

STATE OF TOURISM IN CANADA DURING COVID-19

DASHBOARD REPORT #9

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The 'State of Tourism in Canada during COVID-19' dashboard is compiled by Twenty31 analysts to provide a weekly snapshot of recent global, regional and domestic tourism health and economic updates, and insights on the impact of COVID-19 on the travel and tourism industry's path to recovery. Insights are derived from a review of myriad global and Canadian media sources, associations, consultancies, and expert opinion from the tourism industry and government. We analyze the current state and future potential of key drivers of tourism recovery, including the most important tourism channels – tour operators, OTAs, airlines, tourism businesses, travellers, and source markets.

This dashboard serves two objectives. 1) First, to help determine key messages for Canada's tourism industry, and, 2) in particular, to help determine timing of program and recovery messages supporting the Canada Experiences Fund (CEF) and other programs to aid of recovery of Canada's tourism economy.

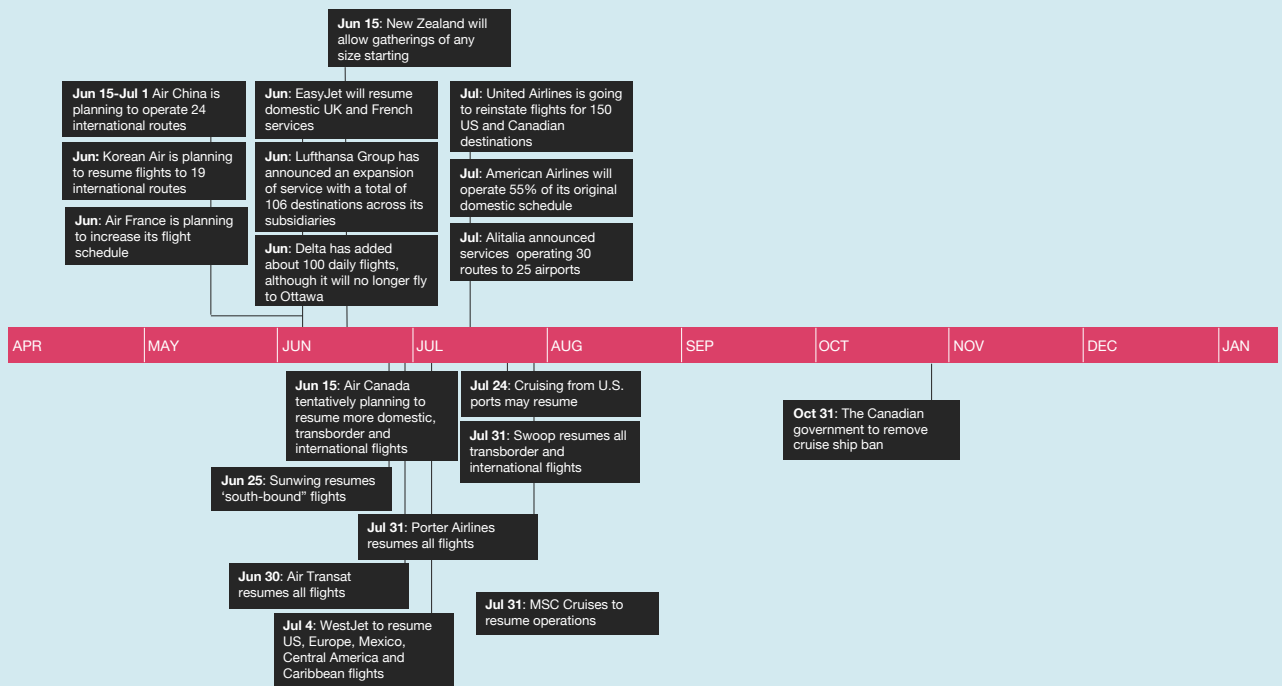
The dashboard now includes a new 'Global Easing of Travel Restrictions' section that tracks, in a visual format, announcements made by select national and provincial/state policymakers on the easing of travel restrictions in their jurisdictions.

KEY INSIGHTS TWENTY31 INTERPRETATION FROM MULTIPLE SOURCES

- GLOBAL: Across tourism sectors, indicators are pointing to a revitalization of the industry. While nowhere near 2019 figures, trends are nevertheless more positive compared to a few weeks ago. Despite these trends, the number of COVID-19 cases continues to rise globally including in the US, Brazil, Russia, Nigeria and India.
- GLOBAL: Some destinations, especially those that are heavily reliant on tourism as a major contributor to GDP, like Spain, are making the calculated yet difficult decision to open their borders as cases have plateaued. These countries are weighing the health risk of opening early to avoid more infections with the possibly a perceived more ominous risk of continued economic distress, especially as the peak summer tourism months in the Northern Hemisphere have arrived.

- **GLOBAL:** Destinations as well as operators, airlines, cruise, attractions and other industry sectors are using COVID-19 as an opportunity to tackle some of the pre-COVID-19 challenges they faced, such as low yield mass tourism, in the hope of creating an improved tourism environment for tourism recovery.
- **CANADA:** Many Canadian destinations are coming to terms with the possibility that tourism may not return in 2020 – as the summer season begins. Some provinces are still not allowing residents from other provinces to cross borders for the purposes of tourism. At the same time, while there is a general pride within some provinces having managed to reduce or keep COVID-19 cases low by keeping borders closed, these provinces may soon need to grapple with the reality a need to reboot their economies, especially those that are highly reliant on tourism during the peak season.
- **CANADA:** Across Canada, resident sentiment towards welcoming out of region and out of province visitors has taken a hit, challenging some provinces to develop strategies that balance the perception of safety with the economic needs supporting the industry. Several cases across the country of very negative sentiment towards out of province visitors are making headlines further impeding the risk for tourism recovery.

CURRENT TIMELINE



Note: Skift (Twenty31's partner), has launched a comprehensive timeline for the reopening of tourism: <https://reopening.travel/reopening/>

GLOBAL EASING OF TRAVEL RESTRICTIONS (HEAT MAPS)

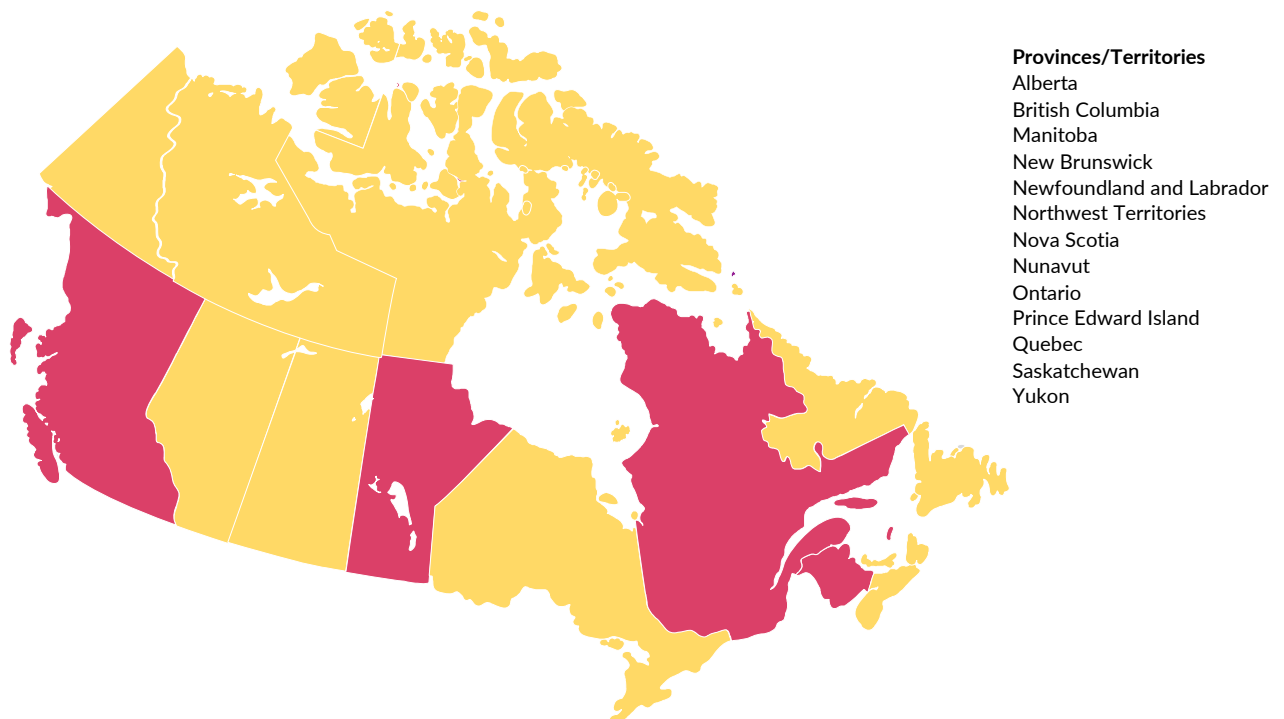
Notes:

1. Highlighted destinations in the US and overseas are based on a selection of the largest outbound travel markets with available COVID-19 response data
2. The data presented is based on publicly available information and subject to change on a daily basis
3. The legend categories are based on a common framework developed from a synthesis of various leading jurisdictional data points

Note: The following maps represent the current stage of reopening and recovery measures that have been implemented in each jurisdiction. Over the coming weeks our team of analysts will continue to closely monitor updates from governments across Canada and globally in select markets.

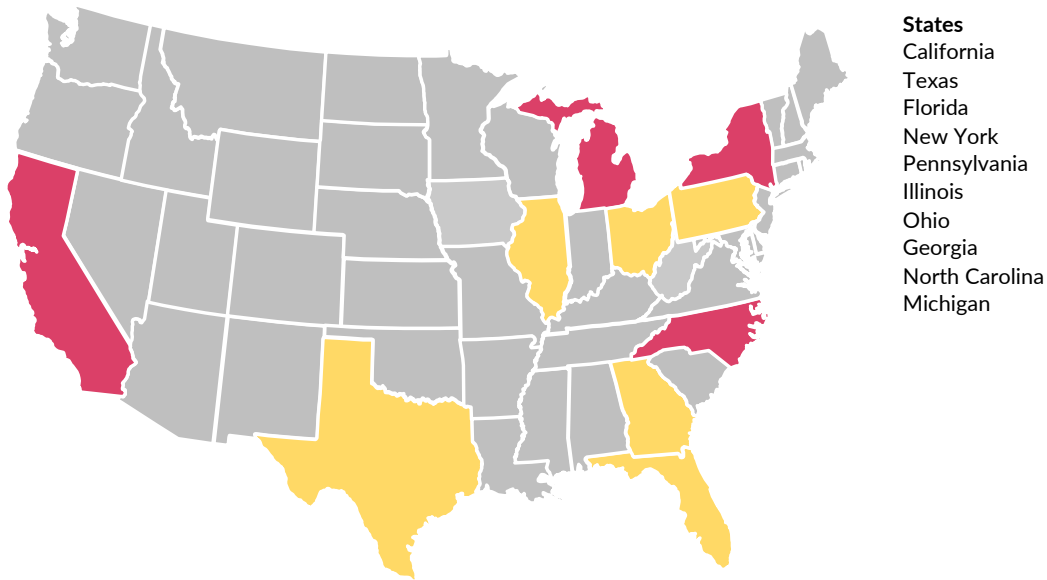
	CURRENT STATE: No tourism; Non-essential business closed; Physical distancing
	PRE-CONDITIONS FOR TOURISM: Limited opening of public spaces; Some emergence of local economy; Intra-provincial/state travel measures in place
	SOME DOMESTIC TOURISM (BUBBLE): Intraterritorial border opening; Potential for domestic tourism bubbles
	OTHER DOMESTIC TOURISM: Interprovincial/state tourism
	SOME INTERNATIONAL TOURISM (BUBBLE): National border opening; Some potential international tourism bubbles
	NORMALIZED TOURISM: Domestic tourism; International tourism

COVID-19 RESTRICTIONS: CANADIAN PROVINCES/TERRITORIES

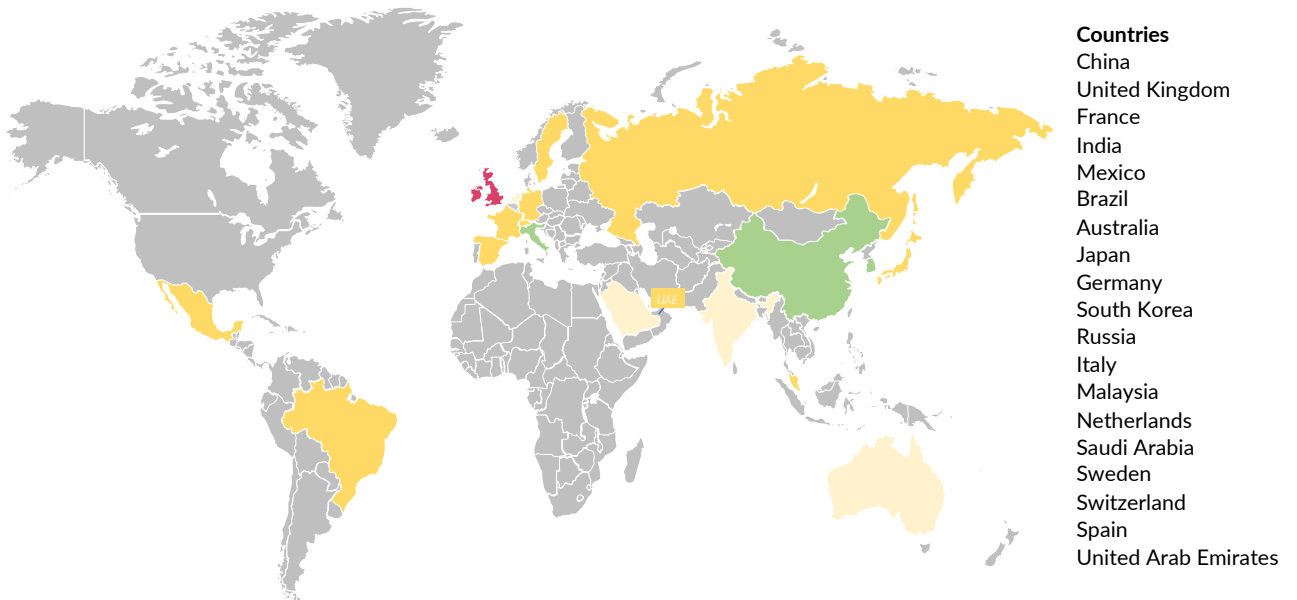


COVID-19 RESTRICTIONS: TOP 10 MOST POPULATED STATES IN THE US

Note: States highlighted in grey indicate that they are not monitored for this dashboard

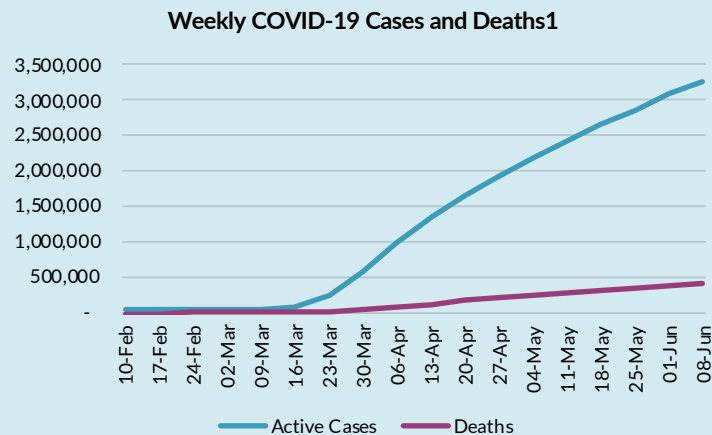


COVID-19 RESTRICTIONS: CANADA'S TOP SOURCE MARKETS AND TOP GLOBAL OUTBOUND MARKETS (EXCLUDING US)



OVERVIEW

HEALTH IMPACT



- GLOBAL: Confirmed deaths caused by COVID-19 surpassed 400,000 globally, while worldwide cases climbed above 7.1 million; affecting 213 countries and territories¹
- GLOBAL: The World Health Organization urged countries on Monday to press on with efforts to contain the novel coronavirus, noting the pandemic was worsening globally and had not yet peaked in Central America²
- GLOBAL: The World Travel & Tourism Council (WTTC) has recognized destinations around the world with its global safety and hygiene stamp identifying places that are prioritizing traveler safety and hygiene. Turkey, Bulgaria, Jamaica, Mauritius, Ontario, Portugal, Saudi Arabia and tourist-friendly Mexican destinations such as Baja California Sur and the Yucatan have each adopted the WTTC's "Safe Travels" standardized health and hygiene protocols³
- GLOBAL: While Italy, Germany and France are planning to open up widely, other European nations are proceeding more cautiously, drawing up selective lists of countries from which travel will be allowed, or establishing "travel bubbles"⁴
- CANADA: According to a release from the Canadian Federation of Independent Business 44% of Canada's small businesses have fully reopened as of June 8, up from 38% that had been reopened two weeks prior⁵
- CANADA: As of June 5, there have been a total of 93,726 confirmed cases and 7,637 reported deaths in Canada⁶

KEY TAKEAWAY: Countries around the world are using different approaches to begin reopening their economies. In some destinations – especially those most reliant on travel and tourism – attractions, retail stores, tour operators, accommodations and parks and beaches are now able to open with physical distancing and capacity regulations in place.

ECONOMIC IMPACT

- GLOBAL: US unemployment officially fell to 13.3% in May as employers added 2.5 million jobs. Restaurants and bars added back nearly 1.4 million jobs and in retail 367,800 jobs returned. The Labor Department noted that during the pandemic, millions of workers were misclassified as “employed but not at work,” when they should have been counted as “unemployed on temporary layoff.”⁷
- GLOBAL: In the US, national weekly travel spending grew by 15% to \$4.3 billion last week (its highest level since March), but remains severely depressed at about 20% of the average level seen in the weeks leading up to the pandemic⁸
- GLOBAL: The number of deals announced in the global travel and tourism sector declined by 31.3% during the week ended May 31, compared to the previous week, according to a global deals database⁹
- CANADA: Following losses of more than three million jobs from February to April, employment rose by 290,000 in May as several provinces had begun to ease public health restrictions and allow some non-essential businesses to reopen. Three-quarters of the overall employment increase in May was in full-time work, while nearly 80% of overall gains were accounted for by higher employment in Quebec¹⁰
- CANADA: Wholesale and retail trade jobs (+107,000) and accommodation and food services jobs (+41,900) also saw strong growth in May¹¹

KEY TAKEAWAY: The hardest hit sectors are seeing job recovery as economies reopen. The retail and accommodation and food services improved in May, in Canada and the US.

FOCUS CASE STUDY: SPAIN – A NEW KIND OF TOURISM

- Spain is the second most visited country in the world. Tourism accounts for 12% of Spain's GDP, a vital element of Spain's economy.
- In an effort to salvage the industry, Spain's left-wing government has said it will open up the country to foreign tourists from July 1.
- The biggest overseas market has always been the British, but this year they are concentrating on attracting the French, who are also a big market, and the Portuguese. Reluctance to travel by air and to make reservations may mean the British come later.
- Cleaning hotels, making staff and customers wear masks, enforcing social distancing in restaurants, bars and even nightclubs will be essential.
- Additionally, destination management officials across Spain are using COVID-19 as an opportunity to change from the type of tourism that involves promoters using 'booze cruises' and all-in-one deals, for example, and in some cases, are issuing fines to operators that defy these regulations.
- Other destinations within Spain are introducing apps that help people find areas such as beaches that are less crowded.¹²

KEY TAKEAWAY: Destinations like Spain, though devastated by COVID-19 (Spain has had the sixth most cases globally after the US, Brazil, Russia UK and India) is making the calculated and difficult decision to open its borders earlier than others as it weighs the benefits and disadvantages of health versus economic risks. Spain and similar destinations are choosing to live with the virus, rather than avoid it, and is estimating that the economic fallout from the crisis will be greater than the health crisis itself. With this mindset, destinations within the country are using the opportunity to reset tourism to address some of the pre-COVID-19 challenges it faced such as mass-tourism low yield visitation, as well as leveraging technological innovations to manage the flow of travellers.

AVIATION

- GLOBAL: This week's global capacity numbers show that just under half a million seats have been added back and it is now at 37.2 million compared to 115.8 million in the same week last year¹³. Of major domestic markets, the US shows the most positive return of flights with the year-over-year reduction in flights at 67.9% this week vs. 71.8% a week ago¹⁴
- GLOBAL: Air China is planning to operate 24 international routes between June 1 and July 1; Korean Air is planning to resume flights to 19 international routes beginning June 1; Qantas and Jetstar will increase their domestic and regional flights for June and July in Australia; Singapore Airlines is increasing the number of destinations in their network, as well as frequencies on some existing services, in June and July¹⁵
- GLOBAL: Air France is planning to increase its flight schedules in June; Alitalia announced services in July, operating 30 routes to 25 airports; EasyJet will resume domestic UK and French services in June; Lufthansa Group has announced an expansion of service from the start of June, with a total of 106 destinations across its subsidiaries¹⁶
- GLOBAL: Delta has added about 100 daily flights in June, although it will no longer fly to Ottawa¹⁷; United Airlines is going to reinstate flights for 150 US and Canadian destinations in July¹⁸; American Airlines will operate 55% of its original domestic schedule in July¹⁹
- CANADA: Air Canada is tentatively planning to resume more domestic, transborder and international flights by June 15²⁰; WestJet suspended all US, Europe, Mexico, Central America and Caribbean flights through July 4²¹; Air Transat is continuing suspension of all flights until June 30²²; Sunwing suspended all 'south-bound' flights until June 25²³; Swoop suspended all transborder and international flights until July 31²⁴; Porter Airlines suspended all flights until July 31²⁵

KEY TAKEAWAY: Airlines are restoring services in phases to re-build traveller confidence. Domestic routes are increasing first, as provincial/state regulations relax, followed by regional and international long-haul flights.

ACCOMMODATION & EVENTS

- GLOBAL: The Thailand Convention & Exhibition Bureau (TCEB) has launched its MICE Hygiene Guidelines to boost business confidence and alleviate concern over health and safety²⁶
- GLOBAL: New Zealand will allow gatherings of any size starting next week²⁷
- GLOBAL: Airbnb has seen bookings for US listings between May 17 and June 3 grow year over year as measured against 2019. Other areas seeing a pickup in activity include Germany and Portugal. Expedia Group has also seen growth in its VRBO unit²⁸
- GLOBAL: Six of the Top 25 Markets saw occupancy levels above 40%: New York, New York (47.6%); Norfolk/Virginia Beach, Virginia (44.2%); Tampa/St. Petersburg, Florida (44.0%); Phoenix, Arizona (42.5%); Atlanta, Georgia (40.7%); and Detroit, Michigan (40.4%)²⁹
- CANADA: Canadian hotel performance was up slightly from previous weeks for the week ending May 30. In a year-over-year comparison, the industry reported a 70.4% drop in occupancy to 21.4%, a 40.1% decrease in Average Daily Rate (ADR) to \$102.82 and an 82.3% decrease in Revenue Per Available Room (RevPAR) to \$22.04³⁰

KEY TAKEAWAY: Restrictions on gatherings are beginning to loosen and hotels/conference centres are preparing for business events to slowly return.

CRUISE

- GLOBAL: MSC Cruises announced that it will extend its cruise suspensions through July 31. It plans to resume shorter-term operations for winter 2020/21 season in phases and by region only³¹
- GLOBAL: The U.S. Centers for Disease Control and Prevention has just rolled out a new color-coded COVID-19 surveillance system, which will be used to grade cruise ships operating under US jurisdiction according to their threat-level for infection³²

KEY TAKEAWAY: Subject to health regulations and government approvals in countries across the globe, the cruise sector's journey back to normal will be complex.

ONLINE TRAVEL AGENCIES (OTAS)

- GLOBAL: Trip.com Group saw its net revenue plummet 42% in the first quarter of 2020 to \$669 million compared to a profit of more than \$1.1 billion in 2019³³
- GLOBAL: Sabre announced a restructuring of its airline and agency-focused businesses on Thursday in a move that includes about 800 layoffs³⁴
- GLOBAL: Daily traffic to OTA websites and travel metasearch engines is slowly improving. It was down roughly 80% year-over-year in early-April, but somewhat improved in the third week of May, when it was down only 73% year-over-year³⁵

KEY TAKEAWAY: Daily traffic to OTAs shows that more consumers are beginning to actively research a future trip.

MAJOR TOUR OPERATORS

- GLOBAL: The WTTC has outlined safety measures for the sectors across the travel and tourism industry, including tour operators, airlines and hotels³⁶
- CANADA: Transat Distribution Canada has announced a new partnership with CanaDream, one of Canada's largest RV rental and sales companies³⁷

KEY TAKEAWAY: To meet the changing needs and interests of travellers, tour operators are adopting standard safety measures, as defined by the WTTC, and forming new partnerships to build domestic travel demand.

TRAVELLER BEHAVIOURS

- GLOBAL: 70% of Americans will take at least one leisure trip in the remainder of 2020. Over three-quarters have a developed sense of where and when their next leisure trip will take place and the majority say there is little chance of cancellation³⁸
- GLOBAL: Nearly half of employed Americans reported they would be unhappy if their employer asked them to take an out-of-state business trip in July; meanwhile, about a quarter would be happy to³⁹
- GLOBAL: In a recent travel intentions survey, booking a vacation is the top priority for nearly all Asia-Pacific markets with the exception of India, where buying consumer goods such as clothes and personal electronics has greater appeal⁴⁰
- GLOBAL: There was a substantial increase in May for flight searches to China. The Asia-Pacific countries showing the strongest travel intent include Australia, South Korea, Singapore, Malaysia, and Philippines. Outside of Asia-Pacific markets, US showed the biggest uptick in travel intent for China⁴¹
- GLOBAL: The International LGBTQ+ Travel Association recently surveyed members of the LGBTQ+ community to gauge their attitudes toward leisure travel. Nearly half (46%) said they will not change the types of destinations they choose to visit after the coronavirus situation is resolved, reflecting a high degree of destination loyalty amid the uncertainty⁴²
- CANADA: Eight in ten (82%) Canadians considering health & safety measures to be the most important factor when considering returning to a retailer⁴³

KEY TAKEAWAY: Some travellers have a sense of where and when their next leisure trip will take place – signifying that trust and loyalty are important factors for destination selection post-COVID-19.

SOURCES

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