



Tourism Industry Association of Canada

SURVEY

Canada's Destination Marketing
Organizations (DMOs) and
COVID-19 Impact



Introduction

On May 1, 2020, the Tourism Industry Association of Canada (TIAC) initiated a survey to Destination Marketing Associations (DMOs) to assess the impact of COVID-19 on organizational funding, access to support measures, and support mechanisms that would be helpful for continued operations. With a total of 171 respondents from across Canada, the information collected shows that there are unique needs DMOs face for continued operations post-COVID19, which will be essential to the return of the visitor economy in the coming months and years.

DMOs Across Canada

Our survey respondents represented a diverse cross section of Canada and rural vs. urban tourism regions.

DMO Funding

ACCOMMODATION TAX

More than half of the DMO's who responded rely on accommodation tax as a portion of their annual revenue. For more than 36% of respondents, 75% or more of their annual revenue is dependent on an accommodation tax. For these DMOs, there is significant risk to continued functionality due to a drop in tourism activities.

MEMBERSHIP FEES

While membership fees are not the main source of revenue for most DMOs, those who do collect and depend even partially on these fees may have difficulty recouping this portion of their budgets in the recovery phase, due to a drop in tourism activities and discretionary income of local tourism operators.

EVENTS & OTHER

While events and other sources are not the main source of revenue for most DMOs, the dependence on these for any portion of an organization's budget is threatened due to the many unknowns around the reintroduction of events and gatherings, and provincial/regional guidelines surrounding physical distancing. This will have significant impact not only on revenues, but also on marketing material available to many of these organizations on behalf of their communities.

Funding Declines

80%

of Canadian DMOs expect to lose at least 50% of their funding in 2020

Regardless of the source of revenues, this staggering number speaks to the gravity of the situation facing Canada's visitor economy without economic support. Nearly 82% of Canadian DMOs will not be able to survive past 2020 without additional funding support – 22% of those will not be operational in just 3 months time.

Fewer than 5% of DMOs say that they anticipate recovering lost revenues by 2021.

Access to Support

More than half of DMOs have accessed external support for their organization primarily through federal or provincial support. The remaining respondents reported they did not qualify for any external support or were still waiting confirmation of eligibility. Many DMOs are arm-length agencies of their local government and as such cannot access provincial and federal support.

Access to Support continued

Many referenced seasonality as a barrier to funding access. The majority of the DMO's work and support for communities happens in the summer season, and the greatest losses of income will be seen then with an anticipated drop in hotel, event and membership revenues. These issues are similar to those heard from many of the sector's seasonal businesses.

Of the federal COVID-19 support programs available to Canadian businesses and organizations, the most frequently accessed by DMOs are the Canada Emergency Wage Subsidy (CEWs) and Canada Emergency Business Account (CEBA). Over 49% of respondents indicated they have not been able to access any programs, and only 2% have been able to access BCAP.

Job Impacts

Overall, 47% of DMOs who responded to our survey indicated that they have not yet had to layoff staff – with some being able to apply for the wage subsidy program (CEWs). 28.6% of respondents have laid off up to 50% of their workforce, while 23.8% have laid off 75% or more of their staff.

It should be noted that many DMOs would usually hire seasonally as well, and these employment opportunities will in most cases be forgone for 2020.

An aerial photograph of a city street during a parade. The street is filled with thousands of pink balloons, many of which are strung across the street in long, parallel lines. People can be seen walking on the sidewalks. The background shows multi-story brick buildings with windows. The image has a semi-transparent dark overlay.

Anecdotes

**ON CURRENT
SUPPORT MEASURES**

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We find ourselves in the awkward position of our operating budget is too big for many of the programs, i.e. rent subsidy, or the short-term nature of the support does not work i.e. the wage subsidy ending June 6th. Our biggest revenue challenges will be in July and August.

– Scott Beck, Tourism Toronto



We have not applied for support this year, because we have not lost 15 - 30% of our revenue over last year. Our revenue is based on lump sum contributions for projects, received at the beginning of the year. We are still waiting for one payment from a DMF partner, which we hope to receive soon. If this does not arrive, we will be down \$60000 for 2020, which is 25% of our operation budget. These funds were invoiced prior to the COVID-19 crisis, so we feel that we do not qualify for the wage subsidy program this year. We have paused projects to ensure we are able to operate in 2020. For 2021, we will be in a difficult situation as over 50% of our funds come from our DMF partners and with hotel stays in 2020 affected by COVID-19, there will be \$0 DMF funds for projects and operations. We apply for operating funds from the Town of Cochrane. At this time we are requesting an increase in funding from the Town for 2021, but unclear is this will be approved by Council.

– Cochrane Tourism

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We are not eligible to apply for the support because we did not have \$20,000 in wages for 2019. We scheduled to do over \$300,000 in business this season, but now with the shutdowns, we are looking at possibly zero income this year, with all our overhead and costs already payed.

– Anonymous



Trying to access CEWS. As a Not for Profit getting a Business Account isn't really possible because it would have to be a member of our Board of Directors who would have access, so then they recommended that I apply as a Representative. Very unclear as to how that works, or where the request went, and they can't help me because I'm not a representative. So then trying to apply with a Web Access Code. Apparently the CRA is bogged down with requests so it's taking weeks to get the code to even be able to apply. Just keep hitting a brick wall to be able to submit the application.

– Anonymous

A photograph of a city park with a paved path. Several people are riding Segways along the path. In the background, there are tall city buildings and green trees. The image has a blue tint and a semi-transparent white text overlay.

Anecdotes

**ON WHAT WOULD
ASSIST THEM MOST**

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- 1. Replacement of lost hotel tax revenue so DMOs can effectively lead recovery for our regions.**
- 2. Co-investment from government in DMO-led domestic marketing initiatives.**
- 3. Financial incentives or tax credits for Canadians to travel domestically.**
- 4. Extension of CEWS program.**
- 5. Investment in tourism infrastructure and tourism experiences.**
- 6. Continued support for tourism businesses that are falling through the cracks of support programs and may cease to exist.**

– Michael Crockatt, Ottawa Tourism

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With things changing so quickly, it is hard to say. At some point, with MAT revenues declining (town collected about 18% income in March compared to YOY) our DMO may need financial help to survive. As of now, we have money in reserves to keep us afloat for the next 3-6 months. We'll have to re-assess after the wage subsidy program ends.

– Rebecca Edgar, Tourism Oakville

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Our primary programs have been cancelled. These programs would be critical to recovery of the destination and include marketing, sales, and events.

While leisure marketing is not as relevant during lockdown, the move to relaxing of social distancing can open up regional markets and represent more than 50% of visitor spend in our destination.

Sales of Meetings and Conventions is critical for re-booking of canceled conferences and ongoing business in 2022-2026. This program is in jeopardy simply due to cash flow.

While programs via ACOA and RDAs will be helpful, many of our core programs do not qualify and the contributions are not sufficient to maintain staff and implementation.

– Ross Jefferson, Discover Halifax



Long-term interest free loans 2 years plus, we are a seasonal tourism operation that expect to lose 100% or close to no income this coming season and the future of 2021 looks bleak. What needs to really happen is a long-term scenario-based planning by the provincial government to be able to give us a direction on how to make hard decisions in the near future. Giving loans or support only helps if we can see to the end of this crisis. For the most part were a small seasonal tourism operation. Losing this Summers revenue is almost certain but the forecast for 2021 doesn't look much better. So I need support in being able to last TWO complete seasons Without any significant income.

Even with the loans it still becomes a gamble, now just with a bigger debt.

Also we need a process in dealing with staff retention! It doesn't help when I am ready to open that all my key and loyal staff have had to go elsewhere to create an income for themselves

– Grand Manan Tourism Association and Chamber of Commerce



600-116 Lisgar Street
Ottawa, Ontario K2P 0C2



communications@tiac-aitc.ca



(613) 238 7887