



REGIONAL MARKETS

The provinces of Alberta, British Columbia and Saskatchewan comprise the largest tourism markets for Alberta. Together in 2004, the three markets represented \$2.9 billion or 59 per cent of Alberta's total tourism expenditures. Albertans accounted for the largest portion of these tourism expenditures and generated \$2.3 billion in 2004. British Columbia accounted for \$373 million in expenditures while visitors from Saskatchewan spent \$231 million.

These regional markets continue to gain importance for Alberta's tourism industry given the tremendous economic growth occurring in Western Canada and the propensity of regional visitors to travel year-round and to all regions in the province.

Adding to this potential is the strong immigration to the region and the opportunity to capture tourism receipts from "new Albertans" and their visiting friends and relatives.

Capturing a greater share of 3-7 day holidays in addition to shorter getaways remains a priority on a forward-looking basis.

TOURISM VISITATION (THOUSANDS OF SAME DAY AND OVERNIGHT PERSON VISITS)

| | 2001 | 2002 | 2003 | 2004 | (Estimate) 2005 | (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 MARKETS | | | | | | | | | |
| ALBERTA | 18,045 | 16,515 | 13,234 | 13,317 | 13,650 | 13,855 | 14,132 | 14,627 | 14,993 |
| BRITISH COLUMBIA | 1,627 | 1,253 | 1,258 | 1,302 | 1,367 | 1,408 | 1,450 | 1,508 | 1,558 |
| SASKATCHEWAN | 1,088 | 1,228 | 953 | 913 | 940 | 959 | 978 | 1,013 | 1,038 |

TOURISM EXPENDITURES (\$ MILLIONS)

| | 2001 | 2002 | 2003 | 2004 | (Estimate) 2005 | (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 MARKETS | | | | | | | | | |
| ALBERTA ¹ | 2,651 | 2,889 | 2,089 | 2,326 | 2,477 | 2,601 | 2,744 | 2,909 | 3,054 |
| BRITISH COLUMBIA | 443 | 388 | 382 | 373 | 403 | 429 | 450 | 480 | 508 |
| SASKATCHEWAN | 222 | 253 | 214 | 231 | 244 | 255 | 266 | 285 | 298 |

¹ Expenditures include cost of transportation fares paid by Albertans to travel to other parts of Canada.
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 |
|------------------|-------|-------|-------|-------|
| BRITISH COLUMBIA | 66.9% | 59.7% | 62.8% | 59.0% |
| SASKATCHEWAN | 64.1% | 67.4% | 64.1% | 64.1% |

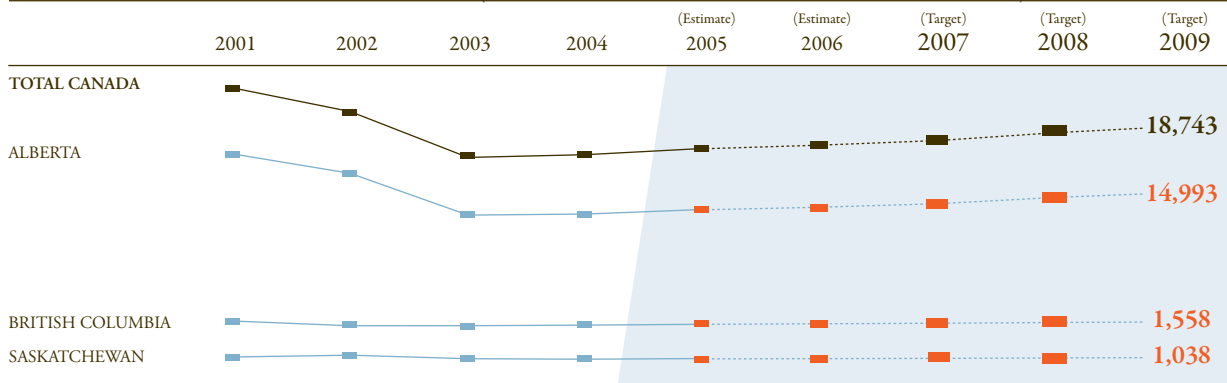
Note: Market share is the percentage of Canadian province visits by travellers from each market to Alberta.

Alberta, British Columbia and Saskatchewan together represented \$2.9 billion or 59 per cent of Alberta's total tourism revenue in 2004.

Alberta's growing economy creates a challenge to keep Albertans in Alberta in the face of ever increasing competition from other travel destinations. More Albertans are planning trips and can now well afford to travel outside of Alberta and Canada.

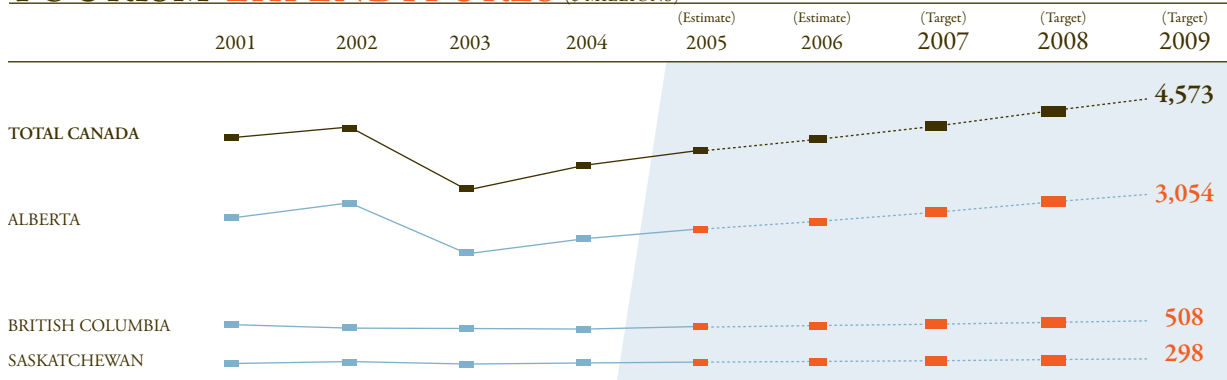
To maintain and grow tourism from Alberta, British Columbia and Saskatchewan, Travel Alberta's regional marketing programs focus on three key strategies: consumer awareness and preference marketing on behalf of industry, co-operative marketing programs with industry and "market readiness" consultation and education for industry.

TOURISM VISITATION (THOUSANDS OF SAME DAY AND OVERNIGHT PERSON VISITS)



Note: Graphs are not drawn to scale.

TOURISM EXPENDITURES (\$ MILLIONS)



Note: Graphs are not drawn to scale.

REGIONAL MARKETS (CONTINUED)

In 2004 research identified four key buying segments: Urban Explorers, Comfort Seekers, Accomplishers and Real Relaxers. Travel Alberta's awareness/preference marketing strategies continue to grow and evolve to meet the targeted needs of each of these segment audiences. Increased budget resources in 2005 enabled marketing to the segments to occur on a four-seasons basis in both Alberta and Saskatchewan. In 2007, segment-specific marketing activities utilizing e-marketing (e.g. the Travel Alberta Holiday Card and TravelAlbertaLive.com) and segment specific media campaigns will continue.

To complement this approach and complete the sales cycle, industry can participate in "platform" co-operative marketing programs developed by Travel Alberta. Industry can also develop its own consortia-led projects eligible for Travel Alberta investment.

Industry's tourism marketing is further supported through a variety of market readiness programs offered to achieve increased marketing efficiencies and effectiveness. Workshops, networking seminars and a new CD-ROM for developing marketing plans are examples of the resources available on an individual and group basis to increase marketing results. Several ongoing marketing readiness initiatives include: Canadian Badlands, Aboriginal Tourism, Agricultural Tourism, Horse Experience, Icefields Parkway and Accommodations Experience.

Travel Alberta will enter British Columbia with a dedicated marketing program. Research indicates there are opportunities separate from Alberta and Saskatchewan to gain holiday share based on communicating timely information on what is unique and available for B.C. vacationers. Where Alberta and Saskatchewan are loyal vacationers, the B.C. market needs to be convinced and the campaign will be the largest ever executed targeting our neighbours to the west.

FOUR REGIONAL BUYING SEGMENTS:

ACCOMPLISHERS

COMFORT SEEKERS

REAL RELAXERS

URBAN EXPLORERS

Consideration is also being given to entering the Manitoba market for the first time, based on industry interest. Research will be commissioned to determine the market potential of Manitoba.

The collective marketing efforts of Travel Alberta and industry in the regional markets can result in increased visitation and expenditures and targets are set to see visitation grow 13 per cent and revenues to grow 32 percent by 2010.