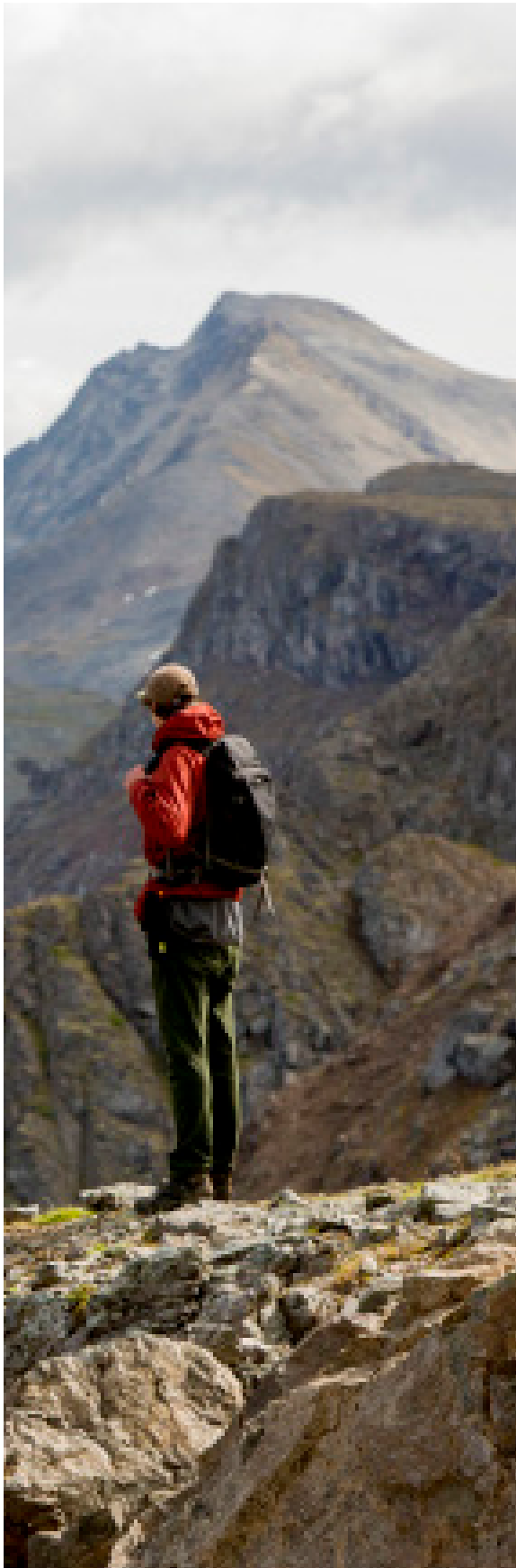




BRITISH COLUMBIA REGIONAL TOURISM SECRETARIAT **COVID-19 TOURISM IMPACT REPORT**

With a focus on British Columbia outside the Lower Mainland and Whistler
July 1st - September 7th 2021

FOR QUESTIONS CONTACT
Anthony Everett
Chair, BC Regional Tourism Secretariat



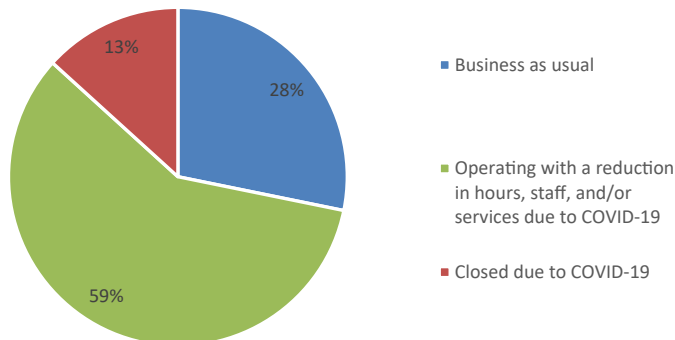
Opening message

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 **July 1st - September 7th, 2021**. A response rate of 25% yielded **214 responses**. This represents a margin of error for the randomized sample-wide questions of +/- 6%, 9 times out of 10.

Key issues for consideration:

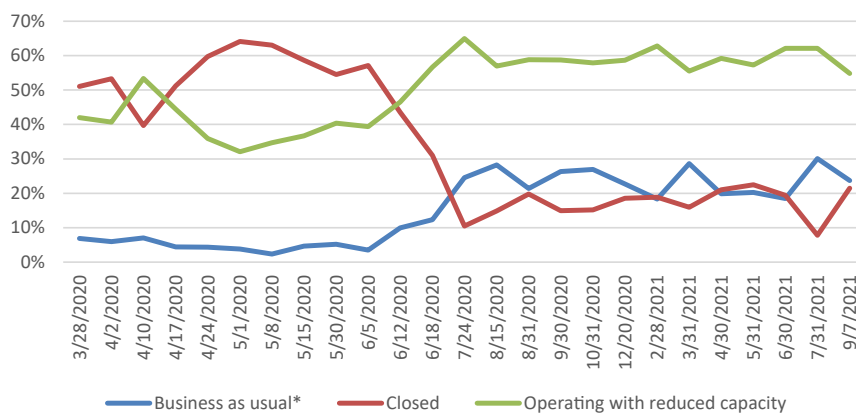
- The percentage of firms reporting **business as usual** is **28%**, having gone up 10 percentage points since the June report.
- **74%** of firms were impacted in some way by wildfires or smoke in August, which coincided with a resurgence of COVID-19 in the Okanagan and led to a broader August slowdown.
- The **average staffing level** firms are operating with rose to **67%** in July and then dropped to **58%** in August.
- Firms have hired a significant number of workers since BC's Restart Plan began, but still could not hire all the staff they needed to serve the summer season, further impacting the ability of the industry to recovery
- Most firms are receiving **fewer bookings** for the fall season than in both 2019 and 2020.
- Firms that rely primarily on international visitors have seen the largest revenue drops since 2019.
- Overall, the industry is facing a **dual supply and demand shock**, with reduced demand due to the pandemic and reduced supply from labour shortages and COVID-19 restrictions. The net result is steady prices but lower quantity.

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



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 in July and August combined was 59%, while the percentage reporting business as usual was 28%, up from 18% in June. 13% of firms reported being closed due to COVID-19 during the summer, representing a drop of 11 percentage points from June.

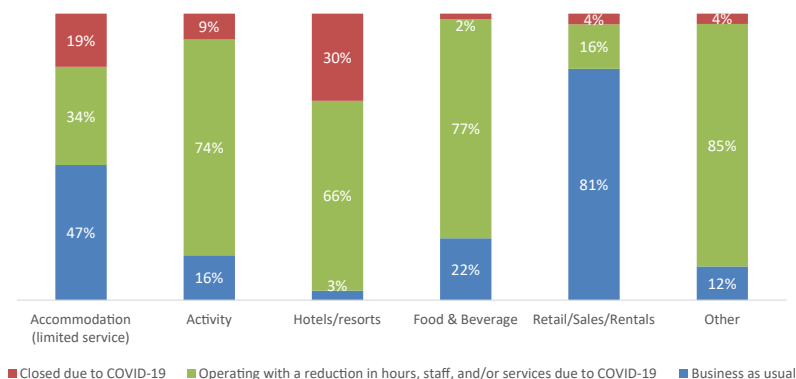
Impact of COVID-19, share of responses since start of survey (excl. VCM)



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

Comparing over time, and breaking it down by month, the percentage of firms operating with business as usual went up in July, while closed firms went down to 8%, the lowest since the survey began. This coincided with the lifting of travel and other health restrictions as BC entered Phase 3 of the Restart plan. In August, the Province re-implemented some health and safety restrictions in the Central Okanagan, then Interior Health and Northern Health, and the rest of the province.¹ During this time, the number of closed firms increased from 8% to 22%, while those operating with business as usual went back down to 24% from 30% in July.

Impact of COVID-19, by subsector



Hotels and resorts appear especially hard hit with the highest percentage of closed firms (30%) and the lowest percentage of firms operating with business as usual (3%), while retail/sales/rental businesses are the most likely to be operating with business as usual (81%).

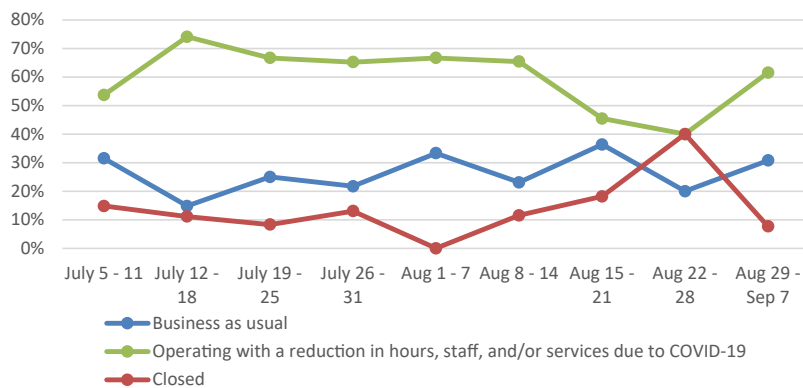
Although there is a low number of food & beverage firms that are closed, they are very likely to still be operating with a reduced capacity (77%).

1) New gathering restrictions and mask mandate were implemented province-wide on September 2. Details on health and safety restrictions remain different for the Interior Health and Northern Health regions, and the rest of the province. For more details, see: <https://www2.gov.bc.ca/gov/content/covid-19/info/restrictions>

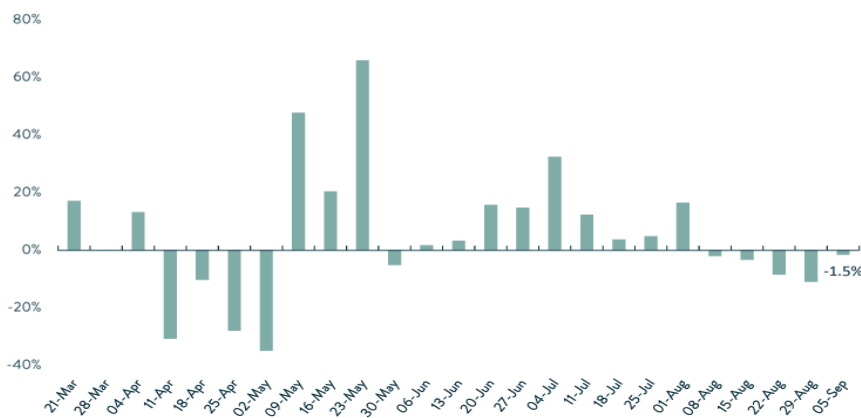
All findings are based on member surveys collected by the Secretariat during July 1st - September 7th, except where otherwise noted. For all regions, firms were drawn from a randomized list of firms that had "opted in" to communication under Canada's Anti-Spam Legislation (CASL), and the averages for sample-wide statistics are stratified by 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: Tourism Cowichan/Jordan Dyck and Destination BC/Andrew Penner.

Impact of COVID-19, by weekly reporting



Breaking down impact by week, we can see an uptick in closures during the month of August, as new restrictions were put in place.¹

BC's Domestic Overnight Visitation
Week-over-Week Percent Change

Comparing our results to the Environics Analytics Weekly COVID Tracker Report, we can also observe a similar downturn starting after the first week of August, when new restrictions were put in place, starting in the Central Okanagan.²

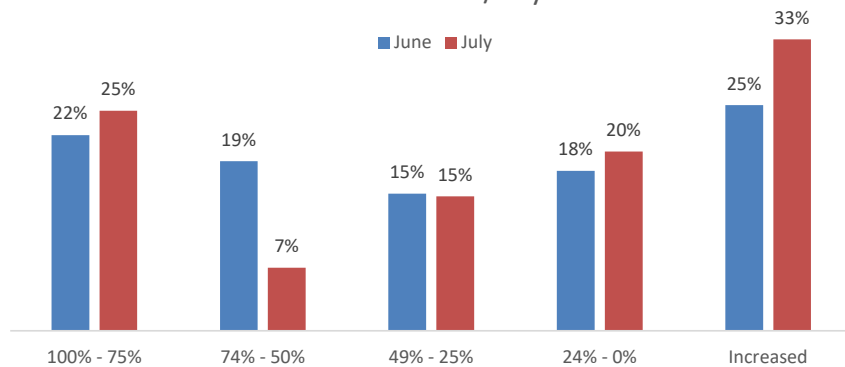
With lower demand due to travel restrictions (p. 6, 7), wildfires (p. 6, 7) and safety concerns (p. 7), and lower supply due to staff shortages (p. 6, 8) and pandemic restrictions (p. 6), the tourism sector is facing a dual supply and demand shock. This has resulted in a significant share of businesses operating at limited capacity (p. 3), suffering revenue loss (p. 5), and finding it hard to pay bills (p. 5). Paradoxically, it also results in sustained price levels and few available rooms, which in normal years would be a sign of a healthy sector. This year it is not.

1) Note: Uneven sample size by week. Take caution when interpreting results. Results not weighted by region for this chart.

2) Statistics and photo source: Destination BC. COVID-19 Research Round-up - Week 57 (September 13). https://www.destinationbc.ca/content/uploads/2021/09/DBC_COVID-Research-Roundup_Week-57_September-12.pdf

PROVINCIAL SUMMARY

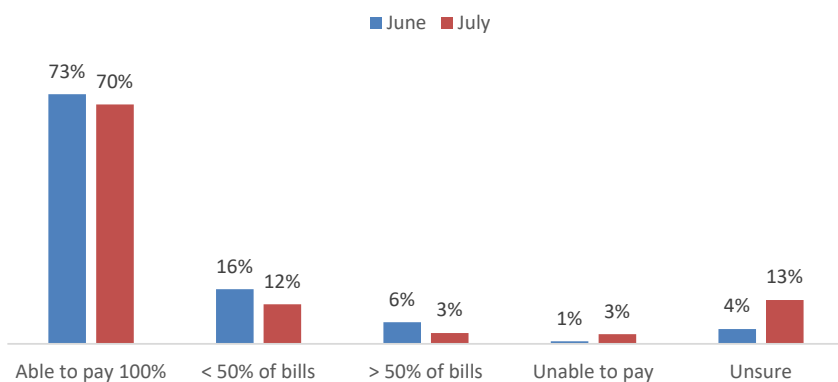
Compared to June/July 2019, by how much did your revenue fall in June/July 2021?



About 38% of firms reported losing more than half of their revenue compared to June or July 2019, before COVID-19. This represents an improvement of 22 percentage points since June's report, which referenced a period subject to heavier travel restrictions.

Meanwhile, the proportion of firms reporting an increase in revenue from June/July 2019 to June/July 2021 is at 28%.

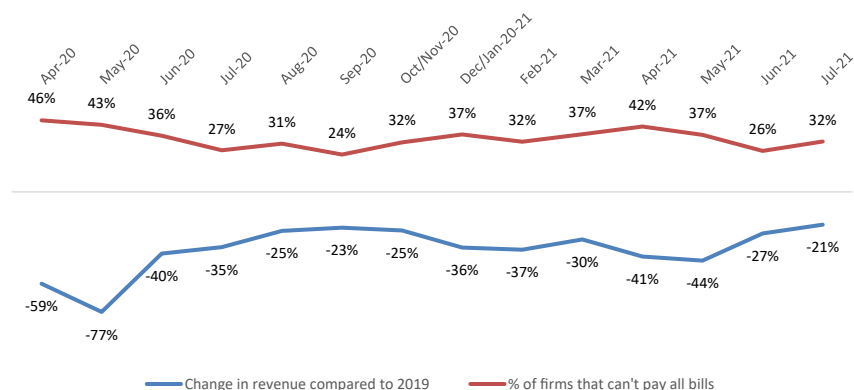
Do/did you have the cash flow to pay your June/July bills?



The proportion of firms unable to pay all of their monthly bills across all survey respondents was 29%.

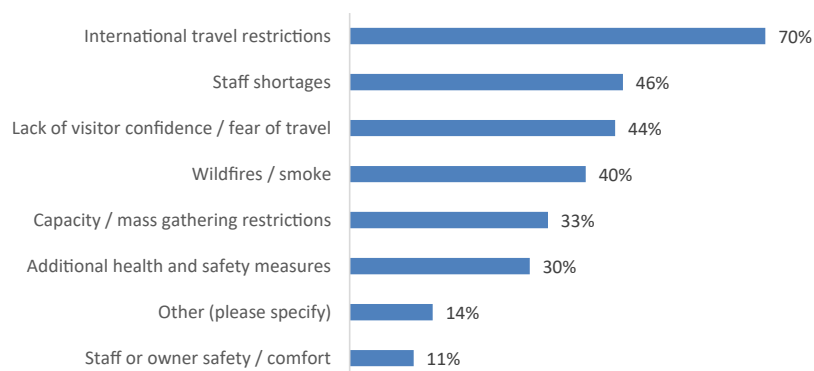
This figure is 26% for June and 32% for July.

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



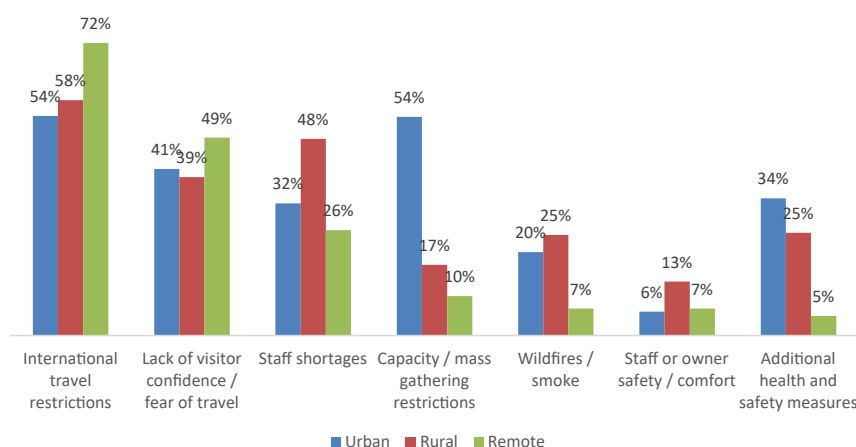
The average change in revenue for the five regions compared to the same month in 2019 (before the pandemic) was -27% in June, and -21% in July, both of which are an improvement from -44% in May.

Main issues preventing businesses from fully reopening



Of those businesses not fully reopened, the top reason businesses cited that is preventing them from fully reopening is international travel restrictions (70%). The second most cited reason was staff shortages, with almost half (46%) of businesses believing that to be a main issue.

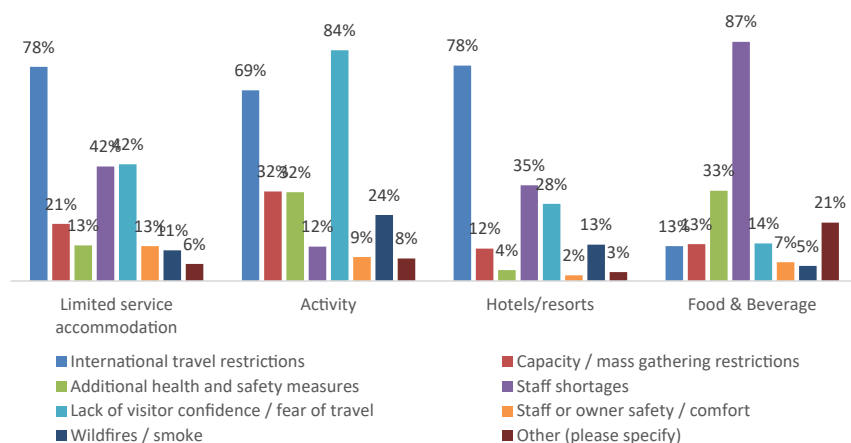
Main issues preventing businesses from reopening



Restriction on international travel is consistently believed to be the top reason preventing businesses from reopening among rural, urban, and remote firms.

Staff shortages is the second highest (48%) among rural firms. Remote firms chose lack of visitor confidence/fear of travel as their second highest, while urban firms were more likely to choose capacity/mass gathering restrictions as their second highest issue.

Main issues preventing businesses from fully opening, by subsector



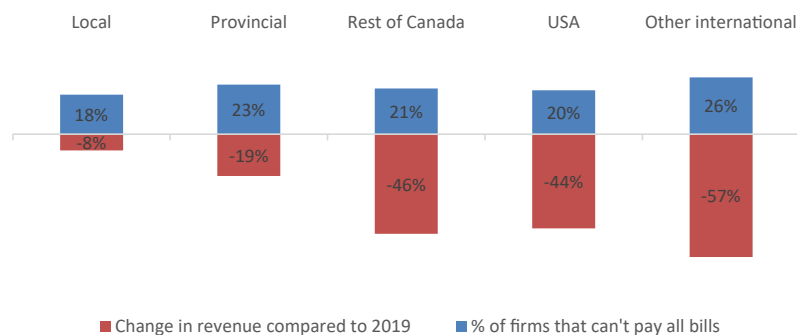
Among accommodation firms (both limited service and hotels/resorts), the highest chosen issue was international travel restrictions, followed by staff shortages.

For activity-based firms, the highest chosen issue was lack of visitor confidence / fear of travel (84%), followed by international travel restrictions (69%).

Among food and beverage firms, the highest chosen issue was staff shortages (87%), followed by additional health and safety measures (33%).

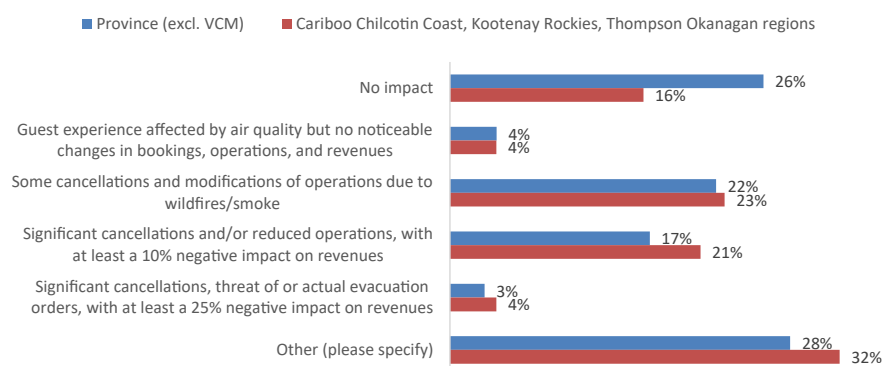
PROVINCIAL SUMMARY

Change in revenue compared to 2019 and percentage of firms without the cashflow to pay all of their bills, by primary origin of visitors



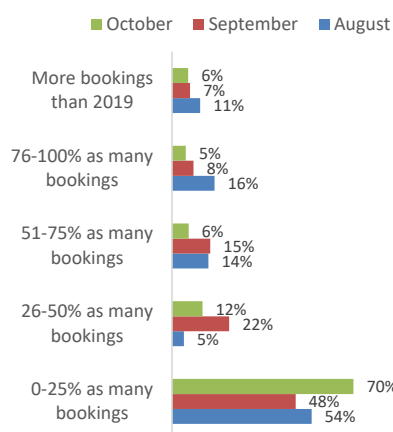
To measure the impact of travel restrictions, we look at how firms differ in revenue change and ability to pay bills, based on the primary origin of their visitors in a usual year. Those businesses that primarily receive visitors from local areas experienced an average change in revenue of about 8% compared to usual, while those that primarily depend on international visitors (excluding the USA), experienced an average change in revenue of -57%. The further firms' usual primary visitors' origins are, the worse they tend to do on these indicators.

Please rate the impact of wildfires and/or smoke on your business

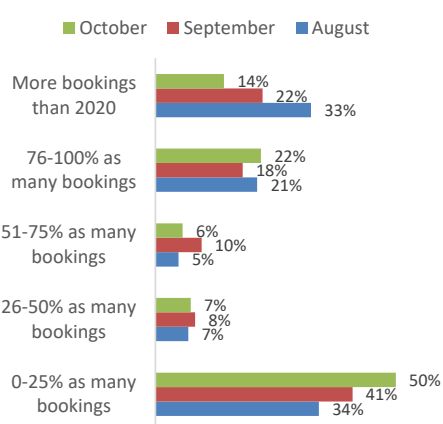


Wildfires in August also impacted businesses differently, with 74% of businesses having been impacted in some way by wildfires and/or smoke, with some regions experiencing greater impacts.¹ In 'other' impacts, firms mostly highlighted that they are receiving fewer visitors, with some firms highlighting that they did not take bookings due to wildfires, and others reporting that they received more business because they were in an area not impacted by wildfires. Impact of wildfires is difficult to measure accurately, however, as those most impacted by wildfires are less likely to have the time or energy to fill out the surveys.

Bookings this year compared to 2019



Bookings this year compared to 2020

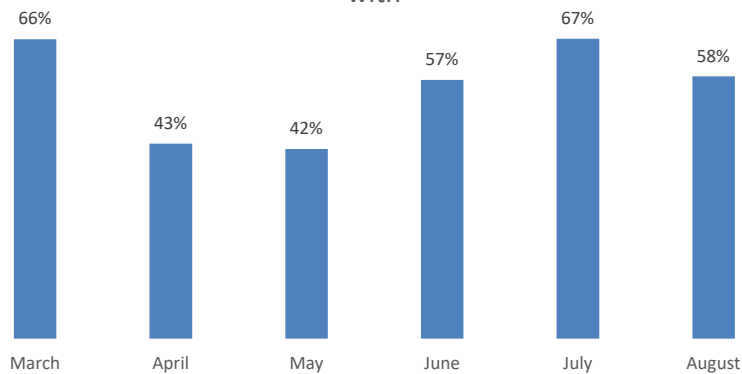


Compared to pre-COVID-19, most firms that take advance bookings are still receiving far fewer bookings for the next few months, with 54% having received less than a quarter of their bookings volume compared to usual for August.

Compared to last summer (2020), most firms are receiving as many or fewer bookings for the next few months. Only 33% received more bookings than in 2020 for the month of August, and 22% and 14% for September and October, respectively.

1) Since this question was only asked in August, the number of responses is smaller and standard errors are larger than other questions in this report.

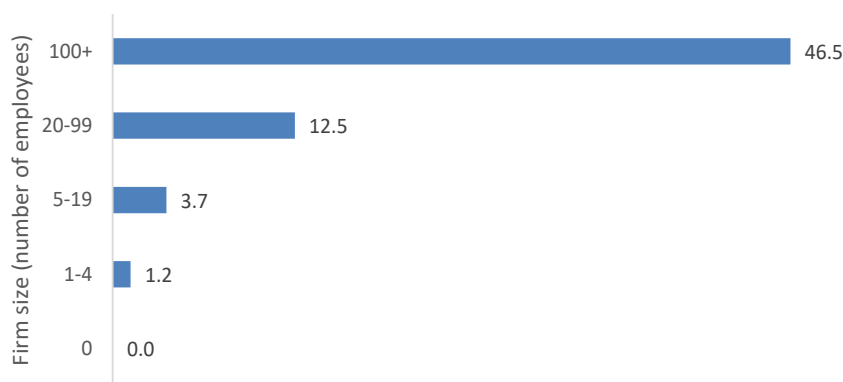
Percentage of usual staffing businesses are operating with



The average staffing level firms were operating with in July was 67%, while firms operated with 58% of their usual capacity in August. This is a decrease of 9 percentage points between July and August, bringing the percentage down again near June levels.

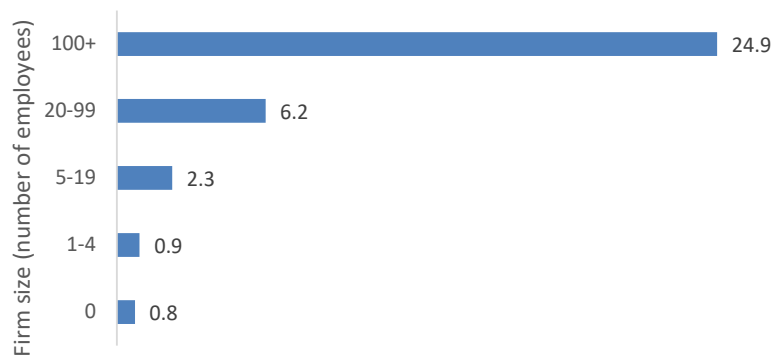
The percentage of firms that reported using less than half of their usual staffing capacity for this time of year is 33%, decreasing slightly since the last report.

Average number of hires/rehires by business size since BC's Restart Plan began



Businesses are also still hiring and rehiring workers. Since the Restart plan began, firms with 20-99 employees have hired an average of 13 new employees.

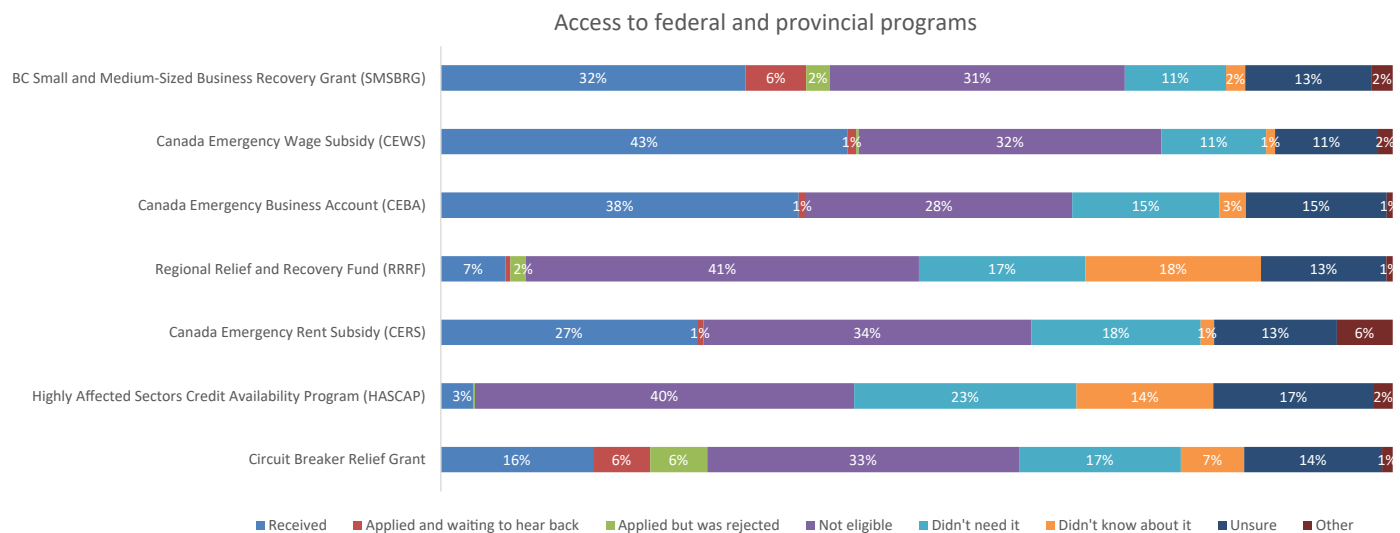
Average number of staff members businesses would hire today if the applicants were available, by business size



At the time of the survey, firms would hire even more staff if the applicants were available. Firms with 20-99 employees would hire an average of 6 new employees if the applicants were available, but often could not due to labour shortages.

In July, 43% of businesses 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 38%.

Of programs listed in the survey, the Regional Relief and Recovery Fund (RRRF) had the highest proportion of reported ineligibility (41%). About 32% of businesses surveyed this month received the BC Small and Medium-Sized Business Recovery Grant (SMSBRG), representing an increase in take-up of 4 percentage points since June. The Circuit Breaker Relief Grant and the SMSBRG both have the highest percentage of firms that have applied but are still waiting to hear back, with 6% still waiting for each. Only 3% of firms reported receiving the HASCAP federal program, which is also still one of the most unknown 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.
- New businesses were unable to show proof of profitability prior to COVID-19
- Firms are concerned with future financial hardship and paying back loans

"We did not have people on payroll in March of 2019, so we did not qualify. We also own our properties, and do not rent." - Remote accommodation (full service)

"We are only 3 years old so still growing. We focused on e-commerce to try and survive and not lay people off. Because the way the grants are designed around revenue rather than profitability we did not qualify. We did not know that at the time, otherwise we would have shut everything down instead of trying to adapt."
- Rural winery/brewery/distillery

"The tech and accounting skills required to apply for these programs stopped me from accessing the help." - Rural accommodation (full service)

"I am concerned there will be audits and payback required which frankly seems like too much work and/or risk."
- Remote activity/transportation business

In additional observations, businesses highlighted:

- Worries about the future impact of financial hardship and debt
- Desire for clarity on the international border restrictions
- Frustration with flow of information about other government policies
- Difficulty finding employees and planning for reopening
- Concerns about operating with wildfires and smoke
- Concerns about enforcing health restrictions with difficult customers

"I am more worried about fire and smoke than COVID-19. I have yet to make enough to mitigate my losses if things go sideways. I only have one booking so far, at the end of August." - Rural activity-based business.

"This was a very difficult time for everyone, with COVID-19, revised restrictions and protocols, fires, smoke, and extreme heat." - Urban visitor centre

"I am worried that the border will remain closed into the fall, and I will lose another operating season. Additionally, we need clear communication on the border re-opening plan so that we can communicate with clients that are planning to come in September." - Remote activity-based business

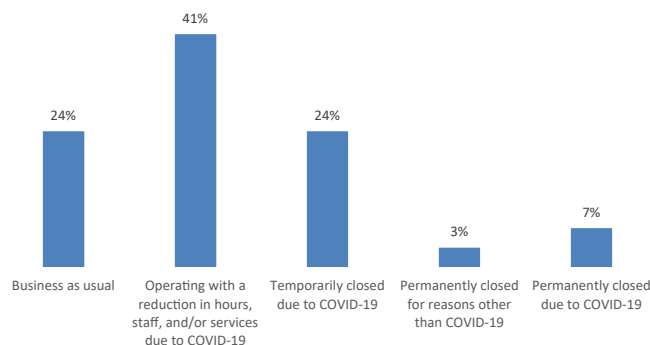
"The biggest impact on us was the inter-provincial travel restrictions as most of our business comes from Alberta. It has been very damaging that out-of-province residents are still unable to book a site at our provincial campgrounds." – Rural accommodation (limited service)

"My main concern is that we might have to close down again. We applied for the \$60,000 in interest-free loans to assist with cash flow but now we have to work on saving to pay them back. If there is another closure, this is going to become very difficult." – Rural accommodation (limited service)

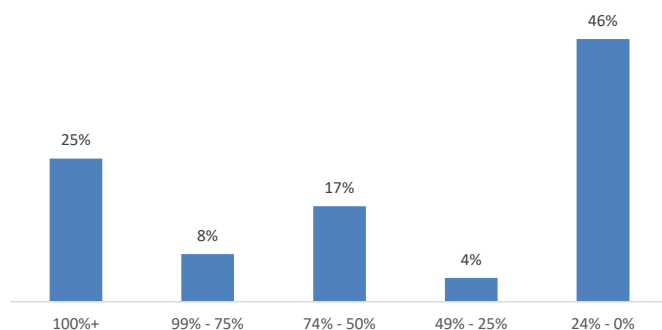
"I find the hardest part of running our business is that it is difficult to get support around lost revenue yet we are still expected to pay our mortgages, insurance, utilities, etc." – Rural accommodation (limited service)

"We are worried that there will be less travel as case numbers increase. Right now we don't have many future bookings and we believe it is because many people are being cautious." – Accommodation (limited service)

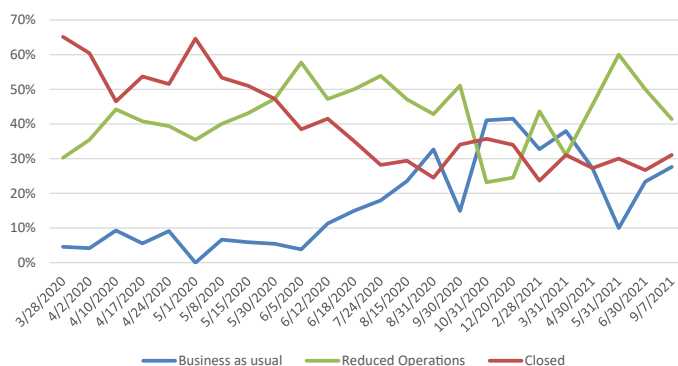
Please indicate the impact of COVID-19 on your current operations.



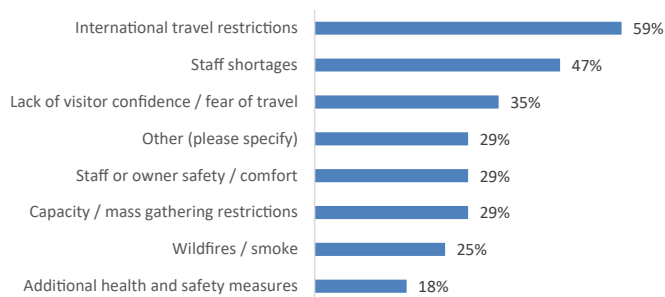
What percentage of your usual staffing capacity for this time of year is your business currently using?



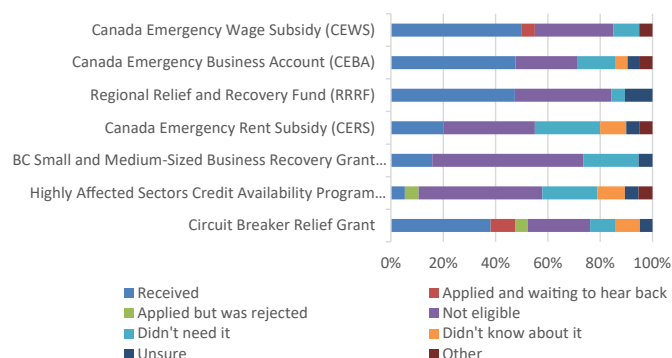
Impact of COVID-19, share of responses since start of survey



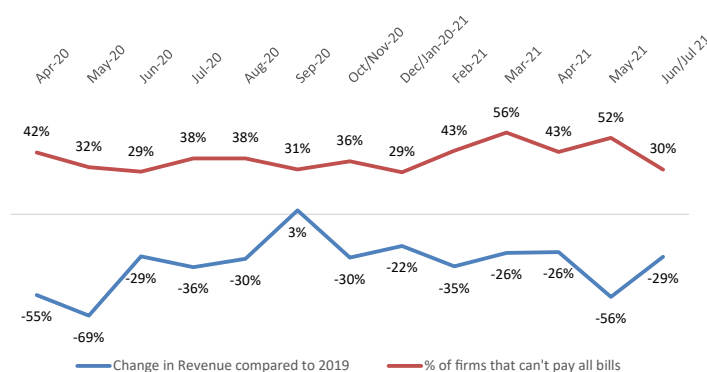
Main issues preventing businesses from fully reopening



Government assistance take-up



Change in revenue compared to 2019 and percentage of firms without the cashflow to pay all bills

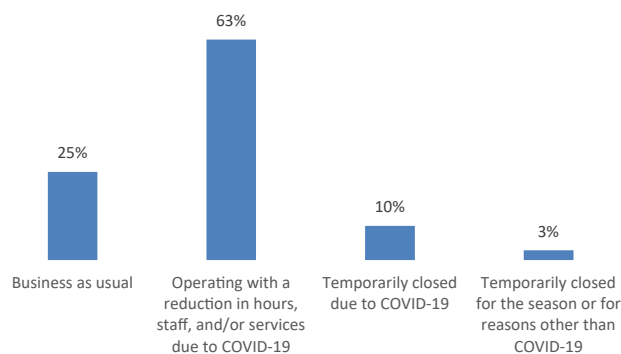


*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual

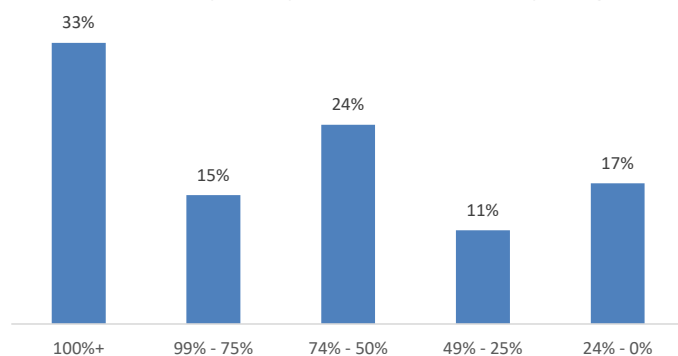
Amy Thacker
CEO, CARIBOO CHILCOTIN COAST TOURISM

A response rate of 29% yielded 29 tourism businesses, representing a margin of error for the regional questions of +/- 15%, 9 times out of 10.

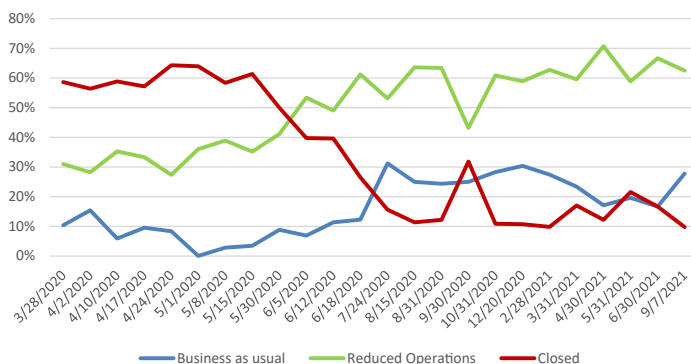
Please indicate the impact of COVID-19 on your current operations.



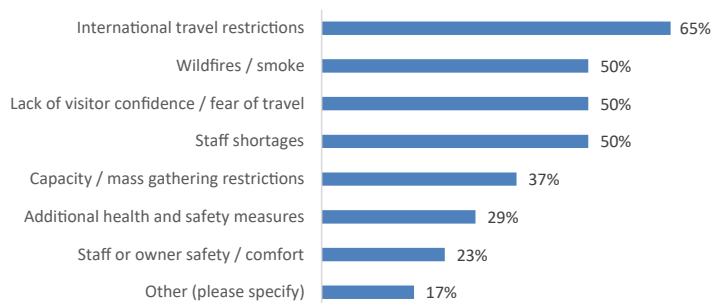
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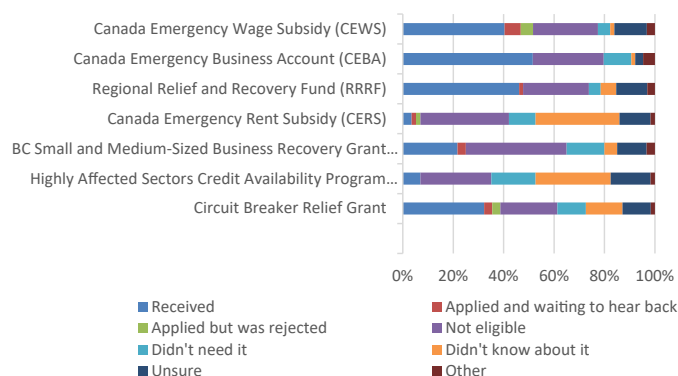
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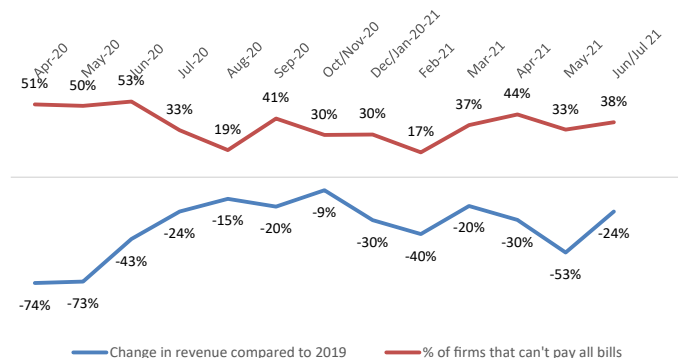
Main issues preventing businesses from reopening



Government assistance take-up



Change in revenue compared to 2019 and percentage of firms without the cashflow to pay all bills

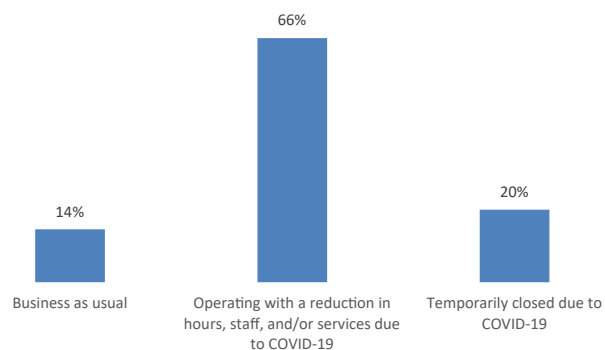


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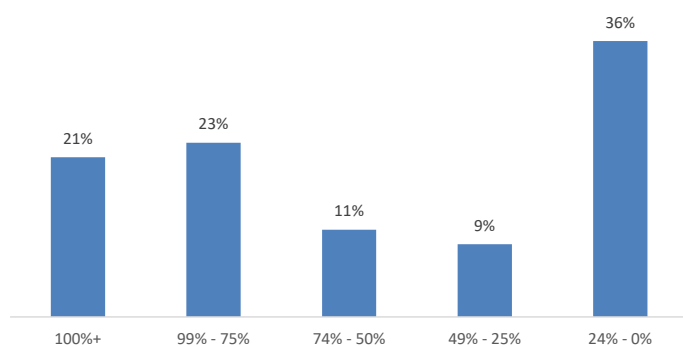
Kathy Cooper
CEO, KOOTENAY ROCKIES TOURISM

A response rate of 37% yielded 74 tourism businesses, representing a margin of error for the regional questions of +/- 8%, 9 times out of 10.

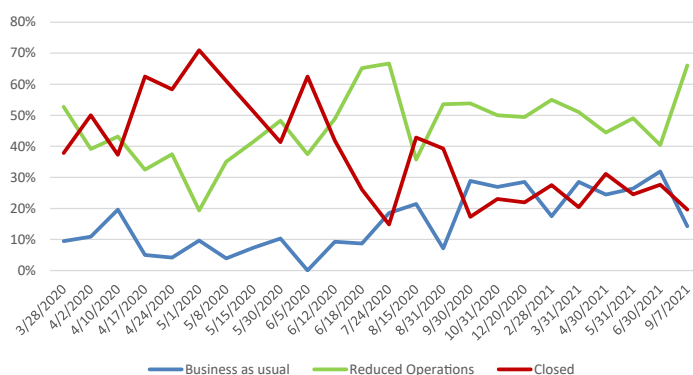
Please indicate the impact of COVID-19 on your current operations



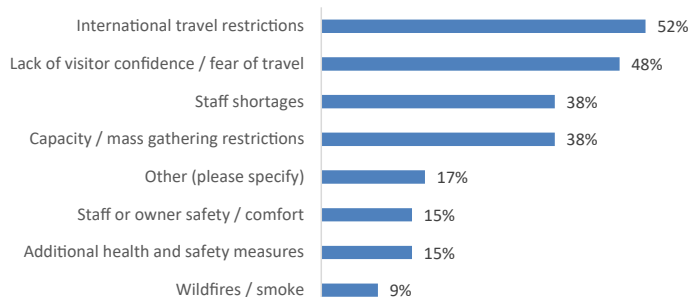
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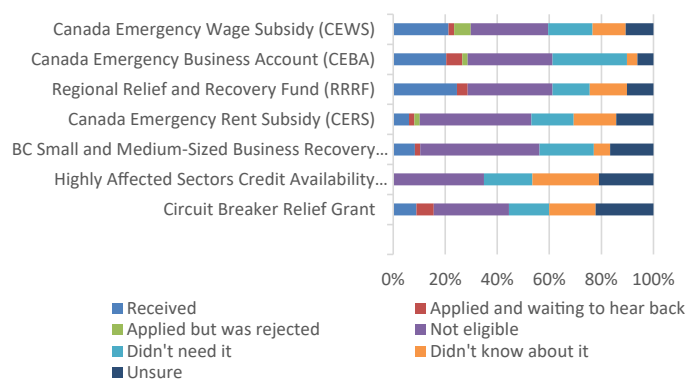
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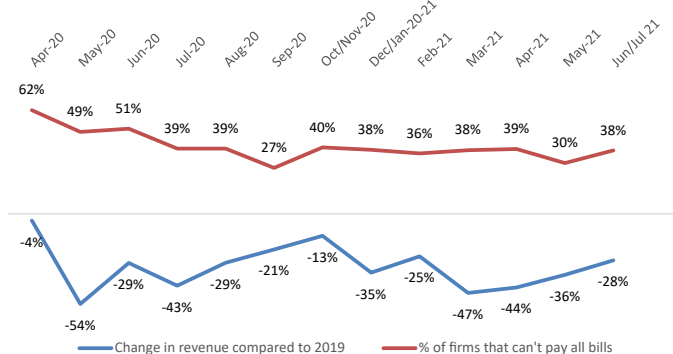
Main issues preventing businesses from reopening



Government assistance take-up



Change in revenue compared to 2019 and percentage of firms without the cashflow to pay all bills

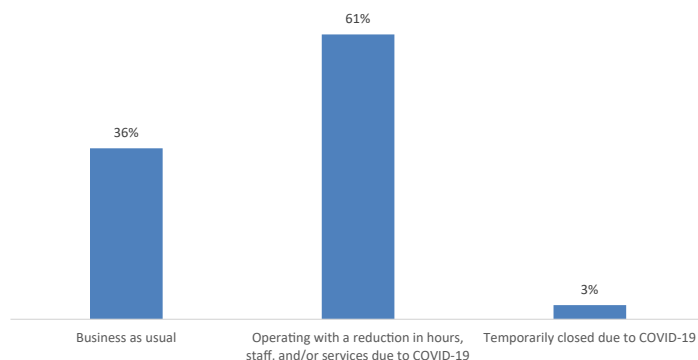


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Clint Fraser
CEO, NORTHERN BC TOURISM

A response rate of 28% yielded 56 tourism businesses, representing a margin of error for the regional questions of +/- 11%, 9 times out of 10.

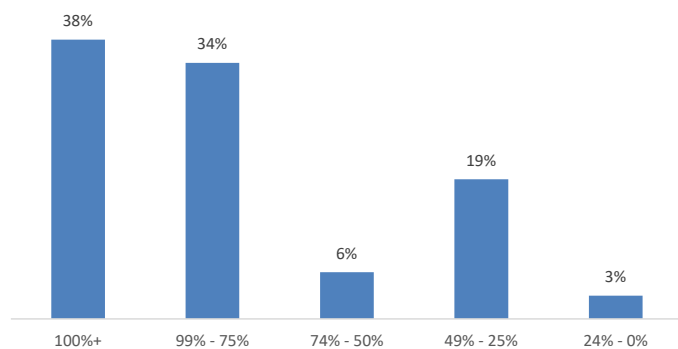
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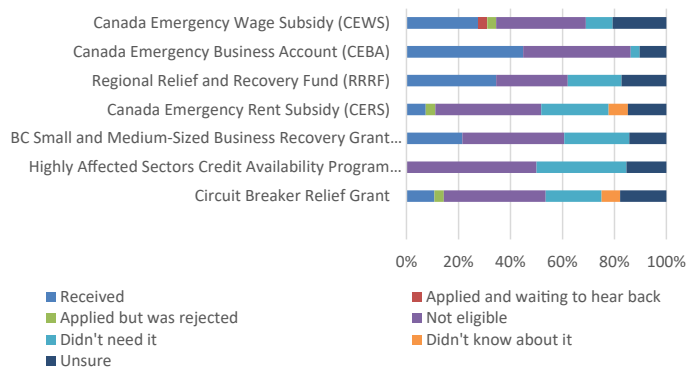
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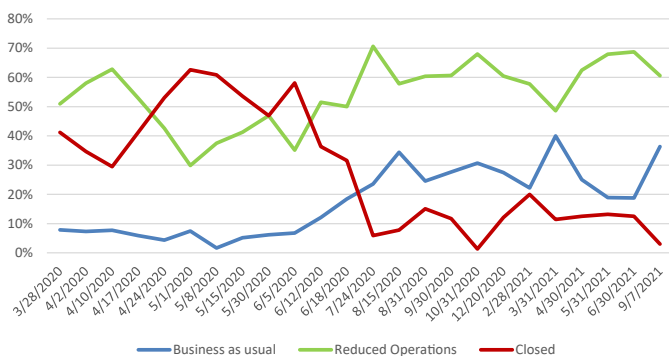
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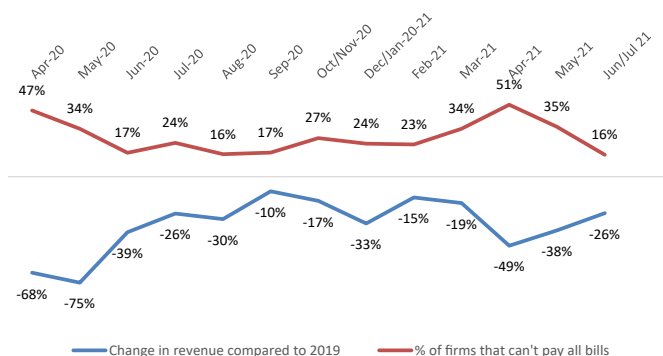
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Impact of COVID-19, share of responses since start of survey



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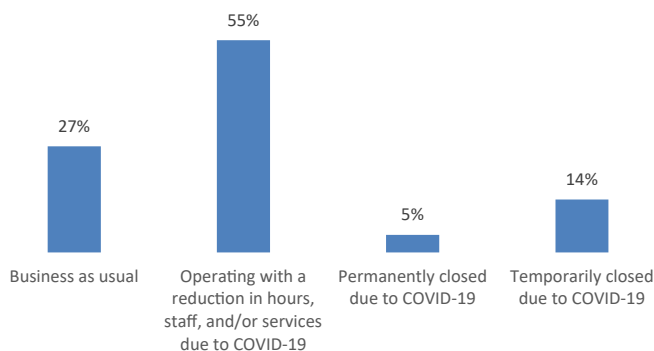


*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual

Ellen Walker-Matthews
CEO, THOMPSON OKANAGAN TOURISM

A response rate of 22% yielded 33 tourism businesses, representing a margin of error for the regional questions of +/- 14%, 9 times out of 10.

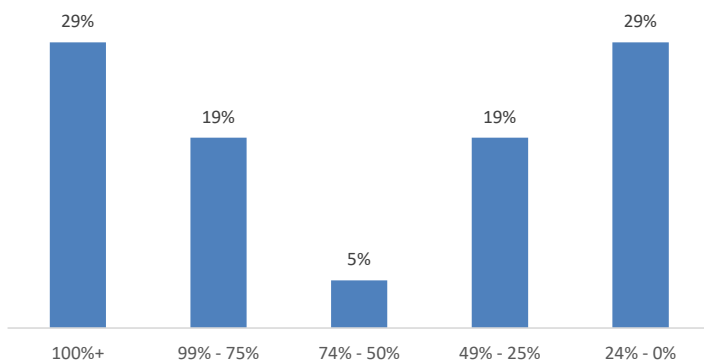
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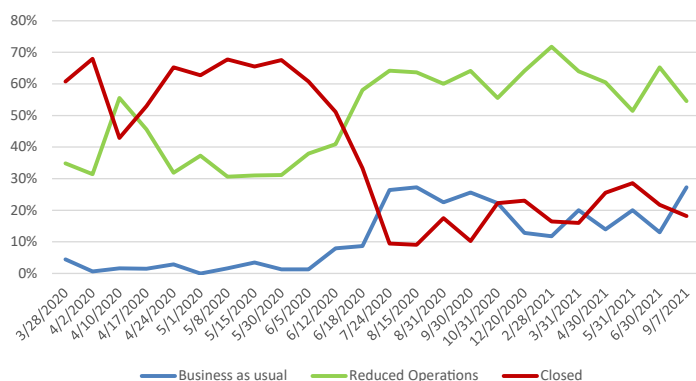
Main issues preventing businesses from reopening



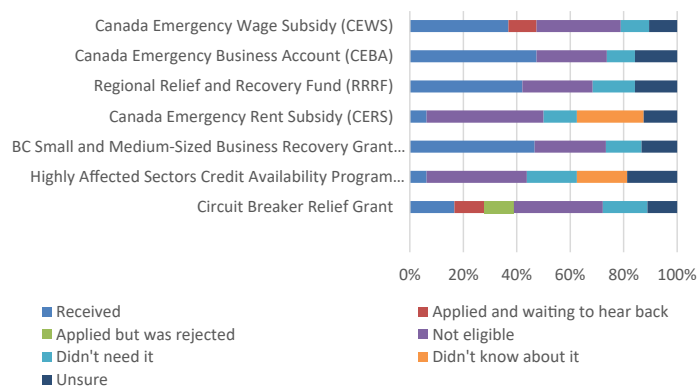
What percentage of your usual staffing capacity for this time of year is your business currently using?



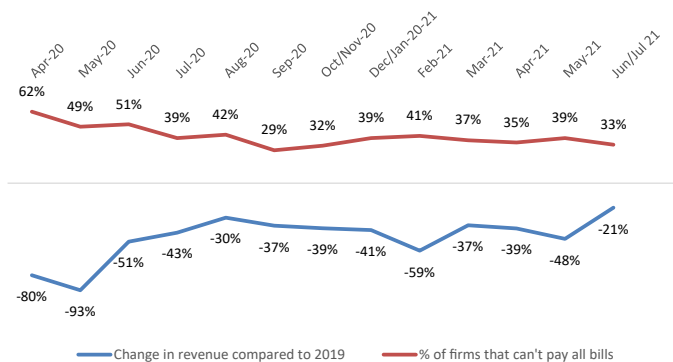
Impact of COVID-19, share of responses since start of survey



Government assistance take-up



Change in revenue compared to 2019 and percentage of firms without the cashflow to pay all bills



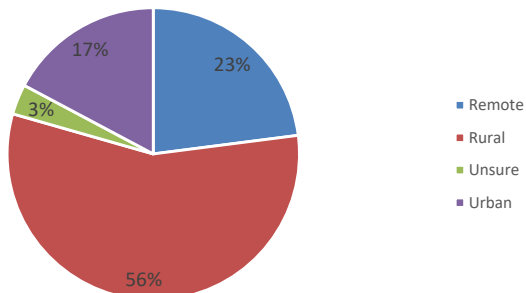
*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual

Anthony Everett
CEO, TOURISM VANCOUVER ISLAND

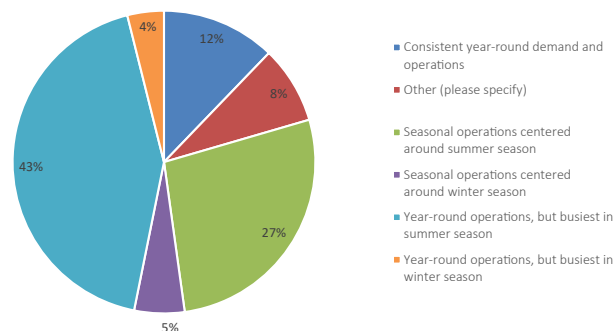
A response rate of 11% yielded 35 tourism businesses, representing a margin of error for the regional questions of +/- 18%, 9 times out of 10

APPENDIX: FIRMS SURVEYED

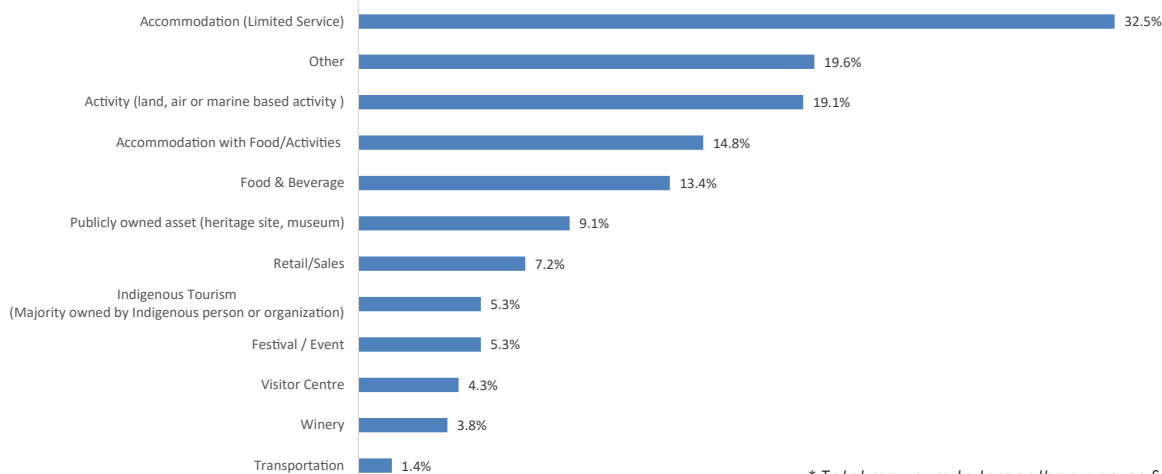
Do you consider the area in which your business operates to be urban, rural, or remote?



How would you describe your business season?

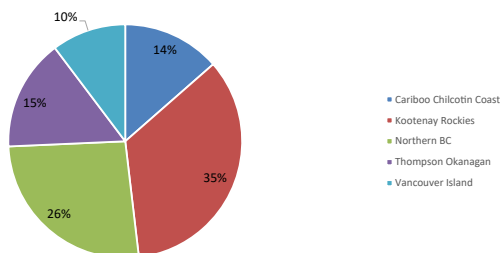


Proportion of firms by business type



* 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.