

IMPACT OF COVID-19 ON THE CANADIAN ECONOMY AND CONSUMER SENTIMENT - as of August 20, 2020

To better understand the impact of COVID-19 on the economy, the consumer mindset and to inform marketing recovery strategies, Destination Ontario has accessed various economic and public attitude and behavior studies.

EXECUTIVE SUMMARY AS OF AUGUST 20, 2020

According to the weekly Ipsos Canada Tracking Report #19, Updated: August 20, 2020

- 44% of Canadians are worried about losing their job, this has worsened from 42% observed in the July 10 – 13 wave of data
 - This perception is higher in Ontario with 46% of Ontarians being worried about losing their job, this has remained the same observed in the July 10 – 13 waves of data
- Likelihood of travel within their own province has significantly decreased in Ontario potentially due to the start of the school year signaling the summer is coming to an end
 - 53% of Ontarians are likely to avoid travel even within their own province, this has worsened from 35% observed in the July 10 – 13 waves of data

According to Destination Canada's Resident Sentiment Survey Report, Updated August 18, 2020

- Ontario sentiment increased in early August after seeing a significant increase towards visitors from other parts of Canada but have decreased as of August 18 back to mid-July sentiment levels
- Compared to other provinces, Ontario is the least welcoming of visitors from other communities near them and from other parts of Ontario

According to Destination Canada's Sentiment Toward Tourism Advertisement Survey Report, Updated August 18, 2020

- Overall Ontario receptivity of promoting communities as a destination in other nearby

DESTINATION ONTARIO

An Agency of the Government of Ontario

- communities in Ontario is net positive; therefore, promoting hyperlocal travel is well received
- Overall Ontario receptivity of promoting communities as a destination in other parts of Ontario is net neutral; therefore, promoting pan Ontario travel is neutrally received
- Overall Ontario receptivity of promoting communities as a destination in other parts of Canada is net negative; therefore, promoting to other provinces is not well received

According to Leger Research's national pandemic tracker study results from August 14 – 16, 2020 reported

- Ontarians overall remained comfortable with outdoor activities that allowed for better physical distancing and with protective measures in place

According to Google Travel Intent survey online poll results ending August 14, 2020

- 24% of Canadians are looking at booking a domestic trip in the next three months
- 19% of Canadians are looking at booking a domestic trip after a year from August 14, 2021
- 15% of Canadians are interested a major city travel destination
- 18% of Canadians are interested in a small-town travel destination

According to Google's recovery signal dashboard based on search query data, as of August 20, 2020

- Overall, travel related search queries remain strong in Canadian searches pertaining to flight and accommodations in Canada
 - Consistent strong growth in domestic demand for vacation rentals at +92% in the last 30 days year-over-year
 - Strong domestic search query for hotels returning to pre-COVID levels, growing at +13% in the last 30 days year-over-year

According to Google's Global Travel Intent survey based on data as of August 14, 2020

- In the UK, Germany and France, less than 12% polled in each country regarding booking window for an international trip, intend to book an international trip within the next year

DESTINATION ONTARIO

An Agency of the Government of Ontario

According to Destination Canada reported as of June 21, 2020

Depending on when the borders open, Destination Canada forecasts:

- 43% – 61% drop in Canadian revenue from tourism (this has been revised from 35% – 59% forecasted in April/May)
- Recovery to 2019 levels only by 2023/2024

FORECASTED OUTCOMES

Visitor Demand Forecast¹: *(As of June 21, 2020)*

As of June 21, 2020, based on the current international border closures and evolving pandemic situation across the globe, Destination Canada revised its visitor demand forecasts.

Depending on when the borders open, Destination Canada forecasts:

- 43% – 61% drop in Canadian revenue from tourism (this has been revised from 35% – 59% forecasted in April/May)
- Recovery to 2019 levels only by 2023/2024

MACRO-ECONOMIC OUTLOOK:

COVID-19 has seen a significant negative economic impact causing noticeable changes in public behaviour. Market research firm Ipsos is tracking public attitudes and behaviour in Canada and other countries to assist organizations in their strategic and tactical planning. The research consists of weekly online polling of a random samples of Canadians and citizens from various countries. The latest data shows some key insights:

CANADA:

Ipsos' public attitude and behavioral online poll results from August 20, 2020 reported²:

Personal Impact and National Threat²

Threat perception indicators have remained stable over the past month across Canada

- **63%** Canadians believe COVID-19 will have a personal financial impact on them and their family, this has **remained the same**, previous wave of data July 10 – 13 waves of data

DESTINATION ONTARIO

An Agency of the Government of Ontario

- **65%** of Ontarians worry about their personal financial impact, this has **remained stable** from 66% observed in the July 10 – 13 wave of data
- **45%** of Canadians perceive the virus as a threat to Canada, this has **remained stable** from 44% observed in the July 10 – 13 wave of data
- **44%** of Canadians are worried about losing their job, this has **worsened** from 42% observed in the July 10 – 13 wave of data
 - This perception is higher in Ontario with **46% of** Ontarians being worried about losing their job, this has **remained the same**, previous wave of data July 10 – 13 waves of data
- **88%** of Canadians feel the coronavirus will lead to a recession, this has **remained stable** from 89% observed in the July 10 – 13 wave of data

Perceived Big Global Economic Impact²

- **94%** of Canadians foresee an impact on the financial markets and global economy, this has **remained stable** from 93% observed in the July 10 – 13 wave of data
- **31%** of Canadians think their job or business is threatened by COVID-19, this has **remained stable** from 30% observed in the July 10 – 13 wave of data

TRAVEL OUTLOOK:

CANADIAN TRAVEL OUTLOOK:

Ipsos' public attitude and behavioural online poll results from July 14, 2020 reported²:

- **77%** of Canadians are not comfortable taking a vacation this year, regardless of when the pandemic ends, this has **remained stable** from 78% observed in the July 10 – 13 wave of data
- Perceived risk of activities has improved
 - **20%** of Canadians now consider travelling within their province risky, this has **remained stable** from the July 10 – 13 wave of data
 - **46%** of Canadians now consider restaurants risky, this has **remained stable** from the July 10 – 13 wave of data
 - **30%** of Canadians shopping malls risky, this has **remained stable** from the July 10 – 13 wave of data

DESTINATION ONTARIO

An Agency of the Government of Ontario

- Net intent to travel to other provinces remains negative and in line with data seen over the past two months, especially with Ontario and Quebec being the most impacted (currently the provinces worst-hit by the pandemic).
- Likelihood of travel within their own province has in Ontario potentially due to the start of the school year signaling the summer is coming to an end
 - **53%** of Ontarians are likely to avoid travel even within their own province, this has **worsened significantly** from 35% observed in the July 10 – 13 wave of data

Destination Canada's resident sentiment survey study results from August 18 reported³:

- Ontario sentiment remains unchanged across all levels. Compared to other provinces, Ontario is the least welcoming of visitors from other communities near them and from other parts of Ontario.
- **39%** of Ontarians would welcome visitors from other parts of Ontario, **decreased** from 41% reported in July 14 report
- **32%** of Ontarians would welcome visitors from other parts of Canada, **decreased** from 35% reported in July 14 report
- Majority of Ontarians are less welcoming of visitors travelling to their community from outside of Canada.
- **6%** of Ontarians would welcome visitors from the U.S. to visit their community, **remained stable** from 7% reported in July 14 report
 - **8%** of Ontarians would welcome visitors from other countries, **remained steady** from 9% reported in July 14 report

Destination Canada's sentiment toward tourism advertisement study results from August 18 reported³:

- Compared to other provinces, Ontario is the least receptive of seeing advertising promoting their communities
- Provincial receptivity score is based on net level of happiness to seeing their community being promoted to each target market is equal to total very happy and happy minus total very unhappy and unhappy
- Overall Ontario receptivity of promoting communities as a destination in other nearby communities in Ontario is net positive; therefore, promoting hyperlocal travel is well received
- Overall Ontario receptivity of promoting communities as a destination in other parts of

DESTINATION ONTARIO

An Agency of the Government of Ontario

- Ontario is net neutral; therefore, promoting pan Ontario travel is neutrally received
- Overall Ontario receptivity of promoting communities as a destination in other parts of Canada is net negative; therefore, promoting to other provinces is not well received

Leger Research's national pandemic tracker study results from August 14 – 16 reported⁴:

- Ontarians feel comfortable with activities with protective measures in place:
 - 42% dining in restaurants, **increased** from 38% reported in July 10 – 12 waves of data
 - 14% attending large gatherings such as sporting events, concerts or festivals, **decreased** from 17% reported in July 10 – 12 of data
 - 14% going to bars, pubs, lounges, night clubs, **remained stable** from 13% reported in July 10 – 12 waves of data
 - 19% flying on an airplane, **remained stable** from 18% reported in July 10 – 12 waves of data
 - 10% travelling to the United States, **remained stable** from 11% reported in July 10 – 12 waves of data

Google Travel Intent Canada survey online poll results ending August 14, 2020 reported⁵:

- 24%** of Canadians are looking at booking a domestic trip in the next three months, **decreased** from 28% reported in the previous July 10 report
- 7%** of Canadians are looking at booking a domestic trip in the next three to six months, **remained stable** from 8% reported in the previous July 10 report
- 19%** of Canadians are looking at booking a domestic trip after August 14, 2021, **remained stable** at 19% reported in the previous July 10 report
- 20%** of Canadians are interested in travelling within 20 miles of their home, this is an **increased** from 17% reported in the previous July 10 report
- 4%** of Canadians are interested in a travel destination anywhere in their region, **remained stable** from 5% reported on July 10 report
- 41%** of Canadians are interested in a travel destination anywhere in Canada, this has **remained stable** from 43% observed in the previous July 10 report
- 15%** of Canadians are interested a major city travel destination, **remained stable** from 16% reported in the previous July 10 report

DESTINATION ONTARIO

An Agency of the Government of Ontario

- **18%** of Canadians are interested in a small-town travel destination, **increased** from 14% reported in the previous July 10 report
- **23%** of Canadians are interested in a rural travel location, **decreased** from 28% reported in the previous July 10 report
- **16%** of Canadians are interested in a beach destination, **increased** from 11% reported in the previous July 10 report

Canada Travel Related Recovery Signals⁶ (As of August 20, 2020):

Google's recovery signal dashboard based on search queries grouped into three categories: 1. dining (interested in/going to restaurants) searches, 2. travel activity (museums, wineries, camping, etc.) searches and 3. travel (flight, hotel/accommodations) searches reported:

- Overall, travel related search queries remain strong in Canadian searches pertaining to flight and accommodations in Canada
 - Consistent strong growth in domestic demand for vacation rentals at +92% in the last 30 days year-over-year
 - Strong domestic search query for hotels returning to pre-COVID levels, growing at +13% in the last 30 days year-over-year
- Overall Canadian travel search queries have reached 2019 levels
- Overall Ontario travel search queries have reached 2019 levels
- Overall trend line is stable activity in Canadian searches pertaining to travel activities such as winery and museum queries related to Canada
- Overall trend line is stable activity in Ontario searches pertaining to travel activities such as winery and museum queries related to Ontario

U.S. TRAVEL OUTLOOK:

Google's U.S. COVID-19 & Travel Intent survey online poll results ending August 17, 2020 reported⁷:

- **81%** of Americans will be very unlikely engage in any travel in the next 2 weeks, **remained stable** at 81% reported in the previous July 17 report
- **66%** of Americans will be very unlikely to engage in any travel in the next 3 months, **remained stable** at 66% reported in the previous July 17 report
- **10%** of Americans will book travel only in North America the next 3 months, **increased** from

DESTINATION ONTARIO

An Agency of the Government of Ontario

7% in the previous July 17 report

- **60%** of Americans will not book a flight under any circumstances in the next 3 months, **remained stable** at 60% reported in the previous July 17 report
- **49%** of Americans will not book a hotel under any circumstances in the next 3 months, **remained stable** from 48% in the previous July 17 report

U.S. Travel Related Recovery Signals⁶ (As of August 20, 2020):

Google's recovery signal dashboard based on search queries grouped into three categories: 1. dining out searches, 2. travel activity searches and 3. travel (flight, hotel/accommodations) searches reported:

- Overall trend line is **stable activity** in U.S. searches pertaining to Canadian travel search queries since July 21, 2020
- Overall trend line is **stable activity** in U.S. searches pertaining to Ontario travel search queries

INTERNATIONAL TRAVEL OUTLOOK:

Google Travel Intent survey online poll results ending August 14, 2020 reported⁵:

United Kingdom's booking window perception for international trip⁵:

- **6%** of British people are booking in the next three months, **decreased** from 8% observed in the July 10 report
- **12%** of British people are booking in 9 months to a year, **remained stable** at 12% observed in the July 10 report
- **23%** of British people are booking after August 14, 2021, **increased** from 19% observed in the July 10 report

Germany's booking window perception for international trip⁵:

- **9%** of Germans are booking in the next three months, **decreased** from 12% since July 10 report
- **6%** of Germans people are booking in 9 months to a year, **remained stable** from 5% since July 10 report

DESTINATION ONTARIO

An Agency of the Government of Ontario

- **10%** of Germans people are booking after a year from August 14, 2021, **decreased** from 13% since July 10 report

France's booking window perception for international trip⁵:

- **4%** of French people are booking in the next three months, **remained stable** from 5% since July 10 report
- **4%** of French people are booking in 9 months to a year, **remained stable** from 4% since July 10 report
- **10%** of French people are booking after August 14, 2021, **remained stable** from 11% since July 10 report

Sources:

1. Destination Canada Visitor Demand Forecast, Data up to June 21, 2020
2. Ipsos Coronavirus – Canada Tracking #22 Report August 20, 2020: an online poll between August 14 – 17, 2020, among a random sample of N=1,450 adult Canadians (credibility interval +/-2.9%, 95% of the time), including an oversample to bring Ontario to N=800 (credibility interval +/-4.0%, 95% of the time)
3. Destination Canada Resident Sentiment Survey Report, August 18, 2020, N~1,800 adult Canadians and each minimum N=200 for each province
4. Leger National Weekly Pandemic Tracker Report, July 17, 2020, in field August 14 – 16, N=1,812 all respondents
5. Google Global Travel Intent Survey – online survey between April 10 – August 14, 2020 each N~1,000
6. Google Recovery Signals Dashboard, data updated until August 20, 2020
7. Google U.S. COVID-19 & Travel Intent Report, Wave 16 Results completed August 14 – 17, 2020, N~1,000