

Impact of COVID-19 on the Canadian Economy and Consumer Sentiment – as of March 26, 2021

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 March 26, 2021

According to Destination Canada's Revisiting Tourism: Canada's Visitor Economy One Year into the Global Pandemic March 2021 Report:

- If two-thirds of the spend planned by Canadians for international leisure travel was moved towards domestic tourism instead, it would cover the \$19B shortfall facing the visitor economy
- Within the Canadian tourism sector, the average decline in number of operating businesses within each vertical was – 9%
- Canadian accommodation revenues have fallen by 71% year-over-year
- Ontario and BC experienced the greatest losses in revenues from international tourism in 2020 losing \$5.2B and \$4.5B respectively
 - Ontario tourism businesses have been the most impacted by declines in the number of operating businesses in the country

*According to Destination Canada's Sentiment Towards Visitors Survey Report,
Updated March 23, 2021*

- Ontario's overall sentiment towards visitors from other parts of the province increased significantly over the last month; therefore, promoting local/within Ontario travel when the time is right, would be the current best course of action:
 - 50% of Ontarians would welcome visitors from nearby communities
 - 41% of Ontarians would welcome visitors from other parts of Ontario
 - 35% of Ontarians would welcome visitors from other parts of Canada
 - 14% of Ontarians' would welcome visitors from the US and 13% from other international destinations

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According to Destination Canada's Resident Sentiment Survey Report, Updated March 23, 2021

- Ontarians' perception of travel safety increased significantly towards all domestic destinations over the last month
 - 75% of Ontarians feel safe when thinking about travelling to nearby communities
 - 64% of Ontarians feel safe when thinking of travelling within Ontario
 - 46% of Ontarians feel safe when thinking of traveling to other parts of Canada
 - 16% of Ontarians' perceived safety as much lower when thinking about travelling to the US and 16% to other international destinations

According to Destination Canada's Sentiment Toward Tourism Advertisement Survey Report, Updated March 9, 2021

- Ontario's overall receptivity of promoting their communities as a travel destination in other nearby communities in Ontario net positive of +11; therefore, timely and relevant hyperlocal travel will be well received
- Ontario's overall receptivity of promoting their communities as a travel destination in other parts of Ontario stable at net neutral of +1; suggesting caution in promoting pan Ontario travel
- Ontario's overall receptivity of promoting their communities as a travel destination in other parts of Canada continues to be net negative at -10; suggesting caution in promoting to other provinces

According to Google Travel Intent Survey Online Poll Results Ending March 12, 2021

- Canadian overall travel intent has slightly increased since the last month
 - 8% of Canadians are looking to book a domestic trip in the next three months
 - 19% of Canadians are looking to book a domestic trip after a year from March 12, 2022
 - 17% of Canadians are interested in travelling within 20 miles of their home
 - 13% of Canadians are interested in a major city travel destination
 - 16% of Canadians are interested in a small-town travel destination

According to Google's Recovery Signal Dashboard Based on Search Query Data, as of March 26, 2021

- Overall Canadian and Ontario travel search queries are increasing since January 2021 and surpassed March 2020 levels (when the provincial lockdown was implemented) - but still not at the pre-pandemic 2019/2020 level

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- Overall travel search is down, likely due to safety protocols still in effect
 - Travel search interest within Canada is down 22%; however, search queries for local attraction are down 56% compared to the same period March 1, 2019 – March 26, 2020
 - Travel search interest within Ontario is down 27%; however, search queries for local attraction are down 62% compared to the same period March 1, 2019 – March 26, 2020

According to Google's Global Travel Intent Survey Based on Data as of March 12, 2021

- In the UK, Germany and France, less than 9% of citizens polled in each country intended to book an international trip within the next year

Macro-Economic Outlook

COVID-19 has caused a significant negative impact leading to noticeable changes in public behaviour. Destination Canada is tracking public attitudes and behavior in Canada to assist organizations in their strategic and tactical planning. The research also includes Google's monthly online polling of a random sample of Canadians and citizens from various countries. The latest data shows some key insights:

Canadian Travel Outlook

Destination Canada's Revisiting Tourism: Canada's Visitor Economy One Year into the Global Pandemic March 2021 reported¹:

- If two-thirds of the spend planned by Canadians for international leisure travel was moved towards domestic tourism instead, it would cover the \$19B shortfall facing the visitor economy
- According to Expedia, as Canadians look for travel dates further away, they are increasingly interested in international travel
 - The majority of searches for trips in the next 0-21 days are to Canadian destinations. This level gradually falls as the travel dates move further in the future
 - By 180+ days in the future, the majority of travel searches by Canadians are to international destinations
- The total negative impact on the visitor economy in Canada in 2020 was worse than the combined losses resulting from 9/11, SARS, and the 2008 financial crisis

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- Within the Canadian tourism sector, the average decline in number of operating businesses within each vertical was – 9%. The hardest hit verticals were:
 - Travel services (booking) at – 31%
 - Rail/Sightseeing transportation at – 15%
 - Vehicle rental and transport at 14%
 - Food and beverage services at – 8%
- Canadian accommodation revenues have fallen by 71% year-over-year
 - The hardest hit regions were Montreal, Toronto, and Vancouver with accommodation revenues falling 79%
- Ontario and BC experienced the greatest losses in revenues from international tourism in 2020 losing \$5.2B and \$4.5B respectively
 - Ontario tourism businesses have been the most impacted by declines in the number of operating businesses in the country
 - Ontario lags behind PEI and MB in terms of overall unemployment within the tourism, however. Employment losses are disproportionately higher in the prairies within this sector
- Women, Immigrants, and Youth are the primary drivers of the visitor economy, and those most hard hit by the economic impact of COVID-19
 - Women account for the majority of employment in verticals most impacted by COVID-19, i.e. travel services, accommodation, food & beverage
 - Youth 15-24 hold 30% of jobs in the tourism industry
 - Tourism employs a higher proportion of immigrants compared to the total labour force

The Conference Board of Canada, Ontario's Travel Markets Outlook to 2024 results as of February 18, 2021 reported²:

- The Conference Board of Canada projects that total visits to Ontario have fallen 45% in 2020
 - Of this group, overnight trips are projected to have fallen 51%
 - Business travel fell more heavily, decreasing by 63% in 2020
 - Overall total visits are expected to rebound by 46% in 2021
 - Overall total visits are expected to further increase by 29% in 2022
 - US and overseas are not expected to recover by 2024
 - Niagara region will be particularly impacted by this as it accounts for 32% of overnight visits from the US to Ontario
 - Toronto has a significantly higher volume of international visitors compared to the average Canadian city, at 38% of visitors arriving from overseas destinations

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- The Conference Board of Canada predicts several economic results from the disruption to the travel market
 - Total expenditure increases will overtake increases in the number of visits, as businesses will increase their prices to survive, and mergers/closures will increase the pricing power of remaining operators
 - A risk in medium term forecasts of travel recovery is that the CAD's higher appreciation compared to the USD may decrease travel inflows, and encourage Canadians to travel to the US

Destination Canada's Sentiment Survey Study Results from March 23, 2021 reported³:

- Ontario's overall sentiment towards visitors from other parts of the province increased significantly over the last month; therefore, promoting local/within Ontario travel when the time is right, would be the current best course of action:
 - 50% of Ontarians would welcome visitors from nearby communities
 - 41% of Ontarians would welcome visitors from other parts of Ontario
 - 35% of Ontarians would welcome visitors from other parts of Canada
 - 14% of Ontarians' would welcome visitors from the US and 13% from other international destinations

Destination Canada's Resident Sentiment Toward Tourism Advertising Study Results from March 9, 2021 reported⁴:

- Ontarians are receptive of promoting their community to other nearby communities but less receptive to the rest of Ontario. Ontarians are unreceptive of promoting their community to the rest of Canada, the US and international markets
- Provincial receptivity score is based on the net level of happiness of residents seeing their community promoted to each target market. Net happiness level is calculated as the total "very happy" and "happy" responses minus total "very unhappy" and "unhappy" responses.
 - Ontarians' overall receptivity of promoting their communities as a travel destination in other nearby communities in Ontario net positive of +11; therefore, timely and relevant hyperlocal travel will be well received
 - Ontarians' overall receptivity of promoting their communities as a travel destination in other parts of Ontario stable at net neutral of +1; suggesting caution in promoting pan Ontario travel
 - Ontarians' overall receptivity of promoting their communities as a travel destination in other parts of Canada continues to be net negative at -10; suggesting caution in promoting to other provinces

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Leger Research's national pandemic tracker study results reported on March 23, 2021⁵:

- Ontarians' level of comfort with activities after protective measures are lifted:
 - 60% dining in restaurants, **increased** from 56% reported on February 23
 - 31% attending large gatherings such as sporting events, concerts or festivals, **increased** from 27% reported on February 23
 - 26% going to bars, pubs, lounges, night clubs, **remained stable** from 25% reported on February 23
 - 37% flying on an airplane, **increased** from 33% reported on February 23
 - 29% travelling to the United States, **increased** from 24% reported on February 23

Google Travel Intent Canada Survey Online Poll Results Ending March 12 reported⁶:

- **8%** of Canadians are looking at booking a domestic trip in the next three months, **increased** from 6% reported in the previous February 12 report
- **17%** of Canadians are looking at booking a domestic trip in the next three to six months, **increased** from 11% reported in the previous February 12 report
- **19%** of Canadians are looking at booking a domestic trip after March 12, 2022, **decreased from** 23% reported in the previous February 12 report
- **17%** of Canadians are interested in travelling within 20 miles of their home in the next three months, **decreased from** 19% reported in the previous February 12 report
- **4%** of Canadians are interested in a travel destination anywhere in their region in the next three months, **decreased from** 7% reported on February 12 report
- **31%** of Canadians are interested in a travel destination anywhere in Canada in the next three months, **increased** from 23% observed in the previous February 12 report
- **13%** of Canadians are interested in a major city travel destination, **remained stable** at 13% reported in the previous February 12 report
- **16%** of Canadians are interested in a small-town travel destination, **increased** from 15% reported in the previous February 12 report
- **19%** of Canadians are interested in a rural travel location, **remained stable** from 18% reported in the previous February 12 report
- **13%** of Canadians are interested in a beach destination, **decreased** from 15% reported in the previous February 12 report

Canada Travel Related Recovery Signals, as of March 26, 2021⁷:

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Google's Recovery Signal dashboard is 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, not including Travel Activity (flight, hotel/accommodations) searches reported:
- Overall Canadian and Ontario travel search queries are increasing since January 2021 and surpassed March 2020 when the provincial lockdown was implemented but still not at the pre-pandemic 2019/2020 level
 - Overall travel search is down likely due to safety protocols still in effect
 - Travel search interest within Canada is down 22%; however, search queries for local attraction are down 56% compared to the same period March 1, 2019 – March 26, 2020
 - Travel search interest within Ontario is down 27%; however, search queries for local attraction are down 62% compared to the same period March 1, 2019 – March 26, 2020

U.S. Travel Outlook

Destination Analysts' U.S. Coronavirus Travel Index Report Key Findings results ending March 22, 2021 reported⁸:

- Coronavirus variants and vaccine deployment struggles have caused a recent increase in American traveler anxieties about the pandemic:
 - 63% of American travelers are highly concerned about contracting the virus, a recent reverse in the steady decline since mid-February from ~67%
 - Those who responded that they had an average level of concern about contracting coronavirus were nearly equally distributed across background, except for being slightly more likely to live in the Northeast or large cities
- Just under half of American travelers would be excited to see an ad promoting tourism within their town:
 - 46% of American travelers would be happy to see an ad promoting tourism within their town of residence
 - The most common reasoning for this preference was the potential positive impact on local businesses by promoting local tourism (65%)
- Government stimuli may impact travel spend
 - 38% of American respondents who have received, or expect to receive, a stimulus cheque say they are likely to spend some amount on leisure travel

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- 74% of American travelers, the highest proportion of 2021 so far, planned/dreamed of travel in the past week
 - ~33% of American travelers claimed to have day-dreamed or talked to someone else about future trips
 - 16% of American travelers have made a travel reservation in the last week. Of this group:
 - 57% booked a hotel accommodation
 - 42% purchased a plane ticket
- 44% of American air travelers believe commercial flights are safe
 - 45% claim their next commercial airline trip will be by the end of the summer
- 42% of American travelers claim the pandemic has changed their opinions on the types of leisure travel destinations they want to visit in the future
 - 73% believe they will be more safety conscious while traveling over the next few years
 - 45% agree they will be less likely to visit popular, entertainment focused destinations
 - 47% agree that they will most likely put more effort into visiting bucket list locations

Google's U.S. COVID-19 & Travel Intent survey online poll results ending March 18, 2021 reported⁹:

- 77% of Americans will be very unlikely engage in any travel in the next 2 weeks, **improved** from 83% reported in the previous February 16 report
- 54% of Americans will be very unlikely to engage in any travel in the next 3 months, **improved** from 63% reported in the previous February 16 report
- 11% of Americans will book travel only in North America the next 3 months, **remained stable** from 10% in the previous February 16 report
- 49% of Americans will not book a flight under any circumstances in the next 3 months, this has **improved** from 54% reported in the February 16 report
- 40% of Americans will not book a hotel under any circumstances in the next 3 months, this has **improved** from 47% in the previous February 16 report
- 38% of Americans will most likely be influenced to book a flight with 25% discount rate
- 36% of Americans will most likely be influenced to book a flight with no cancellation fees
- 39% of Americans will most likely be influenced to book a hotel with 25% discount rate
- 25% of Americans will most likely be influenced to book a hotel with no cancellation fees

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U.S. Travel Related Recovery Signals, as of March 26, 2021⁷:

Google's recovery signal dashboard based on search queries grouped into three categories:

1. Dining out searches,
2. Travel Activity searches and
3. Travel, not including Travel Activity (flight, hotel/accommodations) searches reported:
 - Overall, the trend line for travel activity is **stable** but below 2019/2020 pre-pandemic level in U.S. searches pertaining to Canadian travel search queries is down 61% of the same period March 1, 2019 – March 26, 2020 search level
 - Overall, the trend line for travel activity is **stable** but below 2019/2020 pre-pandemic level in U.S. searches pertaining to Ontario travel search queries is down 63% of the same period March 1, 2019 – March 26, 2020 search level

International Travel Outlook

Google Travel Intent survey online poll results ending March 12 reported⁶:

United Kingdom's international intent to travel plans⁶:

- **3%** of British people are booking in the next three months, **remained stable** from 2% observed in the February 12 report
- **9%** of British people are booking in 9 months to a year, **decreased** from 11% observed in the February 12 report
- **21%** of British people are booking after March 12, 2022, **remained stable** from 22% observed in the February 12 report

Germany's international intent to travel plans⁶:

- **6%** of German people are booking in the next three months, **increased** from 4% since February 12 report
- **5%** of German people are booking in 9 months to a year, **remained stable** at 5% since February 12 report
- **11%** of German people are booking after March 12, 2022, **remained stable** from 12% since February 12 report

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France's international intent to travel plans⁶:

- **3%** of French people are booking in the next three months, **remained stable** at 3% since February 12 report
- **2%** of French people are booking in 9 months to a year, **remained stable** from 3% since February 12 report
- **9%** of French people are booking after March 12, 2022, **increased** from 7% since February 12 report

Sources:

1. Destination Canada Revisiting Tourism: Canada's Visitor Economy One Year into the Global Pandemic March 2021
2. Conference Board of Canada, The. Tourism Skips a Beat: Ontario's Travel Markets Outlook to 2024. Ottawa: The Conference Board of Canada, 2021., February 18th, 2021, data as of November 23rd, 2020
3. Destination Canada Resident Sentiment Survey Report, March 23, 2020, N~1,800 adult Canadians, N=603 for Ontario and each minimum N=200 for other provinces
4. Destination Canada Resident Sentiment Survey Report, March 9, 2021, N~1,800 adult Canadians, N=606 for Ontario and each minimum N=200 for other provinces
5. Leger National Weekly Pandemic Tracker Report, March 23, 2021, N=1,807 all respondents, N=603 for Ontario
6. Google Global Travel Intent Survey – online survey between April 10, 2020 – March 12, 2021 each N~1,000
7. Google Recovery Signals Dashboard, data updated until March 26, 2021
8. Destination Analysts' Coronavirus Travel Sentiment Index Report – Key Findings, March 22, 2021, data as of March 22, 2021
9. Google U.S. COVID-19 & Travel Intent Report, Wave 22 Results completed March 12 – 18, 2021, N~930