



LONG-HAUL

CANADA, U.S. AND MEXICO MARKETS

The long-haul North American market is the largest tourism market outside Alberta. U.S. person trips declined to 957,000 in 2005 from 1,026,000 in 2004 and expenditures decreased by 18 per cent to \$624 million in 2005 from \$764 million in 2004. In 2004, Ontario accounted for 580,000 visits to Alberta, a 14 per cent increase over 2003, and \$358 million in expenditures, an increase of 46 per cent.

Visitation from the United States is down across Canada, including Alberta. Research by the Canadian Tourism Commission confirms that there is no single reason why Americans are not travelling to Canada at traditional levels.

The U.S. still has great long-term potential that cannot be ignored in times of downturn. America remains Alberta's largest international market. Due to increased competition from American states, South Africa, Australia and Europe, Alberta's marketing approach requires an even greater focus.

To halt and then reverse the downturn, we will target the U.S. market with specific niche offerings more strategically. Travel Alberta will develop one-to-one relationships with our customers through traditional and e-marketing strategies to clearly demonstrate the advantages of an Alberta vacation and to drive customers to Alberta industry websites.

A successful program to introduce Alberta to the relatively new market of New York and the eastern seaboard of the U.S. was designed to take advantage of new direct Air Canada service. With this groundwork laid, more such marketing initiatives will be explored and executed.

The strategy for this market also includes an increased presence in both Ontario and Quebec, beginning with new research to better understand these long-haul domestic markets.

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LEISURE

There is concern that U.S. travel to Canada is not rebounding as quickly as anticipated. The outlook for leisure travellers to Alberta is expected to strengthen through 2010. The popularity of online travel booking is especially strong and continues to grow in this market.

Travel Alberta will continue to expand and enhance online e-marketing initiatives and continue to expand travel media and public relations programming. The focus will be on vertical marketing of niche product segments that have been identified by market research. The secondary market of Quebec will also be a focus of more marketing activity. Ski and snowboarding co-operative marketing programs will continue and be enhanced further. A stronger focus on this niche market and gateway city partnerships will be cornerstones of Alberta's strategy.

Responding to industry initiatives and improved air access, successful public and media relations tactics were implemented in Mexico during 2005. Building on these early successes, which included a charter program out of this market to Edmonton in the summer of 2006, this secondary market will be aggressively pursued.

TOURISM VISITATION (THOUSANDS)¹

	2001	2002	2003	2004	2005 ²	(Estimate) 2006	(Target) 2007	(Target) 2008	(Target) 2009
CANADA	21,785	19,926	16,320	16,536	16,998	17,287	17,650	18,268	18,743
PRIMARY MARKET									
ONTARIO	651	503	509	580	626	658	684	718	747
UNITED STATES	1,010	1,073	962	1,026	957	945	940	950	970
PRIMARY MARKETS									
CALIFORNIA	113	112	97	97	85	84	99	100	103
TEXAS	51	58	62	48	43	42	50	51	52

¹ Canada visitation includes both same day and overnight person visits. U.S. visitation includes overnight person visits only.

² Visitation for Canada is estimated; visitation for the United States is actual.

TOURISM EXPENDITURES (\$ MILLIONS)

	2001	2002	2003	2004	2005 ¹	(Estimate) 2006	(Target) 2007	(Target) 2008	(Target) 2009
CANADA	3,913	4,081	3,090	3,480	3,706	3,891	4,099	4,345	4,573
PRIMARY MARKET									
ONTARIO	431	296	246	358	401	431	459	500	531
UNITED STATES	716	656	675	764	624	585	595	618	642
PRIMARY MARKETS									
CALIFORNIA	85	71	70	75	60	57	58	60	63
TEXAS	60	49	54	42	26	24	25	26	27

¹ Expenditures for Canada are estimated; expenditures for the United States are actual.

Note: For the period 2006 - 2009, it is assumed that the Travel Price Index (TPI) will increase 2.50% each year.

MARKET SHARE

	2001	2002	2003	2004	2005
ONTARIO	8.5%	6.5%	6.9%	7.7%	N/A
UNITED STATES	6.0%	6.1%	6.2%	6.2%	6.2%

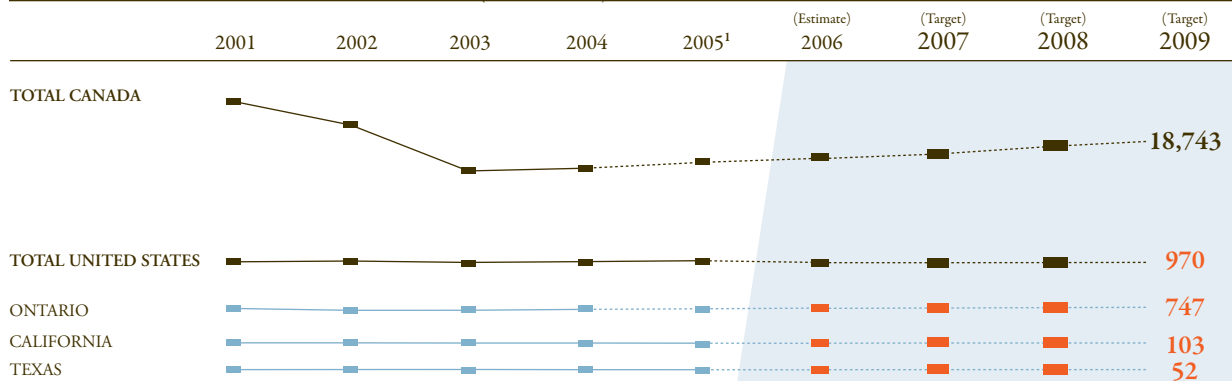
Note: Market share is the percentage of Canadian province visits by travellers from each market to Alberta.

MEETINGS, CONVENTIONS AND INCENTIVE TRAVEL

Improving economies and pent-up demand led to an upturn in business travel in 2005 that is expected to continue well into 2009. Results for 2005 exceeded targets due to increased Meetings, Conventions and Incentive Travel representation in the U.S. market.

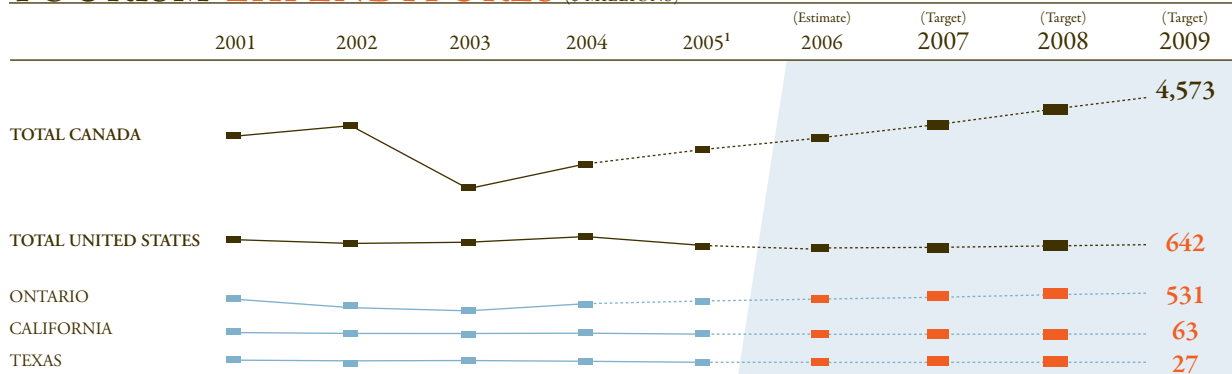
Travel Alberta added a new General Sales Agent in 2006, located in Ottawa, to augment the team of representatives located in Washington, D.C., Chicago and Los Angeles. This allows Alberta to be represented in Ontario and Quebec which are new primary meeting markets for Alberta.

TOURISM VISITATION (THOUSANDS)



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Note: Graphs are not drawn to scale.

TOURISM EXPENDITURES (\$ MILLIONS)



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