
Pre-Summer 2009 Alberta Tourism Operator Survey

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Appendix A – Interview Questions

Provincial Overview

In April 2009, representatives of 111 tourist related businesses in 43 Alberta communities, eastern Canada and the United States responded to the 2009 Pre-Summer Alberta Tourism Operator Survey. This report reflects their comments.

The first quarter of 2009 has been a trying time for many of our tourism operators and a cloud of uncertainty is prevalent. However, the industry is resilient and as one respondent so aptly phrased it, “Positive people bring about positive things.” Many operators are taking that stance.

The survey was conducted prior to the extent of the H1N1 Influenza A virus becoming widely recognized. In a summer already fraught with uncertainty, this latest concern will have an additional negative impact on what is considered a weak international visitor market and will further enhance the importance of Albertans travelling within the province.

Although the economic downturn is having a negative impact on venues catering to the resource industries in northern Alberta, there are bright spots in other tourism sectors. Alberta’s campground, RV park, attraction and event operators are optimistically forecasting a busy summer season.

Respondents summarize 2009 year-to-date results and the upcoming summer tourism season as follows:

- Banff National Park hotels had a poor start to the season as occupancy was down 7% to 12%. A decrease in short-term stays and a significant decline in group tours was the cause. Summer prospects are not encouraging, highlighted by declining U.S. and international visits. Targeting of local and regional travellers will be the priority.
- Jasper National Park hotels report a good early winter season that weakened into the spring. Occupancy was generally below 2008 levels, but rate structures held steady. Operators view the summer tourism season with uncertainty. The marketing thrust is directed at local and regional travellers as operators expect fewer out-of-country visitors.
- Visits to the Banff Park Corridor started with some strength, but as the winter season progressed, occupancy deteriorated and declined from 2008. Uncertainty prevails and a slower-than-normal summer is expected.
- With oil patch activity in the Jasper Park Corridor declining significantly, winter occupancy dropped 20% to 50%. In this highly competitive market, a lower average room rate further hurt the bottom line of most hotels. This trend is forecast to continue into the fall.

- Calgary hotels started the year slowly with reported year-to-date occupancy down 5% to 10%. Without the help of several major events, continued occupancy decline throughout the summer is feared. Corporate and U.S. travel is noticeably down and hotels are more aggressively marketing to the regional visitor with new programs and pricing packages.
- Edmonton hotels report a relatively flat winter and early spring with city centre hotels reporting occupancy off 3% to 7% and outlying hotel occupancy remaining at 2008 levels. This early trend is expected to continue throughout the summer. As they anticipate fewer international and U.S. visitors in 2009, operators will depend upon regional and corporate traffic.
- Northern Alberta venues have been hard-hit by the economic slowdown in the resource industries. It is not uncommon for hotels catering to crew business to report occupancy decreases in the 40% to 50% range. For those serving corporate and individual clients, much smaller decreases in occupancy levels have occurred. This trend is expected to continue throughout the summer.
- Southern and Central Alberta hotels catering to corporate and individual travellers report a better-than-expected early season, with several experiencing occupancy gains over 2008. For those hotels, average room rates have held steady. Venues dependent on crew business have not been as fortunate, with vacancies in the 50% to 70% range reported and aggressive pricing the norm. A similar summer season is forecast.
- Campground and RV park operators optimistically look forward to a busy summer season. Demand for seasonal spots continues to rise, supporting the consensus that Albertans will vacation closer to home. Sites providing year-round services attribute decreased demand this year to fewer stop-over snowbirds going south this winter and to a slowdown in crew related activity.
- Group Tour operators project fewer international tours to Alberta this summer. The 2009 tour market is suffering from global economic uncertainty and deep price discounts at alternative travel destinations.
- Attractions and Events will again cater to a strong local and regional market. Most venues anticipate a busy summer.
- Adventure Vacation operators view the upcoming summer with trepidation. Early bookings are down from previous years and with fewer out-of-country visitors expected, success will depend on demand from Albertans.

The following observations from our survey respondents are worthy of note:

- The global economic situation is the most significant issue impacting business prospects and has contributed to an air of uncertainty for many in the industry. With the expectation of fewer U.S. and overseas visitors, marketing efforts have become regional in nature. Albertans travelling within our province will represent the largest tourist market in 2009.
- Staffing issues for the first time in several years have taken a turn for the better. Operators are now more able to fill positions with enthusiastic, qualified and dedicated people. Traditional hospitality industry wage rates can make it difficult to attract good people in some areas of the province. The Temporary Foreign Worker Program is still receiving positive reviews due to the high quality of the employees hired. Even with the downturn, there have been few reports of significant layoffs.
- Many hotels and local hotel associations have successfully maintained competitive rate integrity in the face of falling demand. To do so, they have become more creative in developing special rate packaging programs and implementing value-added services to attract and retain their guests.
- Contrary to the market of several years ago, when there were instances of hotels dropping or considering dropping chain affiliations, in 2009 some operators stressed the importance of branding to attract business. RV park operators have also noticed an increase in the number of visitors with campground affiliated memberships this year.
- Tour companies with land product have been hurt by the discounted fares being offered by cruise lines and that has negatively impacted group tour travel to Alberta and western Canada. A further problem has been that 2009 pricing was based upon a much stronger Canadian currency and program rates are now much less competitive in the current market.
- The economic slowdown has provided operators the opportunity to, as one manager phrased it, “take a critical view of operations and accept the challenge of keeping things tight, cutting costs, and staying focused.”

Independent Travellers

Banff National Park

The National Parks traditionally attract a large national and international tourist market and as a result are more sensitive to the current global financial crisis. It has not been a positive start to the 2009 tourist season.

Survey respondents report decreased first quarter business with occupancy declines ranging from 7% to 12%. This is directly attributed to global economic uncertainty. The period is marked by a number of group tour cancellations, specifically tours from the United Kingdom. In addition to fewer travellers, respondents are reporting that many of the visitors are downgrading their accommodation requirements and are purchasing fewer high-end items in the gift shops and restaurants.

This trend is expected to continue as hotels enter the months of May and June. Uncertainty clouds longer-term summer prospects and the ability to project room demand. A substantial decline in group tour business to Banff is evident by the high number of tour cancellations. A decline in tours from Australia and the United States in the magnitude of 30% to 50% is likely in 2009. Asia/Pacific traffic has trailed off over the past few years and is not expected to rebound, especially under current conditions. Should the economy improve, there are some positive trends for increased travel from Germany, Australia and Mexico. Direct air service from Mexico should produce positive results, although the influenza scare will certainly be a factor. Operators are optimistic that the regional rubber tire market will be the backbone of the 2009 tourist season. To attract that market, special prices and packages are being offered at a number of locations. Booking windows have shortened and the trend is for regional travellers to make more last-minute travel decisions and take advantage of special pricing opportunities.

To combat the effects of the economy, operators are intensifying their marketing efforts and directing them at the regional marketplace. Lower gasoline prices and the twinning of the highway through Banff should have a positive impact on automobile traffic. The improvements to the downtown sector of Banff will also have a favourable impact on business. Banff Lake Louise Tourism has cut back its international marketing initiatives, but strengthened their regional programs. They are also intensifying their collaborative efforts with Travel Alberta to increase penetration into the regional market.

Jasper National Park

Survey respondents report a satisfactory start to the year that deteriorated as the season progressed. With the significant decline in the number of international tours this winter, the park was dependent on local and regional traffic to pick up the slack, but that did not

occur. While weekend traffic was steady, there were fewer mid-week skiers and occupancy suffered as a result. Average room rates held steady, which did help to mitigate some of the occupancy loss. Winter ski hill traffic was down by about 9%. One operator did mention that 2008 was an anomaly because pipeline crews filled rooms in many of the hotels. With the crew business gone, they once again had to rely on tourist oriented business and overall occupancy at his hotel, while down, was steady and more accurately compared to 2007. An interesting observation was that winter visitors were taking a “rest and relaxation” type of break, spending more time in coffee shops, restaurants and retail stores than on the ski hills.

Survey respondents are not looking to the summer with high expectation. Uncertainty prevails and all are predicting summer occupancy below 2008. Advance bookings are down by 10% or more and operators are finding that a shorter booking window has become the norm. Fewer international visitors will travel to Jasper in 2009 as group tour bookings are in some instances down by as much as 40%. European, U.S. and Asia/Pacific travellers will certainly be fewer in number. The local Alberta market will be all-important and operators are adjusting their pricing and marketing plans accordingly. Promotional pricing and value-added services are several of the tools used to attract local visitors. Hotels catering to the corporate and conference market report bookings are softer than in previous years, but remain steady. The decline in visitor discretionary spending noticed earlier in the year is expected to continue into the summer and this may have an adverse effect on Jasper retailers. An additional reason given for the decrease in retail spending is the lower baggage weight restriction in force for air travellers.

Some interesting observations are worthy of note. One respondent mentioned that pricing is becoming a problem and feared we are losing business not only to our international competitors, but also to British Columbia markets. There was further concern that the Jasper infrastructure is not as conducive to a full mountain experience as other competitive markets where skiers, bikers and hikers can enjoy their activity directly from their hotel room and not have to drive to the site. Furthermore, mountain park destinations have ignored the regional market in the summer months and to meet the new realities, marketing initiatives must be redirected from emphasizing regional winter promotion to include regional summer promotion.

Banff Park Corridor

Operators in the Banff Park Corridor experienced mixed results for the early 2009 tourist season. Some Canmore hotels enjoyed strong January and February demand, which significantly softened in March and April. Others report that winter and early spring business was at best flat and in some instances below 2008 levels. While operators attribute the poor start to the year to the economy, they were also specific in identifying the failure of spring break traffic to materialize and poor attendance at a number of alpine events held in the region as additional factors. In Kananaskis, room-nights were down in the range of 15%, resulting from significant decreases in both rubber tire and group tour business. A small decline in corporate and conference business also occurred.

Operators face the same uncertainty as their counterparts throughout the industry and are hesitant to look too far into the future. Most Canmore respondents believe May will at least hold its own and may show improvement over 2008, but beyond that, they can't make a guess. Kananaskis hotels project a slower-than-normal summer that could be down by as much as 20% and that has been attributed to a decline in tour and conference bookings. With a slower summer season expected in Banff National Park, one Kananaskis hotel operator reports they are losing business to Banff and Lake Louise due to more aggressive pricing practices in those communities.

The short-term regional rubber tire market will be the target in the summer of 2009. Although not unanimous, there is consensus fewer Americans will visit this year. Some operators still believe the U.S. visitor market remains positive and one reports increased U.S. booking demand, especially from the Pacific Northwest.

Jasper Park Corridor

The oil patch is the lifeline of the Jasper Park Corridor hotels and as a result, they have been hard-hit. First quarter business slowed considerably compared to the same period of 2008. Survey respondents report occupancy declines of 20% to 50% during the months January through April. Predatory pricing has added to revenue concerns, as has the addition of new rooms coming on-stream in both Edson and Hinton. One operator gave an example of a walk-in rate of \$69 on a room that six months ago sold for \$150.

As operators look to the coming months, it is difficult to forecast the level of business they may enjoy. To date, the tourism component of the market has slowed considerably and operators anticipate the slowdown will continue throughout the spring and summer months. Edson attracts few tourists because of its location and lack of attractions. Operators are hoping the Annual Slow Pitch Tournament will draw large numbers of teams and spectators for the July long weekend. Hinton, being closer to Jasper, has enjoyed some tourist activity and in 2008 benefited from an overflow of travellers from Jasper. With Jasper expecting a slower-than-normal summer season, that business is less likely to come this year.

For the most part, operators are concentrating on the value-added component of their business to attract clients and to solidify their corporate client base. In Edson, rates have not become a competitive factor, with the exception of some modification for long-term customers. Hinton is a very rate competitive market and current prices are expected to drop to attract summer business. Respondents are critically analyzing their operations to increase efficiencies and reduce costs. Staffing issues are a concern and some layoffs have occurred.

The consensus is that the economy presents the largest concern affecting their business, with the price of oil and the lack of oil patch activity being the largest contributing

factors. Operators remain confident and are hoping that improved energy prices over the next few months will lead to a renewal of business activity.

Over the past few years, the communities of Hinton and Edson were beneficiaries of an active resource and construction industry. To accommodate the strong demand for hospitality services, new inventory came on-stream and concern is now expressed that both markets are overbuilt.

Calgary

Calgary's hospitality industry will not have a banner year in 2009. It has been a slow start to the year with winter and early spring occupancy down 5% to 10% from 2008. The Brier was hosted during this period and it did provide some impetus to business operators close to the venue and the host hotel. In view of the global financial situation, operators enter the early summer expecting little change and many believe the downward trend could continue throughout the summer. They hope that high profile events including the Calgary Stampede, a large First Nations conference and major new events taking place at Spruce Meadows will attract enough visitors to ease their fear of a poor summer. In view of decreased occupancy, their ability to maintain rate structures has been important in protecting profitability. While some operators are firm in maintaining their rate structure, others are reviewing theirs to ensure that they are competitive.

Downtown locations do not enjoy a large leisure and travel component to their business; those catering to international business travel are not forecasting a strong season. Operators believe the cost of travel and unfavourable exchange rates will negatively influence this market. There is no increase anticipated in the number of travellers from the United States. Corporate, conference and meeting business is down, as companies host more meetings at their own facilities in an effort to minimize costs in a period of uncertainty. Corporate travel traditionally falls off through the summer vacation months.

Respondents are reviewing their operations and taking corrective action to minimize any negative impact resulting from the global financial crisis. All are either maintaining or increasing their marketing budgets, hoping to solidify market share. There is some redirection of budgets to local and regional markets. Operators are developing new programs and packages to encourage both the business and leisure traveller. A variety of weekend packages is producing positive results.

Almost without exception, respondents identify the state of the global economy as the single most distressing factor affecting their business at this time. Due to the economic downturn, people are not travelling and those who are travelling are spending less. Some respondents are looking forward to the Grey Cup and the World Skills International competition with hope that the economic impact generated by these events will help to finish the year on a more positive note.

Edmonton

The global economic downturn is expected to have a modest impact on Edmonton's accommodation industry in 2009. Winter and early spring showed mixed results, with city centre hotels recording a 3% to 7% drop in occupancy and outlying venues reporting visits at a corresponding level to 2008. Modest room rate increases at some locations offset decreased occupancy, resulting in level sales performance throughout the period. Respondents expect this trend to continue, barring any strong indication of economic recovery.

The major city centre hotels rely largely on the corporate market with tourism and transient traffic being less significant. Individual corporate travel bookings are down marginally and tourism and transient travel is a question mark as booking windows shorten.

As operators move through the spring and summer months, wedding and banquet business is expected to remain on par with other years. No respondent indicated an increase in international travellers and most suggest that the U.S. tourist is almost non-existent. There appears to be some scaling down in events and the amount of money spent, as clients are more judicious in their purchases. One respondent indicated that beverage sales were down considerably, indicative of people being more cautious with their discretionary spending. Summer events such as the Rexall Edmonton Indy and several major concerts will have a favourable impact.

To mitigate the negative impact of the slower economy, all respondents are taking the opportunity to review operations to introduce efficiencies and develop programmes that stress the value-added component of their services. Operators are redirecting marketing efforts to focus on their current portfolio of clients, recognizing the least costly customer to maintain is the repeat client. Contrary to previous years, where minimal sales effort produced satisfactory results, sales activities are returning to a more aggressive approach where clients must be actively solicited. In some instances, additional sales staff has been hired. A variety of packages have been developed and introduced by various operators to increase occupancy levels. Rate structures are not being sacrificed to combat the slowdown in business.

Hotel operators outside the downtown core, specifically those located in west Edmonton, service a somewhat different market. The tourist trade is largely regional in nature and is drawn to the area by West Edmonton Mall. A large component of this visitor market comes from Northern Alberta and the communities connected to the oil sands projects. A significant slowdown in those areas will have a direct negative impact on hotel operations. The large industrial parks located in west Edmonton and to the west of the city provide a relatively large corporate client base. Several new hotels that have opened recently make this a more competitive market. Again, operators are stressing the value-added component of their marketing efforts to overcome the negative impact of the economy.

Without exception, respondents suggest that the economy will have the largest impact on their business prospects for the coming year. Many are concerned that the perception of the recession is fueled by excessive and negative media coverage and is worse than the actual recession. They have further concern this could lead to panic within the industry, resulting in destructive trade practices.

Some hotel operators are seizing the opportunity to undertake renovations to take advantage of the availability of skilled trades persons and lower construction costs.

Northern Alberta

The winter and spring of 2009 has not been kind to many northern Alberta hotel operators. The economic downturn and its impact on Alberta's resource industries is reflected in decreased demand for accommodation. Hotels traditionally servicing resource crews report occupancy decreases as high as 50% year-over-year. Other sites not tied so directly to resource crew business experienced more modest occupancy decreases, with one reporting a small gain over 2008. For those venues, steady corporate client trade supported by weekend and sport team visitors helped to protect occupancy levels. Despite the challenges, with few exceptions, northern hotels have been judicious in maintaining their rate structures.

Summer is traditionally a slower time for many northern hotels and this is expected to be a quieter-than-normal season. One respondent stated that summer oil activity will determine the success of the summer. A shorter booking window is becoming the norm and with that type of uncertainty, none expect to exceed 2008 occupancy levels. Projections of a 10% to 30% drop in occupancy are reported. Regional visitors will provide the majority of hotel visits, supplemented in some areas by a steady corporate trade. An early noticeable decrease in U.S. travellers passing through to Alaska is evident and fewer Americans are expected to visit the north this year.

Staffing issues are not the concern they have been in prior years. The north is unique in the fact that wage rates are still significantly above traditional hospitality industry rates, but below resource sector wages. While operators are receiving numerous resumes, many are not of suitable quality. For those that are, the concern is that should resource jobs again become available, those people will leave. The Temporary Foreign Worker Program has been a godsend to many, supplying high quality, conscientious employees.

In the past, there have been fears that the dominance of energy sector demand has displaced the tourism market and the occupancy declines of 2009 appear to support those fears. Many hotels must now refocus their marketing efforts to attract the individual leisure traveller.

Southern and Central Alberta

Southern and central Alberta hotel operators are not as dependent as their northern counterparts on resource industry business. They have not experienced the same level of occupancy decline. Winter and early spring occupancy exceeded expectation and translated into a busier start to the year than in 2008. April has been slower, with the late spring breakup. Contracts with construction and corporate clients supported by a higher-than-anticipated rubber tire market led to reports of first quarter occupancy ranging from similar or slightly below last year to a gain as high as 35%. On the downside, hotels catering to resource industry crews suffered the same low vacancy as in other parts of the province. The larger southern and central Alberta markets maintained rate competitive pricing, with most hotels reporting room rate structures similar or slightly above the previous year. Several hotels did mention a decrease in operating margins as more stays were in rooms at the lower end of the rate schedule. Hotels serving resource crew business have been more prone to rate discounting.

Many operators are approaching the summer season with optimism and expect summer trade similar or slightly above 2008. An air of uncertainty is prevalent as advance bookings are down and booking times have shortened. What previously were long-term crew bookings are now shorter-term. Regional traffic will lead the way and hotels are aggressively targeting the southern and central Alberta market with expected visits from eastern B.C. and western Saskatchewan. Southern Alberta hotels have mixed expectations of the potential U.S. market. Some are expecting a small increase in American visitors, while others are expecting about the same number or fewer than last year. Some corporate business, wedding, and team events will contribute to room demand over the summer. In 2009, more hotels have given priority to vacation packaging with local attractions and events and with partner hotels in other areas of the province.

Staffing issues are not the concern they have been in the past. Operators report they have not had a problem hiring and retaining the quality of staff they require. In view of the economic uncertainty, many have implemented hiring freezes.

Operators are finding guests more careful with their discretionary spending. Several identified a decrease in their food and beverage operating margins and one reported closure of their on-site restaurant. There has also been a decline in gaming and retail revenue.

Campground and RV Parks

Campground and RV park operators anticipate a busy summer and most look forward to a year equal to or better than 2008. Those offering winter sites report a slower than normal start to the year, highlighted by smaller numbers of snow birds going south and a noticeable decline in resource and construction crew demand. Fewer Albertans are expected to travel to sun destinations in the U.S. because of the lower value of the Canadian dollar and high health insurance costs. Consequently, it is anticipated that more Albertans will vacation closer to home.

Operators are expecting a stay-at-home market in 2009 and early reservation demand supports that expectation. Most sites are heavily booked for seasonal long-term use with several already fully booked and implementing waiting lists for seasonal site reservations. One RV park has, in fact, limited their park solely to long-stay seasonal travellers and no longer accepts overnight or short-term business. Others are attempting to increase numbers of seasonal sites to meet demand. On the flip side, one operator on a busy highway is not encouraging long-term stays and will leave his park open to the transient travel market. Early demand for available short-term camping sites has been strong and most venues are now solidly booked for summer weekends. Average summer rates will be equal to or slightly above those of 2008.

Regional Alberta traffic will again dominate the number of camping nights. Local and repeat visitors represent the majority of the long-term stays. Booking inquiries from Saskatchewan and eastern British Columbia appear on par with 2008. Operators expect fewer U.S. visitors in 2009, in part evidenced by a decrease in caravan bookings from Americans travelling to Alaska.

Operators have been able to staff locally and finding good quality help does not appear to be a problem. As a cost control measure, many are working with fewer employees this year.

Group Tours

The group tour sector is a casualty of the global economic slowdown causing unfortunate consequences for Alberta's tourism industry. International tour visitors are staying at home or spending their vacation dollars on less expensive travel alternatives.

Alberta-based tour operators report a slow winter and early spring, below 2008 levels, but above their planned objectives. Travellers who had already booked vacations did not cancel; those who had not booked did not come. It is not a good start to the 2009 season.

Group tour operators are not encouraged by the level of consumer demand for tour holidays to the province. Current expectations are for a 30% to 40% decline in the number of out-of-country visits to Alberta and western Canada. Early booking trends indicate American visits off by 40%. The low price point on Alaskan cruises this year is

identified as part of the reason American consumers are foregoing higher-priced mountain vacations in 2009. Australian and Asian tour numbers are projected to be down 35% from 2008, as are those from Latin America. Europeans will be noticeable by their absence, with projected UK visits down 35% to 40% and a decline of 10% to 25% in the number of Swiss and Dutch travellers, respectively. A positive highlight is only a small decrease in the large German visitor market is expected and the anticipation that the French will visit Alberta in numbers similar to 2008. As one operator quipped, “In this market, flat is the new up!” Local tour companies have redirected their financial resources from international markets to regional advertising and have become more active in developing marketing partnerships with both Travel Alberta and Travel British Columbia. As in other hospitality industry sectors, regional visitors will determine the success of the summer tour season.

Tour companies still feature the Alberta and western Canada market as a highly rated product world-wide, but it is reportedly 10% to 15% more expensive than that of our international competitors. In 2009, operators serving out-of-country visitors set western Canadian tour pricing based upon a stronger Canadian currency and higher accommodation rates that reduced Alberta’s competitive position in world tourist markets. A respondent stated, “The rest of the world has had for sale signs out for the past year.” In 2010, tour companies will expect Alberta tourism suppliers to become much more competitive in world markets and show the deal up front if they wish to attract international business.

On a positive note, several survey respondents mentioned a recent increase in the number of telephone and e-mail enquiries. As one operator positively questioned “Could the fog be lifting?” and “Could this be the beginning of the beginning?” Others are taking a much more conservative outlook and projecting no growth in both 2009 and 2010.

Attractions and Events

Northern Alberta

Edmonton

While the economic slowdown has had an adverse impact on some hospitality industry sectors, it seems to have had minimal effect on City of Edmonton attractions. Those attractions that also include a retail component are more adversely affected by the economy, but even these attractions have been only moderately impacted. A large Edmonton attraction enjoyed good traffic throughout the spring break period with the lower-end outlets outperforming the higher-end stores. Another Edmonton area attraction experienced varying degrees of sales activity during the first quarter of 2009. Specialty shops, specifically fashion and music outlets, are the strength of the area and maintained their business on par with the previous year. January to April is traditionally a slower period for retail sales. Prospects for the coming months of May, June, July and August, while not robust, are positive. Events such as the Silly Summer Parade and the Fringe

Festival are expected to produce excellent attendance levels and contribute to the overall level of business activity in Edmonton. Many of Edmonton's large attractions are focusing on local and regional travellers, since the international market is of lesser importance to them and the prospects are less promising than the local and regional markets.

Two major attractions, Fort Edmonton Park and the Muttart Conservatory, have been closed January through April. The Fort Edmonton Park season commences the May long weekend and the Muttart Conservatory, which has been closed for renovations, will reopen June 27th. Both attractions target a regional market within one hundred kilometres of Edmonton and believe that in view of economic uncertainties, there will be a tendency for people to vacation closer to home.

The Royal Alberta Museum has enjoyed exceptional success throughout the period January to April. Attendance, revenue, and gift shop sales are all significantly higher than for the same period of 2008. The percentage increases are all in the double-digit range. The performance of the museum confirms the fact that a strong attraction, priced correctly and promoted appropriately, will produce positive results despite the perceived perception of the economy. The Museum believes that, on the strength of their forthcoming exhibits, they will continue to enjoy strong attendance results. To ensure their continued success through the economic downturn, they have increased their marketing budget and are testing new methods of reaching the market place. Northern Alberta continues to be the museum's strongest market with 85% to 87% of the visitors coming from Edmonton and area.

Northern Alberta

Northern Alberta communities have numerous attractions and host a wide variety of events through the summer months that are of interest to local, regional, and international travellers. Most are seasonal in nature and many are for a very short duration. Others have a more defined season. Often these attractions depend upon a strong volunteer force and can be placed in jeopardy for a variety of reasons.

Most permanent attractions are only open to the public through the summer months. During the off-season, many of these attractions open to pre-booked school tours. These tours are relatively recession-proof and their numbers vary little from year to year. The May long weekend often marks the opening of most seasonal attractions. Operators of these attractors are forecasting fewer international travellers and an increase in local and regional visitors. To combat the slowdown in the economy, one respondent is focusing the marketing effort on group bookings and pre-booked tours to insure attendance on certain days.

Other attractions in the area are hoping to benefit from increased local and regional interest. Marketing is directed at increasing public awareness. Many locations offer a variety of programs to increase their exposure within their communities. Many attractions are partnering with other agencies to stretch their marketing resources.

Respondents of other attractions and events are optimistic that they will gain from the fact that more people will be staying closer to home and doing their travelling within the province.

Southern Alberta

Calgary

Year-round Calgary attractions have experienced results similar or modestly above 2008. As a result, most respondents are optimistic entering the summer season and are confident that they will at least meet last years figures or planned objectives. They expect more local and regional traffic than in previous years. One major attraction opening on the May long weekend projects a strong summer as Albertans stay closer to home; another is optimistic that they will achieve their planned objectives through the months of May and June.

Another major attraction reports a definite reduction in the number of visitors and expects this trend to continue through the summer months. The number of U.S. travellers is down but, on a positive note, there seems to be a noticeable increase in the number of tourists from France and the Netherlands.

Respondents report that they are maintaining strong marketing programs with budgets similar or increased compared to 2008. Target markets have changed to reflect a greater emphasis on local and regional markets. These attractions are not strong destination points for tourists, but draw on traffic brought into the area for other reasons.

The Calgary Stampede and Spruce Meadows both contribute significantly to the number of visitors drawn to Calgary and Alberta and are more vulnerable to the world economic situation. The Stampede is being conservative in attendance estimates for 2009, but believes they are attainable. Spruce Meadows has experienced mixed results for the period January through April, with the decreases for some events being offset by an equal number of increases in other events. The 2009 spring and summer season should attract more competitors, as it is a non-Olympic year. This is particularly true for international competitors. Indications are that hotels servicing Spruce Meadows are experiencing strong bookings to date for the summer season.

Southern Alberta

Year-round southern Alberta attractions have for the most part enjoyed a strong winter season experiencing attendance increases of 5% to 15%. Two major attractions located in Drumheller enjoyed an excellent Easter and year-to-date attendance is up. Historic sites in southern Alberta have also enjoyed attendance increases compared to 2008. Attractions in Banff did not enjoy the same positive results and report similar or slightly decreased attendance compared to 2008.

Smaller, more seasonal and less well known attractions are also developing a vast variety of programs and events to attract visitors. Some are expecting a substantial increase compared to 2008 and others are extending their hours in expectation of a busy summer season. Most of the projected increases are from local and regional markets.

To combat the economic slowdown, most respondents are maintaining their marketing budgets, but redirecting expenditures to local and regional tourism markets. To maximize return on investment, operators are taking full advantage of the programs offered by Travel Alberta and partnering with them in their promotional efforts, where possible.

Respondents are looking ahead to the summer season with some optimism. Respondents expect vacationers to stay closer to home this year and as a result, there will be a considerable increase in local and regional traffic. Operators further believe that vacationers will be more apt to extend their stays in any one location and will take advantage of attractions and events within the area. One respondent noted that southern Alberta operators have received very strong interest from visitors to central and northern Alberta trade and RV shows, lending credence to the expectation that more Albertans are planning to vacation within the province.

The global economic downturn is the largest single factor negatively affecting prospects for the summer season. Not only does it influence the traveller and how much they are prepared or able to spend, but also corporations that contribute sponsorship dollars to events and exhibits. That funding source is often the first corporate expense category to be curtailed and will have a significant adverse effect on small, local and volunteer-run attractions and events.

Adventure Vacations

Uncertainty best describes the outlook of adventure vacation operators as they approach the summer season. They are entering their busy season with booking levels below 2008 and that is a concern in the current economy. Following the trend in the rest of the hospitality industry, the booking window has shortened as vacationers are hesitant to make long-term vacation commitments. Much of their traffic is day traffic that is dependent on numerous factors, not the least of which is weather. Good weather generally translates into good business.

Respondents believe that summer visitor numbers will be similar to or slightly below last year. Regional individual and small group visitors will continue to be the mainstay of operators in 2009. There has been a decline in corporate summer bookings and businesses catering to out-of- country guests report that U.S. and overseas enquiries are significantly below those of last year. While most operators feel it prudent to maintain last year's pricing, several have implemented small increases for the season.

Summer 2009 for most Adventure Vacation operators is best described as "wait and see."

Appendix A

Interview Questions

PRE-SUMMER 2009 ALBERTA TOURISM OPERATOR SURVEY INTERVIEW QUESTIONS

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 giving a percent change for May and June and then the summer months of July and August).**
- 3. Do you believe the current global financial crisis and the recession in Canada and the United States will have any impact on your business this year? If yes, in percentage terms, how much of an impact do you think these economic conditions will have on your business this summer? Do you have any plans in place to counteract the anticipated decline in business this summer?**
- 4. Do any markets look more promising (or worse) than usual? Specifically, do you predict an increase in demand from any visitor origin during the next four months? What are the prospects for the number of American visitors this summer?**
- 5. What single issue do you believe will have the most impact on your business prospects for the coming summer?**
- 6. Any additional comments?**