



Treasure America Project: Kaktovik Tourism Industry Recommendations

Summer 2005

The following document outlines recommendations and action plans developed by Treasure America Project (TAP) economic development consultants in partnership with local residents of Kaktovik, Alaska during the summer of 2005. The TAP project is a non-profit organization of professionals dedicated to promoting sustainable energy policy and economic development in the United States.

Introduction

Visitations to the Arctic National Wildlife Refuge are increasing. Growing numbers of visitor groups are passing through Kaktovik on their way to and from the Refuge for rafting or wildlife viewing. Very few tourism dollars remain in the community, however, besides what travelers spend while staying at or flying with the one local tourism operation: the Waldo Arms Hotel and Alaska Flyers bush pilot service. The reason for this lack of tourist spending is obvious to any outsider who has spent time in Kaktovik. High-value tourism experiences are simply not offered to individuals flying in and out of Kaktovik. This is changing, however.

A growing number of local residents are now interested in developing Kaktovik's position in the Arctic tourism industry by starting small businesses to better serve this market. New businesses in the community, such as local guiding services, will lead to increased spending of tourists, create jobs that do not rely on oil industry politics and improve the experience of travelers visiting the region. Business development, however, is challenging, especially in a small, remote community which is accustomed to 90% of its employment from top-down government and native corporation sponsored projects.

After discussing the challenge and opportunity of tourism industry development with local residents, the TAP team began work with interested residents to talk about the key first steps for starting and growing new businesses. The following document summarizes the most important next steps for tourism business development in Kaktovik as was discussed during a series of seminars and meetings held in June of this year. The critical business development topics covered during the seminars and in this document are: understanding customers, marketing, building partnerships and planning for the impact of tourism development on the community.

Business Recommendations

Understanding Customers

The first concern of Inupiat residents interested in building profitable guiding services in Kaktovik is how to identify and serve profitable customers given their local surroundings and offerings. Customer segments that fit the guides' interests and capabilities included hunters, fishermen, subsistence observers (people interested in observing the Inupiat way rather than actually hunting themselves), and wildlife observers. (For a complete list of all ideas, please see Appendix). Given the nature of people's visits to Kaktovik and the harsh climate, day trips were identified as an initial tourism product. This was also an ideal product for tourists who unexpectedly spent an extra day in Kaktovik due to bad flying weather. The local guides agreed to gather "test" customers through friends and local contacts, and practice taking them out on trips. Based on feedback from these first-time "test" customers, the guides could then tailor their businesses prior to offering them to target customers.

Given the small community, the seminars stressed both cooperation and competition among the local guides. Some overlap in service offerings is good for seasonally popular activities, but differentiation in business models is critical to the long term branding and success of any individual guide service. Robert Thompson, an existing guide, currently offers rafting trips so other guides such as Bruce Inglangasak and Laurence Kayotuk discussed how to carve out their own niche offerings. During certain seasons the guides agreed to work together when there was simply too much business for one guide to handle.

Since guiding is a service business, the seminar participants agreed that basic customer needs should be addressed carefully. Guides would need to ensure proper clothing for visitors. Guides should instill confidence when they are under pressure or presented with dangerous situations. First aid and CPR certification should be current and advertised to reassure customers. Food allergies and preferences, such as vegetarianism, need to be taken into account as well as sensitivities to tobacco smoking. Visitors to the Arctic plan their trips well in advance, so guides should be prepared to schedule dates with clients far in advance.

Marketing

The second key business skill that the Kaktovik tourism industry must improve is marketing. Currently, Kaktovik is rarely mentioned in most tourism literature on Alaska. The tourist bureaus in Anchorage visited by the TAP team discouraged tourists from visiting the Refuge, stating, "Nothing is up there." In fact, the Arctic Refuge and the native communities around it are filled with a plethora of unique visitor experiences which are not available anywhere else in the world. No one wants Kaktovik overrun with tourists; however, targeted marketing to specific, high-value tourists is critical to the industry's success.

Appropriately marketing Kaktovik will be the principle challenge for new guiding services. The TAP team identified the following list of marketing efforts as the most affordable and effective manner for new businesses to market themselves.

- 1) Web Site – Soon after the initial seminars held with the community, the TAP team donated an initial web site to the growing coalition of Kaktovik ecotourism guides (see www.geocities.com/kaktovikguides). Further maintenance and upkeep of the site will be handed over to the guides; however, visitors to the region already have much more information available to them.
- 2) Brochures – In addition to the website, the TAP team donated professional services to design a simple brochure for the new guiding businesses. The brochure has been provided to the guides to be posted on bulletin boards throughout the community and throughout Alaska. (at hotels, information kiosks, tourism offices etc).
- 3) Guide Books – The local guides agreed that they would need to contact publishers of guidebooks dealing with Canada, Alaska and special interest areas such as hunting and fishing.
- 4) Media Articles – Given the current popularity of Kaktovik in the news regarding industry efforts to expand drilling in the Arctic Refuge, the local guides were eager to talk to reporters about sustainable ecotourism industry development. This media attention is a form of free advertising.
- 5) ASTAC – The guides were encouraged to get themselves listed in the local phone directory so that they were recognized as guides in the business section.

Partnerships

In today's business world, more and more businesses seek partnerships with complementary businesses rather than attempting to do all things by themselves. The TAP team actively encouraged the guides of Kaktovik to seek out partnerships among community members as well as outside businesses. The first area that was prioritized for the guides included other guide services in Alaska that were making trips into the Refuge. During the TAP team's visit to Kaktovik, they encountered several guides and trip participants that had no idea that there were guides or activities available to them in Kaktovik. Most of the Alaskan guides were based out of Fairbanks and Anchorage. Waldo Arms, another potential partner, is uniquely positioned as a flight service and hotel/restaurant for travelers coming into and leaving the Arctic Refuge. If the Kaktovik guides can build a mutually beneficial relationship with the proprietors this hub, they will have easy, ongoing contact with customers and guiding services already coming to the Refuge. Kaktovik guides do not need to invent from scratch, they need to establish new business relationships and build on top of what already exists.

Community Impact

The community of Kaktovik, just like any other small community, is concerned about the impact of the tourism industry to their privacy and way of life. As members of the city and village of Kaktovik, the guides will need to work closely with the community to determine how to best serve the interests and needs of visitors without infringing on the privacy of residents. The participants in the TAP seminars discussed how better tours and tourist brochures could actually direct visitors to areas of interest without having them end up in the backyards of private homes. Additionally, the group discussed how the strategy for Kaktovik is not to attract thousands of new visitors each year but to attract a few hundred more tourists who spend more tourism dollars in the local community. As the tourism industry evolves in the community, the working group concluded that up to 5-10% of the local workforce could transition into tourism related jobs each year.

Overall, the seminar concluded that improved tourism strategy in Kaktovik could have an overwhelmingly positive impact in the community if relevant community members worked together. Tourism could help residents of Kaktovik build independence from the current financial control over the community held by the oil industry.

Next Steps

The seminar participants outlined next steps in launching new tourism businesses. In addition to publicizing their new web site and distributing their marketing brochure locally, the guides will need to invest time in acquiring the appropriate licenses, insurance, etc. to start new businesses. Below is a list of the prioritized next steps for immediate attention.

- 1) Obtain business license from state of Alaska:
<http://www.dced.state.ak.us/occ/buslic.htm>
- The Treasure America Project left behind two \$50 donations with the Mayor of Kaktovik, Lon Sonsalla, to be given to the next two guides who obtain official business licenses.
- 2) Obtain guide license from the state of Alaska:
<http://www.commerce.state.ak.us/occ/pgui.htm>
- 3) Obtain Insurance
- 4) Obtain Fish and Game permit:
<http://www.admin.adfg.state.ak.us/license/>
- 5) Review and contribute to Web Site created by TAP team
- 6) Practice guiding by leading “dry-run” trips
- 7) Review and contribute to brochure created by TAP team
- 8) Apply or sign-up as guides in ASTAC (Alaskan Phone Directory)
- 9) Communicate their services locally and to other guide services
- 10) Participate in First-Aid training

Conclusion

Entrepreneurship in any setting is hard work. On a remote island in the arctic, entrepreneurship is even more challenging. The global economy, however, continues to bring down the cost of communication, learning and travel. Tourism businesses, as well as numerous other ventures, now have the ability to thrive in extremely remote locations such as Kaktovik.

Far too often, small, remote, subsistence communities such as Kaktovik look to the outside for their prosperity. Kaktovik received subsidies from the US government when the “DEW line” (early warning radar system) was developed. Then, as the oil industry expanded across the North Slope, Kaktovik became dependent on oil industry funds. Now, Kaktovik has an opportunity to put its economic future into its own hands. Small businesses which serve targeted customer segments, market well, build partnerships and maintain strong relationships with the community, have the ability to thrive.

Appendix

First Seminar – Visioning and Identifying Challenges

Business Ideas

1. Arctic survival courses
2. Wildlife viewing (Musk Ox, Birds, Caribou, Whales, Seals, Fox, Bears (Polar, Grizzly), Wolf, Wolverine, etc)
3. Adventure wilderness travel (rafting, hiking, kayaking, canoeing, climbing, hunting, etc)
4. Native culture experiences (subsistence hunting, whaling festivals, historic sites)
5. Scientific research (fossil reading, wildlife tracking)
6. Taxi service
7. Arctic bottled water
8. Extreme eco-races
9. Craft store
10. Museum
11. Green house
12. Hostel or inexpensive lodging
13. Cultural exchange program
14. Tourism marketing company
15. Wind energy generation
16. Mechanic Shop
17. Global climate change research
18. Restaurant with native dishes
19. Cooking classes on wild game preparation

Challenges

- Funding
- Permits
- Licenses
- Additional support from city and North Slope Borough
- Marketing
- Lack of prominence in tourism guide books

Second Seminar – Working Session for Eco-Tourism Industry

Customer Research- Who is your customer?

- Hunters (Caribou, Musk Ox: in Winter/Dec-Spring)*
- Subsistence Observers (Whales, Caribou, Sheep, Musk Ox, Fishing)*
- Fishermen*
- Day Trips (Stranded Travelers at Waldo Arms)*
- Bird Watchers
- Polar Bear Observers
- Outdoorsy People
- Backpackers, Hikers
- Boating
- Historic Sites (Hershel Island, Old Sod Houses - Arey Island, Mouth of Hula Hula, Jago River, Sod Houses - Icy Reef, Gordon Point/Demarcation Beached Vessel in Demarcation)
- Kayakers
- People interested in Native Cultures (Crafts, etc)
- Seismic and Scientific Patrol (Polar Bears and other dangers...)
- Students – High School, University, Graduate
- Arctic Survival Course

Marketing- How to reach your customer?

- Web Site*
- Waldo Arms: Bulletin Board, Word of Mouth*
- Guide Services in AK: Arctic Wild (David van den Berg), Anchorage Guest House (Andy Baker), Discover Alaska (Will), Alaska Treks*
- Guide Books (Canadian, North American, Special Interests)*
- Media Articles (Talking to reporters about ANWR)*
- ASTAC – Phone directory*
- Contact: Phone and Email
- Clubs and Organizations for special interests
- Flyers/Brochures (Airlines, etc)
- Word of Mouth
- Private Planes
- Tourist Information Centers (Flyers, Books)
- Prudhoe Bay – oil workers

Partnerships - Who can help you in your business?

- Seismic or Scientific Research Patrols
- Airlines/Airports
- Other guide services
- Hotels: Waldo Arms, KIC
- Bus stations
- Malls

- Bars
- Teachers
- Native Corporation
- City Council
- ASTAC – Phone Directory

Training, Licenses - Do you have what you need to be in business?

- Business License – City of Kaktovik*
- Made in Alaska stamp?
- Customers need licenses from Fish and Wildlife or Stores/Fred Meyers*
- Equipment: snow machines, boat, ATV, life preservers, survival suits, first aid kits
- Insurance*
- “6 pack” license for un-inspected vessels (Coastguard certification – 62 hour course, yearly fees, training?)*
- First Aid/Rescue training
- Customer Health and Diet Concerns
- Grants for small businesses? *

Community - How can the community support your business?

- Local meetings – announcements*
- Word of mouth referrals
- Advertising on local web sites – City, Robert’s, school, teleconference center, NSB*
- Bulletin boards – Post Office, Stores, etc*

* = High priority items that are readily accessible.