

Business Outlook for 2020

The Banff & Lake Louise Hospitality Association has been conducting a Business Outlook survey for several years. Each year, BLLHA attempts to update the survey to ensure that current and anticipated issues are addressed. Below is a summary of the key findings from this year's survey, offering the 2020 Business Outlook.

Economic Outlook

A recent Alberta Treasury Branches Economic Outlook report forecasts a 0.7% increase in GDP growth for 2020. The survey found 70% of members anticipate the 2020 economy as flat to 2019 or zero growth with:

- The hope to grow revenue enough to exceed the rate of growth in inflation and/or match 2019 business performance.

Additionally, respondents' revenue targets look mixed with:

- 50% expecting to fall short of YTD targets (less than 10% budget variance).
- 30% expecting to exceed YTD targets
- 20% expecting to meet TYD targets

Despite this, 50% of respondents expect some revenue growth, with a mix across the remaining surveyed indicating projections of slightly below, quite a bit below or on par.

External Threats to Business

Respondents identified the top three external threats to the industry as:

- Increasing levels of fire on the landscape and/or smoke from more distant fires
- Traffic and parking management that impacts the destination's reputation
- Destination busyness - perception that there are too many visitors in-destination at one time

Labour

Sixty percent of respondents expect labour needs in 2020 to be about the same as in 2019, where 20% anticipate more of a need than in 2019.

Risk Management Strategies

Gain Business

A resounding number of respondents noted an increased focus on sales and marketing with 90% aiming to bolster these efforts. The survey found 50% of those surveyed also plan on offering value-added packages.

Cost Control

The cost risk identified as causing the most concern was Alberta's \$15 minimum wage (70%). This was followed by rising food costs (60%), and a tie between credit card/merchant fees and funding for tourism marketing.

Strategies to control costs will see 80% of respondents streamline labour requirements, and another 50% expecting to find internal efficiencies through enhanced training and education, and 50% looking at automation solutions to address the structural shortage of labour.

Capital Spending

An even split saw respondents' spending priorities as on par with 2019 or higher than 2019.

Confidence in Government

No members surveyed have a *high* level of confidence that the necessary policy supports are in place for the **Government of Alberta** to achieve its \$20 billion target by 2030.

Instead:

- 50% have *no* confidence
- 30% have *slight* confidence
- 20% have *moderate* confidence

Minimum Wage

In 2019: a mix of 60% of respondents found that the \$15/hour minimum wage negatively impacted their ability to attract and retain talent, where 40% stated it didn't have a significant impact as they had already accounted for potential impacts in the budgeting process.

When asked how Alberta's \$15/hour minimum wage will impact business in 2020:

- 50% may offer fewer hours to existing employees
- 30% forecast no related changes and will hire more employees if possible
- 20% may hire fewer people to help manage affects from the increase

Sustainability

The sustainability measures implemented in 2019 and those planned for 2020 include:

- Transitioned to paper straws
- Reduced plastics usage, put pressure on suppliers to reduce plastic packaging
- Developing a corporate sustainability program
- Debating a full tap system and eliminating beer bottles/cans

- Eliminating/reducing all single use and micro plastics
- Recycling program, bio degradable packaging

Forty percent of respondents will put greater emphasis on waste and recycling to help control costs in 2020.

Town of Banff

With respect to areas of interest for the Town of Banff and the services they provide; the two of most focus were transit and housing (both with 77.78%).

Specifically for housing, respondents indicated they would like to see more accommodation suitable for middle-income workers, and families. As well, a budget increase of 2-3% was suggested for housing units.

For transit, respondents requested that planning continue working on long-term parking and vehicle management strategies, and collaborate with private enterprise to get people out of cars. Increased snow clearing was also raised. An additional 2-3% was proposed for transit's budget.

Summary

It is evident that eternally driven sustainability-oriented risks are causing concern, and that members are working on their own accord to foster improvements in this area. With planning changes occurring in all levels of government, this has also surfaced as a factor influencing business uncertainty.

In a year likely to see flat growth, with investment in marketing and sales efforts flagged by members as a critical mitigation strategy, the positioning of the destination and containment of costs will be paramount.

The BLLHA business plan for 2020 is well positioned to address the key issues identified in this survey and the association will continue to push all levels of government to consider the consequences and opportunities within their planning and policy updates.