



BRITISH COLUMBIA REGIONAL TOURISM SECRETARIAT

COVID-19 TOURISM IMPACT REPORT

With a focus on British Columbia outside the Lower Mainland and Whistler
Weeks of July 27, 2020 to September 1st, 2020

FOR QUESTIONS CONTACT

Glenn Mandziuk

Chair, BC Regional Tourism Secretariat

250 - 860 - 5999



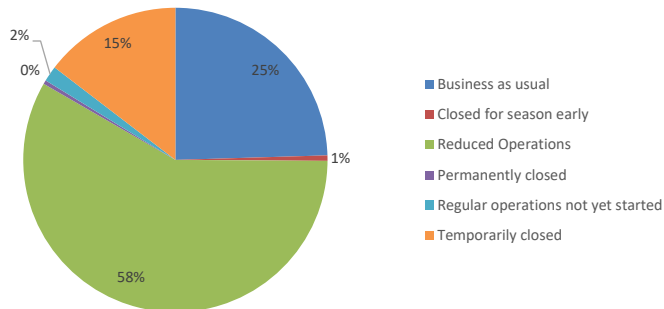
Opening message

The British Columbia Regional Tourism Secretariat, British Columbia Hotel Association and the British Columbia Destination Marketing Organizations Association are continuing to leverage our collective business network to collect, collate and report on the impact of the COVID-19 pandemic on tourism businesses and to gather feedback on potential response and recovery measures. This business intelligence was gathered through online and telephone surveys of a randomly selected list of firms across British Columbia excluding Greater Vancouver and Whistler region from **July 26 – September 1**. **A response rate of 36% yielded 402 tourism businesses**, representing a **margin of error for the sample-wide questions of +/- 5%, 19 times out of 20**.

Key issues for consideration:

- Being able to operate during the summer season has been **extremely helpful** to most tourism businesses, as they have been able to claw back some of the lost revenue from the pandemic. However, **cumulative losses remain high** for many firms, and the benefits of summer opening has been **uneven across regions** and **business types**.
- **25%** of firms are operating with business as usual, which is **lower than the 36% national average** for hospitality firms
- **58% of firms** saw a decrease of **at least 25%** in year over year revenue.
- **Firms in remote locations** reported the largest number of layoffs, while **rural firms** reported the weakest rehiring numbers.
- Approximately **58,290 employees have been laid off** across the 5 tourism regions since the pandemic began.
- **10% of rural firms** do not plan on operating in 2021 due to reasons related to the pandemic.

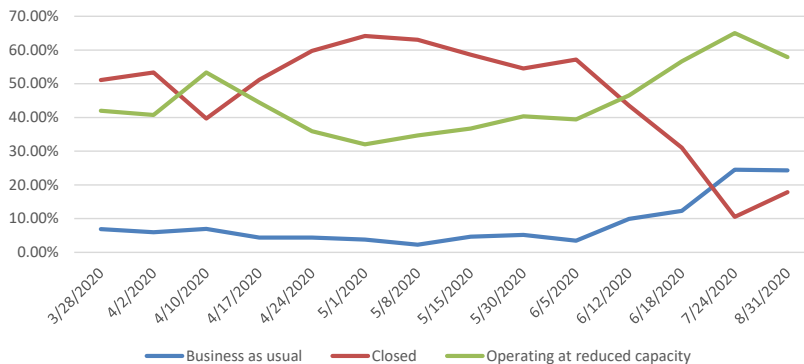
Please indicate the impact of COVID-19 on your current operations.



The percentage of firms reporting business as usual has risen by 1% over the past survey period to 25%. This number is still lower than both the B.C. average of 60%, and the Canadian national average for hospitality firms of 36% as reported by CFIB.

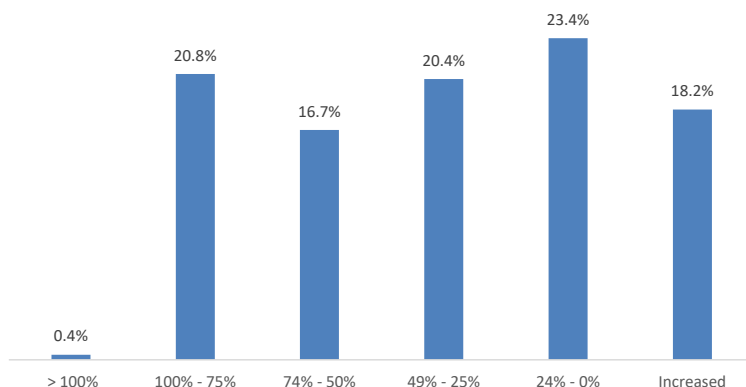
The number of firms reporting business as usual has continued to climb since the beginning of the pandemic. The number of firms that are closed in any capacity has slightly risen from previous surveys, however it is still lower than the peak values of approximately 65% at the beginning of May.

Impact of COVID-19, share of responses since start of survey



Of the firms surveyed, there was a total of 2,000 workers laid off. From these same firms, there was a total of 1,725 workers re-hired since the pandemic began. This represents a 8% reduction in staffing capacity across all firms when compared to normal times. For reference, Canadian employment increased by 2.4% in July, while B.C. employment increased by 3%, according to the July Labour Force Survey. The participation rate in BC is down 1.6% compared to July 2019 levels.

Compared to July 2019, by what percentage did your revenue fall?



The average decrease in revenue for all firms surveyed was 35%. Although this is an improvement from previous surveys, this occurred during the peak summer tourism months.

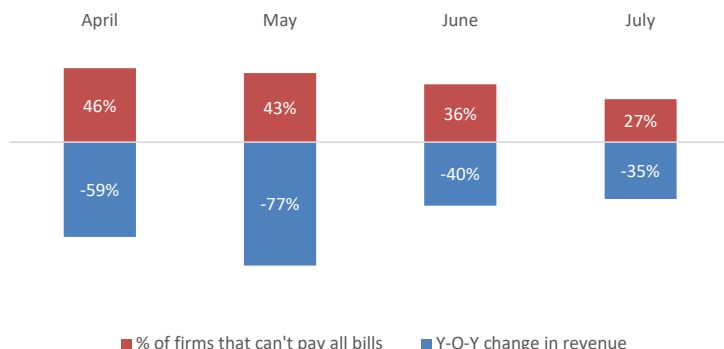
All findings are based on member surveys collected by the Secretariat during July 26 – September 1, 2020, except where otherwise noted. Survey firms were drawn from a randomized list of firms that had "opted in" to communication under the CASL, and the averages for sample-wide statistics are stratified on region. Responses to multiple choice questions at the sample-wide questions are within a margin of error of +/- 5%, 19 times out of 20. Standard errors may be larger for numerical answers, i.e. number of people laid off, and will be larger when data are reported at the regional or other subsample level. Data and figures represent a subset of regional tourism operators and are subject to change with changes in coverage, data cleaning, weighting and other statistical correction and/or as data become more complete. Some quotes edited for brevity. Photo credits: Alana Hirsh.

CFIB "Your Business and COVID-19", August 18th 2020: <https://www.cfib-fcei.ca/sites/default/files/2020-08/COVID-19-survey-results-August18.pdf>

Canadian Labour Force Survey, July 2020: <https://www150.statcan.gc.ca/n1/daily-quotidien/200710/dq200710a-eng.htm>

Canadian Survey on Business Conditions, May 2020: <https://www150.statcan.gc.ca/n1/daily-quotidien/200710/dq200710a-eng.htm>

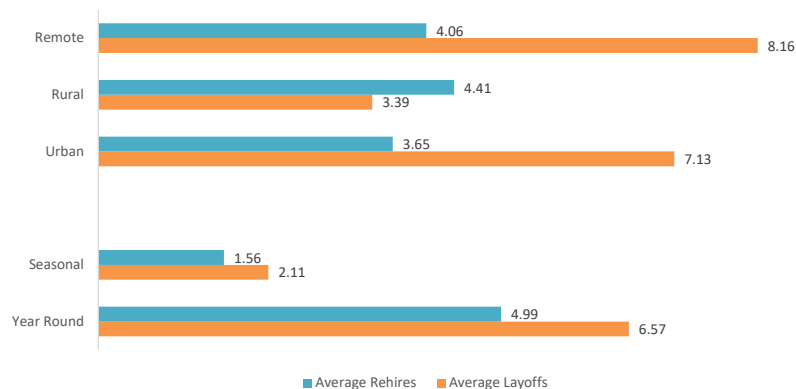
Year-over-year change in revenue and percentage of firms without the cashflow to pay all of their bills



While the number of firms that are unable to pay their monthly bills has been decreasing throughout the summer tourism season, the cumulative loss to firms is likely increasing.

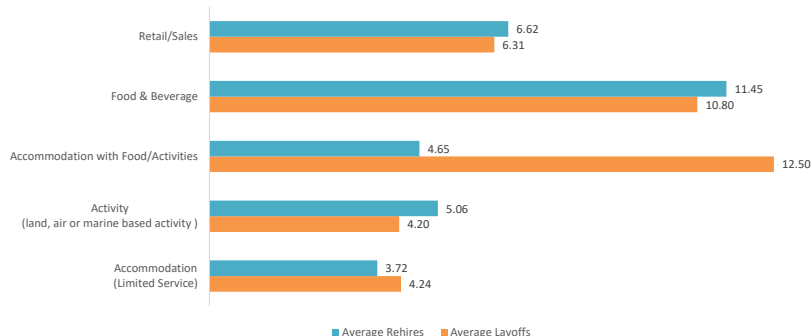
Many firms rely on the busy summer months to pay their fixed costs throughout the year, and the year-over-year loss in revenue indicates that a large percentage of firms could be in difficult financial positions this fall.

Average Layoffs and Rehires due to COVID-19



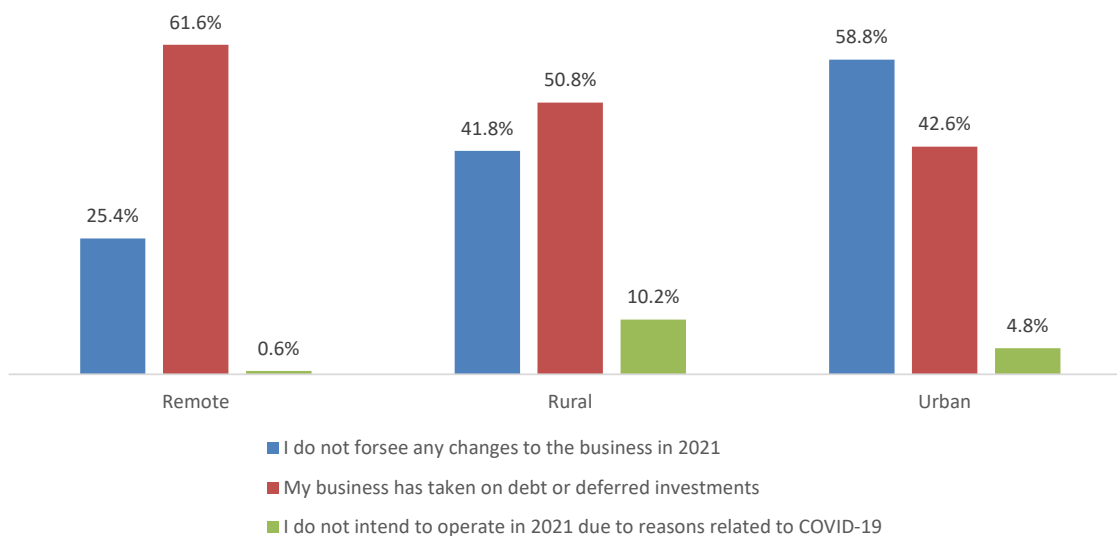
The graph on the left shows that the average number of layoffs is generally larger than the average number of rehires, when broken down by geography and season length. The exception to this is that rural firms appear to be rehiring more employees during the summer season than were initially laid off.

Average Layoffs and Rehires Due to COVID-19

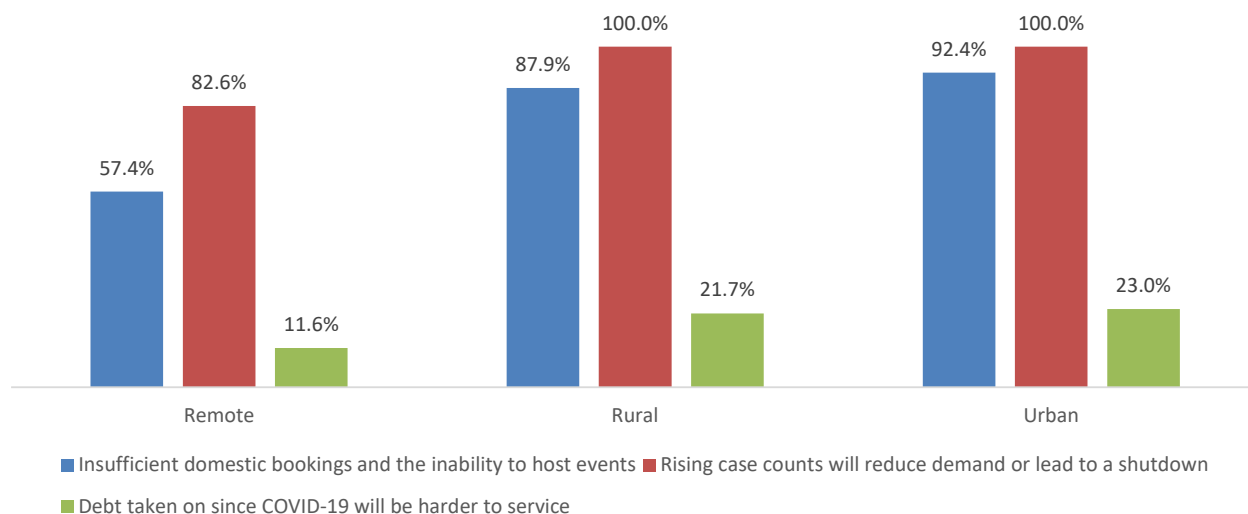


Resorts currently have the largest gap between the number of laid off workers and those that have been rehired. On average, several types of businesses have hired more employees than were laid off since the start of the pandemic.

Do you expect your business to be operating along the same trajectory as you would have expected before COVID-19?



Looking ahead of the summer tourist season, what are your concerns for fall?



We asked firms to tell us about their expectations heading into the fall. Remote firms were most likely to have taken on additional debt or deferred investments due to COVID-19, while urban firms were most likely to not expect any changes to their business in 2021. Practically all respondents were concerned about another shutdown, and 10% of rural firms do not plan on operating in 2021 due to reasons surrounding COVID-19.

Common themes amongst respondents:

- When open, difficulty finding and retaining employees
- Worries about the future impact of financial hardship
- Stress surrounding the extra work required to adhere to health guidelines

We asked businesses to share their experiences and challenges:

"We are working twice as hard for half as much! It is stressful. There is a feeling of low confidence in the future."

"Financially we are looking at **2 years to recover.**"

"Travel restrictions are **too harsh.** Even people from BC **don't want to stay in hotels.**"

"COVID-19 is going to be a **multi-year hit for all tourism businesses.** With many being out of work, or reduced work, people will be concentrating on necessities. Ongoing support for tourism businesses will be important."

"After spending **5 years** and **half a million dollars**, I finally opened on May 1st, but now I am **crossing my fingers in hopes of making it through the year.** A wage subsidy for new businesses would be immensely helpful."

"What happens during the winter when you have **no hours for EI** because of COVID-19?"

"One challenge has been the **impact of additional cleaning.** We've had to change our check out time to earlier to have more time for cleaning as well as **purchase expensive equipment** for cleaning."

"We can't find **anybody** that **wants to work.**"

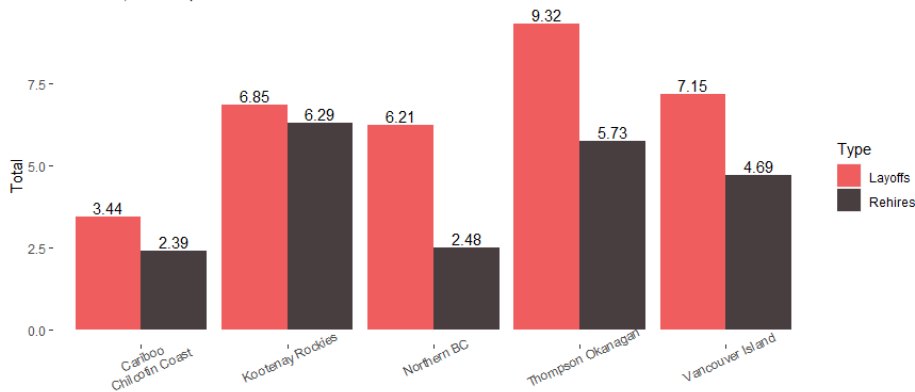
"We are **concerned about the fall**, not sure what it will look like."

"Because of CERB it has been difficult for us to find employees this year so we hired lots of staff when we could find them."

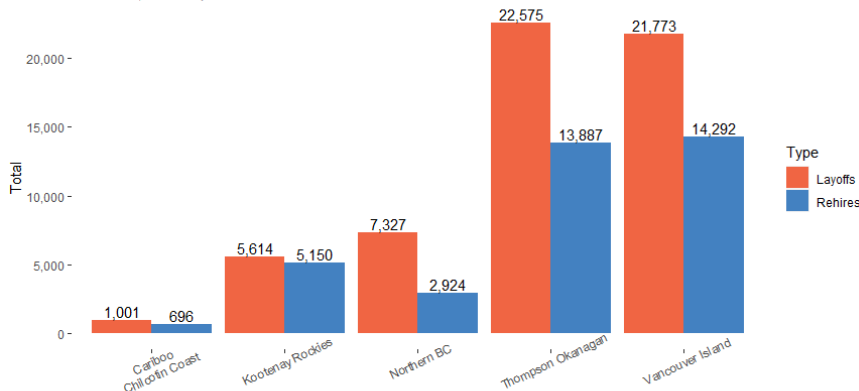
"We look forward to getting help during this time. We really appreciate this support. Thank you very much. **We hope to get through the difficult time together.**"

CUMULATIVE SUMMARY

Mean Layoffs and Rehires by Region
Estimated, as of September 2020



Total Layoffs and Rehires by Region
Estimated, as of September 2020



The following estimates are derived from data obtained via **random stratified samples** of affected firms between **July 12, 2020** and **September 1, 2020**, and sorts on **unique firms**.

The estimated total number of employees laid off across all regions is 58,290. This number is equivalent to roughly 17% of all layoffs in BC since the start of the pandemic.¹ For comparison, Go2HR estimates that 146,500 tourism jobs have been lost in the entire province from February to April.⁹

37,940 workers have been hired or rehired since the pandemic. This represents a 64% rehiring rate, or, that 36% of all laid off workers have not been rehired. This is slightly less than the 2008-2009 recession, where 44.6% of all employees laid off were not rehired.² An important distinction to make is that employees that have been rehired

during the summer season may not have the same level of permanence as those that were laid off in the spring.

The region with the largest number of mean layoffs was Thompson Okanagan with 9.32. The region with the lowest number of mean layoffs was Cariboo Chilcotin Coast with 3.44. The region with the largest gap between layoffs and rehires was Northern B.C., where the ratio to layoffs and rehires was approximately 2.5 layoffs to each rehire.

Globally, the COVID-19 pandemic has affected the tourism industry and the greater economy tremendously^{8,9}.

- Worldwide, it is expected that the pandemic will **cost the tourism industry \$1 trillion USD in losses**.
- **1 in 10 people worldwide** work in the tourism sector, meaning that a total of 100 to 120 million jobs are at risk.
- The losses in the tourism industry could **reduce global GDP by 1.5% to 2.8%**.
- B.C. tourism spending could decrease by **\$10.3 billion** if the virus is not contained.

¹ CBC News: "B.C. has lost more than 353,000 jobs since pandemic began". June 5, 2020. <https://www.cbc.ca/news/canada/british-columbia/unemployment-rate-bc-carole-james-1.5600023>

² Statistics Canada: "COVID-19 and job displacement: Thinking about the longer term". June 10, 2020. <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00030-eng.htm>

⁸ United Nations: "Policy Brief: COVID-19 and Transforming Tourism". August 2020. https://www.un.org/sites/un2.un.org/files/sg_policy_brief_covid-19_tourism_august_2020.pdf

⁹ Go2HR: Internal Projections, September 2020.

May



July

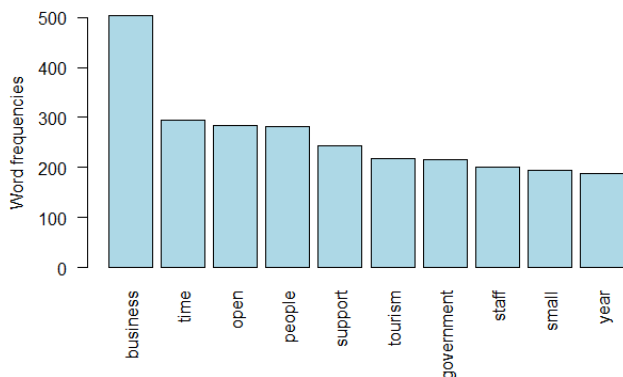


August

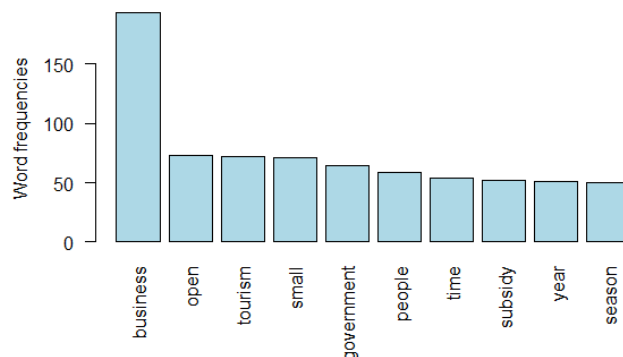


Unsurprisingly, the main thing on respondent's minds was their business, the government, and their staff. Respondents also mentioned various government programs, such as CEBA, CEWS, and CERB. In the summer months, respondents were more concerned with social distance protocols and attracting visitors, while in the earlier months much of the focus was surrounding loan and subsidy programs.

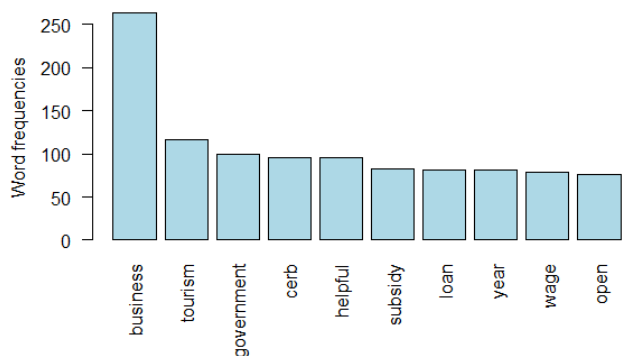
Most Frequent words in April



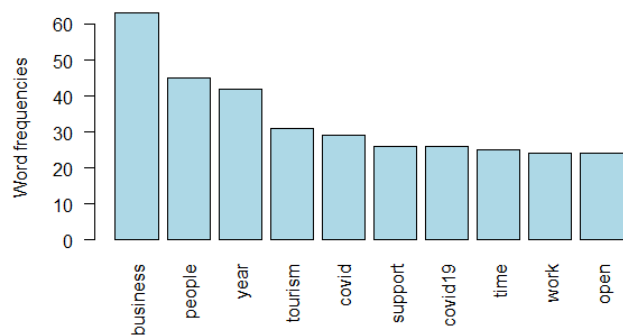
Most Frequent words in May



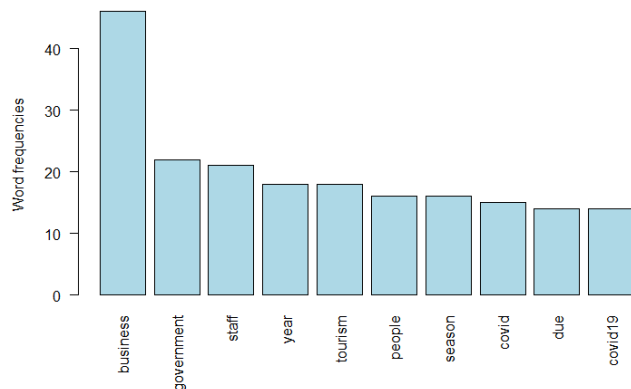
Most Frequent words in June



Most Frequent words in July



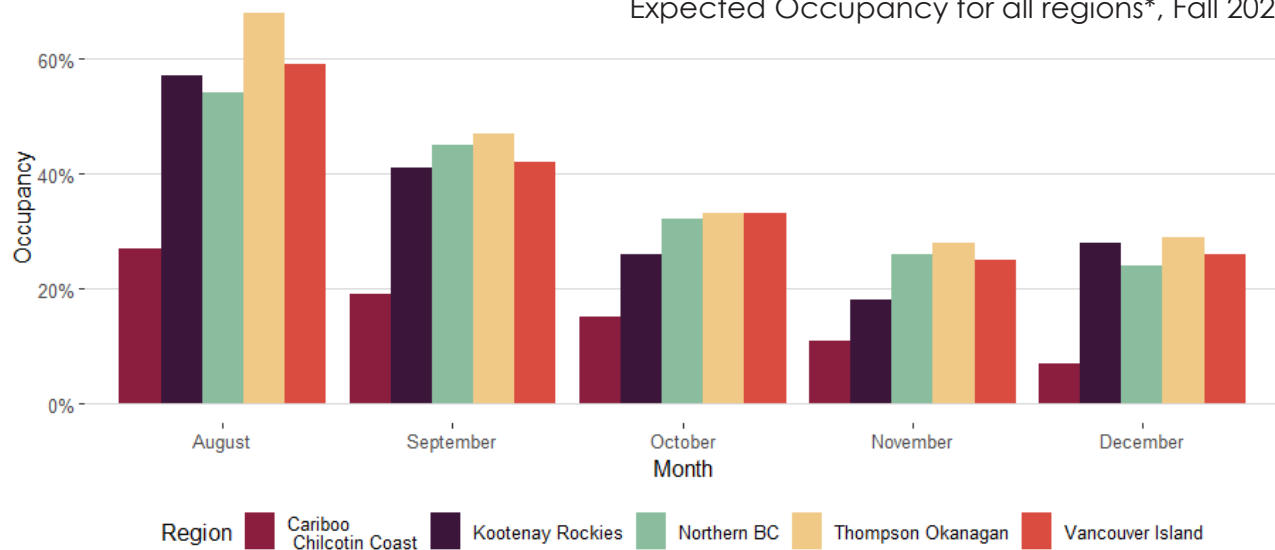
Most Frequent words in August



We can see that most respondents were primarily concerned with being supported during the beginning of the pandemic, while in June many respondents voiced their opinions surrounding the CERB program.

Overall, the topics that respondents most frequently mentioned is relatively stable over the 5 month survey period.

Expected Occupancy for all regions*, Fall 2020



When compared to June 2019, international visits to B.C. have declined 98.5%.³ In a typical year, approximately 75% - 80% of Canadians are planning to take a summer trip. In 2020, this number declined to 45%.⁴ Globally, international tourist arrivals are expected to decrease by 60% - 80% in 2020.⁵

The lower number of international visitors and lower domestic visitor confidence is reflected in lower than usual occupancy projections across all tourism regions in B.C.. The highest expected occupancy in August is 68% in Thompson Okanagan, while the lowest is 27% in Cariboo Chilcotin Coast. Included on the following page is the breakdown of occupancy projections by region.

Many governments created measures in order to support tourism businesses and restart domestic tourism. Examples of these measures are⁶:

- **Germany** and **Norway** have both **reduced the VAT rate** in order to support the tourism and hospitality industry.
- In **Austria**, tourism enterprises that have had an active loan before the outbreak of COVID-19 can apply for the **suspension of all loan repayments for the year 2020**.
- In **Italy**, **Iceland**, and **South Korea**, travel vouchers are being **issued by governments** to families to **spend on domestic tourism**.

*Data collected on behalf of the British Columbia Hotel Association and was not collected via the BCRTS survey.

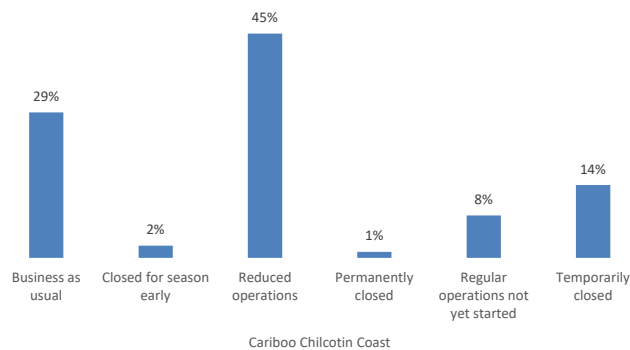
³ Statistics Canada: "International travel: Advance Information". June 2020. <https://www150.statcan.gc.ca/n1/pub/66-001-p/66-001-p2020004-eng.htm>

⁴ The Conference Board of Canada: "Should I stay or should I go? Travel intentions during a pandemic". May 5, 2020. <https://www.conferenceboard.ca/focus-areas/canadian-economics/impact-of-covid-19-on-canadians-travel-plans>

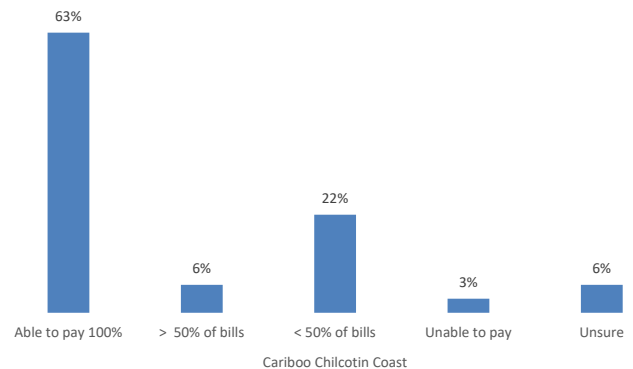
⁵ United Nations World Tourism Organization: "How are countries supporting tourism recovery?". June 2020. https://web.unwto.org/s3/eu-west-1.amazonaws.com/s3fs-public/2020-06/BN_V4.pdf

⁶ Ibid

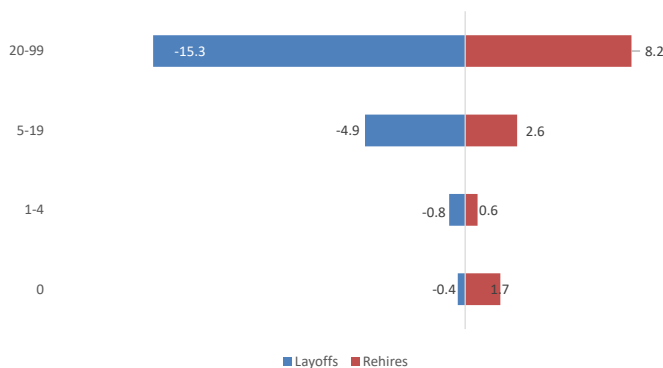
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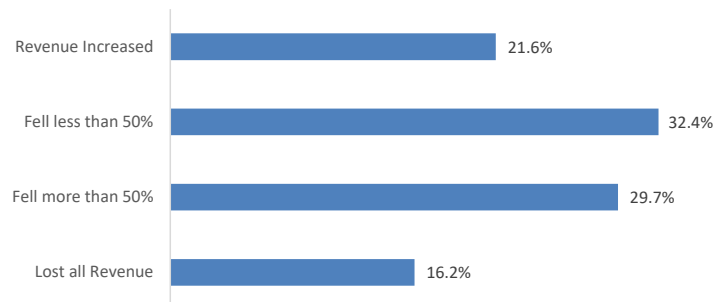
Do / Did you have the cash flow to pay your July bills?



Average number of staff laid off and rehired, by firm size



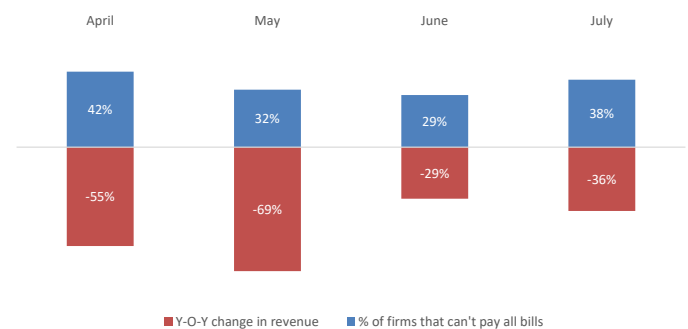
Proportion of respondents per change in revenue group



Impact of COVID-19, share of responses since start of survey



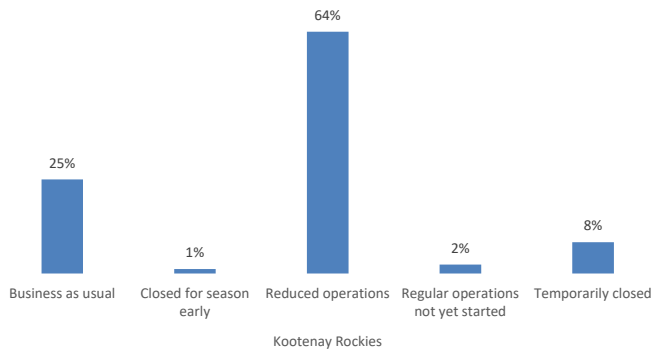
Year-over-year change in revenue and percentage of firms without the cashflow to pay all of their bills



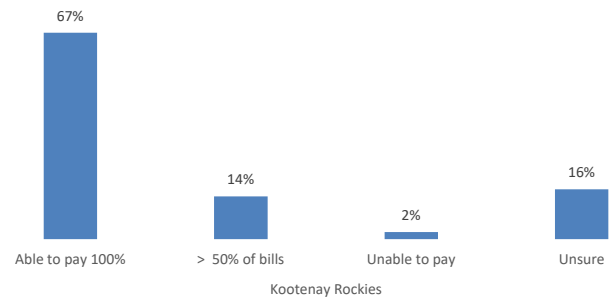
Amy Thacker
CEO, CARIBOO CHILCOTIN COAST TOURISM

A response rate of 42% yielded 83 tourism businesses, representing a margin of error for the regional questions of +/- 8%, 9 times out of 10.

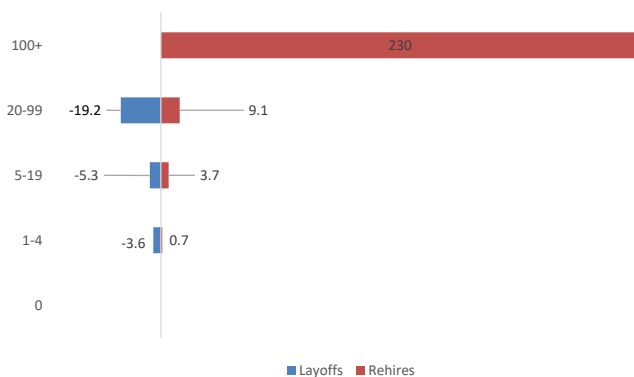
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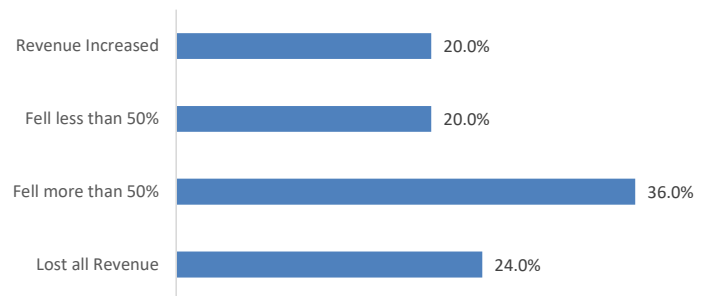
Do / Did you have the cash to pay your July bills?



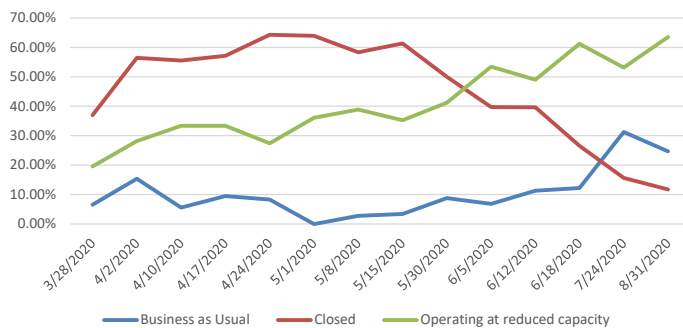
Average number of staff laid off and rehired, by firm size



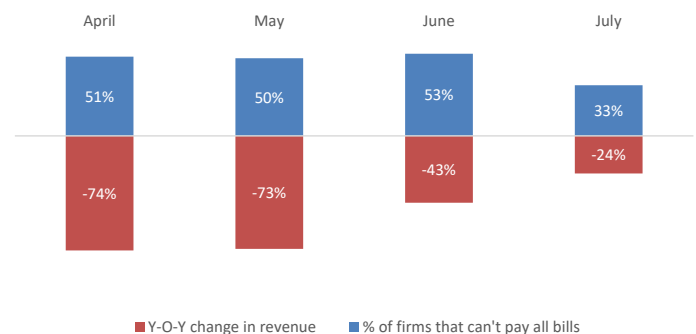
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Impact of COVID-19, share of responses since start of survey

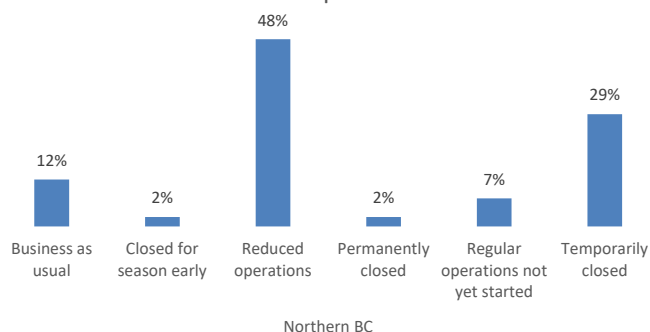


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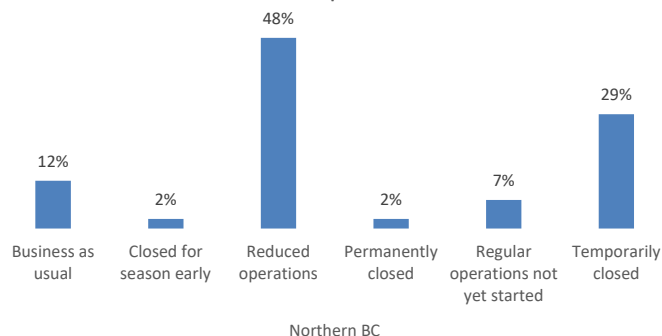


Kathy Cooper
CEO, KOOTENAY ROCKIES TOURISM

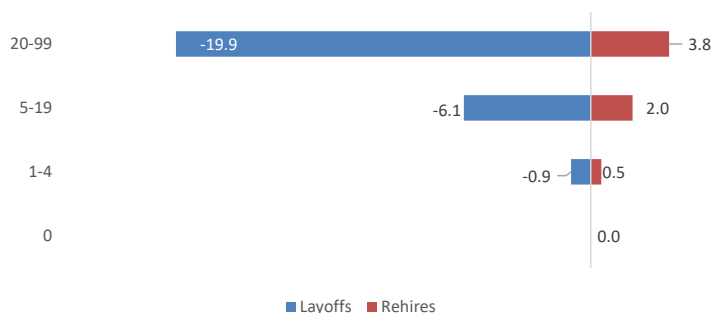
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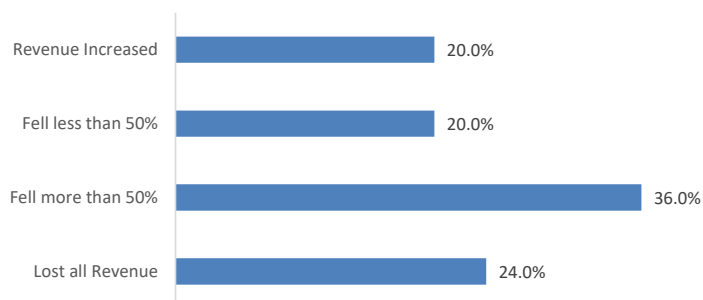
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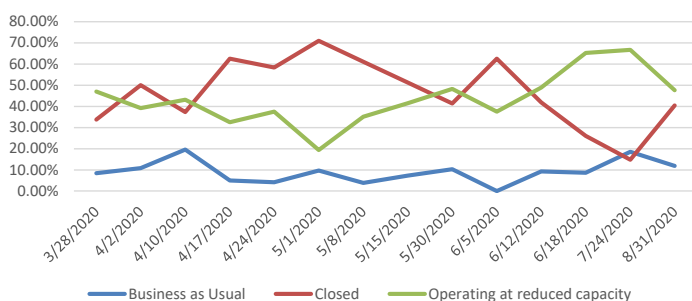
Average number of staff laid off and rehired, by firm size



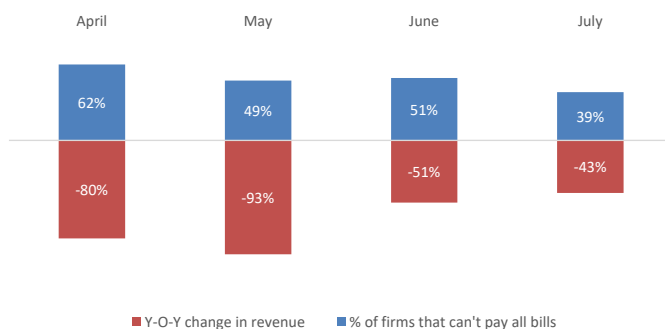
Proportion of respondents per change in revenue group



Impact of COVID-19, share of responses since start of survey



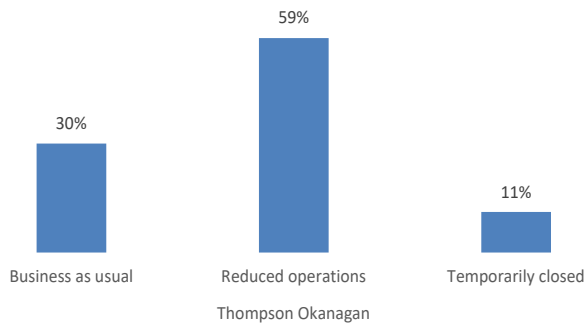
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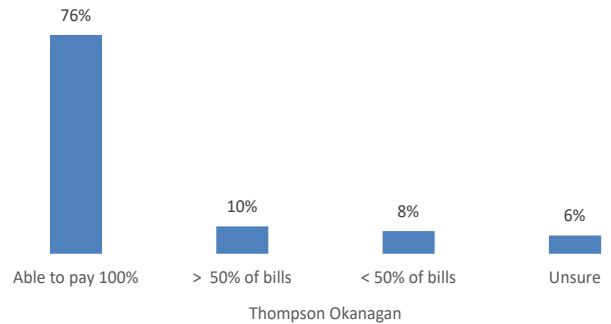
Clint Fraser
CEO, NORTHERN BC TOURISM

A response rate of 22% yielded 44 tourism businesses, representing a margin of error for the regional questions of +/- 12.5%, 9 times out of 10

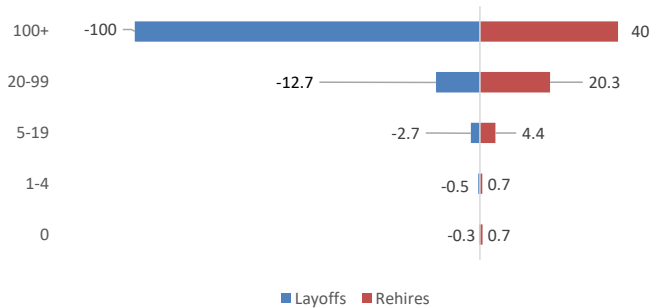
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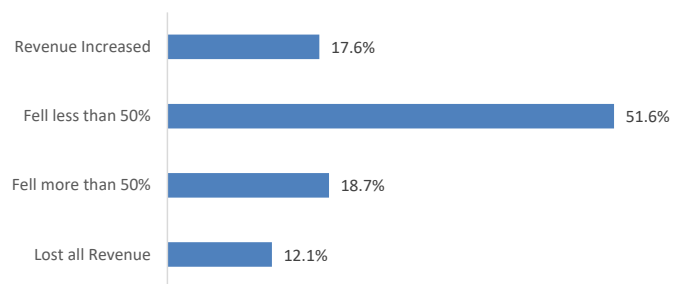
Do / Did you have the cash to pay your July bills?



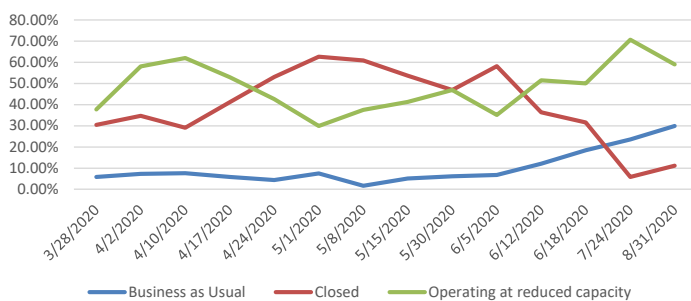
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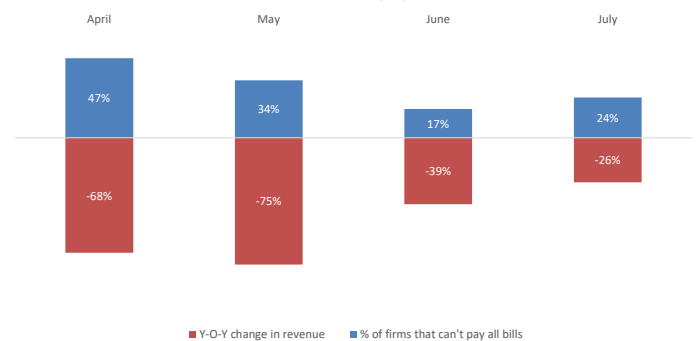
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Impact of COVID-19, share of responses since start of survey

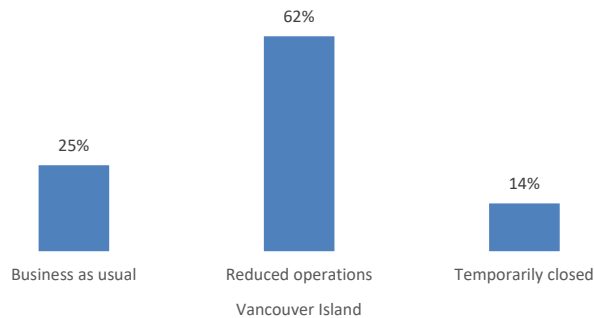


Year-over-year change in revenue and percentage of firms without the cashflow to pay all of their bills

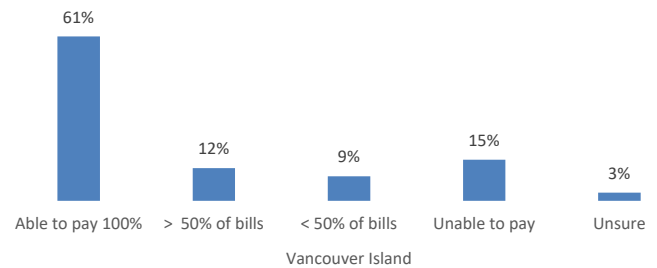


Glenn Mandziuk
CEO, THOMPSON OKANAGAN TOURISM

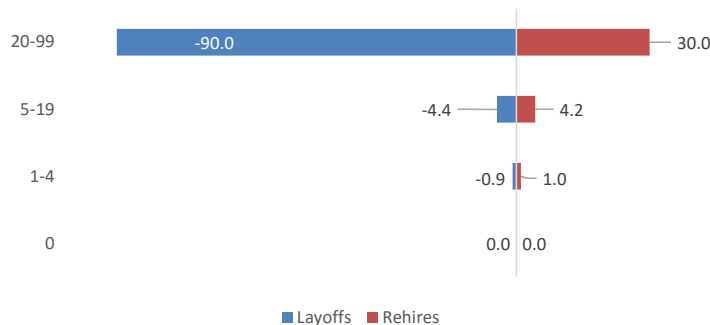
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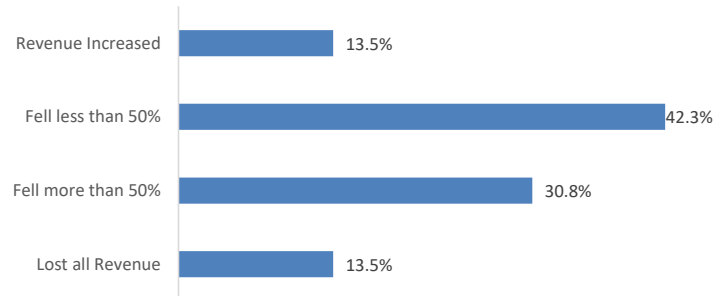
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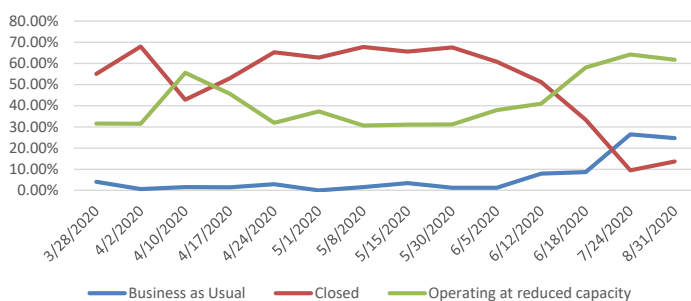
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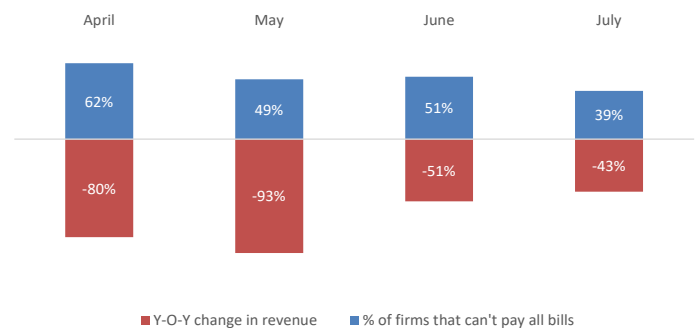
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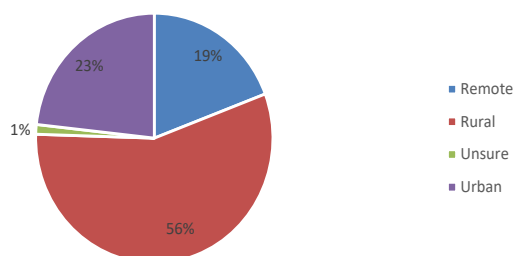
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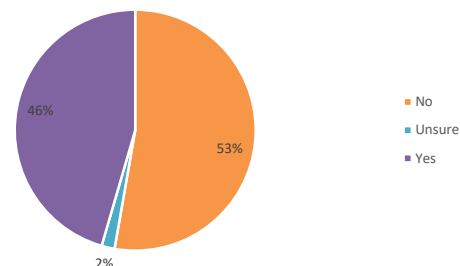
Anthony Everett
CEO, TOURISM VANCOUVER ISLAND

A response rate of 22% yielded 73 tourism businesses, representing a margin of error for the regional questions of +/- 9.5%, 9 times out of 10

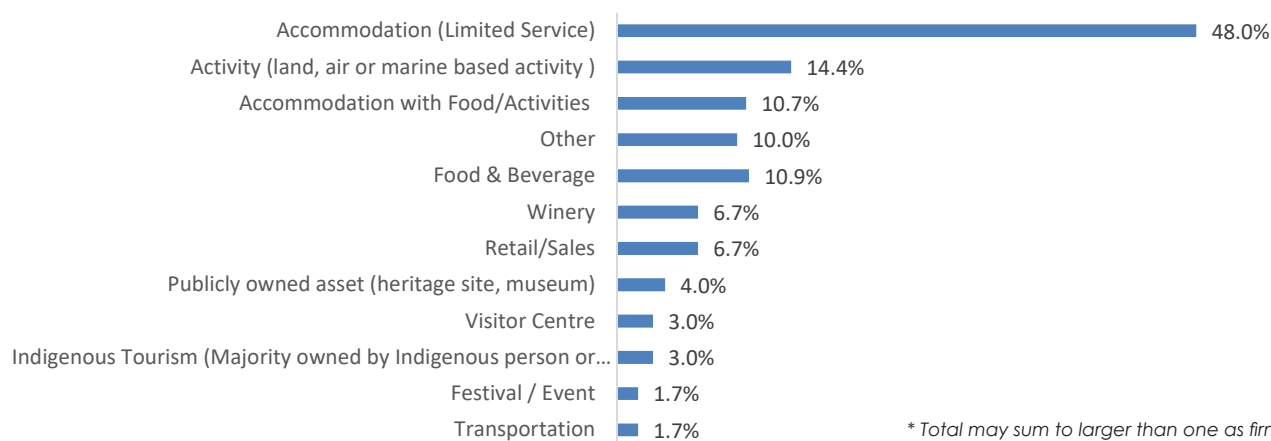
Do you consider the area in which your business operates in to be urban, rural, or remote?



Is your Business Seasonal?

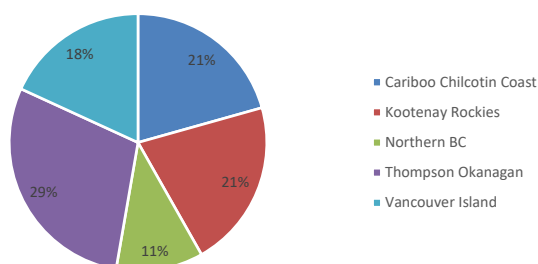


Proportion of Firms By Business Type



* Total may sum to larger than one as firms were able to identify as multiple categories.

Proportion of Respondents by Region



Calculating means from a stratified sample:

This survey was completed using stratified sampling. Weights were applied to proportion results based on the number of tourism firms in each region.

Sample averages were computed as, $\bar{x}^w = \frac{1}{N} \sum_r^R N_r \bar{x}_r$

Where N is the number of firms in all the regions, N_r is the number of firms in region r , \bar{x}_r is the average for region r . The number of firms are based on 2017 levels.