

ALBERTA ECONOMIC DEVELOPMENT

2005 Post-Summer

Alberta Tourism Operator Survey

October 2005

Banister

Research & Consulting Inc.

TABLE OF CONTENTS

Provincial Overview.....	1
Independent Travellers	3
Banff National Park.....	3
Jasper National Park	4
Waterton Lakes National Park.....	5
Banff Park Corridor – Canmore and Kananaskis.....	6
Jasper Park Corridor – Hinton and Edson	6
Calgary.....	7
Edmonton.....	7
Other Alberta Communities	8
Campgrounds and RV Parks.....	9
Group Tours	10
Attractions and Events	11

Provincial Overview

Alberta's tourism operators greeted the summer with great anticipation and high expectations. Overall, these expectations were met, if not exceeded, in most areas, according to our most recent survey.

The Post-Summer 2005 Alberta Tourism Operator Survey represents the responses of 80 tourism operators providing services to the Alberta market. During late September and early October, telephone contact was made to 143 businesses throughout Alberta. One tour company from Eastern Canada was also contacted.

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

While 2004 was characterized as "a year of recovery" by most respondents, 2005 was expected to build on the successes and gains experienced last year. For some, tourism activity finally returned to levels not experienced since pre-9/11. Alberta continued to enjoy high levels of travel from local traffic and abroad, leaving operators with a sense of satisfaction heading into 2006.

Highlights from Summer 2005 include:

- Most regions report strong levels of visitation from Albertans.
- The Asian visitor market held steady after reported gains in 2004. Reports throughout the province indicate larger numbers of visitors from Europe, including the United Kingdom, Germany, Spain and the Netherlands. Visitor numbers from Australia and New Zealand also continue to grow.
- There were mixed reports of U.S. visitor travel. While some regions, particularly those in the north, experienced a dropoff in American travel, others report significant increases. High gasoline prices and confusion about the need for a passport to cross the border into Canada may have negatively impacted travel from the United States.
- Strong visitor numbers were reported among hotels in Banff, Jasper and Waterton Lakes National Parks.
- Continued growth in visitation numbers among campgrounds and RV parks was reported, as the trend among Europeans to rent an RV and travel the country continues to grow.

- Another busy season was reported in the event and attractions sector. This sector experienced a positive impact from the celebration of Alberta's centennial.
- Hoteliers in Edmonton experienced a strong summer, riding the wave of two major international events and a bolstered corporate travel sector. Calgary also continued to maintain high levels of visitation, backed by the strength of the corporate travel sector.
- Business levels remained strong outside of Alberta's two major urban centres. Hotels in both northern and central Alberta experienced strong business from the oil and gas sector, coupled with increased tourist traffic. Operators in the south enjoyed increased business from European markets, together with Albertans and other Canadian travellers

Independent Travellers

Banff National Park

Despite a strong start to the year and high hopes for summer, operators say the period of May through August fell somewhat short of expectations. Most operators report decreases in revenue between 1% and 10% over the summer months. Performance early in the fall season appears more promising as all operators report being slightly ahead this season compared to last.

A strong surge from the Australian market bolstered summer visitors numbers, particularly Australians travelling by train. This summer also saw an influx of travellers from the United Kingdom. A good product and solid marketing are credited for the improved numbers from these markets. The Japanese market remained steady this year, but concerns persist about limited flights into the country from Japan. Auto traffic from the United States and Canada fell off this year. High gasoline prices and poor weather are blamed for this drop in visitors. Additional reasons affecting travel from the United States listed by operators are: a weak US dollar, continued fears of terrorism, and a false belief among Americans that new passport rules are already in effect, making border crossings even more problematic.

Overall, operators in Banff National Park expect their business through to the end of December to be similar to that of the previous year. They anticipate the Christmas season and some special events in and around the area to increase interest to the region. Newer operators in the region are also optimistic that business will continue growing over the next few months and into the New Year, resulting in more tourists and increased revenues.

Jasper National Park

Operators in Jasper National Park report an excellent start to 2005 and, consistent with their expectations heading into the summer months, business has continued to be strong throughout summer. May and June saw increases in revenue between 4% and 15%, while July and August had revenue increases up to 10%. September is expected to finish strong for businesses as all operators are reporting similar occupancy levels compared to the previous year, if not better.

Generally, the number of travellers from the United States, United Kingdom and Germany held steady compared to previous years, while other markets appeared to be growing stronger. Operators note a resurgence this summer from the Asian markets, primarily the Korean and Taiwanese markets, likely indicating the fears of SARS from 2003 may finally have subsided. The Mexican and Latin American markets are also showing promise in the region, with several operators reporting increases in visitors from Central and South America.

Operators report increased travel from Albertans over the summer months, but cool, cloudy weather had a negative affect on visitation from outside of the province.

While high gasoline prices are expected to have a negative impact on vehicle traffic, operators are looking to the rest of the season through to December to build on the successes of the year so far. All operators are optimistic and hopeful that business will be as good this year as last, if not better. An expanded conference season, fall festivals, and improved marketing of the Jasper area are all expected to have a positive impact on business in the coming months.

Waterton Lakes National Park

Hotel operators in Waterton Lakes National Park entered the 2005 summer season with expectations of a season that would equal, if not improve upon, last year. Generally, they were not disappointed. Some operators experienced increases in revenues of up to 5%, while others decreased by 10% in May and June. July and August were very similar to 2004 and this has carried through into the early part of September, as business appears to be the same.

Similar to previous years, the European market continues to be strong and the Asian market appears to be growing stronger — as it has been for the past couple of years. The U.S. market was down in 2005, however, compared to previous years. The weak American dollar was a primary driver for reduced travel from the United States, coupled with gasoline prices that rose throughout the summer months. The false notion that a passport is now required to cross the U.S.-Canadian border was also blamed for keeping American tourists at home.

Higher gasoline prices that kept Americans south of the border was also thought to have kept Canadians on their side of the border. Operators report more Canadian visitors this year and speculate the rising fuel prices may have forced many to stay close to home.

Heading into autumn, operators are cautiously optimistic that business will match that of the previous year. Current bookings for the season are generally down, however, compared to this time in 2004. Operators again voice concern the impact on their business of U.S. travellers worried about needing a passport to cross the border into Alberta.

Banff Park Corridor – Canmore and Kananaskis

Operators in Canmore and Kananaskis entered the 2005 summer seasons with expectations of a summer stronger than 2004. These expectations were achieved as all hotels reported revenue increases of 30% on average. These numbers indicate a return to business levels not seen since pre-9/11. One operator did indicate they experienced a lower number of visitors this past summer, but revenues were up as a result of increased prices.

The United States continued to be the primary foreign market for the Banff Park Corridor, as all operators indicated this market outperformed their expectations. They also note an increase in travellers from Europe, particularly Germany and Holland. The “drive-yourself” holiday of renting an RV and travelling appears to be catching on with the Europeans and is resulting in an influx in travellers from this market. Another emerging market is Australia, as operators note an increase in travellers from Down Under. Overall, the Asian market appeared to have declined this summer compared to previous years.

Operators note a general dropoff in activity around this time of year, but the outlook for the coming season is positive, with expectations that 2005 will be as prosperous as last year, if not better. The slump in the wake of 9/11 seems to have finally come to an end and business overall appears to be returning to the levels experienced prior to 2001.

Jasper Park Corridor – Hinton and Edson

Strong activity in the oil and gas sector continues to stimulate business for hotel operators in the Jasper Park Corridor, despite an apparent reduction in tourist traffic. Operators report increases in revenues between 10% and 30%. Early indications for September are also positive with all operators reporting increases in revenues as high as 35%, with full or near-full occupancy.

The commercial market, primarily oil and gas, accounts for so much business in the area that operators reported having to turn away tourists this past summer, diverting them to Jasper or Edmonton. For those who did see tourists, visitors were mainly from the European market including France, Germany and the Netherlands. Travellers from the United States continue to frequent the area, as do those from Great Britain.

Looking towards the end of 2005, operators believe the oil and gas sector will continue to play heavily into their business plans, as most are already reporting being fully booked until year’s end. Overall, operators in the Jasper Park Corridor anticipate the fall season will be even more prosperous than this time last year.

Calgary

Hotel operators in Calgary report modest successes over the summer months of 2005. Increases in revenue ranged from 4% to as high as 10% during the months of May and June; July and August increases ranged from 6% to 10%. These successes have carried through into September, as similar increases are reported.

The corporate travel market continues to perform well in Calgary, riding the coat tails of Alberta's strong economy. As expected earlier in the year, group travel has continued to grow as a viable market for Calgary's hotel operators. In terms of visitor origin, travel is still primarily domestic as people come to the city to conduct business. Slight increases from the Australian and German markets were noted, however.

A strong economic forecast for Calgary and the province has bolstered operators' expectations for the fall season through to December. Operators have already noted more demand, particularly from the corporate market, which should translate into better prospects and increased revenues compared to 2004.

Edmonton

Expectations among hotel operators were high heading into summer, with several high profile events expected to factor prominently into Edmonton's tourism landscape. As anticipated, revenues this year exceeded 2004, due in large part to events such as the Grand Prix of Edmonton and World Masters Games, both held in July. Overall, operators report increases in revenue between 10% and 20% for the summer. The success experienced this summer has generally transferred into the late summer season, as most operators are experiencing increased revenues over 2004.

Generally, operators noted little change in markets over the summer, though some have seen an increase in the corporate travel market, corresponding with Edmonton's strong economy. The international calibre of events held in the city also helped draw travellers from such markets as Australia and Europe. A major medical conference held in the city also helped attract visitors from the United States and across Canada.

Overall, operators are optimistic about their business prospects for October through December. Most anticipate the season will equal last year's performance, if not improve upon it. The strong economy and corporate travel sector have fuelled expectations for an increase in revenue as high as 10% for some operators.

Other Alberta Communities

Hotel operators in northern Alberta communities entered the summer with expectations of occupancies and revenues similar to those attained in 2004. They were not disappointed. The majority of hotels operating in the north experienced revenue increases between 2% and 10%. Operators also report increases in occupancy ranging from 5% to as high as 30%. September is set to follow the strong summer with all operators expecting increases in occupancy and revenue, driven primarily by increased activity in the oil patch.

Corporate travel and oil and construction crews comprise the bulk of the market in the north; however, a strong tourist market was also present throughout the region this summer. Operators indicate that Albertans made up most of the tourist market, followed by travellers from Eastern Canada and the United States.

Operators in the north are looking forward to the fall season. Business levels are expected to match or exceed those experienced this time last year. The oil and gas sector will again be the primary driver, although activity in that sector is affected to some degree by weather.

Central Alberta hotels report a stronger summer compared to 2004. Increases in revenue ranged from 3% to as high as 10% throughout the summer months. The success of summer has carried through to September. Most operators anticipate occupancy and revenue to be higher than last year.

Increased activity in the oil patch has led to a stronger corporate market, similar to that experienced in the north. Visitors to the area are primarily from Alberta or, to a lesser extent, other parts of Canada. Some operators noted increases in visitor numbers from the United Kingdom and the United States.

Optimism by operators heading into the fall season carries through to December. Most operators are confident that the activity in the oil patch, coupled with bookings from repeat clients, will ensure the levels of business experienced in 2004 will continue or improve in 2005.

Southern Alberta did not experience a strong summer for another consecutive year. Flooding in the south hampered tourism in May and June; business rebounded in July and August. In the latter half of this summer, most operators experienced a return to or improvement on the business levels attained in 2004.

Hoteliers in southern Alberta are pleased with signs of growing international traffic. Several operators indicate increased visitation by Europeans, including Germans, Swiss and French. One operator notes an increase in the number of Chinese visitors. Several operators also observe a distinct decrease in American travellers over the summer. The high cost of gasoline is believed to have played a major role in this decline.

Operators are reserved in their expectations for October through to December. Most anticipate business will be about the same as experienced last year. Some operators are confident they will see modest improvements in business compared to 2004.

Campgrounds and RV Parks

The summer tourism market is key to campgrounds and RV parks in Alberta. Most operators experienced an increase in business compared to the summer of 2004. Increases in revenue were between 10% and 50%. The high cost of gasoline had a negative overall effect on business, however; one operator reports a drop of approximately 20% in visitors to their site. September has also seen business cool down as it commonly does at this time of year. As one operator commented, "After the September long weekend, it's like someone shutting off a switch."

The RV rental market appears to have caught on in Europe. Operators noted the growing trend of Europeans, particularly Germans and Dutch, flying into Canada and renting an RV for a "do-it-yourself" Canadian vacation. Operators also note an increase in the number of regional travellers. High gasoline prices and a strong Canadian dollar appear to have had a negative effect on travellers from the United States. One operator observed the American market was non-existent this summer, compared to previous years.

The number of Albertans frequenting campgrounds and RV parks around the province rose this summer. Campgrounds in central Alberta also noted an increase in visitors from northern Alberta, particularly the Edmonton area.

Most campgrounds and RV parks close their gates in late September or early October; operators see visitor numbers slowly dwindle up until that time. Currently, expectations are that 2006 will equal the levels of business attained in 2005. Operators will be paying close attention during the off-season to gasoline prices, although feelings are mixed as to their effect. Some believe rising gasoline prices could entice travellers to stay in one place longer while others fear that rising costs may persuade travellers to stay home altogether.

Group Tours

Summer did not disappoint group tour operators who predicted revenue increases of 5% to 10% early in 2005. Several operators report increases between 25% and 67% in their numbers of bookings, while others report revenue increases between 4% and 16%. September appears to have dropped off compared to the summer months, but operators are still reporting increased business this year versus last.

Depending on the operator, feelings are mixed about the performance of the American market. Some operators report an increase in travel from the United States, while others experienced the opposite, noting a decline in American travel. An increase in business from the United Kingdom and European markets, including Spain and Germany, was reported. Australia and New Zealand performed better than expected compared to 2004. Other visitor origins that showed improvement included Mexico, Brazil and Russia. Tours out of Eastern Canada were also up this year.

Most operators close down or slow down their businesses over the winter months and start to look toward prospects for the new year. The general expectation is for business in 2006 to remain at similar levels to those experienced this year. For those who continue to operate throughout the winter, operators are anticipating the months of October to December to be slower than experienced during the summer months, but better than this time last year.

Attractions and Events

Attendance at attractions and events in Alberta is directly affected by a number of factors, particularly what is being offered and, of course, by the weather. Overall, operators were able to capitalize on the optimistic outlook early in the year. Only one operator reported a decrease in revenues compared to 2004, while all others reported increases between 1% and 15%. Outdoor venues experienced attendance fluctuations that corresponded with the dramatic swings in the weather.

The local market continued to be a strong performer for most attractions and events. Attractions in the south experienced an influx of American travellers, though those in the northern parts of the province noticed a decline in this market. Both attractions and events in Edmonton benefited from the large international events, such as the World Masters Games and Grand Prix of Edmonton. Travellers from Europe, Australia and New Zealand were more prominent in the city this year compared to previous years. In fact, several operators around the province reported an increase in travel from Europe this summer.

The celebrations and events held to commemorate Alberta's centennial appear to have had a positive effect. About half of the events and attractions incorporated centennial celebrations into their offerings this summer. All felt they had a positive impact on their attendance.

Most attractions and events do not operate during the period of October and December, but those that remain open are optimistic business will improve over last year. Most attractions indicate they are already looking positively towards next year and expect to equal the success of 2005. Some attractions plan to make changes to the services and facilities they offer. As a result, they expect business to be bolstered even further in the New Year