

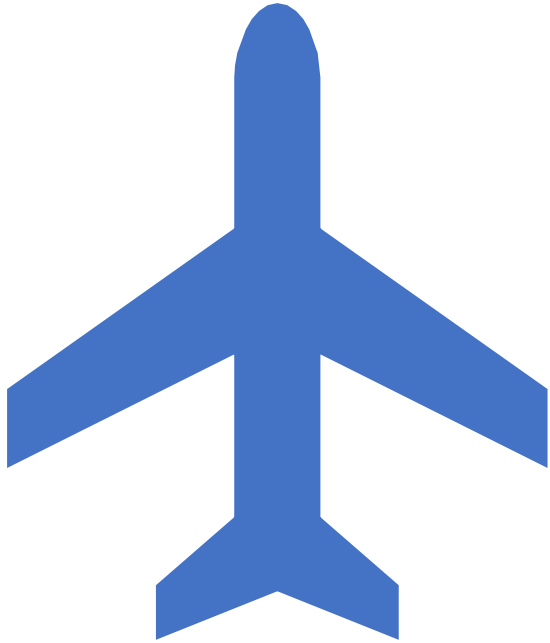
BCHA
TIA BC
Annual General Meeting

A return to tourism for Canada

Greg Klassen, Partner
Twenty31 Consulting

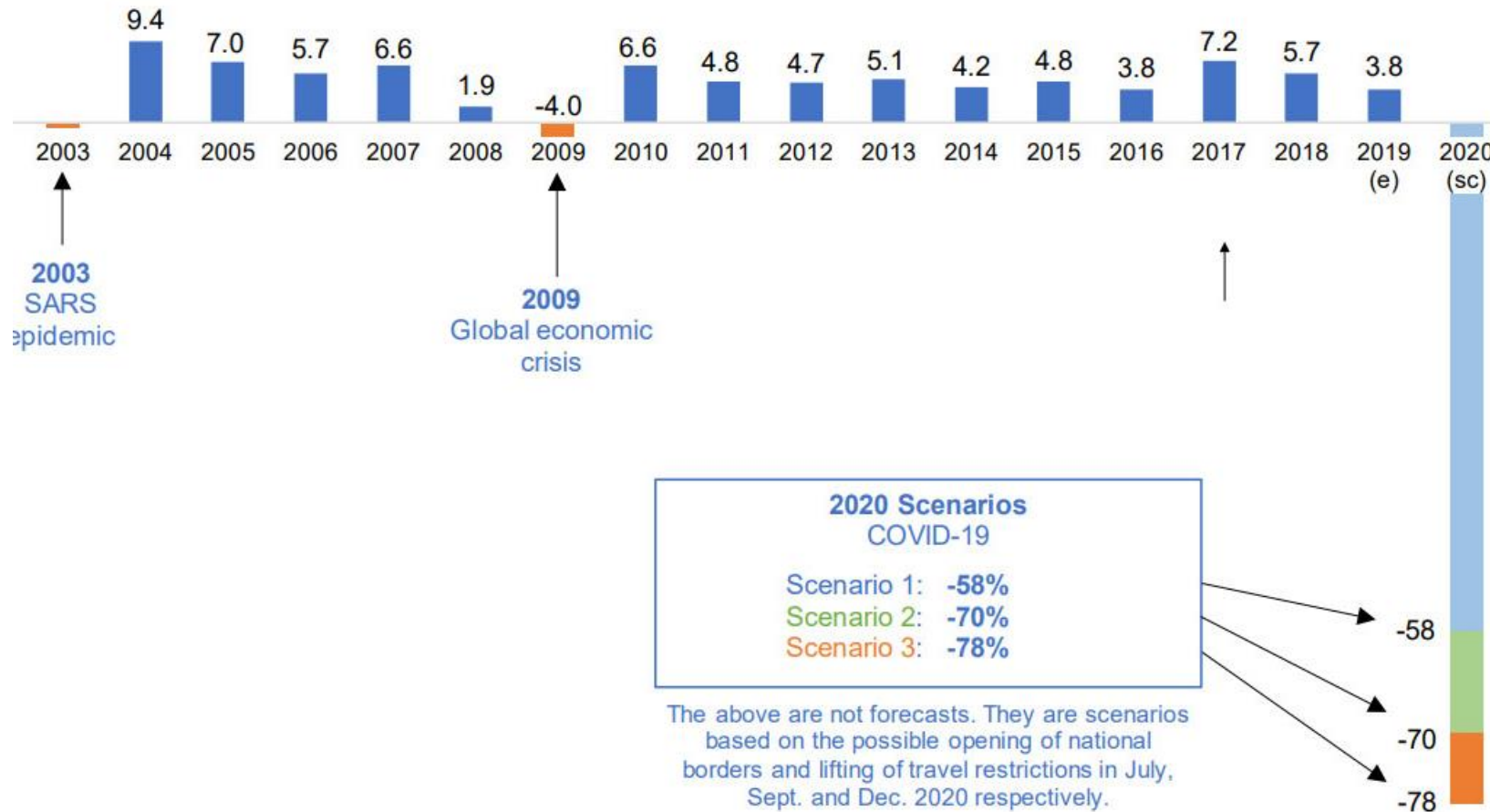
Dec 2, 2020

Current Situation



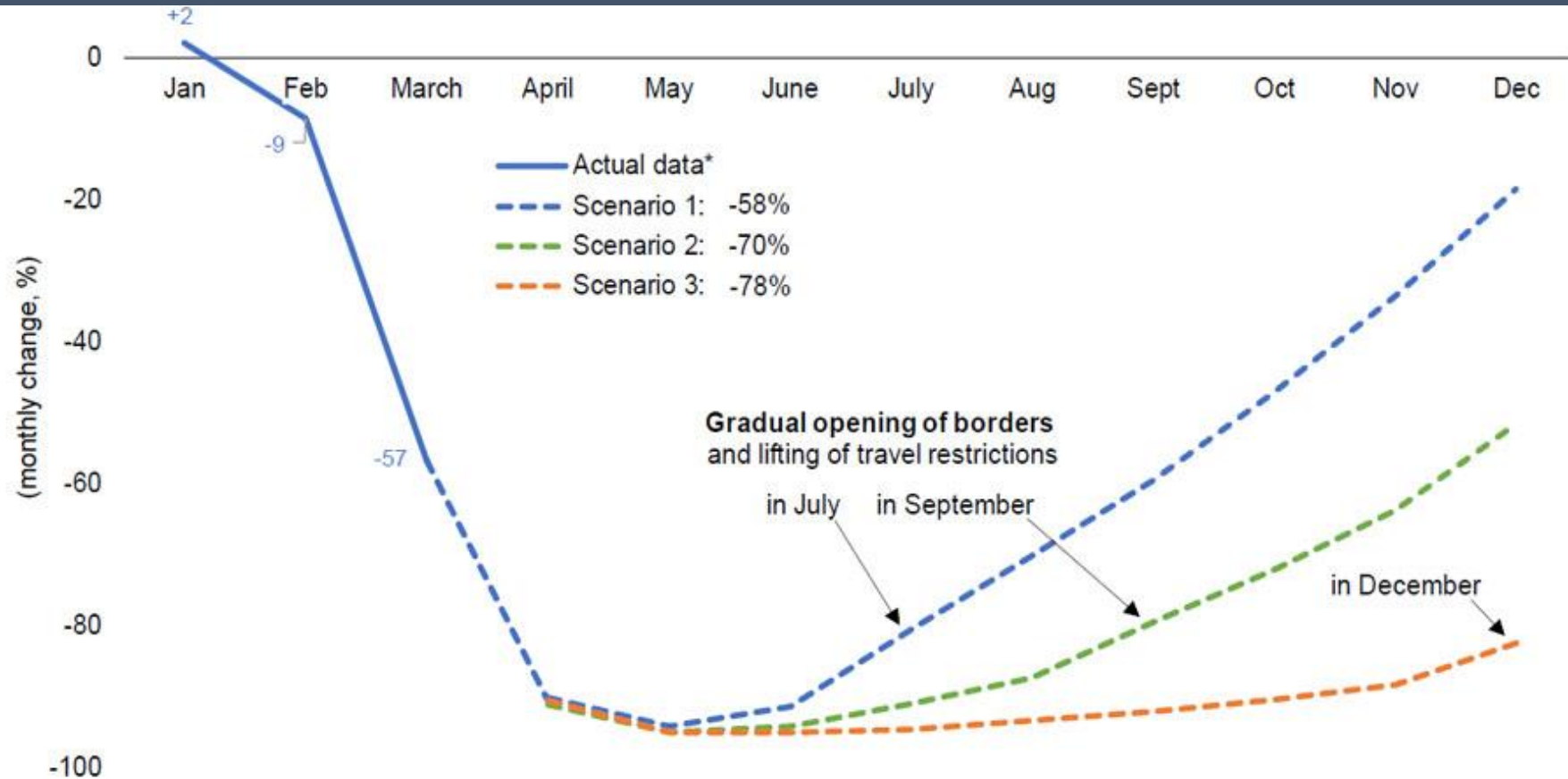
1. Global Challenge
2. Canada's Challenge

The Significance of the decline in tourism during COVID-19



- 78% decline in international tourist arrivals for the year
- 120 million direct tourism jobs at risk
- Worst outcome in the historical series of international tourism since 1950
- abrupt end to a 10-year period of sustained growth since 2009 financial crisis.

International tourist arrivals in 2020: three scenarios (YoY monthly change, %)



The Canadian Story on Tourism and COVID-19-19

COALITION OF HARDEST HIT BUSINESSES OUR STORY OUR ASK TAKE ACTION COALITION PARTNERS EN ▼

2,000,000+
CANADIAN JOBS
ARE AT RISK.

↓

#HardestHit
HardestHit.ca

SHARE ON TWITTER > SHARE ON FACEBOOK >

100,000+
SMALL AND MEDIUM
SIZED BUSINESSES
ARE VULNERABLE.

↓

#HardestHit
HardestHit.ca

SHARE ON TWITTER > SHARE ON FACEBOOK >

**MY JOB
IS WORTH
SAVING.**

↓

#HardestHit
HardestHit.ca

SHARE ON TWITTER > SHARE ON FACEBOOK >

1 IN 10
CANADIAN JOBS
ARE AT RISK.

↓

#HardestHit
HardestHit.ca

NEARLY 80%
OF CANADA'S HARDEST
HIT BUSINESSES ARE
SMALL BUSINESSES.

↓

#HardestHit
HardestHit.ca

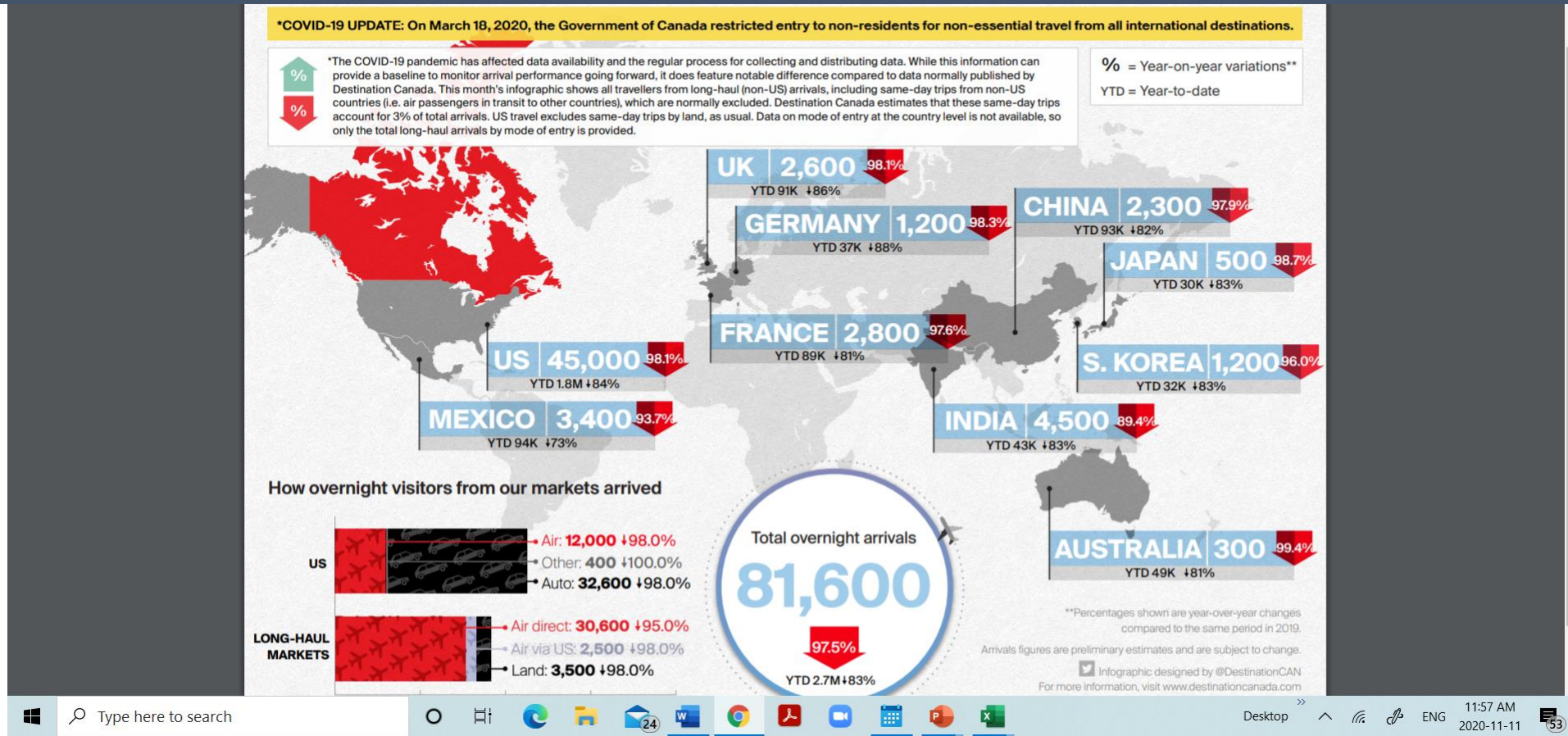
**SAVE
CANADIAN
JOBS.**

↓

#HardestHit
HardestHit.ca

Windows taskbar: Type here to search, Desktop, 2:18 PM, 2020-11-09, ENG

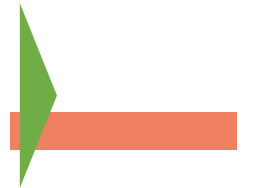
The Canadian Story on Tourism and COVID-19-19



Governments in Canada

Working hard to address the health impact of COVID-19-19
Working hard to address the challenges facing the tourism industry

- Business relief programs, to employment incentives
- Government investment in Destination Canada further investing in provincial tourism organizations
- Provincial tourism organizations investing in local destinations
- Support for SME's
- Investments in marketing programs to drive local tourism
- Developing travel bubbles to support inter-provincial travel—Atlantic Canada; BC-Yukon travel bubble
- Testing-Testing at Calgary, Toronto and Montreal Airports



Hospitality and Tourism Businesses in Canada

Working harder to address the health impact of COVID-19-19 to address the existential and very real threat to business failure

- Keeping employees working
- Keeping businesses operational
- Over delivering on guidelines, rules and protocols
- Living with constantly changing protocols, guidelines and rules
- Spending money they don't have to support new and frequently changing guidelines and rules
- Supporting the government at every turn
- Supporting government even when “shamed” due to “outbreaks” at their establishments

...and clinging to business continuity.

Other countries using different tools to support tourism

COVID-19 Testing:

- COVID-19 testing at Airports—Iceland, Costa Rica; recommended by the WTTC
- Proof of COVID-19 free test within 72 hours of arrival—Hawaii
- CDC now recommending 7 and 10 day quarantine vs. 14

Intra-Regional Borders:

- Elimination of ambiguous country, state or provincial barriers to travel; or more strategic use of travel bubbles—by demographics, geography, questionnaire

Government and Health Authority Messaging:

- Using messaging platforms to “unscare” visitors and provide traveller confidence
- Encourage a safe return to travel; enthusiastic residential support for travelers
- Encourage the welcome of visitors to communities, cities and resorts

9

While other governments using this pause to re-think tourism

South African Tourism
Sri Lanka
Portugal
New Zealand

The screenshot shows a web browser with multiple tabs open. The active tab displays a news article from the New Zealand Herald. The article title is "Covid 19 coronavirus: Tourism Minister Stuart Nash's blunt message to tourism sector: target rich tourists". The article is dated 16 Nov, 2020 06:15 PM and is 4 minutes to read. The main image shows Tourism Minister Stuart Nash speaking at a podium. Below the image is a video player with a "focus" logo. To the right of the article is an advertisement for "Gain an Edge Using AR" by ptc, which promotes investing in augmented reality. Below the advertisement is a section titled "Latest from New Zealand" with a list of news items, including "PM Ardern and Collins sworn into 53rd Parliament" and "Remarkables Station gifted to trust for 'all New Zealanders to enjoy'". The Windows taskbar is visible at the bottom of the screen.

NEW ZEALAND | Politics

Covid 19 coronavirus: Tourism Minister Stuart Nash's blunt message to tourism sector: target rich tourists

16 Nov, 2020 06:15 PM 4 minutes to read

ADVERTISING

Gain an Edge Using AR

ptc Smartly invest in Augmented Reality use cases with big returns. Advertise with NZME.

Latest from New Zealand

POLITICS

PM Ardern and Collins sworn into 53rd Parliament

NEW ZEALAND

Remarkables Station gifted to trust for 'all New Zealanders to enjoy'

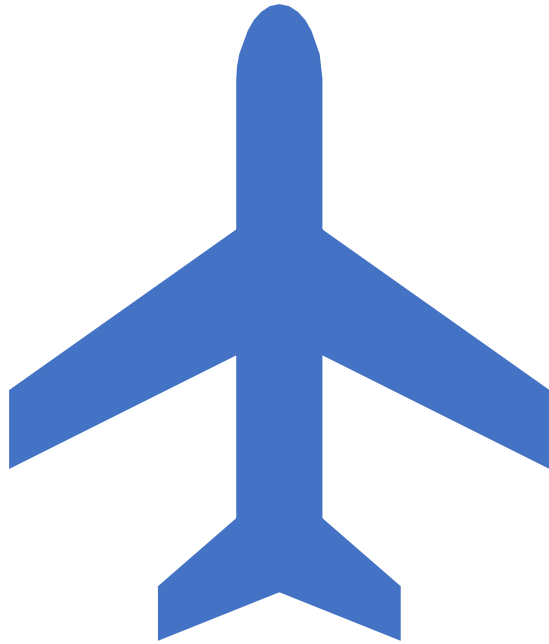
24 Nov, 2020 02:25 PM 3 minutes to read

NEW ZEALAND

Fishing company loses bid to get overseas workers into NZ

Type here to search

The greatest barrier to the return of tourism is not COVID-19-19, but the fear of travel



1. Loss of confidence in travel
2. Fear of Travellers
3. Confusion over rules
4. Loss of the joy of travel

And while this may be understandable during peak COVID-19, the hangover from these fears will have a significant effect on tourism's recovery unless we take corrective measures now.

1. Loss of confidence in travel

A traveller who was once relaxed now facing uncertainty

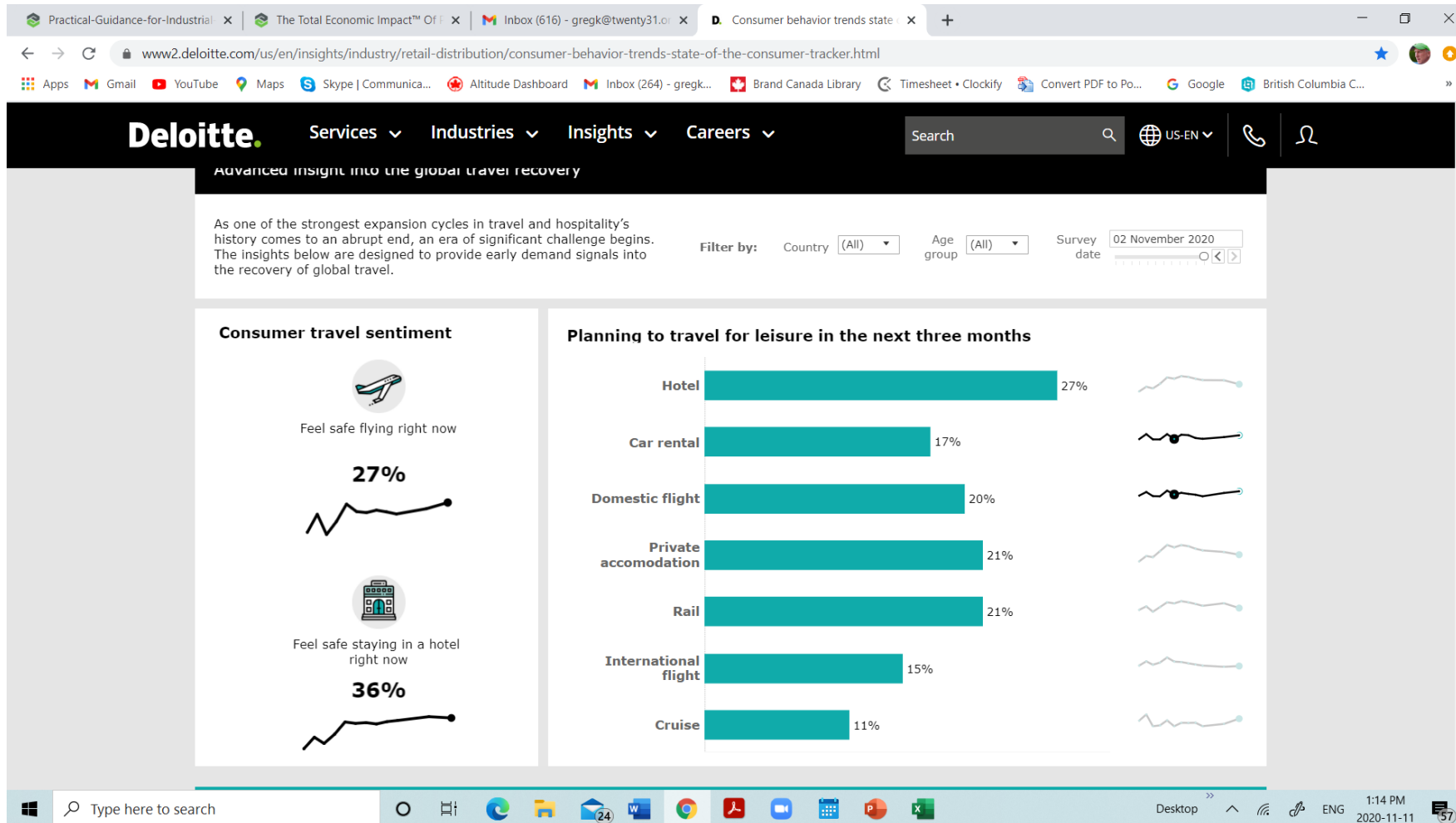
How travelers describe themselves
in normal circumstances



How travelers describe themselves
in the **context of COVID-19**



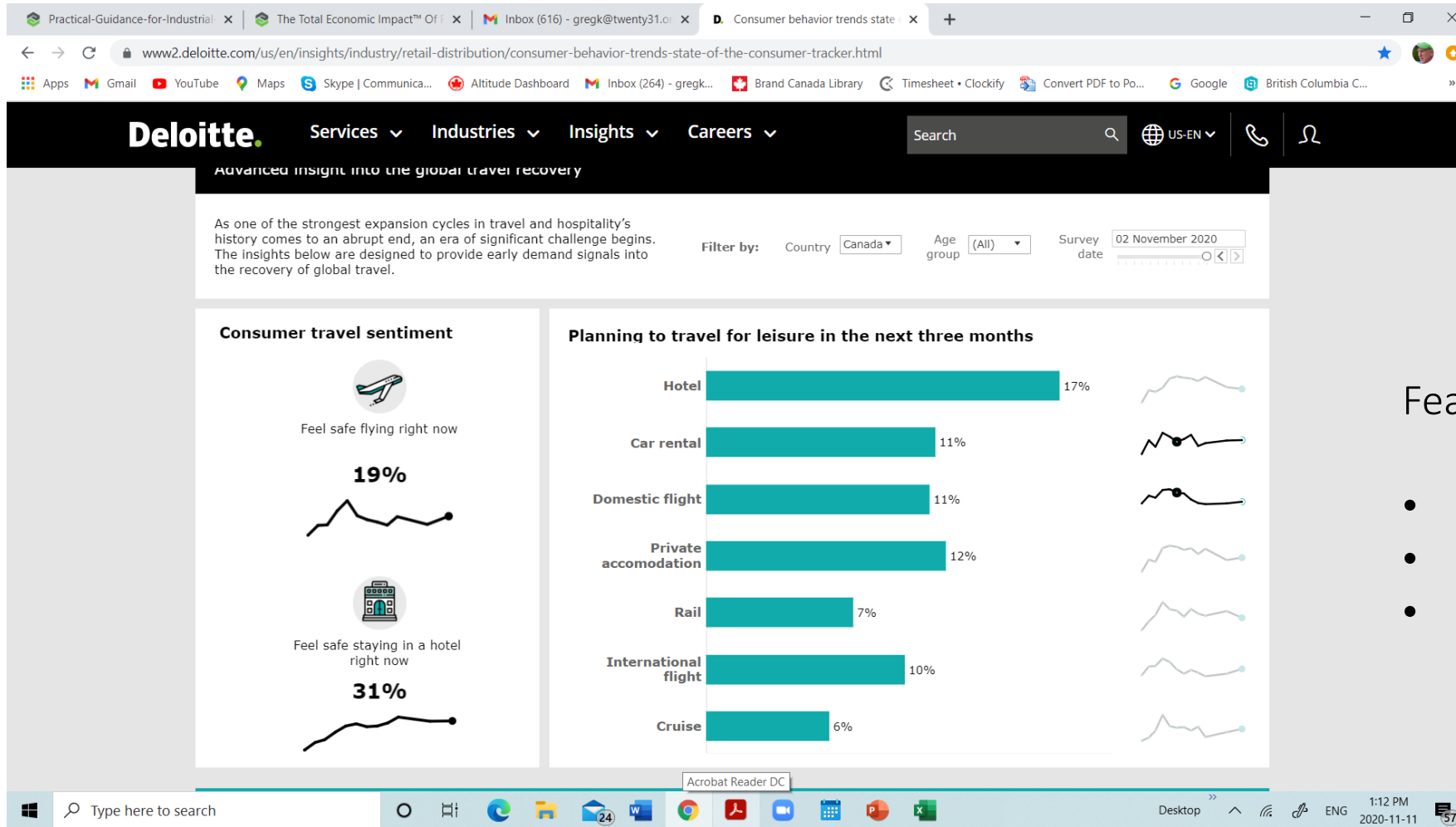
1. Loss of confidence in travel



Fear of Travel: World

- 27% feel safe flying
- 36% feel safe in a hotel
- 27% planning to travel in next 3 months

1. Loss of confidence in travel



Fear of Travel: Canada

- 19% feel safe flying
- 31% feel safe in a hotel
- 17% planning to travel in next 3 months

1. Loss of confidence in travel

theGlobeandMail.com/business/article-travel-experts-warn-out-of-country-medical-insurance-may-be/

YouTube Maps Skype | Communica... Altitude Dashboard Inbox (264) - gregk... Brand Canada Library Timesheet • Clockify Convert PDF to Po... Google

THE GLOBE AND MAIL REPORT ON BUSINESS SUBSCRIBE REGISTER LOG IN

Cover your ass(ets) from a critical illness starting at only 20¢/day Critical Illness Insurance PACIFIC BLUE CROSS

Travel experts warn out-of-country medical insurance may be insufficient for COVID-related illnesses

CLARE O'HARA > WEALTH MANAGEMENT REPORTER

+ FOLLOW CLARE

PUBLISHED OCTOBER 1, 2020
UPDATED OCTOBER 2, 2020

53 COMMENTS SHARE TEXT SIZE BOOKMARK

00:00 Voice 1x



Desktop

TRENDING

- 1 Crusading journalist and reporter Rick Ouston confronts his demons
- 2 Five dividend stock picks to consider and sliding rail: What you need to know this week
- 3 My husband has dementia: as trapped as he does
- 4 NDP secure a majority government in B.C. after calling snap election

SUPPORT QUALITY JOURNALISM

2. Fear of Travellers

Resident Sentiment Tracking_November 24_EN (1).pdf - Adobe Acrobat Reader DC

File Edit View Sign Window Help

Home Tools Resident Sentiment... x

23 / 37

Comparison by Region / Comparaison par région

Level of Welcome Towards Visitors / Opinion envers l'accueil de visiteurs

	BC/C.-B. (n=202)	AB/Alb. (n=204)	SK/MB Sask./Man. (n=202)	ON/Ont. (n=602)	QC/Qc (n=401)	ATL (n=200)
% Somewhat / Strongly Agree % Tout à fait d'accord / Plutôt d'accord						
From other communities near me / ... de collectivités voisines	49%	54%	47%	44%	57%	74%
From other parts of my province / ... d'autres parties de ma province	36%	46%	40%	33%	49%	54%
From other parts of Canada / ... d'autres régions du Canada	24%	34%	26%	26%	39%	11%
From the United States / ... des États-Unis	13%	13%	10%	8%	20%	4%
From other countries / ... d'autres pays que les États-Unis	14%	13%	13%	9%	22%	4%

Green text indicates significantly higher than at least one other region @ 95% confidence
Red text indicates significantly lower than at least one other region @ 95% confidence
To what extent do you agree or disagree with each of the following statements?
"I would welcome visitors travelling to my community"

Le vert indique un résultat considérablement plus élevé qu'au moins une autre région (confiance à 95 %)
Le rouge indique un résultat considérablement moins élevé qu'au moins une autre région (confiance à 95 %)
Dans quelle mesure êtes-vous d'accord avec chacun des énoncés suivants?
« J'accueillerais volontiers dans ma collectivité... »

23

CANADA

Fewer than half of BC residents open to visitors from anywhere

3. Confusion over rules

Travel but safer to stay home

Travel but be “aware”

Travel but “know your risks”

Bring your own groceries but buy local

BC open to visitors but not encouraged to visit

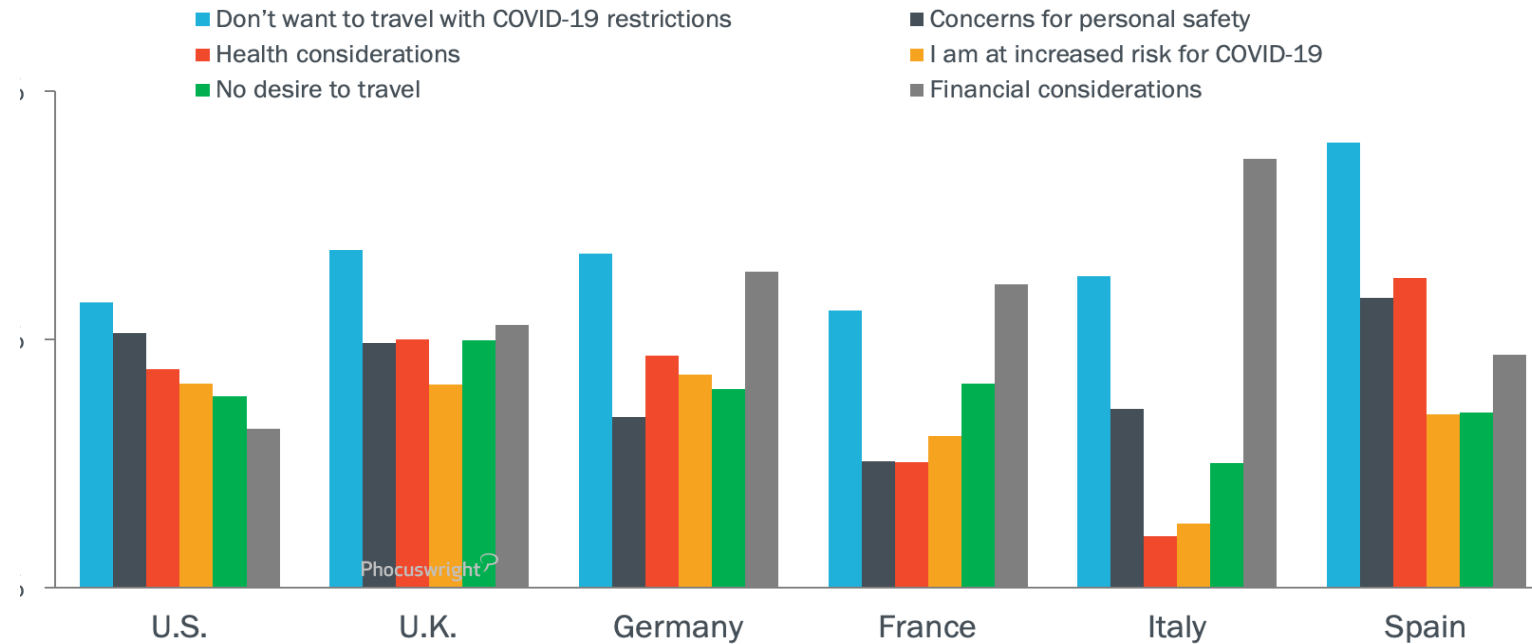
Essential-only travel unclear

Rules changing, confusing or not
founded in evidence

4. Loss of the joy of travel

Don't want to travel with
COVID-19 restrictions

Reasons Consumers Aren't Traveling in the Next 12 Months



Phocuswright Study:

Travel simply not interesting
during COVID-19-19
restrictions

n: Which of the following best describes why you are not planning to travel for leisure in the next 12 months? Select all that apply.
U.S. (N=1,280); U.K. (N=438); Germany (N=460); France (N=531); Italy (N=253); Spain (N=369)
Phocuswright's COVID-19: The Path to Recovery
Phocuswright Inc. All Rights Reserved.

Phocuswri
Powering great decisions.

Light at the end of the
tunnel?



If tourism is looking to 2019 to guide the 2021 strategy, it's looking in the wrong direction

Ongoing challenges for global and domestic tourism :

- Low Traveller confidence will continue into the new year
- Tourism's supply and channels we relied on prior to 2019 may no longer be there to support recovery
- Current research advises fewer than 30% of consumers will even consider travel in 2021



Ultimately.....too many destinations will be marketing to too few travellers

What then can we do to help Canada inspire that recovery?

Compel Canadians to travel within Canada

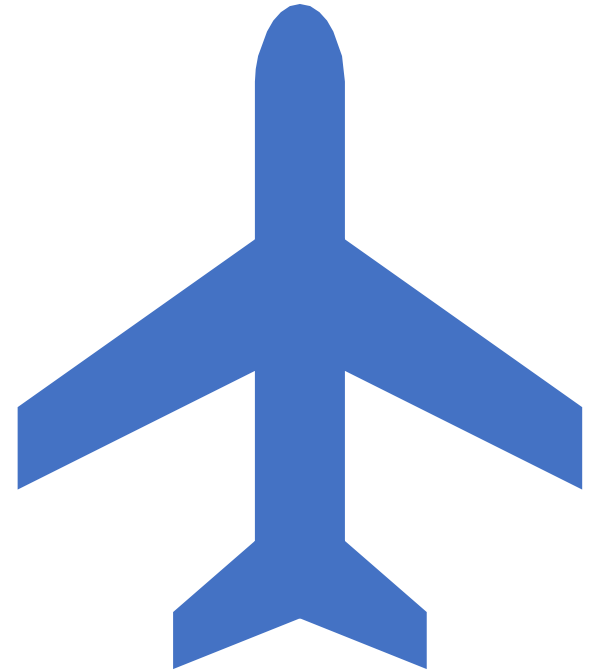
Domestic travellers will be key to kick starting tourism recovery while waiting for international travellers to return

Inspire Canadian confidence back to travel

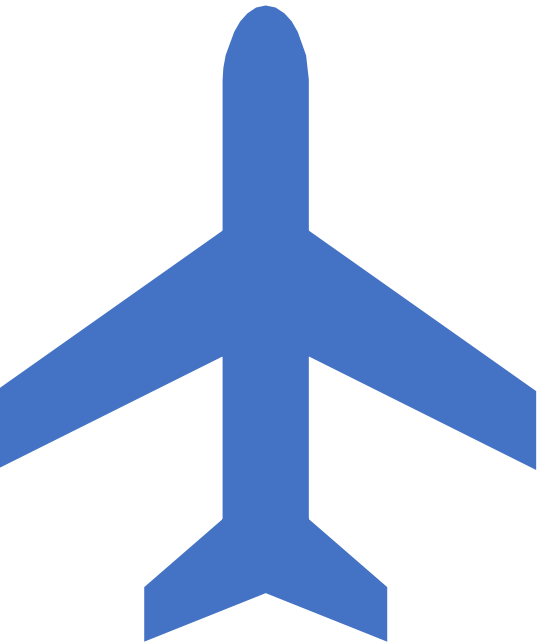
Canadians confidence to travel and welcome visitors will hold a great deal of influence over government policy

Inspire confidence in vaccines

Canadian's confidence in vaccines, and acceptance for negative COVID testing on arrival will be critical for their and government acceptance for opening up international borders with fewer conditions



2021 will be the year of the vaccine



- Effective vaccines approvals in UK, US and Canada likely to follow
- But there will be an unequal distribution of those vaccines globally
- Some countries will require vaccines in order to authorize the traveller to visit severely limiting the potential international visitors in the next few years
- Some countries will require only rapid test evidence of COVID free which will greatly increase the size of potential market

Will Canada require evidence of vaccinations for border entry?

Will Canada be ok with negative COVID tests upon arrival?

Or will Canada follow CDC guidelines to reduce quarantine periods?

Three tools to address Canadians issues of confidence

1. Policy and messaging from Governments and Health Authorities:

Governments and health authorities reduce the ambiguity of messages and evidence for decision making—rapid testing at airports, messaging about risk, active and unequivocal support for tourism and hospitality

2. Help Canadians feel safe to travel:

3. Reposition our tourism and hospitality brands:

Rethink our tourism and hospitality brands, our operations and our purpose to address the concerns of Canadians

1. Policy and messaging from Governments and Health Authorities:

- Speed up of testing on arrival at airports—more airports and more tests.
- Eliminate interprovincial travel barriers or support test on arrival to reduce quarantine
- Government messaging platforms to “unscare” consumers about travel when usual precautions are taken
- Stop business shaming unless they are not following the rules
- Learn to live with the virus and accept some level of risk
- Communicate evidence as basis for decisions

1. Policy and messaging from Governments and Health Authorities:

Apps Gmail YouTube Maps Skype | Communica... Altitude Dashboard Inbox (264) - gregk... Brand Canada Library Timesheet • Clockify Convert PDF to Po... Google British Columbia C...

COVID-19 transmission on flights 'extremely rare,' Dr. Tam says



U.S. study finds flying may actually be safer than other routine activities — like going to the grocery store



John Paul Tasker · CBC News · Posted: Nov 10, 2020 3:13 PM ET | Last Updated: November 10



Practical-Guidance-for-Industrial x The Total Economic Impact™ Of x Inbox (616) - gregk@twenty31.c... x The future of hospitality | Deloitte x COVID-19 Public Exposures x +

Not secure | bccdc.ca/health-info/diseases-conditions/covid-19/public-exposures

Apps Gmail YouTube Maps Skype | Communica... Altitude Dashboard Inbox (264) - gregk... Brand Canada Library Timesheet • Clockify Convert PDF to Po... Google

Cases identified on the following flights:

Recent Domestic Flights

[View all flights with a confirmed COVID-19 case](#)

Airline	Flight Number	Date	Origin	Destination	Affected Rows
Air Canada	106	November 4	Vancouver	Toronto	31-35
Air Canada	123	November 4	Toronto	Vancouver	31-35
Air Canada	305	November 3	Montreal	Vancouver	Not reported
Air Canada	103	November 2	Toronto	Vancouver	19-25
Air Canada	8075	November 2	Vancouver	Victoria	11-17
Air Canada / Jazz	8069	November 2	Vancouver	Victoria	7-13
Flair	8187	November 2	Prince George	Edmonton	26-32
Swoop	109	November 2	Hamilton	Abbotsford	15-21
Swoop	406	November 2	Toronto	Abbotsford	25-31
WestJet	711	November 2	Toronto	Vancouver	14-20
Air Canada	314	November 1	Vancouver	Montreal	Not reported
Swoop	118	October 30	Abbotsford	Hamilton	6-12 and 17-23
WestJet	183	October 30	Calgary	Kelowna	12-18
WestJet	227	October 30	Calgary	Victoria	4-10
WestJet	183	October 29	Calgary	Kelowna	9-15
Flair	8137	October 28	Winnipeg	Kelowna	7-13
Flair	8417	October 28	Vancouver	Toronto	23-29
WestJet	164	October 28	Vancouver	Edmonton	17-23
WestJet	253	October 28	Calgary	Kelowna	19-23
WestJet	725	October 28	Toronto	Vancouver	4-8
Air Canada	226	October 27	Vancouver	Calgary	1-7

- [Advice for self-isolation and self-monitoring](#)
- If you have symptoms, please do a [self-assessment](#).

Regional exposure events

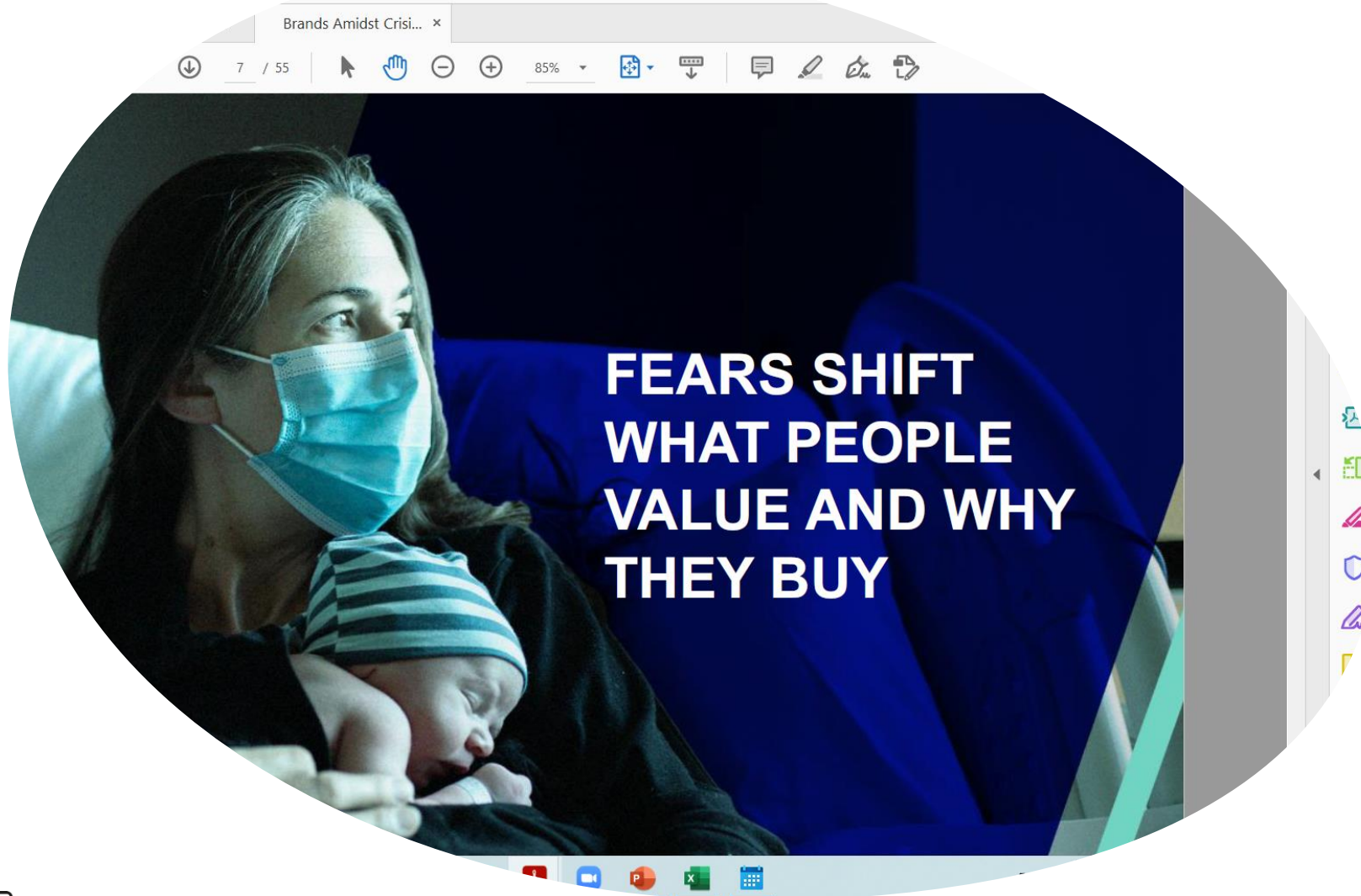
Type here to search

Desktop 2:17 PM 2020-11-11

2. Help Canadians feel safe to travel

The screenshot shows a Windows 10 desktop environment. At the top, a taskbar displays various application icons including Apps, Gmail, YouTube, Maps, Skype, Altitude Dashboard, Inbox (264) - gregk..., Brand Canada Library, Timesheet • Clockify, Convert PDF to Po..., Google, and British Columbia C... Below the taskbar, a search bar prompts the user to 'Type here to search'. The main display area features a large advertisement for 'DESTINATION CANADA'. The ad includes the Destination Canada logo (a red maple leaf next to the text 'DESTINATION CANADA') and a large red 'CANADA' graphic. The headline reads 'Rebuilding Traveller Confidence:' followed by the subtext 'The importance of keeping safety top of mind and in plain sight'. The background of the ad is a scenic image of people in winter gear looking out over a snowy mountain landscape at sunrise or sunset. The Windows taskbar at the bottom shows the Start button, a search bar, and several pinned application icons (Edge, File Explorer, Mail, Word, Chrome, Adobe Reader, Teams, PowerPoint, and OneDrive). The system tray on the right indicates the desktop mode, network status, ENG language, and the date and time: 11:55 AM, 2020-11-30.

3. Reposition our hospitality and tourism brands



New study from Edelman Trust Barometer suggest dramatic shifts in what consumers value during peak COVID

CHANGING VALUES SHIFT BUYING CRITERIA: BRAND SAFETY, VALUE, PURPOSE MATTER MORE

Net change in importance as a purchasing criteria

Whether...

The brands products and services put **consumer safety first**

Gives me **value for the money**

Cares more about people than profit

+31 pt

+32 pt

+26 pt

2020 Edelman Trust Barometer Special Report: Brands Amidst Crisis. IMP_COV. For each of the following purchasing considerations, please indicate whether it has become more important to you, less important to you, or has stayed the same in importance, as a direct result of the COVID-19 pandemic. 3-point scale; code 1, more important; code 2, less important. General population, 8-mkt avg. Data is the difference between more important and less important.

Which best describes how you feel?

2020 Edelman Trust Barometer Special Report: Brands Amidst Crisis.
BRAND_CHOICE. You are about to see a series of two choices. For each pair, we want you to select the one that best describes what you believe or how you feel. General population, 8-mkt avg.

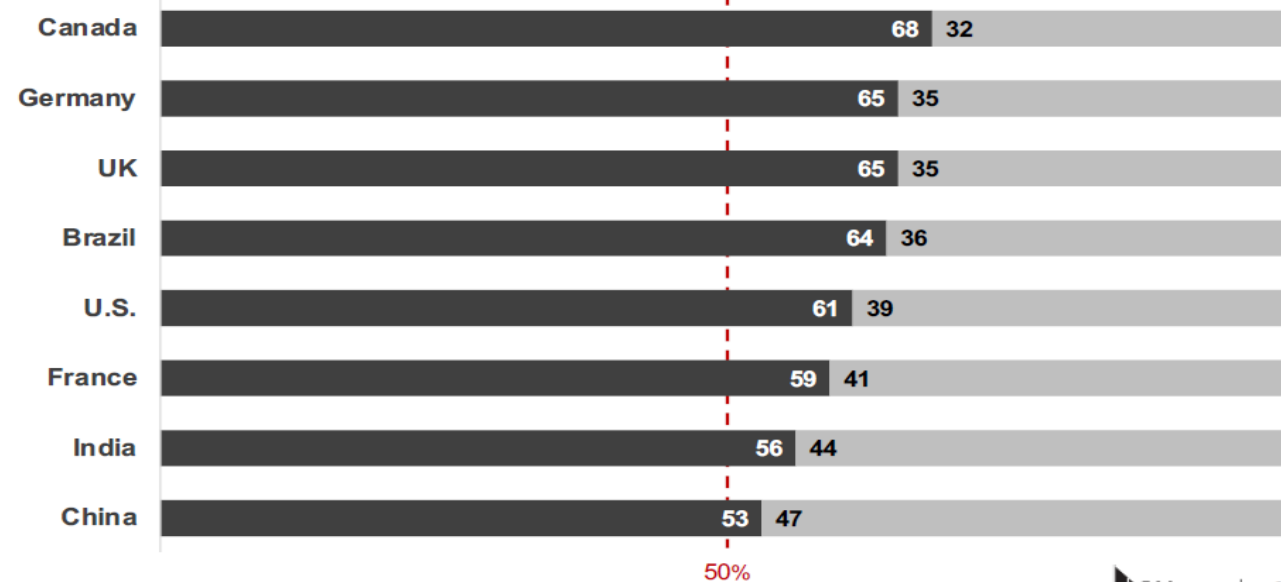
Brands should **think about public safety first**, being thoughtful when it comes to encouraging people to return to stores, restaurants, and other public venues as soon as lockdown orders are lifted

OR

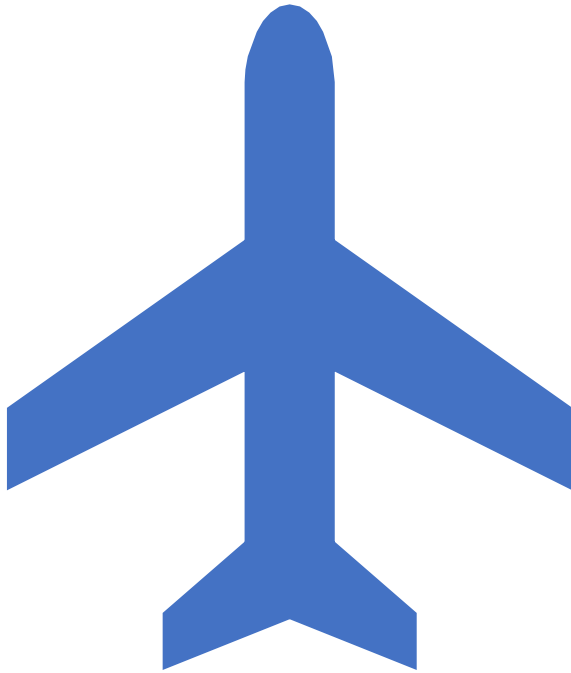
Brands should **help jump start the economic recovery**, encouraging people to return to stores, restaurants, and other public venues as soon as lockdown orders are lifted

61%

39%

Global 8

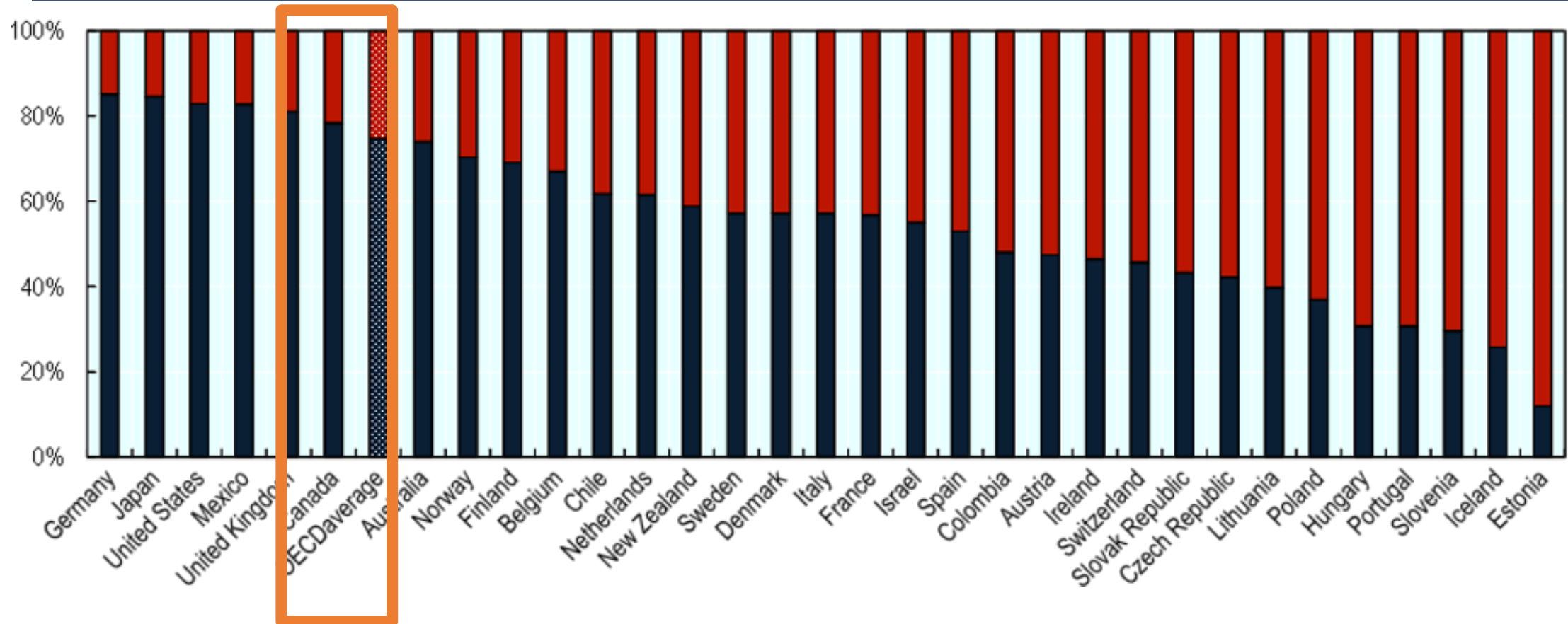
Where Canada can emerge ahead of its international competitors



Why?

- Higher proportionate reliance on domestic tourism market
- Canada's high value international brand and perception of our effectiveness of addressing the crisis
- Leverage of post-COVID-19 trends in tourism

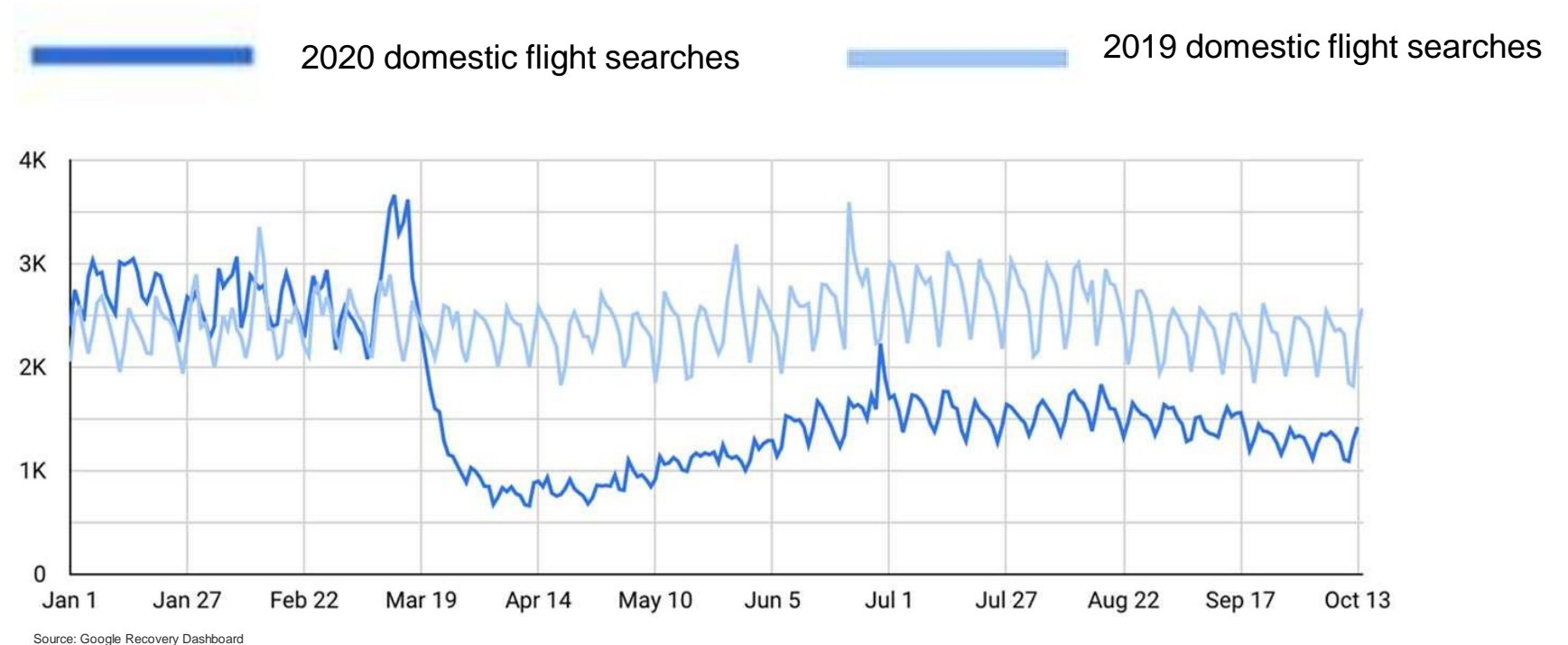
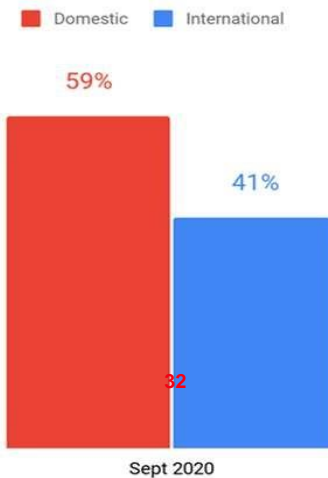
Reliance on Domestic Tourism by Country



Canada one of the top 10 countries with a robust and active **domestic** tourism market with almost 80% of tourism revenue from domestic source markets.

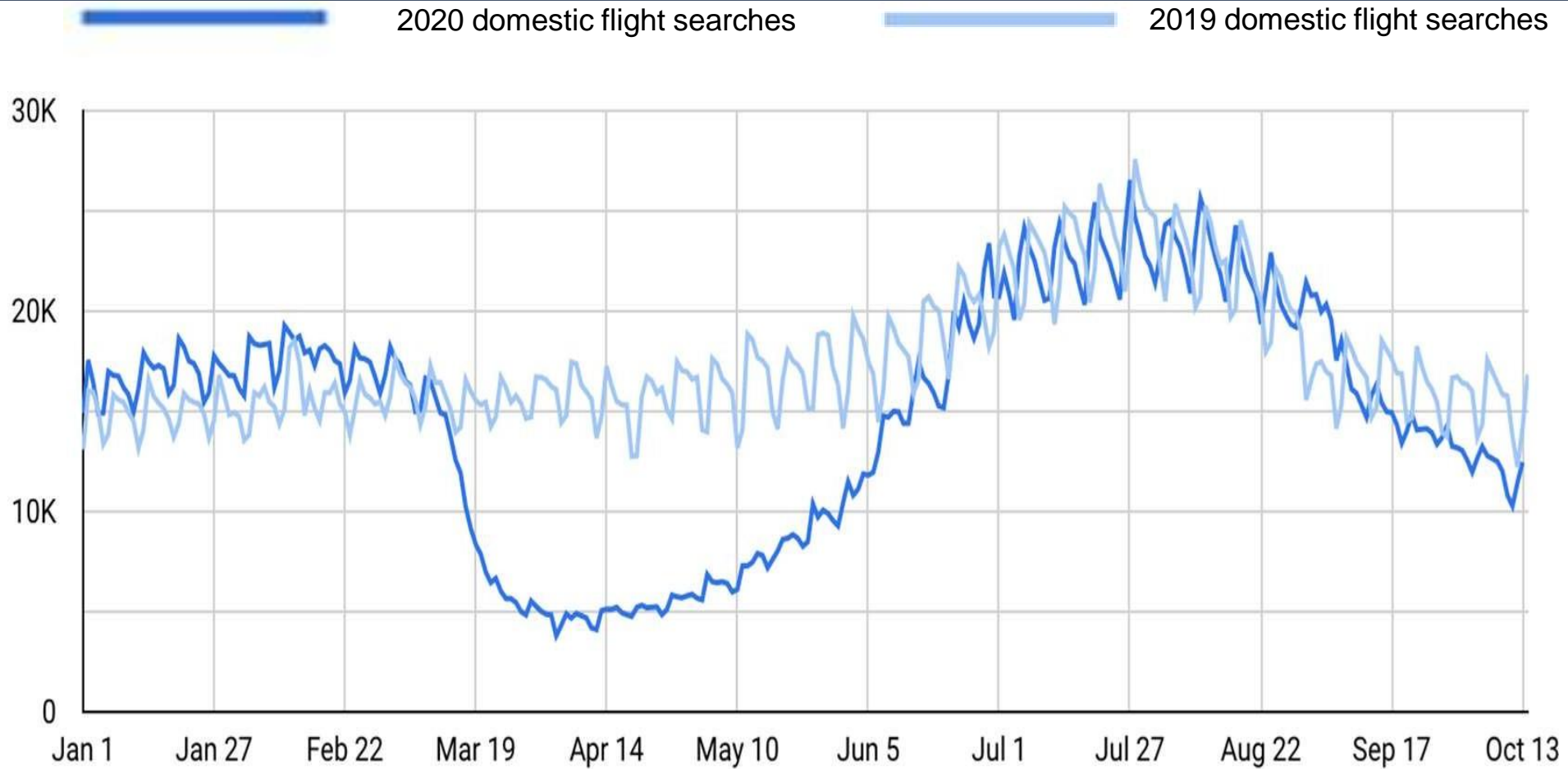
Domestic flight demand remains stronger than international demand but still below pre-COVID levels

Flight Demand



- Capture intent for main routes
- Generate awareness for routes not yet recovered

Overall domestic travel intent is back to nearly 2019 levels



CANADA

Canadians are planning winter escapes earlier and closer to home

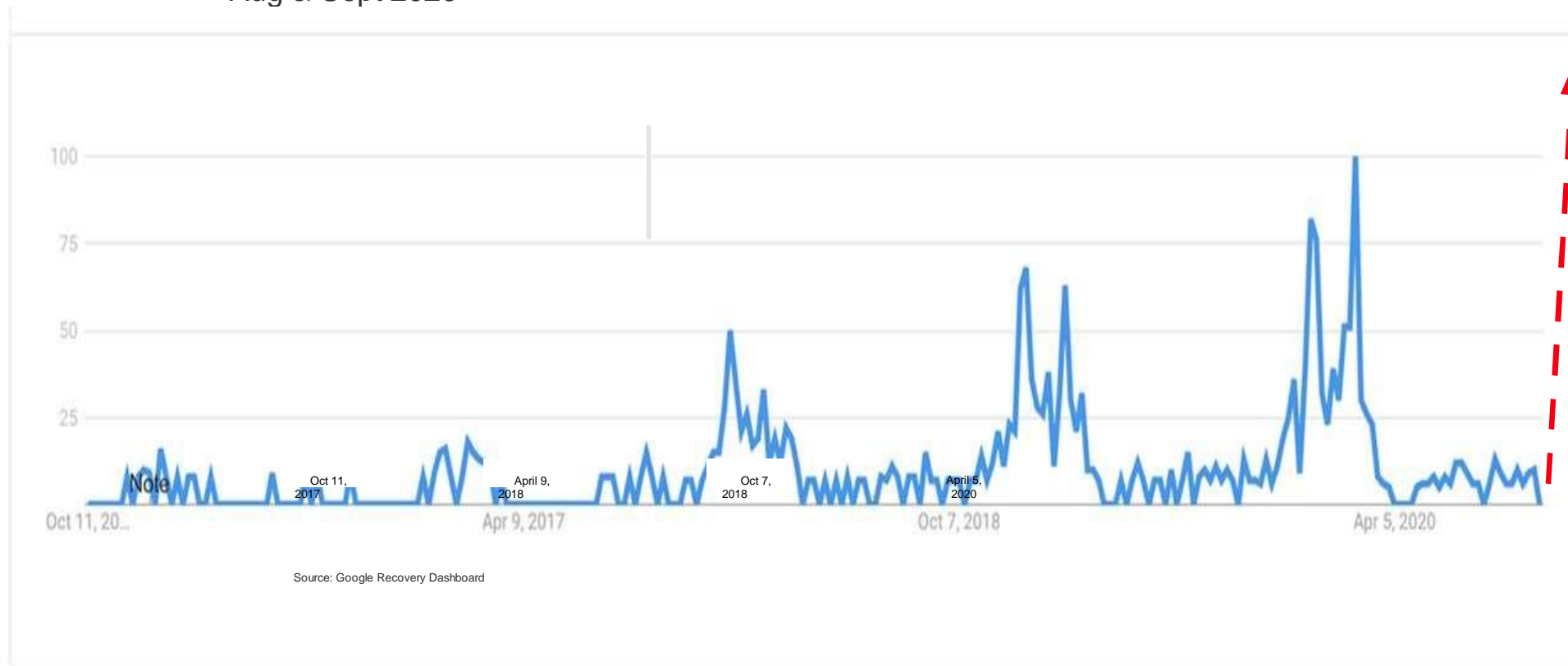
Search query interest for “skiing near me”
Winter destination activities

+42% YoY

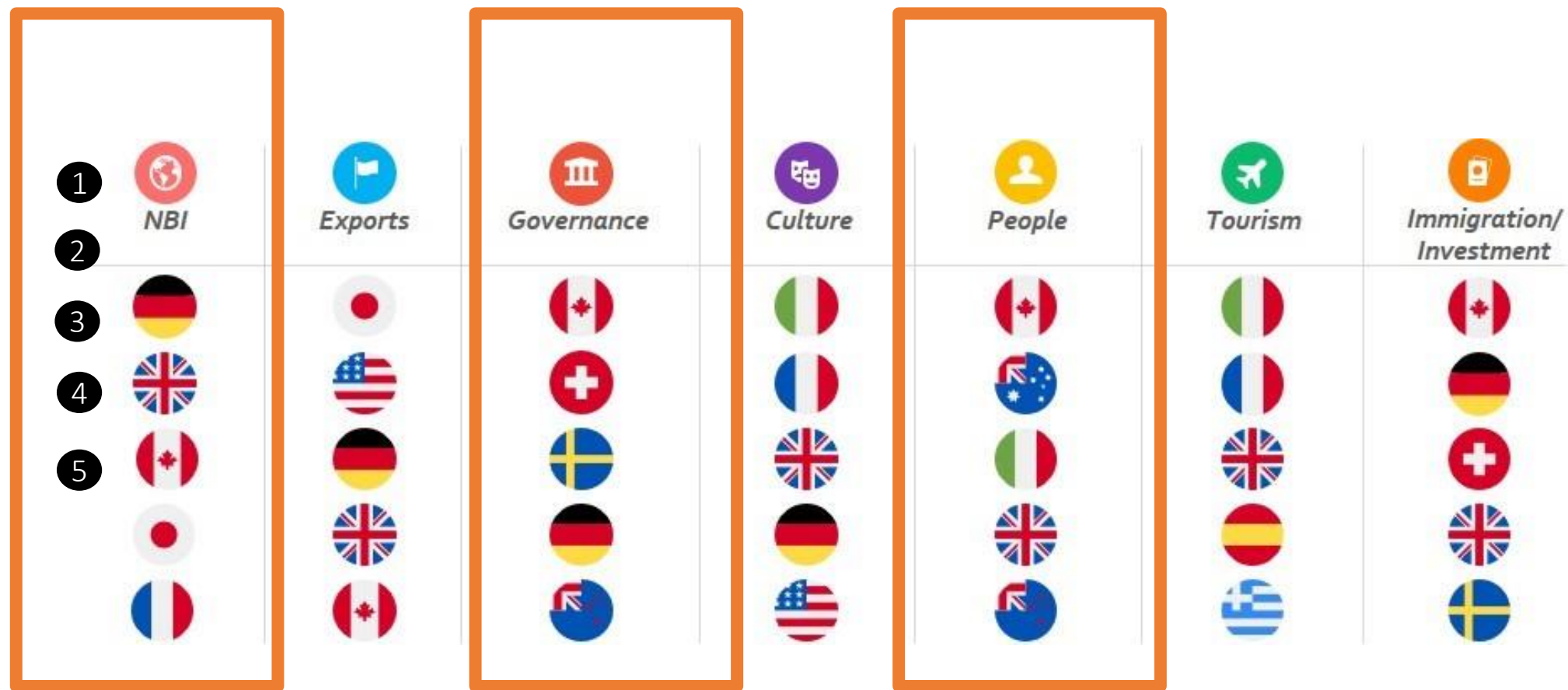
Aug & Sept 2020

10X the rate of any other activity

Ski



Anholt-Ipsos Nation Brand Index. Valued nation brand that puts people first



Canada's Third Place Ranking on the Global Nation Brand Index*--November 2020 with "People" and "Governance" among the most valued brand characteristics post COVID-19-19

Travellers will seek destinations they perceive to be the safest first

Top five nations global citizens would feel most comfortable visiting in the next five years

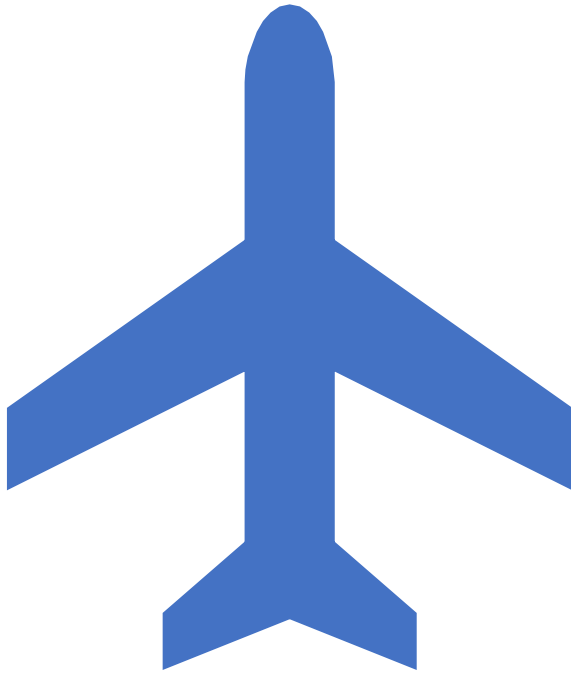


Top five nations with the greatest “net positive” favorability for health crises management



Source: Destination Analysts

Some trends to watch



- Localism and domestic tourism will grow—small communities and resorts and wide-open spaces
- Digital nomads will create new category of part time residents/visitors
- A focus on shoulder and winter season tourism will improve with demand if supply remains open and vibrant
- Small team meetings will take place IRL for virtual workforces in resort destinations complete with incentive-style and team building events.
- Develop marketing and communications around tourism with a purpose

Thank You



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