

IMPACT OF COVID-19 ON THE CANADIAN ECONOMY AND CONSUMER SENTIMENT- *as of March 23, 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 behaviour studies.

FORECASTED OUTCOMES

COVID Recession with Government Intervention¹ (as of March 23, 2020):

Canadian Conference Board: Economic Outlook report, based on StatsCan data, forecasted the most likely scenario for Canada based on a 6-week global shutdown and an extended global shutdown until August, 2020. This model considered the stimulus package announced by Canada and the U.S. and assumes oil prices to remain low due to the ongoing war between Russia and the OPEC.

- Estimated **\$20B** in loss revenue in 2020 for Canadian tourism and related industries such as air travel, accommodation, food & beverage and arts & entertainment
- The model also forecasts recovery starting as early as October 2020 with Canadian GDP growing at 3.1% for 2021

MICRO-ECONOMIC OUTLOOK:

The Canadian Federation of Independent Businesses conducted an online survey on March 13 to understand the impact of COVID-19 on small businesses across Canada. Their March 16, 2020 preliminary results indicated a significant sales decline as a result of the outbreak.

Small Business Impact:

- 50% of Canadian small business saw their sales drop due to the outbreak, with four in ten reporting greater than 25% decrease²
- Hospitality, arts/recreation, retail and personal services saw the most impact²
- Average \$66,000 loss to those affected by COVID-19²
- 42% reported they will have zero sales if there is no face-to face contact²
- 43% reduced their staff hours and 20% have started temporary layoffs²
- 500,000 Canadians have applied for EI for the week of March 16, 2020 compared to 27,000 for the same week last year³

TRAVEL OUTLOOK:

IMI's quantitative online survey from March 2-12, 2020 reported⁴:

- 70% of Canadians plan on changing their behaviour in the next 3 months including much less travel
 - 36% drop in travel outside of the country
 - 26% drop in sporting events
 - 21% drop in going to festivals

Travel Related Google Search⁵ (YoY March 1st to March 15 2020, excluding cancellations):

Google's Travel Search tool reported:

- 60% drop in all queries related air travel within Canada
- 10% drop in searches for travel within Ontario
- 50% increase in all search queries related to air travel between US and Ontario, potentially due to Ontarians planning to return to Canada

Canadian Travel:

The Chronicle Herald reported on March 17 and 18, 2020⁶:

- Porter Airlines suspended all their flights by March 20 and will resume on June 1
- WestJet suspended international and U.S. flights starting March 23, 2020 for next 30 days except for rescue and repatriation flights
- WestJet reduced domestic flights by 50% starting March 23, 2020 for 30 days
- Air Canada suspended several outbound international flights including all flights to China until April 30

U.S. Travel:

Destination Canada's COVID-19 media landscape March 16, 2020 reported:

- U.S. airlines are considering the of grounding all domestic flights as concerns over the spread of COVID-19⁷

MEDIA CONSUMPTION HABITS:

With Canadians spending more time at home, YouTube reported an increase in its platform usage and noted the following⁸:

- **60%** increase in media consumption during the slowdown in Canada
- **22%** growth in mobile video through social channels (YouTube, Facebook and Instagram)
 - **Home workouts, Wellness and Cooking channels** are the top searched content on YouTube

Source:

1. Statistics Canada; The Conference Board of Canada, March 23, 2020
2. CFIB COVID-19 Survey, Preliminary Results reported March 16, 2020 – online survey starting March 13 – TBD, 2020, www.cfib-fcei.ca
3. Press Briefing by Prime Minister Justin Trudeau, March 20, 2020
4. IMI Next Wave COVID-19 Wave 2 – data from March 2-12, 2020
5. Google InVite tool, March 1-15, 2020, excluding cancellations
6. The Chronicle Herald, March 17 & 18, 2020 – www.thechronicleherald.ca
7. CNBC - <https://www.cNBC.com/2020/03/16/coronavirus-makes-airlines-consider-chances-for-a-halt-to-us-flights.html>
8. Google YouTube Coronavirus Claims & Trends March 2020