



BRITISH COLUMBIA REGIONAL TOURISM SECRETARIAT

COVID-19 TOURISM IMPACT REPORT

With a focus on British Columbia outside the Lower Mainland and Whistler
October 2, 2020 to October 31, 2020

FOR QUESTIONS CONTACT

Glenn Mandziuk

Chair, BC Regional Tourism Secretariat

250 - 860 - 5999



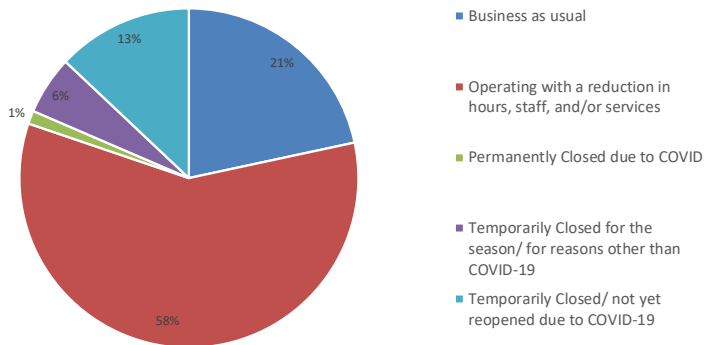
Opening message

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 **October 2 - October 31st. A response rate of 38% yielded 304 tourism businesses, representing a margin of error for the sample-wide questions of +/- 5%, 9 times out of 10.**

Key issues for consideration:

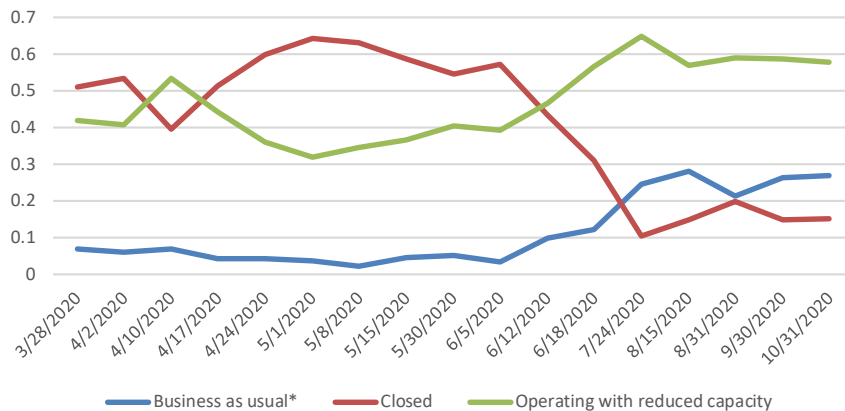
- The number of firms reporting **business as usual** in October is **approximately equal** to September
- **27%** of firms are operating with business as usual, which is **lower than the 37% national average** for hospitality firms
- The average **loss of revenue** compared to October 2019 is **17%**
- **60%** of firms reported an **increase in demand** from BC residents since the start of Phase 3 travel restrictions, although only **19%** said this led to overall increased business this year
- **More than half** of businesses are **not accessing the federal wage subsidy program**
- **41%** of firms have introduced a **new product or service** in response to the COVID-19 emergency
- COVID-19 health restrictions have affected businesses in different sectors differently, and their response to the pandemic has also varied by sector

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



The percentage of firms reporting business as usual has risen one percentage point from previous surveys to 27%. For context, this is lower than the B.C. average of 65% and the Canadian national average for hospitality firms of 31%, as reported by CFIB.

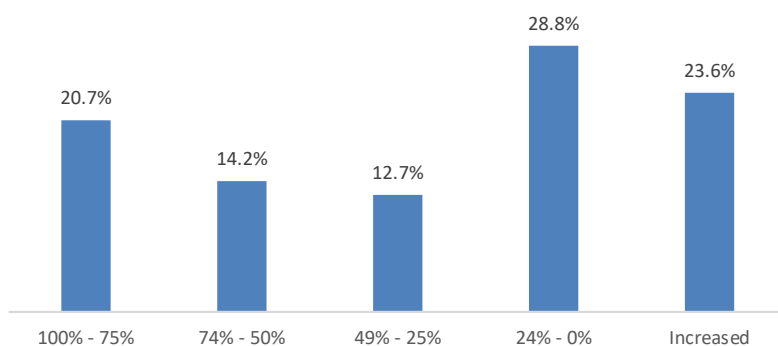
Impact of COVID-19, share of responses since start of survey



The number of firms that are reporting that they are closed has stayed roughly the same in October, with about 15% of firms reporting that they are closed in any capacity.

*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual

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



The average decrease in revenue compared to September 2019 for all firms surveyed was 17%.

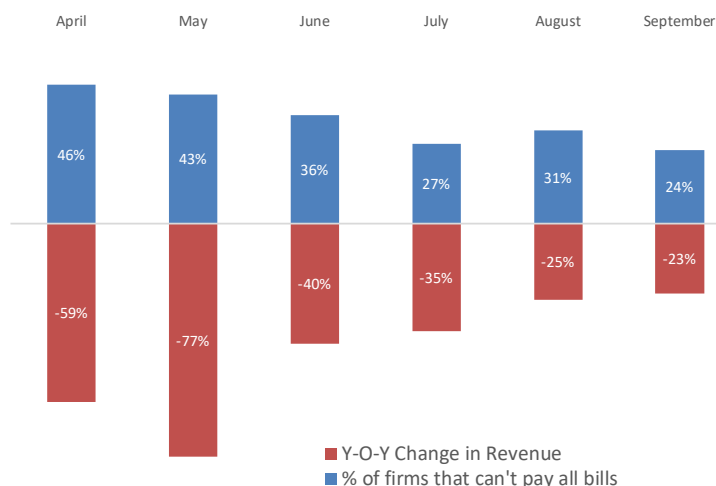
About 35% of firms reported losing more than half of their revenue compared to 2019.

All findings are based on member surveys collected by the Secretariat during October 2, 2020 – October 31, 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 for sample-wide averages are within a margin of error of +/- 5%, 9 times out of 10. Standard errors may be larger for numerical answers (i.e. number of full-time positions lost), 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: Destination BC/ Max Zeddler, and @lukelelee/Destination BC.

CFIB "Your Business and COVID-19", October 28, 2020: <https://www.cfib-fcei.ca/sites/default/files/2020-11/2020-10-28%20COVID-19%20survey%2022%20key%20results.pdf>

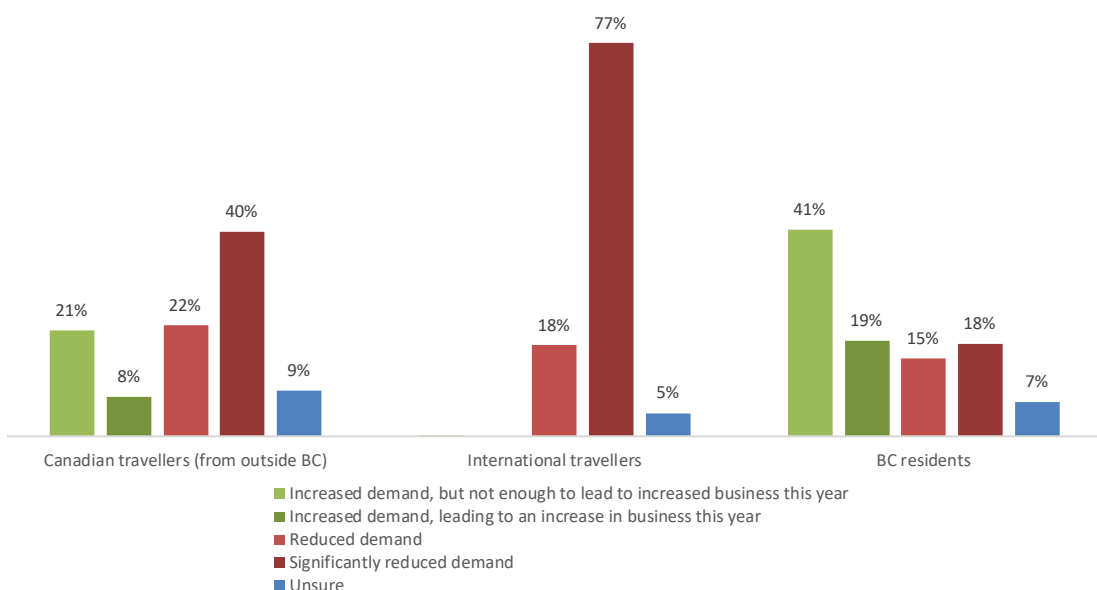
Year-over-year change in revenue and percentage of firms without the cashflow to pay all of their bills



The proportion of firms unable to pay their monthly bills has dropped 7% in September from August, bringing the proportion back down below July levels. The drop in revenue compared to 2019 has also improved 2% from August, continuing a trend of revenue getting closer to normal.

September and October lie in between the summer and winter season, which may explain why the change in revenue is not as drastic. Many seasonal firms have reported being concerned about not recovering enough revenue going into the winter season, especially those with limited indoor capacity in the winter.

Effect of Phase 3 travel restrictions on business demand



We also surveyed businesses to determine the effect of Phase 3 travel restrictions on demand.

Not surprisingly, there were no reports of increased business from international travellers.

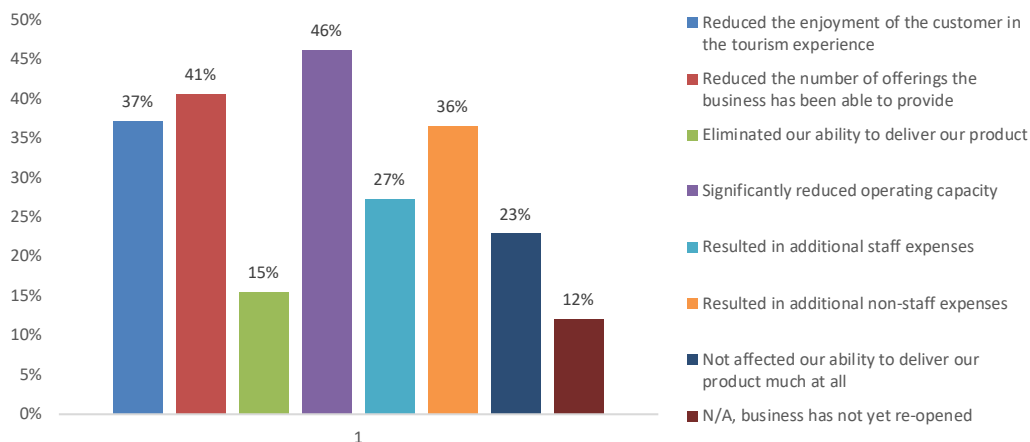
A majority of firms (62%) reported a reduction in demand from within Canada.

However, most firms (60%) reported an increase in demand

from BC residents, implying government policies and marketing toward BC residents has been effective.

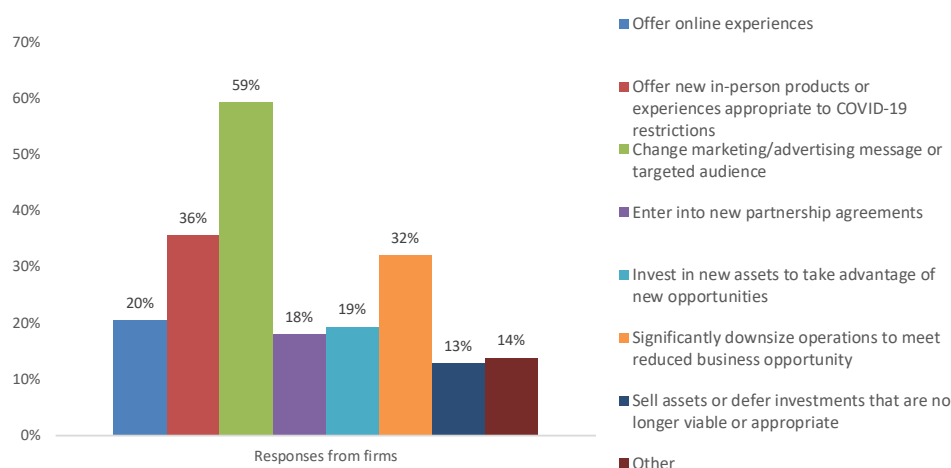
Only 19% of firms, however, reported that the increase in demand from BC residents has been enough to lead to increased business this year, meaning that 81% of firms have received less business in 2020, with any increase in BC residents not being enough to offset the usual business received from elsewhere.

How have Phase 3 health and safety protocols affected the operation and success of your business?



Phase 3 protocols have affected businesses in a number of ways, with the largest number of firms (46%) reporting that protocols have 'significantly reduced operating capacity'. 23% of firms, however, reported not being affected much at all by Phase 3 health and safety protocols.

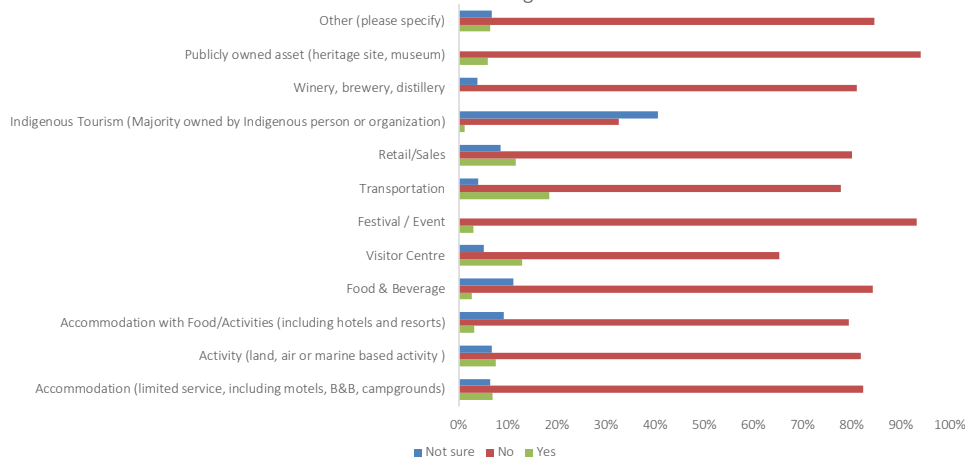
Changes to business practices undertaken or planned by firms due to COVID-19



Firms have responded to COVID-19 in several ways. Most firms (59%) have had to change their marketing, advertising message or targeted audience in order to adapt to the COVID-19 pandemic, and almost half (41%) have introduced a new product or service, whether online or in-person.

Despite these challenges and changes, most businesses (86%) expressed that they did not need support with a safety plan or staff training.

Does your business need support in writing or revising a safety plan and administering staff training?

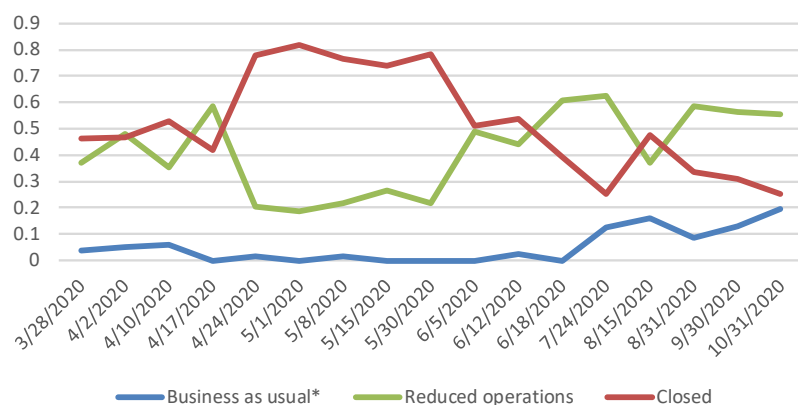


However, the 9% that did report needing support represents 672 businesses if multiplied by the number of firms in each of the five regions.

The sector that most needed support was transportation (18% reporting 'yes').

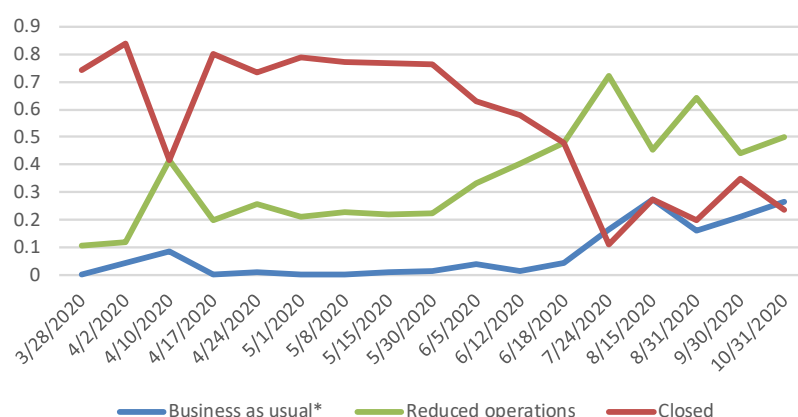
PROVINCIAL SUMMARY

Impact of COVID-19 by week, Resorts and Hotels



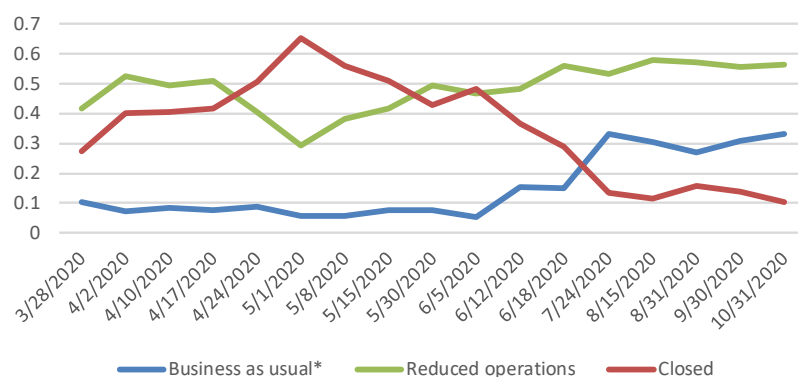
When we look at the impact of COVID-19 on business operations by firm type, we can see that the three largest categories of respondents, by firm type, tend to follow a similar pattern since the survey began. The percentage of firms that were closed appears to have peaked between April and May, while the number of firms reporting business as usual has gradually increased into October.

Impact of COVID-19 by week, Activity Firms



Limited service accommodation firms, such as bed and breakfasts, motels, and campsites, had the lowest proportion of closed firms at the end of October. Along with activity firms, limited service accommodations have more firms reporting business as usual than closed.

Impact of COVID-19 by week, Accommodation firms (limited)

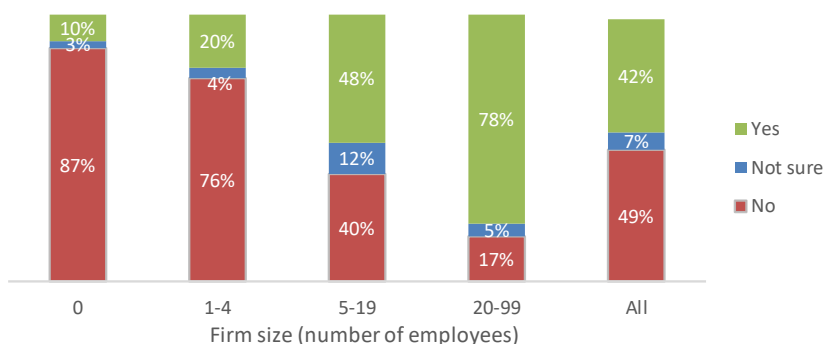


Resorts and hotels have also seen reductions in closed firms, and an increase in firms reporting business as usual. Although the number has not increased as much as limited service accommodations overall, the rate at which hotels and resorts are going back into business appears to be increasing.

The number of activity-based firms that are operating with reduced capacity has also decreased in September, with the number of firms reporting that they are closed due to COVID-19 dropping to just over 20%.

*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual. 'Closed' firms include those that are either permanently or temporarily closed due to COVID-19.

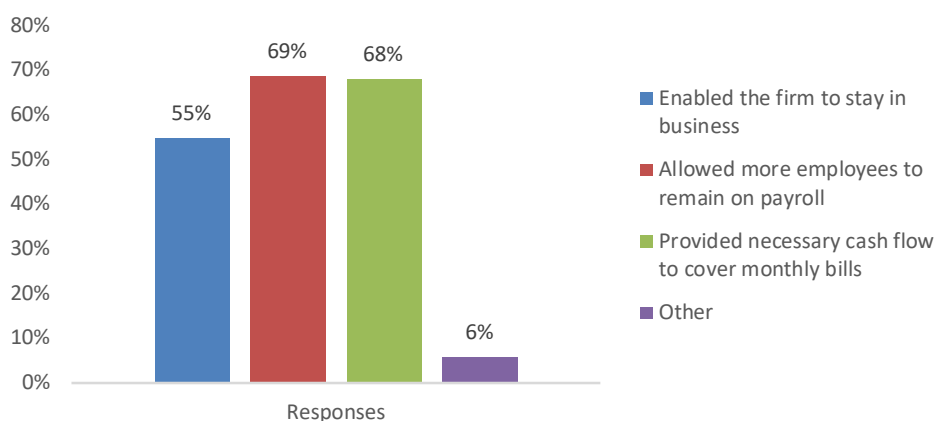
Has your business been utilizing the federal wage subsidy programs?



42% of businesses reported using the federal wage subsidy programs, while more than half reported not using it.

Those that reported not using the programs were not sure they were eligible for the programs, with many expressing that they don't have full-time employees. Those that reported not needing the subsidy also did not apply.

(Of those using accessing CEWS) What impact has the federal wage subsidy had on your business?



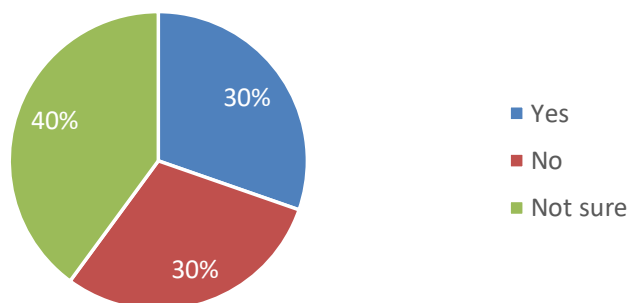
"I was fortunate to have a season and felt others who didn't, needed the money more than I."
- Remote activity operator

"The wage subsidy doesn't apply to me as I'm sole proprietor that hires all contract employees."
- Rural activity operator

The biggest effects of the subsidy have been to allow more employees to remain on payroll and support monthly cash flow.

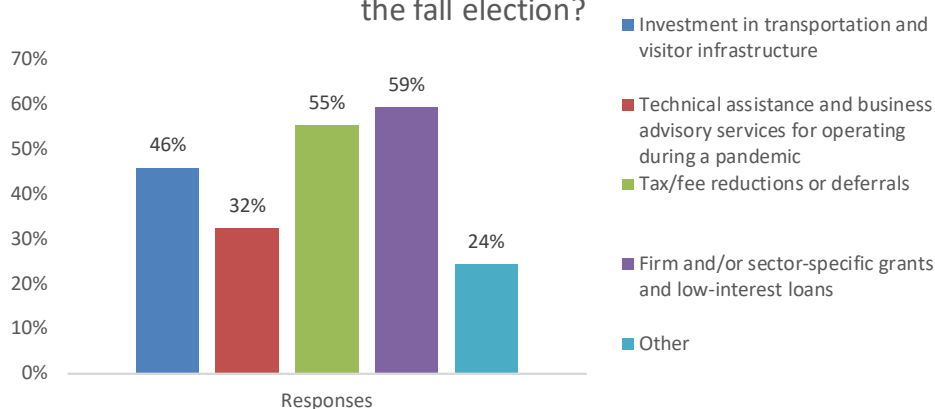
Over half of businesses reported that the subsidy programs have enabled their firm to stay in business, implying that this program has been highly effective for those accessing it. In an open-ended question, many firms implied that the wage subsidy was one of the key factors allowing them to stay in business and not close down.

Do think your business will consider applying for help under the BC SBRG program?



About the same proportion of firms believed that they would consider applying for help under the BC Small Business Recovery Grant (SBRG) program as those that did not believe they would consider applying. Around 40% of firms were not sure, which was understandable given that many businesses were surveyed before eligibility details were released.

What areas of COVID-19 tourism-related support would you like to see the BC government focus on after the fall election?



Of those that indicated they would not consider applying for the grants, most indicated that they did not think they would qualify, with some indicating that they did not require it, and thought other businesses would need it more.

A few suggested that (with these programs in general) there were too many criteria to fill out, which did not

make sense for extremely small businesses or sole proprietors.

Those who were unsure also indicated that the eligibility requirements were unclear, or that they simply had not heard of the program.

Areas firms wanted to see the BC government focus on after the fall election ranged, with most firms wanting the government to focus on 'tax/fee reductions/deferrals' or 'firm and/or sector-specific grants and low-interest loans'.

Most of those who selected 'other' expressed the desire to see the government focus on tax deferrals, but not loans, as they were concerned about the level of debt they had. Similarly, many also clarified that they preferred grants over loans.

When we asked businesses if they had any additional observations or concerns, a few common themes emerged:

- Worries about the future impact of financial hardship
- Stress surrounding the extra work required to adhere to health guidelines
- Support for advertising within BC
- Concern with accessibility of support programs

"Instability of not knowing what it was going to look like in the spring/summer made it difficult to book and reserve and the cancellations were tricky as there was a cost incurred with every cancellation." - Rural limited service accommodation

"Demand for our product has increased but we can't run at full capacity and still clean adequately and ensure social distancing." - Rural limited service accommodation

"It is significantly hard to plan with short-term booking windows which seem to be happening. We feel our occupancy will be 50% reduced for the winter." -Urban limited service accommodation

"A lot of uncertainty does not do well for staff mental health." -Remote activity operator

"Now that the winter is upon us, patrons do not want to sit outside on a patio so we are turning people away and losing almost 50% of regular business." - Food & Beverage operator

"We have benefited significantly from domestic, local tourists. We hope that we continue to advertise our local adventures and keep locals coming back to our tourism business." - Rural activity operator

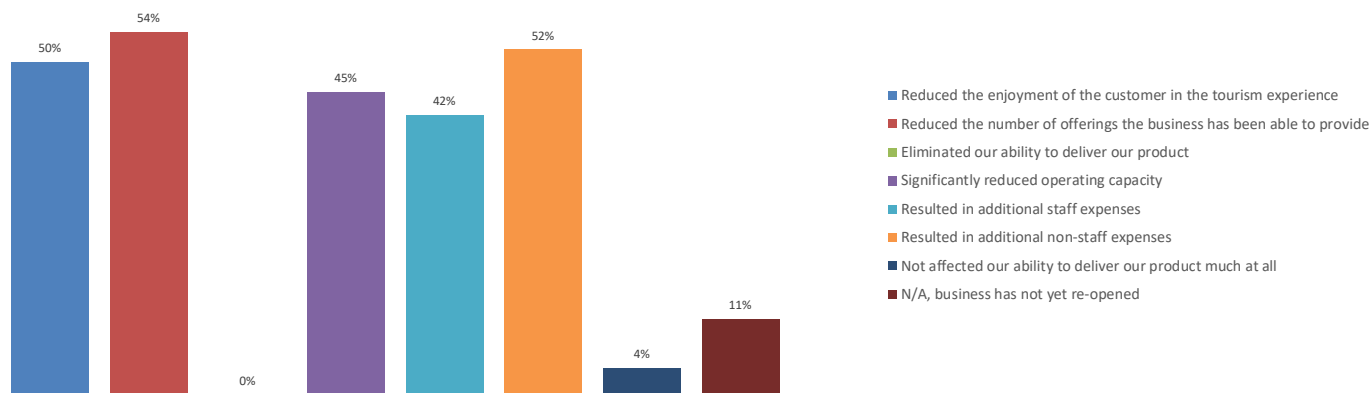
"Many of the grant applications do not qualify small family businesses without employees." - Rural accommodation business

"It would be nice if they would cover the costs of the PPE and systems that have needed to be put in place to allow us to deliver a safe tourism product." - Remote limited service accommodation/retail business.

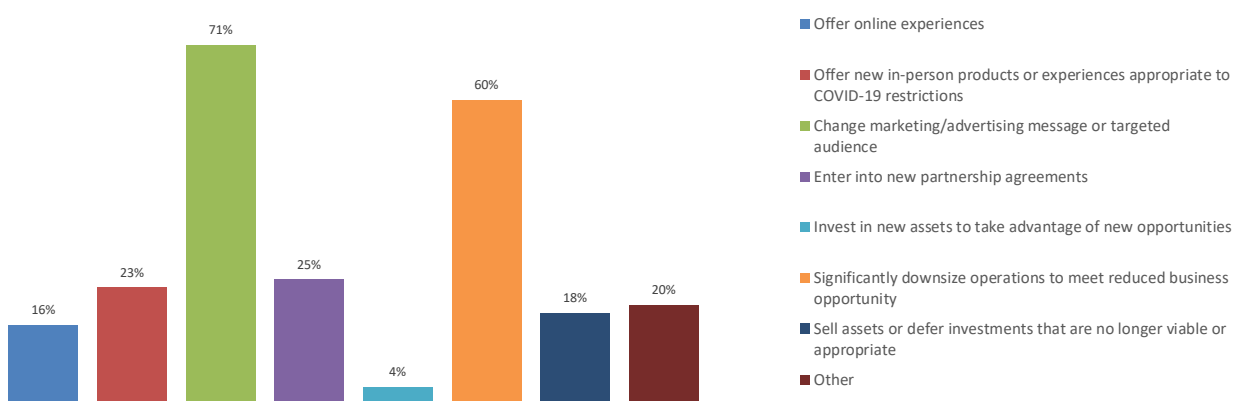
Hotels and resorts

A closer look

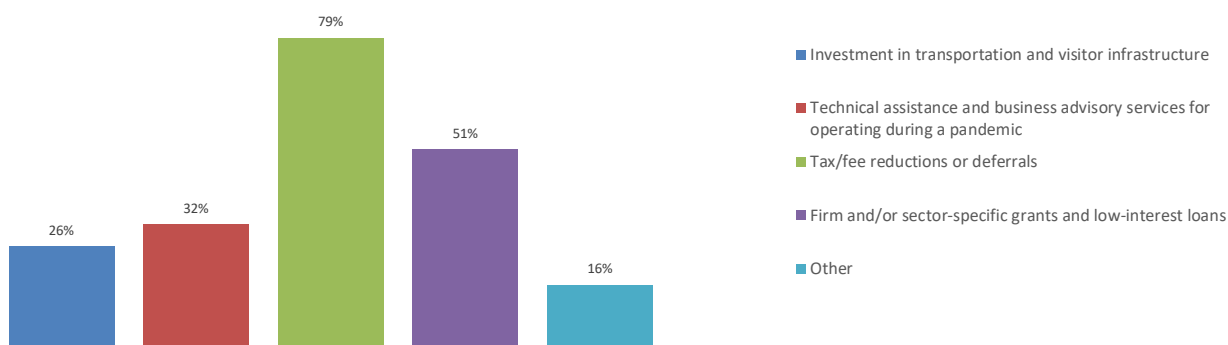
How have Phase 3 health and safety protocols affected the operation and success of your business?



Changes to business practices undertaken or planned by firms due to COVID-19



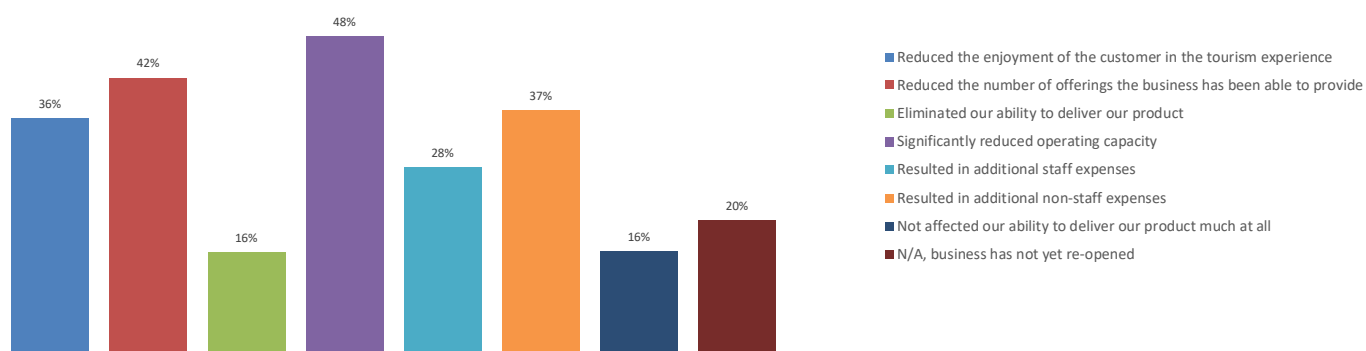
What areas of COVID-19 tourism-related support would you like to see the BC government focus on after the fall election?



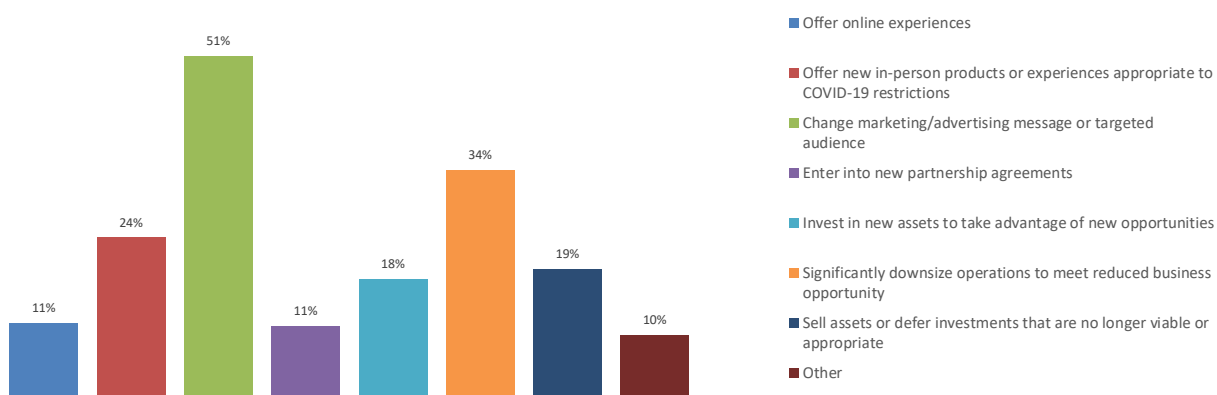
Activity-based firms

A closer look

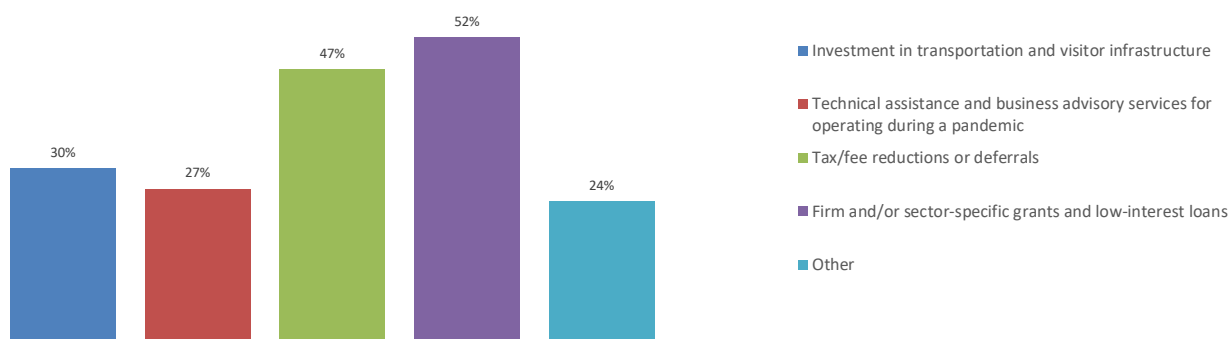
How have Phase 3 health and safety protocols affected the operation and success of your business?



Changes to business practices undertaken or planned by firms due to COVID-19



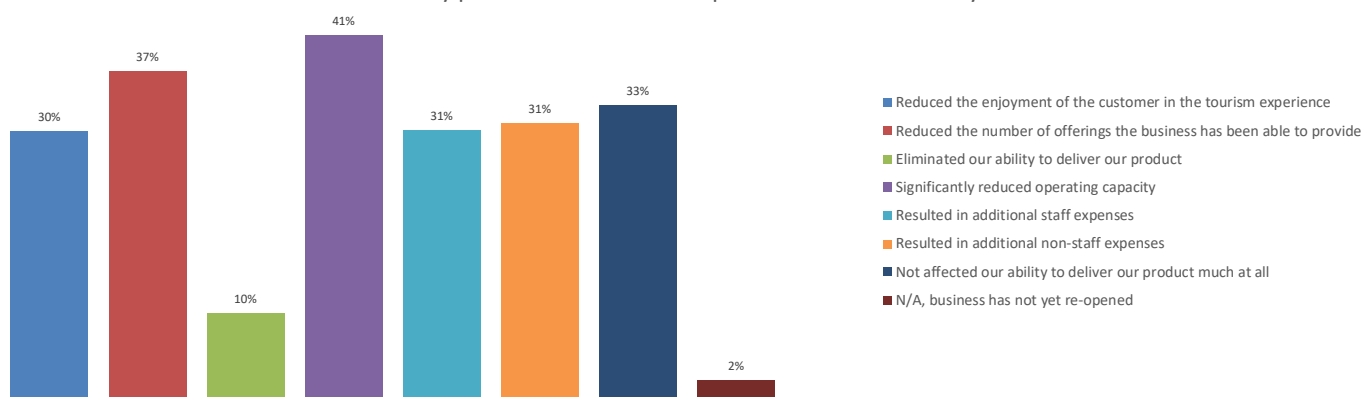
What areas of COVID-19 tourism-related support would you like to see the BC government focus on after the fall election?



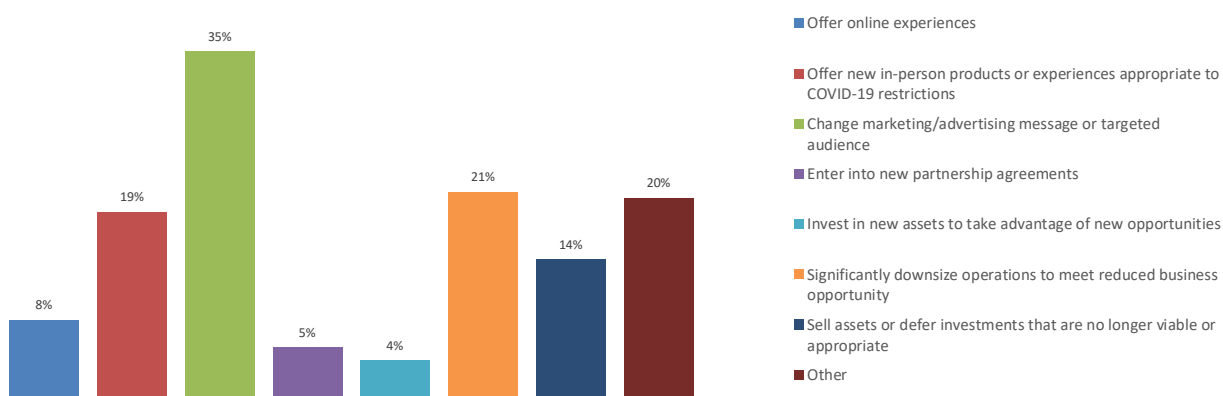
Limited-service accommodation

A closer look

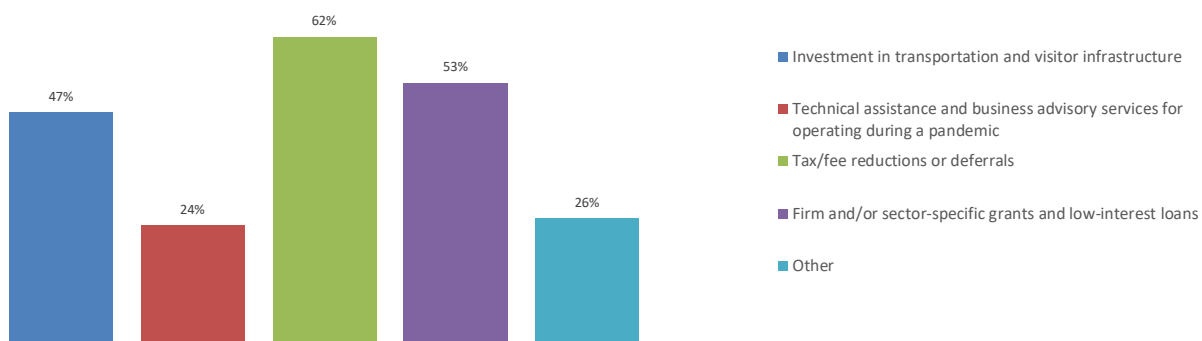
How have Phase 3 health and safety protocols affected the operation and success of your business?



Changes to business practices undertaken or planned by firms due to COVID-19



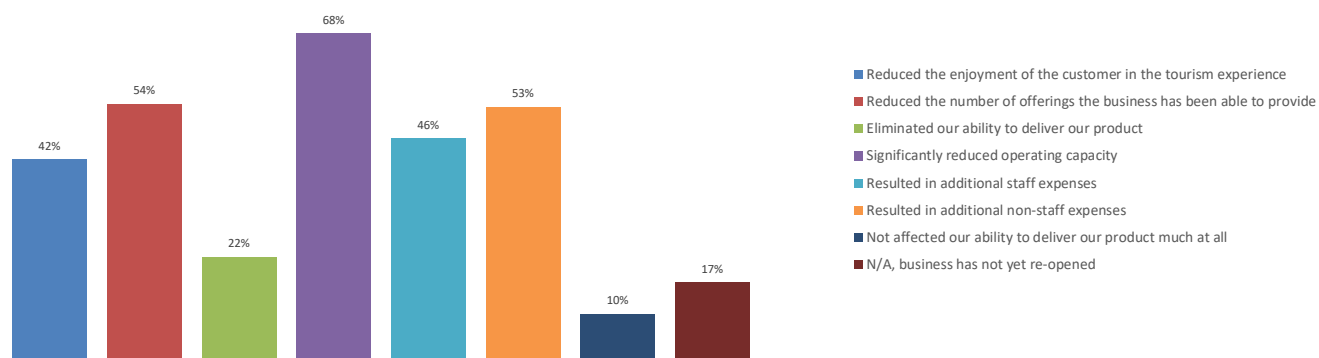
What areas of COVID-19 tourism-related support would you like to see the BC government focus on after the fall election?



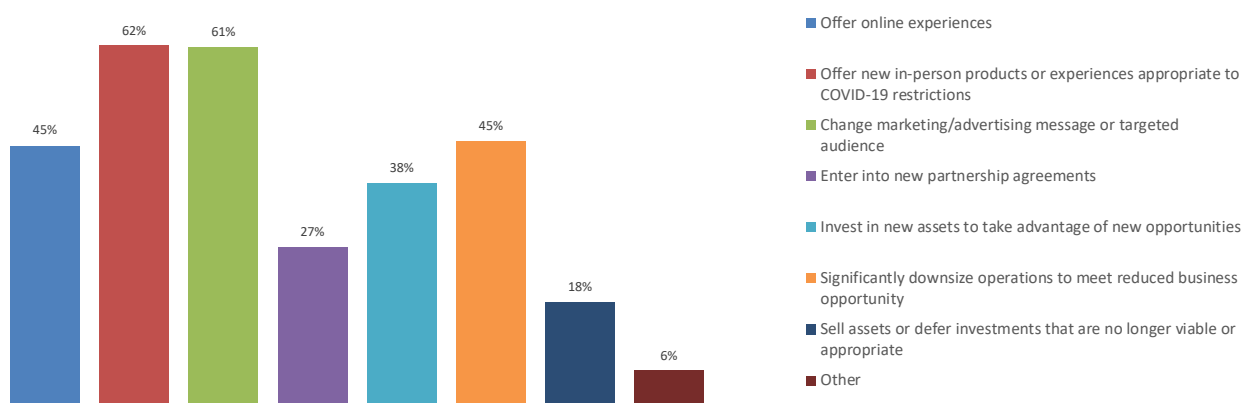
Food & Beverage + Retail & Sales

A closer look

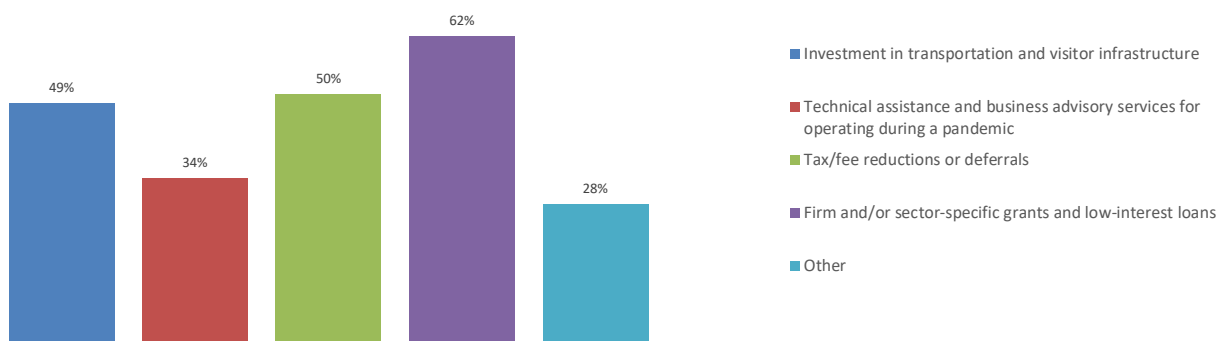
How have Phase 3 health and safety protocols affected the operation and success of your business?



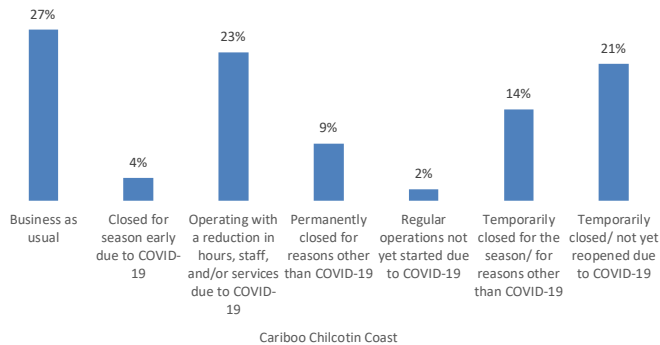
Changes to business practices undertaken or planned by firms due to COVID-19



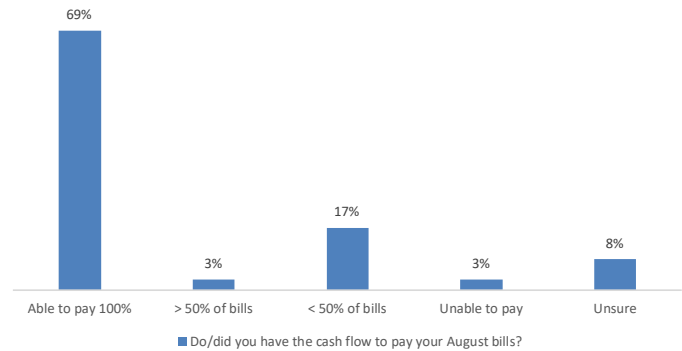
What areas of COVID-19 tourism-related support would you like to see the BC government focus on after the fall election?



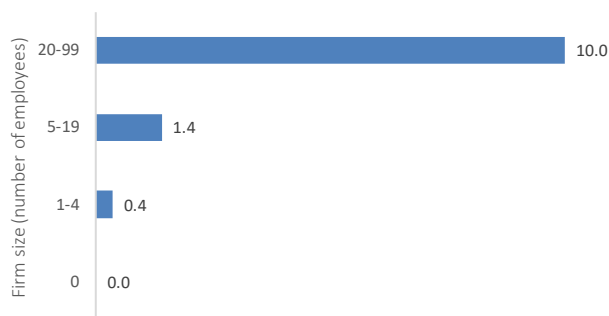
Please indicate the impact of COVID-19 on your current operations.



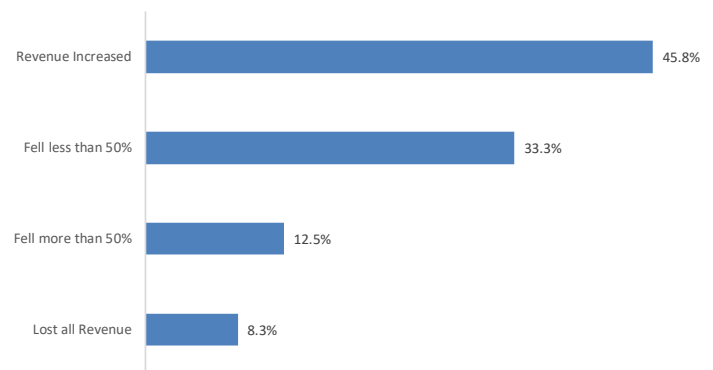
Ability to pay bills, September



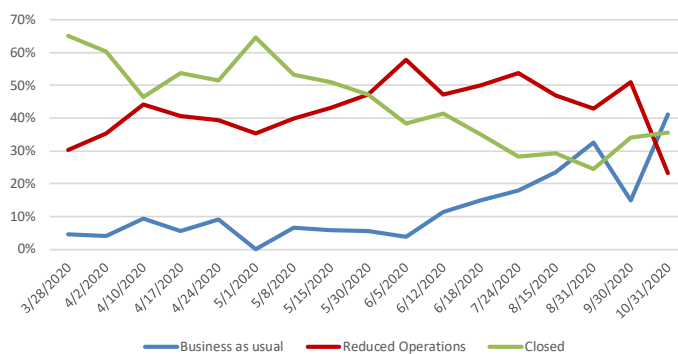
Average full-time positions lost by firm size



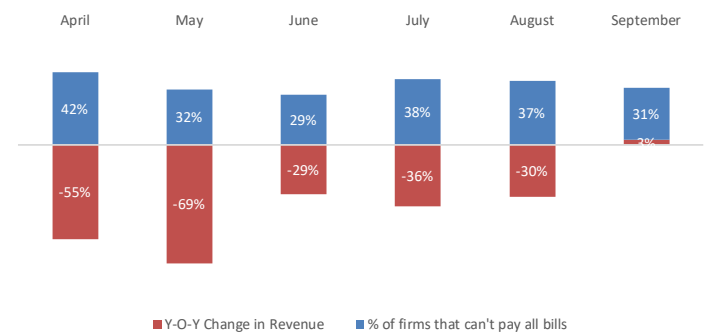
Proportion of respondents per change in revenue group



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 bills

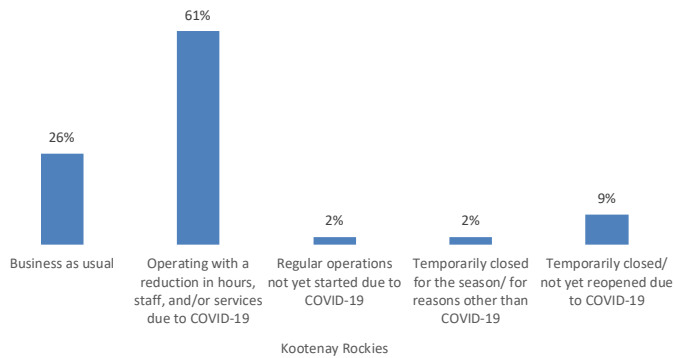


*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual

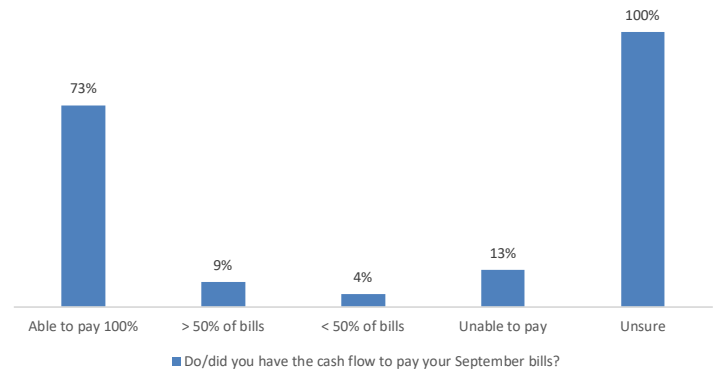
Amy Thacker
CEO, CARIBOO CHILCOTIN COAST TOURISM

A response rate of 56% yielded 56 tourism businesses, representing a margin of error for the regional questions of +/- 10%, 9 times out of 10.

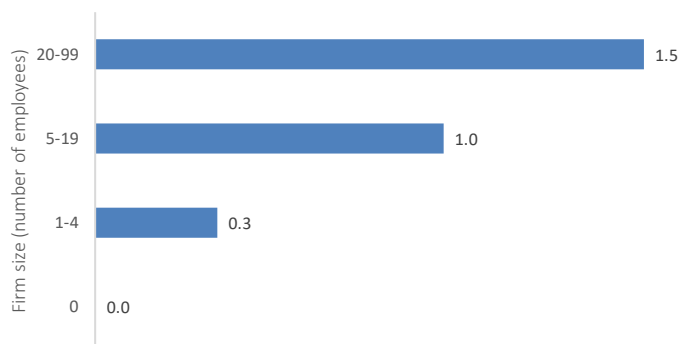
Please indicate the impact of COVID-19 on your current operations.



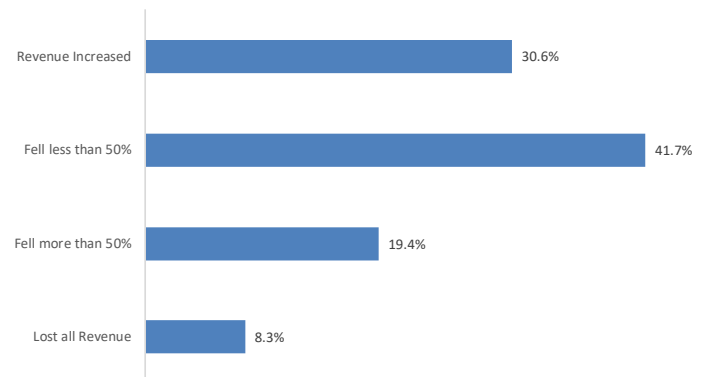
Ability to pay bills, September



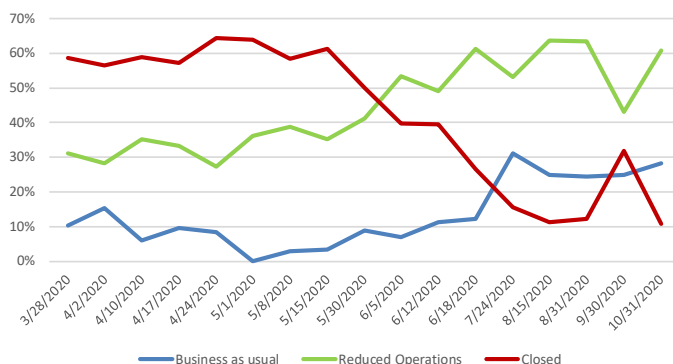
Average full-time positions lost by firm size



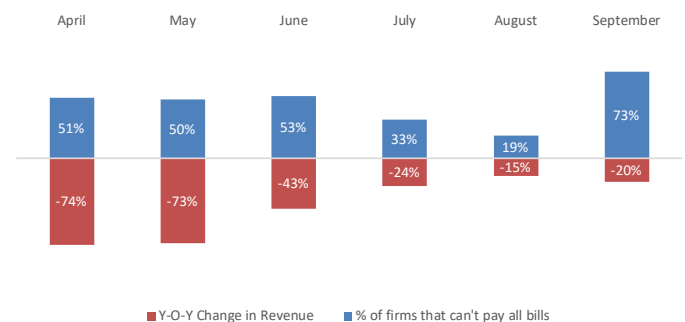
Proportion of respondents per change in revenue group



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 bills



*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual

Kathy Cooper
CEO, KOOTENAY ROCKIES TOURISM

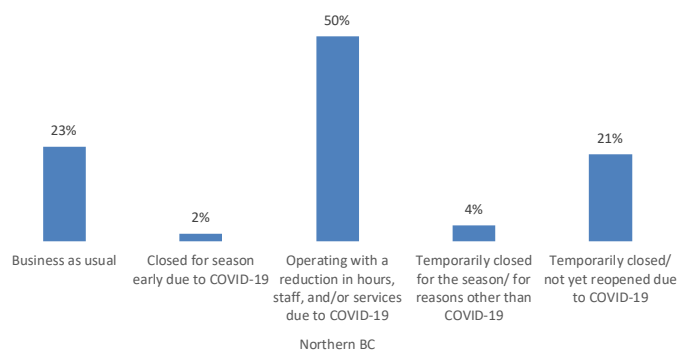
A response rate of 55% yielded 55 tourism businesses, representing a margin of error for the regional questions of +/- 11%, 9 times out of 10

COVID-19 Tourism Impact Report

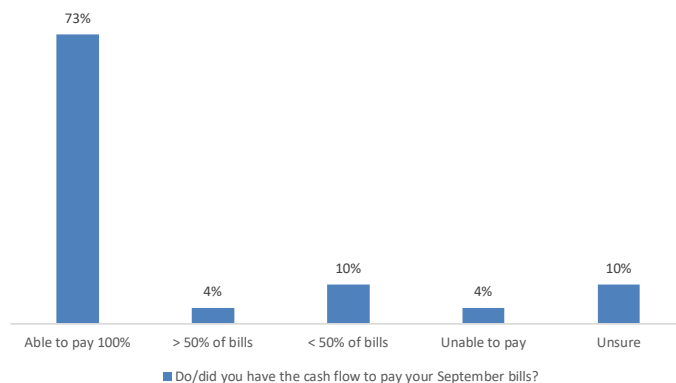
NORTHERN BC

Page 16

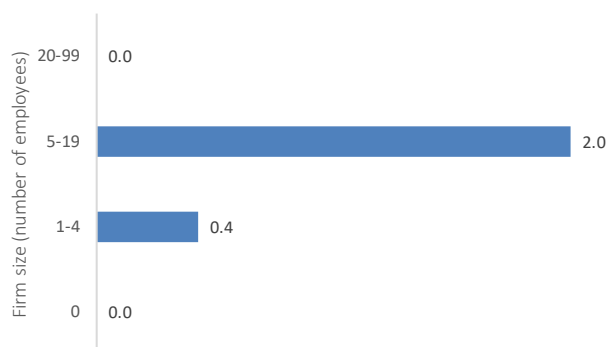
Please indicate the impact of COVID-19 on your current operations.



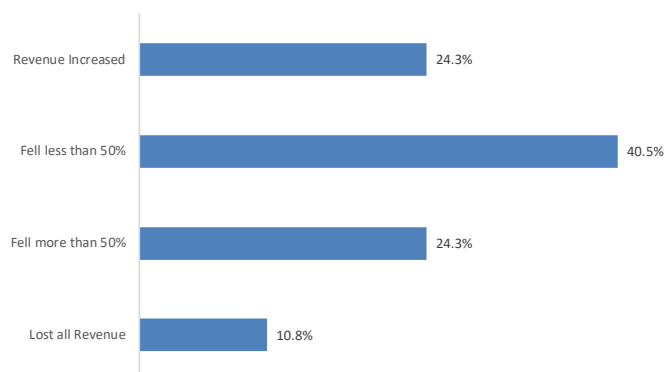
Ability to pay bills, September



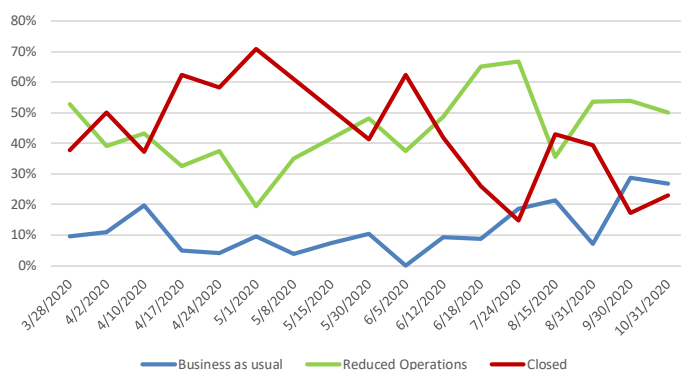
Average full-time employees lost by firm size



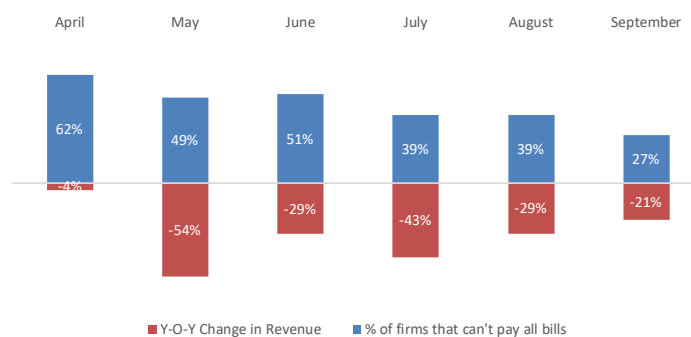
Proportion of respondents per change in revenue group



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 bills

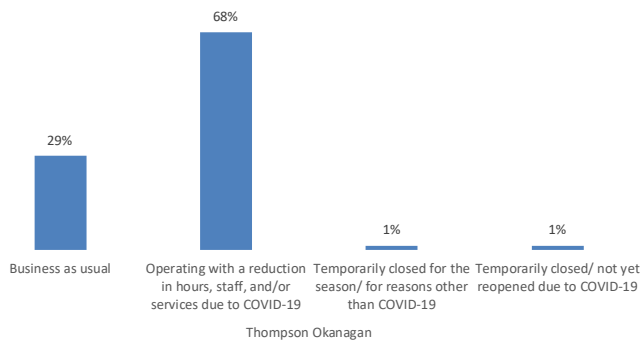


*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual

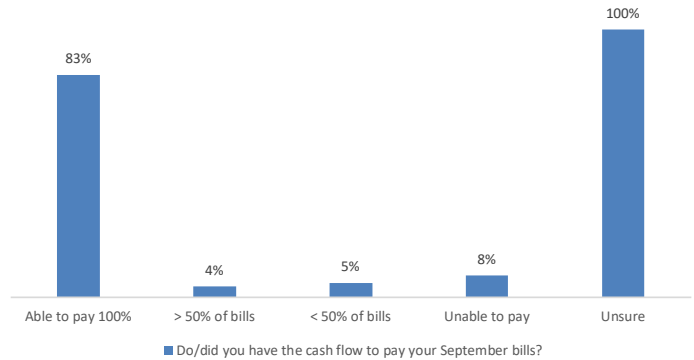
Clint Fraser
CEO, NORTHERN BC TOURISM

A response rate of 38% yielded 54 tourism businesses, representing a margin of error for the regional questions of +/- 11%, 9 times out of 10

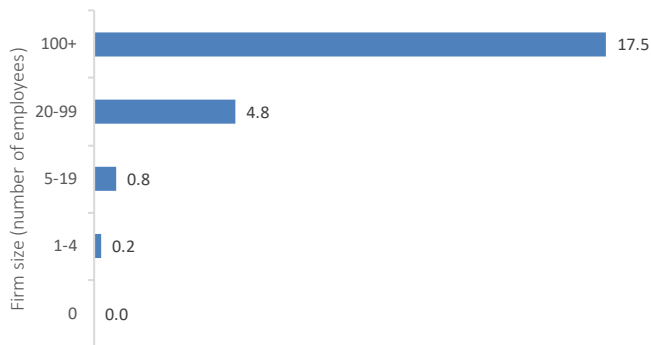
Please indicate the impact of COVID-19 on your current operations.



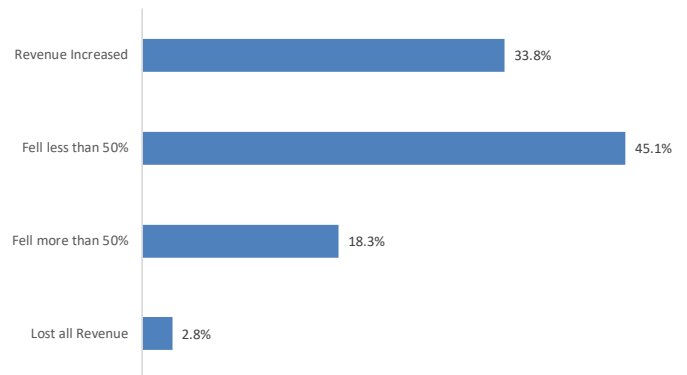
Ability to pay bills, September



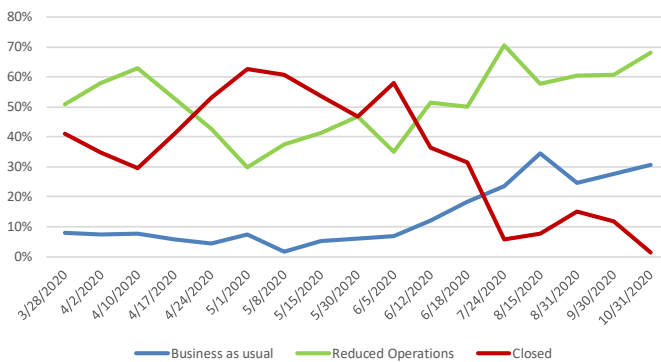
Average full-time employees lost by firm size



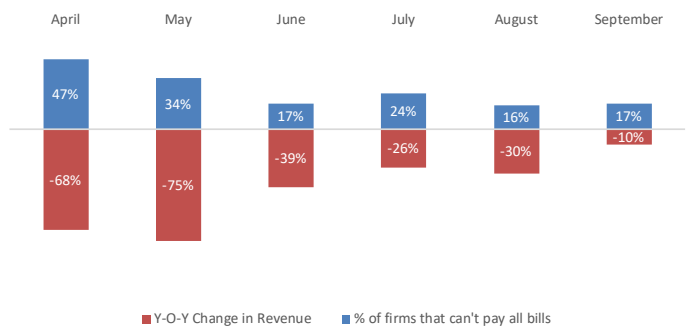
Proportion of respondents per change in revenue group



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 bills

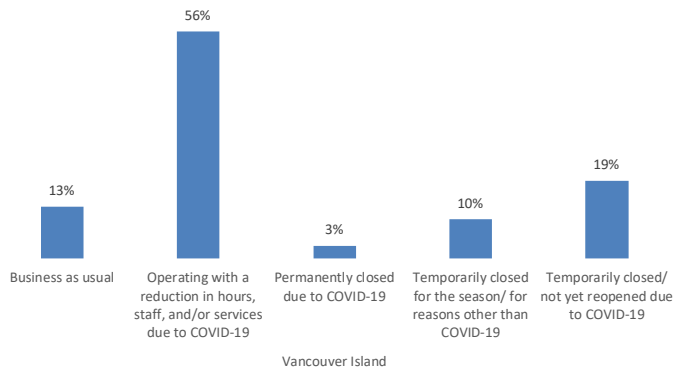


*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual

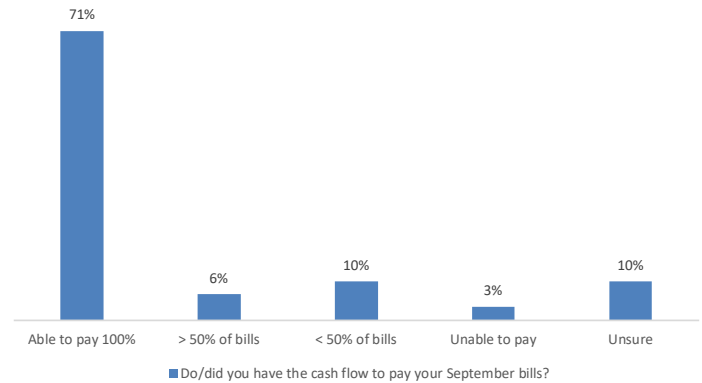
Glenn Mandziuk
CEO, THOMPSON OKANAGAN TOURISM

A response rate of 38% yielded 76 tourism businesses, representing a margin of error for the regional questions of +/- 9%, 9 times out of 10

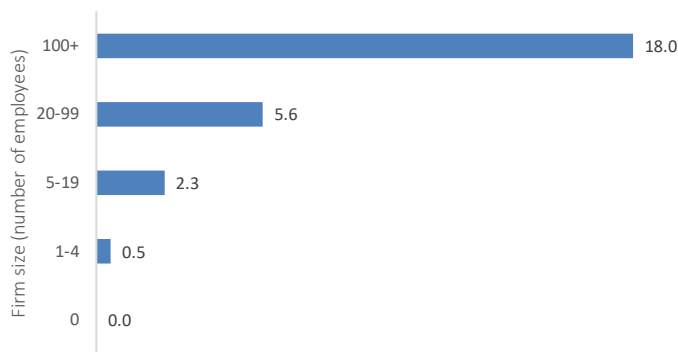
Please indicate the impact of COVID-19 on your current operations.



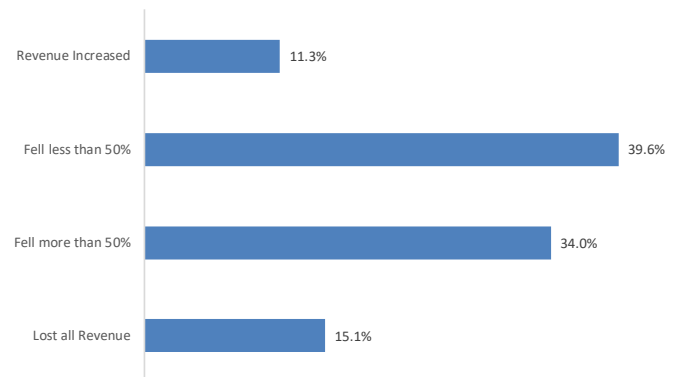
Ability to pay bills, September



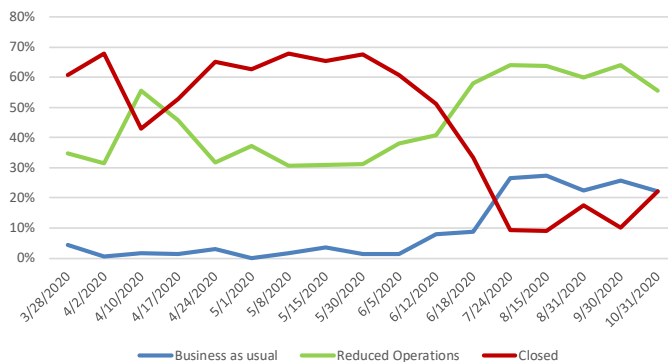
Number of full-time employees lost by firm size



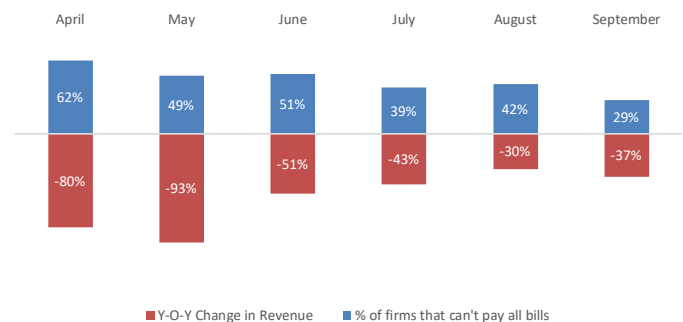
Proportion of respondents per change in revenue group



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 bills



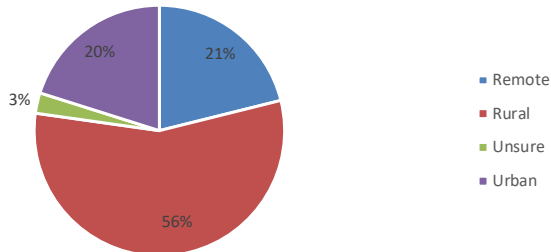
*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual

Anthony Everett
CEO, TOURISM VANCOUVER ISLAND

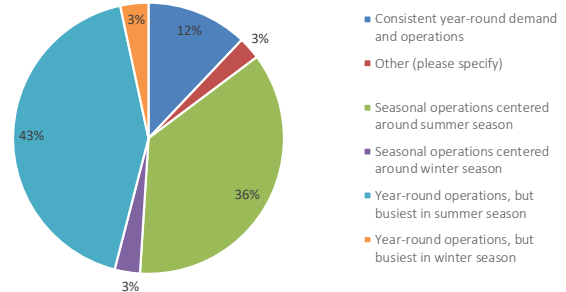
A response rate of 25% yielded 63 tourism businesses, representing a margin of error for the regional questions of +/- 10%, 9 times out of 10

APPENDIX A: FIRMS SURVEYED

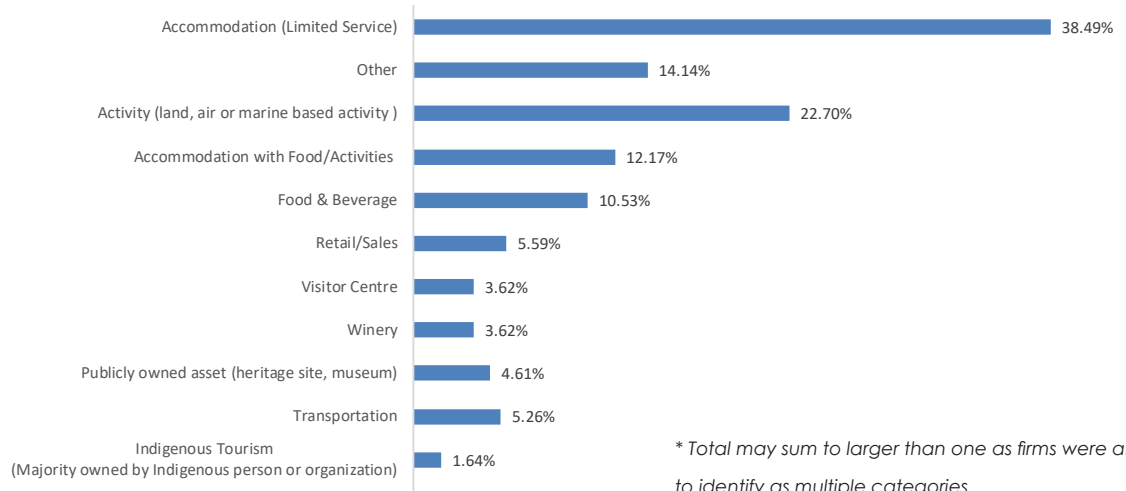
Do you consider the area in which your business operates to be urban, rural, or remote?



How would you describe your business season?

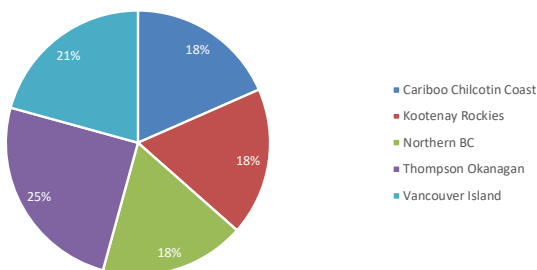


Proportion of firms by business type



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

Which BC Tourism Region does your business primarily operate in?



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.