Post Summer 2004
Alberta Tourism Operator Survey

SURVEY SUMMARY REPORT

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Provincial Overview

Great expectations injected energy into the launch of Summer 2004 for Alberta's tourism operators. The good news is high hopes of recovery were fulfilled in most areas, according to our recent Post Summer Survey.

The Post Summer 2004 Alberta Operator Survey represents the responses of 76 tourism operators providing services in Alberta . During September, telephone contact was made to 95 businesses throughout Alberta. Seven tour companies were also contacted in Eastern Canada and the United States.

This summary report reflects comments from a cross-section of the province's tourism industry including hotel/motel properties, attractions and events, campground and RV parks, and tour operators. It further provides a geographic representation of industry operators throughout the province and those outside operators serving Alberta's tourism industry.

2004 is characterized "a year of recovery" by most respondents, exceeding pre-summer expectations. Summer tourism activity, although not reaching pre 9/11 levels, in most instances significantly exceeds the 2003 experience. More visitors and slightly higher average rates contribute to a better financial bottom line for Alberta's tourism industry, an optimistic rebound for most operators.

Summer highlights:

- Strong local and regional visitor levels. Albertans and Western Canadians again made their travel plans closer to home.

- Noticeable return of the Asian visitor market, especially to the National Parks. While not reaching historic highs, the increase from 2003 is significant.

- More Europeans travelling in Alberta, contrary to pre-summer survey expectations. U.K. visitors again led the European contingent. Reports throughout the province indicate larger numbers of German and Dutch tourists. Australian and New Zealand visitor numbers also continue to grow.

- Mixed reports of U.S. visitor travel. Some regions report a definite increase in numbers. Others indicate American tourist visits are lower this year. More U.S. inbound tours came to Alberta counteracted by a drop in leisure travel visits.

- Increased National Park hotel visitor numbers in 2004.

- Strong campground and RV park visits, outpacing 2003 levels.

Provincial Overview

- A generally busy season in the event and attractions sector as several sites experienced record or near record years. In some areas of the province, inclement weather had an adverse effect on outdoor venue attendance.

- A rebound year for group tour operators. Tour visitor numbers were stronger than 2003, but remain below peak year levels.

- Calgary hoteliers report gains over 2003, led by strengthening corporate demand and a rejuvenated leisure market. Edmonton operators also report a stronger year.

- Alberta's strong resource based economy remains a key element in support of occupancy levels for rural Alberta premises.

- Enthusiasm over redistribution of hotel tax revenue for marketing and development purposes.

- Stability in room rate structure. Rate increases were noticeable in the major cities and National Parks; rates consistent with 2003 were the norm in other regions. There is little evidence of the aggressive pricing policies of the previous year.

Accommodation

Banff National Park

A disappointing early start to the year made the gains of Summer 2004 even sweeter. Recovery is evident throughout the park, although occupancy is still an estimated 30 to 50 percent below the peak levels of the late 1990's. 2004 is described the busiest in Banff in the past few years. Properties serving regional markets show stable growth. The bright spot is a return of international visitors to Banff. Hotels catering to foreign travellers estimate their occupancy increases to be up to fifty percent in that market. In line with increased demand, the aggressive pricing practices of 2003 gave way to more rate stability, with average summer pricing generally increasing.

Overall occupancy gains of 10 percent or more were not uncommon. With more foreign travellers and stable weather, all summer months showed good occupancy levels. Several hotels report close to full occupancy in July and August. All are experiencing a welcome boost to the bottom line.

The Japanese visitor market, so important to Banff's tourism industry, is reported on the way to full recovery. A significant increase in the number of Japanese tourists was evident this summer and is viewed hopefully as the harbinger of good things to come. Europeans also made Banff a tourist destination in 2004. More visitors from the U.K. were seen in the park; this is considered a growing market. In keeping with the trend elsewhere in the province, German and Dutch travellers were also more conspicuous. American tour visitors arrived in slightly larger numbers, although the U.S. independent traveller is down an estimated two to three percent. Regional travel to Banff was stable or slightly above 2003 levels.

Predictions for the fall shoulder season are mixed. One hotel anticipates business will be up 20 percent over 2003, while another is looking at October to be a terrible month. Fall business prospects are lead by a steady conference and convention market at several hotels and supported by shoulder season international tours into mid-October. As always, November is a generally quiet month in Banff, while December's performance depends on an early start to the ski season.

Banff is considered by operators as good value in the international market place and price competitive to Europe. But the impact of a strengthened Canadian currency is a concern. Still, operators remain confident that Banff hotels provide service superior to all international competitors. Shortages in the existing labour market are becoming an increasingly significant problem, especially as it relates to attracting and retaining house keeping staff. One site reported housekeeping wages of $13.00 per hour were being paid.

Banff National Park – (cont.)

Banff operators have long been proponents for room tax revenue sharing and are greeting the room tax redistribution for marketing purposes as very welcome news. Incoming airline availability for international visitors and the high cost of travel are still considered inhibitors to foreign travel to the park. The National Park labour stoppages had no negative impact for Banff hotel operators.

2005 is anticipated as a year of continued Asian visitor growth, with small growth in the U.S. market. Pre season bookings are generally at the same or slightly higher level than at the same period last year. Overall, Banff operators will be entering 2005 with optimism, seeking a continued trend to recovery.

Jasper National Park

Summer 2004 is characterized as a "Year of Rebound". Despite their cautious optimism entering the summer season, Jasper hotel operators exceeded occupancy and revenue expectations. They may not have reached late 1990 levels, but operators are pleased. As one operator stated, "There is lots of potential in Jasper. Tourists are more comfortable coming here than the busier Banff."

Reporting hotels advise increases over 2003, several as high as 9 to 10 percent. All summer months were busier, with July being generally reported as strong to excellent. Rates were held at last year levels, with the exception of one venue that implemented a small rate hike.

Tour groups were much more prevalent this summer. European travellers - led by the British, Germans and Dutch - visited Jasper in greater numbers. Also noticeable was an ongoing increase of Australian and New Zealand visitors. The Asian market is not large in Jasper, but a return of Japanese tourists is welcomed. Reports on U.S. visitor levels are mixed; it appears Americans visited in numbers comparable to 2003. Most hotels noticed an increase in the leisure rubber tire market. The level of regional traffic is reported on a range of stronger to hesitant.

Hotels are not entering the fall with great expectations. At completion of the fall tour season in mid-October, occupancy historically drops; occupancy levels become weather dependent on an early ski season. Jasper remains hopeful of a good winter season.

National Park labour problems failed to negatively impact the hotel operating season. No respondent identified that as a concern. Visitors who saved from having to pay park entrance fees had more money to spend on food and beverages.

Jasper National Park – (cont.)

From a National Park perspective, more concern is expressed that deterioration of park infrastructure could develop into a long-term problem. Infrastructure maintenance is critical, as several operators noticed more motor homes and campers in the park this year. A further critical concern is shortage in the service labour market and the level of wage rate required to attract and retain service staff, especially house keeping.

The hotel tax realignment is considered a real bonus and tax allocation for tourism marketing purposes is expected to accrue long-term benefits.

Operators are so encouraged by the summer 2004 upswing, they are optimistic as they look ahead to 2005. Realistically, they do not anticipate a return to the peak years, but expect ongoing recovery. Advance tour bookings appear firm, especially for the summer months. 2005 shoulder season tour business is reported as being spotty at this time. One venue advises bookings are not strong at this stage, but they look more solid than 2004. Most venues plan a rate structure similar to 2004, dictated in part by tour market pressure.

Waterton Lakes National Park

Cautiously optimistic best describes Waterton hotel operators as they entered the 2004 summer season. Operating results mirrored that predication in a summer described as steady, but below expectation. Late spring and early summer was generally strong leading into a busy July and August, where several hotels report full occupancy. Another venue advises an equally strong summer to mid August when visitor levels dropped dramatically. September is deemed a strong month however, by all respondents. Rate increases were the norm throughout the market.

Seniors tours to the park were a bright spot with one venue reporting a 60 percent increase. Smaller tour operators were doing more business in Waterton, considered a good sign. A bump in the number of Asian visitors was evident, especially from the Taiwanese market. One hotel experienced a three-fold increase from this sector. Koreans were also more evident. Increased numbers of German and Dutch tourists were noted while U.K. travel numbers are generally consistent with last year. Growth of the Australian market was also noticeable. American visitors were steady or slightly above 2003 levels but certainly below historic numbers. U.S. visitors originated primarily from the border states, especially Montana. A disappointment was the decrease of regional traffic during the peak tourist season, caused in part in one operator’s opinion by increased park fees.

Waterton Lakes National Park – (cont.)

Operators are entering the fall season with optimism. Many sites close by mid October. Until then, meeting and convention business, and U.S. shoulder season tours are strong. Regional visitors are also more abundant during the off-season.

Hotel tax revisions are being met with enthusiasm. Pricing is always a sensitive issue. One hotel manager mentioned tour operators are encouraging venues to hold rates to drive up volume. The comment was further made that Americans were beginning to perceive our stronger currency as a problem. Further, airline capacity into Calgary continues to be seen as a problem. Operators hope new weekly flights from Japan in 2005 will continue to encourage increased Asian visits to Waterton. As in the other National Parks, hotels report the labour dispute with parks employees has had no negative effect on their business.

Banff Park Corridor – Canmore and Kananaskis

Canmore and Kananaskis hotels entered the summer season with expectations of a stronger summer than 2003. Those expectations were achieved as hotels report a return to normalcy, with visitor numbers approaching the good years. The rate structure was still for the most part consistent with 2003 levels.

Canmore is now consistently being viewed as a destination area. Canmore’s amenities, proximity to Banff National Park and lower rate structure has made the community an attractive alternative for travellers. Canmore’s success as a tourist destination site is reflected in the summer 2004 occupancy increases reported by hotels. Business was up from 5 percent to as high as 30 and 40 percent over 2003. Summer occupancy levels in the 85 to 90 percent range were not uncommon. July and August were very good months and that trend remains strong into September. Kananaskis, while not as strong from an occupancy perspective, still showed healthy growth over 2003.

The visitor market was lead by a rebound in group tour numbers. One hotel reports tour business being back to 2002 levels. The German market was strong with an increase in U.K. and Italian travellers. Asians also returned in higher numbers than the past several years. Reports of U.S. visitor levels are mixed, with some hotels reporting increased patronage; others experienced significant drop-off, one by as much as 17 percent. Leisure travellers provided strong support to area tourism with excellent regional visitor traffic. Hotels made a strong pitch for regional business, with one implementing an Alberta resident rate.

The strong summer is carrying into an equally good fall expectation. October is seen as a very good month with strong convention and wedding business and shoulder season tour bookings. Christmas party bookings fill many weekends in November and early

Banff Park Corridor – (cont)

December. The strength of December is always weather-dependent, based on hopes for an early ski season.

The general feeling in the park corridor region is upbeat, reflecting a belief that the slumping tourism business has turned a significant corner. Allocation of room tax revenue for tourism marketing purposes is looked at as a positive vehicle to ensure continued long-term growth. From a regional perspective, increased traffic this year on Highway 40 was viewed a most positive sign. A shortage in the service sector labour market is identified as a source of apprehension.

Optimism is the key word looking ahead to 2005. Hotels anticipate continued growth in the tour market. Most are predicting occupancy increases in the five to ten percent range, accompanied by some rate hike.

Jasper Park Corridor – Hinton and Edson

Summer 2004 in the Jasper Park corridor is variously described by operators as very busy, a great summer, and the busiest summer ever. Sustained by the usual strong crew business, the summer also saw the return of a more vibrant leisure travel market. Observations indicate that Hinton is unbelievably busy and Edson often had "no vacancy" signs up by mid afternoon. One operator recalls turning away 25 to 50 vehicles a night during many days of the summer.

Hotels all report occupancy levels well over 2003. Many were fully booked throughout the summer months. Some weather related drop off is noted from mid-August to early September during a cool, wet period. September bookings for the most part are reported strong. Rates show little or no increase over 2003. Hinton hotels report park visitors are becoming more price conscious and are selecting Hinton, rather than paying park hotel prices. A noticeable increase in the average length of stay is also the norm.

A strong and steady crew business represents the core of summer occupancy; it is reported as better than in 2003. Gains in leisure travel numbers are a welcome addition to an already busy market. Regional visitors showed a healthy increase this year. American traffic was similar to or slightly above 2003 in aggregate, with some venues reporting increases and others fewer or similar in number. European travel was up, with a noticeable increase in German and Dutch visitors. Smaller but noteworthy increases were also seen in Scandinavian, French and Australian/New Zealand travel numbers.

Fall and early winter reservations are strong, especially crew business after ground freeze-up, permitting crews to begin their work. Sports teams and skiers will again fill weekends in both communities.

Jasper Park Corridor – (cont)

As in other high employment areas, finding and retaining employees is identified a major problem. Housekeeping staff is especially difficult to find; as a result, wages paid are considerably above normal service levels.

The area is essentially oil and gas dependent, and operators are optimistic entering 2005. Most are looking for more of the same and forecasting an ongoing strong accommodation market.

Calgary

Calgary hotel operators entered the summer season with expectations of a return to 2002 occupancy levels. While that may not have been achieved, Summer 2004 is still considered a good comeback year. The bi-annual National Petroleum Show got June off to a good start and July followed up by record-setting attendance figures at the Calgary Stampede. Even numbered years are historically strong convention years in Calgary and 2004 lived up to those expectations.

Several hotels mentioned a return to occupancy levels of three years ago, however, many have not yet reached that recovery level. Most saw occupancy increases of three to seven percent over 2003. Average room rates show a healthy recovery from the aggressive pricing practices of the previous year. The combination of higher occupancy and a stronger rate structure has placed most Calgary venues on a much more solid financial footing.

Strengthening corporate travel is evident in the market place. Regional leisure travel remained robust and exceeded 2003 levels. A rebound in group tour business is welcomed with noticeably more European and Japanese visitors. After the significant decline in U.S. tour visits in 2003, it is gratifying to see American tours once again visiting Calgary. Hotels report that business was good from U.S. tour operators, led by a strong senior tour market.

Hotels head into fall and winter with optimism. Led by a solid corporate and convention base, September has been a strong month; October is expected to follow in the same trend. The remainder of the year is less certain, but occupancy is expected to be similar or slightly exceed 2003.

For the first time in several years, no mention was made of airline capacity into Calgary, which hopefully is a positive sign. The hotel tax revenue reallocation is identified as positive. Arising from that is the hope increased marketing dollars will translate into an upswing in international visitor traffic.

Calgary – (cont.)

Coming off a better year, Calgary hotel operators face 2005 with optimism. Most expect the corporate sector to lead the way. One hotelier is looking even farther ahead with good expectations for 2006 and 2007. It is his belief that Calgary's history of even number years being convention years will change in 2007. Continued growth in group and leisure travel business is also anticipated. Calgary's market rate is being closely monitored and a rate increase may again be implemented by the industry.

Edmonton

Shaking off the effects of a disappointing Summer 2003, Edmonton hotels approached Summer 2004 with anticipation of relatively small occupancy increases but a more stable rate structure. That is indeed what transpired. For the second straight year, Edmonton had few major events, attractions and conventions. Coupled with poor summer weather and instances of major flooding, the impact on summer leisure travel business was negative. Despite more intensive advertising, one hotel operator mentioned summer activities did not materialize into room nights as they had in past years.

Edmonton's occupancy was generally the same or slightly above 2003 levels, with corporate venues showing more growth. A slow start to the season strengthened in June and July, but by mid August occupancy had fallen. September is also off to a slow start. The small occupancy gains were partially offset, however, by a strengthening rate structure throughout the summer. A stable corporate market buoyed occupancy gains. Regional leisure traffic levels held during early and mid-summer. Reports of a decline in convention and tour business were received from several respondents.

Hotels are not anticipating a strong fall and early winter season. Most are expecting occupancy levels similar to 2003. Corporate and convention business will lead the way.

Edmonton is viewed as an unknown tourism gem, lacking the exposure of Calgary and the National Parks. That factor is considered the key problem in attracting international visitors. The hotel tax marketing revenue is thus being met with enthusiasm. One respondent reported that there is not a lot of business to Edmonton's downtown core; therefore, all hotels are chasing the same corporate business. A similar comment was received from a west-end venue. With the addition of new hotel rooms in the area, average occupancy was down as all are seeking the same dollar.

Uncertainty seems the norm as hotels look toward 2005. The major events (Briar and Masters Games) associated with Alberta's centennial have not resulted in bookings to date. For the most part, occupancy expectations are that 2005 will be similar or slightly above 2004. Further rate increases are contemplated, but operators believe Edmonton hotels will still be a bargain.

Other Alberta Communities

Hotel operator responses from Red Deer, Lethbridge, Medicine Hat, Grande Prairie, Peace River and Fort McMurray comprise this section.

Northern communities entered the summer with expectation of occupancies similar to 2003 levels. That is certainly what occurred in Grande Prairie and Peace River, with most hotels experiencing similar or slight decreases in occupancy. Market rates were held or were slightly below the levels of 2003. While hotels saw steady returns in the crew and corporate markets, leisure and tour traffic were below 2003 levels. The exception was a noticeable increase in American tour groups going through to Alaska. Regional traffic was generally a disappointment, falling below expectations. On the other hand, Fort McMurray had a stronger summer than anticipated. Occupancy gains of as much as 20 percent were reported by one hotel; all respondents reported increases over 2003. A general increase in rate structure was also reported. The market was led by steady crew business and a small increase in regional transient traffic. Tour business was up at one hotel that reported more Asian, German, Dutch and U.S. visitors than last year.

Led by strong crew and corporate markets, prospects are promising to year-end. Sports teams filling the weekends supplement mid week corporate business. Respondents are heading into 2005 with some optimism. A year of small but steady growth is forecast.

Northern communities continue to experience the problems of market saturation. A Grande Prairie hotelier reported a 30 percent increase in room inventory over the past 18 months. On a positive note, the city continues to grow and is increasingly becoming a destination market. Fort McMurray is experiencing the same level of market place competition. Increased room inventory and the vibrant local economies have made finding and keeping service staff a critical concern. The hotel tax redistribution is viewed as very positive.

Central Alberta hotels report a stronger summer with higher occupancy and market rate increases contributing to a better bottom line. Occupancy increases of two to as high as ten to twenty percent were reported. On the negative, one unbranded hotel experienced its worst August ever. As the Red Deer market continues to bring more hotel rooms on stream, flagged properties are receiving the benefit of name recognition by the transient visitor. The leisure travel market did not show the recovery expected by respondents. Tour numbers remained similar to 2003 with more European visitors evident. The number of American and Asian travellers was similar to last year. The ongoing problems in the agriculture industry were reflected in fewer visitors representing this sector. Convention and sport team business was steady over the summer.

Red Deer hotels look to a strong close of the year with occupancy forecast to exceed 2003. Corporate and group accounts will lead the way. 2005 is also expected to show continued growth.

Other Alberta Communities – (cont.)

Red Deer is increasingly becoming the service centre to a wider area of central Alberta. In redefining service areas, Red Deer is taking a larger trading area from Edmonton and Calgary. Following the trend in other growth economies, Red Deer hotels continue to experience market realignment as new properties come on stream. Five new hotels have or will be entering the market place.

Southern Alberta did not experience a strong summer, but most venues did show occupancy increases. After a slow early season, Lethbridge saw the summer months posting gains over 2003. Rates were generally steady, although there was some aggressive price-cutting reported in the market. Medicine Hat experienced a similar type of summer with occupancy levels varying from strong to slightly below the previous year. There was also a general rate increase in the market. As in other areas dependent on agriculture, problems in that industry led to a drop in related business. Corporate and convention business fared similarly to last year. Leisure independent travel was reported up on a regional basis, but Americans still appear hesitant to travel and U.S. visitor numbers continue to drop. Tour traffic was also weak, although more Dutch and German travellers visited the area.

Southern Alberta hotels have a mixed outlook for the remainder of 2004. Comments range from “challenging, but okay”; “dismal due to rate wars”; to “optimistic”; “hopefully good”; and “should be substantially booked”. Corporate and crew business will be dominant. 2005 is being viewed optimistically.

The hotel tax marketing revenue is considered a definite plus for the region as entrepreneurs endeavour to attract more tourism oriented business. As one respondent commented, “Lethbridge awareness is a problem; people need a reason to travel here”.

Campgrounds & RV Parks

Thinking positive about the coming season was right on the money for Alberta's campground and RV park operators, as Summer 2004 came through as another sterling year. With few exceptions, campgrounds and RV parks continued the growth trend established over the past several years.

Rising fuel prices dictated that campers would again remain closer to home; it also contributed to increases in the average length of stay at many venues. The summer was characterized by strong occupancy, in many cases a robust increase over 2003. June generally started slowly at most sites. July turned out as a predominantly busy month, with many operators reporting sell-outs. No booking vacancies were available for the July and August long weekends. August, for the most part, started strongly but at several facilities occupancy dropped off after mid-August. Wet, cool weather and early school openings in many areas had a significant impact on the last camping week in August and the September long weekend. The 2004 summer rate structure was similar or slightly above 2003. Rates do not appear a problem with the comment by one operator - "The question is not how much, but rather, do you have room?" All in all, however, the summer proved to be most gratifying.

Campground and RV park attendance surged ahead, led by a strong local market – generally within a travelling time radius of four to six hours from the site. Family business proved to be strong, as was the Calgary Stampede visitor market. From a Canadian visitor perspective, several sites reported a larger contingent of Ontario campers visiting this year. Assessments from throughout the province on American visitor levels were mixed. Reports ranged from an increase of 15 percent, to the same as 2003, to well down from the previous year. More Americans did seem to be travelling through Alberta to Alaska. The European travel market is reported as similar to last year, with a strong showing of German, Dutch and U.K. visitors. As recreation vehicles become larger and campers seek greater amenities, less demand for non-serviced and tenting sites was evident in 2004.

Most sites close in late September to mid October. Several report earlier poor weather closures this year. For those year-round operators, shoulder season prospects are described as similar to or slower than 2003.

Seasonal camping and RV sites remain in heavy demand and operators report waiting lists. These seasonal sites provide a stable source of revenue. To the contrary, one operator indicated that some seasonal sites were returned to night stays to generate higher fees. In certain areas, as land prices and taxes skyrocket, the economics of campground operations become more difficult to justify. The early school opening and its impact on late season visitor numbers is identified as a concern by more than one operator. The expectation appears to be universal that growth in the RV market should continue for the next five years.

Campgrounds and RV Parks

2005 prospects are seen as similar to or above 2004 levels. The upward trend over the past several years is expected to continue. Pre bookings are up over last year; one operator reports strong motor home bookings in 2005 with no vacancy for July of next year. All will enter the new year feeling optimistic.

Tours

2004 is described an exceptional year by tour operators. International visitors consider Alberta and Canada to be desired destinations. That is reflected in the rebound of tour visitor levels to the province and the fruition of optimistic expectations for Summer 2004. In several instances, operators reported year-over-year gains of 65 and 53 percent respectively and while such gains are not the norm, increases of 10 to 15 percent are not uncommon. Both group and independent visitor traffic showed strength. This year of increased tour numbers and higher passenger counts is a welcome return from the difficulties of 2003 – even though numbers are not fully back to peak visitor levels. To complete the 2004 summer tour season, operators advise stronger shoulder season tour numbers.

Inbound custom tours visited Alberta in greater numbers. Individual tour packaging to the Calgary Stampede was more popular in 2004, as were higher priced deluxe tour programs.

2004 was a rebuilding year led by the arrival of more Asian and European travellers. Korean and Taiwanese visitors returned to Alberta, with some hesitancy still evident from the Japanese. Europeans arrived in greater numbers, with several operators reporting increases of 10 percent. U.K. travellers led the way, along with a strengthened German and Swiss presence. The Dutch prevail as a strong international market, showing continued modest growth over the past three years.

As in other sectors of Alberta's tourism industry, American visitation levels are mixed. Some tour operators report more U.S. demand, while others indicate the market is still soft. They are unable to identify the precise cause of the lower than expected U.S. travel to Alberta: is it a hangover of war related travel fear, U.S. economic concerns or the election year scenario? Australia and New Zealand represent a growing market segment, with one tour group experiencing passenger increases as high as 60 percent. An identified weak spot is the fewer numbers of Canadian tour visitors to Alberta this year.

Tour programs continue to represent an increasingly integral component of Alberta's and Canada's tourism industry. One operator reported that 10 percent of Canada's tourism market is tour related business. Alberta is considered an increasingly desirable destination; the tourism prospects for our province appear to be in great shape. One international tour company said that six of its ten top rated tours were to Alberta and Western Canadian locations.

Pricing was competitive in 2004, but could begin to represent a travel inhibitor in the coming years. Alberta, deemed by operators to be on the high end of the rate scale, does provide a superior product to compensate. Tour operators consider it crucial, however, that we do not price ourselves out of the world market. Illustrating that point are figures mentioned by one operator showing U.S. hotel sales increasing by a greater percentage than Canadian sales. U.S. hotels are holding rates, while Canadian hotels are not.

Tours

New flights from Germany, Europe and Japan will increase seat capacity into Canada and Alberta in 2005. Our ability to move those passengers domestically is still a concern.

Tour operators are looking for more of the same in 2005. At this stage pre bookings and quotes are strong, generally above 2004 levels. One company is so enthusiastic they are getting set to go with new brands and itineraries and are predicting a 100% recovery from the lows of 2003. Increased marketing to Europe, Australia and New Zealand are highlighted for 2005. Most are confident of a strong return of American visitors to Alberta in 2005.

Attractions & Events

Summer 2004 wrapped up a decidedly mixed performance. Some attraction and event venues experienced record or near record attendance, while others were not so fortunate. Inclement weather impacted visitor numbers at several outdoor sites, washing out what would have been a good year into something less than expected. One attraction endured the most rain since 1986. Overall, attraction and event attendance is considered equal to or slightly above 2003 levels.

Attraction venues posted visitor attendance ranging from gains of 5 to 10 percent to losses of a similar magnitude. As most Alberta attractions rely on local and regional traffic for the majority of ticket sales, that category attendance was directly impacted by local weather conditions. On a positive note, more motor coach traffic was seen at Alberta attractions this year. Increased regional Canadian visitor traffic - especially from Saskatchewan and southeast B.C. – appeared evident. American visitors were seen in larger number from 2003, with a noticeable rise from the Pacific Northwest. International visitors turned out to be more abundant in 2004. Most sites reported more German travellers. Isolated reports show increased Japanese, U.K., and French visitors. Israeli, Dutch, Scandinavian and Australian travellers also visited Alberta attractions. The Calgary Stampede established a new attendance record in 2004. Good weather and strong local attendance contributed to its success. A positive sign was a stronger American visitor contingent. While not to post 9/11 levels, visitor numbers are growing. Ontario and B.C. visitors also appeared more evident.

The shoulder season forecast is for the year to end at the same or at a slightly higher level than 2003. Venues noted that the addition of new attractions and more corporate specific events are expected to increase attendance. Edmonton area attractions are anticipating a boost from Edmonton centennial events.

By increasing local and regional participation and maintaining out of province visitor levels, Alberta attraction and event operators recognize they are making a significant contribution to reducing Alberta's tourism deficit. The hotel tax revisions are a key ingredient in putting forward a more focused tourism push for Alberta. Most operators are working toward that goal with new attractions, alliances, corporate sponsorship programs, and marketing initiatives. Accordingly, many operators are disappointed at the lack of direction thus far on 2005 Alberta Centennial events. Hopes remain high that a 2005 homecoming program will be a major opportunity for wider exposure of Alberta's attractions and events.

Attraction and event businesses look ahead to 2005 with optimism. They express confidence that the satisfying gains of 2004 will continue, especially with the impetus of Alberta's 100th birthday celebrations.