Pre-Summer 2010 Alberta Tourism Operator Survey

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Provincial Overview

In April 2010, representatives of 116 tourist related businesses in 48 Alberta communities, eastern Canada and the United States responded to the Pre-Summer 2010 Alberta Tourism Operator Survey. This report reflects their comments.

The winter and early spring of 2010 was a disappointment for some operators, however it wasn't unexpected. Some operators see a bright ray of hope that the industry's bad times are nearing an end and they are entering the summer season with optimism.

With slow recovery in the resource industry, hotels catering to crew business experienced low occupancy and price discounting in the winter and spring months which are expected to continue throughout the summer. However, corporate demand is slowly recovering and tour companies are experiencing a noticeable rebound from the dismal 2009 travel year. Alberta's campground, RV park, attraction and event operators are gearing up for another busy summer.

Respondents summarized 2010 year-to-date results and the upcoming summer tourism season as follows:

- Hotels in Banff National Park reported first quarter results similar to 2009. The anticipated spin-off of skiers trying to avoid the Vancouver 2010 Olympic Winter Games did not materialize. The summer season is expected to be stronger than last year, with regional leisure visitors leading the way. Early season evidence of a rebound in the tour market is encouraging.

- The winter ski season in Jasper National Park did not meet operator expectations. Although the ski hills reported a busy season and good snow conditions, this did not equate to increased room demand. As in Banff, the lack of Vancouver 2010 Olympic Winter Games spin-off was a disappointment. Jasper is showing some positive signs of a busier summer than last year, with an increase in early season bookings and a noticeable increase in individual leisure tour business demand.

- Waterton Lakes National Park reported poor snow conditions, which resulted in winter occupancy that was similar to 2009. Summer prospects are encouraging with a growing regional market and an increase in U.S. visitors expected.

- Hotels in the Banff Park Corridor, for the most part, had a slow first quarter of 2010 as operating results were similar to 2009. Hotel operators are cautiously optimistic as they expect a modest upward trend resulting from a rebounding economy.

- With the exception of Edson, Jasper Park Corridor operators experienced a slow winter season as improvements in oil-related activity was spotty. With the expectation of some pick-up in the oil patch and a rebound in tourism, operators enter the summer season on a note of optimism.

- Calgary hotel operators first quarter results were similar to 2009, which was attributed to the slower than anticipated recovery of the economy. Led by modest growth in the corporate market, there is general optimism that business will continue to improve as the economy gains momentum into the summer.

- Edmonton operators report that the first quarter of 2010 was a continuation of a poor fourth quarter of 2009, and year-to-date results are similar to last year. There are expectations of a better summer season led by stronger corporate demand.

- For many Northern Alberta hotels, the difficulties of 2009 extended into the first quarter of 2010. Occupancy levels of 50% or less were not uncommon, and accompanied by aggressive price discounting in several communities. For crew-based hotels, another slow summer is expected. Tourist related activities highlighted by the 2010 Alberta Summer Games in the Peace Region should ensure a busy tourist season for the region.

- Southern and Central Alberta operators serving corporate and leisure travel visitors had a winter and early spring season similar to last year, however that was expected. The positive aspect is that room rates held steady or were slightly above last year. Hotels catering to crew business experienced an average decline of 10%. Operators enter the summer season with uncertainty but optimism.

- Campground and RV park operators are looking forward to a busy summer season. Seasonal sites are in heavy demand leaving fewer spots for drop-in visitors. Year-round RV parks reported a busier winter and early spring than in 2009.

- Operators reported that the winter Attractions and Events were well attended, which creates some optimism about the upcoming summer season. It is felt that the strong local and regional market will lead the way.

- Adventure Vacation operators project a summer season similar to 2009, which was not a banner year. Primarily serving the regional market, operators are reporting a slight increase in corporate demand and a slow down in group tours.

Other common observations from the survey respondents were:

- The economy is no longer the burning issue of prior years as operators look optimistically to an economic rebound.

- The strong Canadian dollar and its potential negative effect on the international market is the leading concern of many operators. This comes at a time when Alberta operators, in order to become more price competitive, chose to hold their rates and provide early group discounts to attract out of country visitors.

- Hotel operators are finding that the negative impact of value-added services and special package pricing has become a major issue of concern on bottom-line revenue. A related concern is the inability to maintain room rates in a number of regions.

- The Vancouver 2010 Olympic Winter Games did not generate the expected number of international visitors to the province, but operators anticipate the positive exposure provided will have a lasting long-term benefit.

- A rebound in the international tour market is anticipated after a difficult year in 2009.

Independent Travellers

Banff National Park

This year marks the 125th anniversary of Banff National Park and many activities are planned to mark the occasion. The heightened activities are expected to attract more visitors to the area.

Results for the period of January through April in Banff National Park are very reflective of the results throughout the rest of Alberta, in that there is no definitive trend from location to location. Some operators reported business as being flat compared to the previous year while others experienced either a modest increase or a slight decrease. The ski season commenced with prospects for a good season due to the early snow in November and December. Unfortunately, poor weather conditions in January and February had a negative impact on skiing and its related markets. As a result, the beginning of 2010 produced lower results than expected and operators described business as flat.

Coming into the ski season there was some optimism that Banff ski areas would benefit from the Vancouver 2010 Olympic Winter Games. It was hoped that skiers might stay away from the Vancouver 2010 Olympic Winter skiing venues and ski other areas in Alberta and British Columbia to avoid the crowds. Operators also thought that they might pick up shoulder business from skiers travelling to and from the Vancouver 2010 Olympic Winter Games. Unfortunately, there was little evidence that the Vancouver 2010 Olympic Winter Games had an immediate positive impact on business and some suggest it had an adverse effect on business. There was, however, consensus that the favourable publicity Western Canada received during the Vancouver 2010 Olympic Winter Games will heighten worldwide awareness of the area and produce long-term results.

During the winter months, Banff National Park draws a large number of regional visitors from Alberta, Saskatchewan and British Columbia. The number of European visitors often relates to the snow conditions in Europe, which happened to have had excellent ski conditions.

Operators are optimistic that May and June will produce improved results. They are encouraged by a rebound in the tour market and the leisure market is showing some sign of a comeback. Operators are hopeful that the same holds true for July and August. Due to the short booking window the whole industry is experiencing, many operators are hesitant to forecast too far into the future.

Respondents to the survey suggest that the marketing segments will remain as they have traditionally been. In 2009, marketing budgets for the most part were directed at the regional market and this will continue in 2010. Some operators reported that inquiries from the United States are up and they are hopeful this will translate into greater numbers of American tourists. Operators believe that the number of United Kingdom (U.K.) and German tourists will be consistent with 2009. Some operators suggested there was a slight increase in travellers from the U.K. because of the Vancouver 2010 Olympic Winter Games; however, not all operators validate this suggestion. Respondents advise that the Japanese market continues to be a struggle despite the introduction of direct flights into Calgary from Japan. The Australian market continues to improve. Looking to the future, operators report that China and India are looking like promising markets that will develop over the next few years.

Jasper National Park

The winter ski season in Jasper did not meet operator expectations. Although the snow conditions were excellent and there was an increase in winter ski hill traffic, many skiers were regional day visitors and that did not equate to hotel room demand. The expectation of an immediate positive spin-off from the Vancouver 2010 Olympic Winter Games did not materialize as good snow in Europe and the strengthening Canadian dollar encouraged Europeans to stay at home. However, operators are confident that the positive exposure provided by the Vancouver 2010 Olympic Winter Games will have long-term benefits for the Jasper ski market. Most hotel operators are reporting first quarter occupancy results in line with the same time period in 2009. Fewer skiers than expected coupled with decreased corporate demand saw many hotels struggling to meet budget. This was compounded in some instances by aggressive mid-week pricing as operators tried to fill rooms.

Operators are optimistic about the summer tourist season. The early season summer bookings are above 2009, led by the regional market and a noticeable increase in individual leisure tour business demand. U.S. visitors are expected in a similar or slightly increased manner and European visitors are anticipated to be at the same level as 2009. Several hotels report an increase in Japanese and Australian bookings. Corporate demand remains a question mark to hotel operators with some reporting a positive increase and others reporting a smaller corporate market. Although hotel room rates are firming up, hotels report a lot of rate negotiation occurring at the front desk and a last-minute rate strategy being determined by the occupancy.

Exchange rates are the biggest concern expressed by Jasper operators and will play an important role in determining the competitive position in the international marketplace. Although hotels and western Canada’s group tour pricing is now competitive internationally, the question is whether or not this will be enough to attract visitors. In any case, the hope for 2010 is high and several respondents expect 2011 to be the “bounce back” year.

Banff Park Corridor

Operators in the Banff Park Corridor reported mixed results for the fourth quarter of 2009 and the first quarter of 2010. For some, occupancy increases were in the 4% to 6% range, while for those less fortunate results were down on average 6% to 7%. January occupancy was down for most respondents with some improvement experienced at many locations in February, March and April.

The consensus among respondents was that the Vancouver 2010 Winter Olympics did not provide a boost to business and may have had an adverse effect. However, some operators did benefit from the 2010 FIS World Cup Cross-Country event at the Canmore Nordic Centre. The Vancouver 2010 Olympic Winter Games did heighten interest in the event and brought more spectators to the area. Offsetting the increased number of spectators was the fact that the cross-country ski teams shortened their stay in the area to move on to Whistler to train for the Vancouver 2010 Olympic Winter Games. Contributing to a decline in the traditional European ski market was the poor snow conditions, especially when compared to excellent snow conditions in Europe. The poor European economy also contributed to the decline in European visitors.

As operators look forward to the spring and summer months, they are cautiously optimistic and expecting a modest upward trend as the economy improves. However, all operators note booking windows are the shortest they have ever been and it is difficult to predict prospects for the coming months. There is some concern that there may be some leakage of regional tourists to the United States because of the strength of the Canadian dollar. There is little concern that the strength of the dollar will impact U.S. travellers to Canada. It is reported by a number of operators that inquiries from the United States were up and that prospects for increased tourist traffic from the United States are positive.

Operators believe that the best opportunities remain with the regional markets of Alberta, Saskatchewan and British Columbia, and marketing programs are being directed at those areas. A pleasant note is the increased number of senior or retired travellers to the Banff Park Corridor. Another positive indicator is a strengthening corporate market, as bookings for meetings and conferences are increasing.

The deterioration of rate structures in 2009 is an issue of concern to most operators. Labour is no longer a concern for most respondents. Those locations employing foreign workers through the Temporary Foreign Worker Program are worried over the possible loss of workers as their term of employment ends. Many operators are assisting workers through the process of extending their stay.

Jasper Park Corridor

Many of the respondents along the Jasper Park Corridor are corporate and oil patch oriented markets. Tourism is of lesser importance to their sales performance. This is especially true through the winter months when there is a decline in the number of travellers. The exception is the number of skiers travelling to Jasper and Marmot Basin. Hinton operators experience a greater tourism component than communities that are closer Edmonton. That is especially true in the summer months when many tourists find Hinton less costly than Jasper.

Contrary to other areas within the province, Edson reported generally good results for the first quarter of 2010 compared to 2009. There was increased activity in the oil sector and a number of crews returned to the area. One operator indicated that business activity within the community itself was up considerably. While there was improvement over the previous year, occupancy did not return to 2008 levels and there was a definite deterioration in room rates. Although the year started on a positive note, business fell off dramatically with the commencement of spring break-up.

Operators along the corridor have a positive outlook for the summer and believe that occupancy levels will improve along with the economy. Operators are anticipating that the number of people travelling in 2010 will substantially increase and tourism will be on a rebound. People who stayed home in 2009 will venture further as confidence in the economy grows. Edson area operators look forward to a major infusion of business during their annual slow pitch tournament. The number of U.S. and European tourists is minor and little change in this market is anticipated. Some suggested that as the U.S. economy improves there should be an increase in traffic to Alaska from the lower forty-eight states.

While occupancy levels are of concern to all operators, the major issue confronting them is the deterioration of margins. Lower rate structures combined with the loss of other profit centres are causing some stress. Revenue opportunities such as telephone systems and food services are reduced by the need to offer value-added services such as free internet and free breakfasts. Over the past few years, there has also been a significant increase in room inventory along the corridor due to new hotels being built.

Calgary

Calgary's hotel industry reported mixed results for the winter months. Operators reported business performance ranging from worse to a slight improvement in comparison to the previous year. For hotels reporting declines, decreases were in the range of 4% to 5%. Those enjoying improved results experienced increases of 5% to 6%. Many operators now believe that although there are positive economic indicators, improvements are coming at a slower pace than originally anticipated.

When looking to the months of May through September there is a general optimism that business will improve as the economy gains momentum. May and June are expected to produce results similar or slightly better than 2009 and the months of July and August are expected to be noticeably stronger. The challenge through the summer months will be to offset business generated from special events held in Calgary during 2009, such as the WorldSkills competition and the Grey Cup. For many locations, the 2010 Global Petroleum Show and Conference could maintain the gains generated from last years events. It is also hoped that the Calgary Stampede will have improved attendance and result in greater occupancy levels.

Business for the downtown operators is largely corporate. Weekdays are strong and weekends are generally slower. There has been a modest growth in the corporate market and there is anticipation that this market will continue to improve as the economy moves forward. The companies that cut back on meetings and conferences are now finding a need to reinstitute them. The consensus among operators is that there will be some recovery in the American and overseas markets as their economies improve.

The issues impacting business vary from location to location. As opposed to 2009, fewer respondents point to the economy as the greatest issue impacting business. Those experiencing increases state that their product, combined with a strong and experienced sales team, are critical to their success. Concerns of previous years, such as the strength of the dollar and passport requirements, are almost non-existent. Room rates and the ability to hold or strengthen them is a constant concern in an extremely competitive marketplace. Labour is no longer a major issue as it has been the past. However, businesses that employed foreign workers through the Temporary Foreign Worker Program are concerned about losing valuable employees as the terms and duration of stay are now ending.

Edmonton

Edmonton operators suggest that business performance for January through April was generally a continuation of the poor performance experienced in the last quarter of 2009. At best, operators indicated that results were on pace or slightly above sales performance of the previous year. Those reporting to be on pace were quick to point out that 2009 was also marked by poor performance due to the recession. Other operators reported that business was off 3% to 15%. In most instances, both occupancy levels and average room rates declined. The consensus is that the Edmonton area was one of the last to experience the effects of the recession and now is one of the last to experience any recovery. A number of existing operators suggested that the high inventory of rooms and construction of new hotels in the greater Edmonton area have contributed to the slow recovery.

Businesses that rely on the Edmonton Oiler's franchise did not see the same level of business that they had in previous years. The 2009 Tim Hortons Roar of the Rings in mid-December did provide a spike to the hotels catering to the curling market.

Edmonton operators suggest that there are opportunities for improvement in May and June. The corporate market is showing some signs of recovery as corporate travel is increasing and more companies are finding it necessary to hold meetings. Operators are hesitant to speculate on an improvement in the leisure market. Weddings will continue to be a significant contributor to performance during the summer months.

It is anticipated that in July and August some improvement will be seen but the extent of that improvement is difficult to assess. Special summer events including Capital X, the Edmonton International Fringe Theatre Festival, and the Honda Indy Edmonton are expected to do well and should contribute to improved occupancy levels. Smaller events such as the Alberta Gift Show continue to bring people to the city and their success and contribution to the hotel hospitality industry is dependant on economic conditions.

While the corporate market shows some signs of improvement, some operators believe that the government sector still has to strengthen if they are to regain lost ground. This market remains stagnant as government show fiscal restraint. Operators in west Edmonton attract a larger tourist component, particularly regional travellers, attracted to West Edmonton Mall. These outlets suggest that as the economy improves and discretionary spending increases, business prospects will pick up.

Issues affecting performance are many and varied. It should be noted that all operators recognize the importance of the economy, but state that it is a given fact and they now look to other issues influencing to their success or failure. Strong sales efforts, value-added services, and hospitality (food and beverage) services are critical to overall performance and results. Several operators indicated that customer reviews on travel and hotel websites are playing an increased role in attracting or losing clients and are now thought to surpass the importance of advertising.

Northern Alberta

For many Northern Alberta hotels, the difficulties of 2009 extended into the spring of 2010 as hotels catering to crew and corporate clients continue to experience high vacancy rates. With few exceptions, most operators described the winter and early spring season as slow to dismal. For those more optimistic, the comments ranged from "steady but far below the good years" to "not as bad as expected." Occupancy levels as low as 27% were reported, while occupancy levels of 50% or less were not uncommon for many hotels. Hotels that cater to the corporate market fared a bit better, with one reporting year-over-year occupancy growth of 10% to 15%, but certainly not near the levels prior to 2009. On a positive note, many operators expected a slow year and budgeted accordingly. Several locations within Northern Alberta report aggressive rate competition contributed to a difficult start to the year. This is attributed to low demand, an excessive surplus of room inventory and aggressive rate shopping by consumers. For larger hotels, low occupancy also contributed to reduced restaurant and banquet revenue.

Operators dependent upon crew business anticipate a slow and uncertain summer season. Hotels catering to tourists project summer occupancy levels similar to 2009. Summer visitors are primarily regional in nature and the key is to provide information on local attractions and events. In that regard, Travel Alberta marketing initiatives received kudos from several respondents as they look to diversify summer activity from crew occupancy to tourists. The 2010 Alberta Summer Games will bring additional summer traffic to the Peace Region and the increasingly popular Oil Sand Discover Centre ensures summer travel to Fort McMurray. Operators are expecting that there might not be as many Americans heading to Alaska as in prior years. Local construction projects will contribute to some room demand in several regions.

With a surplus of room inventory in many northern areas, booking windows have become virtually non-existent and walk-in travellers are aggressively price shopping. Of interest, most operators stress the increasing importance of brand identity, location and such value- added services as free breakfasts, gift cards and promotions. One operator, to the contrary, stated that incentive packages had little effect and that pricing was the key. Increasing occupancy is coming at significant cost to bottom-line revenue.

Although staffing has been a concern in previous years, it is no longer considered a major issue. Most hotels are well staffed with qualified people, although attracting and retaining good housekeeping staff can be a challenge. The Temporary Foreign Worker Program continues to receive positive reviews and many hotels have become dependent upon that program for experienced employees.

Southern and Central Alberta

Southern and Central Alberta operators less dependent upon resource industry activity have not experienced the same occupancy and revenue hardship as their northern Alberta counterparts. In the major markets, occupancy levels are described as similar or slightly below 2009 and room rates are generally consistent with or reflected a small increase from the previous year. Hotels dependent upon crew-based business suffered through higher vacancy and lower average room rates in the first quarter of 2010. Occupancy declines in the 10% range were not uncommon. Overall, it was not a busy winter and early spring season, however, it did meet expectations.

The larger hotels are uncertain about the summer but are also somewhat optimistic. Although booking windows remain short, hotels expect similar or slightly improved occupancy levels compared to 2009. Most hotels have rate structures matching those of last year. Group bookings are not being cancelled as often as in the previous year, which is a positive sign. One operator did stress the importance of having a website with an online reservation system as they have seen a steadily increasing number of online bookings to their hotel.

Fewer American visitors are expected again this year and regional travellers will comprise the majority of room nights. Albertans travelling within the province and visitors from eastern B.C. and western Saskatchewan are the targeted markets for southern Alberta operators. These markets are projected to visit in similar numbers as 2009. Several respondents mentioned small increases in both U.S. and senior group bookings. Military bookings for summer exercises at CFB Suffield will again contribute to room demand for Medicine Hat hotels.

Campgrounds and RV Parks

Campgrounds and RV parks are once again looking toward an active summer season. A southern Alberta operator reported that their winter sites were full and several temporary sites were opened to meet increased demand. For those operators now open, the first quarter of 2010 has been mixed with some operators experiencing an increase in "snowbird" demand, while others are noticing fewer travellers on the road. With the ongoing slow down in the resource and construction industries, demand for crew-based sites are similar or down slightly from 2009.

With most campgrounds and RV parks opening in early May, operators are again expecting a very busy summer. The Alberta regional traveller will again represent the principal source of business. Heavy demand for seasonal sites continues and many operators report increased bookings and fewer cancellations compared to the corresponding period of 2009. One large venue is again accepting seasonal bookings only and they are reaching capacity. With seasonal bookings growing in popularity, there will be fewer spots available for casual campers. Most operators now report long weekend sites are already fully booked. As always, smaller operators are dependent on good weather for their summer success.

Operators are basing their optimistic expectations on strong regional visitor demand. Some operators have developed comprehensive visitor databases supplemented by information newsletters to encourage repeat business. Campground affiliation also represents an important marketing tool in soliciting repeat business. It is anticipated that travellers from Saskatchewan and B.C. will be Alberta's strongest out-of-province markets and the expectation is that they will arrive in numbers similar to 2009. With the exception of one respondent, operators expect American visitor numbers will be on par or slightly below last year. Most sites have not increased their rates this year, and several have implemented small rate reductions this summer.

Operators continue to hire locally and most expect no problem with staffing in 2010. However, several do advise that it has been more difficult to attract good people than it was last year.

Group Tours

After a very difficult year in 2009, group tour operators have a positive outlook entering the 2010 summer season. Operators described the winter group tour season as "ok" as the non-ski market showed recovery from 2009. Although the Vancouver 2010 Olympic Winter Games did not bring the expected number of international skiers to the province, the positive exposure is expected to have a long-term benefit. Excellent skiing conditions in Europe also encouraged European skiers to stay home this year.

Operators anticipate an increase in international travellers this summer. Although traditional group tour visits are expected to remain stagnant and flat compared to 2009, a nice recovery of 10% to 15% in individual leisure tour visitor traffic is expected. Bookings indicate a strong recovery of the U.K. market after a two-year decline, and modest growth in the stable German visitor market. The American tour market, especially individual leisure tour travel to Canada, is projected to increase by 25% and Alberta should benefit in this expected growth. The positive aspect is that Canadian tours are already 85% booked and fewer cancellations are being made than in 2009.

Although Alberta is price point competitive, long-haul east coast American travellers are looking to Europe in 2010. The rise in demand for European riverboat travel and the once in a decade Oberammergau Passion Play in Bavaria have proven stiff competition to the Alberta experience.

After comments from group tour operators in past years about Alberta being high priced and non-competitive in the international tourist market, group tour operators are pleased that operators have responded well by holding rates and providing early group discounts to attract out of country visitors. Additional kudos were provided to Travel Alberta for their efforts.

The most single pressing issue for tour group operators is the immediate and long-term impact of the strong Canadian currency.

Attractions and Events

Edmonton and Northern Alberta

The first and fourth quarters are generally a very quiet period marked by few major events and a limited number of attractions. The annual shows at Northlands, including the Home, RV and Gift shows, had results similar to 2009. The enhanced facilities at Northlands increased the number of events attracting a larger visitor market. While the market for these events is largely local they do attract regional traffic and out-of-town exhibitors that provide some increased business. The 2009 Tim Hortons Roar of the Rings was very successful and provided a spike in business particularly to those businesses close to the venue.

During the winter months, the number of attractions is limited to the major, year-round facilities, some of which operate on limited hours. For the most part, city attractions held their own and had similar results to the previous year. The Muttart Conservatory was closed in 2009 and, while there is no basis for comparative results it enjoyed a good first quarter.

All operators are optimistic for the spring and summer months. The regional market is key and in 2009 regional attractions benefited from more people staying closer to home because of the economy. Operators believe that the exposure received in 2009 will benefit them this year. New exhibits, improved facilities and an improving economy are major factors in their optimism. In particular, Northlands with its new space, expects an increase in the number of concerts and trade shows.

In addition to the year-round attractions, the seasonal operations are optimistic if the weather co-operates. While some are concerned by a slow start this spring, they are confident that attendance will increase as they move into the summer months. A number of the respondents indicated that they have added new, special events to attract people to their venues.

There are a multitude of seasonal events in the greater Edmonton area. The major events: Edmonton Capital X, the Edmonton Folk Music Festival, The Edmonton International Fringe Theatre Festival, and the Honda Indy Edmonton are forecasting positive results. Favourable weather is always a critical factor for outdoor attractions. Large regional attractions such as the Reynolds-Alberta Museum are also expecting busy summer seasons compared to 2009. As always, attraction and event operators plan to make good use of cross-promotion opportunities with other local attractions, hotels and government promotions.

Calgary

First quarter results for Calgary area events and attractions can best be characterized as soft to good. Canadian Olympic Park started the year on a strong note due to an early cold snap allowing them to elongate their season. Operations selling seasonal passes and memberships indicate they enjoyed increased sales of both, resulting in greater attendance throughout the period. Heritage Park is performing well and benefiting from a major investment and expansion.

All respondents to the survey expect good results in May and June, and believe that July and August will also be strong. One respondent operating a campground in conjunction with its attraction reports that campground reservations are strong and completely sold out for the period of the Calgary Stampede. They reported that pass sales are up and that the summer should be great. Another respondent indicates that increased tour bookings with some of its summer programs now fully booked. They are taking twenty to thirty bookings a day on the remainder of the programs.

The traditional visitor market is largely regional in nature drawing from Alberta, Saskatchewan and British Columbia with the largest portion of the market coming from within two hundred kilometres. Operators stated that there are indications that tour business will be improving into the summer. The Calgary Stampede and Spruce Meadows have an international field of participants and help to draw international spectators.

The one issue that is common to all operations and has a great impact on results is the weather. Few respondents mentioned the economy as a critical issue as there is consensus that the economy is improving. The labour situation is good and all operators are able to operate at full capacity. The strength of the Canadian dollar is not seen as a significant factor influencing the average tourist.

Other issues impacting attraction and event operators are the ability to maintain facilities and to introduce new features and programs.

Southern Alberta

Southern Alberta's year-round attraction and event operators reported an active winter season. With the exception of one location, all attractions reported increases in attendance over the previous year. More early season visitor traffic has also been evident, perhaps a result of the good spring weather. All in all, a positive start to the summer season.

Operators look forward to a busy summer with the expectation that Albertans will once again vacation closer to home. Most respondents forecast that both attendance and revenue will exceed 2009 levels, with several operators anticipating 25% - 30% attendance increases. Rates at most attractions will be similar to 2009. New programs and exhibits with focus on interactive displays, and interpretive staff are planned to be added at several attractions.

May and June look very positive and it is expected the trend will continue through the remainder of the summer. Southern Alberta operators believe that the trend of Albertans exploring Alberta, which was evident in 2009, will continue into 2010. The prevailing marketing thrust is toward regional and family visitors. The publicity surrounding events in southern Alberta is critically important as some locations are dealing with substantial cuts to operating expenses, especially advertising and promotional budgets. To maximize advertising dollars many operators are running joint advertising campaigns with other local attractions and municipalities. Most are taking advantage of collaborative opportunities with Travel Alberta. One respondent noted that the growth of Calgary and the number of new residents from other locations has people exploring their new environment. Several attractions reported excellent response at trade shows this winter and, although attending these trade shows are expensive, new markets have developed. One operator reports a noticeable increase in northern Alberta bookings directly attributed to trade show contacts; other operators believe the Travel Alberta "Stay" campaign is proving to be successful and contributing to the overall increase in business.

A number of operators are confident that the U.S. market is returning as more Americans are popping in from Montana (Glacier National Park) for a few days in the area. Others report that travel to Alaska is on the upswing. While the dollar is not an issue to these U.S. travellers, they are concerned about higher gas and accommodation prices.

Many of the smaller events and attractions are dependent upon volunteer participation and volunteer numbers are strong. For those larger events, the tight job market has ensured an abundance of available skilled workers so the labour situation should not represent a problem in 2010.

There are some concerns that the strength of the dollar will create the leakage of some Canadian tourists to the United States. Others believe that this traffic can be tapped and contribute to their performance.

PRE-SUMMER 2010 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 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? What are the prospects for the number of American visitors this summer? What are the prospects for the number overseas visitors this summer?**

4. **What single issue do you believe will have the most impact on your business prospects for the coming summer?**

5. **Any additional comments?**

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