



BRITISH COLUMBIA REGIONAL TOURISM SECRETARIAT

COVID-19 TOURISM IMPACT REPORT

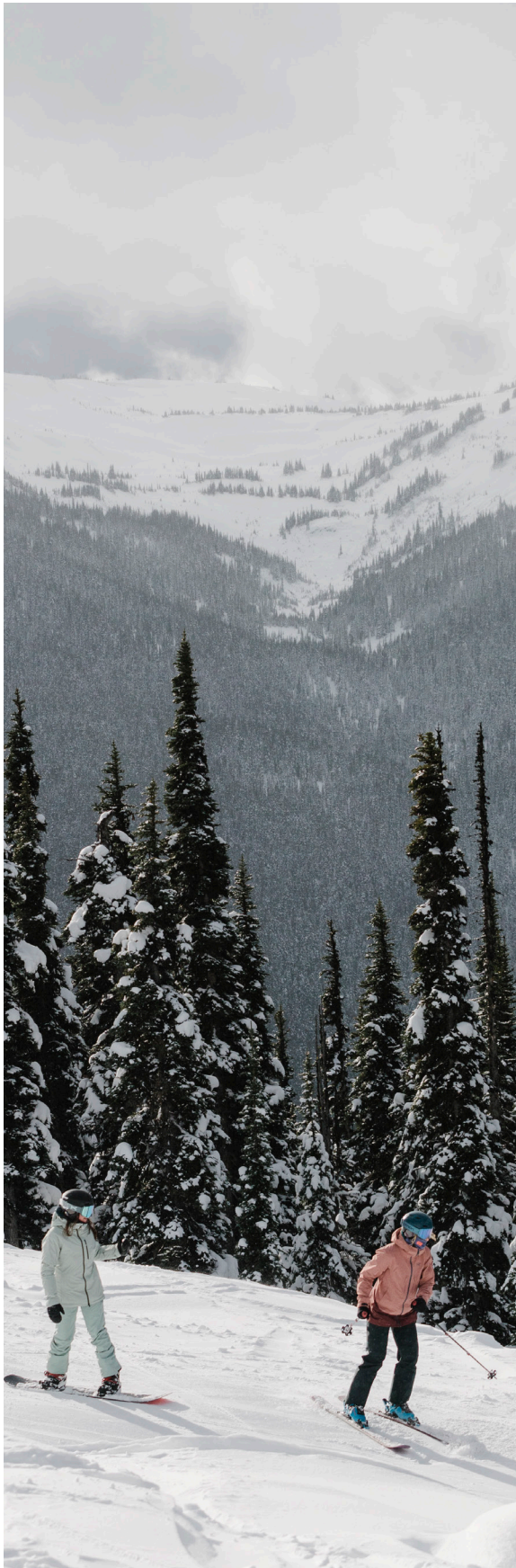
With a focus on British Columbia, including the Lower Mainland and Whistler
November 12, 2020 to December 20, 2020

FOR QUESTIONS CONTACT

Glenn Mandziuk

Chair, BC Regional Tourism Secretariat

250 - 860 - 5999



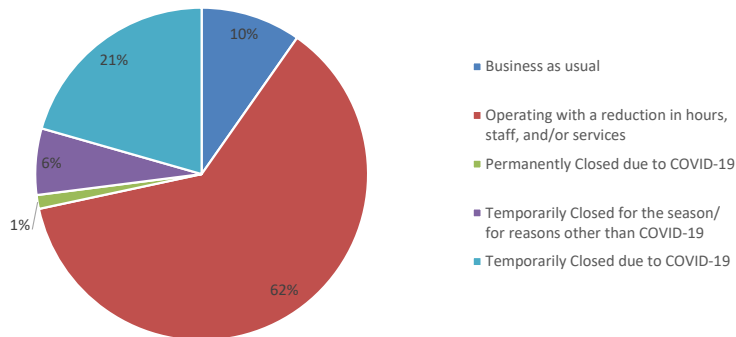
Opening message

The British Columbia Regional Tourism Secretariat, British Columbia Hotel Association, 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 with firms in all six tourism regions of British Columbia from **November 12th - December 20th**. Firms in all regions were surveyed based on a randomly selected list, except for the Vancouver, Coast & Mountains (VCM) region, where firms learned about the survey through email and chose to respond. The survey yielded **496 tourism businesses**, including 157 respondents from the VCM region. A response rate of 46% for the regions outside the VCM region yielded 339 tourism businesses, representing a margin of error for the sample-wide questions of +/- 4%, 9 times out of 10.

Key issues for consideration:

- The number of firms reporting **business as usual** for November/December is **10%**, while **6%** of firms are **closed for the season**
- **62%** of firms are operating with reduced hours, less staff and services
- The average **loss of revenue** for all firms in BC compared to this time last year is **40%**
- **57%** of businesses are **accessing the federal wage subsidy program**
- Between 20-37% businesses reported being ineligible for particular provincial and federal programs targeted for businesses
- **41%** of businesses 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

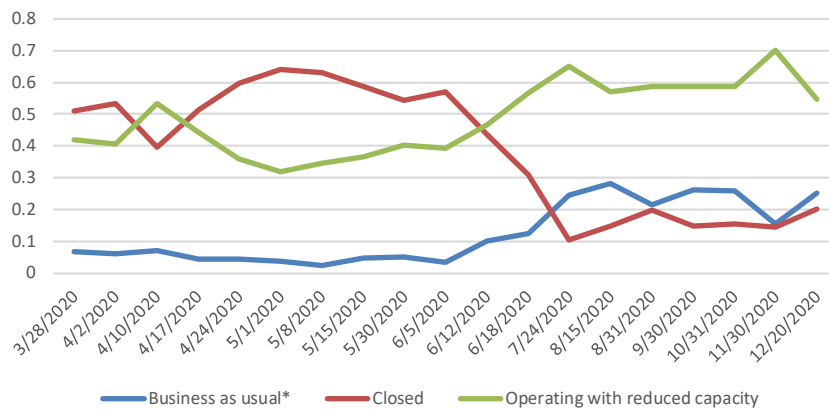
Please indicate the impact of COVID-19 on your current operations (All of BC)



The percentage of firms reporting business as usual is 10%, while 6% are temporarily closed for reasons other than COVID-19, which includes seasonal businesses that are currently closed. For context, this is far lower than the B.C. average of fully open firms (66%) and the Canadian national average for hospitality firms of 26%, as reported by the Canadian Federation of Independent Business (CFIB).

About 22% of firms are reporting being closed temporarily or permanently due to COVID-19.

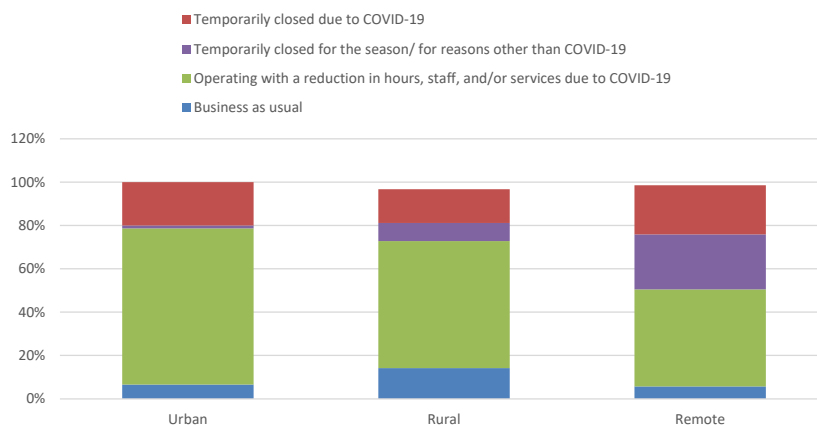
Impact of COVID-19, share of responses since start of survey (excl. VCM)



Comparing over time for the regions outside of Vancouver, Coast & Mountains, the percentage of firms that are reporting that they are closed has increased since our last report in October, with about 20% of firms reporting that they are closed in any capacity. The percentage reporting business as usual has been flat at 25%, with a dip in November. However, the sample size was not large enough for that month to identify any clear trend break.

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

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



Among urban firms, 72% were operating with reduced hours or services, compared to the average share of all firms of 62%. In contrast, 25% of remote firms were seasonal firms closed for the season per usual practice, compared to just 1% of urban firms.

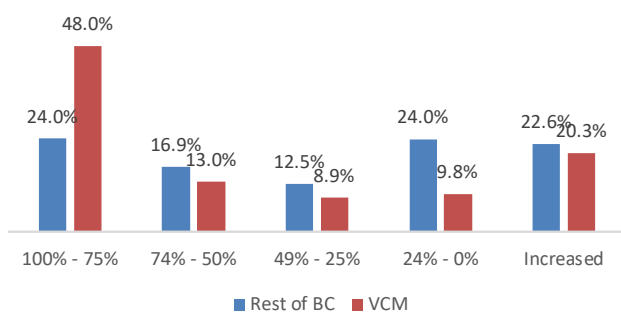
All findings are based on member surveys collected by the Secretariat during November 12, 2020 – December 20, 2020, except where otherwise noted. Survey firms were drawn from a randomized list of firms that had “opted in” to communication under Canada’s Anti-Spam Legislation (CASL), and the averages for sample-wide statistics are stratified by region. For the VCM region, responses were collected through emails to all members with voluntary response. 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/ @miraecampbell.

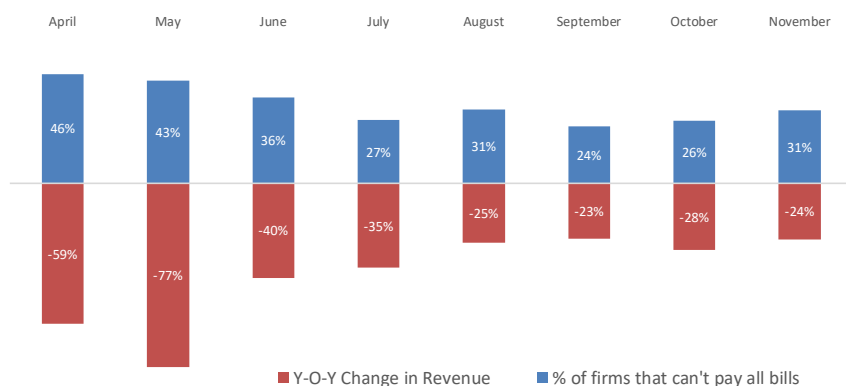
CFIB “Your Business and COVID-19”, November 25, 2020: https://www.cfib-fcei.ca/sites/default/files/2020-12/2020-11-25_COVID-19_survey_23_key_results.pdf

PROVINCIAL SUMMARY

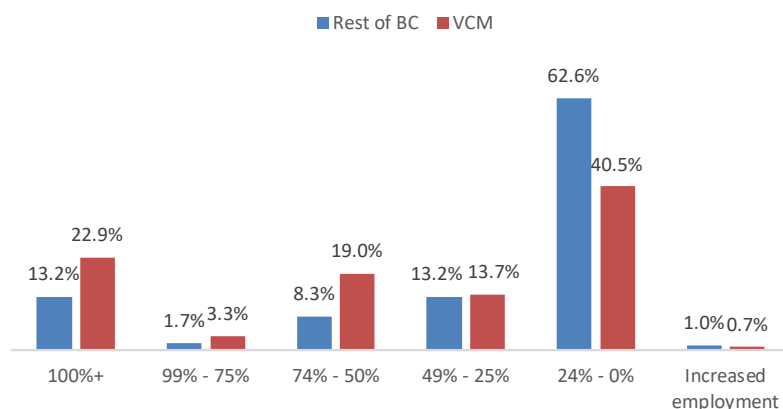
Compared to October/November 2019,
by what percentage did your revenue
fall?



Year-over-year change in revenue and percentage of firms without the
cashflow to pay all of their bills (excl. VCM)



Percentage of full-time jobs lost due to COVID-19



The average change in revenue for all regions in BC combined was -40%. About 61% of firms in the VCM region reported losing more than half of their revenue compared to 2019, compared to 41% of firms in the rest of BC.

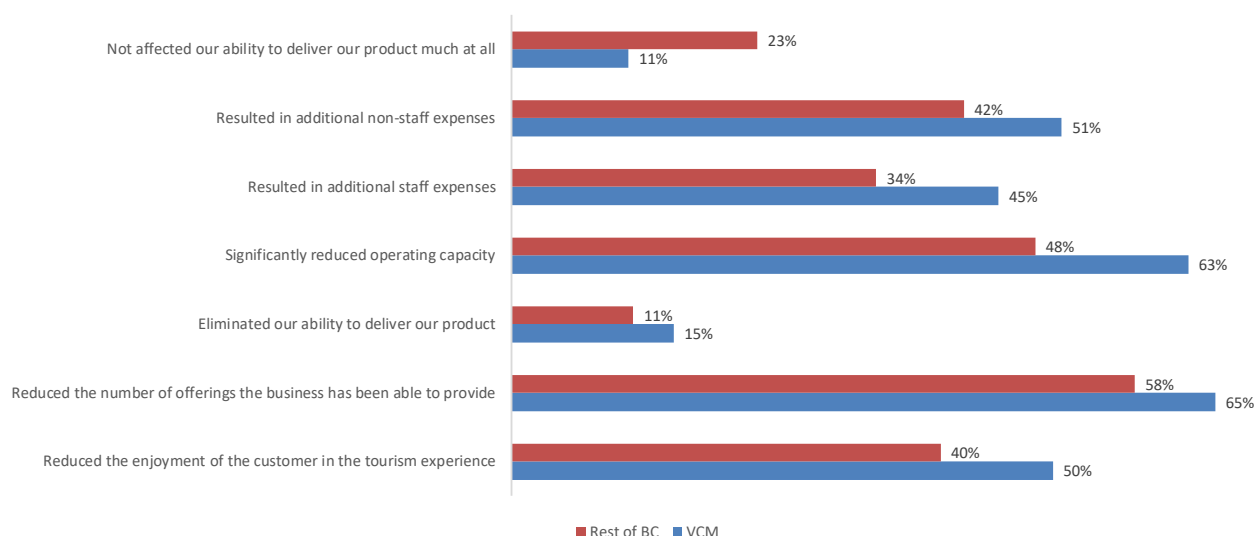
Meanwhile, the proportion of firms reporting an increase in revenue from last year was just over 20% for all regions. For comparison's sake this is more than the 9% of hospitality firms nationwide that reported having 'normal or better than normal revenue', but less than the 33% of firms in all sectors in BC that reported the same, according to CFIB.

For firms outside of the Vancouver, Coast & Mountains region, the percentage change in revenue compared to 2019 has worsened to -25% for the combined months of November and December. The proportion of firms unable to pay their monthly bills has also increased compared to October's survey.

The survey also asked about the number of full-time jobs firms lost due to COVID-19. We compare the number of full-time jobs lost with the number of employees that the firm reported in its least busy month in 2019 to estimate the percentage of full-time jobs lost. About 45% of firms in the VCM region reported losing more than half of their full-time staff, while about 23% of firms outside the VCM region reported losing more than half of their full-time staff.

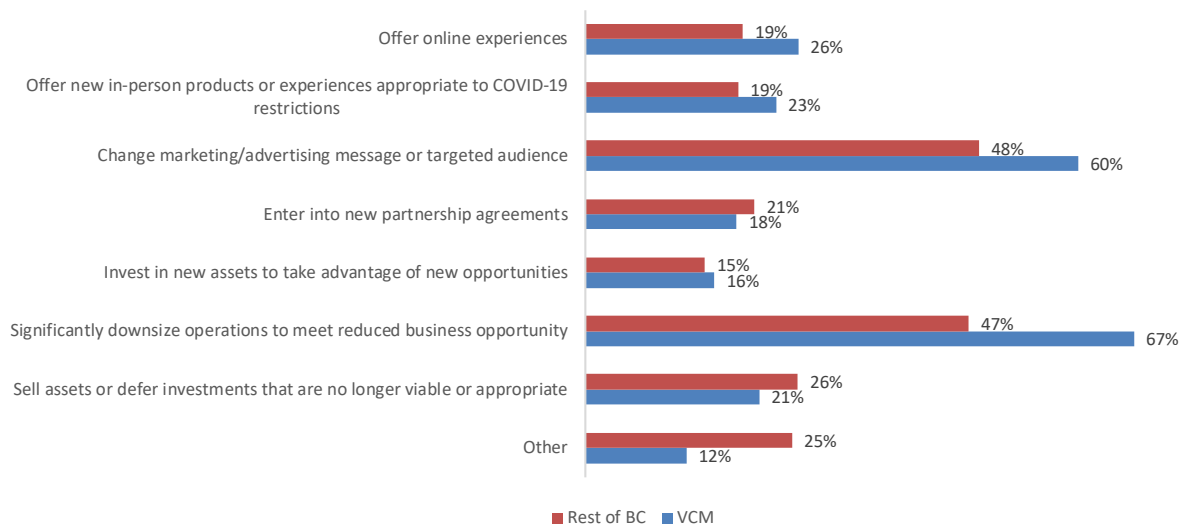
In comparison, using numbers from Statistics Canada's Labour Force Survey, we calculate that in the BC accommodations and food services sector, full-time employment was 51% lower in April 2020 than April 2019, and 12% lower in December 2020 compared to the same month in 2019.

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



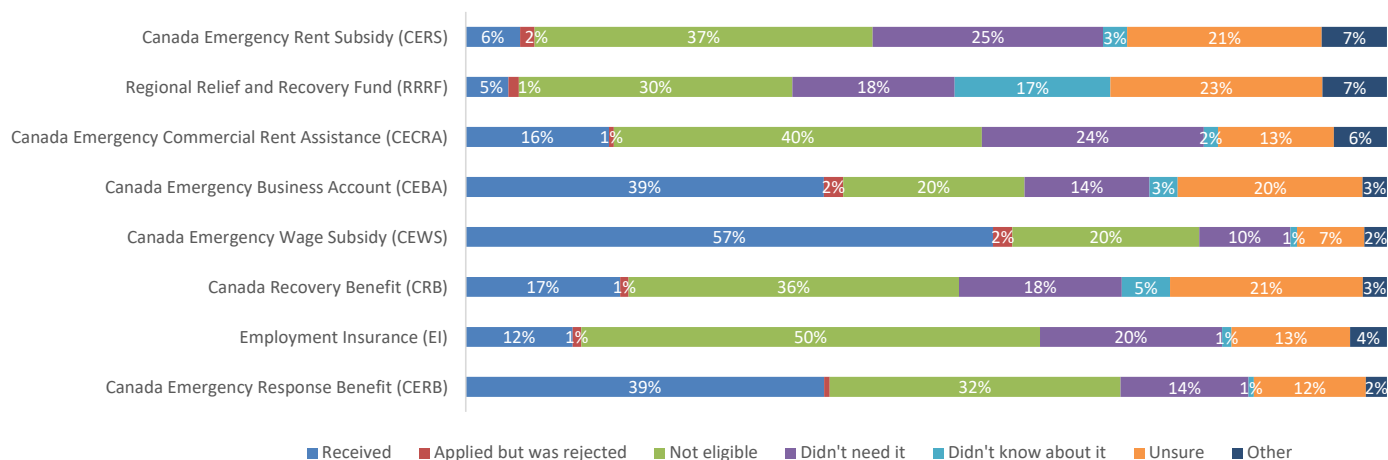
Phase 3 protocols have affected businesses in a number of ways. Of the firms that are open, the largest number of firms (62%) reporting that protocols have "reduced the number of offerings the business has been able to provide." Only 16% of firms have reported not being affected much at all by Phase 3 health and safety protocols, with a greater share of unaffected firms outside of VCM.

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



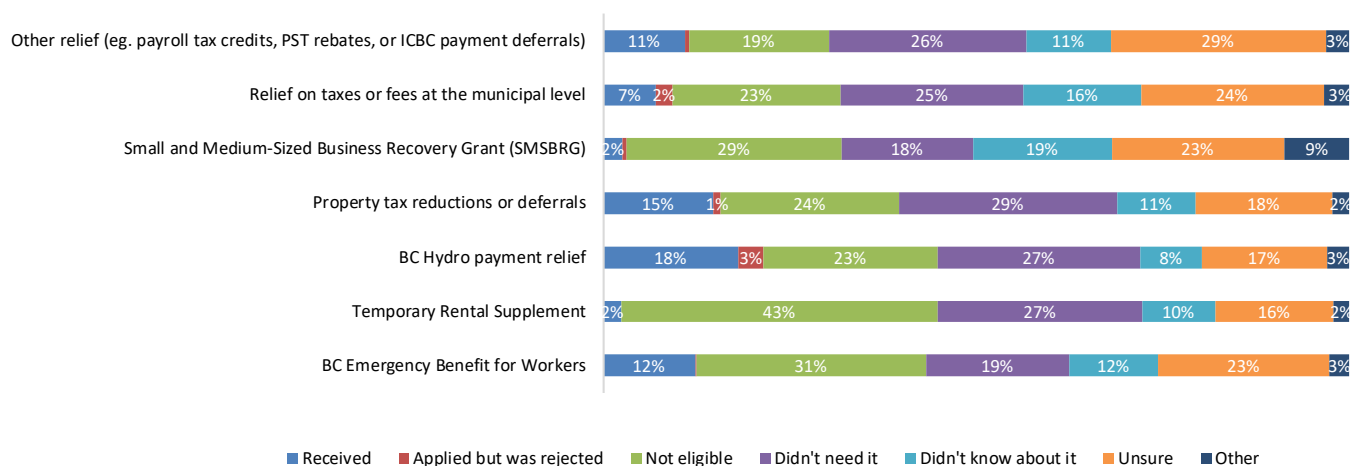
Firms have responded to COVID-19 in several ways. Most firms (55%) have had to change their marketing, advertising message or targeted audience in order to adapt to COVID-19, or else significantly downsize operations due to reduced business opportunity (59%), with VCM-based firms more likely to have taken these actions. Some 41% of firms have introduced a new product or service, whether online or in-person.

Access to federal programs (All of BC)



57% of businesses reported using the federal wage subsidy programs (CEWS), which was the most commonly received federal program. In general, firms from the VCM region reported being more likely to receive federal assistance than other regions in BC.

Access to provincial programs (All of BC)



Of provincial and municipal programs, the most commonly received was BC Hydro payment relief, with 18% of firms in the province reporting having received it. Next was property tax reductions or deferrals, with 15% having received this.

Of programs aimed specifically at businesses/organizations, the Canada Emergency Rent Subsidy (CERS) had the highest proportion of reported ineligibility (37%), followed by the Regional Relief and Recovery Fund (RRRF) at 30% ineligibility.

The Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Business Account (CEBA) both had the smallest proportion of ineligibility (20%) and the highest proportion of recipients.

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
- Concern with accessibility of support programs

"Our business has experienced an increase in interest. Because we offer a remote wilderness product, folks in British Columbia see it as a safe, in-province vacation option."
- Remote activity operator

"Given the ongoing changes being implemented to adhere to the COVID restrictions I am uncertain how to market to my target clientele and how to decide whether to invest further to develop my business in 2021." - Rural limited service accommodation

"We need grants and an extension of the wage subsidy through to the end of September or October next year. We need to know that it is coming so we can price products accordingly, hire staff and take bookings now for the summer months" -Remote activity operator

"With travel restrictions, we are very concerned about occupancy levels over the critical winter season." -Rural limited service accommodation

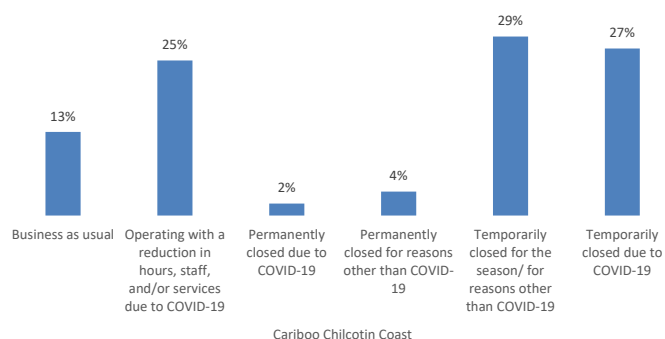
"Now that the winter is upon us, patrons do not want to sit outside on a patio so we are turning people away and losing almost 50% of regular business." - Food & beverage operator

"The grants we have received are very particular about the usage of funds. When it comes to the amount received, which is less than what we applied for, we find ourselves further in debt." - Remote indigenous tourism

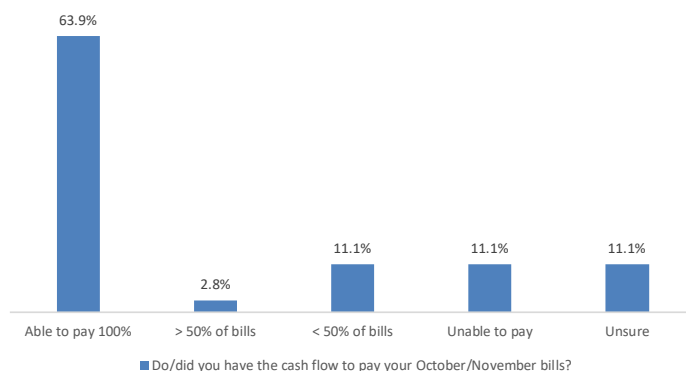
"Many of the grant applications do not qualify small family businesses without employees." - Rural accommodation business

"Our area could benefit significantly by some type of overall marketing program. Small regions and organizations need better support for tourism." - Rural winery/cidery association.

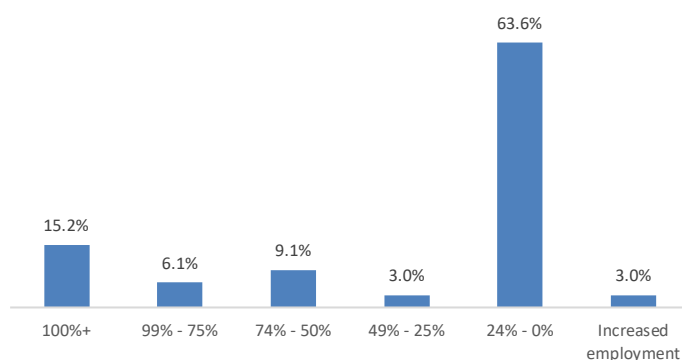
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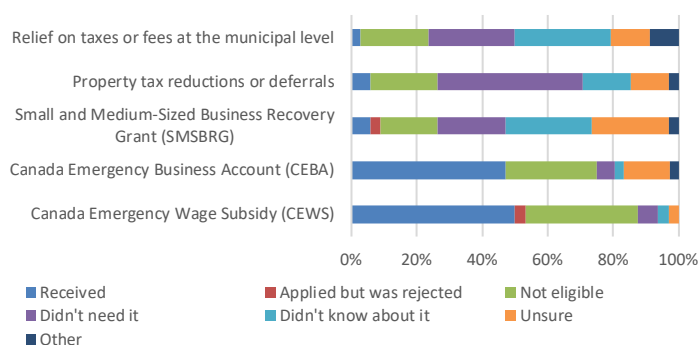
Ability to pay bills, October/November



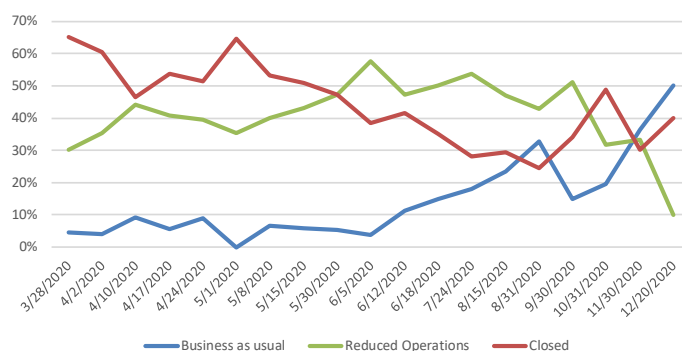
Percentage of full-time jobs lost



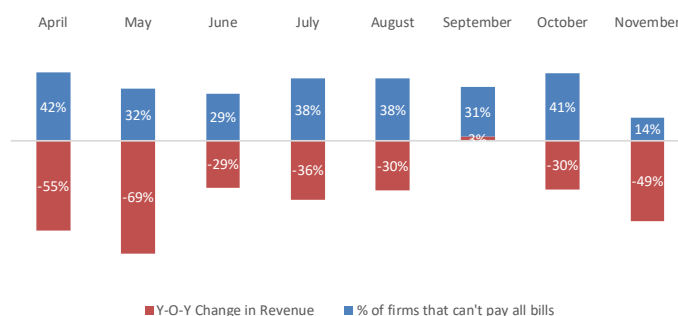
Government assistance take-up



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

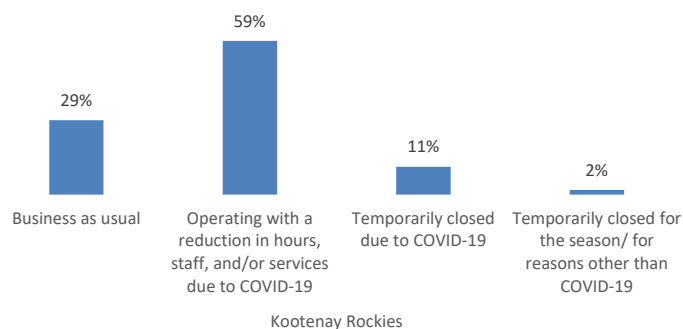


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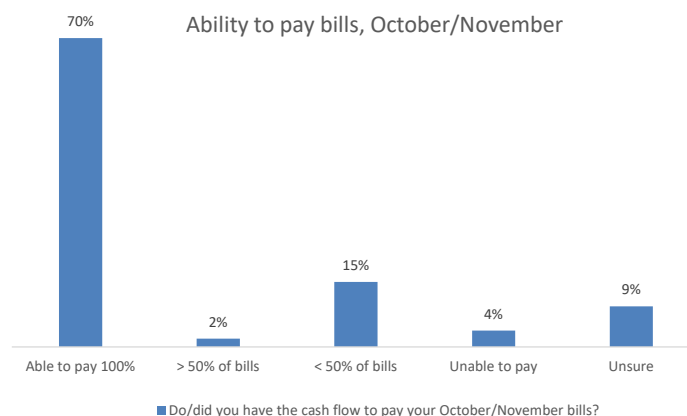
Amy Thacker
CEO, CARIBOO CHILCOTIN COAST TOURISM

A response rate of 52% yielded 56 tourism businesses, representing a margin of error for the regional questions of +/- 10%, 9 times out of 10.

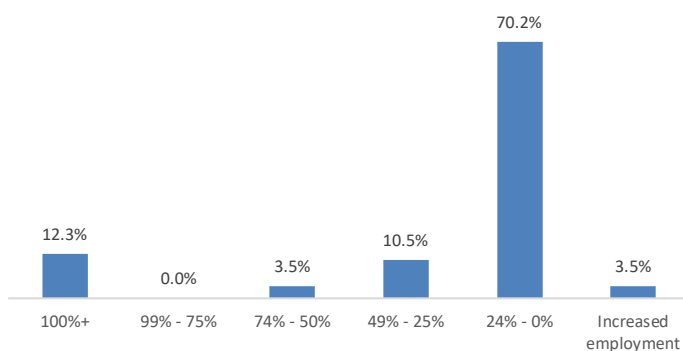
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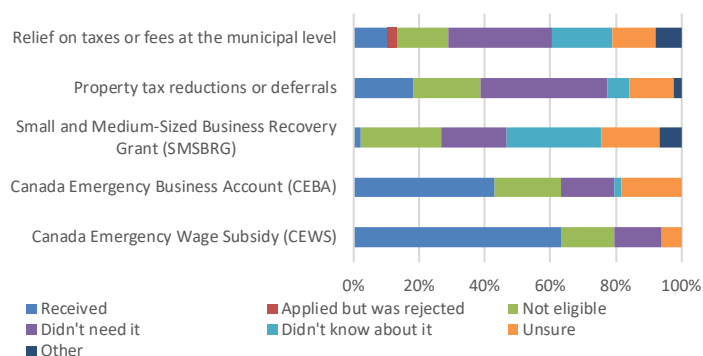
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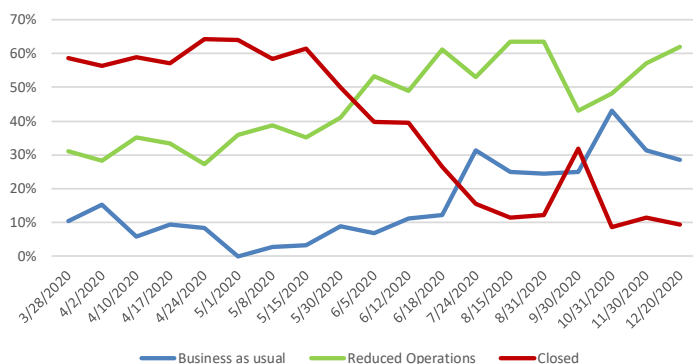
Percentage of full-time jobs lost



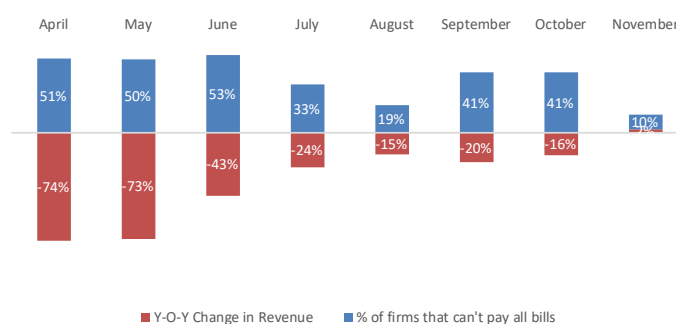
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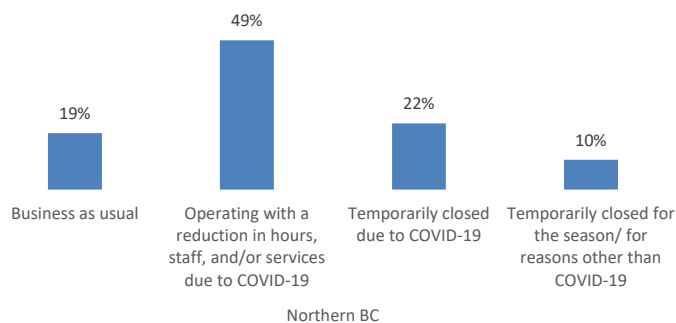


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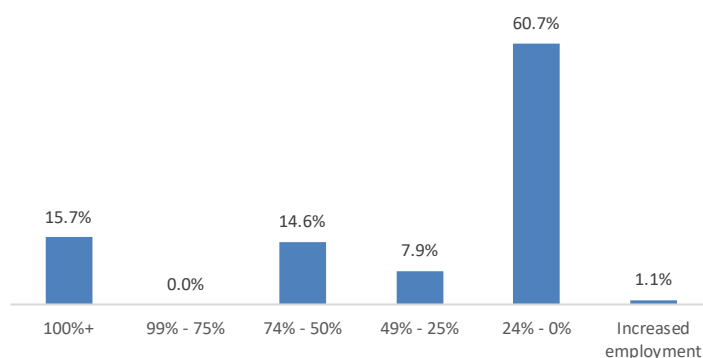
Kathy Cooper
CEO, KOOTENAY ROCKIES TOURISM

A response rate of 60% yielded 60 tourism businesses, representing a margin of error for the regional questions of +/- 10%, 9 times out of 10

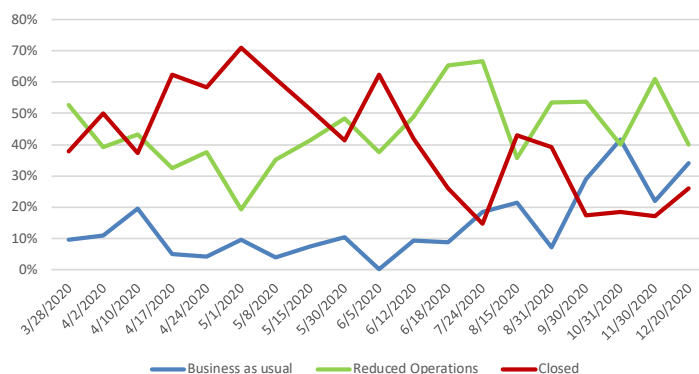
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Percentage of full-time jobs lost

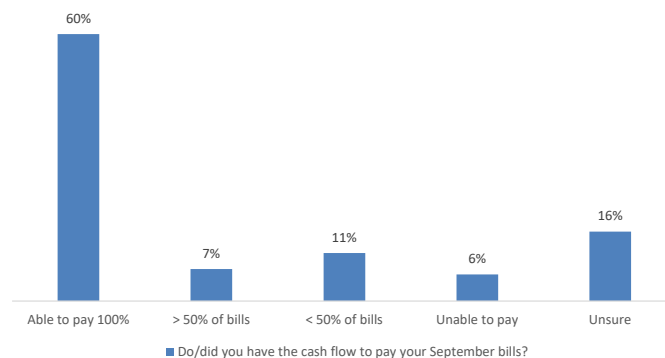


Impact of COVID-19, share of responses since start of survey

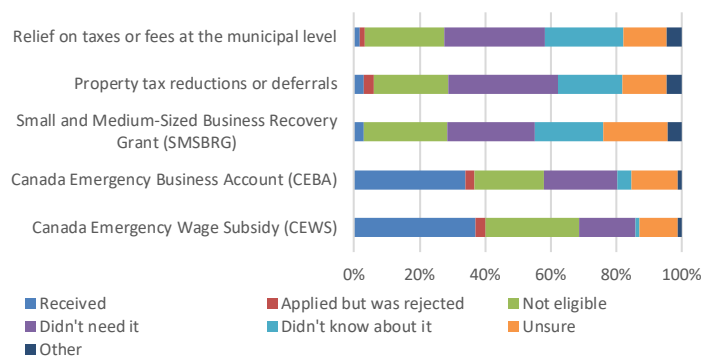


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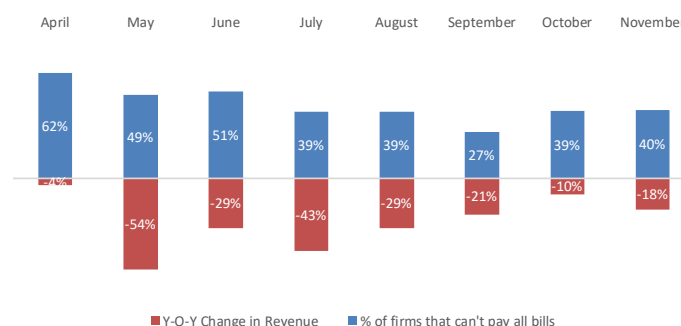
Ability to pay bills, October/November



Government assistance take-up



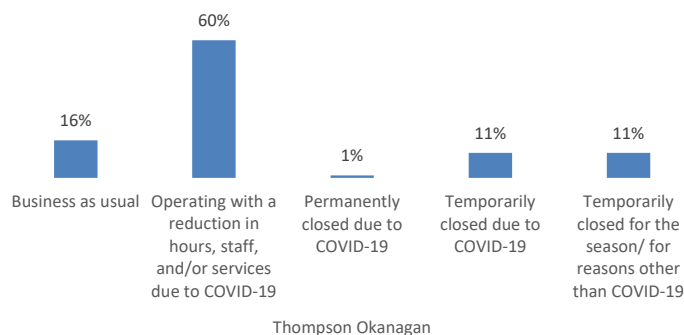
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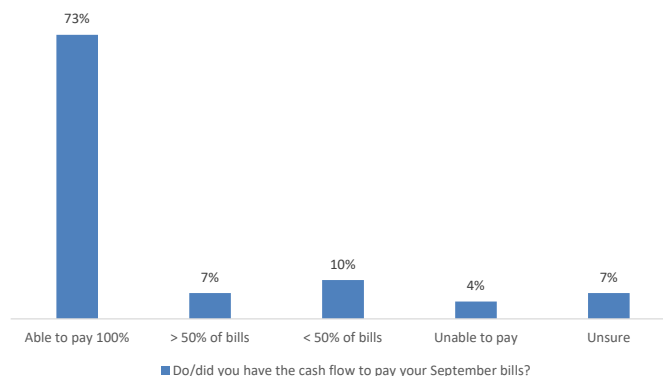
Clint Fraser
CEO, NORTHERN BC TOURISM

A response rate of 67% yielded 95 tourism businesses, representing a margin of error for the regional questions of +/- 8%, 9 times out of 10

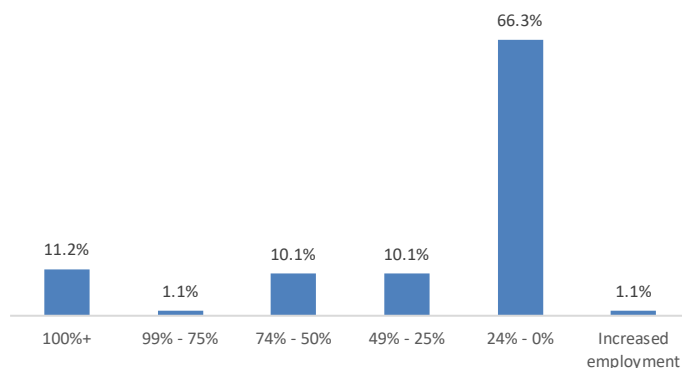
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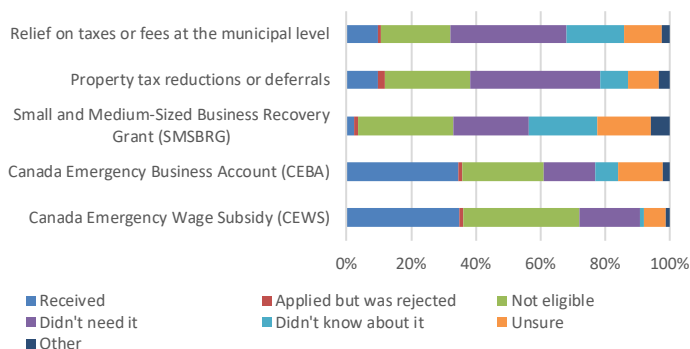
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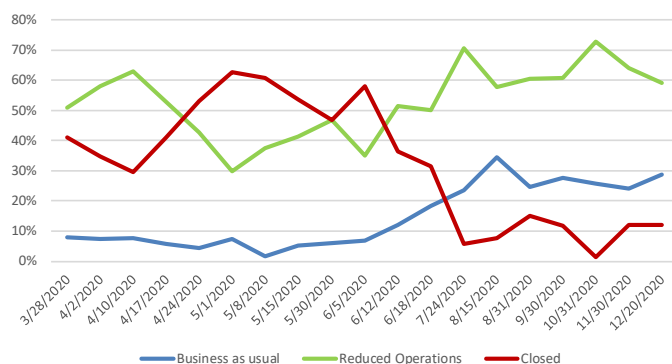
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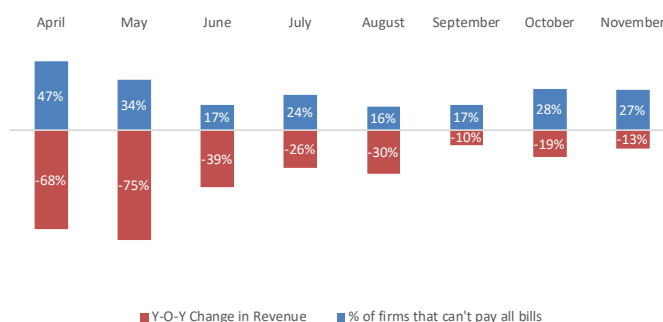
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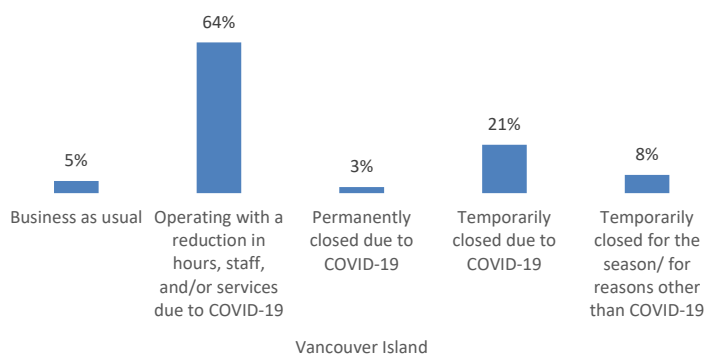


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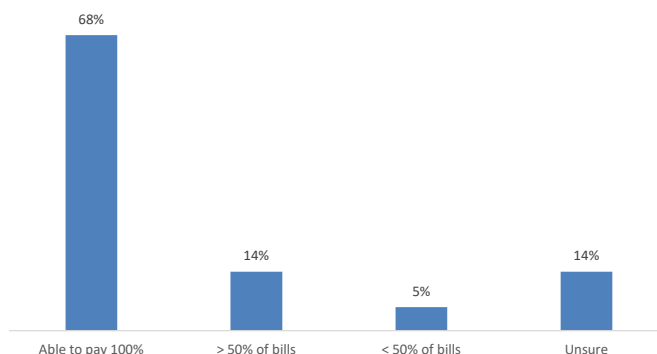
Glenn Mandziuk
CEO, THOMPSON OKANAGAN TOURISM

A response rate of 47% yielded 94 tourism businesses, representing a margin of error for the regional questions of +/- 8%, 9 times out of 10

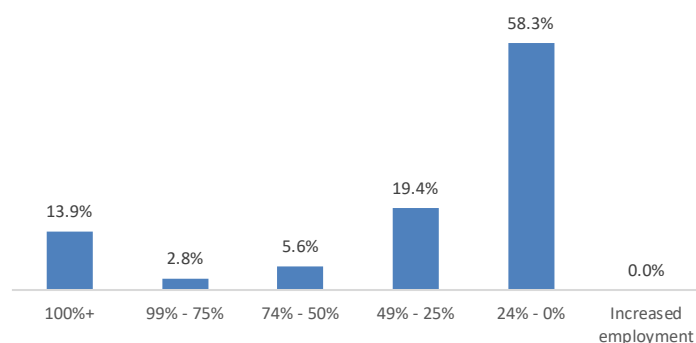
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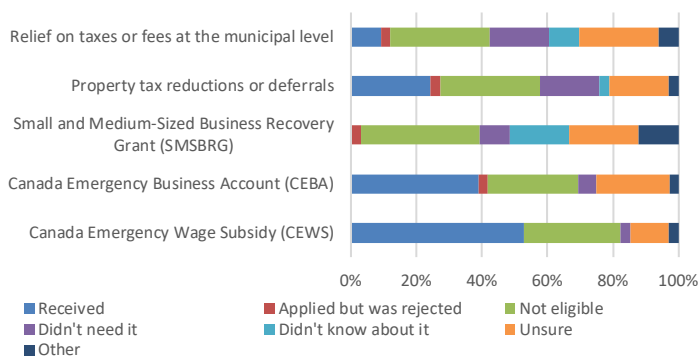
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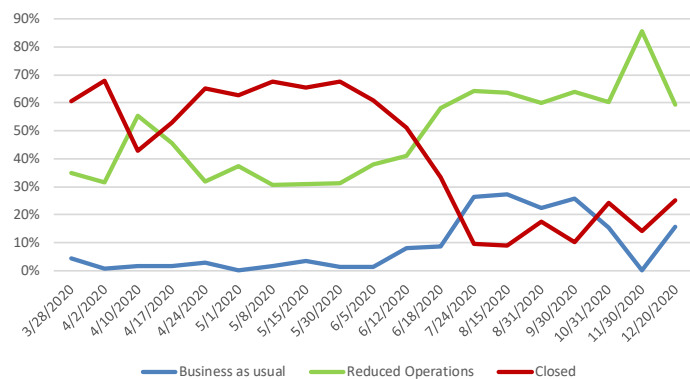
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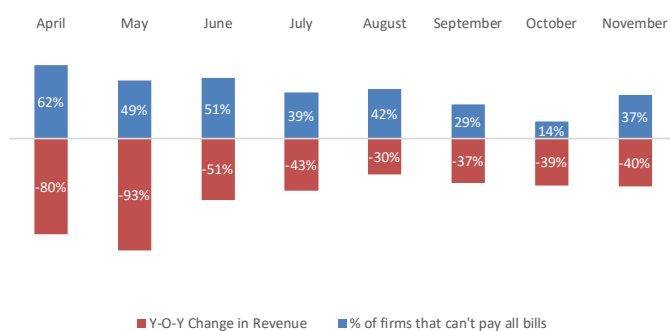
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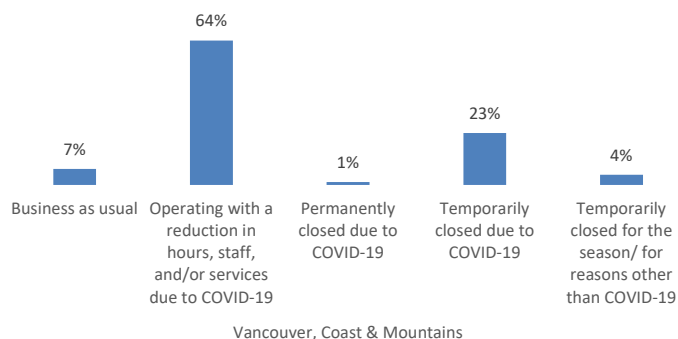


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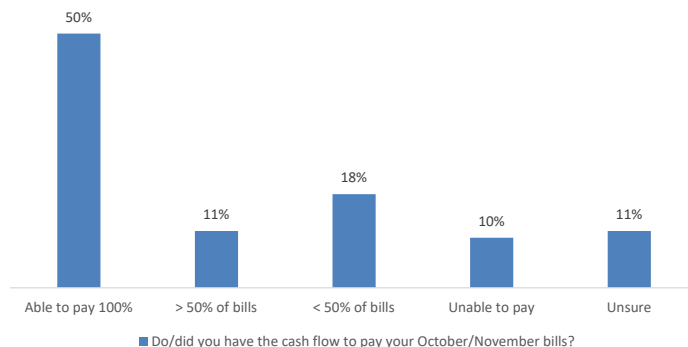
Anthony Everett
CEO, TOURISM VANCOUVER ISLAND

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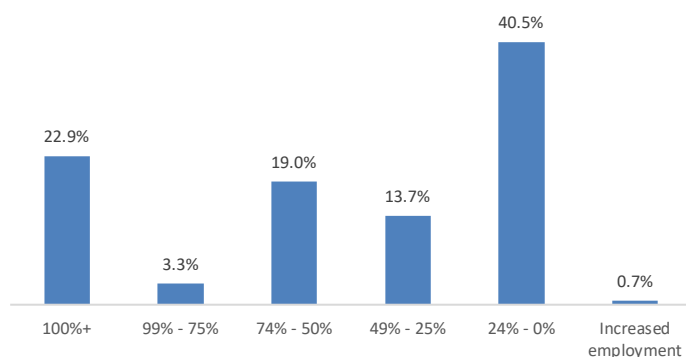
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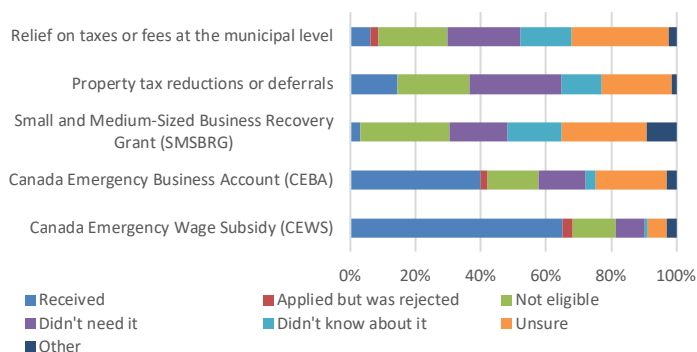
Ability to pay bills, October/November



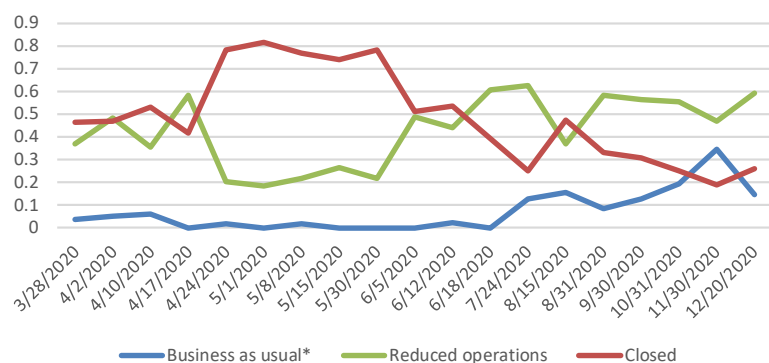
Percentage of full-time jobs lost



Government assistance take-up



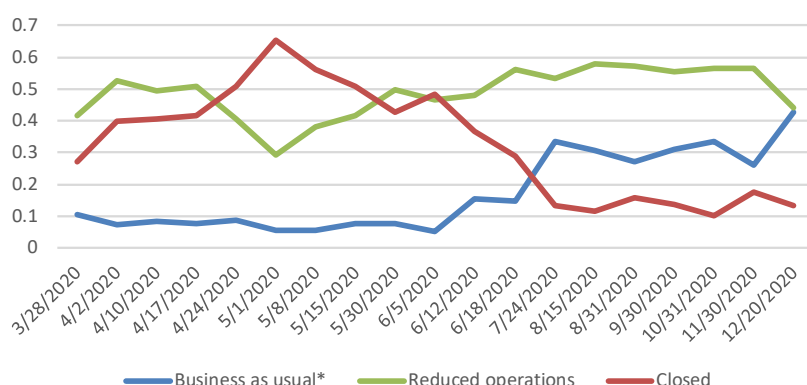
APPENDIX A: IMPACT BY SECTOR

Impact of COVID-19 by week, Resorts and Hotels
(excl. VCM)

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 peaked between April and May, while the number of firms reporting business as usual has gradually increased up until November.

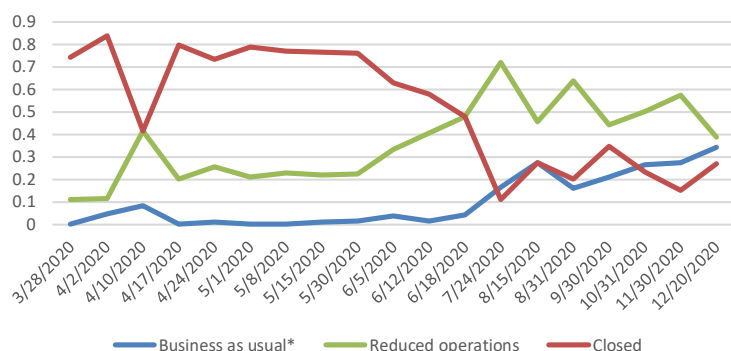
The proportion of closed firms for resorts and hotels stayed about at roughly the same level in November and December, with a decrease in firms reporting business as usual. The proportion of closed firms is once again higher than firms reporting business as usual, at 26% and 15%, respectively.

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



Limited service accommodation firms, which includes motels, B&B, campgrounds, saw an increase in firms reporting business as usual, which could also be due to a large number of firms being closed for the season. This sector also saw a decrease in closed firms and firms operating at a reduced capacity.

Impact of COVID-19 by week, Activity Firms (excl. VCM)



Activity firms have also seen a slight increase in closed firms, as well as an increase in firms reporting business as usual.

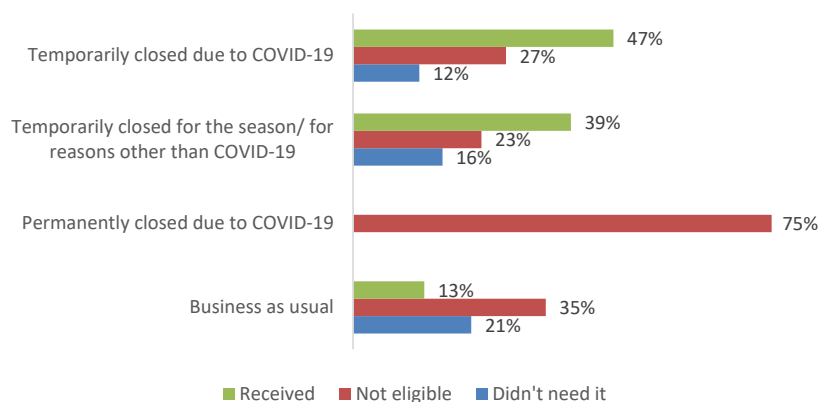
*From October 2020, seasonal businesses that are closed for the season per usual are counted as business as usual. 'Closed' firms include those that are either permanently or temporarily closed due to COVID-19.

APPENDIX B: PROGRAM ACCESS AND BUSINESS HEALTH

For this report, we examine government support at both the federal and provincial level, and we compare that support to business outcomes. Specifically, we look at whether businesses that receive government support are more likely to be open or closed, and are better able to pay their bills. This may provide insights into whether government is targeting the firms that need help the most, and also whether firms that get support are better able to weather the pandemic.

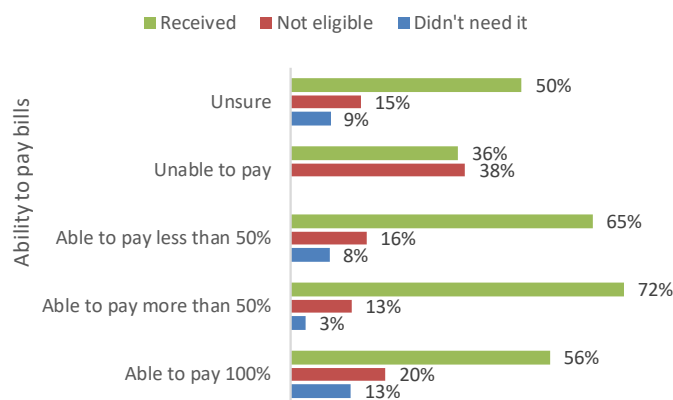
However, there is a fundamental attribution problem as firms that most need government assistance might be more likely to apply so it is hard to tell whether receiving assistance leads to improved outcomes for businesses. For this reason, the results below should be viewed as descriptive rather than evaluative.

Canada Emergency Wage Subsidy (CEWS)



When looking at targeting and success factors for the Canada Emergency Wage Subsidy (CEWS), it appears as though almost half of businesses that were temporarily closed received the subsidy, while only 13% of firms reporting business as usual received the subsidy. This may imply that those who need it most are receiving it.

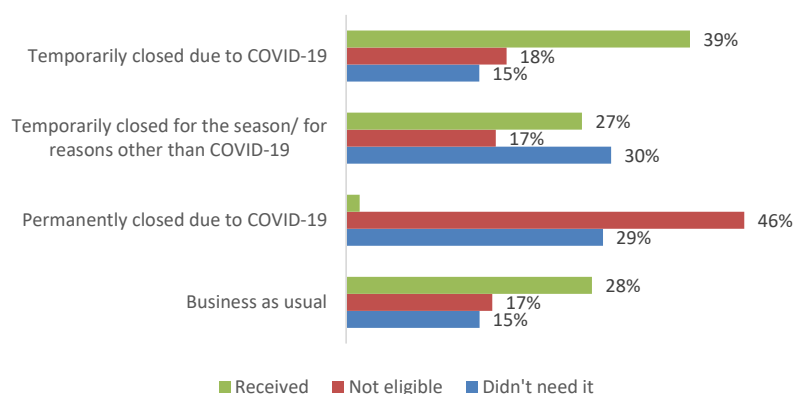
Canada Emergency Wage Subsidy (CEWS)



Of those who were unable to pay their bills, more reported being ineligible for CEWS than having received it. This may imply that CEWS may be a factor in the ability of firms to pay their bills.

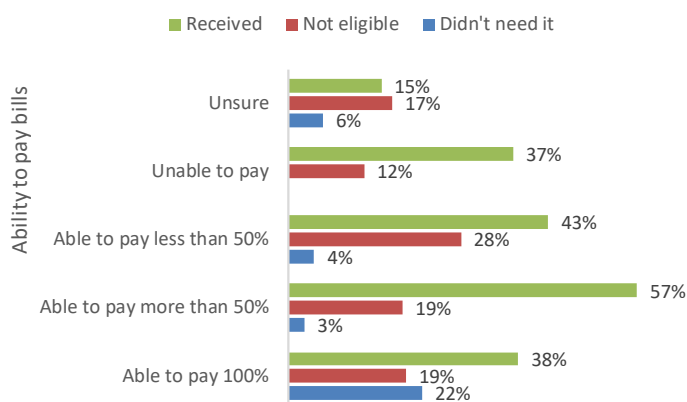
APPENDIX B: PROGRAM ACCESS AND BUSINESS HEALTH

Canada Emergency Business Account (CEBA)



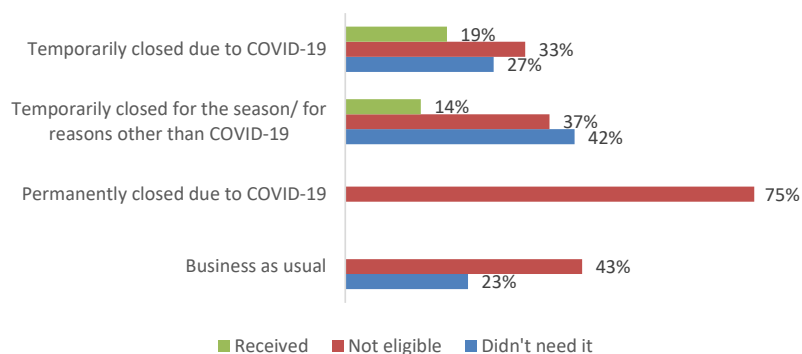
Firms that were temporarily closed due to COVID-19 were more likely to receive the Canada Emergency Business Account (CEBA) than those that were reporting business as usual, while many firms that were permanently closed due to COVID-19 reported being ineligible for CEBA.

Canada Emergency Business Account (CEBA)



Firms able to pay some, but not all, of their bills, were more likely to have received CEBA; those firms able to pay all of their bills were most likely to state that they did not need a CEBA loan.

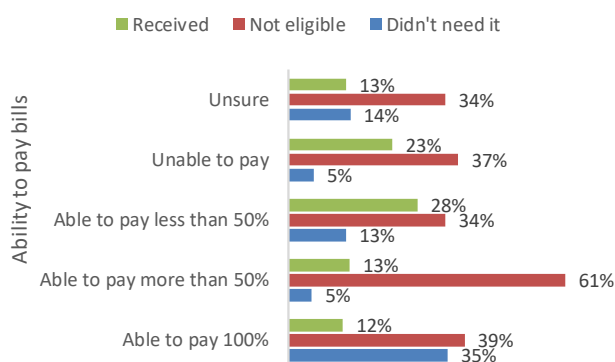
Canada Emergency Commercial Rent Assistance (CECRA)



Firms that were temporarily closed were most likely to receive CECRA, while no firms reporting business as usual received it.

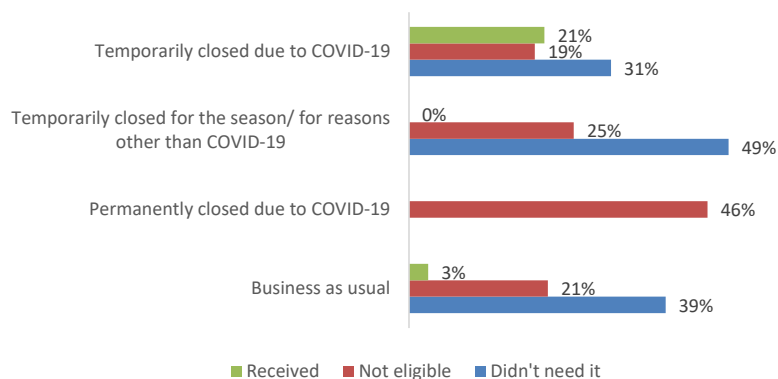
APPENDIX B: PROGRAM ACCESS AND BUSINESS HEALTH

Canada Emergency Commercial Rent Assistance (CECRA)



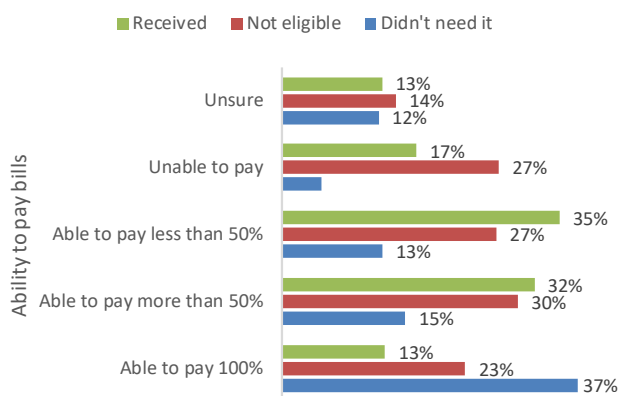
Firms that were able to pay all of their bills reported the highest percentage of those who did not need CECRA, and the lowest percentage of those that received CECRA. Meanwhile, firms that were unable to pay their bills or able to pay less than half were most likely to have received CECRA. However, just one quarter of such firms did get such rent assistance, as many were ineligible.

BC Hydro payment relief



Very few businesses reporting business as usual received BC Hydro payment relief, while 21% of temporarily closed firms received it. Temporarily closed firms also reported a smaller percentage of firms that did not need the relief, which may imply that those who need it most are receiving it.

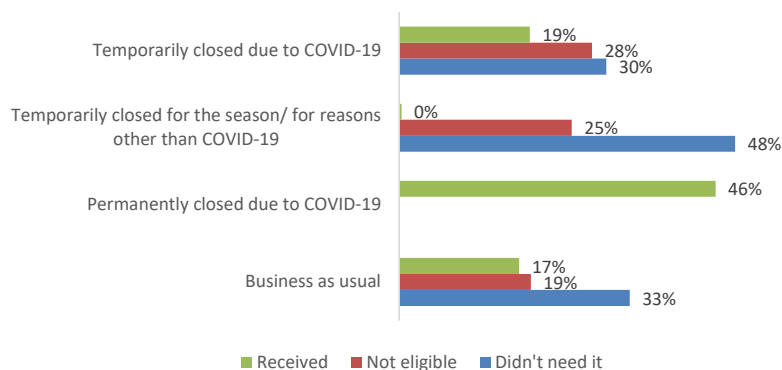
BC Hydro payment relief



Firms that were able to pay all of their bills reported the highest percentage of those who did not need BC Hydro payment relief, and the lowest percentage of those that received BC Hydro payment relief.

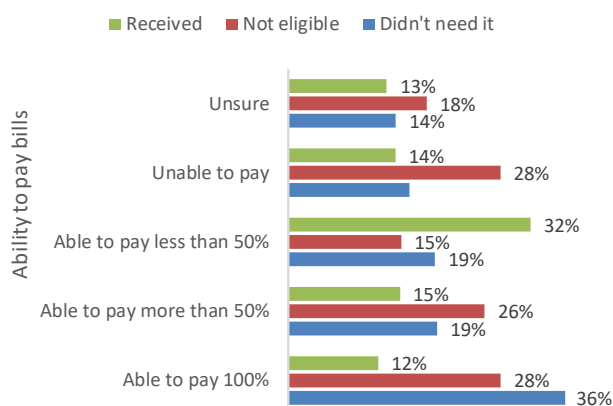
APPENDIX B: PROGRAM ACCESS AND BUSINESS HEALTH

Property tax reductions or deferrals



A similar percentage of firms reporting business as usual and firms that were temporarily closed due to COVID-19 reported that they received property tax reductions or deferrals.

Property tax reductions or deferrals

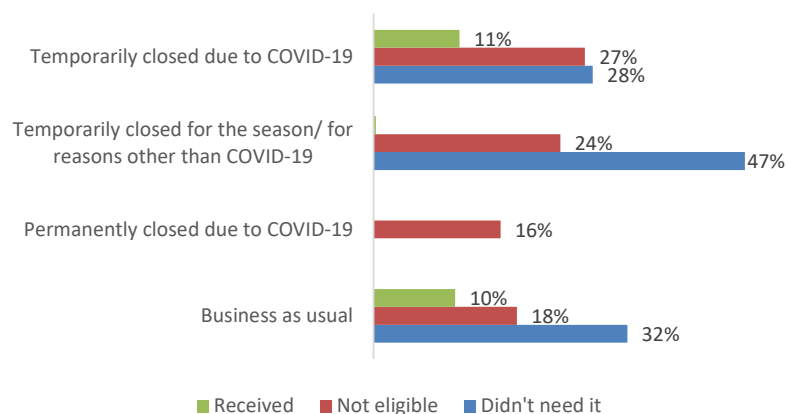


There is a fairly uniform receipt of property tax reductions or deferrals except among firms who were only able to pay less than 50% of bills.

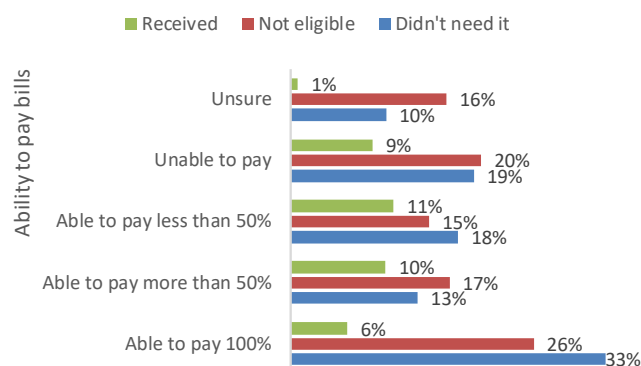
Temporarily closed firms reported receiving the most relief on municipal taxes/fees, and the lowest percentage of those that did not need relief.

Those that were able to pay all of their bills reported the largest percentage of firms that did not need municipal relief (33%), and the lowest percentage of those that received relief (6%), implying some success in targeting.

Relief on taxes or fees at the municipal level

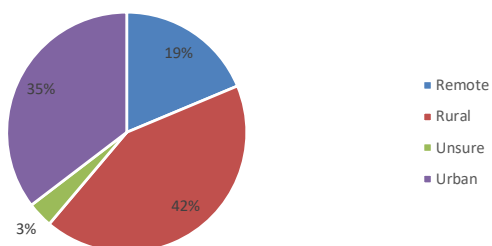


Relief on taxes or fees at the municipal level

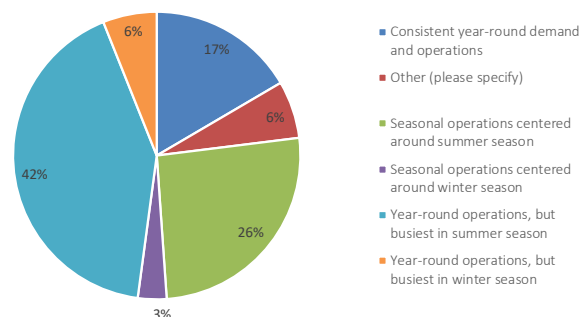


APPENDIX C: FIRMS SURVEYED

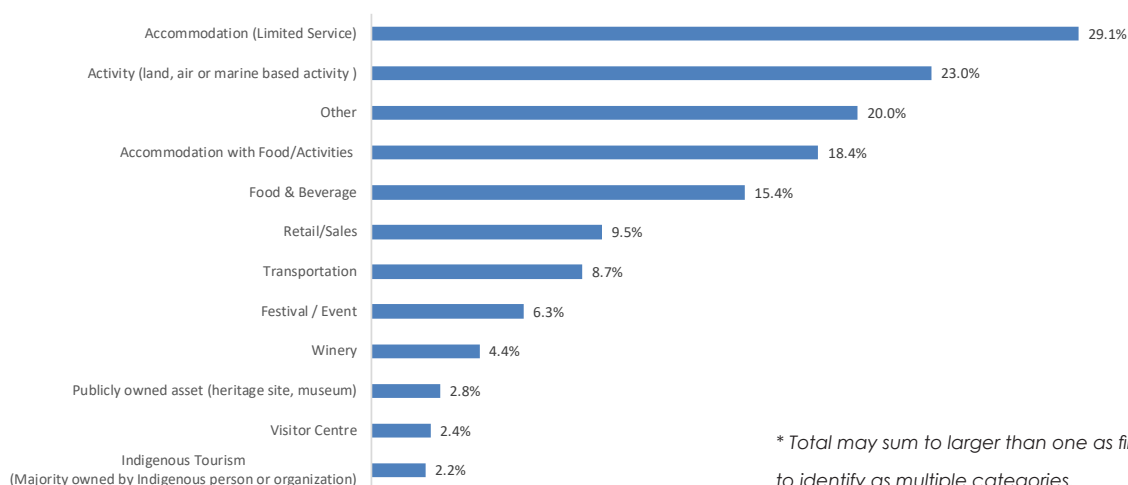
Do you consider the area in which your business operates to be urban, rural, or remote?



How would you describe your business season?

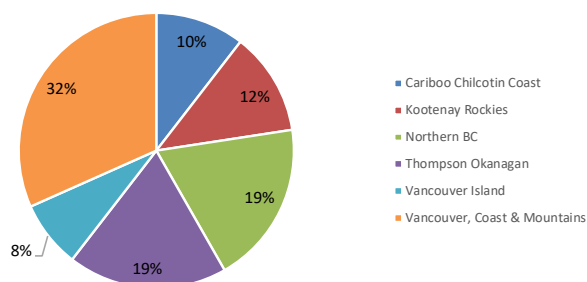


Proportion of firms by business type



* 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.