
Post-Summer 2009 Alberta Tourism Operator Survey

Prepared for:

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Provincial Overview

The 2009 summer tourism season closely met the expectation of the 108 tourism operators in 42 Alberta communities, eastern Canada and the United States who responded to the post-summer 2009 Alberta tourism operator survey. In the 2009 pre-summer survey, operators forecast a summer of fewer international visitors, a slowdown in corporate demand, and a dependence on Albertans vacationing at home. That indeed came to pass.

One respondent aptly characterized 2009 as the year of the “perfect storm.” Not only did the global economy have a negative impact on travel plans, tourism operators were also hit with the impact of the H1N1 virus, the introduction of new cross-border travel restrictions, and poor early summer weather.

However, Albertans travelling in Alberta contributed to a busy summer for campground, RV park, and attraction and event operators. The Travel Alberta “Stay” campaign received many positive comments from operators who report that it effectively stimulated in-province travel this year. That helped to offset a significant decrease in the number of international and U.S. visitors, especially to the National Parks. Venues catering to crew and corporate business suffered through a summer of low visitor numbers, which was expected.

The 2009 summer season may be summarized as follows:

- Banff National Park hotels suffered from a significant drop in international visitors. The stronger regional market was not sufficient to make up the occupancy loss. A very rate-competitive market and a drop in discretionary spending by visitors hurt bottom line revenue. Operators are forecasting positive spin-off from the Vancouver 2010 Olympic Winter Games for the ski season, but are hesitant to project ahead to 2010.
- Jasper National Park experienced a disappointing summer. Occupancy declined from 2008 and, in a very competitive market, aggressive pricing hurt revenue. With a significant drop in international visitors, the market was driven by the regional traveller. Operators forecast a lean fall and winter season and a rebound in 2010 is not expected.
- After a slow start to the season, Waterton Lakes National Park hotels had what was described as an “OK” summer. Residents of Calgary and southern Alberta were the largest market segment. The decline in U.S. visitor numbers was smaller than anticipated. Operators noticed decreased visitor spending in restaurants and gift shops.
- Banff Park corridor hotel occupancy levels were consistent with 2008, driven by stronger regional traffic. Corporate demand, as in other areas of the province, was

down. The competitive market and aggressive pricing had a negative impact on earnings. Some growth is expected heading into the fall and winter.

- Jasper Park corridor hotels report a very poor summer. Substantially reduced energy sector demand coupled with fewer international visitors saw occupancy declines ranging from 35% to 45%. High vacancy and very competitive pricing hurt operating revenues. Recovery depends upon the return of energy sector demand.
- Led by weaker corporate demand, Calgary hotels experienced a poorer than usual summer. Several highlight events provided some positive impact, but were not sufficient to counteract lower corporate demand and a drop in historical rate structures. A stronger fall season is expected, but longer-term recovery is not anticipated until well into 2010.
- Edmonton hotels largely dependent on corporate and northern Alberta regional demand felt the impact of the global recession. Hotel occupancy throughout the city is reported down 5% to 9%. Pricing issues impacted bottom line results. Major events did not produce the strong results experienced last year, thereby contributing to lower summer occupancy. Little recovery is expected until 2010.
- Northern Alberta hotels continued to suffer the consequences of declining oil and gas and construction activity over the summer months. Occupancy and revenue declines of 30% to 50% were not uncommon. A quiet fall and winter is expected, but respondents are cautiously projecting increased activity for 2010.
- Southern and central Alberta hotels serving more traditional markets report a summer marginally below 2008. Those depending on crew business suffered the same consequences as their northern counterparts, with a significant loss of occupancy. Operators were fortunate in most markets to maintain or slightly increase room rates. Respondents head into the fall and winter season with uncertainty and are projecting little or no improvement in 2010.
- Campground and RV park operators experienced a busy season, as expected. Regional travellers led the way with increased demand for seasonal sites. Operators are optimistic that 2010 will meet or exceed this year's strong summer.
- Group tour operators suffered through a difficult summer with a reported 30% to 40% decline in international tour visits to Alberta. The uncertain global economy, tour pricing issues, and H1N1 concerns were the contributing factors. Some positive spin-off from the Vancouver 2010 Olympic Winter Games may help the winter season. With more aggressive price promotion, operators expect similar or slightly improved results in 2010.
- Attractions and events operators enjoyed a busy summer as Albertans continued to vacation at home and explore their own province.

The following respondent comments were of interest:

- The global economic recession was the most significant factor contributing to the summer's industry performance in 2009. The negative impacts of declining crew and corporate demand and the significant reduction in international visitors were offset in part by strong local and regional visitation, as Albertans and western Canadians vacationed closer to home.
- Staffing issues remain a problem in several markets. The Temporary Foreign Worker Program continues to be a positive experience for many respondents. As program contracts begin to expire, operators are taking proactive measures to seek contract extensions for their employees.
- Focused regional marketing initiatives will continue to be a priority for tourism industry operators. Assisted by the well-regarded Travel Alberta "Stay" campaign, hotels are actively promoting special pricing and value-added programs and developing cross-promotions with other hotels and tourism sectors.
- Respondents identified several keys to success in the current market:
 - Brand recognition is becoming increasingly important.
 - Guests are expecting more value-added services.
 - Staff training, recognition, and retention must be a priority.
 - Diligent bottom line revenue management is a necessity.

Independent Travellers

Banff National Park

The current global financial recession had a definite impact on tourism in the Banff region. The declining trends established in winter and early spring of 2009 continued through the summer and into September.

In the pre-summer survey, respondents reported business was down in the 7% to 12% range and that trend continued through the summer months. In most locations, June was particularly slow compared to the previous year and July only slightly better, with occupancy off 5% to 7%. August showed some improvement, but below 2008 levels. September year-to-date results vary, with some respondents reporting a modest recovery in occupancy from the previous year. Operators attribute the spike in business to the WorldSkills competition held in Calgary. Many participants and observers took the opportunity to visit the Banff area prior to or after the competition.

Regional markets were the most productive with an increase in the rubber-tire travellers from Alberta, Saskatchewan, and British Columbia. Long-haul traffic from Canada was down, as were visits from U.S. and European markets. Mexico tourist traffic, which had been developing as a positive market, suffered a setback resulting from new visa requirements and the H1N1 health scare. Group tours and corporate business all declined through the summer months.

Most respondents indicated in the pre-summer survey that their challenge was to maintain rate structures. Rates did become an issue and to maintain a competitive position, many locations had to adjust rates, which contributed to decreased revenue. Not confronted with “no vacancy” situations, rubber-tire travellers shopped for favourable rates. Overall, per capita spending declined in restaurants and gift shops as many tourists purchased lower-priced gifts and souvenirs.

With a general belief that the recession is easing, operators optimistically look toward the fall and winter months. There is consensus that Alberta will benefit from the Vancouver 2010 Olympic Winter Games. Operators believe many winter sport enthusiasts will avoid Whistler and its ski areas because of the Olympics and be looking for alternative locations. Others expect the Olympics will provide excellent winter vacation opportunities for tourists travelling to and from the Games. Operators are hesitant to forecast what 2010 will bring.

Many operators recognized the challenges facing the industry early in the year and instituted programs and measures to mitigate the negative effects on their operations. Respondents in many instances redirected their marketing efforts to attract regional markets for those tourists vacationing closer to home. Few operators indicated a reduction in their marketing budgets. Value-added and price promotion programs were prevalent.

Jasper National Park

The summer of 2009 was difficult for many operators and although anticipated, it was still a disappointment. Poor weather in late May and June did not start the season on a positive note and even with stronger bookings in July, August, and early September, Jasper hotel occupancy during the spring and summer fell below 2008 levels.

Those properties experiencing better-than-expected summer occupancy also suffered, as much of the market strength occurred at the expense of room-rate discounting. 2009 was a year of aggressive pricing in a very competitive market, and higher occupancy did not translate into revenue gains. This was especially true as regional travellers, comprising the majority of summer visitors, expected and received lower prices for their accommodation.

In a year characterized by a significant decline in international guests, hotels aggressively targeted the regional visitor market with some success. The Travel Alberta "Stay" campaign was important to hotels and in conjunction with a variety of pricing and value-added promotions, encouraged Albertans to vacation in Jasper. The increase in Alberta and western Canadian visitors helped to compensate for an estimated 40% decrease in group tours to Jasper National Park. American, Asian and European visits were fewer, with the exception of German tourists, who came to Jasper in similar or slightly higher numbers than 2008. Corporate and conference bookings were also less than expected. Jasper campgrounds were reportedly full over the summer with a higher than normal demand for overflow campsites.

Good September weather has translated into stronger-than-expected fall hotel occupancy, but the period leading up to ski season is always difficult to forecast. With shorter booking windows, respondents are hesitant in their projections and many expect a leaner winter season in 2009. Regional traffic will continue to be the driver as fewer international visitors are expected. One respondent reported a significant decrease in British bookings for the upcoming ski season.

Hotels are not anticipating a rebound in 2010 and early projections are for a year similar to 2009. Another year of aggressive pricing and value-added promotions is also forecast. Hotels will continue to direct marketing efforts to attract regional visitors. On a positive note, many expect some recovery in the group tour market.

Passport and border issues, together with the struggling airline sector, are identified as concerns in hindering the recovery of the international visitor market.

Banff Park Corridor

While geographically located close to Banff National Park, the Banff corridor operators have a more varied market from which to draw. Many tourists attracted to the area because of the mountains and the recreational opportunities do not wish to travel into the National Park. There is also a larger commercial component to their business due to construction and industrial projects within the area. As a result, operations in the Banff Park corridor were not affected to the same extent by the decline in international travellers in 2009. Nevertheless, the season has been challenging because of the global recession.

While business varied month-to-month, often influenced by the weather, some respondents report they were able to hold occupancy rates on par with 2008. Others had modest increases for the period and one reported a substantial decrease in occupancy. For most, the summer started slowly and built through the latter part of July and into August. Early September proved to be relatively good with some strong weekend demand. Positive results were driven by strong rubber-tire traffic from regional tourists, primarily from Alberta and Saskatchewan. With one exception, most respondents report fewer U.S. visitors. Germans seemed to be the most predominant European tourist group in a declining international market. Respondents believe they did benefit from the Travel Alberta “Stay” campaign.

Corporate business is significantly down from previous years, as companies are either cancelling meetings or conferences or severely cutting back on their size and duration. They are also being more frugal in their spending on conference meals and other activities.

The area has gained a number of new properties in the last year, making the competitive situation stronger. One new property reported they were very satisfied with their results to date. It was also reported that in previous years full occupancies at some locations had a trickle-down impact on other venues as a result of referrals. This year periphery properties, often sister properties of the same corporation, did not benefit from the referral process.

While all respondents were committed to holding rates as they moved into the summer season, the competitive situation and aggressive consumer shopping required operators to adjust rates and offer packages that would normally not be available. This, of course, had a negative impact on earnings, as sufficient cost-cutting measures could not be incorporated to offset the reduction in income.

Without exception, it was thought that the overall quality of service improved with the improved labour situation and that this will provide favourable results in the future. Quality employees were available and operators were faced with neither a shortage nor high turnover of staff. Locations that have benefited from foreign workers were extremely pleased with the staff. Operators are concerned that as contracts expire, these

staff cannot easily be replaced. One respondent stated that they never had such good reports on their comment cards as they did this past season.

Most respondents believe that business will grow through the fall and winter months as an improving economy will encourage increased corporate activity. The Banff Park corridor also enjoys a number of alpine sport training facilities and hopes to attract pre-Olympic competitors.

Jasper Park Corridor

Jasper Park corridor operators have historically benefited from an active energy sector. The buoyant economy over the past several years and the prospect of continued strong economic growth encouraged construction of a number of new hotels along the corridor. Starting in west Edmonton and extending through to the communities of Edson and Hinton, there has been a substantial growth in the number of available rooms. Unfortunately, with the collapse of the economy in late 2008 and the continuing recession through 2009, the combination of reduced corporate and energy sector business and increased room inventory has had a negative impact on many operations.

Respondents, particularly in Edson and Hinton, report occupancy decreases in the 35% to 45% range. Most of this decline is a direct result of the slowdown in energy sector activity. Tourism, while of less importance to operators, was also in marked decline. Of the corridor operators, Hinton traditionally has enjoyed a larger tourist component to their marketing mix due to its proximity to Jasper National Park. During peak tourist seasons and periods of high occupancy in Jasper, Hinton properties would gain from the overflow of tourists. With lower National Park tourism demand, this situation was not evident in the summer of 2009.

With the exception of one operator, most respondents report substantial rate reductions to meet the competitive market. The overall revenue loss caused staff layoffs and reduced operations at a number of hotels.

Businesses offering combined facilities of cabins and camping sites report greater success in renting their campsites than filling their cabins. This was consistent with area camping and RV parks that enjoyed high occupancy levels. These facilities benefited from regional visitors vacationing closer to home.

While some international travellers were evident, it was generally reported that numbers from all points of origin were down. Group and tour business was down as operators experienced a number of cancellations prior to the summer season. Respondents tracking guest point-of-origin noted good representation from Germany and Holland. The booking window for accommodations was extremely short, with the bulk of the tourist business generated by drop-in rubber-tire travellers. For this reason, one respondent believed brand recognition was of significant importance for visitors choosing a location to stay.

The good fall weather has some respondents reporting a slight upturn in business for the month of September. Operators believe business will continue to be slow until improvement in the economy and more energy sector activity is evident. There is hope that early 2010 will see an upturn in business.

Calgary

Calgary-area operators suffered a decline in business resulting from the economic recession in North America. Oil and gas related business, particularly from companies based in the United States, led the decline in corporate business in the Calgary market. May and June were very poor and described as “terrible” by one respondent. Summer occupancy was off 10% to 12% as corporate room-night demand was down substantially from 2008. All respondents indicate they had to work extremely hard in their efforts to maintain occupancy levels.

Business picked up at many locations through July and August and indications are that September will have turned out to be a stronger month compared to the others. One respondent expects a 5% September increase over 2008. Calgary hotels benefited from a number of summer events in the city. The Calgary Stampede met its attendance targets and had its normal impact upon the hospitality industry. Other events, including the Assembly of First Nations and Blue Knights convention, had a positive impact on hosting locations. Spruce Meadows attracted both regional and international travellers to the area with major summer events. The WorldSkills competition was another large event having a significant impact on occupancy at the end of the summer season. Despite the positive influence of these events and the positive September results, overall summer season performance was down.

The level of group and tour business varied from location to location, but was generally down from previous years. Leisure travel from the U.S. continues to decline. Air travellers from Mexico were fewer due to the new visa requirements and the H1N1 flu scare. Travellers from the United Kingdom continue to be a bright spot in the international market.

Rates were adversely impacted throughout the summer period and all respondents indicate it may be very difficult to recoup rate structures as the economy improves and business rebounds.

A number of respondents indicated that all aspects of their operations were being reviewed to ensure adjustments to operating costs were being implemented, where possible. One major operator has taken the downturn in the economy as an opportunity to remove rooms from inventory for renovation purposes. Lower construction costs and the availability of trades have made it an opportune time to renovate.

Respondents are looking forward to Calgary hosting the Grey Cup in November and the business it will generate. Many respondents believe a recovery period will take a number of months into 2010 to materialize.

Edmonton

The Edmonton hotel industry draws largely upon the corporate and northern Alberta regional markets. Both markets have felt the effects of the global financial crisis and North American recession.

Hotels in the downtown core and near industrial parks felt the impact of reduced corporate travel. Occupancy during the period May through Labour Day is down 5% to 9%, with a corresponding decline in revenue. Revenue from meeting and banquet business is also in decline.

Hotels located close to major shopping and recreational attractions and events, such as the West Edmonton Mall, have a larger component of regional travellers coming to the city for shopping and recreational activities. Regional visitors from resource centres such as Fort McMurray have been fewer in number than previous years. Additionally, the hotel room inventory has increased in West Edmonton as a number of new locations came on-stream. Consequently, the competitive situation has increased in a shrinking market. Despite these factors, respondents report business to be moderately down; approximately 5%. One operator reported July out-performed the other summer months and was close to being on par with 2008. Some locations benefited moderately from a number of major concerts held in the city. Hotels servicing the Old Strathcona Business District had a brisk Fringe Festival season. Major events did not produce the strong results experienced last year, thereby contributing to lower summer occupancy.

In previous years, operators report that guests were seeking value more than they were looking at price. However, price now seems to be the important factor and value takes a secondary position. This has led to rate competition and the requirement of operators to be creative in their rate structures. While there has been resistance to reducing rates, not all respondents report the same level of success in rate maintenance. Some report they are forced to review their rate structure to meet the competition of online rate offerings. Many more leisure and corporate travellers are comparative shopping online for the best possible rate and are less loyal to any particular location.

Special event business, such as weddings, was on par with previous years, but the amount of money being spent was considerably less. One operator reports that restaurant and lounge sales are considerably down, as people do more in-home entertaining.

In looking to the fall, most respondents believe that business activity will remain at its present level until the end of the year.

Northern Alberta

Northern Alberta hotels suffered the consequences of the reduction in oil and gas and construction activity over the summer months. Most report a significant downturn in corporate and crew accommodation demand, with a corresponding drop in revenue. Contrary to earlier in the year, where rate structures were maintained, aggressive rate discounting in most communities further contributed to revenue declines. Declining food and beverage sales were also a result of low occupancy.

For many, the slowdown exceeded expectation. It was not uncommon for hotels to report occupancy declines of 30% to 50%, with average room rates dropping by a similar magnitude. Overall, it was a very difficult summer.

For those communities historically dependent on crew and construction demand, a tourism-related infrastructure is not in place and, as a result, there was little in the way of hotel leisure visitor traffic. Several regions report increased visitor information requests and a busy summer for local campgrounds, attractions and events. Regional traffic was steady, indicating that Albertans were vacationing in their own province. In fact, several respondents mentioned increased numbers of southern Alberta visitors exploring the north for the first time.

Most respondents anticipate a quiet fall and winter, but busier than the summer months. However, occupancy levels will likely remain below those attained in 2008. Demand is difficult to project as advance booking windows have shortened significantly. Local construction projects in several communities will help to fill rooms, but many of these projects are short-term in nature. In this competitive marketplace, rate structures will continue to be very flexible, with several operators indicating they are extending their summer rate schedules into the fall. Hotels providing corporate meeting and banquet services expect stronger fall demand, but not to the level of previous years.

After a slower-than-expected year in 2009, operators are cautiously optimistic 2010 will bring better results, although many believe that may not occur until later in the year. Scheduled pipeline construction and expansions in several areas are the basis for that optimism. One respondent observed that the big players, although in fewer numbers, are coming back, so there is hope that a turnaround may be forthcoming.

Southern and Central Alberta

Similar to their northern counterparts, hotels depending upon crew and corporate business experienced what one respondent termed “a bleak summer.” Others serving more traditional markets report a marginal decrease in occupancy compared to 2008.

Central Alberta operators report summer occupancy levels consistently below 50%, a very poor summer by their standards. Although the marketplace was very rate competitive, there did not appear to be the aggressive discounting evident in other Alberta markets, so room rates held fairly constant. With the exception of hotels catering to crew business, other southern Alberta hotels report occupancy declines in the magnitude of 3% to 10%. Most were able to maintain rate structures similar to or slightly above 2008. Lower occupancy also affected food service revenue and there was a noticeable decline in the amount of discretionary spending by guests.

Aside from a lack of crew business room demand, hotels offering corporate meeting and banquet services also experienced a decrease in corporate business. Alberta-based leisure traffic filled the majority of rooms this summer, together with visitors from Saskatchewan and B.C. There was a significant decline in the number of group tour visitors and this was especially noticeable as it related to senior-oriented tours. American visitors were also fewer in 2009.

With advanced booking times shortening, uncertainty prevails as operators head into the fall and winter months. Success for many will depend upon an increase in crew room demand. Food and beverage sales and corporate party and banquet demand are expected to remain soft. Hotels in larger centres will fill weekend rooms with sport team and tournament bookings.

Forecasting 2010 demand has been difficult, with most respondents expecting a year similar to 2009. The more optimistic operators forecast a small increase, prompted by some recovery in the latter part of 2010.

Campground and RV Parks

Albertans travelled closer to home as expected and campground and RV park operators reaped the reward. Many sites were heavily booked with seasonal guests and many had waiting lists throughout the summer. Several respondents report record visitor numbers. A disappointment to some operators was the decreased demand for crew sites and several venues were unable to replace that demand with drop-in traffic. Rate structures were generally similar or slightly above those of 2008.

In some areas of the province poor weather delayed the camping season, but as the summer progressed campgrounds were busy and excellent fall weather extended the season. Albertans and residents of B.C. and Saskatchewan made up the majority of visits. Some southern Alberta sites noticed a decrease in American visitors, while several northern operators report U.S. visits at similar or slightly higher levels than last year. Although the number of trailer caravans to Alaska was fewer in 2009, there are reports of more individual trailer traffic along that route. Several operators mentioned an increased number of German visitors travelling to Alaska and northern Canada.

Operators offering year-round sites anticipate booking levels similar to 2008, although that is dependent on resource and construction crew demand. To date, booking levels for winter sites are on par with last year with the expectation that snowbirds will head south in similar numbers to previous years.

Campground and RV park operators retain their positive outlook and look forward to 2010 to match or slightly exceed 2009 visitor bookings. The regional traveller is expected to be in the forefront again and seasonal bookings will likely be the norm at many sites in 2010.

Several attraction and event operators passed on comments regarding the Alberta Parks online reservation service and the positive impact it had on their visitors travel experience.

Group Tours

The group tour market to Alberta was a casualty of the global economic slowdown in 2009. International tour visitors were conspicuous by their absence. The decline in international visits was further exacerbated by the perceived threat of the H1N1 virus. This “double trouble” had an adverse effect on Alberta’s tourism industry.

The industry experienced an estimated 30% to 40% decline in the number of international tour visitors to the province. Traditional Alberta markets from Asia, continental Europe, and the United States did not materialize in 2009. A small bright spot was that German visitor bookings appeared similar or slightly below 2008. There was also a setback in the smaller, but growth markets of Australia, Mexico and South America. Operators also report a noticeable decline of in-province senior-oriented tours.

As tour companies set their booking rates early in the season and as the global economy continued to deteriorate, expectation of a strong 2009 summer for group tours was not high. Tour pricing to Alberta and western Canada became non-competitive in the international market place. As the season progressed, international travellers planning an Alberta vacation were able to negotiate their accommodation requirements directly with hotels, at lower prices than the tour companies could obtain.

With shorter booking windows, forecasting the winter group tour market has been difficult. Operators are expecting some positive spin-off from the Vancouver 2010 Olympic Winter Games bringing international visitors to the National Parks.

Forecasts for 2010 are mixed, with some operators expecting little or no growth, while others are more positively projecting increases in the 10% range. On a positive note, one respondent reports that destination appeal to Alberta and western Canada has not waned. In an effort to return western Canada to a more competitive international market position, tour operators are working with their Alberta suppliers in pursuit of more aggressive pricing opportunities for 2010 bookings and plan up-front tour price promotions, rather than as the season progresses.

A good sign is that one operator mentioned 2009 was saved from even a worse year by the “very good cooperation between suppliers and tour companies and supplier willingness to think outside the box.”

Attractions and Events

Edmonton

Although the global financial crisis and recession in North America adversely affected some tourism sectors, local attractions and events prospered as Albertans vacationed closer to home. Attendance was up considerably as Edmonton-area residents took advantage of attractions and events in their own backyard. The West Edmonton Mall Amusement Park, Telus World of Science, and Royal Alberta Museum all experienced very strong summers. Two respondents reported that upon review of the numbers, they could not believe their success. Another operator reported a 50% increase in attendance from previous years. One respondent tracking visitor origin reported 84% to 86% of visits came directly from Edmonton and area residents. The strong performance is attributed to people staying at home, aggressive local marketing, and favourable weather conditions.

Edmonton's annual festivals, exemplified by the Folk Festival and the Fringe Festival, enjoyed record attendance. 2009 was definitely a stay-at-home year for many people and most local attractions and events provided excellent value for the entertainment dollar. It was reported that Capital EX and the Rexall Edmonton Indy did not produce the same strong results as did other events.

Operators maintain a positive outlook entering the fall and winter months with the ever-popular Canadian Finals Rodeo and curling's Roar of the Rings being the primary events.

Some respondents expressed concern regarding tightening budgets and the effect government cutbacks may have on their future success. Reduced marketing budgets and hiring restrictions may further impact their overall effectiveness in maintaining the quality of their attractions.

Even with the excellent attendance figures, visitors were more careful with their discretionary dollars and spent less in gift shops and concessions.

Northern Alberta

Many of the Northern Alberta attractions are seasonal in nature, operating on a full-time basis only for the period May 24th through the September long weekend. A number of these attractions report very favourable attendance results and believe they directly benefited from people staying at home and vacationing locally. Attractions including the Ukrainian Cultural Heritage Village, the Reynolds Alberta Museum and Devonian Botanic Garden report increased attendance over the same period in 2008. Increases range from 7% to 10%. Expanded exhibits and new programming further contributed to

the success of these attractions. There is considerable interest in collaborating with other attractions to increase awareness and performance.

Smaller, less-known attractions also enjoyed a good year as people explored their own backyard. Programs such as the Rural Rendezvous held in Lac Ste Anne and Parkland Counties proved very popular and helped participating attractions in gaining greater exposure. Operators were thankful for the assistance provided by Travel Alberta Regional and believed there was opportunity for greater collaboration in building attendance at their attractions. Local farm fairs and rodeos also enjoyed successful seasons, attracting record crowds. In many of these instances, the success of the event relies on community involvement and the strong effort of its volunteer organizations.

For the most part, seasonal attractions operate on reduced hours from Labour Day through Thanksgiving. In many instances, these attractions are only open on weekends through this period and their success will largely depend upon the weather. Many open by appointment for special groups wishing to visit their attraction. Of particular importance are school groups and there is concern that the economic recession will result in budget cuts, impacting school day-trips. A number of these attractions also offer special events during the winter.

Calgary

The economic downturn and global recession encouraged attraction operators in the Calgary area to be conservative in forecasting their summer season attendance. For the most part, marketing dollars were directed at local and regional markets. As a result, the anticipated negative impact of the recession was mitigated and many operators achieved targeted attendance and revenue figures.

In many instances, operators exceeded 2008 attendance figures. Increases in attendance ranged from 5% to 13%. Only in rare instances did respondents report decreases over last year. Those that did usually relied more heavily on a broader tourist market and less on the local and regional markets.

The majority of respondents indicated their market to be local and regional in nature. As a result, they benefited because people vacationed closer to home and enjoyed the regional attractions. One respondent reported regional traffic up 15% to 20%. Most identified the rubber-tire market as critical and significantly contributing to their performance. The corporate component of some operations was noticeably down. Venues tracking visitor point-of-origin indicate that U.S. travellers were considerably down in number and the Asian market was non-existent. A pleasant surprise was the WorldSkills competition, which provided an increase in visitors to a number of locations.

In addition to the economy, weather is a major factor for attraction and event operators. July's weather in the Calgary area was not favourable and had an adverse affect on outdoor events. Although the Calgary Stampede met its budgeted figures, the poor

weather had a negative impact on attendance at the ten day event. Inclement weather, while adversely affecting some outdoor events, often favourably impacted indoor attractions.

In addition to the Calgary Stampede, Spruce Meadows and its events are a major attraction in the Calgary area. Spruce Meadows broke attendance records this season, combining normally scheduled events with new ones such as the World Angus Forum and the Horticultural Show.

Many respondents noted an increase in yearly pass sales, suggesting local and regional visitors planned multiple visits to the attraction throughout the summer. One notable exception reported an annual membership decrease, but increased visitor numbers.

The labour situation, as a result of the slower economy, reversed itself from previous years. Labour was not an issue, as quality workers were readily available, which resulted in a higher standard of service. One respondent indicated that the availability of quality workers ensured all kiosks, vendor carts and food service concessions were open, which contributed to increased revenue.

All respondents indicated a decrease in gift, souvenir, and concession sales. Visitors were spending less and the average sale per guest was below previous years. They all believed this was a direct result of the economic slowdown.

Southern Alberta

Southern Alberta attractions and events outside the major metropolitan areas report wide-ranging results. Although no clear trend is evident, attractions traditionally depending upon regional tourism fared better than those relying on markets more national and international in scope. The Royal Tyrrell Museum and the World's Largest Dinosaur sites located in Drumheller built upon a successful winter and spring season and reported attendance increases in excess of 10%. The majority of visitors to these attractions are from Alberta, Saskatchewan, Manitoba, and B.C. A small decline in British Columbia visitors was evident this summer. These locations enjoy some international traffic from the United States and Europe, but visitor numbers from these regions are not significant.

For the most part, historic sites in southern Alberta enjoyed positive results throughout the period. While some locations had varying results month-to-month throughout the summer, overall performance was positive. Revenue and attendance was up for the summer period. Several respondents indicated that the Travel Alberta "Stay" campaign was extremely timely and contributed to the favourable results. One respondent stated, "Albertans are discovering new parts of the province and they are finding it great. Blogs on the internet are promoting this part of the province as a great place to visit." Overall, the number of visitors from the U.S. was down and one operator suggested that the passport requirement was an issue for some American tourists. Some locations have previously benefited from casual drop-in traffic from Montana's Glacier National Park,

but these unplanned visits to Alberta have largely been curtailed due to the new cross-border regulations.

Banff-area attractions did not experience the same positive results. Banff-area operators, which traditionally attract a larger out-of-province and foreign tourist market, have been most adversely affected by the global recession. One operator noted that regional traffic from Alberta, Saskatchewan and the Yukon had increased and partially compensated for the decline in long-haul Canadian and international tourists. Several respondents remarked that a growing Mexican market was in jeopardy as a result of new visa requirements and the H1N1 flu scare.

All respondents, whether reporting favourable or unfavourable results through the period, noted that per capita spending was down, as consumers became more price-conscious, looking for the best possible deal.

Appendix A

Interview Questions

POST-SUMMER 2009 ALBERTA TOURISM OPERATOR SURVEY INTERVIEW QUESTIONS

QUESTIONS:

- 1. How has your business fared for the period May through Labour Day weekend this year compared to the same period last year? In particular, how did your property/attraction/business operation perform in July and August compared to the same months last year? How about so far this month compared to September last year?**
- 2. Did you experience an increase in demand from any particular visitor origin(s) during the months of June, July, or August? Did you have a noticeable increase in the number of visitors from any new markets that have typically not been a source of visitors?**
- 3. Has the global financial crisis and the recession in Canada and the United States had an impact on your property/attraction/business operation this summer? If yes, please elaborate.**
- 4. Overall, what are the prospects for your property/attraction/business operation through the end December this year? Do you expect it to be better, worse, or about the same as last year?**
**If it is a seasonal operation that is not open during the late fall or winter, ask about the business prospects for 2010.
- 5. Any additional comments?**

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