as tourism that sustains or enhances the geographical character of a place—its environment, heritage, aesthetics, culture, and the well-being of its residents. The study results showed that over 55 million American travelers could be classified as Geotourists, categorized by three groups: Geo-savvys, Urban Sophisticates, and Good Citizens (Table 2).[8] Geo-tourists are visitors who are inclined to "seek culture and unique experiences when they travel." A primary finding of the survey found that the majority of those who spend significantly on travel care about their destinations. For example, these visitors are willing to pay a premium for travel services from companies that try to minimize negative impacts of their activities on the environment.

When planning itineraries and activities for guests, small cruise vessel companies are mindful of these characteristics. Operators recommend that port communities & businesses keep these characteristic in mind

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[6] Krielkamp, J., Blanchard, D., Wien, M., Hanson, J. "Small Ships Mean Big Business for Alaska Communities." Alaska Travel Industry Association Annual Convention. Sitka, Alaska. October 7, 2013. Panel Discussion.

[7] Ibid.
Miller, Pete. "Challenges and Outlook for Lindblad Expeditions' Operations in Alaska." Telephone interview. October 2014.

[8] U.S. Travel Association (formerly Travel Industry Association of America). Geotourism: The New Trend in Travel. National Geographic Traveler, 2003. Print.

when planning services and attractions for the SCV market, with some SCV businesses communicating these needs to local businesses and communities well in advance. [9]

Table 2. Profile of Geotourists

Geo-Savvys	Urban Sophisticates	Good Citizens
• Young, well-educated, environmentally aware • One in four is under age 35 • Half live in large cities • One in four lives in Pacific region • Affluent, but have not yet reached peak earning years • Distinct preference for destinations with authentic historic sites, different cultures, and educational experiences • Most likely to be aware of travel companies' practices to preserve environment of destinations • High proportion would use a travel company that preserves and protects environment, even if it costs more	• Most affluent travelers with preferences for cultural and social aspects of travel • Highly educated and most likely to hold executive, managerial, or professional occupations • Mostly live in large urban areas or second-tier cities • Majority prefer high quality lodging with excellent facilities and fine dining • Seek destinations with authentic historic sites and cultural/arts events or attractions • Prefer trips where they can explore historic and charming towns and locations • Extensive travel experience makes them aware of what companies do to preserve history and culture of destinations • Most willing to pay more to use a travel company that preserves the history and culture of destinations	• Well-educated • Older, but wiser set with an element of affluence • Four in ten have annual household incomes above $75,000 • Have a heightened level of cultural and environmental awareness in their everyday lives • More likely than any other group to make donations to historic, cultural and educational organizations • Most likely to buy from companies that donate to charities and from companies that make an effort to preserve and protect the environment

Source: U.S. Travel Association (formerly Travel Industry Association of America). Geotourism: The New Trend in Travel. National Geographic Traveler, 2003.

Visitor Spending

The Alaska Visitor Statistics Program does not collect a large enough sample size of visitors on small cruise vessels to profile that segment of the market and estimate visitor spending, but an interview with one SCV company provides an example of the spending potential for two port communities during one May through September visitor season.[10]

Provided below is actual company spending for fuel, ground transportation, housekeeping, laundry, and ship supplies for one company with two vessels. The company also estimated the number of meals and hotel rooms purchased and the percentage of guests that are referred to local fishing charters before or after the cruise. Using actual spending estimates from the company, assumptions based on modest tax, hotel, and

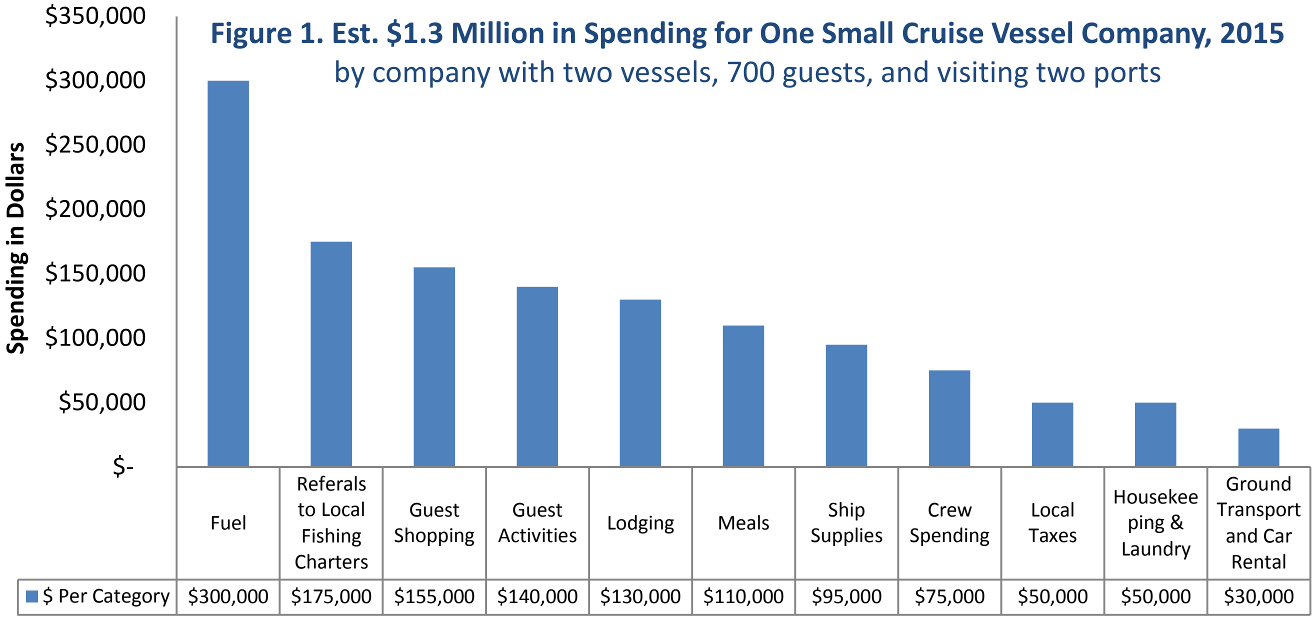
[9] Blanchard, Dan. "Challenges and Outlook for Un-Cruise Adventure's Operations in Alaska." Interview. September 2014.

[10] Hanson, Joel. "Spending Estimates for a Small Cruise Vessel Company." Telephone interview. October 2014.

charter rates, and Alaska Visitor Statistics program per person spending for all cruise passengers, the small cruise vessel company and 700 guests spent an estimated $1.3 million in the two ports combined (Figure 1). The estimate is conservative because spending data for small cruise vessel passengers is not available and it is assumed to be higher than per person spending of all cruise ship passengers that was used in the analysis.

Of the $1.3 million in spending, the small cruise vessel company paid about $7,000 in moorage fees. When asked about impact of fees paid for port infrastructure, one Southeast Alaska harbormaster said that even though fees do not fully cover infrastructure costs alone, their borough is interested in the small cruise vessel market because of the additional spending in the community. For smaller communities with limited infrastructure, small ships have big economic impact.

Beyond anecdotal information, better information on SCV company and passenger spending is needed to assess the feasibility of building infrastructure and providing services to the SCV market. Visitor profile and spending data is scheduled be collected through the next survey of the Alaska Visitor Statistics Program.



Assumptions: Shopping, gifts, and activities estimates are based on per person cruise passenger spending on activities/entertainment ($220 per person per trip) and gifts and souvenirs ($220 per person per trip) from Alaska Visitor Statistics Program VI. Lodging estimates assume a $250 rate per night during peak summer season. Rental car estimates assume $150 per day for rental of 48 SUV or mini vans (peak season rates) for crew errands and to carry supplies. Local taxes conservatively assume 5 percent sales and 5 percent lodging taxes. Revenue to local fishing charters is based on an estimate that five percent of this small cruise vessel company's guests take a fishing charter, conservatively estimated at $5,000 per trip. Meal estimates are for meals purchased before or after the cruise.

Alaska's Small Cruise Vessel Fleet, 2015

Lower Berth Capacity

When including vessels carrying fewer than 20 passengers, Alaska's SCV fleet included 27 vessels during 2015 with total fleet capacity for slightly more than 1,900 berths (Table 3). The number of vessels in the fleet remained the same as during 2014, but total berths increased from about 1,750 berths to 1,900 berths. Total lower berth passenger capacity increased from about 17,000 passengers to 17,800 passengers since 2014 (see Appendix B for 2014 detail). The vessels are listed in descending order with those having the highest passenger capacity listed first. The vessels shaded in green are homeported in foreign ports. The vessels shaded in blue are those homeported in the U.S. (except Alaska). Vessels with no shading are those homeported in Alaska.

Table 3. Alaska's Small Cruise Vessel Fleet, 2015

Company	Vessel	Home Port	Length	PAX	Sailings	Total Capacity*	Itinerary Region
PONANT	L'Austral	Wallis & Futuna Isles	466'	249	8	2,490	Southeast, Aleutians, NW Passage
PONANT	Le Boreal	Wallis & Futuna Isles	466'	249	2	249	Southeast, Aleutians
PONANT	Le Soleal	Wallis & Futuna Isles	466'	249	1	249	NW Passage
Hapag-Lloyd	Bremen	Bahamas	403'	160	2	320	NE Passage
Silversea Expeditions	Silver Discoverer	Bahamas	337'	128	2	256	Southeast, Seward, Aleutians, Far North
American Cruise Lines	American Spirit	Guilford, CT	170'	93	7	651	Southeast
Un-Cruise Adventures	Safari Endeavor	Seattle, WA	232'	84	19	1,596	Southeast
Un-Cruise Adventures	Wilderness Discoverer	Seattle, WA	176'	76	24	1,824	Southeast
Un-Cruise Adventures	Wilderness Explorer	Juneau, AK	186'	74	20	1,480	Southeast
Lindblad Expeditions	Sea Bird	Seattle, WA	152'	66	18	1,188	Southeast
Lindblad Expeditions	Sea Lion	Seattle, WA	152'	66	18	1,188	Southeast
Un-Cruise Adventures	Wilderness Adventurer	Seattle, WA	160'	62	18	1,116	Southeast
Alaskan Dream Cruises	Admiralty Dream	Sitka, AK	122'	54	16	864	Southeast
Alaskan Dream Cruises	Baranof Dream	Sitka, AK	124'	49	16	784	Southeast
Alaskan Dream Cruises	Alaskan Dream	Sitka, AK	96'	40	15	600	Southeast
Un-Cruise Adventures	Safari Explorer	Seattle, WA	145'	36	18	648	Southeast
Fantasy Cruises	Island Spirit	Seattle, WA	130'	28	12	336	Southeast
The Boat Company	Mist Cove	Poulsbo, WA	157'	24	16	384	Southeast
Un-Cruise Adventures	Safari Quest	Seattle, WA	120'	22	15	330	Southeast
The Boat Company	Liseron	Poulsbo, WA	145'	20	16	320	Southeast
Bluewater Adventures	Island Odyssey	Vancouver, BC	68'	16	2	32	Southeast
Bluewater Adventures	Snow Goose	Vancouver, BC	65'	12	8	96	Southeast
Discovery Voyages	M/V Discovery	Whittier, AK	57	12	24	288	Prince William Sound
Pacific Catalyst II, Inc.	M/V Catalyst	San Juan Island, WA	75	12	21	252	Southeast
Sea Wolf Adventures	M/V Sea Wolf	Elfin Cove, AK	91	12	17	204	Southeast
Maple Leaf Adventures	Swell	Victoria, BC	92'	10	5	50	Southeast
Alaskan Dream Cruises	M/V Misty Fjord	Sitka, AK	60	10	4	40	Southeast
Totals				**1,913**	**344**	**17,818**	Southeast = 91% of all SCV Sailings**
Color Code	**Foreign**	**U.S. (Except AK)**	**Alaska**				Southeast =87% of all Passengers**

Sources: Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, McDowell Group Vessel Database (2014), Cruise Line Agencies of Alaska, and cruise companies (online schedules and brochures).

*Based on lower berth count. Includes vessels carrying less than 20 passengers. ** See Appendix A for estimate details.

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Four companies accounted for 81 percent of total lower berth passenger capacity during 2015 (14,400 out of 17,800 berths): Un-Cruise Adventures, PONANT, Lindblad Expeditions, and Alaskan Dream Cruises (Figure 2).

Registered Home Port

The 2015 fleet was predominantly U.S. flag; nineteen vessels were registered in either Washington (11 vessels), Alaska (seven vessels), or Connecticut (one vessel) (Figure 3). Eight vessels operated under foreign-flags and are homeported in British Columbia, the Bahamas, or the Wallis and Futuna Islands.

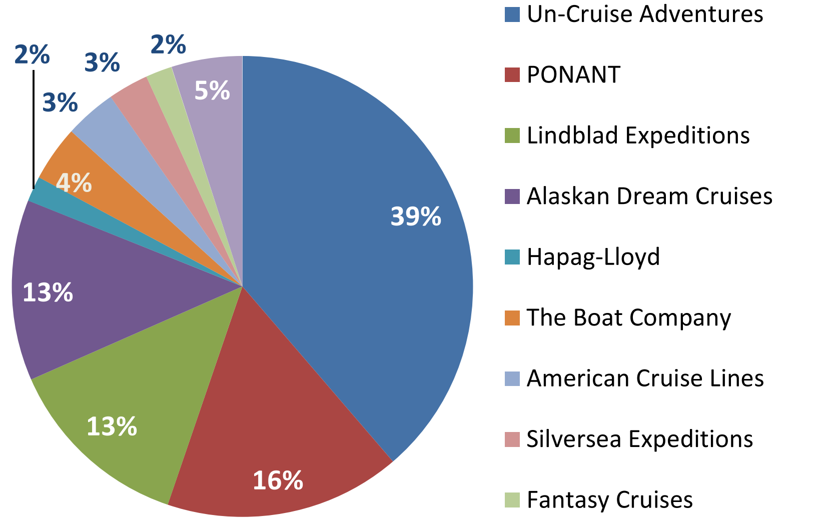
Total Number of Sailings

The 27 vessels were scheduled for approximately 344 sailings during 2015. Eighty-seven percent of the SCV sailings took place entirely within Alaska (starting and ending in Alaska ports), but accounted for approximately 73 percent of total lower berth passenger capacity. This is because larger capacity vessels like those operated by PONANT are more likely to begin and/or end the cruise outside Alaska. Most of the remaining 13 percent of the sailings were early or late season repositioning itineraries in which vessels are moved from out-of-state home ports to their seasonal Alaska home ports. Ninety-one percent of all sailings were in Southeast Alaska. The Southeast Alaska sailings accounted for approximately 87 percent of total lower berth passenger capacity.

Vessel Length

The majority (21 out of 27 vessels) of the 2015 fleet was less than 200’ (Figure 4). Eight vessels were under 100’. Four vessels were over 400’.

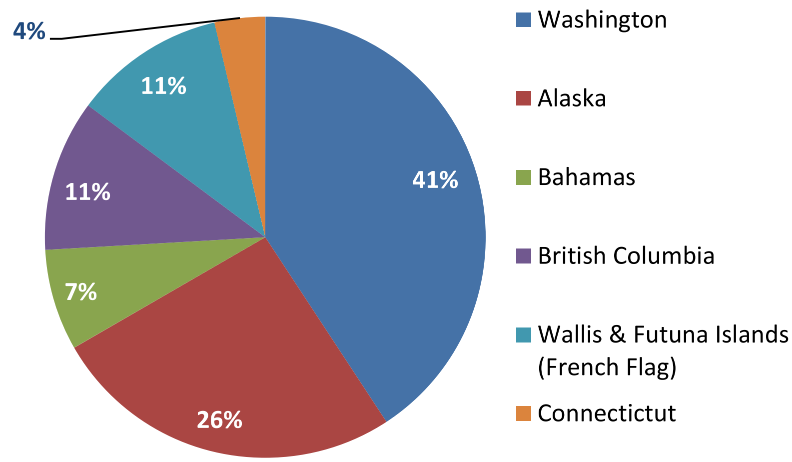
Figure 2. SCV Companies in Alaska, 2015
by percent of total passenger capacity



Sources: Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, cruise companies (online schedules and email correspondence).

Includes vessels carrying less than 20 passengers.

Figure 3. Home Ports of Alaska Small Cruise Vessel Fleet
by number of vessels and percent of total, 2015



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McDowell Group Vessel Database (2014), and cruise companies (web sites).

Includes vessels carrying less than 20 passengers.

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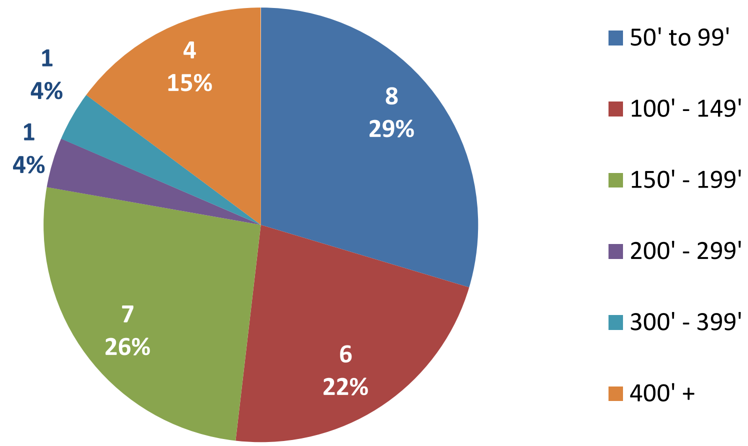
Figure 4. Alaska Small Cruise Vessel Fleet by Number of Vessels, Percent of Total, and Vessel Length, 2015



Sources: The McDowell Group Vessel Database (2014) cruise companies (web sites and brochures). Includes vessels carrying less than 20 passengers.

Fleet Description by Passenger Capacity

Only five of the vessels in the 2015 SCV fleet had lower berth capacity for over 100 passengers (Table 4). These vessels are the largest in the fleet and averaged 428' in length. Because of their size, they also have greater range, allowing them to sail in all Alaskan coastal waters from the Northwest Passage to Southeast Alaska. These foreign flagged vessels accounted for approximately 21 percent of total lower berth capacity in 2015.

Table 4. Alaska's Small Cruise Vessel Fleet Summary, 2015

Lower Berth Passenger Capacity	Number of Vessels and % of Total	Flag	Average Length (feet)	Average PAX Capacity	Average and Total Sailings	% of Total Lower Berth Capacity	Region of Sailings
101-250	5 (19%)	Foreign (5)	428'	207	3	20%	Far North, Seward, Aleutians, Southeast
20-100	15 (56%)	U.S. (15)	151'	55	17	75%	Southeast
Less than 20	7 (26%)	U.S. (4) Foreign (3)	73'	12	11	5%	Southeast, Prince William Sound

Sources: The McDowell Group Vessel Database (2014), cruise companies (online schedules and web sites).

The majority of the fleet has a lower berth capacity for 20 to 100 passengers and average length of 151'. Only one of these 15 vessels was over 200'. The smallest of the 15 vessels was 96'. All vessels in this category sailed Southeast Alaska itineraries and accounted for 74 percent of total lower berth capacity.

Seven vessels carried up to 20 passengers. Vessels in this category were less than 100', averaging 73', and ranging from 57' to 92'. They sailed primarily in Southeast Alaska, except Discovery Voyages, which operated in Prince William Sound. The smaller vessels accounted for five percent of total lower berth capacity.

Trends in Alaska's Small Cruise Vessel Market

Overall Alaska Cruise Market Trends

Alaska's cruise ship industry experienced high levels of growth in the 1990's and into the 2000s, reaching peak visitation during 2008 at 1,033,100 cruise passengers. A number of factors, including a national recession, worldwide financial market failures, and increased state and local taxes and regulation contributed to a decline of passenger volume through 2010. Total passenger volume of 999,600 during 2015 was 14

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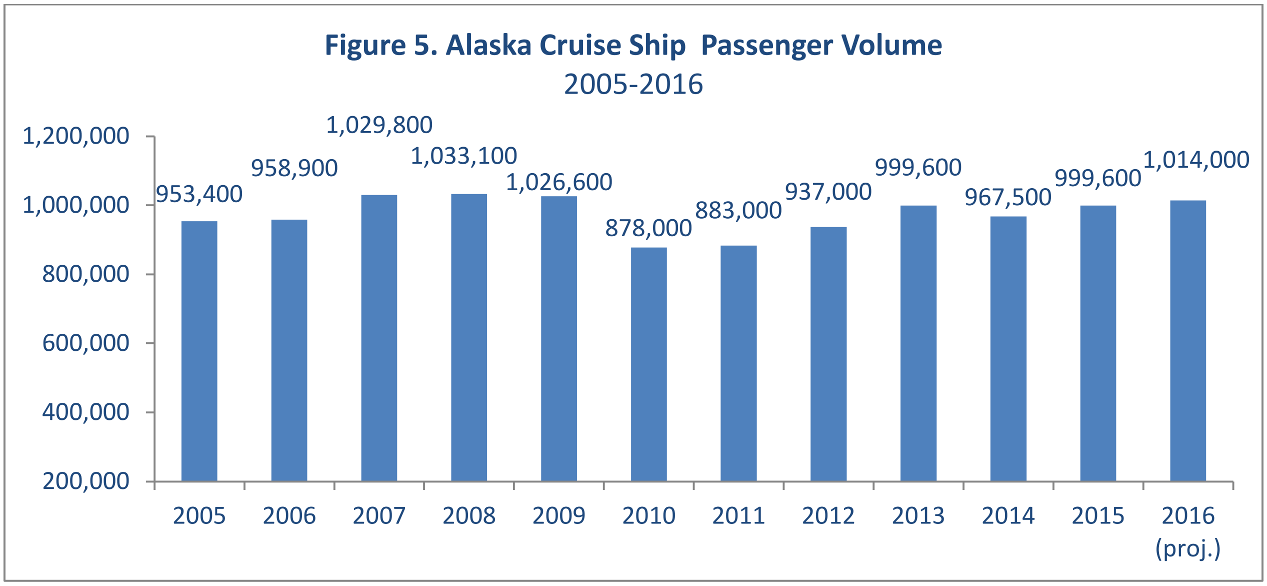
percent above the 2010 low point of 878,000; and 3 percent below the peak of 1,033,100 during 2008 (Figure 5).[11] Cruise Lines International Association Alaska estimates that passenger volume will increase to more than one million passengers during 2016.[12]



Sources: Alaska Visitor Statistics Program V and VI, McDowell Group, Inc. (2005 to 2015) and Cruise Lines International Alaska (2016 projections)

Alaska SCV Market Trends

During the past decade, total lower berth capacity for Alaska's SCV market peaked during 2005 at just over 22,000 passengers (Figure 6). Historical data does not include vessels carrying less than 20 passengers. During 2005, seven companies operated 16 vessels: Cruise West, American West Steamboat Company, Clipper Cruise Lines, Lindblad Expeditions, Glacier Bay Cruise Lines, American Safari Cruises, and The Boat Company (Figure 7).

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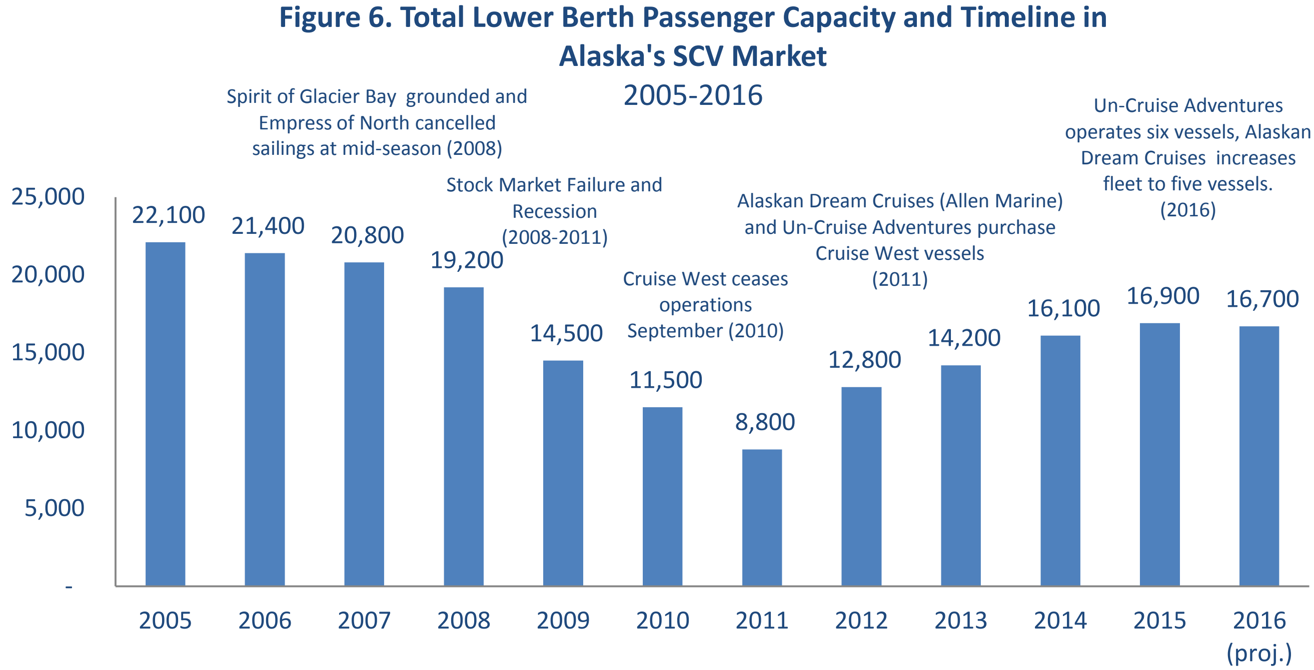
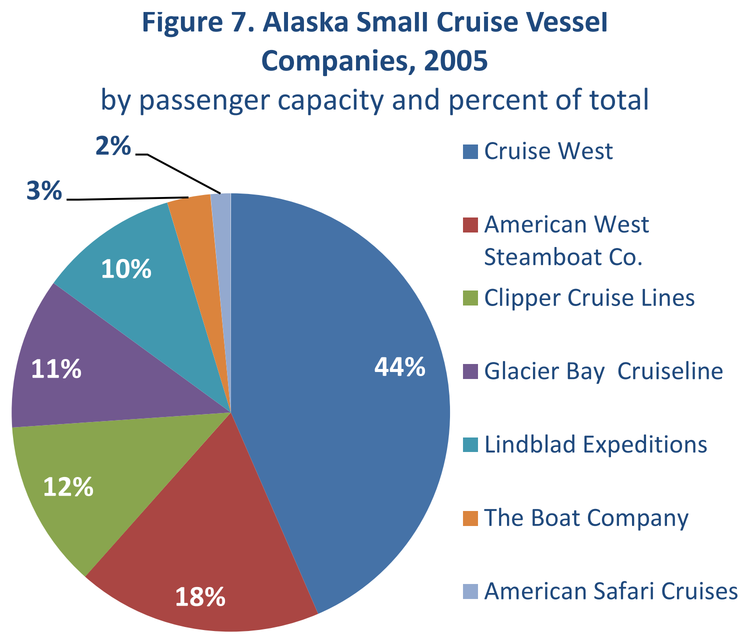
[11] McDowell Group, Inc. Alaska Visitor Statistics Program VI, Summer 2015 Interim Visitor Volume Report. Juneau, Alaska, 2015.

[12] Cruise Lines International Alaska. "2016 Cruise Forecast." Message to Caryl McConkie. 7 December 2015. Email.



Sources: Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, cruise companies (online schedules and email correspondence). Historical data do not include vessels carrying less than 20 passengers that accounted for capacity for an additional 1,700 passengers during 2014.

Following SCV peak capacity levels during 2005, a number of factors such as business failures, vessel groundings, and economic downturn brought total passenger capacity to a decade low of 8,800 berths during 2011. The most publicized business closure during this time period was that of Seattle-based Cruise West, at one time, the largest operator in Alaska's small cruise vessel market. Communities throughout the state, from Southeast Alaska to the Aleutian Islands, to Nome had benefited from regular port calls from Cruise West vessels. During the summer of 2008, just prior to the stock market failure, Cruise West was operating eight vessels in Alaska. After a series of fleet reductions in the following seasons, Cruise West ceased operations on September 7, 2010.



Sources: Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, company online schedules and/or conversations with company representatives.

Twelve of the sixteen vessels (20 to 250

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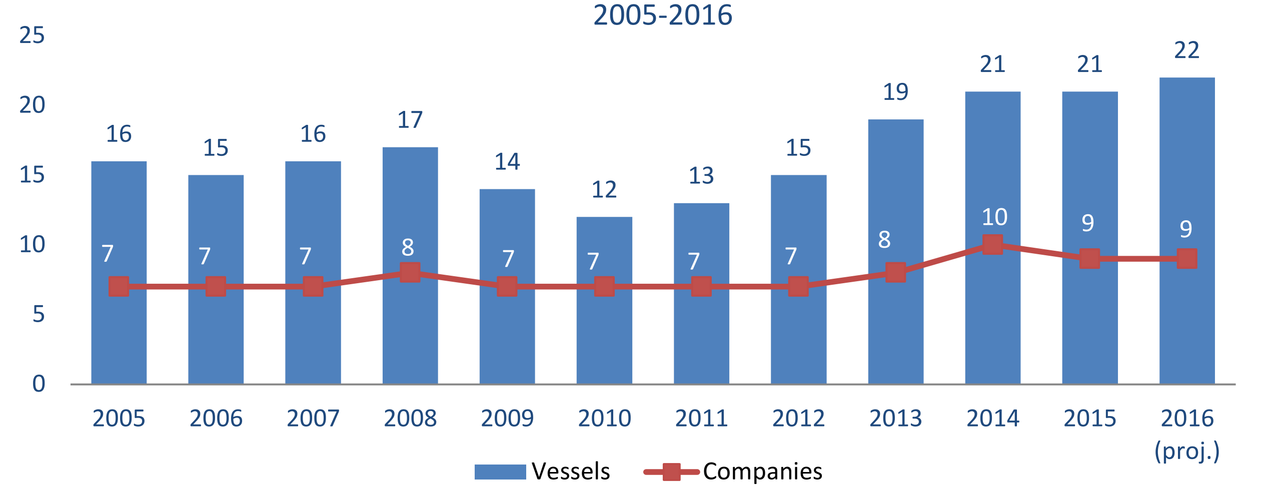
passengers) operating in Alaska during 2005 continue to operate in the Alaska market today. Un-Cruise Adventures continues to operate the 22-passeneger Safari Quest, previously operated under the American Safari Cruises brand during 2005. Lindblad Expeditions continues to operate the Sea Lion and Sea Bird, and the Boat Company continues to operate the Liseron and Mist Cove. Eight other vessels were purchased, refurbished, and re-entered into the market. Un-Cruise Adventures purchased two vessels previously owned by Glacier Bay Cruiseline and three vessels previously owned by Cruise West and operated four of the five refurbished vessels in Alaska during 2015. Alaskan Dream Cruises purchased two vessels previously owned by Cruise West operated both vessels in Alaska during 2015.[13] And during 2014, Silversea Expeditions reintroduced the Clipper Odyssey (previously operated by Clipper Cruiseline) as the Silver Discoverer. Silversea Expeditions operated the Silver Discoverer in Alaska again during 2015.

Passenger Capacity Changes, 2005 Compared to 2015

Even with more companies and more vessels operating in Alaska during 2015 (Figure 8), lower berth passenger capacity during 2015 was lower than 2005 (Appendix C, Table C1).

Vessels in the 2005 fleet had higher passenger capacity than the 2015 fleet (Table 5). New owners reduced passenger capacity on refurbished vessels to create a more upscale experience with roomier accommodations, more spacious and relaxing common areas, and increased crew to passenger ratios for better passenger service.

Figure 8. Number of Small Cruise Vessels and Companies Operating in Alaska 2005-2016



Sources: Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, cruise companies (online schedules and email correspondence). Estimates only include companies operating vessels carrying 20-249 passengers.

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[13] Alaskan Dream Cruises operated a three vessels during 2015 including the Admiralty Dream and Baranof Dream (previously owned by Cruise West and the Alaskan Dream, previously owned by Glacier Bay Cruiseline.

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Table 5. Passenger Capacity Changes in Refurbished Vessels, 2005 and 2015				
Original Vessel Name and Operating Company	Renamed Vessel and Operating Company	Passenger Capacity		
2005	2015	2015	2015	Decrease per Vessel
Spirit of Alaska, Cruise West	Baranof Dream, Alaskan Dream Cruises	78	49	(29.0)
Spirit of Columbia, Cruise West	Admiralty Dream, Alaskan Dream Cruises	78	54	(24.0)
Spirit of Discovery , Cruise West	Wilderness Explorer, Un-Cruise Adventures	84	74	(10.0)
Spirit of Endeavour, Cruise West	Safari Endeavour, Un-Cruise Adventures	102	84	(18.0)
Wilderness Adventurer, Glacier Bay	Wilderness Adventurer, Un-Cruise Adventures	69	62	(7.0)
Wilderness Discoverer, Glacier Bay	Wilderness Discoverer, Un-Cruise Adventures	87	76	(11.0)
			Total Decrease Six Refurbished Vessels	**(99.0)**

The most dramatic change in passenger capacity between 2005 and 2015 is found in the vessels with passenger capacity for over 100 passengers (Appendix C, Table C2). The Empress of the North, York Town Clipper, and the Clipper Odyssey operating during 2005 had 37 sailings and combined total lower berth passenger capacity for 6,725 passengers. In comparison, five vessels operating during 2015 had fifteen sailings among them and total passenger capacity for 3,059 passengers.

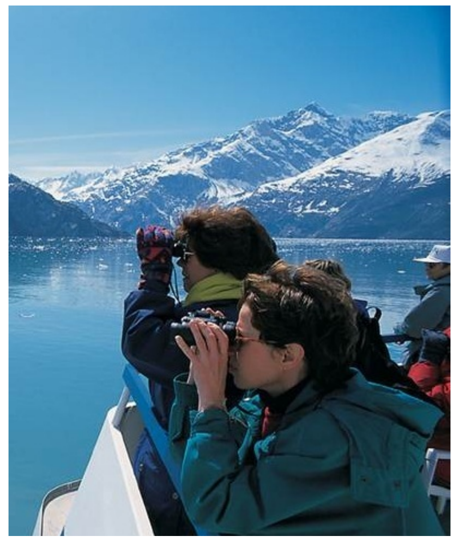


Photo Credit: Un-Cruise Adventures

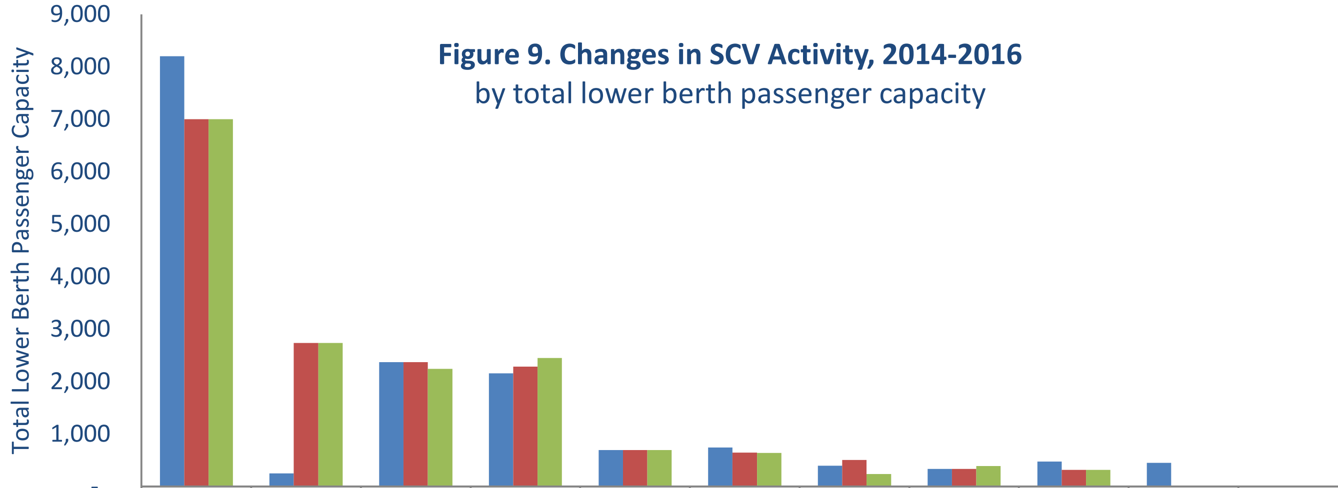
SCV Activity Projections, 2016

Lower berth passenger capacity will decrease slightly to approximately 16,700 passengers during 2016.[14] PONANT will again have three vessels in Alaska during 2015, for a total of 2,700 berths (Figure 9). Two of the PONANT vessels are scheduled to navigate the Northwest Passage.

In total, four small cruise vessels are projected to visit the U.S. Arctic on eight cruises. These vessels will operate itineraries in (1) the Northwest Passage with routes ending or beginning in Nome, Alaska; (2) the Northeast Passage with routes ending or originating in Nome Alaska; the Alaskan Arctic and the Russian Far East, or (3) the Bering Sea route that goes through or along the Bering Strait.

[14] "Online schedules for small cruise vessel companies operating in Alaska." Various URL addresses. Oct. 2015. Web. Last accessed Oct. 2015.

Figure 9. Changes in SCV Activity, 2014-2016
by total lower berth passenger capacity



	Un-Cruise	PONANT	Lindblad	Alaskan Dream	Boat Company	American	Silversea Cruises	Fantasy Cruises	Hapag-Lloyd	Noble Caledonia	Total
2014	8,200	250	2,375	2,160	700	745	400	335	480	455	16,100
2015	7,000	2,740	2,375	2,290	700	650	510	335	320	-	16,900
2016	7,000	2,740	2,245	2,450	700	645	240	390	320	-	16,700

Sources: Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, company online schedules and/or conversations with company representatives.

Outlook

It is difficult to predict activity for the cruise industry (large or small vessels) beyond published schedules that show activity two-years out. Itineraries for the small cruise vessel market are easily and quickly changed to respond to shifts in market, regulatory, and environmental conditions. There are indicators that will assist in planning for future SCV activity.

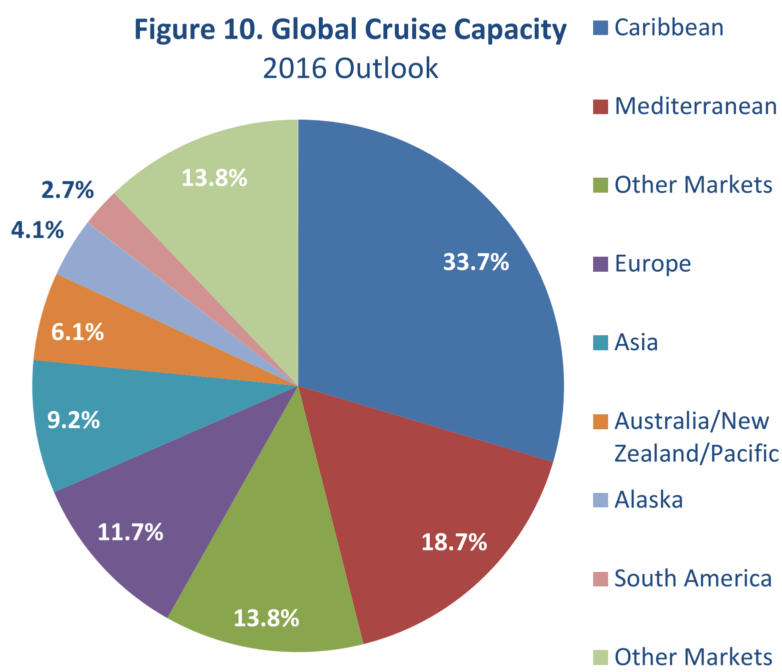
- Global outlook for cruising
- Consumer trends
- Alaska SCV operator intent

Global Outlook for Cruising

Global interest in cruising is increasing, but Alaska's market share of the global market has declined. World cruise passenger volume is expected to increase to 24 million passengers by 2016. As interest in new markets such as Asia and Australasia increases, Alaska's share of global passenger capacity has declined from 6.5 percent in 2006 to a forecasted 4 percent in 2016 (Figure 10). [15]

[15] 2016 State of the Cruise Industry Outlook: Cruise Lines International Association, December 2015

Despite declining market share in recent years, the overall Alaska cruise market is still expected to grow, albeit at a moderate rate. Christopher Allen, Associate Vice President of Global Deployment and Itinerary Planning for Royal Caribbean International and Celebrity Cruises, offered his projections for the Alaska market for 2014 and beyond in an interview for the *Cruise Business Report*. He said, *"With Alaska, the capacity and growth potential is finite and relatively stable. You're not going to see the rate of growth you see in other markets. In Alaska there are a finite number of ports and there is a finite season. Alaska is not a market where it's possible to make wholesale changes. You can tweak the product and adjust the hardware."*[16]



Source: Cruise Lines International Association, 2015.

Consumer Trends: Demand for Specialty Cruising

A 2013 Cruise Lines International Association (CLIA) survey of 600 travel agents and 55 member lines indicated that specialty cruising is a growing sales opportunity. Factors driving interest in specialty cruising include *smaller ship sizes* and the *ability to visit smaller ports and destinations.*[17] CLIA uses the term, specialty cruising, to describe member lines offering small ship, river, coastal, luxury, adventure, and sailing ship experiences. The itineraries these member lines offer "create an authentic 'world' of cruising defined by the unique opportunity they offer for guests to share the experience of interacting intimately with the world, its landscapes, cultures and people. Strongly destination focused, the itinerary choices of these ships typically play a strong motivating role in consumers' selection of a specialty cruise."[18]

CLIA's *2015 Cruise Industry Outlook* confirmed the findings of the 2013 survey of travel agents and member lines. The outlook reported annualized passenger growth rates of CLIA's North American specialty brands grew 21 percent between 2009 and 2014, compared to a 7 percent growth rate of all CLIA brands.[19] In still

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16 Schwartzman, M.T. "Alaska, California Grow-But Slowly." Cruise Business Report, February 2014. Print.

17 2013 North America Cruise Industry Update. Miami: Cruise Lines International Association, Feb. 2013. Print.

18 "CLIA Launches Initiative Promoting a Diverse Group of Specialty Cruise Lines." Cruise Lines International Association, 2012. Web. Accessed Oct. 2014. <http://www.cruising.org/vacation/news/press_releases/2012/07/clia-launches-initiative and http://www.travelpulse.com/a-new-cruise-category-for-clia.html>.

19 2015 Cruise Industry Outlook: Cruise Lines International Association, February 2015

another study, CLIA profiled travelers in the North American cruise market from Canada and the United States and found that nearly one in five (17 percent) of these travelers preferred small ship experiences.

Alaska SCV Operator Intent

For the Alaska market, the best indicator of what small cruise vessel market will do next is operator intent. Two companies, representing more than 50 percent of total passenger capacity, indicate they are interested in expansion. The owner of Un-Cruise Adventures, representing 40 percent of estimated passenger capacity for 2015, said that Alaska is the company's number one priority for future expansion. For example, as of 2016, the Wilderness Discoverer will be homeported in Alaska which will allow the company to begin itineraries earlier in the season. Alaskan Dream Cruises (14 percent of 2015 passenger capacity) representatives also indicated that the company is looking at expansion opportunities.[20] Alaskan Dream Cruises will add the Chichigof Dream to the fleet during 2016 for a total of five vessels operating and homeported in Alaska.

Companies collectively representing nearly 20 percent of estimated passenger capacity (Lindblad Expeditions and The Boat Company) said that their operations will likely stay the same in the future. PONANT did not provide input on expansion plans, but the company's share of total passenger capacity increased from two percent during 2014 to an expected 15 percent during 2016.

[20] Cagle, Jamie. "Alaskan Dream Cruises." Southeast Conference Annual Meeting. Southeast Conference. Harrigan Centennial Hall, Sitka. 19 Sep. 2013. Lecture.

CHALLENGES OPPORTUNITIES, AND RECOMMENDATIONS

Small cruise vessel operators conducting business in Alaska identified factors that impact the stability of current operations and opportunities for growth. These factors include access to public lands, growth in the market that impacts the visitor experience, getting the marketing message out to consumers, and increasing competition for port infrastructure.

Photo Credit: Un-Cruise Adventures

Access to Public Land

The number one challenge that operators indicated was lack of sufficient access to public land. These operators require increased and more flexible access to landing sites, including new and maintained trails to provide sufficient space between clients traveling on different vessels. The branding that is associated with the SCV product is one of uncrowded experiences away from masses of people and the companies must deliver on those expectations. For small cruise vessel operators that depend heavily on access to U.S. Forest Service (USFS) land along the cruise routes, any action that limits access, such as reducing permit allocations, threatens business stability and reduces opportunities for growth.[21]

Shoreline II

Of immediate concern to the Southeast Alaska operators accessing land in the Admiralty National Monument, Hoonah, Juneau, and Sitka Ranger Districts is the USFS's upcoming revision to the Shoreline Outfitter/Guide Management Plan.[22] The plan, called Shoreline II will allocate a portion of the overall visitor capacity to outfitter and guide use. The USFS has proposed to allocate nearly 80,000 (only 12 percent) of the total visitor capacity of 636,448 service days within the project area to outfitter and guide use. The Boat Company conducted an analysis that demonstrated that small cruise vessel operators would see a significant reduction in use allocations in numerous use areas.[23] The SCV industry relies on access to wilderness areas, and any reduction in access to land limits the company's future growth and the current business stability. The Tongass National Forest is largely only accessible by boat, and the SCV industry provides a critical public service in that they represent one of the only ways for the public to visit and enjoy recreational opportunities on millions of acres of public lands.

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[21] *Comments Submitted to Shoreline II Outfitter/Guide Management Plan – Scoping.* Sitka, Alaska: The Boat Company, Jul. 2014. Print.

[22] "Alaska; Shoreline II Outfitter/Guide (formerly Shoreline II Outfitter and Guide Management Plan)." Tongass National Forest, Jun. 2014. Web. Oct. 2014. <http://data.ecosystem-management.org/nepaweb/nepa_project_exp.php?project=38181&exp=detail.>.

[23] *Comments Submitted to Shoreline II Outfitter/Guide Management Plan – Scoping.* Sitka, Alaska: The Boat Company, Jul. 2014. Print.

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In addition to increasing access, the USFS and other land managers need to address the availability and state of disrepair of the trail and other recreation facility infrastructure. The current status of infrastructure is non-existent, deteriorated and unsafe for use, or in good shape but overused to the point that the facilities do not meet demand for use.

Glacier Bay Permits

The National Park Service awarded new contracts for tour vessel services in Glacier Bay national Park and Preserve to Alaskan Dream Cruises, Un-Cruise Adventures, Lindblad Expeditions, and American Cruise Lines effective for five years beginning January 1, 2016. Because of Glacier Bay's name recognition with visitors, it is difficult to market a cruise product that doesn't visit Glacier Bay National Park and Preserve.

Photo Credit: Alaskan Dream Cruises

The new contracts implement changes that reduce wilderness impacts for off-vessel activities. A significant policy change from previous contracts is limitations placed on vessels carrying over 50 passengers for putting people ashore in areas of Glacier Bay outside of the Bartlett Cove improved area. Companies with vessels carrying more than 50 passengers and that provide active adventure opportunities for guests will be challenged to offer backcountry experiences in Glacier Bay under the new contracts.

Recommendations

- SCV operators can work with private land owners to identify property that can be leased for shore activities such as hiking, wildlife viewing, and kayaking. Land owners should understand this market's requirements for solitude, wilderness, and nature-based experiences and offer access to property that is comparable to highly desirable locations in and around the Tongass National Forest.

- The Alaska Division of Economic Development should work with SCV operators to quantify the SVC market's economic benefits to communities. SCV operators have identified this information as being most helpful in their efforts to encourage more federal funding to U.S. Forest Service Recreation Programs and permit allocations that allow opportunities for growth.

- Small cruise vessel companies in Southeast Alaska should align with similarly minded recreation/tourism industry leaders in their region and work closely with the U.S. Forest Service and Glacier Bay National Park on access and investment issues.

- Alaska State Parks and SCV operators should identify state marine parks alternatives to federal lands that could be permitted for SCV activity. State Park managers should also work with SCV operators to reduce permitting obstacles that impede greater use of the state parks for moorage and land-based activities.

- DED should follow federal access processes and support operator requests to have access to federal lands and waterways that allows for a stable operating environment and provides opportunities for growth.

Growth in the Industry

Increasing small cruise vessel activity is a threat to growth to overall industry expansion because increasing numbers of vessels impact the sense of solitude and adventure for which guests pay a premium. Overcrowding in popular overnight anchorages and day-stops with “too many” boats and visitors will ultimately degrade the experience. The concept of overcrowding is difficult to define because what is ”too many” or “crowded” for passengers on a ship carrying 100 passengers will be different for passengers on a ship carrying 20 passengers or less. The difference will be even greater for someone traveling in a kayak. Additionally, operators are noticing more large yachts cruising Southeast Alaska waters that may be providing charter services and unauthorized passenger vessel services outside of the regulatory permitting regime under which small cruise vessel operators are obliged to operate.

Recommendations

- Develop best management practices to minimize impacts of tourism activity in popular areas where SCV and other vessels come in contact with each other. Operators should develop voluntary agreements that specify operating or “best management practices”.

- Expand the operating season. Seasonal flexibility for the smaller vessels is a significant distinction from the large ship market. A few companies like Discovery Voyages and Un-Cruise Adventures already begin Alaska operations during April instead of May. Un-Cruise Adventures, the company with the largest share of total passenger berth capacity sees a greater need for additional capacity outside of the traditional operating season (May to September) and anticipates future expansion in this area. In order for small cruise vessel operations to be successful in an expanded operating season, services and attractions must be open for business to visitors and SCV companies On the other hand, host entities need sufficient numbers of customers to justify the expense of opening, and operators need predictability in services and activities available to clients before selling an itinerary.

Best Management Practices

An example of best management practices is an agreement developed during 2008 between vessel operators and the Tongass National Forest in the Tracy Arm-Fords Terror Wilderness to minimize the impacts of tourism and vessel operations in a manner that addresses concern for natural resources and operators’ concerns for safety and passenger service. [1] Examples of these practices include actions that preserve quiet, maintain clean air, and protect wildlife. Operators sign a voluntary agreement each year to demonstrate their commitment to the sustainable use of wilderness resources.

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- Though SCV operators often begin or end cruises in major Alaskan cruise ports like Juneau, Ketchikan or Skagway, they also integrate port calls in smaller, out-of-the way communities that have unique history and culture. There are opportunities for host entities to work together and attract new port calls and expand regions of operation within and outside Southeast. Currently, about 13 percent of all sailings occur in regions outside Southeast Alaska.

  For a community to be added to an itinerary, it must be easily accessible from a vessel's route between the departure port and the arrival port. Weather and sea conditions must allow consistent and predictable access to the community. Weather has proven to be a major factor for getting in to smaller southeast ports like Pelican, Angoon, and Klawock.

  Weather and ice conditions are also factors impacting itineraries in the U.S. Arctic[24]. The U.S. Arctic is defined as the region north of 64° and includes the Bering Sea or along the Bering Strait. Even during August and September when "ice free" conditions are most likely, there is still potential for multi-year ice to be encountered. Wind and current can push ice into the shipping lanes. During 2015, two expedition ships carrying approximately 300 passengers transited the Northwest Passage.

Sector Specific Marketing

Getting information out about the small ship experience amidst the "sea of information" available on large ship cruising is a challenge mentioned by SCV operators. While some companies rely heavily on word of mouth for bookings, others think that the state marketing program could do more to promote their niche. Ability to increase activity in the SCV market in Alaska is dependent upon generating demand for Alaska as a destination and then increasing demand for the small cruise vessel experience.

Recommendation

Small cruise vessel operators and other small tourism business depend on the state marketing program to provide broad-based image marketing messages that attract visitors to the state. In some cases, businesses do not believe the marketing program serves their market segment as well as it serves others. Especially during time of limited resources, there is opportunity for the State of Alaska to work more closely with businesses to make the state's marketing program work better for them. In the same way that marketing consortiums promote benefits or use of a commodity, SCV operators could promote the small cruise vessel experience to consumers using

Photo Credit: State of Alaska Tourism Marketing Program, Travelalaska.com

Cruise ships and fishing boats in Seward, Alaska.

[24] Peter, Oppenheimer. Cruise Tourism within the U.S. Arctic. Washington D.C.: National Oceanic and Atmospheric Administration, 2015. Print.

a combination of the state marketing program's marketing and promotional tools.

Infrastructure

Availability of dock or moorage space is not a current problem for SCV companies that responded to the Alaska Division of Economic Development's request for interviews. These companies say that the harbormasters and port administrators do a good job of scheduling space for the vessels. Some companies with long-term presence at specific ports have priority berthing rights, but another operator said that increasing competition for space with large private yachts is a concern for future operations. For the busiest ports, growth in the industry will require additional dock and moorage space to accommodate new companies in the market or existing companies that want to add vessels.

Recommendations

- Increase home port options. As competition for moorage space increases among all commercial and recreational users, growing the market could provide new communities with opportunities to become a home port. Home ports require a higher level of infrastructure and services that include dedicated dock or moorage space, regular air access in and out of the community, overnight accommodations, transportation, dining options and evening activities, ground transportation, and laundry and internet services. Becoming a home port also requires increased air access to a community. One company with expansion plans for Alaska has considered Wrangell as a home port in the past but had to abandon the plan because of insufficient seat capacity in and out of the community. Increased air service to the communities is necessary to open up more opportunities for communities to be a home port. Delta Airlines expansion in Southeast Alaska during the summer months is a positive indicator that increasing seat capacity is possible. Appendix A provides a list of Alaska home ports by company itinerary for 2015.

- Develop infrastructure where it is economically viable. Funding is a major factor that hinders infrastructure development, coupled with the need to demonstrate return on investment. A representative of Cruise Line Agencies of Alaska emphasized this point saying that "In July and August you cannot build enough infrastructure to accommodate the market, while infrastructure goes unused all other months. Where infrastructure is needed, you cannot develop the infrastructure until you have a stable and steady market." Market seasonality, competition with a greater return on investment from hosting larger vessels, and often limited or unpredictable port calls make it difficult to justify infrastructure development specifically for small cruise vessels.

  Even though developing infrastructure and services solely for the small cruise vessel market does not typically make economic sense in terms of return on investment for port infrastructure, the market is one component of the broader maritime activity in the region. There is opportunity to use the information in this report as a starting place to conduct feasibility analyses for specific port development projects. Planning infrastructure for the small cruise vessel market should be one revenue source combined with other users to support infrastructure and service development.

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CONCLUSION

Photo Credit: State of Alaska Tourism Marketing Program, Travelalaska.com

Following activity declines between 2005 and 2011, Alaska's small cruise vessel market has demonstrated significant growth, increasing from an estimated 6,000 SCV passengers visiting Alaska during 2012 to an estimated 15,000 SCV passengers during 2015. While passenger capacity may equal the volume of a decade ago, consumer trends explain much of the volume differences. Desire for more intimate and luxurious experiences on small ships and companies' search for new and unique destinations for SCV clients have led to decreased capacity on individual vessels. Additionally, expedition vessels carrying more than 100 to 250 passengers have fewer sailings in Alaska and average four sailings per vessel during 2015 versus seventeen during 2005.

The outlook for future growth in Alaska's SCV market is optimistic, particularly with opportunities to expand the market seasonally and into new areas of the state. Increasing global interest in cruising is good for Alaska's cruise market, regardless of the size of the ship, and the long-standing commitments to Alaska by companies like Alaskan Dream Cruises, The Boat Company, Lindblad Expeditions, and Un-Cruise Adventures are significant predictors for the Alaska market. Through SCV market updates and economic data gathered through the Alaska Visitor Statistics Program, the State of Alaska can monitor growth in the SCV market by economic benefit, new SCV itineraries and port destinations, and expanded operating seasons.

The SCV market is a small, but important segment of Alaska's visitor industry. This report, *Trends and Opportunities in Alaska's Small Cruise Vessel Market*, provides details not previously published before. Small cruise vessel operators, businesses, communities and others interested in the market can use the information for feasibility analyses for specific projects and to develop business, strategic, and marketing plans. The overall complexities associated with forecasting the market require that planning for small cruise vessel activity in a community should be done in tandem with other economic development opportunities.

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Appendix A. Small Cruise Vessel Itineraries in Alaska, 2015

TableA1. Alaska Small Cruise Vessel Itineraries, 2015

Company/Itineraries	Alaska Home Ports	Ports of Call	Days in Itinerary	Sailings	Itinerary Begins or Ends Outside AK	PAX on Sailings Beginning or Ending Outside AK	Non-SE AK Sailings	PAX on Non-SE AK Sailings
***Alaskan Dream Cruises:** Four Vessels, 10, 40, 49, and 54 Passengers*				***46***	***0***	***0***	***0***	***0***
Confirmed not listed				18				
Alaska's Glacier Bay & Inside Passage Voyage	Sitka, Ketchikan	Skagway, Haines, Juneau, Kake, Petersburg, Wrangell, Thorne Bay, Kasaan	13	2				
Southeast Explorer	Sitka, Ketchikan	Skagway, Haines, Juneau, Petersburg, Wrangell, Thorne Bay, Kasaan, Metlakatla	11	5				
Admiralty, Baranof and Chichagof Explorer	Sitka	Juneau, Kake, Haines, Petersburg, Skagway	11	2				
Alaska's Inside Passage Sojourn	Ketchikan, Sitka	Kasaan, Thorne Bay, Wrangell, Petersburg, Juneau, Metlakatla	9	7				
Pt. Adolphus, Frederick Sound and Stephens Passage Explorer	Sitka	Juneau, Petersburg, Kake	9	2				
Alaska's Glacier Bay and Island Adventure	Sitka	Juneau, Petersburg, Kake	8	10				
***American Cruise Lines:** One Vessel, 93 Passengers*				***7***	***2***	***186***	***0***	***0***
Southeast Alaska Cruise	Juneau	Haines, Skagway, Petersburg	8	5				
Alaska Inside Passage Cruise (repositioning)	Juneau, Seattle	Ketchikan, Wrangell, Petersburg	*11*	*2*	*2*	*186*		
***Bluewater Adventures:** Two Vessels, 12 and 16 Passengers*				***8***	***2***	***32***	***0***	***0***
Southeast Alaska Prince Rupert to Petersburg	Petersburg		11	2	2	32		
Glacier Bay Explorer	Gustavus			3				
Petersburg/Juneau	Petersburg, Juneau		8	2				
Sitka/Wrangell	Sitka, Wrangell		10	2				
Sitka/Juneau	Sitka, Juneau		8	1				
***The Boat Company:** Two Vessels, 20 and 24 Passengers*				***32***	***4***	***88***	***0***	***0***
Sitka to Juneau	Sitka, Juneau	Port calls at client request	8	16	2	48		
Juneau to Sitka	Sitka, Juneau	Port calls at client request	8	16	2	40		
***Discovery Voyages:** One Vessel, 12 Passengers*				***22***	***0***	***0***	***22***	***264***
Backcountry Sea-to Ski Cruise	Whittier	[Anchorage, 1 night]	7	2			2	
Spring Wildlife, Birding and Photo	Whittier	[Orca Adventure Lodge, Cordova, 4 days]	13	2			2	
3-Day Classic Voyage	Whittier	[Anchorage, 2 nights]	5	4			4	
Sierra Club Spring Wildlife	Whittier		8	1			1	
Harriman Fiord Overnight	Whittier	[Anchorage, 2 nights]	4	2			2	
Classic Discovery Voyage	Whittier	[Anchorage, 2 nights]	7	6			6	
Hike and Kayak Voyage	Whittier	[Anchorage, 2 nights]	5	3			3	
Grand Alaska Journey	Whittier	Anchorage, Fairbanks	13	2			2	

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TableA1. Alaska Small Cruise Vessel Itineraries, 2015								
Company/Itineraries	**Alaska Home Ports**	**Ports of Call**	**Days in Itinerary**	**Sailings**	**Itinerary Begins or Ends Outside AK**	**PAX on Sailings Beginning or Ending Outside AK**	**Non-SE AK Sailings**	**PAX on Non-SE AK Sailings**
***Fantasy Cruises:** One Vessel, 28 Passengers*				***12***	***2***	***56***		
Northbound Repositioning	Juneau	Ketchikan, Wrangell	14	1	1	28		
Wilderness Cruise	Juneau	Kake, Tenakee Springs, Icy Strait Point	9	2				
Hinterlands Cruise	Petersburg	Kake, Tenakee Springs, Icy Strait Point	9	2				
Discovery Cruise	Sitka, Petersburg	Tenakee Springs, Icy Strait Point	9	3				
Exploration Cruise	Juneau, Sitka	Skagway, Haines	9	3				
Southbound Repositioning	Juneau	Ketchikan, Wrangell	14	1	1	28		
***Hapag-Lloyd:** Two Vessels, 160 Passengers Each*				***2***	***2***	***320***	***2***	***320***
Expedition to Kamchatka	Nome			1	1	160	1	
Expedition Northeast Passage (*Tromsoe, Norway* to Nome)	Nome	*Overnight in Nome, stay aboard*		1	1	160	1	
***Lindblad Expeditions:** Two Vessels, 66 Passengers Each*				***36***	***4***	***264***	***0***	***0***
Exploring Alaska's Coastal Wilderness	Juneau, Sitka	Petersburg	8	32				
Remarkable Journey to Alaska, British Columbia & Haida Gwaii	Sitka	*Petersburg*	*15*	*4*	*4*	*264*		
***Maple Leaf Adventures:** One Vessel, 10 Passengers*				***5***	***3***	***30***	***0***	***0***
Alaska Adventure	Sitka, Petersburg		8	2				
Alaska Adventure-Prince Rupert	Petersburg		8	2	***2***	***20***		
Supervoyage-Prince Rupert	Sitka		8	1	1	10		
***Pacific Catalyst II:** One Vessel, 12 Passengers*				***21***	***2***	***24***	***0***	***0***
Inside Passage (Repositioning)	Juneau, Petersburg		14	2	2	24		
Southeast Alaska Natural History	Juneau, Petersburg		7	16				
Southeast Alaska/Glacier Bay	Juneau		10	3				
***Ponant Yacht Cruises and Expeditions:** Three Vessels, 249 Passengers Each*				***11***	***8***			
In the Wake of Pioneers (Vancouver to Juneau)	Juneau	Ketchikan, Petersburg, Haines, Skagway	*8*	4	5	1,245		
Fjords of Alaska (Vancouver to Juneau)	Juneau	Ketchikan, Kasaan, Sitka, Hoonah	*8*	1	1	249		
Aleutian islands and Wrangel Island Reserve (Pevek, Russia)	Seward	Dutch Harbor, St. Mathew, St. Paul	16	1	1	249	1	249
Eastern Siberia and Kodiak Peninsula	Seward, Nome	Dutch Harbor, St. George	11	1	1	249	1	249
Alaska and British Columbia (Vancouver to Seward)	Seward	Hoonah, Haines, Petersburg	11	1	1	249		
Alaska and British Columbia (Anadyr Russia to Vancouver)		Nome, St. Mathew, St. George, Dutch Harbor, Sitka	15	1	1	249	1	249
Northwest Passage		Nome	23	2	2	498	2	498
Sea Wolf Adventures: One Vessel, 12 Passengers				***17***	***0***	***0***	***0***	***0***
Glacier Bay and Beyond	Gustavus		6	14				
Glacier Bay, Juneau	Juneau		9	1				
Birds, Bears and Glaciers	Juneau		7	1				
Exploring Alaska’s Inside Passage	Juneau, Ketchikan		10	1				

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TableA1. Alaska Small Cruise Vessel Itineraries, 2015								
Company/Itineraries	**Alaska Home Ports**	**Ports of Call**	**Days in Itinerary**	**Sailings**	**Itinerary Begins or Ends Outside AK**	**PAX on Sailings Beginning or Ending Outside AK**	**Non-SE AK Sailings**	**PAX on Non-SE AK Sailings**
***Silversea Expeditions:** One Vessel, 128 Passengers*				***4***				
Seward to Vancouver	Seward	Ketchikan, Petersburg, Elfin Cove, Yakutat	12	1	1	128		
Vancouver to Seward	Seward	Ketchikan, Elfin Cove, Metlakatla, Petersburg, Yakutat	12	1	1	128		
Seward to Nome	Seward, Nome	Chignik, Dutch Harbor, St. Paul, St. Mathew	12	1			1	128
Aleutians to Seward	Seward	Dutch Harbor	12	1			1	128
***Un-Cruise Adventures:** Six Vessels, 22-84 Passengers*					***11***	***634***	***0***	***0***
Confirmed, but Not Listed on Schedule				5				
Famed Passages of Discovery (repositioning)	Juneau	Juneau, Ketchikan, Wrangell	13	11	11	634		
Discoverers' Glacier Country	Juneau	No port calls	8	43				
Inner Reaches Eastern Coves (9 sailings continue Famed Passages of Discovery Itinerary)	Juneau, Ketchikan	Wrangell	8	9				
Inner Reaches Western Coves	Ketchikan, Juneau	Kasaan	8	8				
Northern Passages and Glacier Bay	Juneau, Sitka		8	38				
Ultimate Adventure	Juneau	Wrangell, Ketchikan, Kasaan	15					
Ultimate Bays and Fjords	Sitka, Ketchikan	Juneau, Wrangell	15					
Ultimate Coves and Passages	Ketchikan, Sitka	Juneau, Klawock	15					
Ultra Adventure – 22 days	Juneau, Sitka	Kasaan, Ketchikan, Wrangell	21					
Totals Sailings or Passengers				**344**	**46**	**4,893**	**32**	**2,334**
Percent of Total Passengers or Sailings					**13%***	**27%**	**9%****	**13%**

Sources: Cruise Line Agencies of Alaska (October 2015) and online SCV company schedules accessed October 2014

* Approximately 13% (46 out of 344) of sailings begin or end outside Alaska. These sailings carry approximately 27 percent of all SCV passengers (4,893 out of 17,818).

** Approximately 9% (32 out of 344) of 2015 sailings are in non-SE Alaska regions. These sailings carry approximately 13 percent of all SCV passengers (2,334 out of 17,818).

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APPENDIX B. SMALL CRUISE VESSEL FLEET, 2014

Table B1. Alaska's Small Cruise Vessel Fleet, 2014							
Company	**Vessel**	**Home Port**	**Length**	**PAX**	**Sailings**	**Total Capacity***	**Itinerary Region**
PONANT	L'Austral	Wallis & Futuna	466'	250	1	250	NW Passage
Hapag-Lloyd	Hanseatic	Bahamas	403'	160	3	480	NE Passage
Silversea Expeditions	Silver Explorer	Bahamas	354'	150	1	150	Seward, Aleutians, Northwest Passage
Silversea Expeditions	Silver Discoverer	Bahamas	337'	128	2	256	Seward, Aleutians, Far North
Noble Caledonia	Caledonian Sky	Bahamas	297'	114	4	456	Southeast, Seward, Aleutians, Kodiak
American Cruise Lines	American Spirit	Guilford, CT	170'	93	8	744	Southeast
Un-Cruise Adventures	S.S. Legacy	Seattle, WA	192'	88	12	1,056	Southeast
Un-Cruise Adventures	Safari Endeavor	Seattle, WA	232'	86	19	1,634	Southeast
Un-Cruise Adventures	Wilderness Discoverer	Seattle, WA	176'	76	24	1,824	Southeast
Un-Cruise Adventures	Wilderness Explorer	Seattle, WA	186'	74	22	1,628	Southeast
Lindblad Expeditions	Sea Bird	Seattle, WA	152'	66	18	1,188	Southeast
Lindblad Expeditions	Sea Lion	Seattle, WA	152'	66	18	1,188	Southeast
Un-Cruise Adventures	Wilderness Adventurer	Seattle, WA	160'	62	18	1,116	Southeast
Alaskan Dream Cruises	Admiralty Dream	Sitka, AK	122'	54	16	864	Southeast
Alaskan Dream Cruises	Baranof Dream	Sitka, AK	124'	49	15	735	Southeast
Alaskan Dream Cruises	Alaskan Dream	Sitka, AK	96'	40	14	560	Southeast
Un-Cruise Adventures	Safari Explorer	Seattle, WA	145'	36	16	576	Southeast
Fantasy Cruises	Island Spirit	Seattle, WA	130'	28	12	336	Southeast
The Boat Company	Mist Cove	Poulsbo, WA	157'	24	16	384	Southeast
Un-Cruise Adventures	Safari Quest	Seattle, WA	120'	22	15	330	Southeast
The Boat Company	Liseron	Poulsbo, WA	145'	20	16	320	Southeast
Bluewater Adventures	Island Odyssey	Vancouver, BC	68'	16	2	32	Southeast
Bluewater Adventures	Snow Goose	Vancouver, BC	65'	12	8	96	Southeast
Discovery Voyages	M/V Discovery	Whittier, AK	57'	12	22	264	Prince William Sound
Pacific Catalyst II, Inc.	M/V Catalyst	San Juan Island, WA	75'	12	21	252	Southeast
Sea Wolf Adventures	M/V Sea Wolf	Elfin Cove, AK	91'	12	17	204	Southeast
Maple Leaf Adventures	Swell	Victoria, BC	92'	10	5	50	Southeast
Totals				**1,759**	**345**	**16,972**	
Color Code	**Foreign**	**U.S. (Except AK)**	**Alaska**				

Sources: Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, McDowell Group Vessel Database (2014), Cruise Line Agencies of Alaska, and cruise companies (online schedules and brochures).

*Based on lower berth count. Includes vessels carrying less than 20 passengers.

Appendix C. Passenger Capacity Changes 2005 and 2015

Even with more companies and more vessels, lower berth passenger capacity during 2015 was reduced to approximately 1,768 passengers fewer than during 2005 (Table C1).

- Vessels in the 2005 fleet generally had higher passenger capacity than the 2015 fleet.
- When Alaskan Dream Cruises and Un-Cruise Adventures refurbished vessels previously operated by Cruise West or Glacier Bay Cruiseline, they also reduced the number of berths by just under 100 berths.
- Cruise West's Spirit of Columbia had two sailings per week for a total of 29 sailing during 2005.
- The most significant decrease was for the vessel operated by Cruise West as the Spirit of Columbia that had two sailings per week and a total of 29 sailings during 2005. During 2015, Alaskan Dream Cruises operated the Admiralty Dream (previously the Spirit of Columbia) with 16 sailings during 2015. The refurbished vessels carried 24 fewer passengers per sailing. These two factors resulted in a total decrease in nearly 1,400 passengers per season (for just one vessel) between 2005 and 2015.

Table C1. Passenger Capacity Changes in Refurbished Vessels, by operating years (2005 and 2015)

2005	2015	2005			2015			Change 2005 and 2015		
Vessel (Company)	Vessel (Company)	Sailings	PAX	PAX Capacity	Sailings	PAX	PAX Capacity	Sailings	PAX	PAX Capacity
Spirit of Alaska (CW)	Baranof Dream, previously the Spirit of Alaska (ADC)	17	78	1,326	16	49	784	(1.0)	(29.0)	(542.0)
Spirit of Columbia (CW)	Admiralty Dream, previously the Spirit of Columbia (ADC)	29	78	2,262	16	54	864	(13.0)	(24.0)	(1,398.0)
Spirit of Discovery (CW)	Wilderness Explorer, previously the Spirit of Discovery (UCA)	16	84	1,344	20	74	1,480	4.0	(10.0)	136.0
Spirit of Endeavour (CW)	Safari Endeavour, previously the Spirit of Endeavour (UCA)	20	102	2,040	19	84	1,596	(1.0)	(18.0)	(444.0)
Wilderness Adventurer (GB)	Wilderness Adventurer, previously the Wilderness Adventurer (UCA)	18	69	1,242	18	62	1,116	-	(7.0)	(126.0)
Wilderness Discoverer (GB)	Wilderness Discoverer, previously the Wilderness Discoverer (UCA)	14	87	1,218	24	76	1,824	10.0	(11.0)	606.0
Total Change +/-								**(1.0)**	**(99.0)**	**(1,768.0)**

Sources: Sources: Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, cruise companies (online schedules and email correspondence).

Note: Cruise West (CW) and Glacier Bay Cruiselines (GB) operated vessels during 2005 that were operated by Alaskan Dream Cruises (ADC) and Un-Cruise Adventures (UCA) during 2015.

The most dramatic change in passenger capacity between 2005 and 2015 is found in the vessels with passenger capacity for over 100 passengers (Table C2).

- The Empress of the North, York Town Clipper, and the Clipper Odyssey operating during 2005 had 37 sailings and combined total lower berth passenger capacity for 6,725 passengers.
- Three vessels operating during 2015 had fifteen sailings among them and total passenger capacity for 3,315 passengers.
- The total decrease in passengers for the larger vessels between 2005 and 2015 was 3,410 passengers.

Table C2. Passenger Capacity Changes in 100+ Passenger Vessels by operating years (2005 and 2015)

2005	2015	2005			2015			Change 2005 and 2015		
Vessel	Vessel	Sailings	PAX	PAX Capacity	Sailings	PAX	PAX Capacity	Sailings	PAX	PAX Capacity
Empress of North		17	235	3,995	-	-	-	-	-	-
Yorktown Clipper		17	138	2,346	-	-	-	-	-	-
Clipper Odyssey	Silver Discoverer	3	128	384	2	128	256			
-	L'Austral	-	-	-	8	249	249	-	-	-
	Le Boreal				2	249	498			
-	Le Soleal	-	-	-	1	249	249	-	-	-
-	Bremen	-	-	-	2	160	320	-	-	-
Total Change +/-		37	501	6,725	15	907	3059	(21)	406	(3,666)

Sources: Sources: Alaska Department of Environmental Conservation, Cruise Line Agencies of Alaska, cruise company online schedules.

Appendix D. Small Cruise Vessel Passenger Capacity Trends, 2005-2016

Table D1. Alaska Small Cruise Vessel Total Passenger Capacity Trends, 2005-2016

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Alaskan Dream Cruises							**954**	**1,574**	**2,006**	**2,159**	**2,288**	**2,450**
Admiralty Dream							870	986	928	864	864	270
Baranof Dream									490	735	784	196
Alaskan Dream							84	588	588	560	600	640
Chichagof Dream												1,184
Misty Fjord											40	160
American Cruise Lines								**836**	**836**	**744**	**651**	**644**
American Spirit								836	836	744	651	644
American Safari Cruises	**330**	**330**	**330**	**330**	**330**	**330**						
Safari Quest	330	330	330	330	330	330						
Boat Company	**704**	**704**	**704**	**704**	**704**	**704**	**704**	**704**	**704**	**704**	**704**	**704**
Liseron	320	320	320	320	320	320	320	320	320	320	320	320
Mist Cove	384	384	384	384	384	384	384	384	384	384	384	384
Clipper Cruise Lines	**2,730**	**2,474**										
Clipper Odyssey	384	128										
Yorktown Clipper	2,346	2,346										
Cruise West	**9,612**	**10,992**	**11,982**	**12,846**	**9,253**	**7,270**						
Spirit of 98	1,728	1,920	1,728	1,728								
Spirit of Alaska	1,326	2,496	1,404	1,170								
Spirit of Columbia	2,262	2,340	2,262	2,418	2,480	1,680						
Spirit of Discovery	1,344	1,512	1,428	1,428	1,805	1,805						
Spirit of Endeavour	2,040	2,040	2,040	1,836	1,962	1,853						
Spirit of Glacier Bay				918								
Spirit of Oceanus	912	684	912	1,140	798							
Spirit of Yorktown			2,208	2,208	2,208	1,932						
Fantasy Cruises				**280**	**280**	**280**	**280**	**336**	**336**	**336**	**336**	**392**
Island Spirit				280	280	280	280	336	336	336	336	392
Glacier Bay Cruise line (formerly Glacier Bay Tours & Cruises)	**2,460**											
Wilderness Adventurer	1,242											
Wilderness Discoverer	1,218											
Hapag-Lloyd		**164**	**376**	**328**	**1,128**	**188**	**752**	**700**	**652**	**480**	**320**	
Bremen		164		328	376		752		492		320	
Hanseatic			376		752	188		700	160	480		320
International Shipping Partners (ISP)			**384**	**640**	**512**	**396**						
Clipper Odyssey			384	640	512	396						
Lindblad Expeditions	**2,274**	**2,274**	**2,280**	**2,622**	**2,331**	**2,376**	**2,508**	**2,376**	**2,376**	**2,376**	**2,376**	**1,122**
Sea Bird	1,050	1,050	1,260	1,330	1,197	1,122	1,254	1,188	1,188	1,188	1,188	1,122
Sea Lion	1,224	1,224	1,020	1,292	1,134	1,254	1,254	1,188	1,188	1,188	1,188	1.122
Majestic America Line-American West Steamboat Company	**3,995**	**4,465**	**4,779**	**1,410**								
Contessa			784									
Empress of the North	3,995	4,465	3,995	1,410								

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Table D1. Alaska Small Cruise Vessel Total Passenger Capacity Trends, 2005-2016												
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Noble Caledonia									**456**	**456**		
Caledonian Sky									456	456		
PONANT										**249**	**1,992**	**2,739**
L'Austral										249	1,494	747
Le Boreal											249	249
Le Soleal											249	1,743
Silversea Expeditions										**406**	**512**	**240**
Silver Explorer										150		
Silver Discover (previously Clipper Odyssey)										256	512	240
Un-Cruise Adventures (formerly InnerSeas)							**3,530**	**6,244**	**6,848**	**8,208**	**6,994**	**7,012**
Safari Endeavor								1,118	1,462	1,634	1,596	1,680
Wilderness Adventurer							1,404	1,638	1,560	1,116	1,116	1,364
Wilderness Discoverer							1,184	1,406	1,332	1,824	1,824	1,368
Wilderness Explorer								1,140	1,368	1,672	1,480	1,702
S.S. Legacy (Safari Legacy)									184	1,056		
Safari Explorer							612	612	612	576	648	612
Safari Quest							330	330	330	330	330	286
V Ships							**110**					
Orion II							110					
Grand Total	**22,105**	**21,403**	**20,835**	**19,160**	**14,538**	**11,544**	**8,838**	**12,770**	**14,214**	**16,118**	**16,920**	**16,745**

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Table 6. Passenger Capacity Changes in Refurbished Vessels, 2005 and 2015				
Original Vessel Name and Operating Company	**Renamed Vessel and Operating Company**	**Passenger Capacity**		
2005	**2015**	**2015**	**2015**	**Decrease per Vessel**
Spirit of Alaska, Cruise West	Baranof Dream, Alaskan Dream Cruises	78	49	(29.0)
Spirit of Columbia, Cruise West	Admiralty Dream, Alaskan Dream Cruises	78	54	(24.0)
Spirit of Discovery , Cruise West	Wilderness Explorer, Un-Cruise Adventures	84	74	(10.0)
Spirit of Endeavour, Cruise West	Safari Endeavour, Un-Cruise Adventures	102	84	(18.0)
Wilderness Adventurer, Glacier Bay	Wilderness Adventurer, Un-Cruise Adventures	69	62	(7.0)
Wilderness Discoverer, Glacier Bay	Wilderness Discoverer, Un-Cruise Adventures	87	76	(11.0)
Total Decrease Six Refurbished Vessels				**(99.0)**

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