

**ALBERTA ECONOMIC DEVELOPMENT**

**2005 Pre-Summer**

**Alberta Tourism Operator Survey**

**May 2005**

**Banister**  
Research & Consulting Inc.

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### **Appendix A – Interview Schedule**

## Provincial Overview

The Pre-Summer 2005 Alberta Tourism Operator Survey represents the responses of 62 tourism operators providing services to the Alberta market. During late April and early May, telephone contact was made to 78 businesses throughout Alberta. Three 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, campground and RV parks, attractions and events and tour operators. It further provides a geographic representation of industry operators throughout the province.

Overall, the outlook is positive as the 2005 summer season approaches in Alberta. Operators in all sectors are looking for 2005 to build upon the performance of 2004. However, as Canada's dollar remains strong against the American dollar and the cost of oil continues to rise, operators are cautious about the impact this may have on Canadians traveling to destinations in the United States and the increased cost of air travel overall.

- Winter season activity in Banff and Jasper National Parks was up from 2004, particularly in Jasper. Operators in Jasper report that good snowfall and strong visitor turnout boosted revenues from previous years. Furthermore, poor ski conditions at many B.C. ski areas benefited ski areas in both National Parks. Good ski conditions and increased activity in the oil patch helped keep activity in the Park Corridor areas on par with the previous year.
- An early Easter break and a decrease in convention business resulted in a rockier start to 2005 than expected in Calgary. Edmonton, however, capitalized on special events within the city to bolster business over last year. Strong corporate business kept hotels in other Alberta communities quite busy in the first quarter of 2005.
- An overall increase in summer tourism is expected as pre-bookings are on par or ahead of those in 2004. Most operators in all sectors are optimistic Alberta's Centennial celebrations will encourage Albertans to stay in the province and do more travelling. In some areas, interest is stirring as people make inquiries about specific activities and promotions tied to the venue and community.
- The Japanese market appears poised to make a strong return this year, as more tours have been booked early in the year, bringing in larger tour numbers. Eyes are still trained on China as that country appears ready to relax its citizens' travel restrictions in the near future.
- European markets, primarily the United Kingdom and Germany, will continue to be a factor in Alberta tourism with Australians and New Zealanders also figuring more prominently.

- Although the American market continues to generate high expectations among operators, they remain cautious. Uncertainty is evident about possible impacts from the high cost of gasoline and the strength of the Canadian dollar. While Americans continue to be viewed as the primary foreign travellers to Alberta; tour operators do not report significant shifts in demand from this market to date.
- As the cost to travel to and within Canada increases, tour operators consider the strength of the Canadian economy as a deterrent to potential international travelers. There is concern about a growing perception outside of the country that Canada is an expensive place to travel.
- High fuel costs are also cause for apprehension as travellers determine where and how far they are willing to drive. Clearly, the greatest impact will be on American travellers considering the costs of driving to Alberta.
- Jetsgo's demise did not have as significant an impact as expected, but concern is expressed regarding limited flights and seats on carriers coming into the province.
- Overall, as the aftermath of such catastrophes as 9/11, SARS and mad cow disease continues to subside, the global interest and desire to travel is increasing. It's creating "a pent up demand for travel," in the words of one operator.

# Independent Travellers

## Banff National Park

Operators generally report that the first four months of 2005 are considerably stronger than the same period last year. General business trends seem to be on the upswing, inspiring positive expectations for the summer months.

Operators are confident last year's successes will be duplicated, if not built upon. Early indications are pointing towards modest increases in revenue between 4% and 6%. Reasons for these increases are attributed equally to an increase in visitors and higher hotel room rates.

One operator comments on the strength of the British market in the early months, although does not anticipate the trend continuing through the summer. Asian markets are expected to be strong over the summer months, Japan in particular. Expectations surrounding the American market are considerably more dubious, as hoteliers adopt a wait-and-see attitude. The strong Canadian dollar, combined with ever-tightening border security, have operators worried about American willingness to travel north to Alberta. High expectations are expressed for the Chinese market over the next two to five years, however, as this densely populated country relaxes its citizens' travel restrictions.

Prospects in the domestic market are questionable, say operators, who express concern about two possibilities: high oil prices may motivate more Canadians to vacation closer to home but, meanwhile, the strong Canadian dollar may also entice Canadians to travel to suddenly more affordable U.S. locations. The recent loss of Jetsgo as a national carrier and high fuel costs are also identified as potential hindrances to airline travel into Alberta, thus affecting business overall.

Hotel operators are optimistic about the effect of Alberta's Centennial events and celebrations on their business. They do not expect much influx of visitors from other provinces, but regional travel is expected to increase, particularly from Edmonton and Calgary. Operators indicate there is substantial promotion and marketing surrounding the celebration, so Albertans should be well aware of the activities taking place in Banff and around the province.

## **Jasper National Park**

Given the marked increase in snowfall for the 2004/05 season, all hotel operators surveyed in Jasper National Park are delighted with results from the first four months of this year. All report significant increases in business compared to the previous year and attribute this directly to the improved snow conditions at Marmot Basin. The convention market, one of last year's only bright spots, also continued to show strength in the early months of this year.

Looking toward summer, operators are feeling confident the strong early season will carry over to May through July. Compared to last year, expectations are brighter, with one operator expecting an increase in total revenues as high as 25%.

International prospects appear to be more positive going into the summer season. Jasper's American and European markets have been consistently strong; that appears to be a trend expected to continue through this summer. A focused marketing effort two years ago in Australia also seems to be paying dividends with an influx of tour groups from Down Under on the horizon for this summer. Additionally, the strengthening of the Asian economies, particularly in Japan, seems to be bolstering travel from these areas. The Japanese market is more encouraging than it has been in the past five years, our survey indicates.

The state of the airline industry in Canada is of particular concern. Lack of flights in general is the major worry, while Jasper respondents discount the demise of Jetsgo as having a direct impact on business. Operators are also apprehensive about the effect of the strong Canadian dollar on business. Because of Jasper's distance from other major centres, operators fear the high cost of gasoline may deter some travellers from making the trip.

Views among respondents are mixed about the impact of Centennial celebrations on visitor numbers in the area. Some see the summer as already one of the busiest times of year, meaning the impact may not be particularly noticeable. Others anticipate benefits from the celebrations. The Travel Alberta Holiday Card is a great initiative, one operator notes, that will raise awareness to travelling around the province. Another mentions specifically partnering with Via Rail in a Centennial project.

## **Waterton Lakes National Park**

Waterton Lakes National Park primarily caters to the summer tourism market, with many of the hotel operations not opening until early to mid-May. The winter season has been encouraging, though, as business continues to build on the successes of past years, reaching levels close to the highs experienced in 2002. Credit is given to weather, special events and marketing.

The outlook for May and June of 2005 is equally promising with operators expecting similar results, if not somewhat better, to those in 2004. This trend is expected to continue through the latter half of summer, into July and August.

Of particular interest, the group tours market seems to be building momentum leading into the summer months. Operators indicate a resurgence in visitors from the United Kingdom, a market that has been relatively quiet the past few years. Also interesting is an increase in the number of travellers from Australia and the Asian markets. The United States is expected to continue to provide the bulk of foreign market travellers, as has been the case in past years.

Gasoline prices are the only major source for concern among operators in Waterton. The collective sentiment is that the high cost may detract a number of travellers from making the drive, specifically those who make their travel arrangements at the last minute.

Alberta's Centennial celebrations are expected to be a boon to Waterton, with potential visitors already enquiring into the events planned for the area. One operator indicates they are partnering with others to put on specific Centennial events. With this also being the centennial year for the Rotarians, there may also be a further favourable impact on visitors to the area.

## **Banff Park Corridor – Canmore and Kananaskis**

The first four months of 2005 have been generally positive for those operators surveyed. Increases in conference and corporate business contributed to a reported 4% to 15% rise in revenue over the same period last year. Having better ski conditions than those in British Columbia helped bolster business in the early months of the year. However, one operator reports numbers down 20% compared to the same period last year, pointing to the early timing of the Easter break this year. A lack of construction in the area also did not help, as this hotel relies on construction crews to provide the bulk of its business.

All operators are expecting this summer to match, if not surpass, last year's successes. Based on pre-bookings to date, one operator expects an increase in revenues as high as 30%. In fact, operators are hoping for a return to the levels

experienced prior to 9/11. Most hoteliers expect the summer to be consistent between May and August, although one predicts business will taper off by August, a trend typical of previous years.

Alberta remains the largest tourist market in the Banff Corridor, while the United States is the primary foreign market for this region. One operator reports a marked increase in the number of pre-bookings from American clients, despite expectations by some of a downturn in their American market. Operators note reports of people around the globe expressing a desire to travel again as the aftermath of 9/11 continues to settle. Reports of a resurgence in the Asian and European markets are also quite positive.

The state of the airline industry in Canada continues to be a concern here, as in other regions. Jetsgo's departure from the scene as a major carrier of potential tourists from Eastern Canada is perceived to have a negative impact on business. WestJet, on the other hand, recently expanded service into the United States, raising hopes among operators of a positive influence on visitor numbers. Countering that optimism, however, is the impact of high gasoline prices, particularly on rubber tire traffic.

Alberta's Centennial celebrations are winning mixed reactions from operators. Capitalizing on recognition built up for the celebration, some operators indicate they are developing packages specifically related to the event. Outside interest seems to be building as operators note they are already fielding calls about events and activities planned in the town and area. On the other hand, other operators see the Rockies as an established destination of choice for most travellers, thus minimizing any additional attraction from the Centennial.

## **Jasper Park Corridor – Hinton and Edson**

2005 started off on a positive note, with operators in the Jasper Park Corridor reporting business levels similar to or better than last year. Increased oil and gas activity in the area is deemed the primary driver for this better than expected start.

The outlook for the summer months is equally positive, with all operators predicting heavy activity through the next four months. One operator indicates May is likely to be a slower month with about 50% occupancy, but expresses confidence that occupancy rates will surge closer to 90% in June and remain high the rest of the summer. Overall, operators are optimistic going into the season that business will equal last year's results, if not do somewhat better.

Although one operator reported an increase in foreign travellers, no one particular country stood out over others as a popular visitor origin. The strength of the oil and gas industry is tagged as the biggest influencer on business, as crews



typically comprise the bulk of hotel patrons. In fact, there have been reports of travellers being turned away because of lack of rooms. Operators are hopeful that oil prices will remain high and keep industry running strong in the area.

Celebrations marking Alberta's Centennial are not expected to have much of an impact on tourism in the area. Operators point to an absence of planned activities in the area and distance from other larger centres as the primary reasons.

## **Calgary**

Calgary hotel operators report varying degrees of success for early 2005. A decrease in convention and business group traffic is blamed by some hoteliers for a poorer start to the year, in comparison to 2004. This year's early Easter in March also resulted in poorer than expected results for one operator. On the positive side, some operators pulled even with 2004 results, with one operator reporting a 4% increase in revenues, attributed to the strength of the economy and upswing in the energy sector.

All operators are entering the summer season with a positive outlook. One operator is expecting May to be slower overall, with business picking up in June and finishing strong in July and August. Similar views are expressed by other operators based on early indications, with July and August appearing to be the strongest months of the summer season. The strong revitalization of the Calgary Stampede in 2004 to record levels is also expected to continue and, thus, further bolster numbers for July 2005. Part of last year's success came from the Stanley Cup fever generated by the Calgary Flames, one respondent reports, noting that the lack of NHL hockey has deflated business.

The American leisure market appears poised to make a comeback, according to one operator. Group tours as a market are also making a resurgence, several operators point out, while not indicating any specific visitor origins. The burgeoning Chinese market interests operators, but they are unsure when to expect this market to take off.

With a relatively stable global context, operators are hard-pressed to name any specific events or conditions that affect their outlooks in positive or negative ways. They agree, however, the high cost of oil and gasoline may damage levels of visitor traffic in the rubber tire and air travel markets.

Expectations surrounding Alberta's Centennial celebrations are mixed. Half of the operators interviewed anticipate no spinoff from the planned events, while the other half predict the occasion may entice Albertans to travel the province more, resulting in a slight increase in regional traffic. The Travel Alberta program is strong and that already promotes travel in the province among Albertans, notes one operator who is neutral on the potential impact of the Centennial.

## **Edmonton**

Edmonton marked a better than expected start to the year, thanks to several large scale events held in early 2005. The provincial capital played host to the 2005 Brier in early March and hosted the CIS University Hockey Championships later that month. These two events helped Edmonton hoteliers improve upon last year's business numbers.

The outlook is positive that the summer months will be active, despite a slowdown going into May. Pre-bookings are already ahead of last year for the period of July and August, leading operators to believe that revenues by the end of this summer should be ahead of last year's. Some key events in the city are helping to fuel these expectations: the Grand Prix of Edmonton in mid-July and the World Masters Games getting underway in the latter half of the month. Visitors will also be drawn to the city by some larger scale conventions and conferences scheduled for this summer.

With such major events planned, operators are expecting an influx of travellers from abroad. They are hesitant to highlight any specific points of visitor origin over others. Given the events in the city and area, Edmonton will likely see a sizable number of tourists from the region and Western Canada. Operators express concern about the potential effect of a strong Canadian dollar on American travellers, but none reports a significant change in travel patterns as a result.

Celebrations for Alberta's Centennial are generally perceived as a positive factor, encouraging more Albertans to travel within the province. The Queen's visit in May is mentioned specifically as an event expected to draw in royal watchers from around the province. One operator, however, predicts the celebrations will be subdued with negligible effects on business.

## **Other Alberta Communities**

Positive forecasts are offered by operators in Lethbridge, Medicine Hat, Red Deer, Fort McMurray, Grande Prairie and Peace River. All express enthusiasm about the turnout for the first four months of 2005, with some exceptions in Grande Prairie and Peace River. In Fort McMurray, corporate travel continues to dominate the hotel industry; at one point during a recent trade show, there were no rooms available in the city. Reports from Southern Alberta are equally promising, as almost all operators report business being up in early 2005, as much as 10% to 30%. An increase in corporate business, team sporting events and construction are mentioned as factors in this increase. Red Deer also indicates business up slightly over last year, but operators are unable to pinpoint specific

reasons for this increase.

Expectations for the summer season varied by location. Northern Alberta remains positive that last year's results will be matched and likely improved upon. In Fort McMurray, eco-tourism and tours of the oil sands are drawing in a wide array of travellers. Grande Prairie and Peace River expect to see increased activity in the oil and gas sector, helping bolster business through the summer as crews begin to take up lodging in the area hotels.

"Conservatively optimistic" is the phrase used to define expectations in Central Alberta. While May and June are typically slower months for business, July and August are stronger in terms of tourist traffic. Similarly, Southern Alberta operators are hesitant to make any predictions for summer, but have a modest outlook for May and June, with higher expectations for the months of July and August.

Operators in all communities indicate their business is primarily comprised of visitors from Alberta or corporate bookings. In Fort McMurray, tourists generally arrive from destinations within Canada such as Newfoundland and British Columbia, visiting friends or family. Europeans appear to be travelling more in the south, Germans in particular. Americans continue to be a tourism mainstay in all areas.

High gasoline prices are expected to have a negative impact on travel to each of the communities. Concern is also expressed that the exchange rate may have an adverse effect on the number of Americans travelling, particularly in Southern Alberta.

Alberta's Centennial celebrations are expected to produce mixed results, depending on the region of the province. Operators in the north hope the occasion may entice Albertans to stay in the province and travel, but they are unsure whether their business will directly benefit.

Operators in Red Deer are considerably more optimistic about the effects of the Centennial, indicating that a number of events have been planned in the community to attract tourists and entice them to stay in the city longer.

Southern Alberta operators expect a positive impact on business as a result of the celebrations; however, the degree of this impact was less clear. One operator is optimistic, hoping for an increase of 15% as a result of the Centennial.

## **Campgrounds and RV Parks**

Campgrounds and RV Parks primarily cater to the summer tourism market; however, early season reports are positive that business this year will be similar to last year. Pre-bookings indicate that there may be an opportunity to increase revenues over last year's totals. Overall, operators are expecting the summer season to be busy once again.

The German and Japanese markets, prominent factors in recent years, are expected to continue boosting numbers for Alberta's campgrounds and RV parks. One operator indicated that the majority of their business is derived from the Calgary market, primarily because of their proximity to the city.

Reports of some anti-Canadian sentiment south of the border, fuelled by political differences between the countries, have prompted concerns about the impact on the number of Americans visiting Alberta this year. Wal-Mart's policy of allowing RVs to park overnight in the store lots could also divert potential traffic from the RV parks and campgrounds.

Generally, operators indicate they are optimistic about the effect of the Centennial on business this year. The number of events and the excitement being generated is expected to keep Albertans focused on the province when making their travel plans; operators are keen to capitalize on this. One operator, however, is expressing disappointment about a perceived lack of effort put forth by the government to promote the Centennial.

## Group Tours

As the global political climate continues to stabilize and concerns regarding terrorism and war subside, group tour operators are reporting a positive outlook for the coming summer. Pre-bookings are already strong with some operators indicating they are fully booked for May and June, with July and August filling up quickly. Overall, operators are confident going into this summer, expecting this summer's numbers will exceed last year. Some respondents predict an increase of 5% to 10% in revenue.

On a promising note for the industry, several operators note a “pent-up demand” for travel on a global basis. Alberta’s perception as being a safe destination to travel should bode well for attracting international tourists.

Early indications are that group tours of visitors from Germany and the United Kingdom should continue to be strong this year. Most encouraging is word that the Japanese market is looking much better, as more tours are being booked with larger numbers. Australia and New Zealand tours are also highlighted as one respondent indicates that more than 60% of their business is comprised of travellers from these two southern hemisphere countries.

The strength of Canadian currency against the American dollar continues to be a concern for operators, but doesn’t appear to be hampering business directly as yet. Operators report similar or increased levels of interest from the United States as compared to last year. One operator expects to see increased activity from California, Texas, Pennsylvania and Florida as a result of a promotional campaign in those areas. The Grand Prix of Edmonton and World Masters Games are specifically cited as events that are drawing Americans into the province.

Some operators see the exchange rate as a positive, promoting travel within the province. Most view it as a deterrent, however, that fosters the belief that Canada is an expensive destination. The use of higher-end hotels for group tours is also identified as a factor contributing to the high cost of travel within Canada.

Air carrier concerns continue to be a source of frustration for most operators. Generally, concern focuses on the limited number of flights into the province and the international routing. One operator expresses dissatisfaction with Air Canada’s customer service and indicates his organization uses Qantas as an alternative airline into Canada. The increasing cost of fuel is also a concern, resulting in continuing price increases for air travel.

Most operators agree that the Centennial will have a negligible effect on their business, because their markets are primarily international. One operator is impressed with Saskatchewan's efforts to promote its Centennial, as compared to Alberta, and speculates that Albertans might visit the neighbouring province to take part in its celebrations.

## Attractions and Events

Attendance at attractions and events throughout the province is directly affected by what is being offered either by the operators or their communities. Those attractions and events that were open in the early months of the year report positive business trends. All operators are looking forward to the summer months.

“There seems to be a renewed sense in the economy,” one operator comments. This statement seems to hold true for all operators as each expects this year to produce increased revenues compared to last year; some are predicting at least 5% to 10 % better. Caution is being exerted early in the season though, as operators watch the numbers to determine if early-season bookings are a trend or just a matter of people pre-booking earlier than before. One operator is already anticipating a slower July and August, however, due to major infrastructure changes to their facility.

Reports indicate that the international markets, such as Europe and Asia, seem to be getting stronger once again. Excitement continues to grow about the possibilities from the Chinese market as that country relaxes many of its travel restrictions. American travel patterns are still a question mark right now, tied to political events and the effect of a strong Canadian currency.

Attractions and events operators see a number of clouds on their business horizons:

- The exchange rate could mean Canadians are more inclined to travel abroad with their stronger dollar.
- The price of oil and gasoline could make people more reluctant to drive or fly to their planned travel destinations.
- The potential for visitors arriving by air is diminished by limited availability of flights into the province, aggravated by the recent bankruptcy of Jetsgo.

Centennial events planned throughout the province are anticipated to make a positive impact on Alberta’s attractions and events. Some locations are planning their specific Centennial events, tied in with their regular promotions. In general, the Travel Alberta Holiday Card to promote the Centennial is considered a good initiative to persuade Albertans to get out, travel within the province and take in the many events being offered.

# **Appendix A**

## Survey Instrument

## **Appendix A**

### **PRE-SUMMER 2005 ALBERTA TOURISM SURVEY INTERVIEW SCHEDULE**

#### **QUESTIONS:**

- 1. How has your business fared for the period January through April this year compared to the same period last year? What events in particular have contributed to any change from last year.**
- 2. Based on what you presently know, how does it look like business is shaping up for May and June? .... For July and August? How does this compare to the same period last year? Do you expect it to be better, worse, or about the same as last summer? (Try to quantify by asking respondent to give a percent change for May and June and then the summer months of July and August).**
- 3. Do any markets look more promising (or worse) than usual? If there are any major changes compared to last year, what would you attribute this to? Specifically, do you predict an increase in demand from any visitor origin during the next four months?**
- 4. Have any global events, either negative or positive, exchange rates, or airline restructuring, for example, had any impact on your outlook for the next four months? If yes, please elaborate on how your business prospects have been impacted.**
- 5. Do you expect that the events and celebrations to commemorate Alberta's Centennial will have an impact on your business prospects during the next four months? Why or why not?**
- 6. Any additional comments?**