

A photograph of a man and a woman walking in a snowy landscape. The man is in the foreground, wearing a dark plaid jacket and a green and yellow striped beanie, looking back over his shoulder. The woman is behind him, wearing a green jacket and a black beanie. They are walking on a snow-covered path with a forest and mountains in the background.

# BCHA TIA BC Annual General Meeting

A return to tourism for Canada

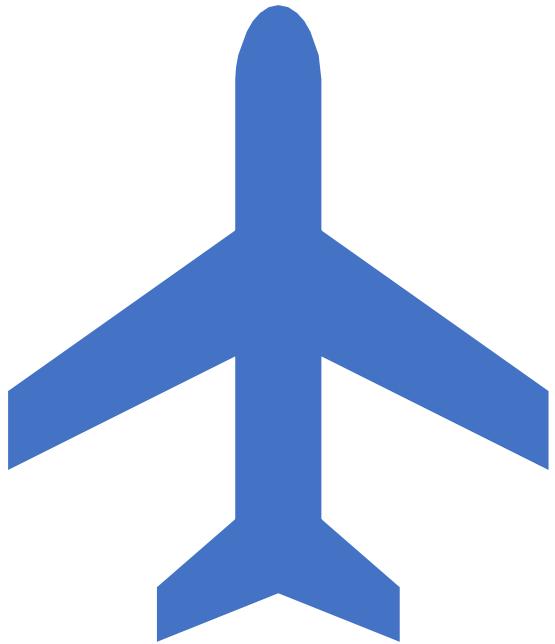
Greg Klassen, Partner  
Twenty31 Consulting

Dec 2, 2020

Twenty **31** tourism.  
defined.

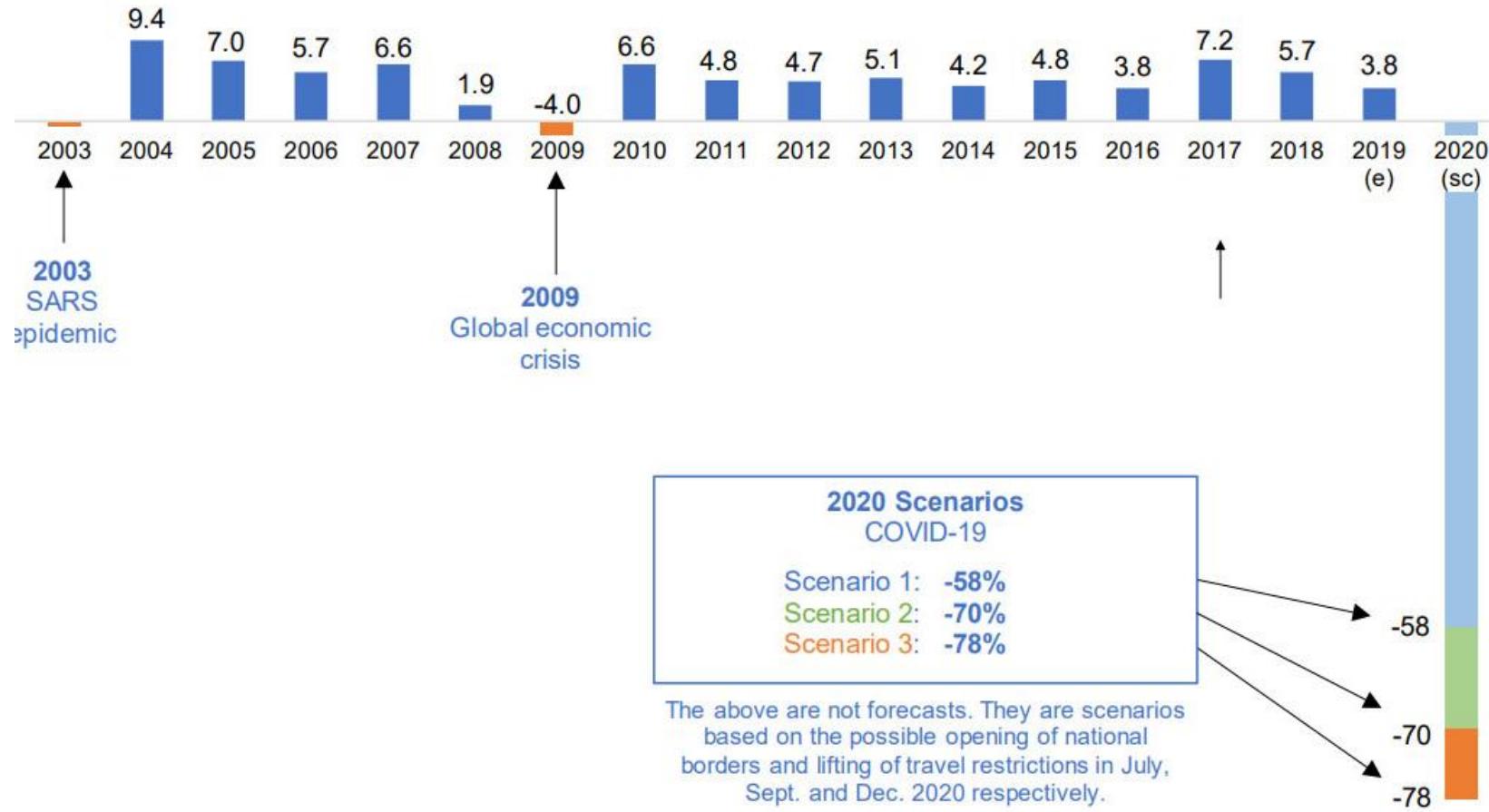
Photo credit: Canadian Tourism Commission

## Current Situation



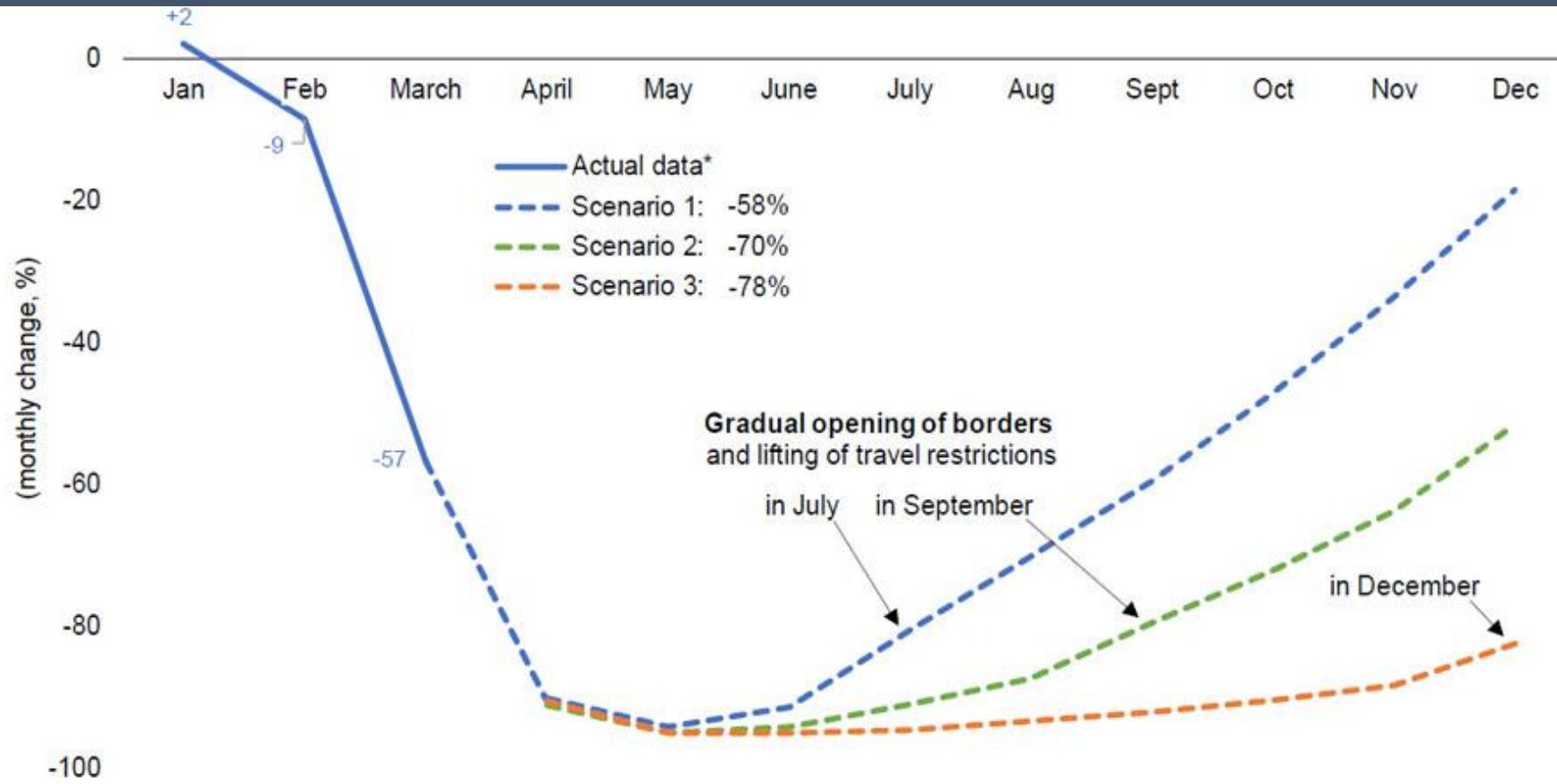
1. Global Challenge
2. Canada's Challenge

# The Significance of the decline in tourism during COVID-19-19



- 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, %)



Anticipating the “worst case scenario”

# The Canadian Story on Tourism and COVID-19-19

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

## WORST

**2,000,000+**  
CANADIAN JOBS  
ARE AT RISK.  
#HARDESTHIT  
HardestHit.ca

**100,000+**  
SMALL AND MEDIUM  
SIZED BUSINESSES  
ARE VULNERABLE.  
#HARDESTHIT  
HardestHit.ca

**MY JOB**  
IS WORTH  
SAVING.  
#HARDESTHIT  
HardestHit.ca

**1 IN 10**  
CANADIAN JOBS  
ARE AT RISK.  
#HARDESTHIT  
HardestHit.ca

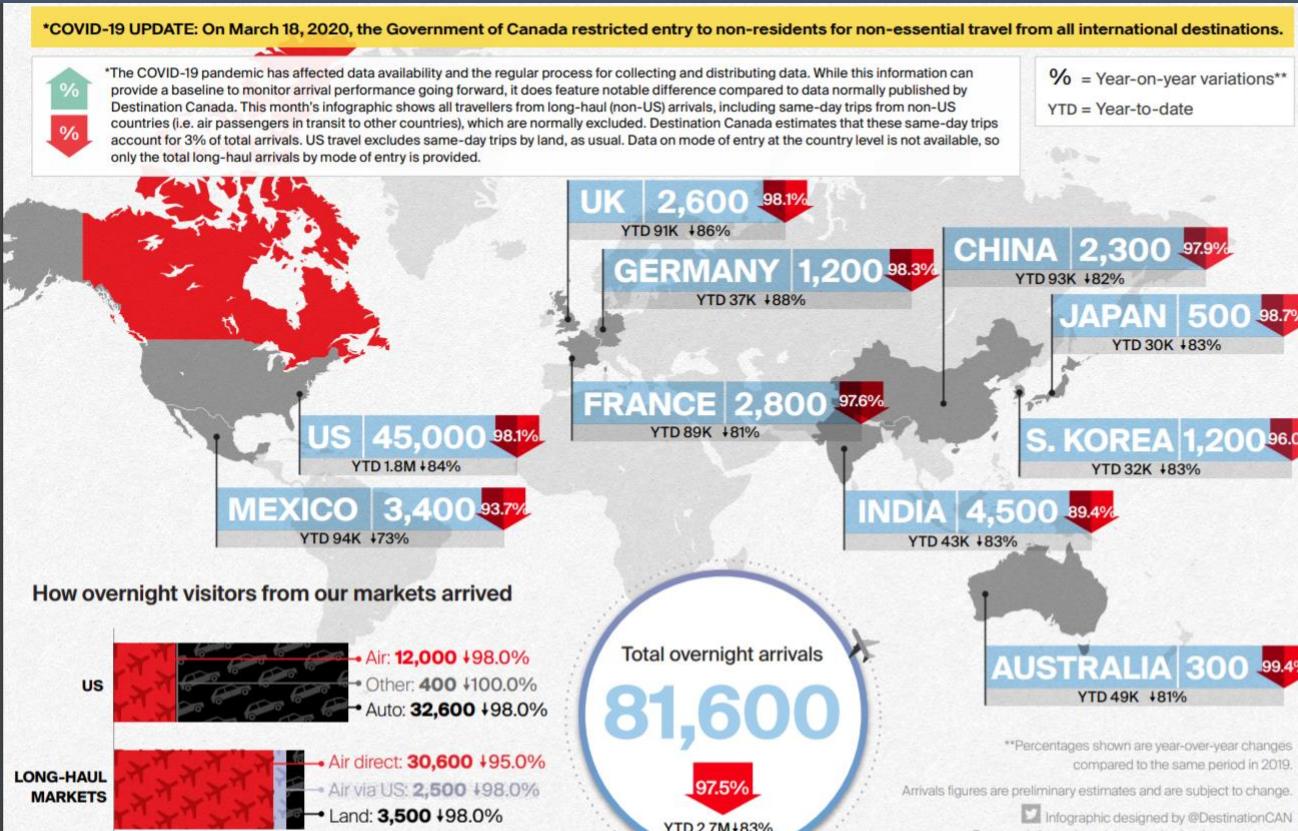
NEARLY  
**80%**  
OF CANADA'S HARDEST  
HIT BUSINESSES ARE  
SMALL BUSINESSES.  
#HARDESTHIT  
HardestHit.ca

**SAVE**  
CANADIAN  
JOBS.  
#HARDESTHIT  
HardestHit.ca

SHARE ON TWITTER >   SHARE ON FACEBOOK >   SHARE ON TWITTER >   SHARE ON FACEBOOK >   SHARE ON TWITTER >   SHARE ON FACEBOOK >

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# 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

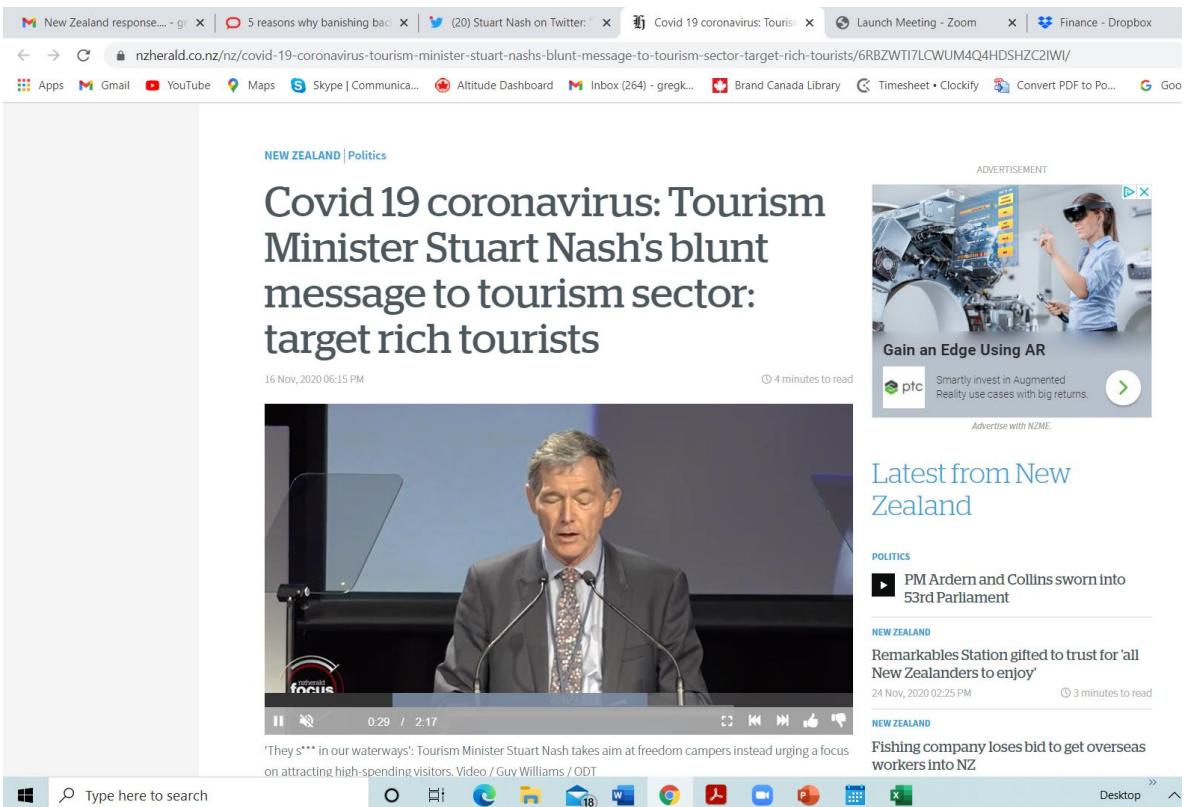
## **Government and Health Authority Messaging:**

9

- 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

## While other governments using this pause to re-think tourism

South African Tourism  
Sri Lanka  
Portugal  
New Zealand





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



A word cloud representing how travelers describe themselves in normal circumstances. The words are primarily in green and teal. Key terms include "Independent Planner", "Social", "Spare", "no expense", "Partier", "Adventurous", "Relaxed", "Like the", "Spoiled", "Carefree", "Repeat", "visitor", "1 Like the", "2 Cheap", "famili", "Always on the", "far", "go", "Family-focused", and "Comfort".

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



A word cloud representing how travelers describe themselves in the context of COVID-19. The words are primarily in red and maroon. Key terms include "Eager", "Worried", "Impatient", "Excited", "Pessimistic", "Stressed", "Calm", "Confident", "Nervous", "Patient", "Uncertain", "Reluctant", "Optimistic", and "Relaxed".



# 1. Loss of confidence in travel

Practical-Guidance-for-Industrial | The Total Economic Impact™ Of | Inbox (616) - gregk@twenty31.ca | Consumer behavior trends state of the consumer tracker.html

www2.deloitte.com/us/en/insights/industry/retail-distribution/consumer-behavior-trends-state-of-the-consumer-tracker.html

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

**Deloitte.** Services ▾ Industries ▾ Insights ▾ Careers ▾ Search US-EN ▾

Advanced insight into the global travel recovery

As one of the strongest expansion cycles in travel and hospitality's history comes to an abrupt end, an era of significant challenge begins. The insights below are designed to provide early demand signals into the recovery of global travel.

Filter by: Country (All) Age group (All) Survey date 02 November 2020

**Consumer travel sentiment**

Feel safe flying right now **27%**

Feel safe staying in a hotel right now **36%**

**Planning to travel for leisure in the next three months**

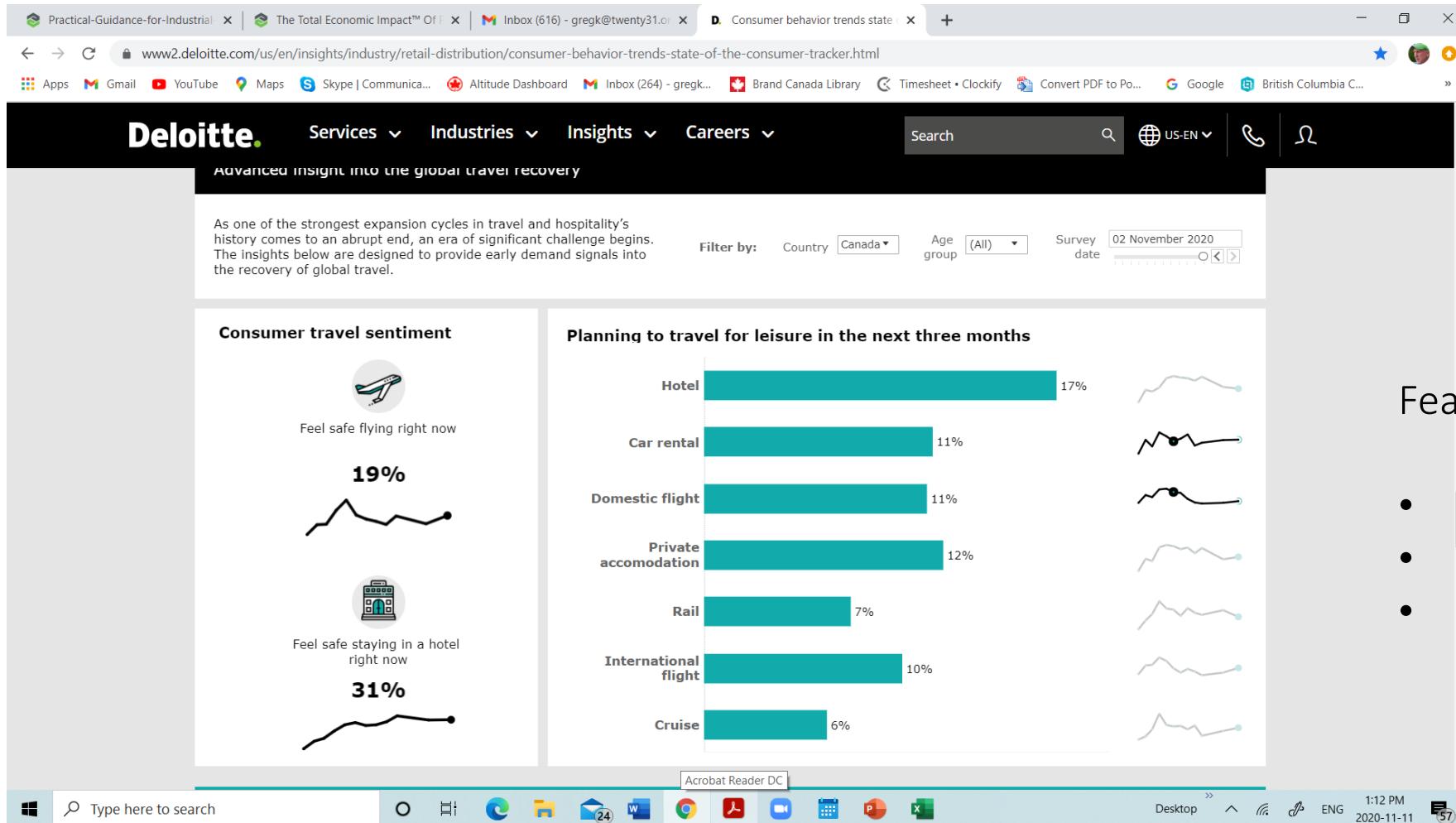
Travel Type	Percentage
Hotel	27%
Car rental	17%
Domestic flight	20%
Private accommodation	21%
Rail	21%
International flight	15%
Cruise	11%

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## 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



The screenshot shows a Deloitte report titled "Advanced insight into the global travel recovery". The report includes a header with navigation links (Services, Industries, Insights, Careers) and a search bar. It features two main sections: "Consumer travel sentiment" and "Planning to travel for leisure in the next three months".

**Consumer travel sentiment:**

- Icon: Airplane (Feel safe flying right now) - 19%
- Icon: Hotel (Feel safe staying in a hotel right now) - 31%

**Planning to travel for leisure in the next three months:**

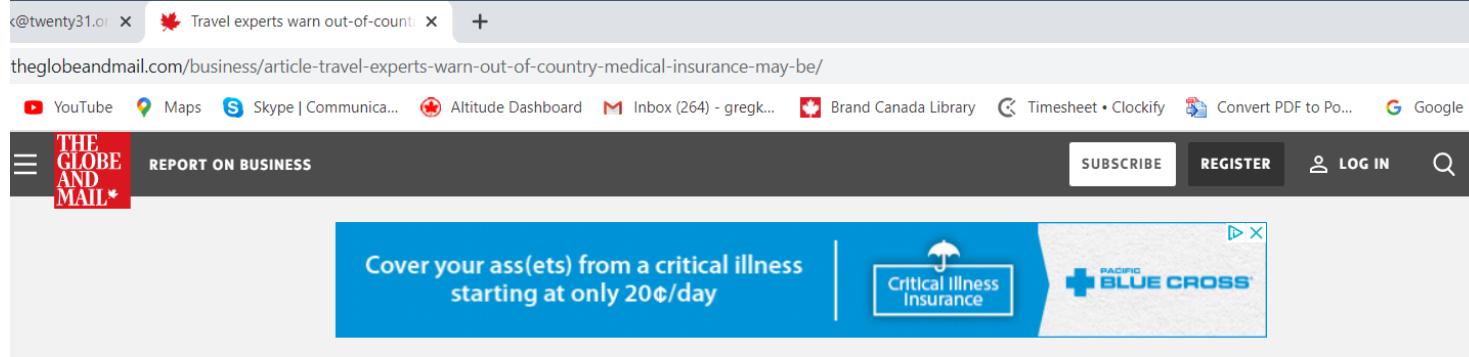
Travel Type	Percentage
Hotel	17%
Car rental	11%
Domestic flight	11%
Private accommodation	12%
Rail	7%
International flight	10%
Cruise	6%

Below the report, the Windows taskbar is visible, showing the search bar, pinned apps (Acrobat Reader DC, Microsoft Edge, File Explorer, Mail, Google Chrome, File Explorer, Microsoft Word, Microsoft Excel), and system status (Desktop, 1:12 PM, 2020-11-11, 57 notifications).

## 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



The screenshot shows a news article from The Globe and Mail. At the top, there is a navigation bar with links to YouTube, Maps, Skype, Altitude Dashboard, Inbox, Brand Canada Library, Timesheet, Clockify, Convert PDF to Po..., Google, and a search bar. The main headline is "Travel experts warn out-of-country medical insurance may be insufficient for COVID-related illnesses". Below the headline is a byline for Clare O'Hara, a wealth management reporter. The article includes a video player, a photo of an international departure terminal, and a "SUPPORT QUALITY JOURNALISM" button. A sidebar on the right lists trending news items.

## 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



### 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

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Desktop

## 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

% Somewhat / Strongly Agree  
% Tout à fait d'accord / Plutôt d'accord

	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)
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

Type here to search

Desktop 9:50 AM 2020-12-02

1  
6

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

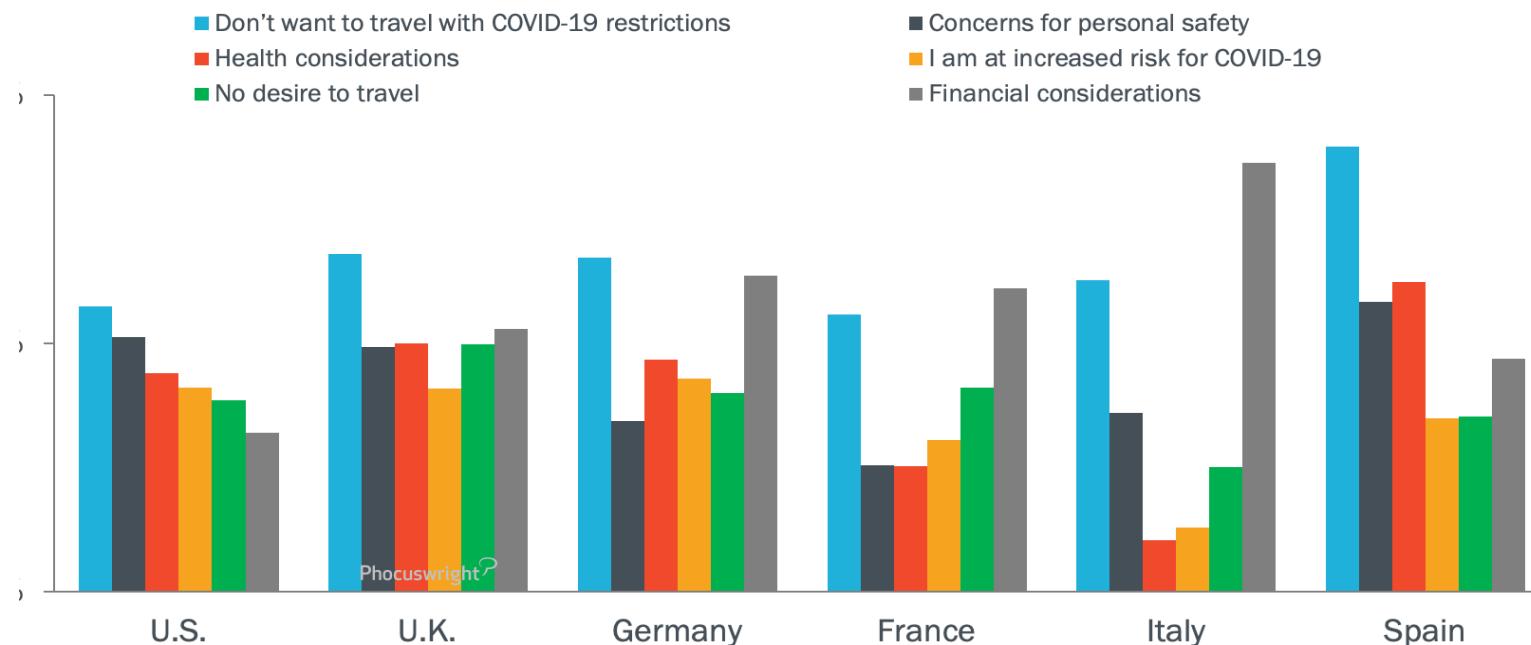
Rules changing, confusing or not founded in evidence

## 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



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

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Phocuswright Study:

Travel simply not interesting  
during COVID-19-19  
restrictions

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Light at the end of the tunnel?

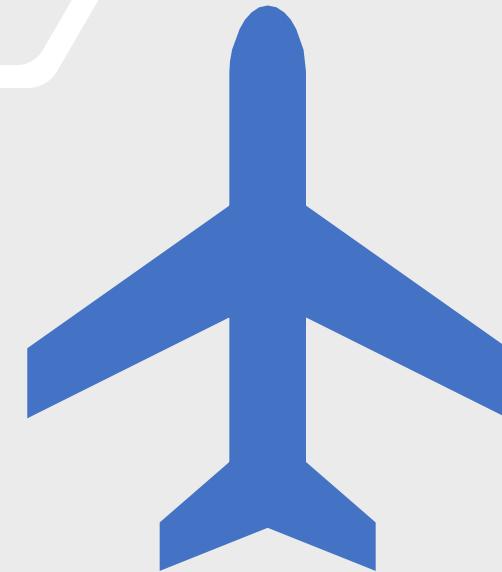
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# If tourism is looking to 2019 to guide the 2021 strategy, it's looking in the wrong direction

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

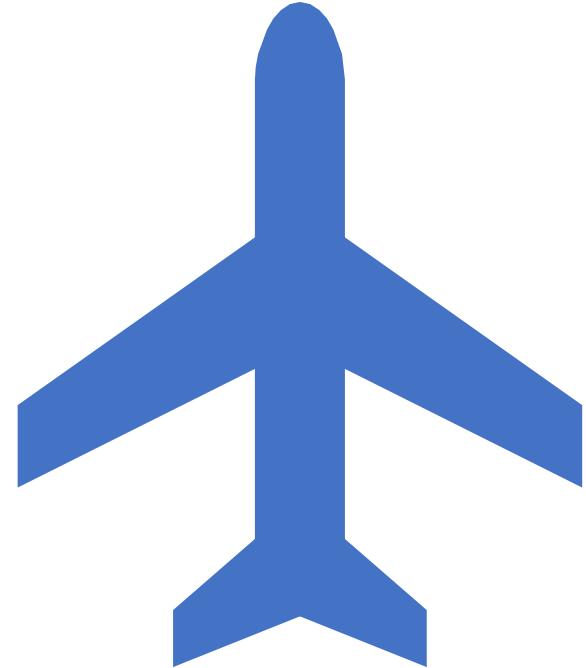
Domestic travellers will be key to kick starting tourism recovery while waiting for international travellers to return

## Inspire Canadian confidence back to travel

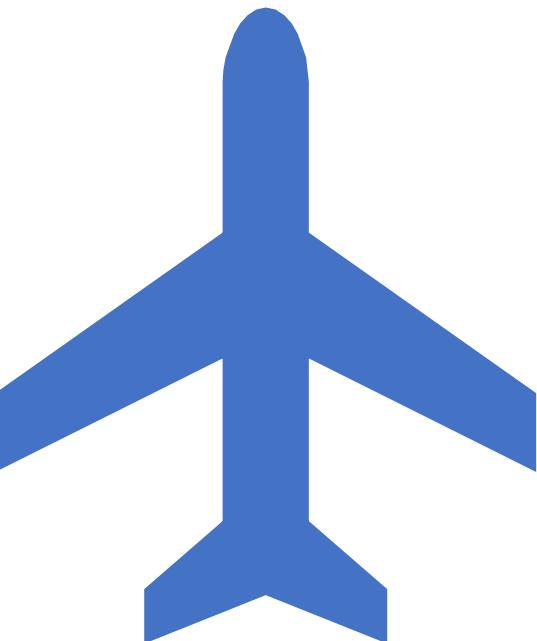
Canadians confidence to travel and welcome visitors will hold a great deal of influence over government policy

## 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



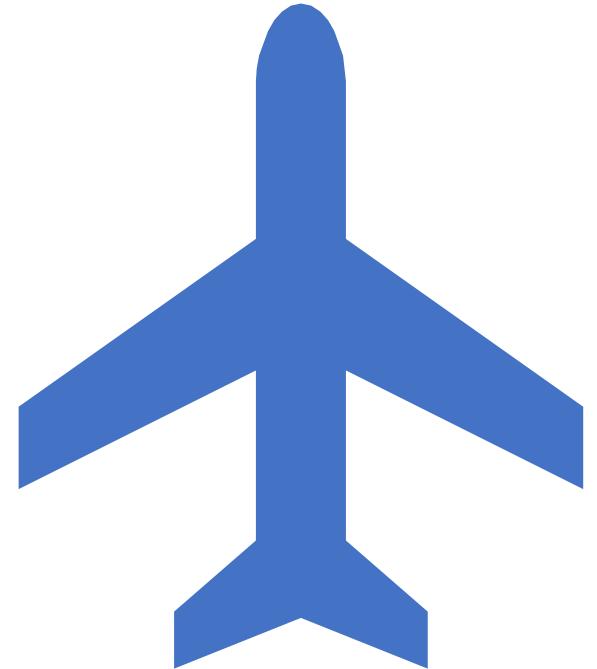
- Effective vaccines approvals in UK, US and Canada likely to follow
- But there will be an unequal distribution of those vaccines globally
- Some countries will require vaccines in order to authorize the traveller to visit severely limiting the potential international visitors in the next few years
- 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:

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

[f](#) [t](#) [s](#) [in](#) [e](#)

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... | The Total Economic Impact™ Of... | Inbox (616) - gregk@twenty31.ca | The future of hospitality | Deloitte | COVID-19 Public Exposures

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

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

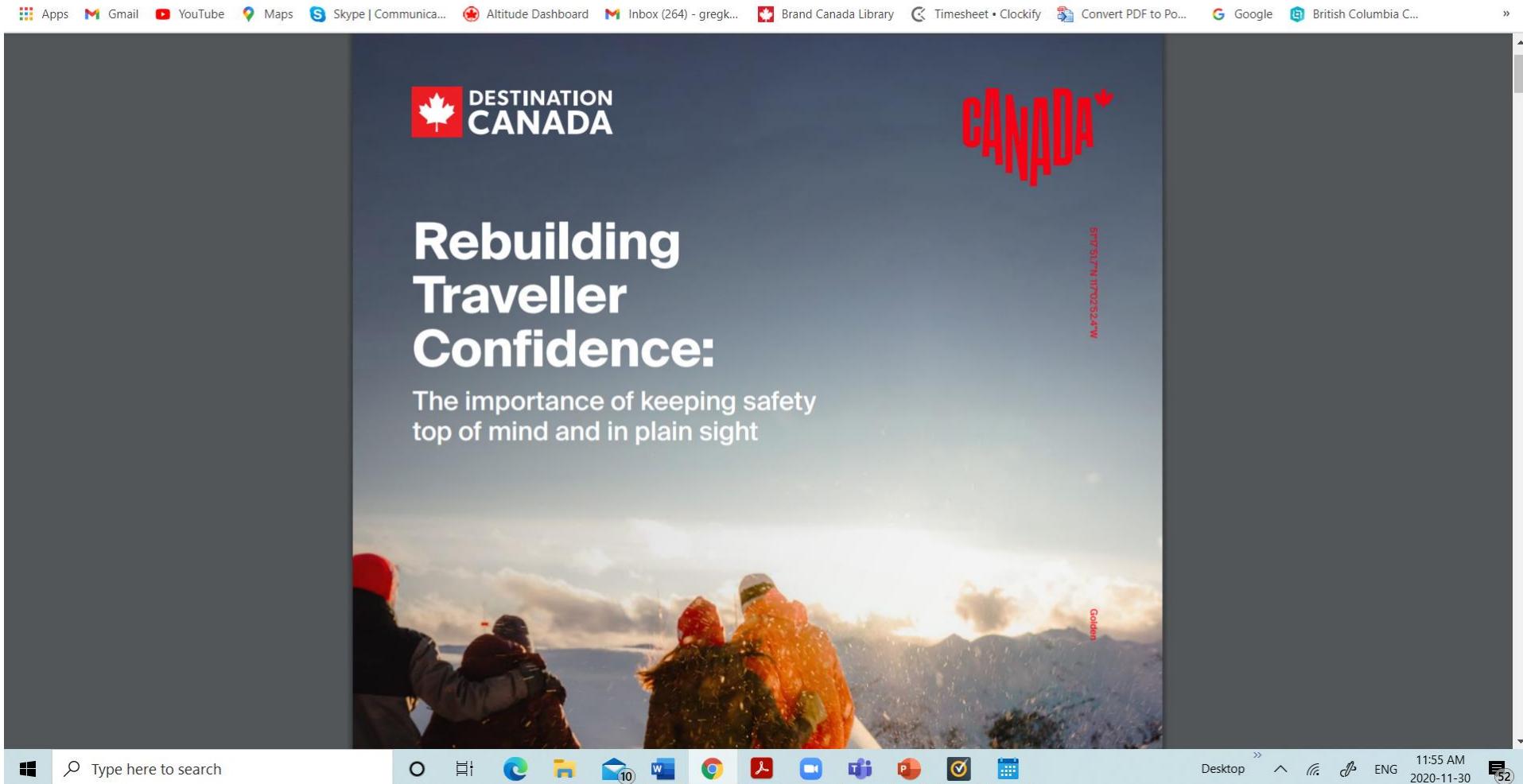
- [Advice for self-isolation and self-monitoring](#)
- If you have symptoms, please do a [self-assessment](#).

### Regional exposure events

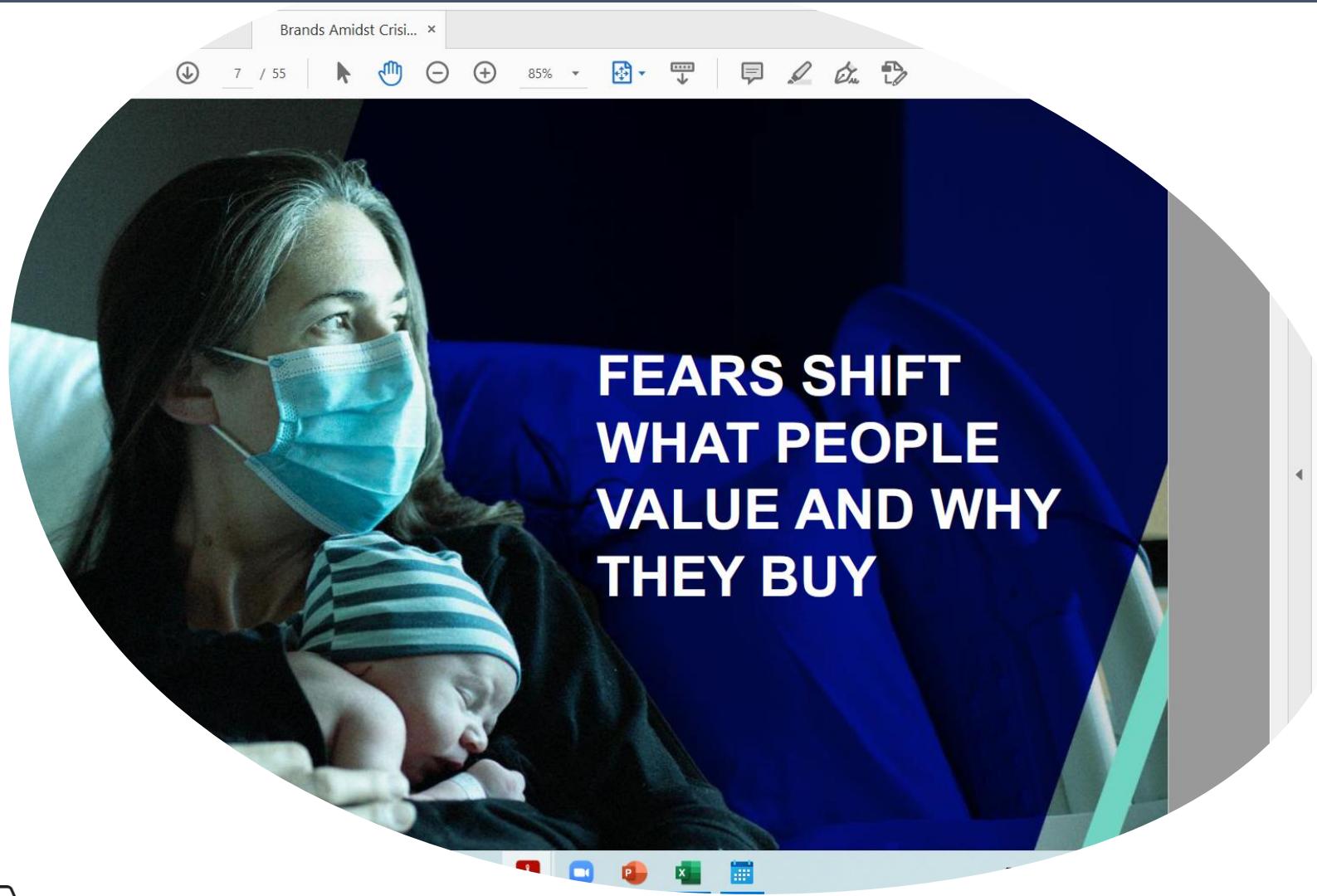
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## 2. Help Canadians feel safe to travel



### 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**

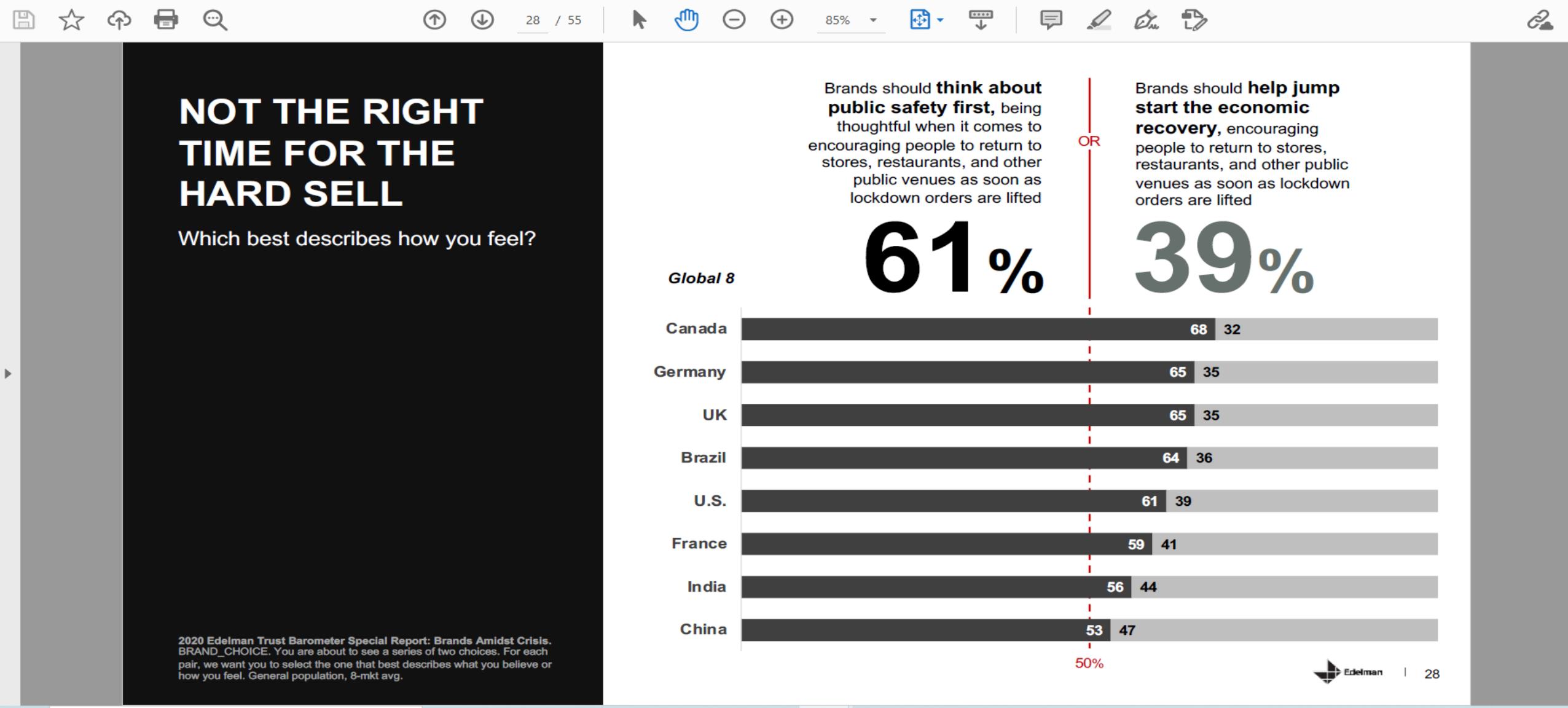
**Cares more about people than profit**

**+31 pt**

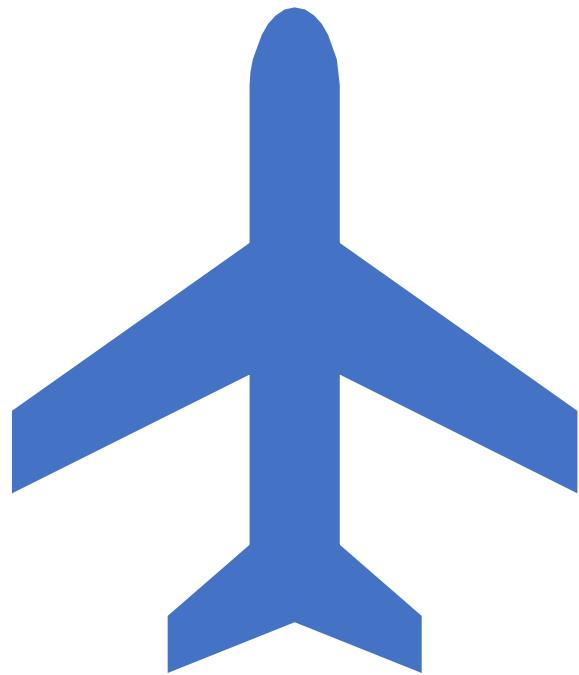
**+32 pt**

**+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.



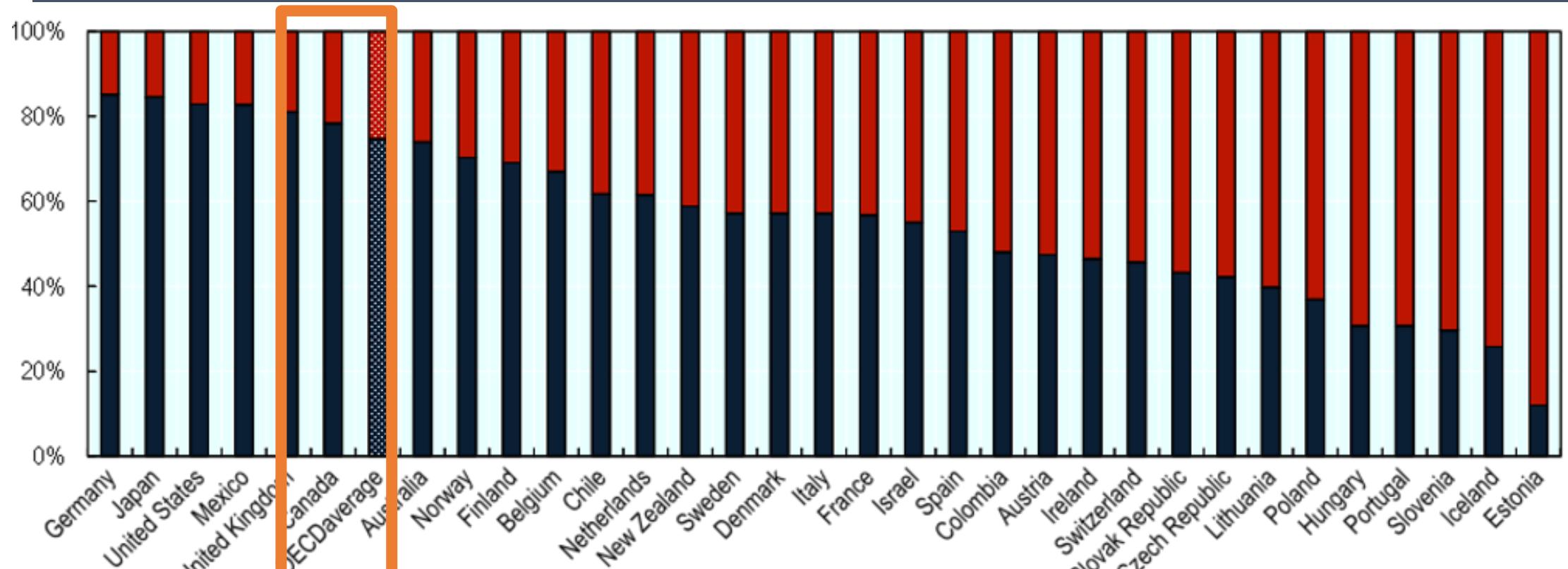
# Where Canada can emerge ahead of its international competitors



Why?

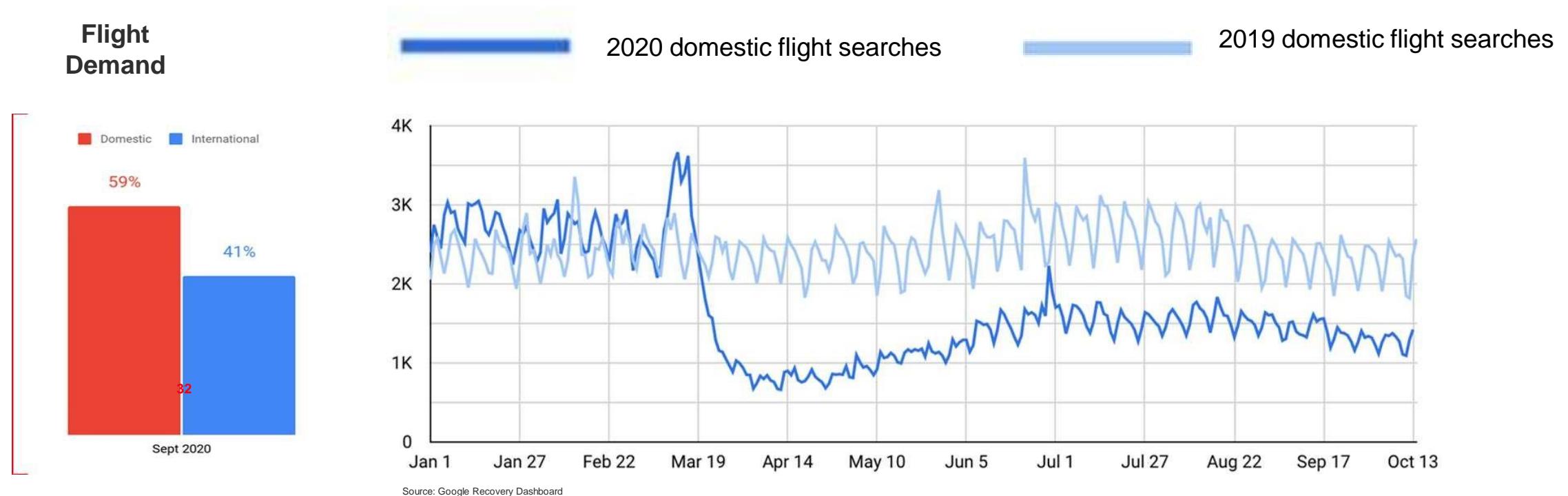
- Higher proportionate reliance on domestic tourism market
- Canada's high value international brand and perception of our effectiveness of addressing the crisis
- Leverage of post-COVID-19 trends in tourism

# Reliance on Domestic Tourism by Country



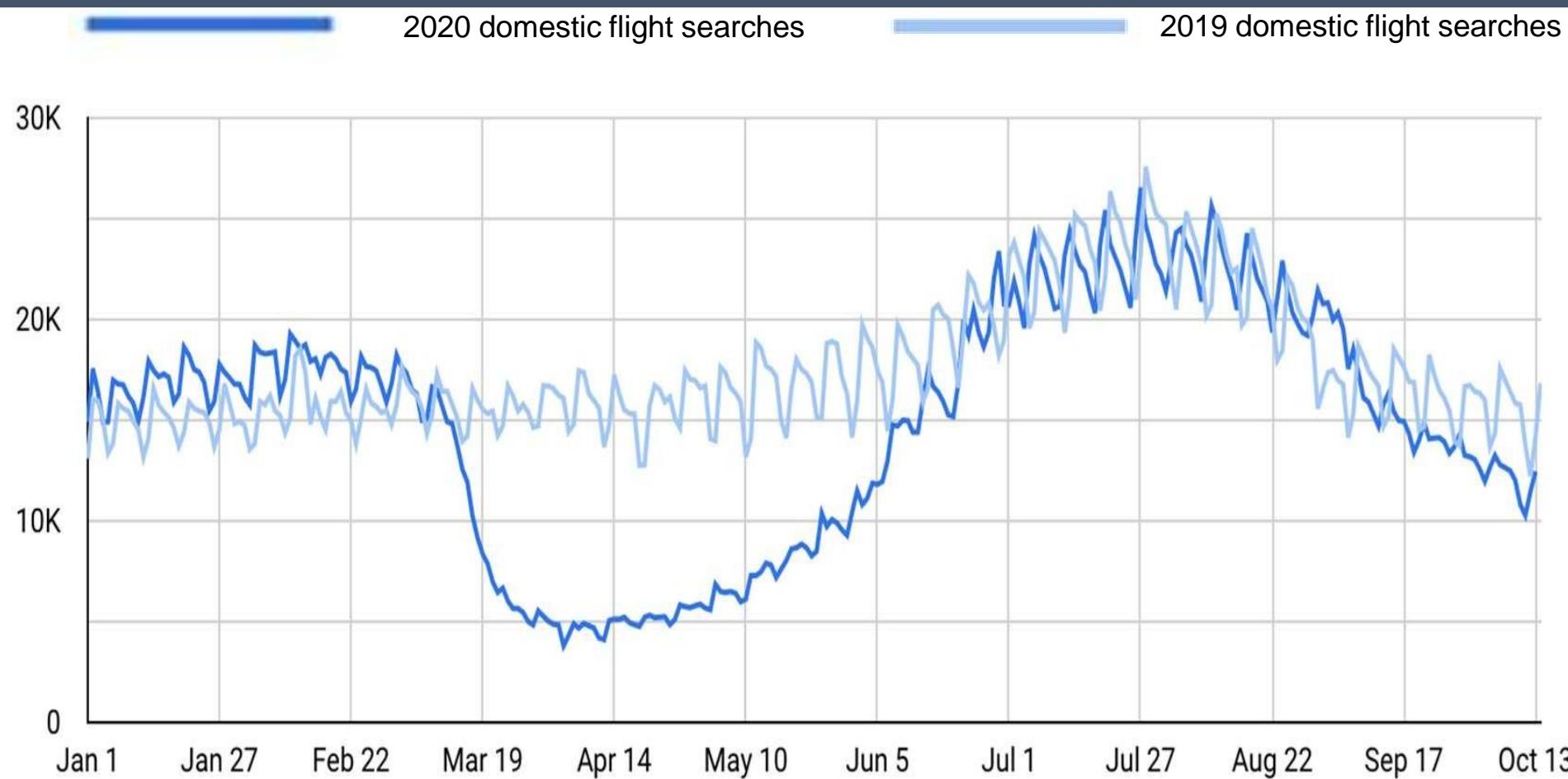
Canada one of the top 10 countries with a robust and active **domestic** tourism market with almost 80% of tourism revenue from domestic source markets.

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



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

# Overall domestic travel intent is back to nearly 2019 levels



# Canadians are planning winter escapes earlier and closer to home

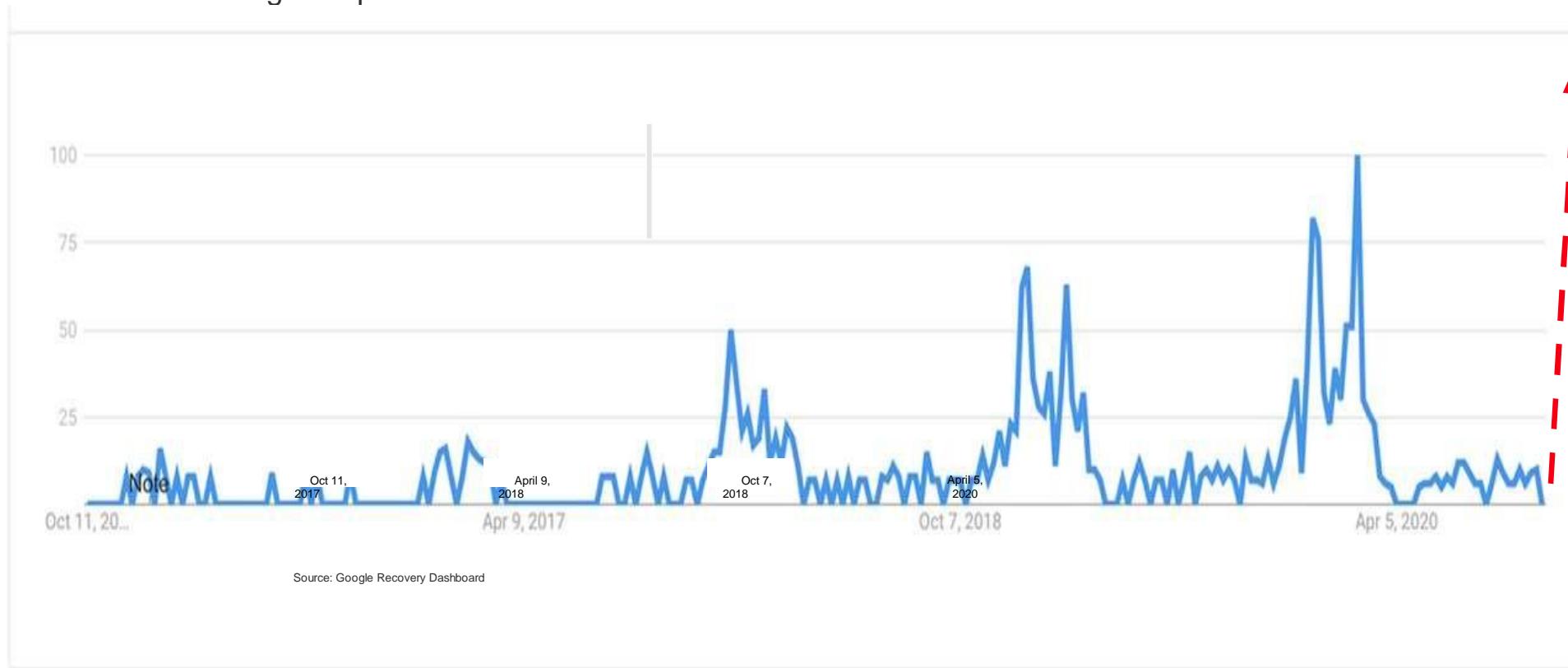
Search query interest for “skiing near me”  
Winter destination activities

+42% YoY

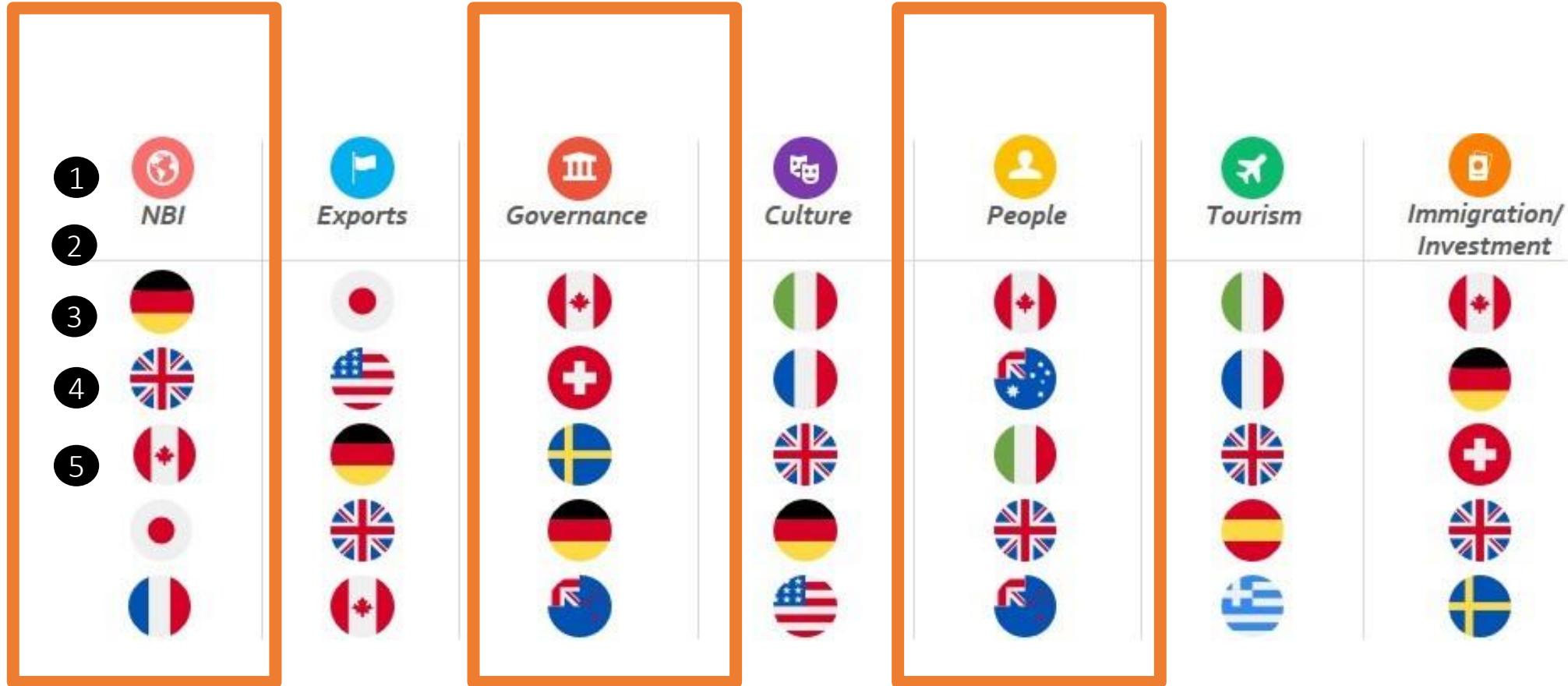
Aug & Sept 2020

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*

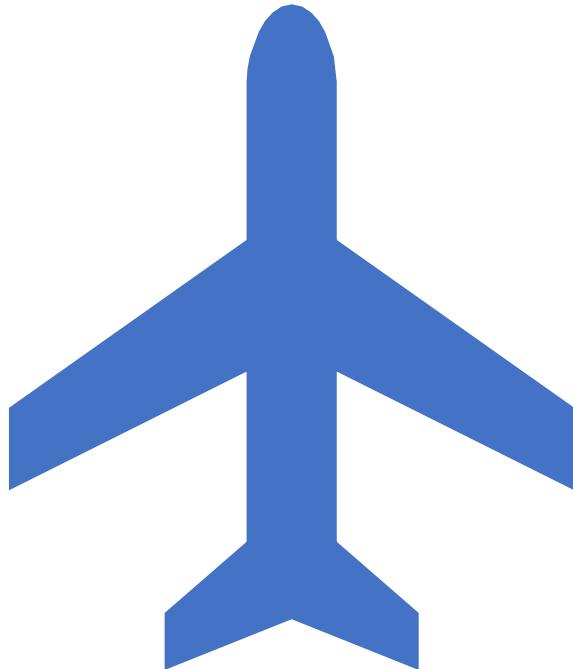


*Top five nations with the greatest “net positive” favorability for health crises management*



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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