The Economic Impact of the COVID-19 Pandemic on Indigenous Tourism Businesses in Alberta

Data briefing | May 19, 2023

Contents

Key Findings

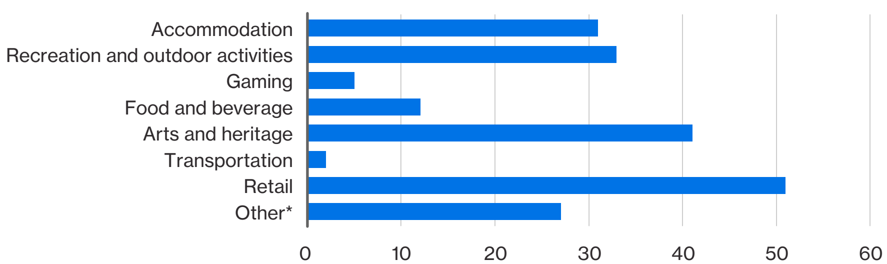
- The number of entrepreneurs and organizations participating in Alberta's Indigenous tourism sector exceeded 200 in 2021, with over 50 per cent concentrated in Northern Alberta. Retail, arts and heritage, accommodation, and recreation and outdoor activities accounted for over 75 per cent of Alberta's Indigenous tourism businesses.
- Nearly half of Indigenous tourism businesses in Alberta are classified as market-ready and export-ready, while slightly over one-third are classified as doors-open.
- The Indigenous tourism sector's overall economic footprint in Alberta moderately rebounded in 2021 compared with 2020, contributing $85.1 million in GDP and supporting 2,431 jobs in Alberta. Still, except for arts and heritage, which exceeded its pre-pandemic employment and GDP, all other industries haven't yet reached pre-pandemic levels.
- Based on projections for the overall tourism sector in Alberta, the Indigenous tourism sector will completely recover by 2026. Over 2022–26, we expect the sector to add an average of $135.4 million annually to Alberta's GDP and provide an average of 4,000 jobs annually within the province.

Alberta's Indigenous Tourism Businesses

Based on the revised inventory, our findings indicate that at least 202 entrepreneurs and organizations participate in Alberta's Indigenous tourism sector.

Businesses are concentrated in four of the eight classified industries: retail, arts and heritage, accommodation, and recreation and outdoor activities. Each of these industries account for more than 30 Indigenous businesses (see Chart 1) and more than 75 per cent of all businesses. The gaming industry accounts for only five businesses, but most of them are significant employers.

Chart 1
Retail Is the Most Prominent Sector of Indigenous Tourism Businesses
(number of businesses)

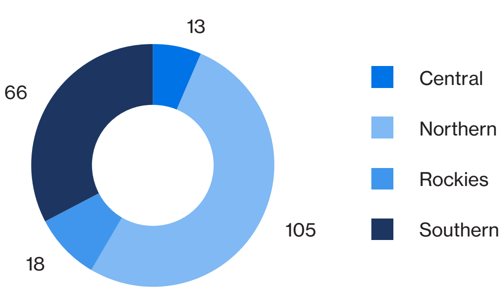


*includes, notably, Indigenous government services, educational services, and health and personal care stores
Sources: Indigenous Tourism Alberta; The Conference Board of Canada.

By region, more than half of Indigenous tourism businesses are in Northern Alberta (Edmonton and north) (see Chart 2). Businesses in Southern Alberta (Calgary and south) account for approximately one-third of Indigenous tourism businesses in Alberta. The two other regions, the Rockies and Central Alberta, account for 15 per cent of businesses.

In Northern Alberta, the most prominent industries are retail, accommodation, and other (such as Indigenous government services, educational services, and health and personal care stores) (see Table 1). Most of the businesses in the accommodation and other industries are located in Northern Alberta.

Chart 2
The Majority of Indigenous Tourism Businesses Are in Northern Alberta
(percentage share of total Indigenous tourism businesses)



Sources: Indigenous Tourism Alberta; The Conference Board of Canada.

Table 1
Breakdown of ITA Business Inventory by Tourism Sector and Region
(number of businesses)

	Central	Northern	Rockies	Southern	Alberta
Accommodation	5	20	0	6	31
Recreation and outdoor activities	0	13	5	15	33
Gaming	0	3	1	1	5
Food and beverage	0	9	0	3	12
Arts and heritage	2	16	6	17	41
Transportation	0	0	0	2	2
Retail	5	24	5	17	51
Other*	1	20	1	5	27
Total	**13**	**105**	**18**	**66**	**202**

*includes, notably, Indigenous government services, educational services, and health and personal care stores
Sources: Indigenous Tourism Alberta; The Conference Board of Canada.

While Southern Alberta has businesses in all eight industries, most of them are in retail, arts and heritage, and recreation and outdoor activities.

In Central Alberta and the Rockies, three-quarters of the businesses are within two industries: accommodation and retail. The Rockies also has a significant presence of arts and heritage businesses.

Classifying the businesses' revised inventory by market readiness following the Indigenous Tourism Association of Canada's four-stage definition,[1] we find that 20 businesses are export-ready (see Table 2). In comparison, we find 79 businesses are market-ready, 36 are visitor-ready, and 67 are at the doors-open stage.

Most of the businesses in the gaming and accommodation industries are classified as market-ready or export-ready. In industries like retail and other, most businesses are doors-open or visitor-ready.

1 See Appendix A for Indigenous Tourism Association of Canada's four-stage definition of market readiness.

Table 2
Breakdown of ITA Business Inventory by Tourism Sector and Market Readiness
(number of businesses)

	Doors-open	Visitor-ready	Market-ready	Export-ready	Alberta
Accommodation	2	3	16	10	31
Recreation and outdoor activities	11	5	13	4	33
Gaming	0	0	2	3	5
Food and beverage	4	3	5	0	12
Arts and heritage	10	10	18	3	41
Transportation	1	0	1	0	2
Retail	23	12	16	0	51
Other*	16	3	8	0	27
Total	**67**	**36**	**79**	**20**	**202**

*includes, notably, Indigenous government services, educational services, and health and personal care stores
Sources: Indigenous Tourism Alberta; The Conference Board of Canada.

The Indigenous Tourism Sector's Footprint in 2019–21

We estimate that the Indigenous tourism sector's overall footprint in Alberta remained considerably diminished in 2021 compared with 2019. But compared with 2020, the sector experienced a moderate rebound as consumer demand improved and restrictions eased in 2021 (see Table 3).

Our estimates indicate that relative to 2019, the revenues and GDP attributed to the sector were down by 40 per cent in 2021, while employment and wages were down by 42 and 34 per cent, respectively. These findings represent a loss of more than 1,700 jobs and $56 million in terms of GDP.

Unpacking the 2021 impacts on GDP and employment relative to 2019 by tourism industry domain, we find that recreation and outdoor activities, food and beverage services, gaming, accommodation, and retail stand out as having been hit the hardest, followed by transportation (see Chart 3). In contrast, arts and heritage and other industries have recovered more quickly from the initial impact of the COVID-19 pandemic, seeing positive gains in employment and GDP.

All regions lost at least 34 per cent of workers and at least 37 per cent of GDP in 2021 compared with 2019, with the Rockies being the most severely affected (see Chart 4).

Table 3

Economic Footprint of the Sector Remains Below Pre-pandemic

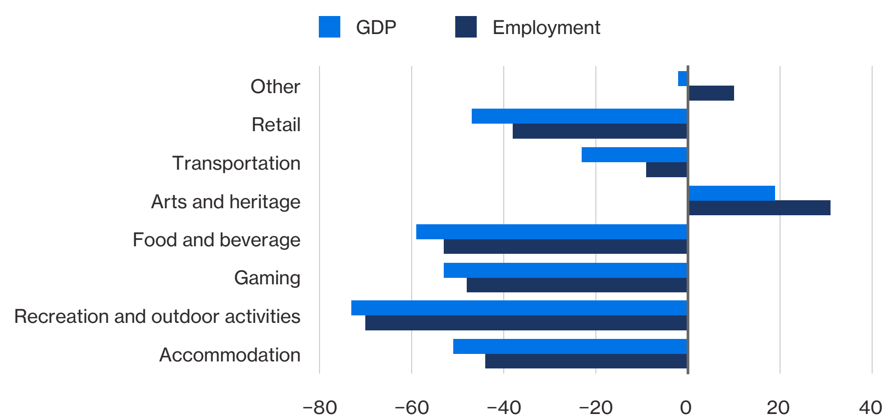
	2017	2019	2020	2021	Percentage change from 2019 to 2021
Employment (number of jobs)	4,037	4,168	1,360	2,432	-42
Revenue ($ millions)	270.5	283.8	85.3	169.9	-40
GDP ($ millions)	132.9	141.1	44.7	85.1	-40
Wages ($ millions)	88.6	97.9	33.1	64.3	-34

Source: The Conference Board of Canada.

Chart 3

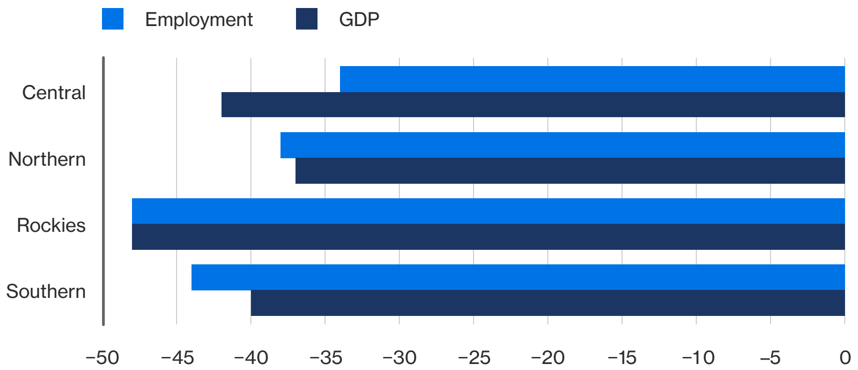
Impact of COVID-19 on Employment and GDP, by Industry

(percentage change from 2019 to 2021)



Source: The Conference Board of Canada.

Chart 4
Impact of COVID-19 on Employment and GDP by Region
(percentage change from 2019 to 2021)



Source: The Conference Board of Canada.

Estimated Economic Impacts of the Indigenous Tourism Sector in 2022

We estimate that while the sector continued its recovery in 2022, it remained below 2019 levels in most metrics. The Alberta Indigenous tourism sector employed more than an estimated 3,500 people in 2022 (see Table 4), about 1,000 more people than in 2021. Nearly half of those workers were employed in Northern Alberta, one-third were employed in Southern Alberta, and the remaining 650 people (less than 20 per cent) were employed in the Rockies and Central Alberta. By industry, gaming, despite having only five businesses in the industry, has the most employees, at 1,089 people. Accommodation as well as recreation and outdoor activities follow with 718 and 551 employees, respectively. Those three industries account for two-thirds of total employees.

In 2022, we estimate that revenue was $233.6 million (see Table 5), still roughly $50 million below 2019 levels for the sector. Disaggregating by region and industry, we see a dynamic similar to the employment numbers. Most of the revenues come from Northern Alberta as it has more business presence, and the gaming industry has the most revenue.

We expect that direct GDP was $115.1 million in 2022 (see Table 6), $30 million higher than in 2021 but still $25 million below estimate pre-pandemic levels. We estimate wages were $85.1 million in 2022 (see Table 7), an increase of $10 million compared with 2021. However, they remain below 2019 levels as the sector continues to recover.

Table 4

Estimated Employment for the Indigenous Tourism Sector in 2022

(number of jobs)

	Central	Northern	Rockies	Southern	Alberta
Accommodation	54	357	0	307	718
Recreation and outdoor activities	0	214	86	252	551
Gaming	0	434	377	278	1,089
Food and beverage	18	129	0	43	190
Arts and heritage	18	118	40	137	313
Transportation	0	0	0	23	23
Retail	21	126	26	91	265
Other*	5	314	6	46	371
Total	**117**	**1,692**	**535**	**1,176**	**3,520**

*includes, notably, Indigenous government services, educational services, and health and personal care stores
Source: The Conference Board of Canada.

Table 5

Estimated Revenue for the Indigenous Tourism Sector in 2022

($ millions)

	Central	Northern	Rockies	Southern	Alberta
Accommodation	4.5	28.8	0.0	2.9	36.2
Recreation and outdoor activities	0.0	4.7	1.9	5.5	12.0
Gaming	0.0	34.8	26.7	26.7	88.1
Food and beverage	0.9	6.4	0.0	2.1	9.4
Arts and heritage	1.3	8.3	2.9	9.7	22.2
Transportation	0.0	0.0	0.0	3.1	3.1
Retail	1.6	9.8	2.0	6.9	20.4
Other*	0.6	34.8	1.4	5.5	42.2
Total	**8.9**	**127.6**	**34.8**	**62.3**	**233.6**

*includes, notably, Indigenous government services, educational services, and health and personal care stores
Sources: Indigenous Tourism Alberta; The Conference Board of Canada.

Table 6

Estimated GDP for the Indigenous Tourism Sector in 2022

($ millions)

	Central	Northern	Rockies	Southern	Alberta
Accommodation	2.7	18.6	0.0	1.7	23.0
Recreation and outdoor activities	0.0	2.6	1.0	3.0	6.6
Gaming	0.0	13.1	10.1	10.1	33.2
Food and beverage	0.4	3.1	0.0	1.0	4.6
Arts and heritage	0.7	4.5	1.5	5.2	12.0
Transportation	0.0	0.0	0.0	1.9	1.9
Retail	0.9	5.3	1.1	3.7	10.9
Other*	0.3	19.0	0.6	3.0	22.9
Total	**5.1**	**66.1**	**14.3**	**29.6**	**115.1**

*includes, notably, Indigenous government services, educational services, and health and personal care stores

Source: The Conference Board of Canada.

Table 7

Estimated Wages for the Indigenous Tourism Sector in 2022

($ millions)

	Central	Northern	Rockies	Southern	Alberta
Accommodation	1.9	11.2	0.0	1.2	14.2
Recreation and outdoor activities	0.0	2.0	0.8	2.4	5.2
Gaming	0.0	8.5	6.5	6.5	21.6
Food and beverage	0.4	2.6	0.0	0.9	3.8
Arts and heritage	0.6	4.1	1.4	4.7	10.9
Transportation	0.0	0.0	0.0	1.3	1.3
Retail	0.7	4.5	0.9	3.1	9.2
Other*	0.2	15.8	0.5	2.5	19.0
Total	**3.8**	**48.6**	**10.1**	**22.6**	**85.1**

*includes, notably, Indigenous government services, educational services, and health and personal care stores

Sources: Indigenous Tourism Alberta; The Conference Board of Canada.

Comparative Projection of the Sector's Performance

We expect the Indigenous tourism sector will continue to grow in the coming years and to completely recover from the effects of the onset of the pandemic by 2025–26 in most economic metrics. Our forecasts represent a benchmark case across most traditional economic measures and are based on our in-house outlook for similar non-Indigenous tourism businesses in Alberta. However, the Indigenous tourism sector could perform better than other similar tourism businesses if Indigenous Tourism Alberta (ITA) is able to help Indigenous businesses to access financing to start up or expand operations—which has historically been difficult to secure. Also, the sector could grow faster than the benchmark if Indigenous businesses move up the chain in market readiness with the help of ITA.

We expect Indigenous tourism employment in Alberta to be slightly above 4,000 employees by 2026 (see Table 8). This number would still be below the 2019 level of 4,168 employees. The limited growth is mainly the results of recreation and outdoor activities, which we expect will count 200 employees fewer in 2026 compared with 2019. We forecast that arts and heritage as well as other industries will have more employees by the end of 2026 than they did in 2019.

Revenues will be an estimated $293.5 million in 2026, about $10 million higher than in 2019 (see Table 9). We forecast that half the industries in the sector will register revenue in 2026 higher than in 2019. Retail, recreation and outdoor activities, food and beverage services, and transportation will likely have lower revenue.

We also expect GDP to be higher in 2026 than it was in 2019, reaching $143.3 million by 2026 (see Table 10). This total represents an increase of $2.2 million compared with 2019, supported by gaming, arts and heritage, and other industries. Wages will be a forecast $105.4 million in 2026, almost $8 million above 2019 levels (see Table 11). This increase is mainly driven by solid wage gains in arts and heritage.

Table 8

Employment Projection for the Indigenous Tourism Sector

(number of jobs)

	2019	20	21	22	23	24	25	26
Accommodation	828	394	464	718	764	775	787	797
Recreation and outdoor activities	841	150	249	551	604	624	641	649
Gaming	1,337	242	693	1,089	1,219	1,271	1,309	1,327
Food and beverage	240	100	113	190	197	200	203	205
Arts and heritage	235	184	307	313	336	343	351	356
Transportation	33	21	30	23	23	23	23	23
Retail	304	112	187	265	270	272	274	275
Other*	352	155	388	371	379	383	387	393
Total	**4,168**	**1,360**	**2,432**	**3,520**	**3,792**	**3,890**	**3,975**	**4,025**

Note: Unshaded area represents forecast data.
*includes, notably, Indigenous government services, educational services, and health and personal care stores
Source: The Conference Board of Canada.

Table 9

Revenue Projection for the Indigenous Tourism Sector

($ millions)

	2019	20	21	22	23	24	25	26
Accommodation	42.7	18.7	22.7	36.2	39.6	41.4	42.9	44.4
Recreation and outdoor activities	19.5	3.2	5.3	12.0	13.5	14.4	15.1	15.6
Gaming	115.3	19.1	54.5	88.1	101.5	108.9	114.5	118.4
Food and beverage	13.2	4.7	5.4	9.4	10.0	10.4	10.8	11.1
Arts and heritage	17.7	12.7	21.1	22.2	24.5	25.8	26.9	27.8
Transportation	5.3	2.9	4.0	3.1	3.2	3.2	3.3	3.4
Retail	26.4	6.4	14.0	20.4	21.4	22.2	22.8	23.3
Other*	43.6	17.6	42.9	42.2	44.4	46.2	47.7	49.4
Total	**283.8**	**85.3**	**169.9**	**233.6**	**258.0**	**272.6**	**284.0**	**293.5**

Note: Unshaded area represents forecast data.
*includes, notably, Indigenous government services, educational services, and health and personal care stores
Source: The Conference Board of Canada.

Table 10

GDP Projection for the Indigenous Tourism Sector

(millions)

	2019	20	21	22	23	24	25	26
Accommodation	29.3	11.9	14.5	23.0	25.2	26.3	27.3	28.2
Recreation and outdoor activities	10.8	1.8	2.9	6.6	7.5	8.0	8.4	8.6
Gaming	44.1	7.2	20.5	33.2	38.3	41.1	43.2	44.6
Food and beverage	6.5	2.3	2.6	4.6	4.9	5.1	5.3	5.5
Arts and heritage	9.6	6.9	11.4	12.0	13.2	14.0	14.6	15.0
Transportation	3.1	1.7	2.4	1.9	1.9	1.9	2.0	2.1
Retail	14.1	3.4	7.5	10.9	11.4	11.8	12.2	12.5
Other*	23.6	9.5	23.2	22.9	24.0	25.0	25.8	26.7
Total	**141.1**	**44.7**	**85.1**	**115.1**	**126.4**	**133.2**	**138.6**	**143.3**

Note: Unshaded area represents forecast data.
*includes, notably, Indigenous government services, educational services, and health and personal care stores
Source: The Conference Board of Canada.

Table 11

Wages Projection for the Indigenous Tourism Sector

($ millions)

	2019	20	21	22	23	24	25	26
Accommodation	17.8	7.3	8.9	14.2	15.6	16.3	16.9	17.5
Recreation and outdoor activities	16.2	0.9	2.3	5.2	5.8	6.2	6.5	6.7
Gaming	29.9	4.7	13.3	21.6	24.8	26.7	28.0	29.0
Food and beverage	5.4	1.9	2.2	3.8	4.0	4.2	4.4	4.5
Arts and heritage	5.7	6.2	10.3	10.9	12.0	12.6	13.2	13.6
Transportation	2.1	1.2	1.7	1.3	1.3	1.4	1.4	1.4
Retail	7.1	2.9	6.3	9.2	9.7	10.0	10.3	10.5
Other*	13.9	7.9	19.3	19.0	19.9	20.7	21.4	22.2
Total	**97.9**	**33.1**	**64.3**	**85.1**	**93.2**	**98.1**	**102.0**	**105.4**

Note: Unshaded area represents forecast data.
*includes, notably, Indigenous government services, educational services, and health and personal care stores
Source: The Conference Board of Canada.

Data Challenges

While analyzing the economic footprint of the Indigenous tourism sector on the Alberta economy, we identified a few data challenges that ITA should pursue to improve the quality of the analysis and policy alternatives and outcomes. This would help ITA formulate more specific policy recommendations and associated benefits.

Reliability of Industry Estimates Dependent on Survey Response Rates

Based on surveys conducted between 2019 and 2021 for Indigenous Tourism Association of Canada (ITAC), we tend to get lower response rates with more comprehensive surveys, which can increase the margin of errors of industry estimates. When this happens, as it was the case with the 2021 survey, we needed to leverage responses from previous surveys to get sufficiently representative data.

Specific Operational Data on Indigenous Tourism Businesses Are Difficult to Obtain

More detailed data on each business would allow us to improve the analysis significantly. Useful data to extend the degree of analysis of the sector's economic footprint include the number of employees, the share of employees that are Indigenous, and whether the business is located on a reserve.

Data on the Geographic Markets That Indigenous Businesses Cater to Are Often Absent

Having information on the origin of the typical client of Indigenous tourism businesses could improve the analysis. For instance, knowing the distribution of clients could help establish regional strengths and weaknesses and benefit areas such as marketing and product development.

Data on the Cultural Significance of Products/Services Sold by Indigenous Businesses Could be Important

Such data would provide for a distinct analysis that identifies the economic impact of Indigenous products and services as well as the economic impact of Indigenous tourism businesses. While the two are linked in many respects, they're also distinct. For instance, an Indigenous-owned business could sell a product or provide a service that isn't Indigenous, and vice versa.

Strategies to Address Data Gaps

Many of the data challenges discussed earlier can be resolved by national and/or regional indigenous associations having more frequent and more in-depth exchanges with Indigenous businesses to gain trust and establish clear lines of communication. In addition to this, there are other strategies that can be implemented in order to improve the robustness of data for any given survey.

Identifying the Dominant Players Operating in an Industry

Dominant businesses are, collectively, a group that you need responses from in order to have an accurate assessment of the economic and financial contributions of the industry/sector under analysis. Key representatives from this group of businesses will need to be actively engaged with the regional tourism associations and, in turn, buy into the research plan of the regional association. It is recommended that a plan to gather survey responses for this group include personal outreach (i.e. phone calls).

Put Together Regional Workshops to Identify Important Issues for Smaller Businesses

Aside from providing a venue for smaller businesses to gather, another benefit of hosting regional workshops is to identify potential concerns or skepticism in dealing with regional and national tourism associations. If found, these issues will need to be adequately addressed in order to ensure this group provides input into a survey.

Strengthen the Messaging That Surveys' Responses Help ITA to Support Indigenous Businesses

Response rates are boosted when the businesses responding share in the concerns being sought and accepting that the lead organization is both capable and credible in helping their business succeed. As an example, the COVID-19 survey conducted in the Spring of 2020 generated the highest response rate among recent surveys conducted by the Conference Board that pertained to the performance of Indigenous tourism business. In this case it is likely that two things contributed to this. The first is that the survey was quite high-level, as conditions related to COVID-19 pandemic were still quite fluid. The second is that respondents bought into the notion that ITAC was conducting this survey to help find solutions for tourism businesses that were struggling.

Create Incentives for Businesses

A further strategy to help boost survey responses is to provide prices and/or other incentives. This could include free membership of regional association meetings/workshops and/or free registration at conferences or meetings.

Appendix A

Definitions

Our analysis followed Indigenous Tourism Association of Canada's four-stage definition of market readiness.

Doors-open: Tourism-related services and experiences appear to be available, but they're not clearly explained and may be on-demand only. The establishment has no dedicated website, lacks defined hours of operation, and may be on-call only.

Visitor-ready: Available information confirms that a business entity exists with a basic website listing, but not much more information is available on product or service details. Visitor-ready businesses make only limited efforts to market their products and services, and what visitors can expect to see or do is unclear.

Market-ready: Available information confirms that the business is at least two years old with a dedicated website that provides contact information for key representatives who may be reachable 24/7. Market-ready businesses provide promotional materials that clearly explain what visitors will see or do and/or receive in return for purchasing a service or product. Where relevant, these businesses also demonstrate that permits/insurance are in place (e.g., for adventures, transportation).

Export-ready: Available information confirms the business is actively involved with industry partners, industry associations, destination management organizations, and the media. Where relevant, these businesses can guarantee bookings and pricing 18 months out. They target international visitors in their marketing activities and produce promotional materials with editorial-quality images and graphics.

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Appendix B

Methodology

In this study, we leveraged previous work[1] done for the ITAC along with incorporating an updated inventory. As we could not survey businesses the same way we had previously, we incorporated an updated inventory of Indigenous tourism businesses provided by Indigenous Tourism Alberta into our framework using existing relationships computed in the previous report. We then altered the economic impact metrics (employment, revenue, GDP, and wages) to reflect the updated inventory. Using this approach, we estimated the economic impact of 2022 and walked back figures to 2019 to provide a historical perspective. We also walked back figures to 2017 based on earlier projections for ITAC.

One notable departure from the previous work involved additional analysis that segmented performance based on market readiness levels. This work resulted in a series of relationships whereby each of the four stages of market readiness could be contrasted against the market average (see Table 1). We then used these relationships to re-estimate the performance of the four Alberta tourism regions and then summed to represent Alberta overall.

Finally, using our in-house outlook for similar tourism businesses in Alberta, which are primarily not Indigenous-owned, we benchmarked those estimates to provide a projection to 2026 for the four regions and for the province overall.

Table 1

Coefficients of Market Readiness Stage by Industry

	Doors-open	Visitor-ready	Market-ready	Export-ready
Accommodation	-	0.92	0.89	3.57
Recreation and outdoor activities	0.90	1.05	0.96	1.14
Gaming	-	1.76	0.50	3.33
Food and beverage	0.46	1.22	1.18	2.84
Arts and heritage	0.58	1.13	1.07	1.31
Transportation	1.00	1.00	1.00	1.00
Retail	0.92	0.98	0.95	1.73
Other*	0.61	0.99	0.90	2.00

*includes, notably, Indigenous government services, educational services, and health and personal care stores
Sources: The Conference Board of Canada.

1 The Conference Board of Canada, *The Impact of COVID-19 on Canada's Indigenous Tourism Sector: 2021 Update*, Indigenous Tourism Association of Canada, 2021, https://indigenoustourism.ca/tools-resources/the-impact-of-covid-19-on-canadas-indigenous-tourism-sector-2021-update/.

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The following members of The Conference Board of Canada's team contributed to this work: Shahrokh Shahabi-Azad.

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