

## BCAC 2005 Conference Presentations

### NOTES:

Speakers' presentations are included in the order in which they appeared in the program. Not all speakers used presentation materials, and some speakers used materials such as Flash, which cannot be reproduced in this format.

In order to reduce file sizes and download times some presentations have been edited to remove large graphic elements. No text, graphs or other data has been removed.

### ===WEDNESDAY, OCTOBER 19, 2005===

1300-1730: Registration Opens

1400-1600: AIM BC Workshop – Empress 'B' Room

#### ***Tourism and BC's regional airports***

Moderator: Allan Baydala, Chair, Airline Industry Monitoring Consortium of BC (AIM BC)

Panel Members: Peter Harrison, Director Industry Development, Tourism BC; Rob Beynon, Director of Airport Marketing, InterVISTAS Consulting, Christopher Nicolson, President, Tourism Sun Peaks, Kathy Penner, Marketing and Customer Service Manager, Comox Valley Airport Commission. Interactive Workshop

Facilitator: Rob Beynon, InterVISTAS Consulting

1500-1600: BCAC Board Meeting – Montebello Room

16:30-1730: Airports Committee – Empress 'B' Room

18:30-2000: Ice Breaker Reception at Monk's Grill (no host)

### ===THURSDAY, OCTOBER 20, 2005===

0730: Registration Opens; Continental Breakfast

0900: Welcome to Delegates, Ken McNicol, Conference Chair; Opening

Remarks, George Miller, BCAC Chair

0915-0945: Keynote: Bill Lamberton,  
President, Leading Edge Strategies

***Aviation consultant and founding member of the WestJet team.***

1000-1130: Plenary Session 1

#### ***Growth of new and traditional aviation tourism markets***

Moderator: Paul Clark, Director, Strategic Services, InterVISTAS Consulting Inc.

Panel Members: Gary Collins, President & CEO, Harmony Airways, Philippe Lacamp, VP Canada, Cathay Pacific Airways; Andrew Clark, VP Sales, Canadian Tourism Commission

1130-1140: Jeff Morris, AngelFlight update

1200: Lunch

1245: Salim Jiwa, Investigative Reporter, The Province

#### ***The Air India verdict and the implications for aviation***

1400-1530: Plenary Session 2

#### ***Business strategies for community and regional airports and their tourism partners***

Moderator: Rick Lemon, VP Visitor Services, Tourism BC

Panel Members: Fred Legace, Managing Director, Kamloops Airport Svcs.; - Laird Munro, Director, International Airports, WestJet; - Stieg Hoeg, Airport GM, Prince George Airport Authority; - Joseph Sparling, President & CEO, Air North Airlines

1800: Chairman's Reception

1900: Silver Wing Awards Banquet & Bursary Presentations (Black Tie/Business Suit)

**===FRIDAY, OCTOBER 21, 2005===**

0800: Information Desk Opens

0830: Bush Pilot's Breakfast:

John Lovelace, Host, Wings Over Canada

1015-1145: Plenary Session 3

***The relationship between Aviation and the Rail and Cruise Ship industries.***

Moderator: Rick Antonson, President & CEO, Tourism BC

Panel Members: James Terry, COO, Rocky Mountaineer Vacations; John Hansen, President, NorthWest Cruise Ship Association; Tom Ruth, President, Canadian North Airlines

1200: Lunch. Andrew Huige, President and CEO, BCAC. *Revitalization and the next steps.*

1300: Closing Remarks, George Miller, BCAC Chair

## Asia Pacific Partnership

### Joint Benefits of the CHINA – CANADA Bilateral

## OPPORTUNITIES FOR PARTNERSHIP

- The new bilateral and the Approved Destination Status agreements approved by President Hu Jintao and Prime Minister Paul Martin create numerous opportunities for partnership in the aviation industry
- We at Harmony Airways are uniquely positioned to be a supportive partner to a variety of air carriers from China
- We are also building relationships with a number of Asian carriers from other countries

## Harmony Airways

- Dr. David Ting Kwok Ho started Harmony Airways three years ago with a plan to become Canada's Asia Pacific Airline
- Our leadership team includes individuals with extensive experience in international business, the aviation industry, as well as Government
- Our company includes a diversity of cultural understanding and strength
- We can make a major contribution to Canada and British Columbia's Pacific gateway initiative.

## Harmony Airways

- We are a company offering a growing number of connections to a variety of major centers in North America
- We are actively seeking appropriate partners to help build passenger feeds in Canada and the United States
- As other carriers terminate partnerships we seek them out
- This North American Network will help to grow business and tourist travel Across the Pacific and throughout China and North America

## Harmony Airways

- In 2006 we will also begin carrying passengers from North America across to Asia and will feed those passengers to our partner airlines in China
- We have applied for frequencies to begin flying to both Beijing and Shanghai in 2006/2007
- We are also in discussions with both Boeing and Airbus as well as the major leasing companies to secure both interim and next generation wide bodied aircraft to serve this market

## Harmony Airways

- We currently offer daily service between Vancouver and Toronto
- We also have scheduled services from Vancouver, Calgary, and other departure points to Hawaii as well as from Vancouver to Las Vegas and Vancouver to Palm Springs
- We will very soon be expanding our interline connecting flights to other major destinations across North America

## Harmony Airways

- The destinations most often requested by our interline partners are the following:

Calgary  
Montreal  
New York  
San Francisco  
Chicago  
Los Angeles  
as well as others

## Harmony Airways

*Our service culture makes us unique*

- While other North American carriers have reduced the quality and range of service we are increasing it
- We offer Y class seating with 31 inch pitch, choice of hot meals, free movies, and free wine
- Our level of service is especially welcome on the longer segments across Canada
- We have Mandarin and Cantonese speaking Flight Attendants
- Our call centre offers service in Mandarin
- We can provide a more welcoming culture than any other carrier serving within North America

## Harmony Airways

### Harmonyone Business Class

- We offer a quality front end service unknown in the North American market place

- 52 inch pitch
- Leather Seats
- Gourmet multi-course and culturally diverse meals
- Personal entertainment device
- Premium wines

We can take care of the Business Class passengers of our partner airlines



## Harmony Airways

- As we begin to serve the market to China we will need to work with our partners in China to deliver North American business and tourist travelers to multiple destinations in China
- The new trade links between Canada's resource and technology centers and specific destinations in China will require the extensive feeder networks within China offered by our partners

## Harmony Airways

- While "Approved Destination Status" will provide exponential growth in the number of tourists from China we also expect to see significant growth in North American tourists traveling to China
- China has thousands of years of culture and history
- Canadians are very excited about the new opportunities to explore all that this great civilization has to offer

## Companion Holidays

- Harmony Airways has a subsidiary company "Harmony Vacations" which will offer tours to China as well as tour operation services within Canada for our partner Airlines from Asia
- Harmony Airways is a company that reflects the cultural diversity of Canada and is able to readily do business in China comfortably
- We also understand the cultural wishes and preferences of our guests from China and can best bridge the link between our two cultures

## Harmony Airways

- As we build our North American network our partners will prosper from our Business Bridge within North America
- Our partners in China benefit from a Culturally Similar service level and a respectful and understanding partnership
- Together we can provide our customers with comfortable seamless service across the Pacific Ocean and two great cultures



# Asia Pacific Aviation in BC

why the future looks up

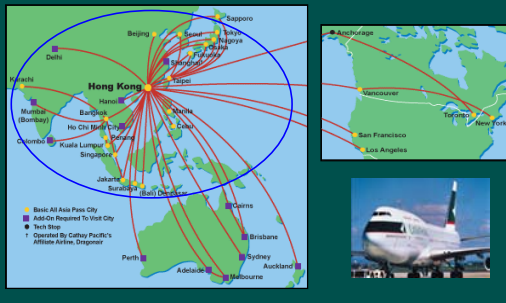


"Skate to where the puck is going,  
not to where it has been"

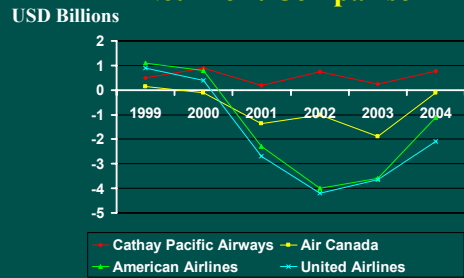
Wayne Gretzky



## The Demographic and CX Network Canada/Asia Fit



## Net Profit Comparison



## Experience

Background	Swire Group	Companies
Est. 1816		Shipping
Worldwide		Trading
120,000 staff		Property
13 Countries		Aviation (17)
483 Companies		Industries
Asia Pacific		Agriculture

## Snapshot of Cathay Pacific Airways

- Hong Kong based, serving 92 destinations
- Passengers Carried in 2004: 14 million
- Cargo Carried in 2004: 1 million tonnes
- Over 100 wide-body aircraft
- Canada:
  - 56 flights a week
  - Direct services to 27 countries
  - 500,000 passengers
  - 16000 tonnes of cargo
  - 500 employees

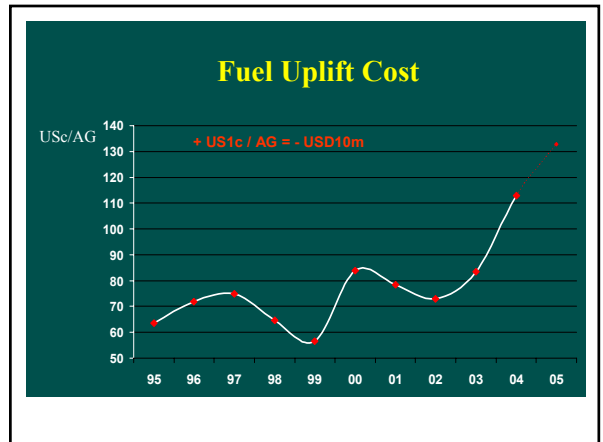




### Skytrax 2005 World Airline Awards

- World's largest airline survey
- JUNE 04-MAY 05
- 12.3 million eligible nominations
- 94 nationalities

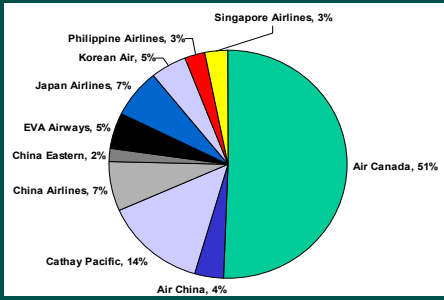
- Cathay Pacific Airways - Airline of the Year 2005**
  - Best Airline Asia
  - Best First Class
  - Best Airline Lounges, The Wing & The Pier at Hong Kong International Airport
- Hong Kong International Airport – World's Best Airport**





### Scheduled Seat Capacity to Canada from Asia

Source OAG/Conference Board of Canada OCT04-AUG05



### Asian LCC Forecast Perceived Wisdom

- LCCs have grown in Asia more than 50% in 12 months
- US: share is 23%
- Europe: share is 17%
- Current Asian market share <5%
- Total Asian traffic: 32% share of world traffic
- Current forecast: Asian airline travel to grow 6.3% per annum between 2005 and 2022.
- India self-forecast: 20% per annum 2005-2010

### Low Cost Carrier Growth

Southwest route network as of first quarter 1994



### Low Cost Carrier Growth

Current Southwest route network



### The Five Freedoms of the Air

Chicago Convention 1944

#### First Freedom



#### Second Freedom



#### Third Freedom



#### Fourth Freedom



#### Fifth Freedom



Logos include: Alaska Airlines, Delta Air Lines, Delta Air Lines, Delta Air Lines, Delta Air Lines, RBC Royal Bank, CATHAY PACIFIC, INTRAWEST, PETRO-CANADA, DELTA HOTELS, INTERCONTINENTAL HOTELS GROUP, HYATT, Hertz, PAN PACIFIC Hotels and Resorts, Marriott, AVIS, Alaska Airlines, BRITISH AIRWAYS, The Hilton Family, Radisson, American Airlines.

# B.C. Aviation Council

Whistler October 2005

## A Comprehensive Approach to Market Growth

- Strategy
- Research
- Potential
- Seasonality
- Challenges
- Risks
- Integration of product development
- Integrated marketing
- Partnerships
- Sustainability
- Existing markets-Japan
- Emerging markets-China

## Strategy

- What are the strategic goals of all of the partners?
- Where is there common ground?
- Current market economics.
- Distribution.
- Market ready product.
- Diversification from existing clientele to additional segments of the market.

## Research

- Economic indicators.
- Past performance & future potential for Canada and other destinations. What can we learn from other's experiences.
- Consumer demand.
- Correct target markets aligned with our expectations.
- Life cycle of markets.
- Trends analysis.
- Psychographics.

## Potential

- Demographics, who are the targets for all regions of the country for Canada?
- What product /price /promotion and distribution channel are suitable for each market?
- Emergence of FIT vs. Group travel has changed the way we market,distribute and the potential of many existing markets.
- Existing markets have potential beyond the returns of our current approach.
- What are the emerging markets/segments for continued growth in capacity and routes to grow our yield and offset initial costs of entry into the markets?

## Seasonality

- To become a 4 season destination is a common goal in our existing markets as well as an opportunity for positioning in new markets.
  - Peak season inventory availability.
  - Winter & shoulder season product.
  - As a result of reduced point to point air in the winter and shoulder we are challenged during a time when we all need business.
    - Competitive pricing.
    - Lengthy transfers.
    - Additional transportation costs.
  - Less appealing product to sell.
- If shoulder season is truly incremental business we should be more competitive.

## Challenges & Risk

- Competitive destination marketing.
- Coordination and allocation of inventory during peak demand.
- Cost of acquisition vs. immediacy of return on investment.
- Low cost model, margins and flexibility.
- Discounting to stimulate demand has long term implications.
- Diversification of market ready product to appeal to wider audience.
- Financial, who shares at what level on costs of equipment/inventory ,duration of financial commitment.
- Cost of marketing and sales presence.

## Integration of Product Development

All sectors of the tourism industry are needed to support the anticipated growth

- Airlines.
- Airport Authorities.
- Government.
- Distribution Networks.
- Wholesale/ Retail Agencies.
- Hotels.
- Attractions.
- Transportation.
- Destination Marketing Organizations.

The CTC play an important coordinating role and can facilitate cooperation.

## Partnerships

- Canadian Tourism Commission, Provincial & City DMOs, airport authorities, airlines, distribution networks.
- Pre selected partners with common goals to ensure viability.
- Commitment to market, both financial and in market activity.
- Early communication/lead time to allow for budgets and planning process.
- Destination infrastructure must be in place, available and market ready.

## Integrated Marketing & Sales

All partners can assist with resources to support:

- Media relations.
- Public relations.
- Traditional media campaigns.
- Promotions.
- E marketing.
- Non traditional partnerships.
- In market sales activities.
- Trade awareness /education.
- Measurement/ROI.

## Sustainability

- Long term commitment to the market.
- Financial realities dictate tenure in the market. It is difficult for a partners when we dip in and out of markets. We enter with fanfare and lots of commitments.
- Seasonality.
- Yield, long to mid haul clients who are "experience" rather than price driven.
- Our focus on Yield must equal value to the consumer and the partners.
- Taiwan, while still active is not considered viable by many operators. Did we take a long term approach to this market?

## Existing Markets

- While there is enthusiasm for emerging markets we need to maximize the potential of established markets by re evaluating their potential.
- To maximize existing markets and gain incremental revenues we need to diversify our approach both in target consumer and traditional methods of acquisition.
- Current decline from US primarily border short haul, good news for air industry many destinations in Canada are focusing their efforts on medium and long haul in existing markets where we have infrastructure sustained investment and brand equity.

## Existing Markets

- Longer haul tend to be less price resistant and longer length of stay thus higher yield.
- Air is the key, existing partners market specifically where there is direct air.
- Where operators have determined potential they are keen to partner to grow air capacity.

Constraints on around air capacity has a fundamental impact on the market potential/performance for all partners.

Japan.

## Japan

- Competitive air capacity is the number one stated constraint to growing tourism to Canada.
- Access for new and existing participants in the Japan to Canada market is constrained.
- Currently it is difficult for all existing participants in the Japan to Canada market to share the benefits, due the loss of historical partnerships through acquisitions, the existence of global alliances, and the evolution into a low cost carrier environment, (business model) in the domestic market.

## Japan

- At a government bilateral level, tourism would benefit from the deregulation of the market, in particular the setting of prices and the removal of capacity limitations.
- The lack of competition in the Japan to Canada market does not encourage existing participants to make the necessary investment in infrastructure and product, there by disadvantaging Canada against competing destinations.

## Japan

- At Narita airport, which serves the city of Tokyo, Canada due the bilateral air services situation has not been able to achieve additional landing and take off slots while other countries have, allowing more capacity to be operated to competing destinations, again disadvantaging Canada.
- With the extension of the second runway at Narita airport by 2009, this represents the last significant opportunity for Canada to gain additional landing and take off slots for its carriers.

## Emerging Markets

What is the potential?

- The US is our biggest market, over the last 40 years we have stayed relatively stagnant in visitation around 12 million.
- All other markets have shown growth this year.
- We are over reliant on one market.
- Development of new markets is critical to offset the volatility of existing markets for all partners.
- China.

## China

- Last year nearly 25 million Chinese tourists traveled abroad. By 2015 there may be more than 100 million!
- Reality... last year there were 100,000 travelers from China to Canada.
- China is rapidly becoming the number one source for international tourism and today Chinese tourists are the number one spending tourists in Asia, surpassing the Japanese for the first time.
- Currently 76 countries have ADS with 15 more anticipated this year, allowing for easier travel planning and visa requirements.

## China

- A great opportunity to build approach an emerging market together.

### Next steps:

- ADS, signing December? Operational May 2006?
- Canada House 2006 Shanghai, (opened CTC office in Beijing May 05).
- Trade education.
- Media/Public Relations.
- Market ready product.
- Infrastructure in Canada to support success.
- Controls in place to satisfy CNTA.

## China

### What is the true potential?

- Currently 100,000 pax.
- There have been many extreme forecasts for growth as high as 700,000 pax.
- Reality...awareness of Canadian product is extremely low.
- Reality of growth of the market is expected to be 20% year on year 2005/2006.
- 20/25% growth is reasonable for 2007/2008.

## China

### Current capacity from China to YVR

- AC daily BJS/YVR
- Air China 5/week BJS/YVR
- China Eastern 4/week

### Planned capacity increases – confirmed and anticipated

- China Southern - daily Guanzhou/BJS/YVR in 2006
- Harmony Air China- YVR 4/week
- China Eastern to increase to Daily SHA/YVR
- Air China - Daily BJS/YVR

Air Capacity will have a direct correlation to the growth to Canada from this market

## China

- BC has a lot of experience in handling Taiwanese group traffic - needs are similar- language avail in hotels/ Chinese food/Chinese speaking guides.
- Tourism BC to continue to hire Mandarin speakers- BC, with its large Mandarin speaking population well placed compared to other Provinces.
- In addition to ADS group traffic, the signing of the MOU will allow the promotion and advertising of Canada as a leisure destination.

## China

- additional opportunities for BC as the gateway BC can benefit from the increase in Meeting and Incentive Group travel, as well as business groups.
- What is the potential?
  - one Shanghai agent is currently organizing 14,000 to Australia and 8 000 to the UK.
  - each arrival could hold 200/250 and up. AC/CA/MU arriving around the same time with this type of traffic, could see 700/800 in same group going thru facility.
- opportunities also exist to attract more students into high school and universities.

## In Summary

- The increasing global marketplace, growth in existing and emerging markets coupled with increasing competition for these markets is forcing increased partnership and coordination at all levels.
- All tourism operators and government need to work closer together on the strategy, execution and implementation of routes and capacity.
- Sustainability is only possible if we meet the needs of all stakeholders through increased partnership.

**Without new routes to support market development and appropriate capacity to meet demand we will not succeed.**

# Tourism Business Strategies for Regional & Community Airports

Fred Legace – Managing Director  
Kamloops Airport

1

## Look at a Mountain – See a Smokestack

- The traditional view of economic driver industries is changing
- Tourism GDP second only to Forestry
- 1 in 14 BC jobs are in tourism industries
  - 4<sup>th</sup> highest employment sector
- Steady, non-cyclical employment

2

## University Degree in Adventure Tourism

- Thompson Rivers University
- Graduates are out there creating new destinations

3

## Aviation As a Needed Partner

- Air Service
  - Shorter holidays
  - Capacity and Connections
- Airports
  - Safety, Reliability and Capacity
  - Kamloops airport development
- Remove bottlenecks for Tourism Industry

4

## Embrace and Extend Community Efforts

- Local tourism promotion groups
  - A bit of money from many can build to a large fund
  - Resort operators, Hoteliers, Travel Agencies
  - Provincial & Municipal funded promotion agencies

5

## Leverage Support From Cooperating Businesses

- Newspaper supplements with editorial provided
- Radio contests
- Sharing of databases for mailings
- Innovative efforts can get 3:1 return on value

6

## Selling to an Existing Customer Is Easier Than Selling to a New One

- Extend your business visit by a day
  - Accommodation sector – day trips for something interesting
- Keep VFR visitors in the area
  - Residents seldom think like a tourist
  - Develop 1 – 5 day agendas to keep people in area
- Make sure events and attractions are promoted at travel centers

7

## Work on “Friendly”

- Everyone is an ambassador
  - Information
- Community Ambassadors
  - Volunteers
  - Training
  - Scripting
- “It’s not my job” doesn’t work at Regional Airports

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## The Chinese Wave

- Canada as an approved destination
  - 100 million outbound travelers by 2020
  - New wealth being created in China
- Do you know what the Chinese market needs?
  - Agenda
  - Comfort zone
  - Interpreters

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## Where Do We Go From Here

- BC has a world renowned tourism product
- There are bottlenecks and access issues
- There is ample room for people to participate – but do your homework
- Look for alliances

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Laird Munro  
Director, International Airports  
WestJet

### How WestJet Became What it is Today

- Began as Canada's first true Low-Cost Carrier
- Revolutionized Pricing Across the Industry
- Stimulated New Travel Traffic from the VFR Market
- Made Business Travel More Cost Effective
- Helped to Stimulated Economic Growth Across the Travel and Tourism Industry
- Provided a Customer Service Level Unmatched in the Industry
- Continue to Grow the Market, in a Rational Manner

### How WestJet Became What it is Today

- Have Adapted the Product to Meet Market Demand
- New, Quieter, More Efficient Longer Range Planes
- Longer Haul Routes
- Partnership with Air Transat Vacations
- Leather Seats
- Live Seatback Television by Bell ExpressVu
- Web Check-in
- Kiosk Self-Service Check-in

### How WestJet Became What it is Today

Along the way, we've become:

- One of Canada's Most Respected Corporations
- #1 in Customer Service (across all industries)
- Canada's Best Corporate Culture

### The Simple Truth as We See It

- Guests have returned – the yields have not
- Low fares stimulate traffic
- To have sustainable low fares, you must have low costs
- Airport Costs and Fees continue to rise
- Taxes, Fuel and Labour Costs continue to rise
- We Need Partnerships in order to Grow the Market
- AND OUR (COLLECTIVE) PROFITS

### What Airports, Airlines and the Entire Tourism Industry Can Do:

- Keep Costs Low
- Embrace Technology to Provide Service to Every Segment
- Kiosks, Web-Check-in and Remote Check-in are Key
- Availability of Information is an Expectation
- People generally are very price conscious about the base service
- They are, however, willing to pay for added conveniences and service



**What Airports, Airlines and the Entire  
Tourism Industry Can Do:**

- Engage in Strategic Partnerships to Share the Risk (and Reward) of new service
  - Joint Marketing Programs between Airports, Airlines, Services, Hotels and Attractions
  - Provincial and Federal Governments are also Partners in Economic Growth
  - Bundled Services (Flight, Car, Hotel and Attractions)
  - Shared Risk Partnerships

**What Airports, Airlines and the Entire  
Tourism Industry Can Do:**

- Continue to Focus on Customer Service
- Customer Service DOES NOT come from a Manual
- Customer Service comes as a Result of a Strong Corporate Culture
- Actions that are informed by that culture
- Employee Ownership combined with Empowerment
- Ownership does not have to be Shares or Cash

**We're All Part of the Same Business**

**Let's Work Together to Find Solutions**

**We Can All Benefit**

# Prince George Airport "Know your role" Business Strategies for Communities and Regional Airports



BCAC October 2005

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## Airport's role in Tourism Development

- Facilitate development of community / regional vision by working with community agencies such as Chambers of Commerce, Economic Development and Service clubs

- See the big picture – look through the fog – examine all aspects of regional concerns (demand, economy, transportation) as it relates to provincial and national strategies

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## Airport role continued

- Be the expert - Introduce aviation realities, understand trends, Tourism vs. Business vs. VFR travel
- Know your market – Shhhh...listen.
- Be the voice for the industry
- Strategic planning - identify SWOT
- Gap Analysis

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## Define Needs

Look at what you will need to accomplish or attain vision in terms of:

- Infrastructure and Air services (transportation, buildings, land, services, technology)
- Air services – who and what can you bring to the table
- How are you going to accomplish these tasks? (funding, timelines, outsourcing)

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## YXS Experience

- Facility constraints – Small outdated, terminal building, unable to meet current security and passenger demand
- Inadequate regional, transborder and international air services.
- Immature tourism product

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## YXS Experience



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## Road map for success: Air Service Development

- Build partnerships – Small and large airlines need your expertise on your market
- Leverage effort -(limited marketing dollars and personnel )
- Work with your airlines to build community alliances
- Have relevant information – use credible sources for market statistics
- Be prepared for incentives – Revenue Guarantees

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## Road map for success : Tourism Development

- Work with local tourism groups to build marketable product (know what sells!)
- Remove the blinders! Be multimodal
- Solicit Feedback (Travel agents, customer service surveys)
- Assist in regional branding
- Market Market Market

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the freedom to fly.



PRINCE GEORGE AIRPORT AUTHORITY  
The Northern BC Gateway

[www.pgairport.ca](http://www.pgairport.ca)

go somewhere.



your gateway to bc's heartlands.

Whether you plan on hiking in the Rockies, mountain biking in the Cariboo or fly fishing in our northern waters . . . we can get you there.

[www.pgairport.ca](http://www.pgairport.ca)



## YXS Initiatives

- Work with local and Regional Travel Agents groups (Travel Agents Council)
- Have partnerships with local tourism providers / stake holders – (258 Tourism's partners)
- Developed strong alliances within the transportation industry (road and rail) and campaign for a complete transportation system supporting the North and our partners initiatives
- Look outside the box – Examine new business concepts, trends –don't be afraid to leap. Eg. Greyhound Flight service

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## YXS Initiatives

- Have developed strong regional ties within our regions communities by quarterly visits, accepting and acting on feedback
- Have also developed strong tourism ties with Northern BC, Cariboo Chilcoltin, Tourism BC and Jasper Tourism agencies.
- Gotten involved.
- Have modeled on Success – Why reinvent the wheel?

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## Contact Information

→ For clarification or more information, please contact:

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James E. Terry  
 Executive Vice President &  
 Chief Operating Officer  
 Armstrong Hospitality Group Ltd.

Owners and operators of:  
 Two River Junction; North Coast Explorer; Gray Line West;  
 Rocky Mountaineer Vacations/ Rocky Mountaineer; Whistler  
 Mountaineer; Spectacular Canada

## Who We Are



Operator of World Renowned Tourist  
 Trains :



### Full Service Vacation Provider

- Including packages that may include the Rocky Mountaineer and the Whistler Mountaineer

and :

- Hotel
- Rental Cars
- Sightseeing
- Attractions
- Airfare
- Luggage handling
- Transfers
- Meal plans

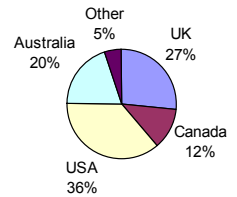
## Who We Are

- Year round vacation provider
- Over 70 vacation options
- Largest privately owned passenger rail service in North America
- Over 800,000 guests to date
- Over 800 employees in BC and Alberta
- 84,000 guests through YVR in 2005
- 84,000 guests through YYC in 2005

## Who is Our Guest

### Who is our Guest?

- 36% USA
- 27% UK
- 12% Canada
- 20% Australia
- 5% Other



### Profile:

- 55+
- Well Educated
- Mid to High Income
- Mostly Couples
- Experienced Travelers
- High Expectations

## New Routes for 2006: Whistler Mountaineer

- North Vancouver to Whistler
- 7 round trips a week, May to Oct.
- 36,000 guests in first year



## New Routes for 2006: Fraser Discovery Route



- Whistler to Jasper
- 3 trips a week
- May to October
- 5,500 guests in first year



### **Aviation and Rail**

- Travel trends - easy access
- Access can be defined as dependable consistent delivery of year round air services that meet market demand.
- Market demand may extend to good management of airport services, luggage handling, customs and security.

### **Aviation and Rail**

- The aviation hassle factor - fuel surcharges, security AIFs, passport issues.
- Over 75% of cruise pax disembarking at the Port of Vancouver included an air component as part of their cruise vacation - the number for rail tourism is 95%.

### **Aviation and Rail**

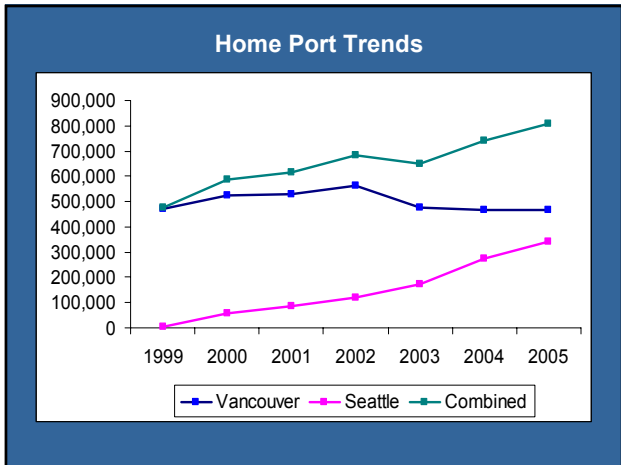
#### The Airport Itself

- Do people travel to a destination for their airport?  
No.
- Does an airport influence the travel experience for a guest? Yes.
- Ease of arrival/departure
- Access to services (e.g. tourist information)



**NORTH WEST CRUISESHIP ASSOCIATION**

**BC Aviation Council  
Conference  
October 21<sup>st</sup>, 2005**




## Holland America



**Alaska & Yukon  
Cruise Tours**

"Alaska and the Yukon offer so much to see and experience. There are wilderness national parks whose very names spark the imagination: Denali, Glacier Bay, Misty Fjords and Gates of the Arctic. There are historic towns like Sitka, Skagway, Ketchikan, Juneau and Seward. Legendary names such as Klondike, Yukon, Inside Passage and Arctic. And ancient landscapes called Tombstone and Kluane."

## Holland America



### Skagway, Alaska

"History never gets old in Skagway. This Klondike Gold Rush National Historical Park boasts restored buildings and wooden boardwalks that invite you to take a stroll into the past. Take your time and poke into every little store from the Trail Bench to Lynch & Kennedy's Dry Goods. The Red Onion Saloon, with its honky tonk piano and costumed barmaids, is a treasure trove of memorabilia featuring pictures of Klondike Kate, Peahull Annie and other vintage characters. To complete the picture of those rip-roaring days, visit the nostalgic Trail of '98 Museum."

## Royal Caribbean International

### 12-Night Whistler Cruisetour



**Ship Name:** Serenade Of The Seas  
**Departure Port:** Vancouver, British Columbia  
**Ports of Call:** Calgary, Alberta; Banff, Alberta; Kamloops, British Columbia; Vancouver, British Columbia; Inside Passage (Cruising); Hubbard Glacier (Cruising); Skagway, Alaska; Juneau, Alaska; Ketchikan, Alaska; Inside Passage (Cruising); Vancouver, British Columbia

"Depart Banff via the Rocky Mountaineer® traincar with RedLeaf Service® to Kamloops, the gateway to British Columbia's interior. As the train crosses over the Continental Divide you will pass through the Spiral Tunnels in Yoho National Park. Marvel at the stunning glaciers, numerous tunnels, and snow-capped mountains of Rogers Pass in Glacier National Park. Pass historic Craigellachie, where the "last spike" was driven completing the Canadian Pacific Railway in 1885."



## Prince Rupert, BC

### NORTH COAST EXPLORER

"A memorable Canadian rail excursion awaits you when your cruise ship docks at the historic port of Prince Rupert, the third deepest natural harbor in the world. To give you a taste of the history and spectacular wilderness of this rugged region, we invite you to enjoy this scenic trip on the North Coast Explorer. Travel by train following the Skeena River as you relax in your coach with comfortable seats and large viewing windows. Or experience the coastal views in the vintage open observation car. Knowledgeable staff are available to provide interpretive commentary while you enjoy complimentary snacks and beverages."



## VANCOUVER, BRITISH COLUMBIA

"Often thought of as Canada's most beautiful city, Vancouver is a thriving metropolis that's fortunate enough to be surrounded by so much natural beauty. With its numerous parks, beaches, gardens, museums, art galleries - even the second-largest Chinatown in North America - Vancouver is one of those rare places that actually lives up to its promise of offering something for everyone."

Celebrity Cruises **X** a true departure™

## Victoria, B.C.



"This is the "City of Gardens" where you can take a stroll through perfectly planned grounds of floral splendor. Double-decker buses, "high tea" and cricket fields are all part of the culture in Victoria. Spend an hour in the stately Empress Hotel or find a treasure on Antique Row."

"Discover Victoria's rich history, gardens and homes on a tour of British Columbia's provincial capital. See the last remnants of Fort Victoria in Olde Towne together with Bastion Square, famed home of the 'Hanging Judge.' Follow Antique Row before passing Craigdarroch Castle and the Lieutenant Governor's mansion."