



BRITISH COLUMBIA REGIONAL TOURISM SECRETARIAT
COVID-19 TOURISM IMPACT REPORT

With a focus on British Columbia outside the Lower Mainland and Whistler
May 1st - May 31st 2021

FOR QUESTIONS CONTACT
Anthony Everett
Chair, BC Regional Tourism Secretariat



Opening message

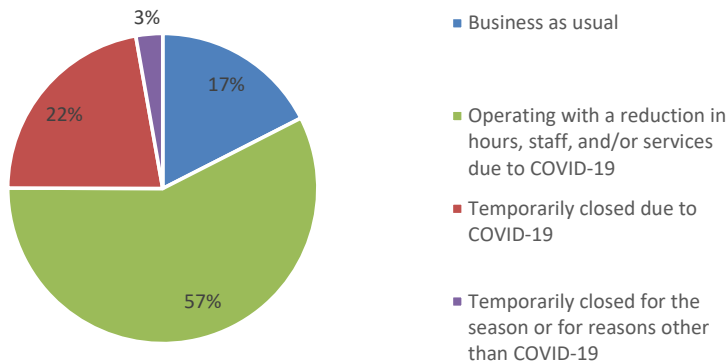
The British Columbia Regional Tourism Secretariat, British Columbia Hotel Association, the British Columbia Destination Marketing Organizations Association, and Tourism Industry Association of BC are continuing to leverage a collective business network to collect, collate and report on the impact of 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, based on a randomly selected list, with firms in five tourism regions of British Columbia from **May 1st - May 31st, 2021**. Near the end of this period, 'circuit-breaker' restrictions that began at the beginning of April were lifted, on May 25th. Responses to this survey were collected both before and after these restrictions were lifted. A response rate of 30% yielded **240 responses**. This represents a margin of error for the randomized sample-wide questions of +/- 5%, 9 times out of 10.

Key issues for consideration:

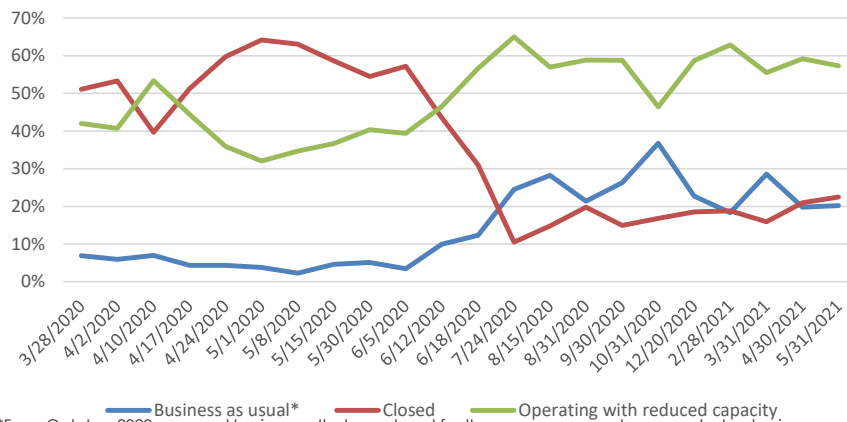
- The percentage of firms reporting **business as usual** is **17%**, remaining similar to last month. **3%** of firms surveyed are still **closed for the season**.
- About **53%** of firms reported using **less than half of their usual staffing capacity** for this time of year. The **average staffing level** firms are operating with is **42%**.
- Between **24-44%** of firms reported being **ineligible** for major provincial and federal programs targeted for businesses.
- Most firms that take bookings in advance are receiving **less than half as many bookings** for summer 2021 compared to usual.
- Only **42%** of businesses believe they are likely to be able to hire the staff they need for the summer season.

PROVINCIAL SUMMARY

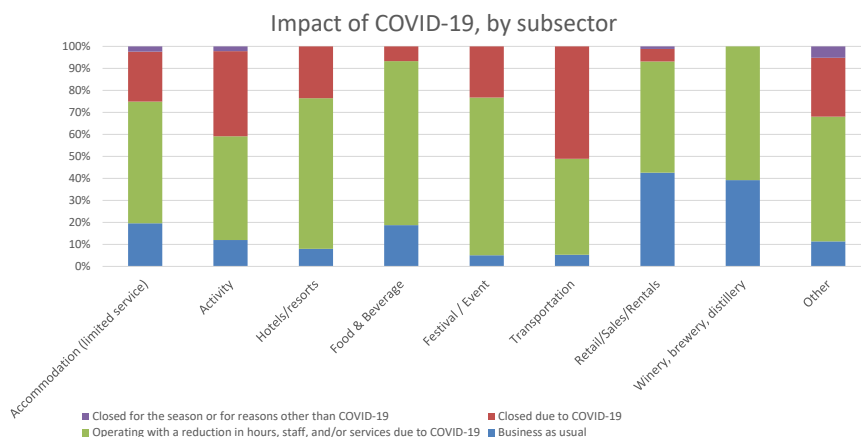
Please indicate the impact of COVID-19 on your business.



Impact of COVID-19, share of responses since start of survey (excl. VCM)



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



Across the tourism regions of Cariboo Chilcotin Coast, Kootenay Rockies, Northern BC, Thompson Okanagan, and Vancouver Island, the percentage of firms operating with a reduction in hours, staff, and/or services due to COVID-19 is 57%, while the percentage reporting business as usual is 17%, similar to last month's report. About 3% of firms are temporarily closed for reasons other than COVID-19. This includes seasonal businesses that were closed in May. 22% of firms are reporting being closed due to COVID-19, which is also the same as the last report. Notably, 'circuit-breaker' restrictions that began at the beginning of April were lifted after the May long weekend, on May 25th, but intra- and inter-provincial travel was still limited.

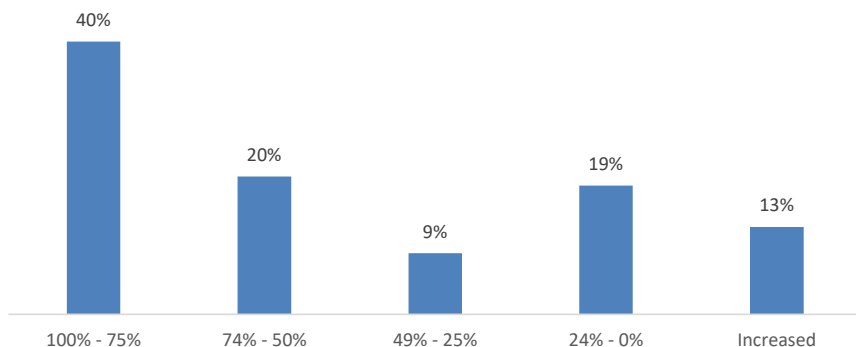
Comparing over time, the percentage of firms in each category has stayed roughly the same since the last report.

The 'Activity' subsector (which includes land, air, marine, and outdoor activities) and the transportation subsector are showing the highest percentage of firms that are currently closed due to COVID-19 (39% and 51%). Meanwhile, the transportation and festival/event subsectors had the lowest percentage of firms operating with business as usual (5% each). Retail/Sales/Rentals were most likely to be operating with business as usual (43%).

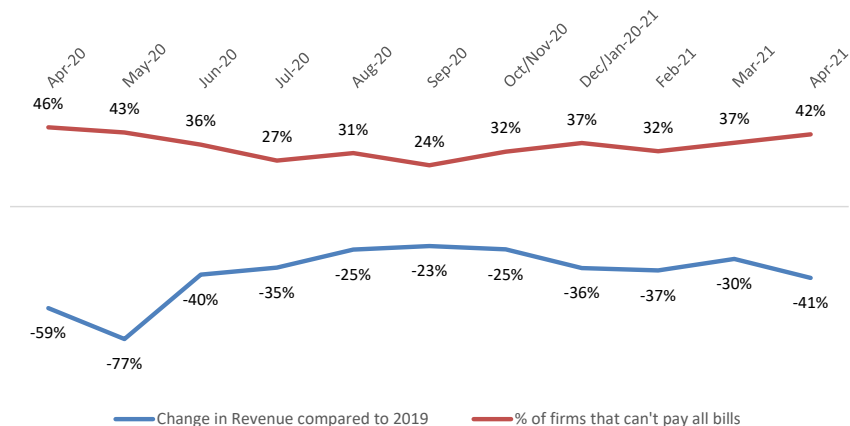
All findings are based on member surveys collected by the Secretariat during May 1st - May 31st, except where otherwise noted. For all regions, firms were drawn from a randomized list of firms that had "opted in" to communication under Canada's Anti-Spam Legislation (CASL), and the averages for sample-wide statistics are stratified on region. 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: Northern BC Tourism/Abby Cooper and Destination BC/Andrew Penner.

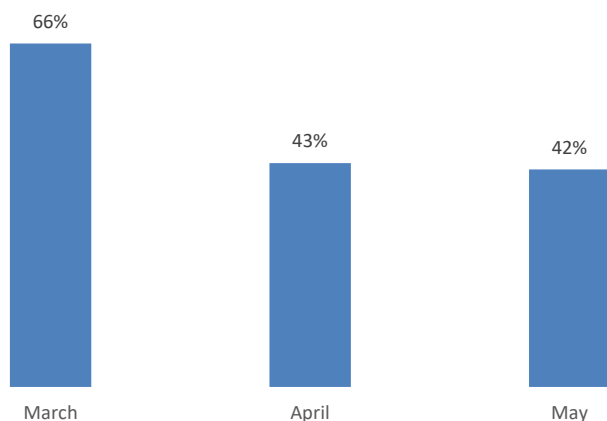
Compared to April 2019, by how much did your revenue fall in April 2021?



Change in revenue compared to 2019 and percentage of firms without the cashflow to pay all of their bills (excl. VCM)



Average percentage of usual staffing levels



About 60% of firms reported losing more than half of their revenue compared to April 2019, before COVID-19. This represents an increase of 12 percentage points since last month's report. These trends in the tourism sector have been seen across Canada, with almost half (45%) of businesses in the Canadian tourism sector experiencing a decline of 40% or more in revenue in the year of 2020 compared to 2019.¹

Meanwhile, the proportion of firms reporting an increase in revenue from April 2019 dropped 10 percentage points to 13%. Similarly, relatively few tourism businesses across Canada saw their revenues increase (8%) in 2020 compared with 2019.¹

The average change in revenue for the five regions compared to the same month in 2019 (before the pandemic) was -41%, representing a decrease of more than 10 percentage points compared to April. Meanwhile, the proportion of firms unable to pay their monthly bills was 42%, which has also increased since last month. Much of this change is likely due to the 'circuit-breaker' restrictions introduced in April.

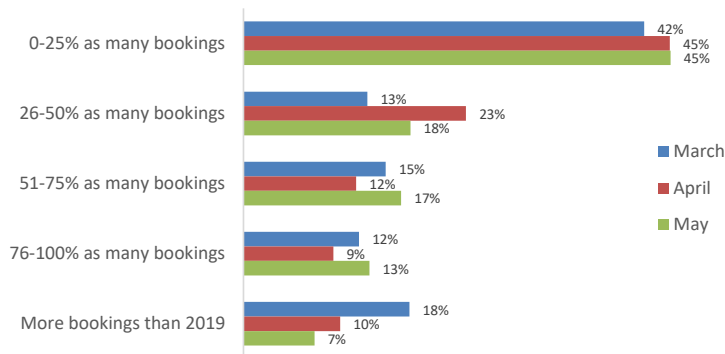
Similar to last month, 53% of firms reported using less than half of their usual staffing capacity for this time of year. The average staffing level firms are operating with is 42%.

As reported by Statistics Canada, employment fell in Canada during the month of April by 1.1%, with unemployment rising to 8.1% as several provinces, including BC, implemented tougher restrictions on businesses.²

1) Impact of COVID-19 on the tourism sector, second quarter of 2021, Statistics Canada. <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2021001/article/00023-eng.htm>

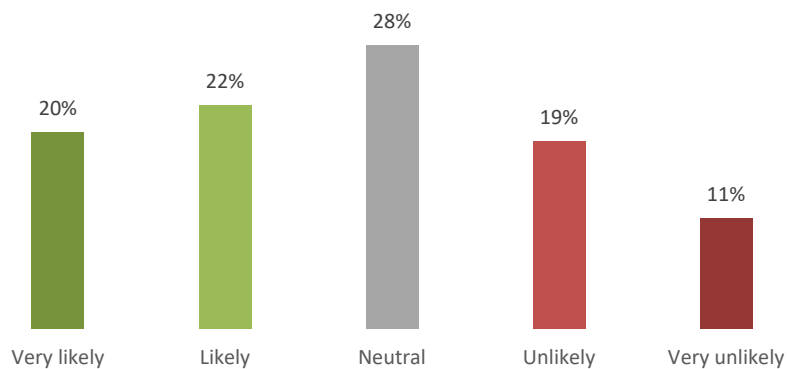
2) Canadian Labour Force Survey, April 2021. <https://www150.statcan.gc.ca/n1/daily-quotidien/210507/dq210507a-eng.htm?HPA=1>

Compared to pre-COVID-19, how much volume do you have for summer bookings?



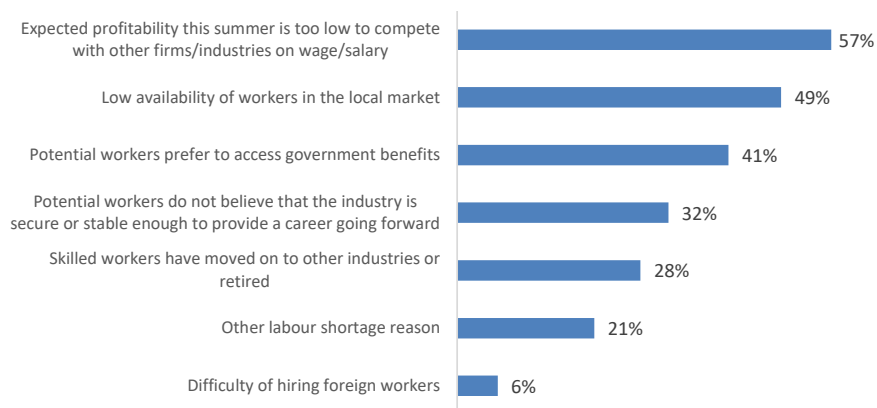
Compared to pre-COVID-19, most firms that take advance bookings are receiving far fewer bookings for summer 2021, with 45% receiving less than a quarter of their bookings volume compared to pre-COVID-19 levels. Since March, the percentage of firms with more bookings than 2019 has fallen from 18% to 7%.

How likely is it that your business will be able to hire the workers it needs to staff up for the summer season?



Businesses are also anticipating trouble and uncertainty with their ability to staff up for the summer season, with only 42% of businesses believing it to be likely or very likely that they will be able to hire the staff they need.

What are the primary reasons why your business may have trouble staffing up for the summer season?

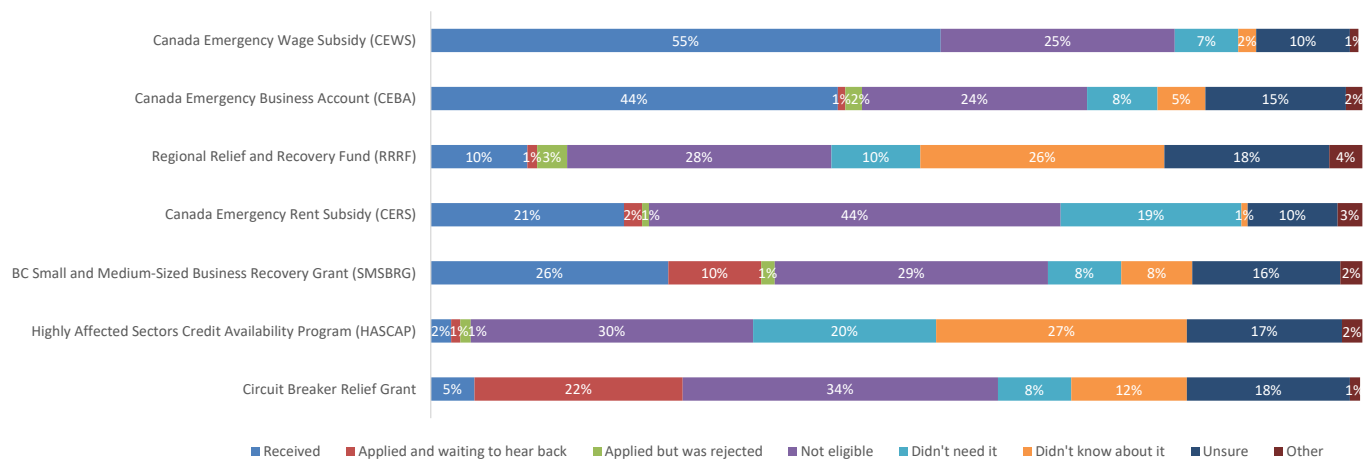


Businesses that reported being either unlikely or very unlikely to be able to hire the staff they need were asked about the primary reasons they believe they may have trouble staffing up. The top reasons firms mentioned were expected profitability this summer being too low to compete with other firms/industries on wage/salary (57%), and a low availability of workers in the local market (49%).

55% of businesses in May reported having used the federal wage subsidy programs (CEWS). It has been the most commonly received federal or provincial program since we started asking this question in November 2020, followed by the Canada Emergency Business Account which is at 44%.

Of programs listed in the survey, the Canada Emergency Rent Subsidy (CERS) had the highest proportion of reported ineligibility (44%). 26% of businesses surveyed this month received the BC Small and Medium-Sized Business Recovery Grant (SMSBRG), representing an increase in take-up of 7 percentage points since the last report. The Circuit Breaker Relief Grant has the highest percentage of firms that have applied but are still waiting to hear back, with 22% still waiting. Only 2% of firms reported receiving the newly introduced HASCAP federal program, which was also one of the most unknown programs at 27%.

Access to federal and provincial programs



When asked to list the reasons why firms weren't eligible or did not apply for particular programs, some common themes emerged:

- The paperwork/application processes are too complicated & lengthy, making it not worthwhile
- The owner of the business does not reside in BC or the business is registered elsewhere, despite being located in BC, employing BC residents and paying BC taxes.
- Businesses are unable to provide information on revenue drops or employees due to being a seasonal business or having a different business model.

"We are ineligible for many programs due to the small size of our business. We started our business before COVID-19 but were not big enough to qualify for most of the programs" - Rural winery/brewery

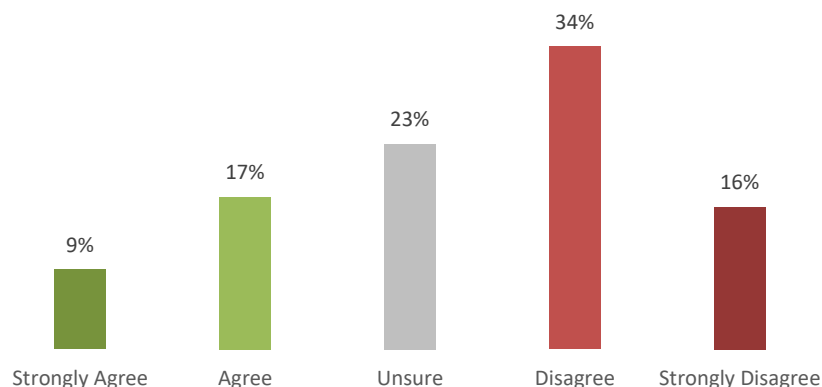
"We are only open in the summer, and don't have enough in expenses to qualify for many of these programs." - Rural art/retail business

"Our company is owned primarily by Alberta residents." - Rural accommodation business

"As we are small and mostly open during the summer none of the government grants applied to us" - Urban privately owned museum

"Since we are new owners (purchased in the fall of 2020) we are not eligible for the support." - Rural accommodation (limited service)

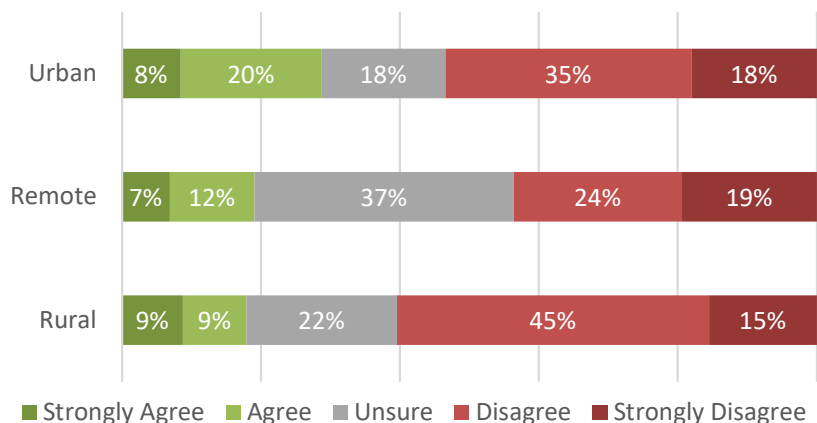
"With current revenues and expenses as they are, my business is at risk of bankruptcy."



Just over a quarter of firms agreed that their business was at risk of bankruptcy, while half disagreed. 23% of firms were unsure whether their business would be at risk of bankruptcy with current revenues and expenses as they are.

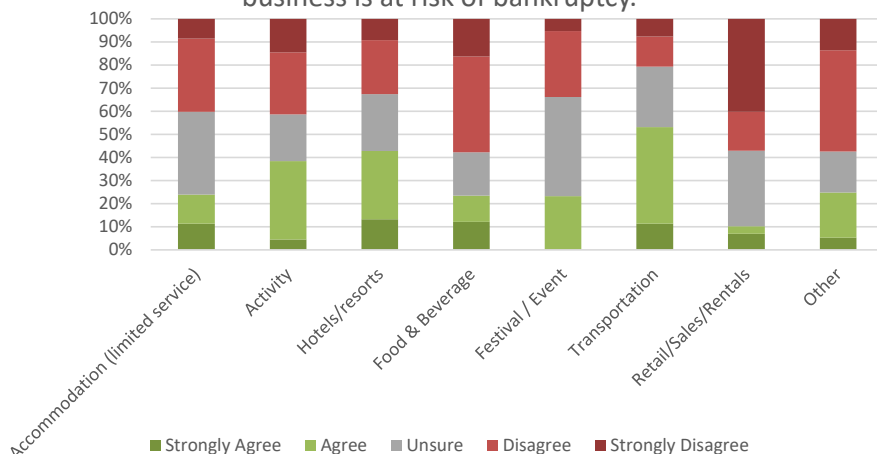
Across Canada, (with current levels of revenue and expenditures), only about half (54%) of businesses in the tourism sector reported that they could continue to operate for 12 months or more before considering closure or bankruptcy, according to Statistics Canada.³

"With current revenues and expenses as they are, my business is at risk of bankruptcy."



In our survey, urban firms were most likely to be at risk of bankruptcy, with 28% agreeing. Remote firms were most likely to be unsure, with 37% selecting this option.

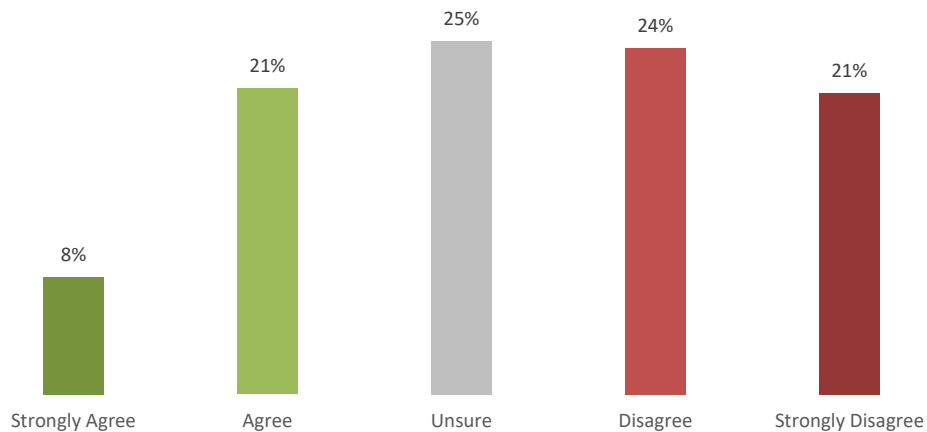
"With current revenues and expenses as they are, my business is at risk of bankruptcy."



Vulnerability to bankruptcy also varied by sector, with over 50% of transportation firms agreeing that they are at risk of bankruptcy.

A CLOSER LOOK: VACCINES AND RAPID TESTING

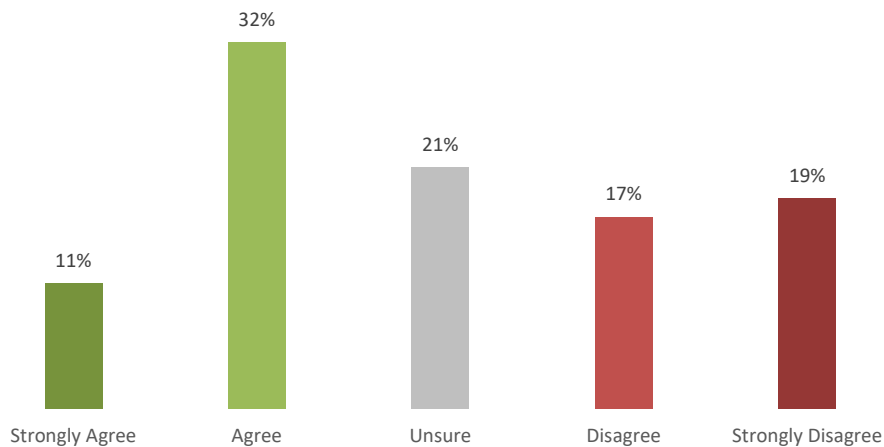
"Requiring visitors/guests to show proof of vaccination in order to access my business's services will improve staff confidence in the safety of the work environment."



Firms were asked to rate their level of agreement/disagreement with statements concerning vaccine requirements, and rapid testing (on the next page).

Most firms (71%) did not agree that requiring visitors/guests to show proof of vaccination in order to access services would improve staff confidence in the safety of the work environment.

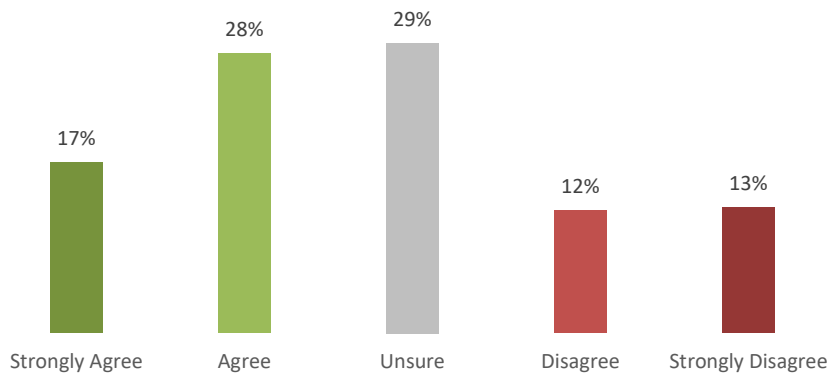
"Requiring visitors/guests to show proof of vaccination in order to access my business's services will increase the community acceptance of tourism."



Meanwhile, 43% agreed that showing proof of vaccination would increase the community acceptance of tourism.

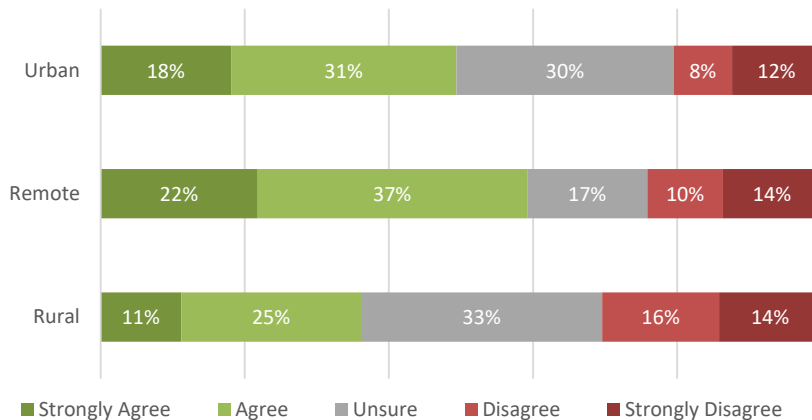
A CLOSER LOOK: VACCINES AND RAPID TESTING

"Expanded use of rapid testing could help my business to operate more safely."



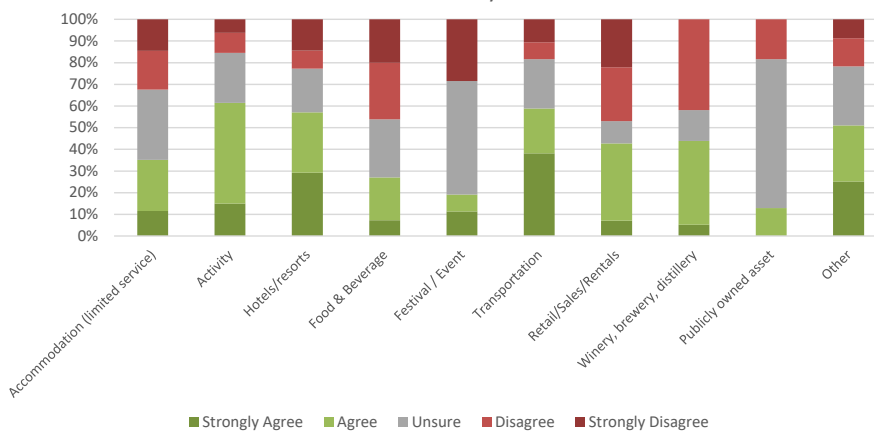
Many firms (43%) agreed that an expanded use of rapid testing could help their business to operate more safely. Many, however, were unsure (29%), possibly due to a lack of information on rapid testing.

"Expanded use of rapid testing could help my business to operate more safely."



Remote firms were more likely to agree with an expanded use of rapid testing, while rural firms were least likely to agree. Rural firms were the most likely to be 'unsure', with 33% selecting this option.

"Expanded use of rapid testing could help my business to operate more safely"



Agreement also varied by sector, with Activity firms being most likely to agree with an expanded use of rapid testing.

In additional observations and open-ended questions, businesses highlighted:

- Worries about the future impact of financial hardship and debt
- Fears about going into another summer season with travel restrictions still in place
- Difficulty finding employees and planning for summer hires
- Concern with the accessibility of support programs
- Frustration with flow of information about government policies

"We are a small seasonal business and without the revenue we will not make it through the winter. We need that income to get us to the following spring." - Rural accommodation business (full service)

"Based on bookings for the coming season, the revenue generated will not cover our business expenses for 2021, and there will be no revenue for living expenses. If current travel restrictions remain in place, all but a few reservations would likely be cancelled. We will need travel restrictions lifted to survive the season without incurring further debt. Selling the property is a consideration." - Rural accommodation (limited service)

"Government assistance will make the summer season possible, though likely not profitable." - Remote activity-based business

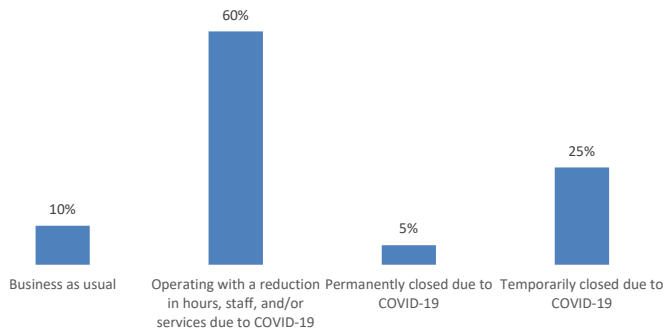
"I am hopeful that the government will support newer businesses. All support programs have the first condition that your business was operational prior to March 2020, and I believe this needs to change to support other businesses who are newer, yet still significantly impacted by ongoing restrictions." – Rural accommodation business (limited service)

"There's a significant, serious difficulty hiring staff as business recovers and staffing needs increase. Staffing will be a significant problem for hotel businesses to return to normal. Expecting businesses to simply pay higher wages to find workers while trying to cut losses and return to "normal" is not feasible. Government programs like CEBA, CERB, CEWS have been very important during the difficult periods." – Activity-based business

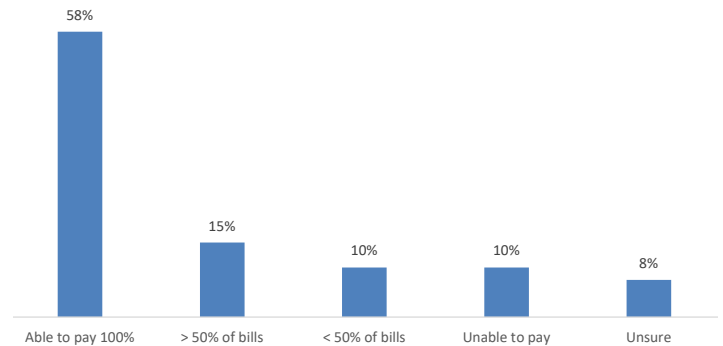
"There needs to be better help for the tourist attractions that are only open seasonally. While we have a small staff, a large amount of our income comes from the 3 months we are open. We had to lay off our permanent staff due to last summer's shut down." – Urban museum

"The travel restrictions definitely hurt reservations. People haven't booked as they are afraid they won't be able to travel." – Remote accommodation (limited service)

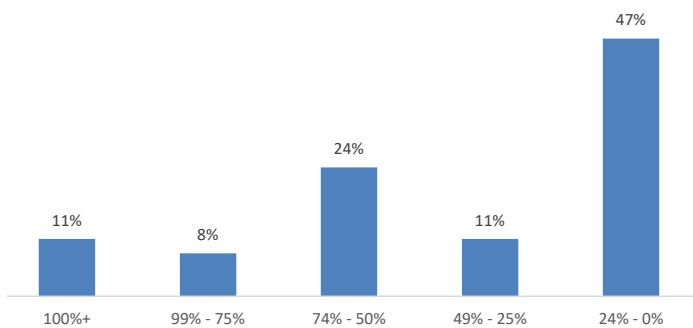
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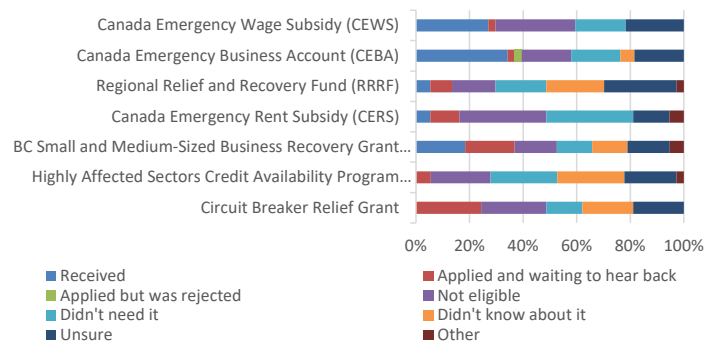
Ability to pay bills, April



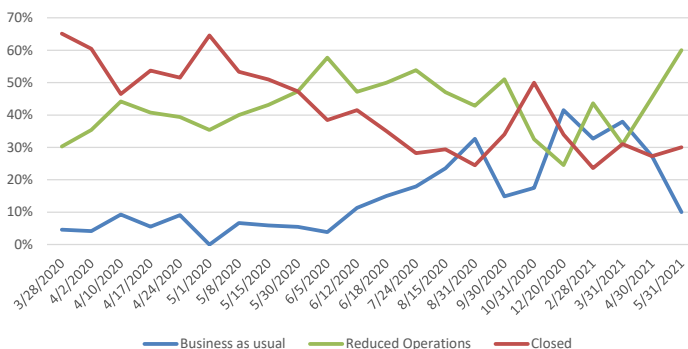
What percentage of your usual staffing capacity for this time of year is your business currently using?



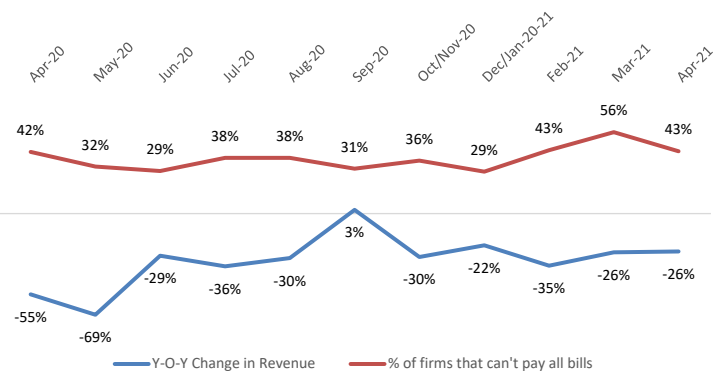
Government assistance take-up



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

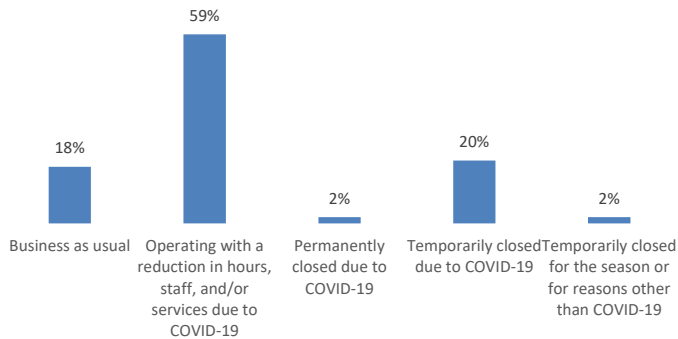


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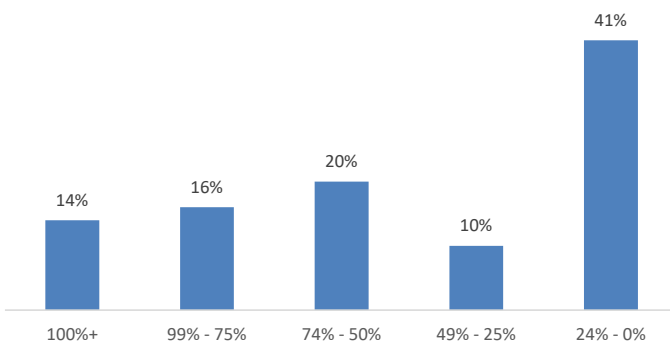
Amy Thacker
CEO, CARIBOO CHILCOTIN COAST TOURISM

A response rate of 40% yielded 40 tourism businesses, representing a margin of error for the regional questions of +/- 12%, 9 times out of 10.

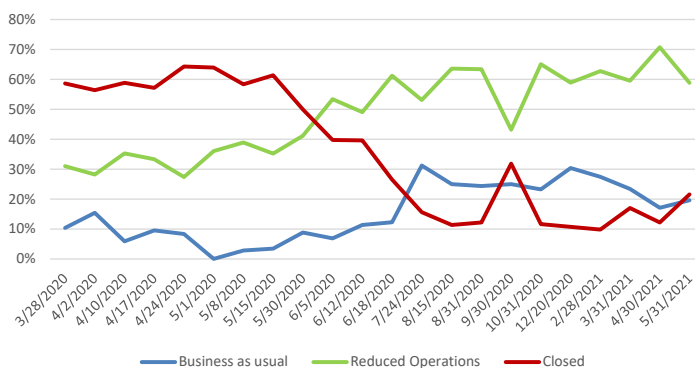
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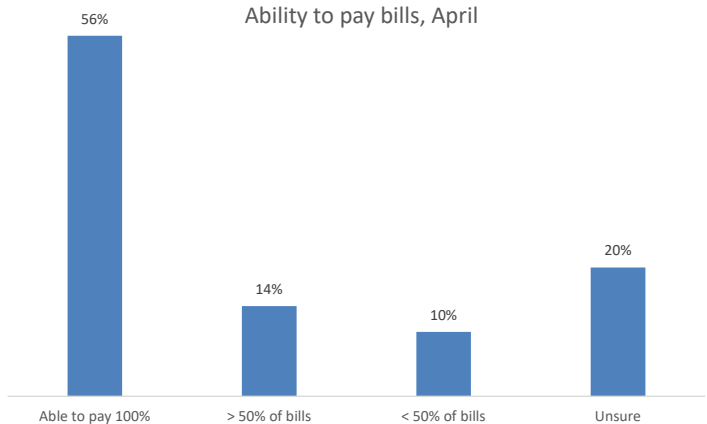
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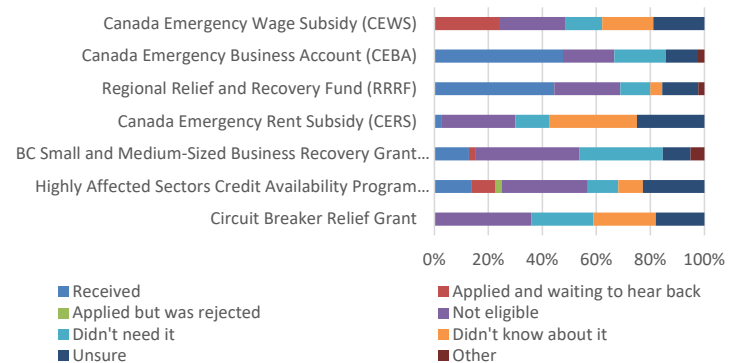
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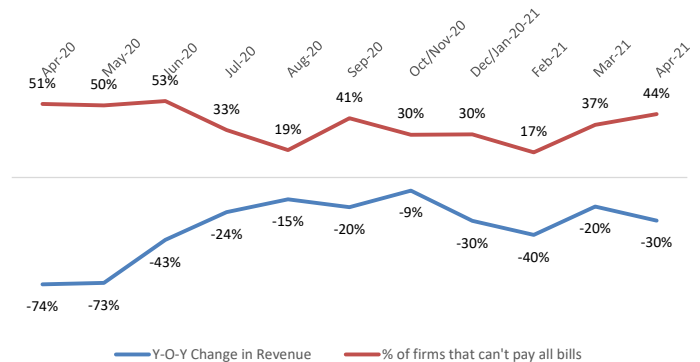
Ability to pay bills, April



Government assistance take-up



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

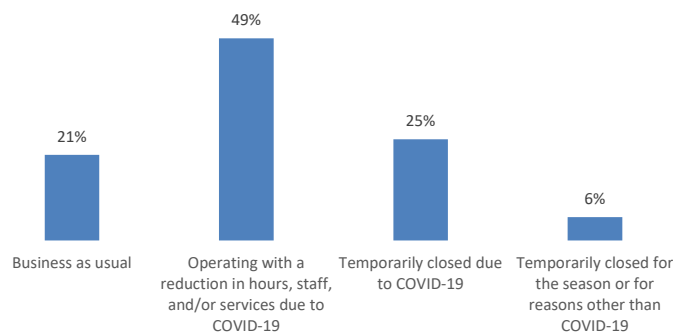


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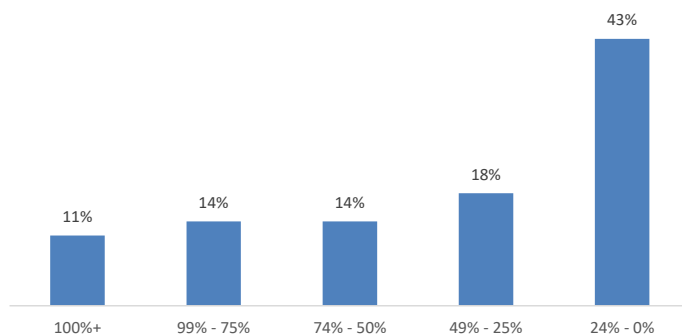
Kathy Cooper
CEO, KOOTENAY ROCKIES TOURISM

A response rate of 57% yielded 57 tourism businesses, representing a margin of error for the regional questions of +/- 11%, 9 times out of 10.

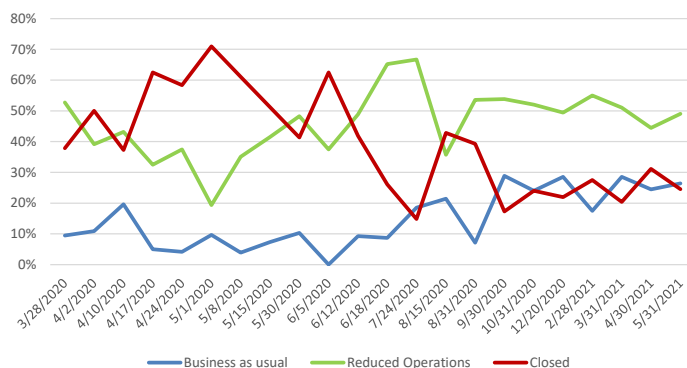
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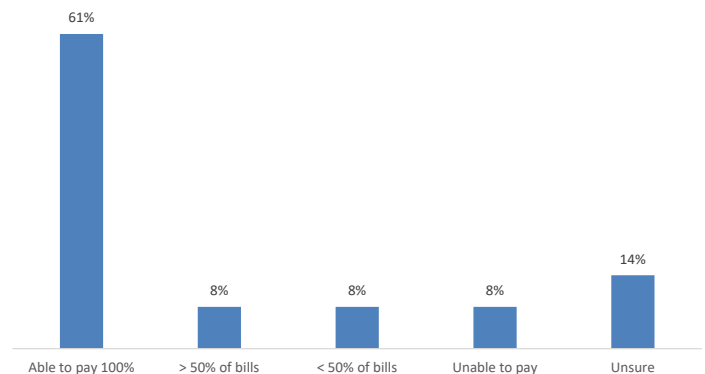
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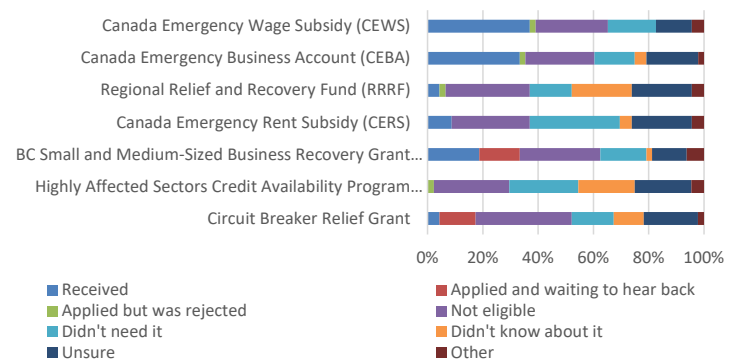
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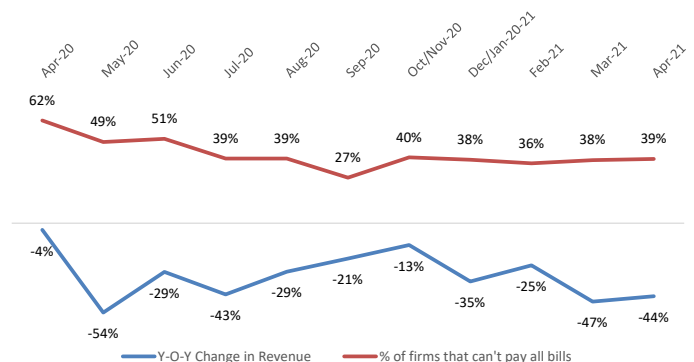
Ability to pay bills, April



Government assistance take-up



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

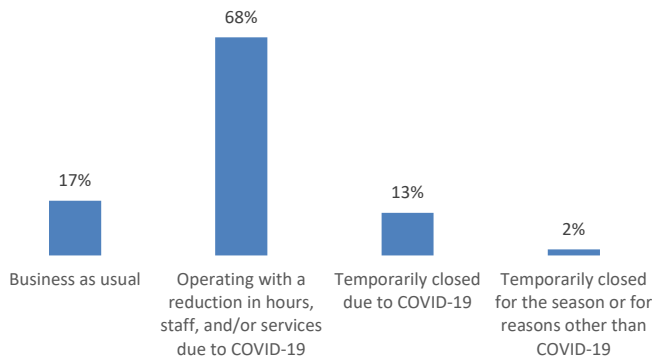


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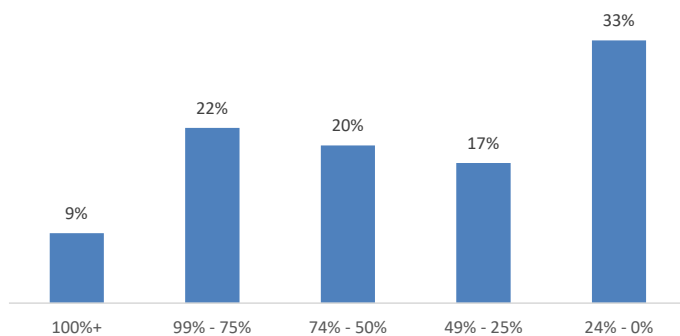
Clint Fraser
CEO, NORTHERN BC TOURISM

A response rate of 27% yielded 54 tourism businesses, representing a margin of error for the regional questions of +/- 11%, 9 times out of 10.

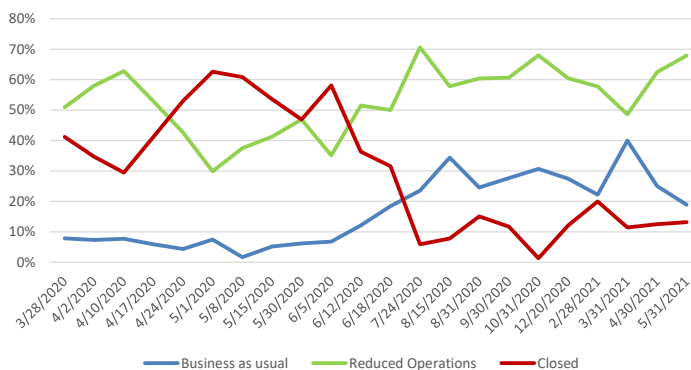
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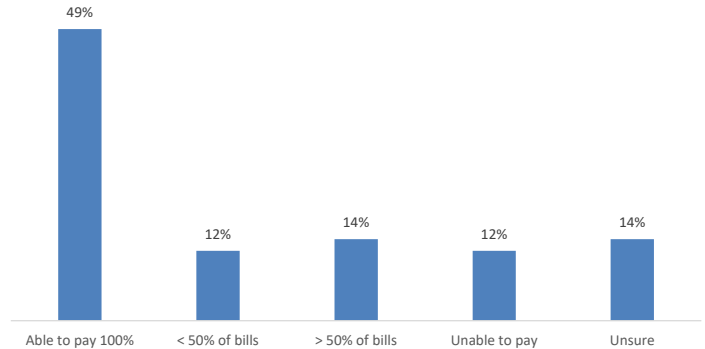
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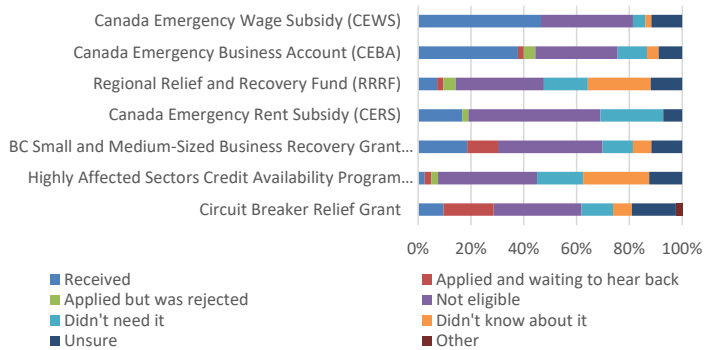
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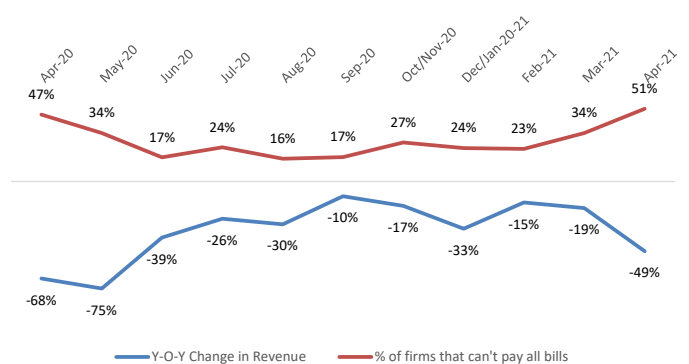
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Year-over-year change in revenue and percentage of firms without the cashflow to pay all bills

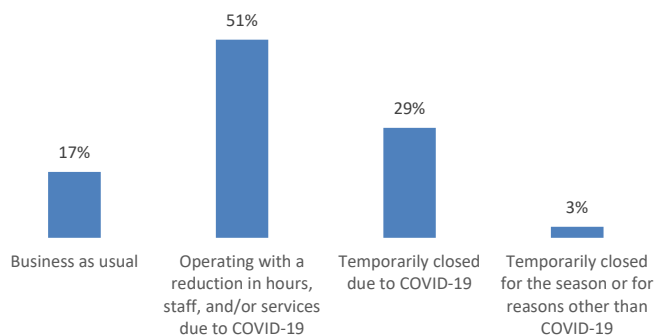


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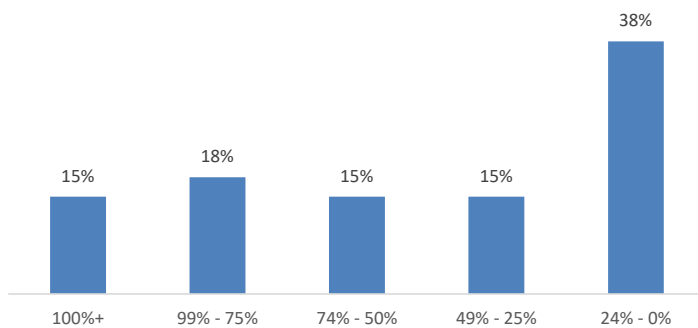
Ellen Walker-Matthews
Senior VP and Acting CEO, THOMPSON OKANAGAN TOURISM

A response rate of 27% yielded 54 tourism businesses, representing a margin of error for the regional questions of +/- 12%, 9 times out of 10.

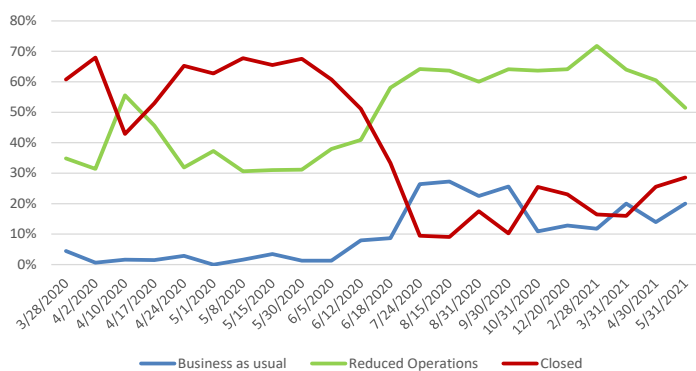
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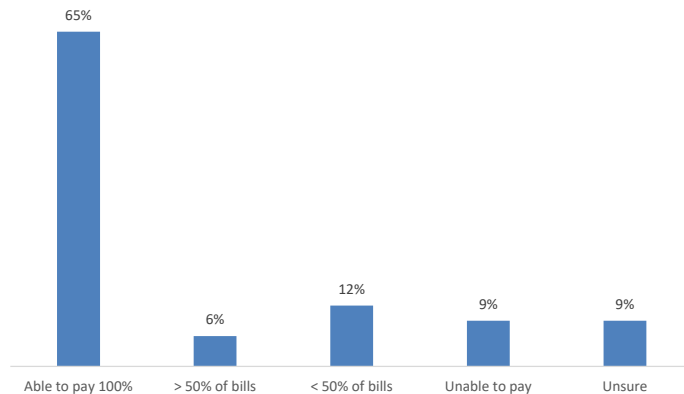
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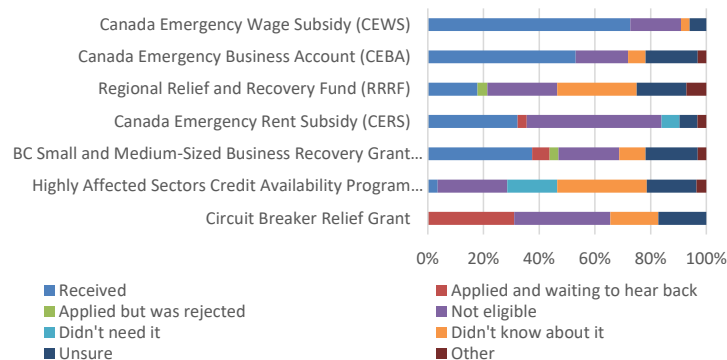
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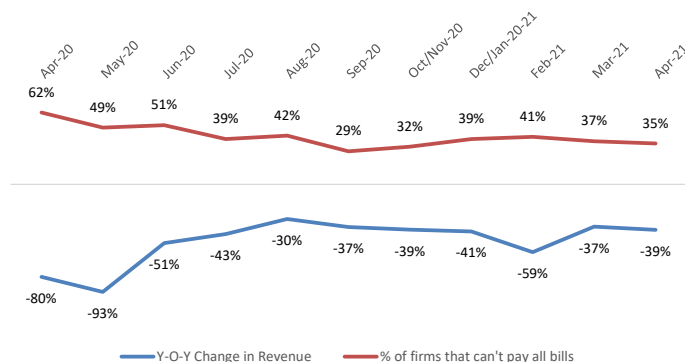
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Year-over-year change in revenue and percentage of firms without the cashflow to pay all bills



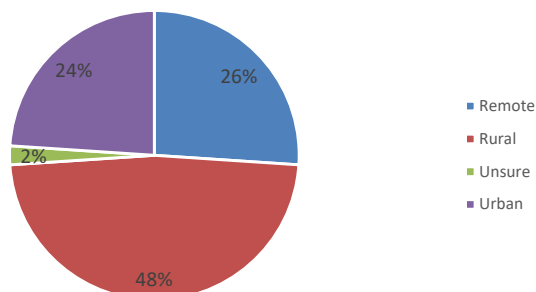
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Anthony Everett
CEO, TOURISM VANCOUVER ISLAND

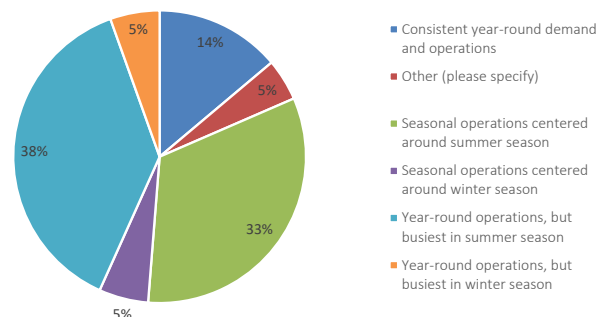
A response rate of 18% yielded 35 tourism businesses, representing a margin of error for the regional questions of +/- 14%, 9 times out of 10

APPENDIX: FIRMS SURVEYED

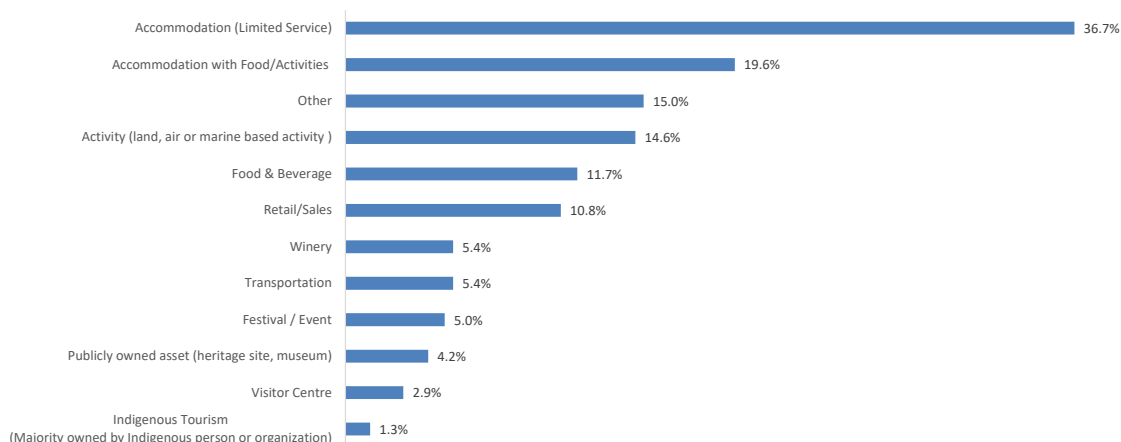
Do you consider the area in which your business operates to be urban, rural, or remote?



How would you describe your business season?

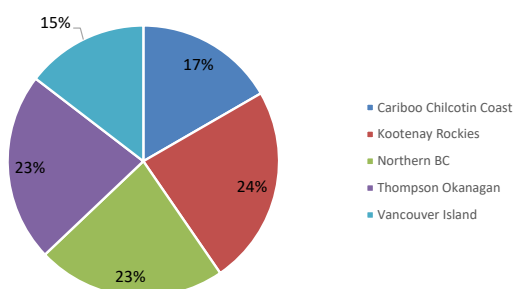


Proportion of firms by business type



* 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.