

# **SITUATIONAL ANALYSIS**

## **WHAT WE HEARD**

**EXPLORE  
EDMONTON**



A photograph of the Aurora Borealis (Northern Lights) in shades of green and blue, dancing across a dark, starry night sky. Below the sky, a dark, silhouetted landscape with snow-covered ground is visible.

# LAND ACKNOWLEDGMENT

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Explore Edmonton respectfully acknowledges that we are located within Treaty 6 territory and Métis Nation of Alberta Region 4.

We acknowledge this land as the traditional home for many indigenous peoples including the Cree, Blackfoot, Métis, Nakota Sioux, Dene, Saulteaux, Anishinaabe, Inuit and many others whose histories, languages, and cultures continue to influence our vibrant community.



# INTRODUCTION

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## WE ARE EXPLORE EDMONTON

Explore Edmonton Corporation (Explore Edmonton) is Edmonton's visitor economy and venue management organisation. We tell Edmonton's story, elevate the Edmonton experience, and generate inbound visitation. With two award-winning venues – the Edmonton Convention Centre and Edmonton EXPO Centre – the know-how to enhance, execute and support major sport and cultural events, and the commitment to developing products and experiences that are authentic to Edmonton, we strive to make the visitor experience unforgettable.

## WHY A TOURISM MASTER PLAN FOR EDMONTON?

Explore Edmonton's job is to always be looking at the big picture, leading the way to promote our city as a four-season destination and developing the experiences and partnerships that will position Edmonton as a destination of choice. We are fully aligned to increase the economic impact of the visitor-based economy in Edmonton.

Not only does the visitor economy create jobs and generate revenue, it also drives awareness to our amazing city, in turn, contributing to our city's local economic vibrancy, future and quality of life.

## WHAT'S INCLUDED IN THIS SITUATIONAL ANALYSIS REPORT?

The following document sets forth the MMGY NextFactor summary of travel and tourism challenges and opportunities in Edmonton to be explored, discussed, debated and prioritised in the development of the city's first Tourism Master Plan.

The Situational Analysis Report is an important milestone in the project that provides a snapshot of "where we are today" with insights collected from stakeholders and residents regarding motivating characteristics and differentiators the city offers that could shape the tourism plan and implementation.

Specifically, this Situational Analysis Report of Edmonton's tourism landscape includes a(n):

- State of the global tourism industry;
- Examination of industry trends;
- 10-year forecast for Edmonton's visitor economy; and
- Examination of key challenges and opportunities that should be considered in the development of the Edmonton Tourism Master Plan.

Looking forward, material from this Situational Analysis Report will be used to create a future vision for Edmonton as a destination for visitors and residents, and help identify strategies, plans and programmes to fulfil that vision.





# APPROACH

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The future success of Edmonton's visitor economy — and the growth of direct and indirect benefits it provides for the local economy — depends on the public and private sectors collaborating to ensure the long-term viability of Edmonton. It requires leaders codeveloping a shared vision for the future that supports managed visitor growth whilst continually enhancing the destination as a healthy, dynamic, and productive place for all residents to live, work, learn and invest.

## STAKEHOLDER ENGAGEMENT

MMGY NextFactor met with more than 150 stakeholders through a series of focus groups and one-on-one interviews during the month of November 2020. The primary purpose of these discussions was to identify critical challenges and opportunities for the future of Edmonton as a destination of choice for visitors and a place for residents to live, work and play.

Focus groups included stakeholders from the following sectors:

- Hotels and Accommodations
- Arts, Culture and History
- Attractions and Operators
- Culinary and Agritourism
- Festivals, Meetings and Sporting Events
- Learning Institutions
- Tourism Industry/Economic Development
- Makers, Entrepreneurs and Young Professionals
- Indigenous Leaders
- Transportation, Infrastructure and Government
- Explore Edmonton Staff



## DESTINATION ASSESSMENT

MMGY NextFactor conducted a detailed assessment of Edmonton's visitor economy, utilising a comprehensive stakeholder survey that measures destination strength and community engagement based on a series of 20 variables. The results were then used to plot Edmonton into a scenario model, which shows the specific opportunities for Explore Edmonton and their partners to build upon.



## RESIDENT SURVEY

In consultation with Explore Edmonton leadership and staff, MMGY NextFactor developed an online survey to identify and gauge residents' perceptions on a variety of key characteristics with respect to livability, culture, economy and sense of place. More than 800 residents of the Edmonton community participated in the survey.



# STATE OF THE INDUSTRY

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The travel, tourism and hospitality industry has been decimated by the impact of the COVID-19 outbreak, with the World Tourism Organisation estimating that the pandemic could set the tourism industry back 20 years. Up to 120 million tourism jobs are at risk globally, with the economic damage likely to exceed \$1 trillion in 2020 alone.

Communities are still actively battling the deadly virus, but societies and industries are now also looking to rebuild and reemerge from the crisis. The recovery process for the travel industry will be complicated and lengthy.

The global travel industry is facing a roughly four-year recovery period according to Tourism Economics, an Oxford Economics company that specialises in the travel and tourism sector. Certain markets and destinations will recover more quickly, but the overall industry has a long hill to climb to reach 2019 levels of demand.

Recovery will come in waves. The first set of small gains made in the second half of 2020 were inconsistent, with surges in COVID-19 cases, reimposed public health restrictions and lockdowns hindering significant recovery. More consistent recovery will begin in the second half of 2021 as vaccines become available. By the end of 2021, Tourism Economics expects hotel room demand in Canada to have recovered roughly 80% of its 2019 levels. The last wave of growth will

require more time as the economy rebuilds, supporting leisure (and especially) corporate and group travel recoveries.

“The recovery is going to take time, there’s no question. We don’t expect international travel to fully recover until 2025,” says Adam Sacks, Tourism Economics president. “However, domestic travel and regional travel should recover more quickly. We’re basically at a plateau right now; we’re not going to see any real acceleration and travel gains until the second half of 2021, when – through a combination of policy measures, therapeutics and a vaccine – we’ll hopefully see some containment of the virus. It’s at that point we will start to see significant recovery.”

The recovery of the tourism sector in coming years will vary across destinations. This variation in part will be affected by reliance on travellers from more resilient source markets and the opportunity for gaining more of these travellers due to changing preferences.

Globally, we can expect the recovery of travel demand to depend on economic factors, the speed with which travel restrictions are lifted, the health of the aviation industry, and the risk aversion of potential travellers. For individual destinations, the pace of recovery will vary depending on the above, as well as on their source market composition.



For instance, the pace and stability of a destination's recovery (and, conversely, the risk of a more volatile recovery) can be affected by the extent to which they rely on travellers from more resilient markets, such as domestic and short-haul markets. It is also worthwhile to consider the opportunity for travel demand to increase due to changing travel patterns and preferences, such as residents choosing to take a domestic trip instead of an international holiday.

The resilience – likelihood of a stable and quick recovery – of travel demand is likely to be greater for destinations that rely more heavily on domestic and short-haul travellers due to the following:

- Lower cost of travel for domestic and short-haul visitors given shorter distances and more transportation options. This is especially relevant during a period when household incomes are being squeezed alongside large job losses.
- Travel restrictions are almost universally being eased first for domestic trips and next for short-haul cross-border travel, whilst restrictions on longer-haul visitors will remain in place for longer.
- Uncertainty around transport availability and costs is much greater for long-haul travel, which relies almost exclusively on air travel, whilst modal switch is an option for short-haul trips. This is particularly relevant given concerns about the financial viability of many airlines.
- Other factors may also contribute, such as the availability of travel insurance for longer-haul travellers and a preference for travelling closer to home (as part of heightened risk aversion among travellers).





# INDUSTRY TRENDS

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## LONG ROAD AHEAD TO REBUILD CONSUMER CONFIDENCE

Canada's quick initial rebound in consumer confidence is showing signs of slowing, suggesting there is a long road ahead for a full economic recovery from the pandemic. This lack of consumer confidence has considerable impacts, most notably:

- People are postponing purchase decisions in many categories due to uncertainty. This will continue after the immediate threat dissipates. A wait-and-see mentality will reign and will affect travel purchase decisions.
- Noise is a problem. There is a lot of information and speculation about COVID-19, therefore the ability to cut through the clutter and restore consumer confidence with messaging is hindered.
- The familiar will be more valuable. Established brands that handle the crisis well will rise in stature and value. Risk will be less tolerable to most people. Return travel to familiar destinations will drive visitation in the short-term.

## HEALTH AND SAFETY ARE ESSENTIAL

Health and COVID-19 related safety are front and centre in the minds of travellers. Communicating what steps your destination are taking is important, but consistency and execution is even more critical. Customers will still have reservations about starting to travel again and will need an extra level of assurance beyond a marketing message.

## LOCALHOOD AND LOCAL AUDIENCES

Destinations have traditionally relied on their iconic imagery and popular experiences to market themselves to leisure and business travellers. Looking ahead, the next generation of destination marketing and management is based on building connections between locals and visitors around different passion points. The idea is that both travellers and residents can learn from each other to help them achieve their personal and/or professional aspirations by sharing their collective knowledge.

As such, the destination becomes more than a physical environment with a lot of tourist experiences for travellers to enjoy. Instead, the destination is positioned as a living social platform to connect like-minded visitors and locals.



## INCREASED EMPHASIS ON LEISURE TRAVEL

COVID-19 has forced destinations to adopt travel restrictions, whilst many businesses are encouraging employees to work from home and utilise video conferencing platforms for their meetings and events. As a result, business travel and business events have been particularly affected and are expected to rebound slower. In light of this, destinations are shifting their focus toward the leisure market, particularly in the short term.

## TRAVELLERS SEEK TRANSFORMATIONAL EXPERIENCES

Travellers today are increasingly drawn to travel as a form of self-actualisation and personal transformation and growth. They want more than a simple visit to a new destination or days spent relaxing on a beach. Instead, the travel they are seeking is an experience of the world that goes deep — one that changes them in ways they may not even be aware of.

With personal growth now a central goal of many travel experiences, brands, companies and destinations operating in the travel and tourism space can thrive by helping travellers enrich their inner lives as they explore outwardly.

## GREATER DEMAND FOR OUTDOOR EXPERIENCES

In a recent McKinsey survey on how behaviours are changing because of COVID-19, 18% of consumers say they are spending more time outdoors where transmission rates of the virus are believed to be lower. Retailers in the outdoor travel and sports and recreation sectors saw a big boost in spending as people stayed close to home and tried to do more open-air activities. This shift toward a greater demand for outdoor experiences is expected to continue and will shape the destination selection process for consumers.

## SHIFT FROM MARKETING TO MANAGEMENT

Today, a growing number of destination leaders are advocating for a stronger role in “destination management,” which speaks to the industry investing time and resources in community-driven destination development and expanding their networks among a wider breadth of local organisations outside the hospitality and tourism industry.

This greater emphasis on destination management and community building is still very much aligned with the



traditional mandates for destination organisations in terms of driving higher visitor spend and new business development in the region.

## STRONGER COLLABORATION AND ORGANISATIONAL ALIGNMENT

Public policy has a big impact on destinations and tourism organisations. Government policies at federal, provincial and local levels can have a profound impact on the competitiveness of a destination. This includes critical decisions about how much to fund tourism promotion and development efforts.

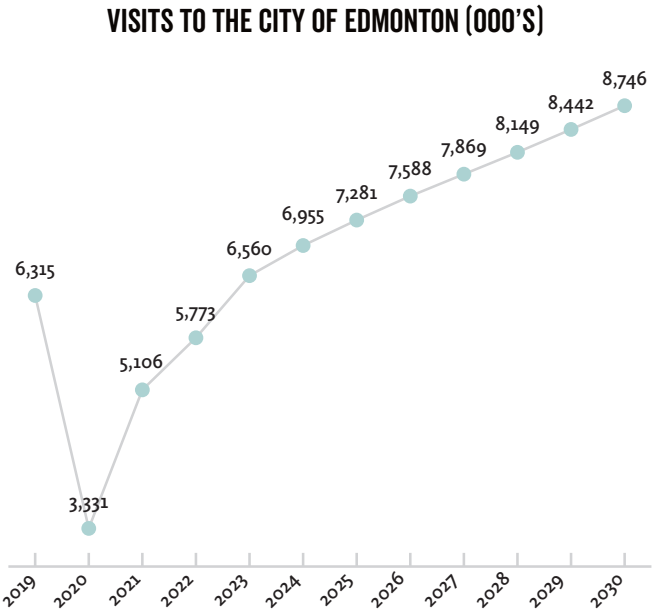
Destination leaders are prioritising greater collaboration and alignment with local government, key industry stakeholders, civic leaders and the non-industry community. They are increasingly building coalitions among the public and private sectors around a shared vision for the future of the destination, which prioritises inclusivity, diversity, advanced mobility and connectivity, workforce development and a higher quality of life.



# 10-YEAR TRAVEL FORECAST FOR EDMONTON

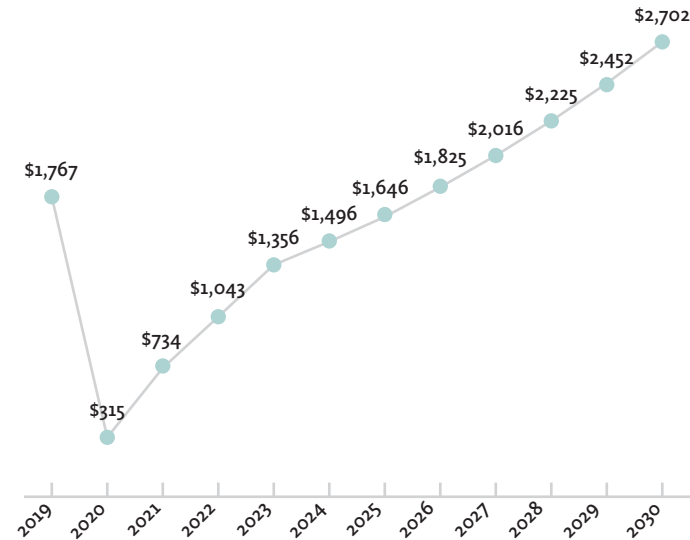
Edmonton's visitor economy is facing a multiyear recovery period according to Tourism Economics, which developed a forecast for the next 10 years of travel to the city.

Visitation levels in Edmonton are expected to reach pre-pandemic levels in 2023, at which point growth begins to level off. Over the ten-year period, nearly 40% growth over 2019 visitation levels is still expected despite the pandemic's impacts in the industry. Certain markets, including the travellers who are visiting friends and relatives (VFR) and leisure travellers, are expected to rebound quicker, whilst business and event travellers are expected to recover more slowly.



Visitor spending levels in Edmonton, however, are not expected to reach pre-pandemic levels until 2026. This is due to the fact that higher spending market segments such as business travellers and international travellers are expected to recover more slowly. Nevertheless, visitor spending is still forecast to grow by more than 50% above 2019 levels by the end of decade.

**VISITOR SPENDING IN THE CITY OF EDMONTON (CAD, MILLIONS)**







# KEY CHALLENGES & OPPORTUNITIES

Based on the research activities conducted for this project, a number of challenges and opportunities surrounding the management and development of tourism in Edmonton have come to light.

## **EDMONTON LACKS THE SUSTAINABLE TOURISM FUNDING NECESSARY TO REMAIN COMPETITIVE**

Stakeholders and Edmontonians agree that investment in Edmonton's tourism industry helps create a better experience for our visitors and generates positive economic and social benefits for Edmontonians. Stakeholders have suggested that in order to enhance the attractiveness and competitiveness of Edmonton as a destination and ensure the future success of the visitor economy, investment in the tourism industry needs to take place on a far greater scale over the next decade.

## **THE RIVER VALLEY IS AN ESSENTIAL ELEMENT OF THE DESTINATION EXPERIENCE AND A CRITICAL DEVELOPMENT OPPORTUNITY**

The River Valley is the Edmonton region's greatest natural asset and a significant contributor to the quality of life of Edmontonians, offering a unique opportunity to connect with nature within an urban environment. Stakeholders have suggested that additional activation and access to the River

Valley could deliver significant visitor opportunities, enhance resident quality of life and have an important economic impact. Stakeholders also noted that Edmontonians continue to value the protection and celebration of the natural and cultural heritage of this area and this must be considered in any planning efforts.

## **EDMONTON'S INDIGENOUS POPULATION MUST BE ENGAGED IN EXPERIENCE DEVELOPMENT AND PLACE BRANDING**

Stakeholders have reported that Edmonton has an opportunity to more effectively develop and promote its Indigenous cultural and historical assets. Stakeholders suggested initial focus needs to be on building relationships with Indigenous communities based upon mutual respect and understanding. Stakeholders also reported that there is an opportunity to infuse Edmonton's Indigenous heritage and culture into all aspects of the Edmonton experience and place brand.

## **EDMONTON REQUIRES A STRONGER PLACE BRAND TO COMPETE IN A GLOBAL MARKETPLACE**

As destinations across the globe compete for their share of the world's visitors, businesses, investment and attention, developing a distinct sense of place is becoming increasingly important. Stakeholders have suggested that there is an

opportunity to improve the city's storytelling and lay the groundwork for better projecting our image consistently and synergically. Stakeholders acknowledged that activating and communicating the storytelling requires an ongoing, participative effort from both the public and private sectors, and that only by working in a constant and coordinated manner will we be able to build a reputation that gives added value to all residents of the city.

## **OUTDOOR RECREATION AND WELLNESS EXPERIENCES REPRESENT A SIGNIFICANT DEVELOPMENT AND ENHANCEMENT OPPORTUNITY**

From skating and snowshoeing to kayaking and camping, Edmonton offers an array of outdoor recreational activities. Edmontonians list nature and parks, health and wellness, and outdoor activities as the most important experiences for their quality of life, and stakeholders have suggested there is an opportunity to further develop and enhance outdoor recreation and wellness experiences in the destination.



## **EDMONTON LACKS EXPERIENCE DENSITY AND VIBRANCY, PARTICULARLY IN AREAS OF THE DOWNTOWN CORE**

Stakeholders have suggested that public-place improvements are necessary to stimulate tourism and economic development and help create a vibrant urban experience. Specifically, stakeholders have identified the need to better animate public spaces, better connect nodes and corridors, and improve resident and visitor sense of safety and security.

## **ACCESS AND MOBILITY CHALLENGES ARE BEING EXACERBATED BY COVID-19 AND MUST BE ADDRESSED TO REMAIN COMPETITIVE**

Stakeholders have reported that COVID-19-related policies and practises have significantly impacted commercial air service to important nonstop destinations. Stakeholders have suggested that earmarked funding, advocacy and partnerships are necessary to maintain and advance airlift into Edmonton. Stakeholders have also suggested that improved multimodal transportation options are needed to improve both resident and visitor mobility and connectivity.

## **EDMONTONIANS REQUIRE ENGAGEMENT AND EDUCATION TO BECOME BETTER DESTINATION AMBASSADORS**

Whilst more than 60% of Edmontonians indicate they are likely to encourage friends and family to visit the city, less than 20% believe Edmonton is a destination visitors want to visit. Stakeholders have reported that Edmontonians

often have a cynical or parochial perception of the city, and because of these viewpoints and lack of knowledge of local experiences, they do not make effective tourism ambassadors. Stakeholders have suggested that resources need to be invested in marketing to local residents to enhance their understanding and perception of the city.

## **SPORTING AND CULTURAL EVENTS POSITION EDMONTON ON THE GLOBAL STAGE AND IMPROVE QUALITY OF LIFE**

From Heritage Fest to Jazz Fest and every festival in between, festivals and events offer a unique opportunity to connect visitors with Edmonton's unique culture and heritage. At

the same time, major events such as the 2026 FIFA World Cup offer a unique opportunity to position Edmonton on the global stage. Stakeholders have suggested that greater investment, support and alignment of festivals and events offer a unique opportunity for Edmonton's visitor economy and place brand.



## **EDMONTON'S WINTER CITY STRATEGY REQUIRES CONTINUED INVESTMENT TO DELIVER YEAR-ROUND EXPERIENCES**

“Cold” and “Winter” were two of the most common words Edmontonians used to describe the city, demonstrating the season’s impact on the Edmonton experience and place brand. Stakeholders have suggested that the WinterCity Strategy has been effective in helping to reshape Edmontonians’ perceptions of winter, but more investment is needed to create a city that’s inviting, vibrant and exciting for residents and tourists throughout the winter months.

## **EDMONTON'S YOUNG, ENTREPRENEURIAL SPIRIT OFFERS A UNIQUE SELLING POINT FOR THE DESTINATION**

Stakeholders have suggested that Edmonton’s entrepreneurial spirit and population of creatives, artisans and makers offer a unique selling point for the destination. However, these entrepreneurs have suggested that policy changes and reduction of red tape are required in order for them to bring their ideas to life and help transform Edmonton into a more vibrant and appealing destination.

## **EDMONTON SHOULD CONTINUE TO LEVERAGE ITS SECTOR EXPERTISE, LEARNING INSTITUTIONS AND SUSTAINABILITY INITIATIVES TO ATTRACT BUSINESS EVENTS**

The competitive landscape for business events is more sophisticated than it has ever been. The most progressive destinations worldwide are positioning themselves as thought leaders in specific advanced industries to engage meeting and event organisers that are active in those industries. Stakeholders have suggested that Edmonton can position itself for success in this competitive marketplace by leveraging its sector expertise (i.e., artificial intelligence), learning institutions (i.e., University of Alberta) and sustainability initiatives (i.e., Responsible Events Program).

## **GREATER REGIONAL COLLABORATION IS NEEDED TO POSITION EDMONTON AS A GATEWAY TO THE ROCKIES**

The Canadian Rockies are an iconic destination and a top destination for international travellers coming into Canada. Stakeholders have suggested that greater alignment with regional partners can help position Edmonton as a gateway to the Rockies and help the city capture a higher percentage of what has traditionally been a lucrative tourism market.

# **EXPLORE EDMONTON**

9990 Jasper Ave, Edmonton, AB T5J 1P7, Canada

[ExploreEdmonton.com](https://www.exploredmonton.com) | 780.401.7696 | [info@exploredmonton.com](mailto:info@exploredmonton.com)