

TIAO Provincial Survey #2 Report, March 26th, 2020

Overview

In the wake of the World Health Organization (WHO) declaring COVID 19 a global pandemic, and the subsequent rolling out of border restrictions, calls for social isolation, and all necessary state restrictions to protect public health, we set out to design a survey to measure the impact on tourism businesses and workers across Ontario.

Why Data Collection Matters in a Crisis:

When a crisis begins to unfold the key is to begin to track the impact immediately in order to be able to develop strategies and recovery methods. Having learned from the impact of SARS, we knew that it would be critical to quickly begin tracking the impact on the tourism operators across the province, to inform what the Economic Recovery Packages will need to include.

Data is everywhere, however it is often collected in uneven ways. For that reason, the Tourism Industry Association of Ontario (TIAO) took on the role of collecting on behalf of the province, with the support and collaboration of the Regional Tourism Organizations (RTOs). This role allows for our data analysis to represent the state of tourism and hospitality in Ontario, in order to have a direct impact on the provincial and federal decision making around industry relief.

Survey Design:

We designed the surveys with key considerations given to data validity, measures that can compare data across businesses of different sizes and sectors. We focused on measuring the impact of revenue changes and layoffs through percentages, in order to be able to compare across various sizes of businesses and staff. We tailored the surveys to have limited barriers to completion, as we are asking tourism operators across the province to take time to report on the impact of COVID 19 while simultaneously dealing with the unfolding crisis.

Survey 1¹ prioritized measuring the scale of the immediate impact on tourism businesses and their workforce across the province, the first 7 days after COVID 19 was declared a global pandemic.

Survey 2² focused on measuring the impact on tourism businesses revenue, sales, and year over year differences for a comparative analysis. We looked at the impact to tourism workers, by tracking layoffs, closures, reduced services, and the need for wage subsidies. This survey collected data on the specific policy instruments and economic tools required by tourism operators in every sector and region of the province.

¹ Survey 1 collected data from March 12th to 16th, 2020

² Survey 2 collected data from March 18th to 23rd, 2020

Pan-provincial Adoption:

By focusing our survey design to prioritize means of comparison, data validity, and limited barriers to completion, we have been able to measure the impact of COVID 19 across all of Ontario. Our survey design has been replicated by many of our provincial counter parts across Canada, which allows us to compare and analyze our data across provincial jurisdictions.

Acknowledgements and Thanks:

The analysis in this report focuses on the provincial impact to the Ontario tourism industry, what economic and policy tools are required to address this, and what the overarching narrative the data is. TIAO has relied on the work of our partners to analyze the regional data from the survey, and thanks Tom Guequin from RTO 6 and Kim Clarke from RTO 7 for their continued work to present the impact on the RTOs across Ontario. We also thank the team at the Ministry of Heritage, Sport, Tourism and Culture Industries (MHSTCI) for their work in analyzing and coding key sections of the data. Finally, thank you to the respondents who have taken the time to report on a rapidly unfolding crisis.

Survey 2: Key Findings³

The Second province wide survey that TIAO released on Wednesday March 18th and closed today March 23rd had a total of 3,457 respondents from every region of the province⁴, and every sector of the tourism industry. Survey 2 focused on measuring the impact on tourism businesses revenue, sales, and year over year differences for a comparative analysis. We looked at the impact to tourism workers, by tracking layoffs, closures, and the need for wage subsidies. As indicated in the overview above, this survey collected data on the specific policy instruments and economic tools required by tourism operators in every sector and region of the province.

The following statistics reflect the impact on our industry as collected through our province wide survey from **March 18th to 23rd, 2020⁵**:

- **51% of tourism businesses are closed temporarily.**
- **More than 27% of businesses are at risk of closing permanently in 3 months' time.**
- **67% of tourism businesses are at risk of closing temporarily in 3 months' time.**
- **35% of tourism businesses have laid off staff, and of those 36% have laid off up to 100% off their staff.**
- **Nearly 50% of tourism businesses have seen a drop in sales/revenue in their first 3 months of 2020 compared to their first 3 months of 2019.**

These numbers tell us that aside from the extreme impact to the health care industry, the tourism and hospitality sector is the first and hardest hit in Ontario. With nearly 52% percent of tourism businesses currently closed, and an additional 67% indicating that they are risk of closing temporarily by June, we know that without immediate

³ Refer to Appendix A to see the breakdown of the key survey questions and data that is presented and analyzed throughout this report

⁴ Survey respondents report on which of the 13 Regional Tourism Organizations (RTOs) <http://www.mtc.gov.on.ca/en/regions/regions.shtml> they operate in, or identify if they represent a pan-provincial tourism operation.

⁵ The survey had 3,457 respondents from every region of Ontario

government response through stimulus there is severe risk to the future of tourism and hospitality in Ontario.

Currently 1.25% of tourism businesses have permanently closed, and 27% have reported that they risk permanent closure within 3 months' time. This crisis carries the threat of both permanent loss of businesses, and the serious risk of dislocation of tourism and hospitality workers.

What the Results of this Crisis are:

- Massive temporary closures of tourism businesses
- Some permanent closures from COVID 19
- Massive layoffs of tourism workers
- Significant losses for many tourism businesses revenue for the first 3 months of 2020 compared to the first 3 months of 2019 – An industry that was growing exponentially year over year, is now facing rapid decline, and closures both temporary closures

The reverberating risk: Historic layoffs and Industry Shutdowns:

If tourism businesses do not receive economic recovery packages immediately, the temporary closures will become permanent, the layoffs will increase, and we risk losing our workforce permanently, preventing the ability of businesses to bounce back. Serious threats include:

- Permanent loss of workforce from layoffs
- Increase in permanent business closures
- Laid off and dislocated workers experience significant financial burdens
- Tourism businesses experience significant financial burdens

Compelling Data: Exponential Growth Replaced with Rapid Decline

The data is telling a story of urgency and the need for immediate action in the form of economic recovery packages. The severity of the impact of COVID 19, and the necessary state responses, increases each day.

The Ontario tourism industry has been growing exponentially year over and is now facing a sharp and severe decline. The data from our most recent survey shows that:

- **64.7% of respondents saw an increase in their revenue between 2019 and 2018. 5% of those respondents saw more than a 50% increase in sales and revenue.**

In this same time period, a minority of respondents saw in a decline in their sales/revenue with:

- **18.2% of respondents saw a decrease in their revenue between 2019 and 2018:**

When asked to compare revenue in the first 3 months of 2020 vs your first 3 months of 2019 the data indicates:

- **Nearly half of respondents, at 47.7% have seen a decrease in sales/revenue from the first 3 months of 2020**

vs 2019

And the rate of growth has greatly declined with the data showing:

- **Only 26.7% have seen an increase**

It is important to recognize that the comparison of the first 3 months of 2020 vs 2019 does not fully capture the drastic decline of the Ontario tourism industry, as we have only begun to feel the impacts of the collapse of the visitor economy, both domestic and international, since March 12th. We will continue to monitor the decline of revenue and layoffs as the COVID 19 global pandemic continues.

Current impact on businesses:

As of the morning of March 23rd the state of the Ontario tourism industry includes massive scaling back of operations and services, both permanent and temporary closures of businesses, and of course both reduced staff hours

- 51.81% have closed temporarily
- 1.25% have closed permanently
- 34.83% have reduced services
- 27.55 Have reduced staff hours
- 34.89 have laid off staff and of those, 35.77% have laid off between 76-100% of their staff

Projected Impact in 3 Months' Time:

- 52.39% will lay off staff
- 67.64% will close temporarily
- 27.37 will permanently close
- 46.32% will be unable to pay staff wages
- 23.9% will be unable to pay staff sick leave

This data on both the current and projected impacts on tourism businesses and workers reveals a stark crisis. Without immediate financial stimulus, and mitigation and recovery strategies for workers, our industry is facing losses that will not return.

What do tourism operators want to see in Economic Recovery Packages?

We know that Economic Recovery Packages are immediately required for tourism businesses and workers across the province, and we want to ensure that the packages reflect the rapidly evolving COVID 19 impact. The survey data indicates the following areas required for economic recovery and stimulus:

- 40.16% require Unlimited Interest free loans
- 43.92% require wage subsidies for employees with reduced hours
- 43.46% require financial support to retain laid off employees
- 18.45% require financial support to pay for extended employee sick leave

- 64.50% require government taxes, dues, and financial demands to be waived for the next 12 months, starting immediately
- 40.16% require debt payment deferral
- 38.35% require extension of income tax deadline
- 32.43% require substantial wage/tax credit for lowest earners
- 41.06% require credits and incentives to continue or start capital expenditures

The survey data, and additional data collected through our direct consultations with more than 1000 tourism businesses, Sector Associations, and the Regional Tourism Organizations (RTOs) since March 12th 2020, we know that businesses are also very focused on the immediate need for direct financial stimulus to cover lost revenue.

Evidence Informed Recommendations:

At TIAO we are using the survey data as well as data from consultations to inform our recommendations to all levels of government in Canada. Our recommendations focus on the above survey findings, and the need for government to provide immediate financial stimulus for lost revenues and wages as part of an economic recovery package that provides financial relief, and not simply a deferral of debt.

The data on the impact of COVID 19 indicates that both tourism businesses and workers have been placed in crisis. At TIAO we are communicating to all levels of government, including our ongoing direct consultations with Minister Lisa MacLeod, the need to roll out immediate stimulus. We are working to ensure that the needs of tourism and hospitality businesses and workers are a key consideration, as government rolls out economic recovery packages and develops policy and taxation tools to mitigate the unfolding crisis.

Appendix A

Q 1. What actions have you currently taken as a result of COVID 19? Select all that apply

ANSWER CHOICES	RESPONSES	
▼ Closed temporarily	51.81%	1,779
▼ Closed permanently	1.25%	43
▼ Laid off staff	34.89%	1,198
▼ Reduced services	34.83%	1,196
▼ Reduced staff hours	27.55%	946
▼ Other (please specify) Responses	27.84%	956
Total Respondents: 3,434		

Q 2. Looking ahead at the next 3 months, please indicate the risks your business is facing? Select all that apply

ANSWER CHOICES	RESPONSES	
▼ Employee Lay offs	52.39%	1,786
▼ Closing your business temporarily	67.64%	2,306
▼ Closing your business permanently	27.37%	933
▼ Unable to pay staff wages	46.32%	1,579
▼ Unable to pay staff sick leave	23.47%	800
▼ Other (please specify) Responses	24.38%	831
Total Respondents: 3,409		

Q 3. Please report what kind of financial assistance/stimulus your tourism business requires. Select all that apply

ANSWER CHOICES	RESPONSES
▼ Unlimited Interest free loans	40.16% 1,345
▼ Wage subsidies for employees with reduced hours	43.92% 1,471
▼ Financial support to support to retain laid off employees	42.46% 1,422
▼ Financial support to pay for extended employee sick leave	18.45% 618
▼ Government taxes, dues, and financial demands to be waived for the next 12 months, starting immediately	64.50% 2,160
▼ Debt payment deferral	40.16% 1,345
▼ Extension of income tax deadline	38.25% 1,281
▼ Substantial wage/tax credit for lowest earners	32.43% 1,086
▼ Credits and incentives to continue or start capital expenditures	41.06% 1,375
▼ Other (please specify) Responses	18.57% 622
Total Respondents: 3,349	

Appendix B

This Appendix provides the codes and percentages for all data in the 'Other' response category for the survey questions in Appendix A.

Q1: What actions have you currently taken as a result of COVID 19?

All 'Other' Responses

Code	Count	%
Nothing Yet	331	35%
Closed all/ portion of business or may close	130	14%
Cancelled/Postponed Meetings/Events	114	12%
Implemented remote work	82	9%
Added Services (e.g., Delivery, Enhanced Cleaning)	64	7%
Delaying opening/ staff recalls and hires	59	6%
Moved to Online Sales	19	2%
Wage Cuts	18	2%
Decreased Spending	18	2%
Outreach to Clients/ Customers	11	1%
Other	101	11%

Q2. Looking ahead at the next 3 months, please indicate the risks your business is facing

All 'Other' Responses

Code	Count	%
Financial Hardship	537	65%
Seasonal / too early	69	8%
Reduced Staff	64	8%
Cancellations	61	7%
Reduced visitors	24	3%
No impact	15	2%
Supply chain	13	2%
Health risks	9	1%
Other	36	4%

Q3. Please report what kind of financial assistance/stimulus your tourism business requires.

All 'Other' Responses

Code	Count	%
Grant covering lost income	135	22%
Fixed cost payment	134	22%
None/don't know	67	11%
Future concern	64	10%
Wage subsidy	33	5%
Tax payment	22	4%
Marketing	21	3%
Access to EI	20	3%
Retain access to existing grants	18	3%
No/low interest loan	11	2%
Business diversification	9	1%
Other	85	14%