McKINLEY RESEARCH
GROUP, LLC

Formerly McDowell Group

ECONOMIC IMPACT OF JUNEAU'S CRUISE INDUSTRY
2023

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PREPARED FOR:

City and Borough of Juneau

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Executive Summary

The City and Borough of Juneau (CBJ) contracted with McKinley Research Group to estimate the economic impacts of the cruise industry in 2023. Sources included surveys of passengers and crew members in summer 2023; local purchasing data provided by cruise lines; cruise-related revenues provided by the City and Borough of Juneau; and the U.S. Bureau of Economic Analysis, among other sources. Following are key findings of the study.

Cruise Ship, Passenger, and Crew Volume

Cruise Ship Calls	700+
Cruise Passenger Volume	1,670,000
Crew Member Volume	36,000

Cruise ships made over **700** individual calls to Juneau in 2023, bringing nearly **1.7 million** passengers and **36,000** crew members. The 2023 passenger volume was up **74%** from a decade earlier and **28%** from the previous peak in 2019.

Cruise Industry Spending

Cruise Line Spending	$39 m
Cruise Passenger Spending	$320 m
Crew Member Spending	$16 m
Total Direct Spending	$375 m

The cruise industry accounted for **$375 million** in direct spending in Juneau in 2023, **$320 million** of which is attributable to passenger spending; **$39 million** to cruise line spending; and **$16 million** to crew member spending. Spending was largely concentrated in the tour/activity (**$152 million**) and retail (**$144 million**) sectors.

Economic Impacts – Direct + Indirect

Total Employment	3,850 jobs
Total Labor Income	$196 m
Total Spending	$490 m

Including direct and indirect impacts, Juneau's cruise industry was associated with **3,850** jobs, **$196 million** in labor income, and total spending activity of **$490 million** in 2023.

Municipal Revenues

Payments to CBJ	$22 m
Sales Tax Revenues	$18 m

CBJ collected an estimated **$22 million** in cruise-related fees such as moorage and CPV revenues in 2023. An estimated **$18 million** in sales tax revenues resulted from cruise industry spending.

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Introduction and Methodology

Juneau has long been the most popular cruise port in Alaska, welcoming nearly every ship that sails the state's waters. As the volume of cruise ships has grown over the years, the industry has become an important part of Juneau's economy, supporting a wide range of businesses: restaurants and bars, retail shops, tour companies, attractions, and transportation providers, for example. With the rebound of cruising after two seasons heavily impacted by the COVID-19 pandemic, there is interest in understanding the importance of the industry to Juneau's economy. The City and Borough of Juneau (CBJ) contracted with McKinley Research Group (MRG) to conduct this study of economic impacts of Juneau's cruise industry.

The analysis drew upon a range of sources and methods.

- **Passenger spending** is based on a survey of cruise passengers on Juneau's docks in summer 2023.[1] For purposes of economic analysis, passenger spending was adjusted to account for tour commissions accruing to cruise lines and travel agencies.
- **Crew spending** is based on a survey of crew members in Juneau and interviews with cruise industry executives.
- **Cruise line spending** is based on local purchasing data provided by five cruise lines, extrapolated to represent all lines. Spending data was adjusted to exclude payments to shore excursion providers, which is accounted for under passenger spending.
- **Economic impacts** were determined using the economic modeling tool IMPLAN, adjusted to reflect Juneau's unique economic characteristics.
- **Municipal revenues** included payments by cruise lines directly to CBJ for moorage and other cruise-related payments, and sales tax revenues based on estimated direct, taxable industry spending.

Additional sources included Cruise Line Agencies of Alaska (CLAA), Travel Juneau, U.S. Bureau of Economic Analysis, and interviews with cruise industry executives. Please see the Appendix for supplemental notes on study methodology.

[1] *Juneau Cruise Passenger Survey 2023*, prepared by McKinley Research Group for the City and Borough of Juneau, December 2023.

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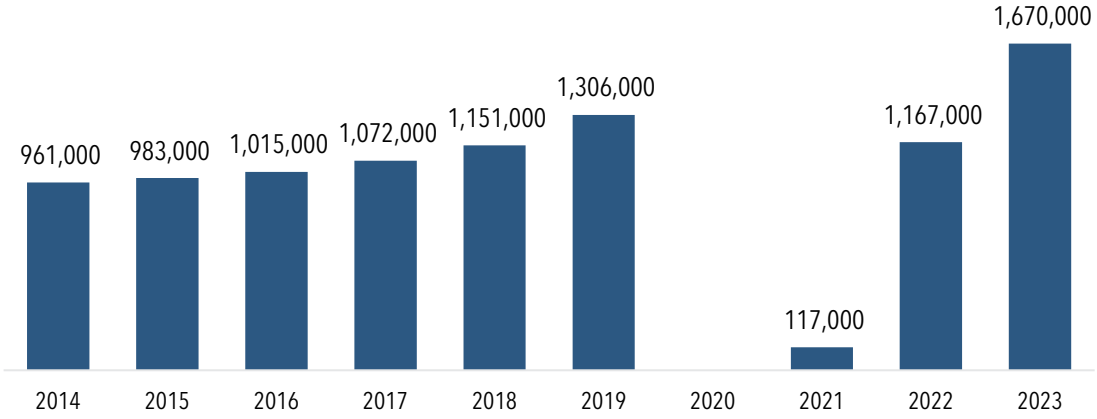
Cruise Ship and Passenger Volume

Cruise Passenger and Crew Volume

Nearly 1.7 million cruise passengers visited Juneau between April and October 2023, up 74% (around 700,000 passengers) from a decade earlier, and up 28% from the previous peak in 2019. Approximately 36,000 crew members sailed to Juneau in 2023.

Figure 1. Juneau Cruise Passenger Volume, 2014-2023



Source: City and Borough of Juneau; Cruise Line Agencies of Alaska

Cruise Lines and Vessels

In 2023, 36 large or mid-size cruise ships from 13 cruise lines visited Juneau, representing over 700 port calls. Large ships each carry between 1,000 and 5,000 passengers and represented 98% of total volume in 2023. Mid-size ships carry between 250 and 1,000 passengers and represented 1%. Most mid-size and large ships spend between eight and 16 hours in Juneau.

Juneau is also visited by over a dozen small cruise ships, carrying fewer than 250 passengers. These passengers represented 1% of total passenger volume in 2023. Besides carrying fewer passengers, small ships differ in their itinerary: most use Juneau as an embarkation/ disembarkation port, with passengers often staying overnight in Juneau before and/or after their cruise, rather than just visiting for the day. One mid-size ship in 2023 also used Juneau as a turnaround port: the Seabourn Odyssey.

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Figure 2. Juneau Cruise Ship Vessels and Passenger Capacity, Summer 2023, >250 berths

Cruise Line	Vessel	Passenger Capacity	Cruise Line	Vessel	Passenger Capacity
Carnival	Carnival Luminosa	2,826	Norwegian	Norwegian Sun	1,936
Carnival	Carnival Miracle	2,124	Oceania	Regatta	684
Carnival	Carnival Spirit	2,124	Princess	Ruby Princess	3,850
Celebrity	Celebrity Solstice	2,850	Princess	Majestic Princess	3,560
Celebrity	Eclipse	2,850	Princess	Royal Princess	3,560
Celebrity	Millenium	2,038	Princess	Crown Princess	3,080
Cunard	Queen Elizabeth	2,547	Princess	Discovery Princess	3,080
Disney	Disney Wonder	2,400	Princess	Sapphire Princess	2,670
Holland America	Koningsdam	2,650	Princess	Grand Princess	2,592
Holland America	Noordam	2,353	Regent	Seven Seas Explorer	738
Holland America	Nieuw Amsterdam	2,106	Royal Caribbean	Ovation of the Seas	4,905
Holland America	Eurodam	2,104	Royal Caribbean	Quantum of the seas	4,905
Holland America	Westerdam	1,916	Royal Caribbean	Brilliance of the Seas	2,400
Holland America	Volendam	1,432	Royal Caribbean	Radiance of the Seas	2,100
Norwegian	Norwegian Bliss	4,004	Seabourn	Seabourn Odyssey	450
Norwegian	Norwegian Encore	3,998	Silversea	Silver Muse	596
Norwegian	Norwegian Jewel	2,376	Silversea	Silver Whisper	382
Norwegian	Norwegian Spirit	2,018	Viking	Viking Orion	930

Source: Travel Juneau; CLAA

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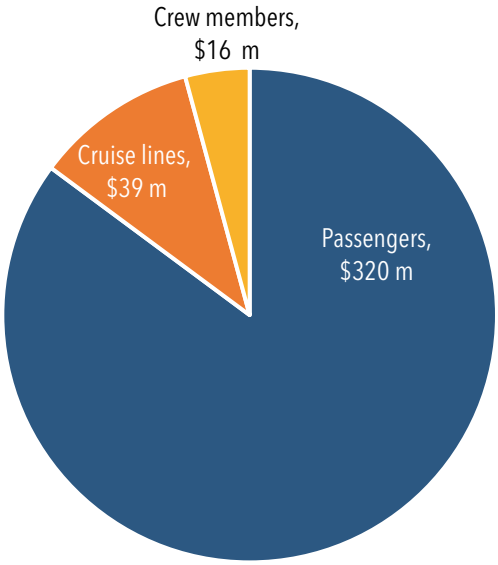
Cruise Industry Spending

Spending by Source

The cruise industry represented an estimated $375 million in direct spending in Juneau in 2023. Cruise industry spending is comprised of three spending sources: passengers, cruise lines, and crew members.

Figure 3. Cruise Industry Spending, by Source, 2023



TOTAL SPENDING: $375 MILLION

Cruise passengers spent an estimated $320 million in Juneau in summer 2023, representing 85% of all direct spending. Passenger spending includes purchases from retail shops, restaurants/ bars, tour providers, attractions, transportation providers, and lodging providers.[2]

Cruise lines spent an estimated $39 million in Juneau in summer 2023, representing 10% of all direct spending. Cruise lines pay dock operators; service providers such as equipment repair, security, and performing artists; and specialty foods/beverage providers such as breweries and smoked salmon retailers. They also make charitable donations to local non-profits. Payments to the State of Alaska for the Commercial Passenger Vessel Excise Tax that accrue to Juneau are included in this category. Payments to shore excursion providers on behalf of passengers are excluded as they are accounted for in the passenger spending category.

Crew members spent an estimated $16 million in Juneau in summer 2023, representing 4% of all direct spending. Crew members primarily make purchases in the restaurant/bar and retail sectors, including larger box stores like Costco and Fred Meyer.

[2] Passengers off (mostly small) ships using Juneau as a turnaround port often spend nights in Juneau before and/or after their cruise.

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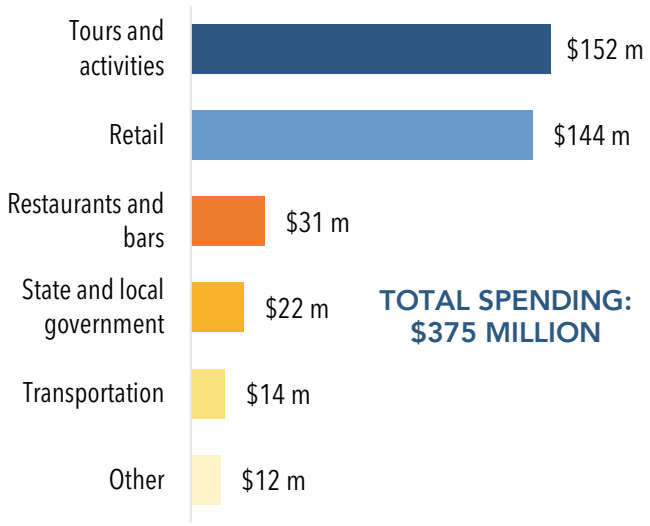
Spending by Sector

Direct spending by the cruise industry is distributed throughout a range of sectors as seen in the chart at right. The two largest sectors are tours and activities, representing $152 million and 41% of total spending, and retail, representing $144 million and 38% of total spending.

Restaurants/bars represented $31 million (8%); state and local government represented $22 million (6%); and transportation represented $14 million (4%). Other spending represented $12 million (3%) and included spending on hotels by small ship passengers, cruise line spending on professional services, and utility payments, for example.

Figure 4. Cruise Industry Spending, by Sector, 2023



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Cruise Industry Economic Impacts

Economic impacts are usually defined in terms of three categories: direct, indirect, and induced. As they apply to the cruise industry, these terms are defined as follows.

Direct Impacts: Jobs and labor income resulting from direct industry spending (detailed in the previous chapter); these jobs and wages primarily occur in the retail, food/beverage, attractions, tour, and transportation sectors.

Indirect Impacts: Jobs and labor income resulting from tourism businesses making local purchases; for example, when a whale watch operator purchases fuel, or a restaurant buys local produce.

Induced Impacts: Jobs and labor income resulting from employees of tourism businesses spending their wages in the local economy; for example, when a tour guide spends his earnings on clothing from a local retailer.

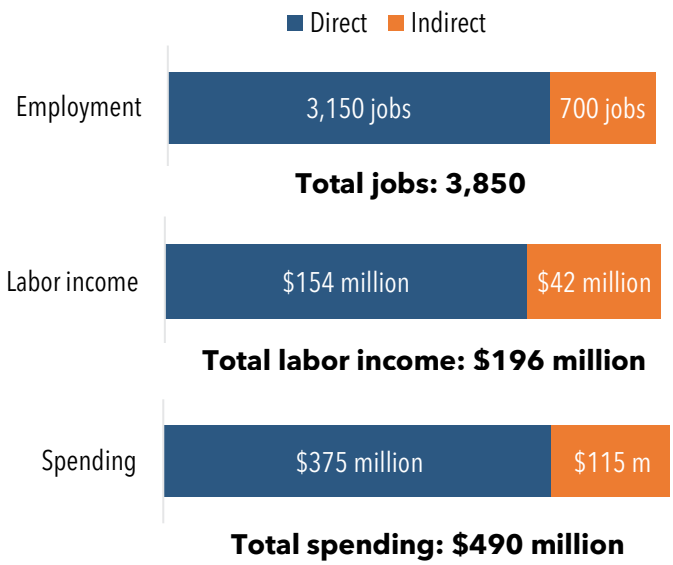
Note: For purposes of this analysis, "indirect" impacts collectively refers to both indirect and induced impacts.

Economic Impacts

Cruise industry spending in Juneau in 2023 created 3,150 direct jobs and 700 indirect jobs, for a total employment impact of 3,850 jobs. Direct labor income totaled $154 million; combined with indirect labor income of $42 million, the total labor income impact is estimated at $196 million.

Adding together all direct and indirect spending associated with Juneau's cruise industry results in a total spending estimate of $490 million.

Figure 5. Economic Impacts of Juneau's Cruise Industry, 2023



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Municipal Revenues

Cruise-Related Payments to CBJ

The City and Borough of Juneau received over $22 million in revenues associated with cruise ships in 2023. The largest components were the Marine Passenger Fees ($8.2 million), Port Development Fees ($4.9 million), and Port Maintenance Fees ($1.4 million). Another large source of cruise-related revenue is the Commercial Passenger Vessel Excise Tax administered by the State of Alaska, a portion of which ($5.7 million in 2023) accrues to Juneau.

Figure 6. Cruise-Related Payments to CBJ, 2023

	Revenues
Marine Passenger Fees	$8,234,000
Commercial Passenger Vessel Tax Revenue (CPV)	$5,680,000
Port Development Fees	$4,917,000
Port Maintenance Fees	$1,378,000
Large Cruise Ship Dockage Fees	$950,000
Passenger For Hire Permits	$457,000
Waterfront Sales Vendor Booth Permits	$270,000
Potable Water Fees	$126,000
Downtown Loading Zone Permits	$118,000
Vessel Lightering Fees	$103,000
Statter Harbor Loading Zone Permits	$30,000
Small Cruise Ship Dockage Fees	$21,000
Total	**$22,284,000**

Source: City and Borough of Juneau; Alaska Department of Revenue.

Tax Revenues

Cruise industry spending generated an estimated $17.7 million in sales tax revenues in 2023. Spending in the lodging sector, primarily attributable to passengers off small ships overnighting in Juneau before and/or after their cruise, resulted in an estimated $600,000 in hotel/motel tax revenues to CBJ.

CBJ also receives property tax revenues from cruise industry-associated businesses. While this analysis is outside the scope of this study, a previous MRG study (conservatively) estimated tourism-industry associated property tax revenues at $2.2 million in 2016.[3]

[3] *Juneau Visitor Profile and Economic Impact Study, 2016*, prepared by MRG for Travel Juneau, October 2017.

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The Cruise Industry's Role in Juneau's Economy

The U.S. Bureau of Economic Analysis estimated total Juneau employment at 23,000 in 2022, including self-employed and wage and salary workers. (As of the time of this report, 2023 employment had not been released.) Based on the estimate of 4,150 jobs resulting from the cruise industry in 2023, cruise-related employment represented 18% of Juneau employment. Cruise industry-related labor income represented 11% ($208 million) of total labor income reported in 2022 ($1.8 billion). Visitor industry employment typically represents a greater share than labor income due to lower-than-average wages in this sector. Note that total Juneau employment may have increased between 2022 and 2023, particularly considering that cruise traffic increased by 43%; these figures should be considered preliminary until total 2023 employment and labor income is released.

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Appendix

Methodological Notes

Passenger volume: Passenger volume was based on the number of passengers reported by Cruise Line Agencies of Alaska (CLAA) as having called on Juneau, supplemented by passenger estimates for three small ship lines that do not report passenger volumes to CLAA: UnCruise, Alaskan Dream, and American Cruise Line. The total volume was adjusted downward before applying per-passenger spending averages to reflect the small fraction of passengers that stay on-board while in port.

Crew member spending: Crew member spending was based on an online survey of Juneau crew members conducted in August-September 2023. Signs with QR codes were posted at the Juneau Visitors Center, Marine Park shelter, E & M grocery store, onboard several Princess ships, and the downtown library. A total of 199 crew members participated representing seven different cruise lines. Cruise industry executives estimated the rate of disembarkation among crew members, as many crew members stay on-board while the ship is docked.

Small ships: Passengers off ships with fewer than 250 berths were not included in the 2023 dock survey due to their small number as well as the complexity in surveying passengers off ships on turnaround itineraries. However, small ships were included in the study's analysis of economic impacts. A 2019 study of Juneau's small ship market, conducted for the City and Borough of Juneau as part of a larger study of small ship infrastructure needs, included an estimate of the sector's economic impact and provided a basis for the 2023 analysis.[4] Small ship passenger spending was based on a 2018 survey of Juneau airport passengers, adjusted for inflation and changes in passenger volume.

[4] *Juneau Small Cruise Ship Infrastructure Planning: Market Assessment and Economic Analysis*, prepared by McKinley Research Group for PND Engineers and the City and Borough of Juneau, February 2020.

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