Business Confidence Index

Three-Year Longitudinal Analysis: 2024–2026

An executive report on business sentiment among tourism operators in the RTO12 region (Muskoka, Parry Sound, Almaguin Highlands, Algonquin Park, South Algonquin and Loring–Restoule)

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1. Executive Summary

This report presents a three-year longitudinal analysis of the Explorers Edge business sentiment surveys conducted among tourism-sector operators in the RTO12 region of Ontario in 2024 (n=74 starts, 69 usable), 2025 (n=53 starts, 50 usable) and 2026 (n=69 starts, 58 usable). From these surveys we have constructed the **Explorers Edge Business Confidence Index (EE-BCI)** — a single, replicable score on a 0–100 scale where 50 represents neutral sentiment, values above 50 indicate net optimism, and values below 50 indicate net pessimism.

Headline result: business confidence has improved in each successive year, crossing from net-negative into net-positive territory in 2026. The EE-BCI registered 47.9 in 2024, 48.8 in 2025 (+0.9 points, stable) and 51.9 in 2026 (+3.1 points, improving). The 2026 reading is the first above the neutral 50 mark.

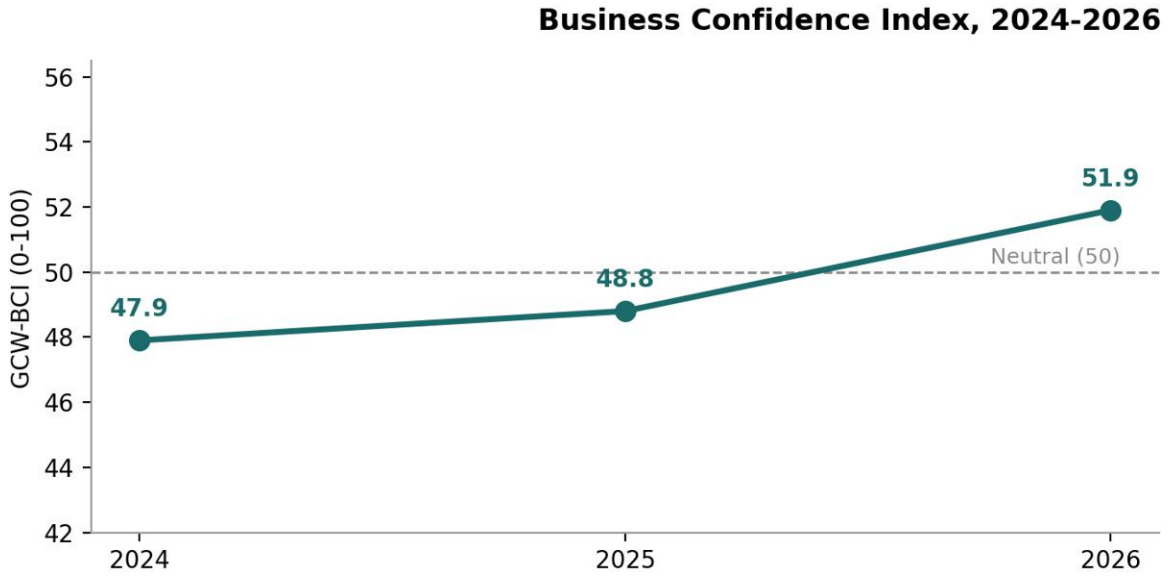

Figure 1. EE-BCI, 2024–2026. 50 = neutral; above 50 = net optimism.

The character of the recovery matters as much as its direction. Confidence is improving because the downside has receded — not because operators expect a boom. The share of operators expecting revenue to be higher than the prior year actually fell from 43.5% (2024) to 34.0% (2025) to 24.1% (2026), a statistically significant decline. What changed is that the "Lower" camp also shrank (27.5% in 2024 to 22.4% in 2026) while the "Similar" camp doubled from 29.0% to 53.4%. In short, the region has traded volatility for stability: fewer operators fear decline, but fewer also expect growth.

Three forces shaped the period. **First, the inflation and cost-of-living squeeze** remained the single most-cited constraint in every wave (69.6% of respondents in 2024; 76.0% in 2025), compressing both consumer discretionary spending and operator margins. **Second, labour pressure eased materially:** "lack of employees" as a limiting factor halved from 34.8% to 18.0% between 2024 and 2025 (statistically significant), and staffing optimism was the fastest-improving index component (+9.9 points over three years). **Third, U.S. tariff and border policy**

emerged as a defining external shock in 2025 — 88% of operators expected some effect, 40% a negative one — but by 2026 the share reporting no effect had more than doubled (12% to 29%), suggesting adaptation and a partial offset from strengthened domestic travel.

Capacity remains the region's biggest untapped opportunity. Capacity utilization is the weakest index component in all three years (21.0 → 24.0 → 29.3). Even in the improving 2026 environment, half of operators report running below capacity — down from 63.8% in 2024, but still a substantial volume of unsold inventory. Demand generation, season extension and conversion of regional visitation into bookings remain the highest-leverage interventions available to destination marketers and policymakers.

Outlook. The forward indicators lean cautiously positive: in 2026, optimists outnumber pessimists roughly three-to-one on the five-point outlook scale (44.8% optimistic vs. 10.3% pessimistic on business objectives), and the fall-2026 outlook is net positive (34.5% optimistic vs. 15.5% pessimistic). Given small sample sizes (margins of error of roughly ±12–14 percentage points), single-year movements should be read as directional; the consistency of direction across multiple indicators over three waves is what gives the improving trend its credibility.

2. Survey Overview and Methodology

The data comprise three waves of an operator sentiment survey administered online (SurveyMonkey) to tourism and tourism-adjacent businesses across the RTO12 / Explorers' Edge catchment: Muskoka, Parry Sound and Area, Almaguin Highlands, Algonquin Park, South Algonquin, and Loring–Restoule.

Attribute	2024 wave	2025 wave	2026 wave
Field dates	Feb–Apr 2024	Apr–Jun 2025	May–Jun 2026
Responses started	74	53	69
Usable for core sentiment questions	69	50	58
Margin of error (95%, p=0.5)	±11.8 pts	±13.9 pts	±12.9 pts
Owner / key decision-maker share	89%	94%	n/a (not asked)
Muskoka share of responses	61%	53%	67%
Questionnaire length	Full	Full + tariffs + workforce	Short form

Table 1. Survey administration across waves. Usable n = respondents who answered the core sentiment battery.

Respondents are overwhelmingly the most informed possible voices on business conditions: owners, managers or key decision-makers in 2024 and 2025 (the 2026 short form dropped the position question). The respondent base is dominated by small, established, highly tourism-dependent businesses: in 2024, 72% had operated for 10+ years and 57% derived at least 75% of revenue from tourism.

2.1 Questionnaire evolution

The questionnaire changed across waves, which constrains some comparisons and motivates the normalization framework in Section 7:

- **2024 (baseline):** business profile, 12-month optimism (two 5-point items), expected improvement vs. prior year (two 3-option items), prior-year capacity, actual and expected revenue, investment timing, and a 15-option limiting-factors checklist.
- **2025:** retained the entire 2024 core, added three U.S. tariff/border questions, a "Tariffs and/or border policies" option in the limiting-factors list, and a workforce module (employment counts, vacancies, retention practices). Business-type categories were consolidated (e.g., Resort, Hotel/Motel, B&B, Lodge and Campground merged into "Accommodation").
- **2026:** a materially shortened instrument. It retained the six core sentiment questions (optimism ×2, expected improvement ×2, capacity, expected revenue) plus one tariff question, and added a fall-2026 outlook question. It dropped the investment-timing question, the actual-revenue retrospective, the limiting-factors checklist, and most

firmographics. Time horizons also shifted from “next 12 months” to “the current 2026 season.”

Six sentiment questions are asked consistently in all three waves; these form the EE-BCI. Data cleaning: respondents who abandoned the survey before the sentiment battery are excluded from sentiment calculations (5, 3 and 11 respondents in 2024, 2025 and 2026 respectively, including one obvious test entry in 2026). Each question is tabulated on the base of those answering it.

3. Year 1 (2024) Analysis: Squeezed but Holding

The 2024 baseline depicts a sector under pronounced cost and demand pressure, yet with a resilient core of operators still planning for growth. The mean optimism score for meeting business objectives was **3.22 on the 5-point scale** — fractionally above neutral — with 39.1% optimistic (rating 4–5) versus 14.5% pessimistic (1–2). Staffing optimism was weaker at 3.09, with nearly a third (31.9%) pessimistic or extremely pessimistic about meeting staffing needs.

3.1 Key findings

- **Inflation dominated every other concern.** 69.6% cited rising consumer prices as a limiting factor and 52.2% specifically cited gas prices — a critical exposure for a rural, drive-to destination. Open-ended comments referenced COVID-loan repayment burdens (CEBA/RRRF), reduced discretionary spending, and high interest rates.
- **Demand was the second front:** 46.4% cited low visitor volume and 44.9% the weather — the latter reflecting the exceptionally mild, snow-poor 2023–24 El Niño winter that hurt winter-dependent operators (“The lack of winter weather has really affected us,” one Almaguin Highlands retailer noted).
- **Labour was a structural constraint:** 42.0% cited labour costs, 34.8% lack of employees, and 27.5% the region’s lack of affordable housing — a recurring rural-tourism bottleneck.
- **Capacity utilization was strikingly weak:** 63.8% operated below capacity in 2023; only 5.8% above. This is the clearest quantitative evidence that the binding constraint was demand, not supply.
- **Revenue experience was split almost exactly down the middle:** 36.2% reported 2023 revenue higher than 2022, 34.8% lower — a polarized, K-shaped year rather than a uniformly bad one.
- **Yet forward intentions stayed constructive:** 43.5% expected higher 2024 revenue (vs. 27.5% lower), and 39.1% said it was a good time to invest against 23.2% bad — though the largest investment camp was “not sure” (37.7%), signalling pervasive uncertainty.

Interpretation: 2024 reads as a post-pandemic hangover year — pandemic-era support programs converting into repayment obligations, inflation eroding both customer wallets and operator margins, and an unusually poor winter compounding the squeeze. The 2024 EE-BCI of 47.9 (slightly net-negative) captures a sector under pressure but not in retreat.

4. Year 2 (2025) Analysis: The Tariff Shock

The 2025 wave was fielded in April–June 2025, directly amid the U.S. tariff and border-policy upheaval, and the data show a sector absorbing a brand-new external shock while its older problems (inflation, soft demand) persisted. Headline sentiment barely moved — the EE-BCI edged up to 48.8 — but beneath the stable surface, sentiment polarized and its composition changed materially.

4.1 Key findings

- **The tariff shock was pervasive:** 88% of operators expected U.S. tariff/border policies to affect their business in the coming year — 40% negatively, 18% positively, 30% unsure of direction. 38% listed tariffs as a factor limiting their business objectives in the first year the option existed, instantly making it the sixth-ranked constraint.
- **Realized booking impact was milder than feared:** 72.9% reported no booking change attributable to tariff/border policy; 16.7% reported decreases and 10.4% increases — early evidence that domestic “stay-in-Canada” travel was partially offsetting lost U.S. and cross-border traffic.
- **Sentiment polarized:** optimism ratings spread to the extremes — the share extremely optimistic about business objectives doubled (4.3% to 14.0%) while the pessimistic camp also grew (14.5% to 24.0%). Expectations of conditions worsening (32.0%) overtook those expecting improvement (30.0%) for the only time in the series.
- **Labour pressure eased sharply:** “lack of employees” halved as a limiting factor (34.8% to 18.0%, statistically significant) and gas-price concern fell from 52.2% to 28.0% (significant). Pandemic after-effects faded as well (24.6% to 10.0%, significant).
- **But demand concern intensified:** low visitor volume climbed from 46.4% to 64.0% of operators, its highest level in the series, and general inflation hit 76.0%.
- **Investment appetite improved despite everything:** 44.0% called it a good time to invest (vs. 39.1% in 2024) and “not sure” shrank from 37.7% to 30.0% — operators were making decisions again rather than waiting.
- **Workforce module insights:** most respondents employ fewer than five people; the dominant retention levers are paying above minimum wage and providing training, with several operators providing staff housing. Open-ended responses repeatedly cite rural location, housing scarcity and the seasonality of work as the greatest hindrances to meeting workforce needs.

Interpretation: 2025 was a year of offsetting forces. A major new external threat (tariffs, border friction) landed on a sector that was simultaneously enjoying genuine relief on labour and fuel costs and an emerging domestic-travel tailwind. The flat index masks this churn: the composition of worry shifted from operational constraints toward demand and geopolitical uncertainty.

5. Year 3 (2026) Analysis: Stabilization Takes Hold

The 2026 wave (fielded May–June 2026, in-season) shows the strongest sentiment of the series. The EE-BCI rose to 51.9 — the first net-positive reading — and improvement is visible across all six components. Notably, **not a single respondent rated themselves "extremely pessimistic" about meeting business objectives**, versus 7.2% in 2024 and 6.0% in 2025.

5.1 Key findings

- **Optimism reached its series high:** 44.8% optimistic on business objectives versus 10.3% pessimistic (mean 3.48, up from 3.22 in 2024). Staffing optimism matched it (48.3% vs. 13.8%; mean 3.48).
- **Expectations consolidated around "steady":** 58.6% expect conditions for meeting objectives to stay the same, 24.1% to improve, 17.2% to worsen — the best improve/worsen balance of the series. The same pattern holds for staffing (17.2% improve vs. 10.3% worsen).
- **Revenue expectations turned conservative:** 53.4% expect 2026 revenue similar to 2025 — nearly double the 2024 share (29.0%, a statistically significant shift) — with 24.1% expecting higher and 22.4% lower. The net balance (+1.7) is barely positive, but the downside tail has thinned.
- **Capacity utilization improved to its series best, but remains weak:** 50.0% below capacity (down from 63.8% in 2024), 41.4% at capacity, 8.6% above.
- **The tariff effect normalized:** 29.3% now report no effect from U.S. policies (vs. 12% in 2025) and the negatively-affected share eased from 40% to 31%. About one in seven (13.8%) report a positive effect, consistent with redirected domestic demand.
- **Fall 2026 outlook is net positive:** 34.5% optimistic, 50.0% neutral, 15.5% pessimistic — a net balance of +19.
- **But the open-ended comments carry a warning:** operators describe a slow start to the season, visibly tighter consumer spending, guests shortening stays and seeking refunds, and input-cost increases of up to 50% — at least one long-running operator reported winding down. The qualitative texture is more cautious than the quantitative scores.

Interpretation: 2026 is a stabilization year. The acute shocks of 2024 (inflation spike, post-COVID debt) and 2025 (tariff panic) have been absorbed; what remains is a steady-state environment with thin margins and value-conscious consumers. Confidence has improved because predictability has returned — not because operators see strong growth ahead.

6. Cross-Year Comparative Analysis

Table 2 consolidates every consistently tracked measure. Percentages are of respondents answering each question. Given samples of 50–69, differences smaller than roughly 15 percentage points between any two years should be treated as directional rather than statistically significant; findings marked † pass a two-proportion test at the 95% level.

Measure	2024	2025	2026	3-yr direction
Optimistic re: objectives (4–5 on 5-pt)	39.1%	40.0%	44.8%	Improving
Pessimistic re: objectives (1–2)	14.5%	24.0%	10.3%	Improving
Mean optimism – objectives (1–5)	3.22	3.24	3.48	Improving
Mean optimism – staffing (1–5)	3.09	3.42	3.48	Improving †
Conditions will improve (objectives)	29.0%	30.0%	24.1%	Stable
Conditions will worsen (objectives)	27.5%	32.0%	17.2%	Improving
Operating below capacity	63.8%	58.0%	50.0%	Improving
Operating at/above capacity	36.2%	42.0%	50.0%	Improving
Expect revenue higher	43.5%	34.0%	24.1%	Deteriorating †
Expect revenue similar	29.0%	32.0%	53.4%	Shift to stability †
Expect revenue lower	27.5%	34.0%	22.4%	Improving
Actual revenue higher than prior yr	36.2%	28.0%	n/a	Deteriorating
Good time to invest	39.1%	44.0%	n/a	Improving
Tariffs: negative effect	n/a	40.0%	31.0%	Improving
Tariffs: no effect	n/a	12.0%	29.3%	Improving

Table 2. Year-over-year comparison of tracked measures. † = statistically significant change at 95% confidence.

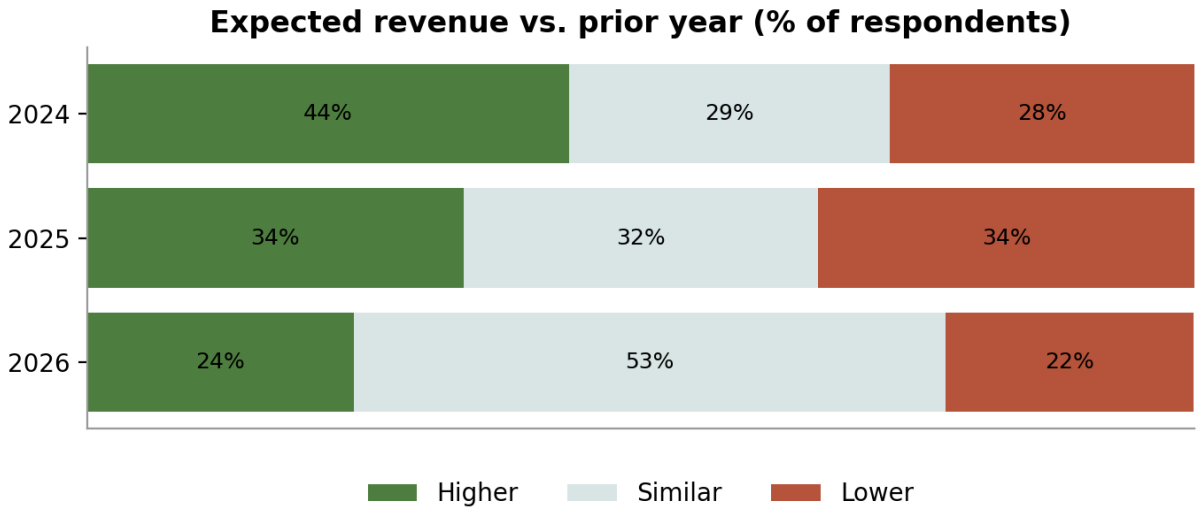

Figure 2. Revenue expectations vs. prior year. The "Similar" share doubled between 2024 and 2026.

6.1 Areas of improvement, deterioration and stability

- **Improving:** staffing outlook (fastest-improving component, +9.9 index points), capacity utilization (below-capacity share down 13.8 points), downside risk perception (pessimists and "worsen" expectations at series lows in 2026), and tariff adaptation.
- **Deteriorating:** revenue growth expectations — the "higher revenue" camp nearly halved from 43.5% to 24.1% (†). The region's growth narrative weakened even as its stability narrative strengthened.
- **Stable:** the overall optimism distribution (most operators cluster at neutral-to-moderately-optimistic in all three years) and the dominance of cost-of-living concerns wherever measured.

6.2 External factors behind observed changes

2024 — cost shock and weather: Canadian interest rates near their cycle peak, CPI inflation still elevated, mandatory repayment of pandemic loans (CEBA/RRRF, referenced spontaneously by multiple respondents), and a historically mild El Niño winter that gutted snow-dependent revenue.

2025 — trade shock and domestic-travel pivot: the new U.S. administration's tariff measures and border friction created both the year's dominant threat (40% expecting negative effects; supply-cost exposure for F&B and retail operators) and an unexpected tailwind, as Canadians substituted domestic trips for U.S. travel and a weak Canadian dollar made Canada relatively attractive. Falling interest rates and easing fuel prices reduced operating pressure (gas-price concern halved †).

2026 — normalization with thin margins: operators report a predictable but value-conscious market: guests still travelling, while trimming spend, shortening stays and booking later. Cost

inflation persists in inputs (one operator cites 50% goods-cost increases). The tariff environment has become a known quantity that roughly two-thirds of operators have priced in or absorbed.

7. EE-BCI Methodology

The EE-BCI is designed around one principle: use only questions asked identically (or near-identically) in every wave, so the index can be replicated annually without re-basing.

7.1 Question selection

Six questions qualify. Each measures forward-looking confidence, expected performance or demand strength. Demographic and descriptive questions (business type, region, tenure, tourism share, position) are excluded, as are questions asked in only one or two waves (investment timing, actual prior-year revenue, limiting factors, tariffs, workforce, fall outlook) — these are reported as supplementary indicators instead.

#	Component	Survey question	Scale
1	Optimism – business objectives	How optimistic/pessimistic do you feel about meeting your business objectives?	5-pt
2	Optimism – staffing	How optimistic/pessimistic about meeting staffing needs?	5-pt
3	Expected conditions – objectives	Will meeting business objectives improve, worsen or stay the same vs. last year?	3-opt
4	Expected conditions – staffing	Will meeting staffing needs improve, worsen or stay the same?	3-opt
5	Capacity utilization	Did/does your business operate below, at, or above capacity?	3-opt
6	Revenue expectations	Will revenue/sales be higher, similar or lower than the prior year?	3-opt

Table 3. EE-BCI components.

7.2 Scoring and weighting

- **5-point items:** “Extremely pessimistic” = 1 … “Extremely optimistic” = 5. Component score = (mean − 1) ÷ 4 × 100, so 0 = uniformly pessimistic, 50 = neutral, 100 = uniformly optimistic.
- **3-option items:** scored as a diffusion index, the convention used by the Conference Board and CFIB Business Barometer: score = (% positive − % negative + 100) ÷ 2. Positive/negative = Improve/Worsen, Above/Below capacity, Higher/Lower revenue; the middle option is neutral.
- **Weighting:** the six components are equally weighted (simple mean). Equal weighting is transparent, replicable, and avoids unstable optimized weights in small samples. Each component is computed on the base of respondents answering that question; respondents are not weighted (the respondent profile is sufficiently consistent across waves that weighting would add noise, not precision).
- **Index:** EE-BCI = mean of the six component scores. Range 0–100; 50 = neutral; ±3 points is a reasonable stability band given sampling error.

7.3 Normalization decisions and assumptions

- **Time horizon drift:** 2024/2025 ask about “the next 12 months”; 2026 asks about “the current 2026 season.” Treated as equivalent forward-looking horizons; flagged as a comparability caveat.
- **Capacity reference period:** 2024/2025 ask about the prior completed year; 2026 asks “so far in 2026.” Treated as the most recent observable utilization in both cases.
- **Mixed response formats:** the 5-point items were captured with labelled endpoints and numeric middle values (1–5); all responses mapped to the numeric scale.
- **Business-type recoding:** 2024’s granular categories were mapped to 2025/2026 groupings for profile comparison (Accommodation = Resort + Hotel/Motel + B&B + Lodge/Cabin + Campground, etc.). Under this mapping, accommodation comprises roughly 36–40% of every wave, supporting cross-wave comparability of the respondent base.
- **Survey timing:** the 2024 wave was fielded pre-season (Feb–Apr), the 2026 wave in-season (May–Jun). In-season responses reflect observed early-season performance rather than pure anticipation; this is unavoidable and noted as a limitation.
- **Raw vs. normalized:** because scoring rescales each question to a common 0–100 metric, the index is itself the normalized view; Section 6 presents the raw distributions alongside it.

8. EE-BCI Results

Year	EE-BCI	YoY change (pts)	YoY change (%)	Interpretation
2024	47.9	— (baseline)	—	Mildly net-negative
2025	48.8	+0.9	+1.9%	Stable
2026	51.9	+3.1	+6.4%	Improving — first net-positive reading

Table 4. EE-BCI scores. Changes within ±3 points are within the index's stability band.

Component	2024	2025	2026	3-yr Δ
Optimism – business objectives	55.4	56.0	62.1	+6.7
Optimism – staffing	52.2	60.5	62.1	+9.9
Expected conditions – objectives	50.7	49.0	53.4	+2.7
Expected conditions – staffing	50.0	53.0	53.4	+3.4
Capacity utilization	21.0	24.0	29.3	+8.3
Revenue expectations	58.0	50.0	50.9	−7.1
EE-BCI (mean)	47.9	48.8	51.9	+4.0

Table 5. Component scores (0–100; 50 = neutral).

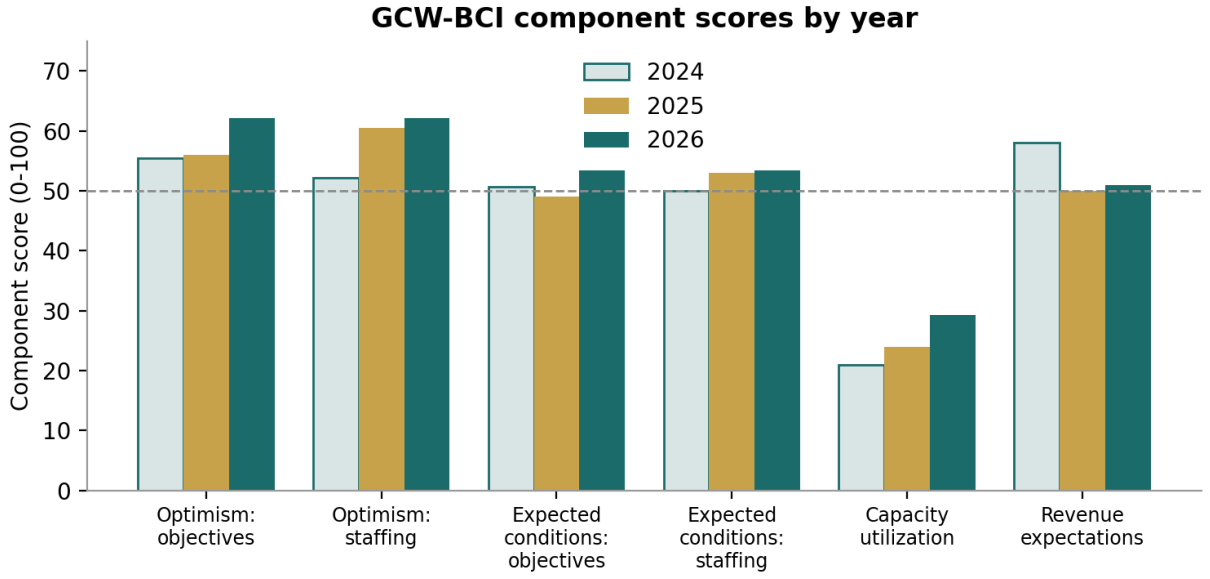

Figure 3. EE-BCI components. Capacity utilization is the persistent drag; revenue expectations the only declining component.

9. Key Drivers of Confidence

9.1 What moved the index

2024 → 2025 (+0.9): the gain was driven almost entirely by staffing optimism (+8.3 component points, contributing +1.4 to the index) and capacity (+3.0, contributing +0.5), offset by the revenue-expectations component falling from 58.0 to 50.0 (contributing −1.3). Tariff anxiety suppressed what would otherwise have been a clearer improvement.

2025 → 2026 (+3.1): broad-based. Objective optimism (+6.1 points), capacity (+5.3), expected conditions – objectives (+4.4) and staffing optimism (+1.6) all rose; no component declined. This breadth is the strongest evidence that the 2026 improvement is real rather than noise.

9.2 Short-term influences vs. structural trends

- **Short-term (cyclical):** tariff/border-policy anxiety (spiked 2025, normalizing 2026); gas prices (halved as a concern in one year †); weather variability (El Niño winter 2024); election-year policy uncertainty visible in 2024 open-ends.
- **Structural (multi-year):** persistent below-capacity operation (a demand-generation gap, improving only gradually); cost-of-living pressure on consumer discretionary spending (top concern in every wave); rural labour-market constraints rooted in housing scarcity and seasonality (easing cyclically, unresolved structurally); and an ageing operator base — open-ends across waves reference winding down, pivoting to leases, and succession.
- **Leading indicators to watch:** the “expect revenue higher” share (a clean growth-expectations signal, now at a series low of 24.1%); the below-capacity share (each 10-point improvement is roughly +3.3 EE-BCI points on the capacity component); and the tariff “no effect” share (a normalization gauge).

10. Top 10 Findings

1. **Confidence crossed into net-positive territory in 2026.** EE-BCI: 47.9 → 48.8 → 51.9. The 2026 gain (+3.1) is broad-based across all six components.
2. **The recovery is a stabilization, not a boom.** “Expect similar revenue” doubled (29.0% → 53.4% †) while “expect higher” nearly halved (43.5% → 24.1% †).
3. **Inflation was the #1 constraint in every year it was measured** (69.6% in 2024, 76.0% in 2025), and 2026 open-ends confirm consumer belt-tightening persists.
4. **Labour pressure eased dramatically:** “lack of employees” halved (34.8% → 18.0% †) and staffing optimism rose more than any other component (+9.9 points).
5. **Half the region’s capacity is still unsold:** below-capacity operation improved from 63.8% to 50.0% but remains the weakest component (29.3 vs. neutral 50).
6. **The 2025 tariff shock was broad but shallower than feared:** 88% expected effects, yet 72.9% saw no booking change; by 2026, “no effect” had jumped from 12% to 29.3%.
7. **A meaningful minority is winning from the disruption:** 18% (2025) and 13.8% (2026) report positive tariff effects — consistent with redirected domestic travel demand.
8. **Demand concern peaked in 2025:** 64.0% cited low visitor volume (vs. 46.4% in 2024), even as operational constraints eased — the worry mix shifted from supply to demand.
9. **Downside fear is at a series low:** in 2026, zero respondents were “extremely pessimistic” about objectives, and only 17.2% expect conditions to worsen (vs. 32.0% in 2025).
10. **The fall-2026 outlook is net positive (+19):** 34.5% optimistic vs. 15.5% pessimistic — forward momentum extends beyond the summer season.

10.1 Superlatives

- **Most significant positive trend:** the easing of the labour crisis — statistically significant, visible in three independent measures (limiting factors, staffing optimism, staffing expectations), and transformative for service quality and owner workload.
- **Most significant negative trend:** the erosion of growth expectations — the statistically significant halving of operators expecting higher revenue. The region is becoming confident about surviving, not about growing.
- **Biggest surprise:** confidence rose through the 2025–2026 tariff shock. A predicted external crisis (88% expecting effects) produced realized harm small enough that the index improved anyway — partly because domestic travel substitution turned a threat into a partial tailwind.
- **Most important implication for business operators:** plan for flat-revenue, thin-margin operations — pricing discipline, cost control and yield management matter more than expansion. The customer is still coming, but spending less per visit.

- **Most important implication for policymakers:** the binding constraint has shifted from labour supply to demand generation. Marketing investment, season extension and visitor-volume programs now have higher marginal value than workforce programs — while affordable housing remains the unresolved structural file.
- **Most important implication for investors and tourism stakeholders:** 50% of operators below capacity plus improving confidence equals operating leverage — incremental demand converts to profit without new capital. The asset base is established (72% of businesses 10+ years old) and sentiment has bottomed; the missing ingredient is visitors.

11. Strategic Implications

11.1 For businesses

- Budget for stability, not growth: with 53.4% of peers expecting flat revenue and consumers trading down, protect margin through yield management (dynamic pricing, minimum-stay design, packages that lift spend per visit) rather than volume assumptions.
- Use the labour respite to build durable retention — training, above-minimum pay and (where feasible) housing were the levers operators already use; locking in staff now is cheaper than rehiring when demand returns.
- Convert tariff-driven domestic travel into repeat business: capture guest data, market shoulder seasons to the new-to-region Canadian audience, and collaborate on cross-sell with neighbouring operators.
- Watch the late-booking, shorter-stay pattern flagged in 2026 comments; flexible cancellation and right-sized packages reduce refund friction.

11.2 For tourism operators / destination marketers

- Below-capacity operation is the region's largest measurable opportunity: 50–64% of operators have had unsold inventory throughout the period. Demand-generation campaigns — especially shoulder-season and winter-resilient products — attack the weakest index component directly.
- Lean into the domestic-substitution moment while it lasts: 2025–2026 created a once-in-a-generation pool of Canadians choosing Canada. Loyalty built now outlives the tariff cycle.
- Track and publicize the EE-BCI annually — a consistent six-question core keeps the index alive even when budgets force a short-form questionnaire, as in 2026.

11.3 For policymakers

- Affordable housing remains the structural constraint beneath the rural tourism labour market (cited by 24–28% every year it was asked, and repeatedly in workforce open-ends). Housing policy is tourism policy in this region.
- Cost pressure is policy-sensitive: pandemic-loan repayment terms, credit costs and fuel/carbon pricing all appear spontaneously in operator comments. Margin relief for small rural operators yields outsized sentiment gains.
- Weather volatility (the 2024 snow drought, 2026 bug/weather refund requests) argues for product-diversification support — grants for all-season infrastructure reduce climate exposure.

11.4 For investors

- The sentiment floor appears to be in: three consecutive index improvements, zero extreme pessimists in 2026, and net-positive fall outlook.
- Operating leverage is the thesis: established assets (72% over 10 years old) running at 50–64% below-capacity rates mean incremental demand flows largely to the bottom line.
- Risks to underwrite: consumer discretionary weakness (the top constraint in every wave), policy volatility (tariffs demonstrated how fast a new shock can arrive), climate/weather exposure, and succession risk in an ageing owner base. This analysis is informational and is not investment advice.

12. Survey Limitations

- **Small samples:** 50–69 usable responses per wave produce margins of error of roughly ±12–14 percentage points. Only large shifts (the labour easing, the revenue-expectations decline, the “similar revenue” surge, gas-price and pandemic-concern declines) clear conventional significance thresholds; most other movements are directional.
- **Self-selected, non-probability sample:** respondents opted in; operators with strong opinions or in distress may be over- or under-represented. Results describe respondents, not the full operator population.
- **Sample composition drift:** Muskoka’s share ranged 53–67% and business-type mix varies by wave; with these ns, subgroup reweighting would be unstable, so composition shifts may contribute to some year-over-year movement.
- **Questionnaire changes:** the 2026 short form dropped investment timing, actual revenue and limiting factors, truncating several trend lines; category consolidation in 2025 limits fine-grained business-type comparisons; horizon wording shifted in 2026 (“current season” vs. “next 12 months”).
- **Field-timing differences:** Feb–Apr (2024) vs. Apr–Jun (2025) vs. May–Jun (2026). Pre-season anticipation and in-season observation are not perfectly comparable states of knowledge.
- **Confidence level for conclusions:** high for the direction of the three-year trend (multiple independent indicators move consistently), moderate for the magnitude of any single-year change, and low for subgroup (region or business-type) differences.

13. Recommended Data Visualizations

The following exhibits are recommended for the published report and stakeholder presentations. Figures 1–5 are included in this document and supplied as print-resolution PNG files.

#	Visualization	Purpose / message
1	EE-BCI trend line with neutral-50 band (Fig. 1)	The headline: confidence crossed into positive territory in 2026
2	Component grouped bars, 3 years (Fig. 3)	Shows what is driving the index; highlights the capacity gap
3	Revenue expectations stacked bars (Fig. 2)	The “stabilization not boom” story in one image
4	Limiting factors ranked bars, 2024 vs 2025 (Fig. 4)	Worry mix shifting from operations to demand; tariffs entering
5	Tariff impact grouped bars, 2025 vs 2026 (Fig. 5)	Shock-and-adaptation narrative
6	Diverging bar of optimists minus pessimists by year	Simple net-sentiment visual for media use
7	Capacity utilization 100% stacked area, 3 years	The unsold-inventory opportunity for investors/policymakers
8	Dashboard scorecard (index, YoY arrow, component heat-map)	Annual one-page tracker as the index becomes a series

Table 6. Recommended exhibit set.

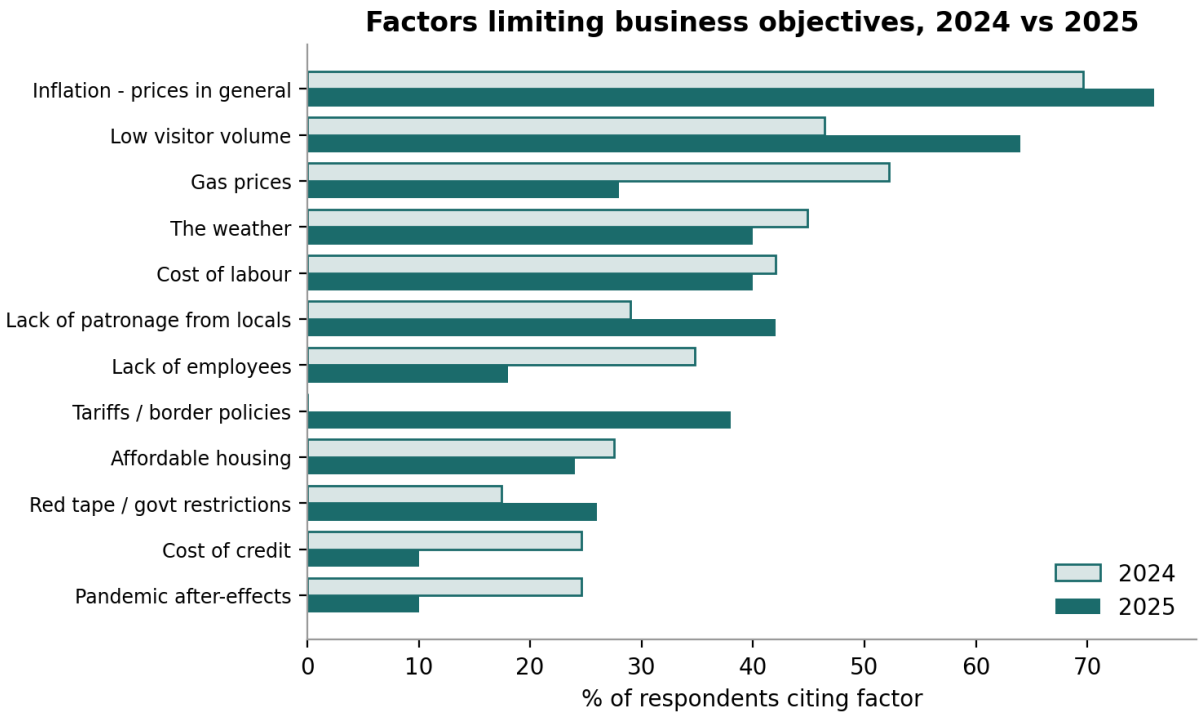

Figure 4. Factors limiting business objectives (multi-select), 2024 vs. 2025. Not asked in 2026.

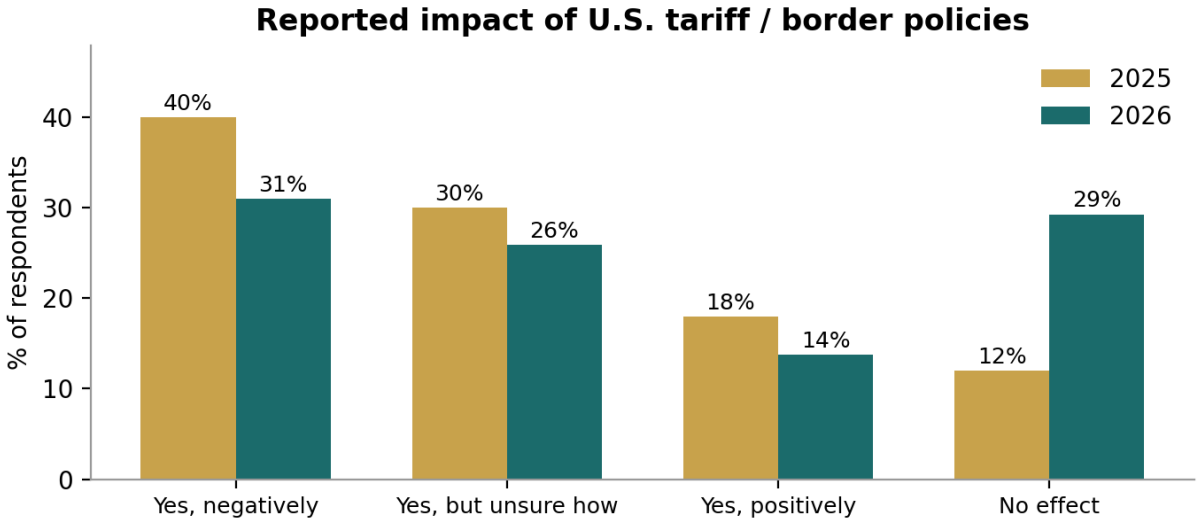

Figure 5. Reported impact of U.S. tariff/border policies, 2025 vs. 2026.

14. Conclusion

Across three turbulent years - an inflation and debt-repayment squeeze in 2024, a trade-policy shock in 2025, and a value-conscious normalization in 2026 - business confidence in the Explorers Edge has moved steadily, if modestly, upward. The EE-BCI's climb from 47.9 to 51.9 records a sector that has absorbed every shock thrown at it and emerged more stable, better staffed and less fearful, though not yet more ambitious.

The defining tension for the years ahead is between resilience and growth. Operators have proven they can endure; the survey evidence says they do not yet believe they can expand - growth expectations are at a series low and half the region's capacity sits unsold. Closing that gap is a demand-side challenge, and it is addressable: domestic-travel substitution has already shown that new visitors will come when given a reason.

The EE-BCI now exists as a replicable annual instrument. Maintaining the six-question core in every future wave - whatever else is added or cut - will compound the value of this series, giving the region an early-warning system and a credible, quotable measure of the business climate in the Explorers Edge.

Prepared from the Explorers Edge Business Confidence Index survey data (2024–2026 waves). Statistical tests are two-proportion z-tests at the 95% confidence level; all percentages are based on respondents answering each question. This report is for informational purposes and does not constitute investment advice.