

State of the Industry

October 2020



Summary of Findings

- Destination Canada's July forecast shows that if borders remain closed until the end of 2020, there will be a 61% drop in revenues in 2020. We also shouldn't expect to see recovery to 2019 levels until 2024. That would be a catastrophic loss for our economy.
- Based on employment from June 2020, Canada has already lost 47% of jobs from the Visitor Economy. This is a loss of 354,000 jobs across Canada. Without significant intervention, more jobs will be lost.
- Tourism revenues are uniquely impacted by the COVID-19 pandemic. The summer season (Jul – Sep) represents the core revenue generator for the industry, and has been devastated due to travel restrictions, quarantines, and social distancing.
- Most Canadians feel safe to travel within their own province, but Alberta is the only province where the majority feel safe to other parts of Canada. Canada's internal travel restrictions are likely contributing factors to perceptions of safety.

Our July forecast predicts a catastrophic loss of 61% drop in revenues in 2020* and recovery to 2019 levels pushed out to 2024*

	Forecasted Revenue 2020 (\$B)	% change to 2019
Outbound	1.6	
Intra-Provincial	16.3	-51%
Inter-Provincial	3.8	-70%
Other	16.1	-57%
International Tourism Exports	3.3	-85%
Total	41.3	-61%

*Based on the Borders being closed until end of 2020

Source: Destination Canada, (Monthly estimates derived using Statistics Canada VTS, NTS and NTI, STR Accommodation Revenue)

Visitor Economy Suffers Most Business Closures

The two most affected business sectors are within the visitor economy

Note: Data is seasonally adjusted and takes into account normal & seasonal closings

Accommodation & Food Services

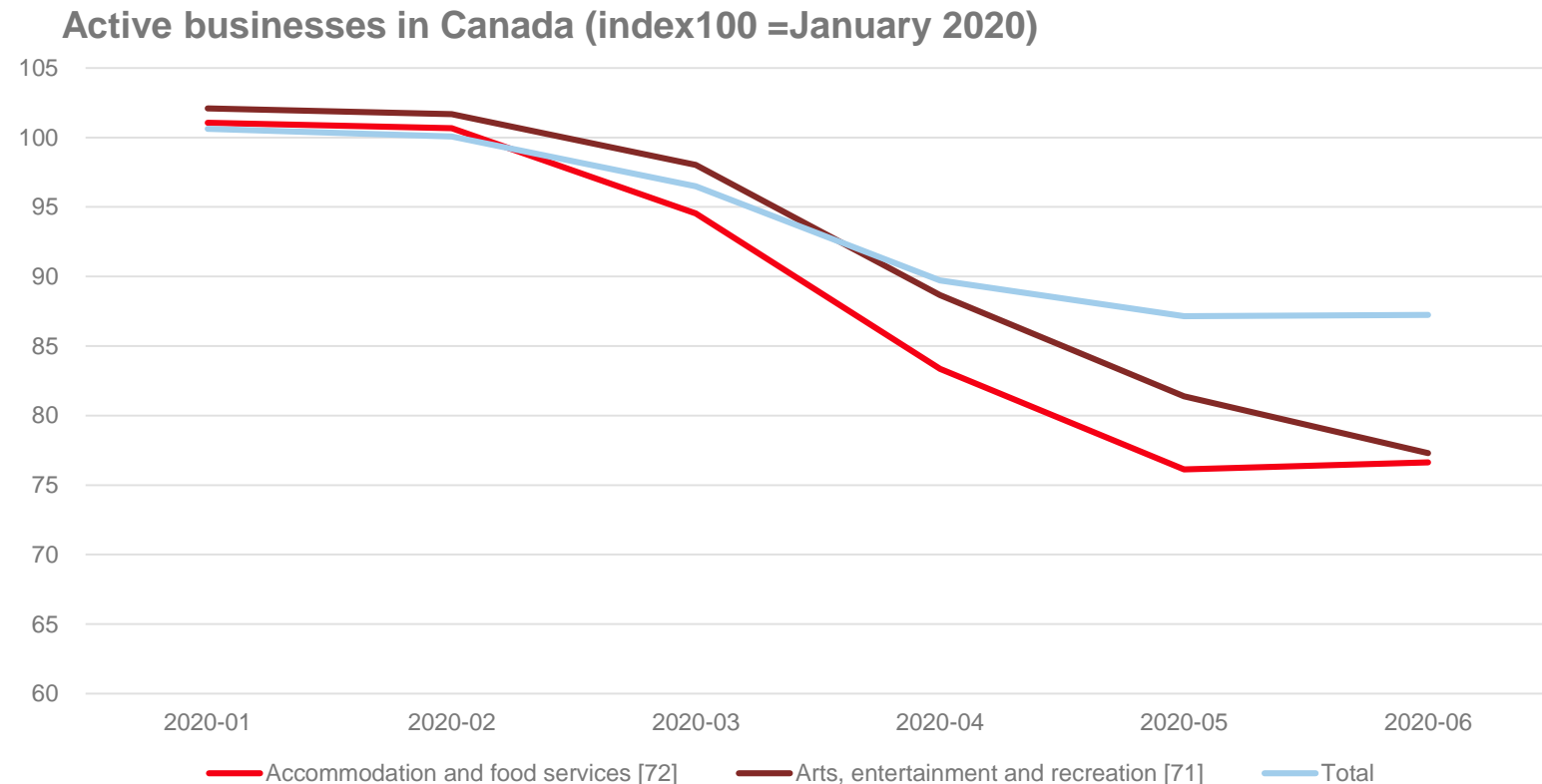
Loss of 24.3%

Change in active businesses Jan 2020 to June 2020

Arts, Entertainment & Recreation

Loss of 24.2%

Change in active businesses since Jan 2020 to June 2020

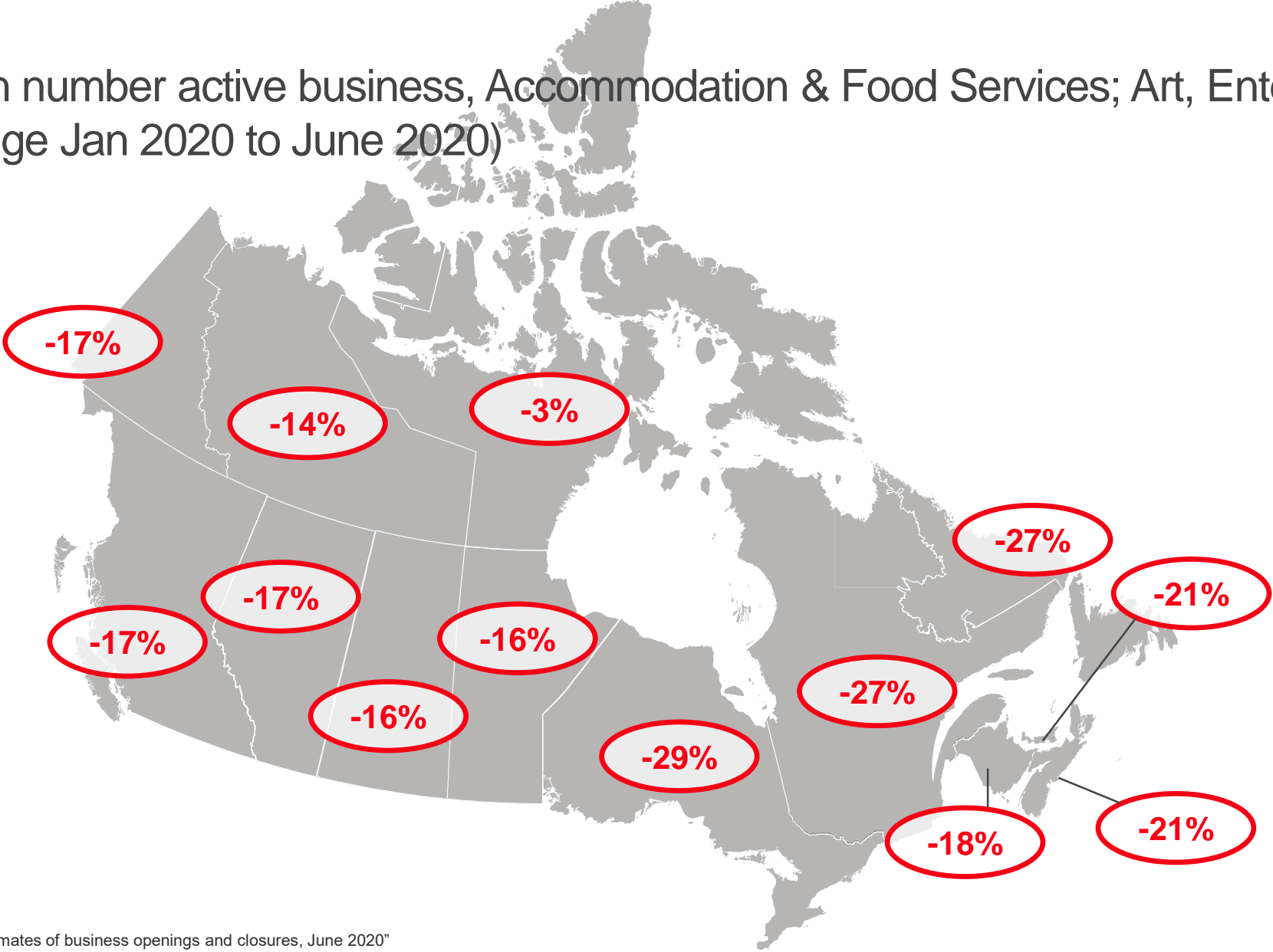


Tourism Industry Losses

- Domestic airlines **lost 95%** of revenues in Q2 of 2020
- Accommodation sector **lost 74.4% of revenues** in Q2 of 2020
- Festivals and Events **cannot operate** without visitor revenue

No Part of Canada is immune

Percent change in number active business, Accommodation & Food Services; Art, Entertainment & Recreation (Change Jan 2020 to June 2020)



Source: Statistics Canada, "Monthly estimates of business openings and closures, June 2020"

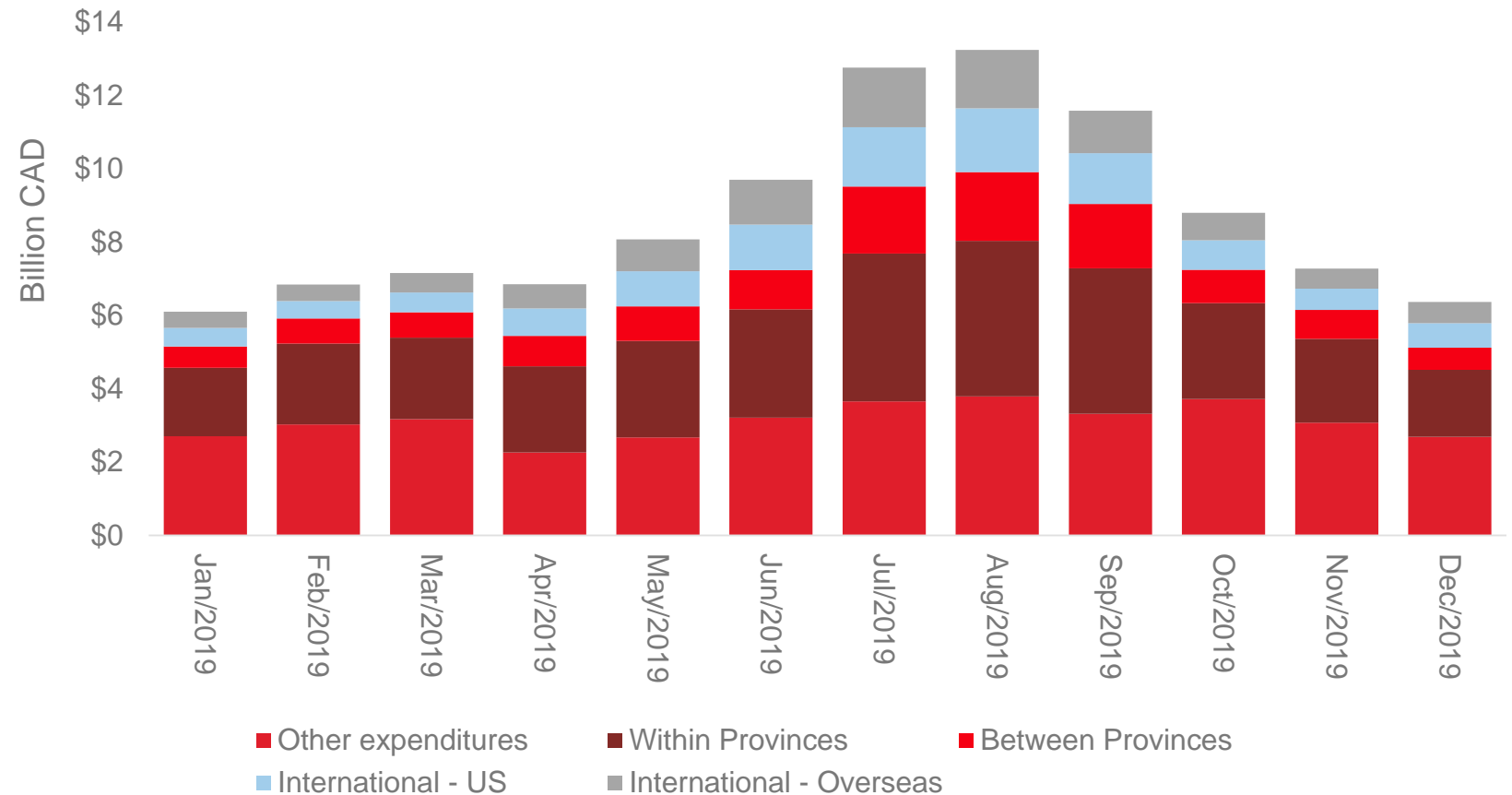


With the leanest months to come

The months Nov-Mar are the lowest in terms of overall spend

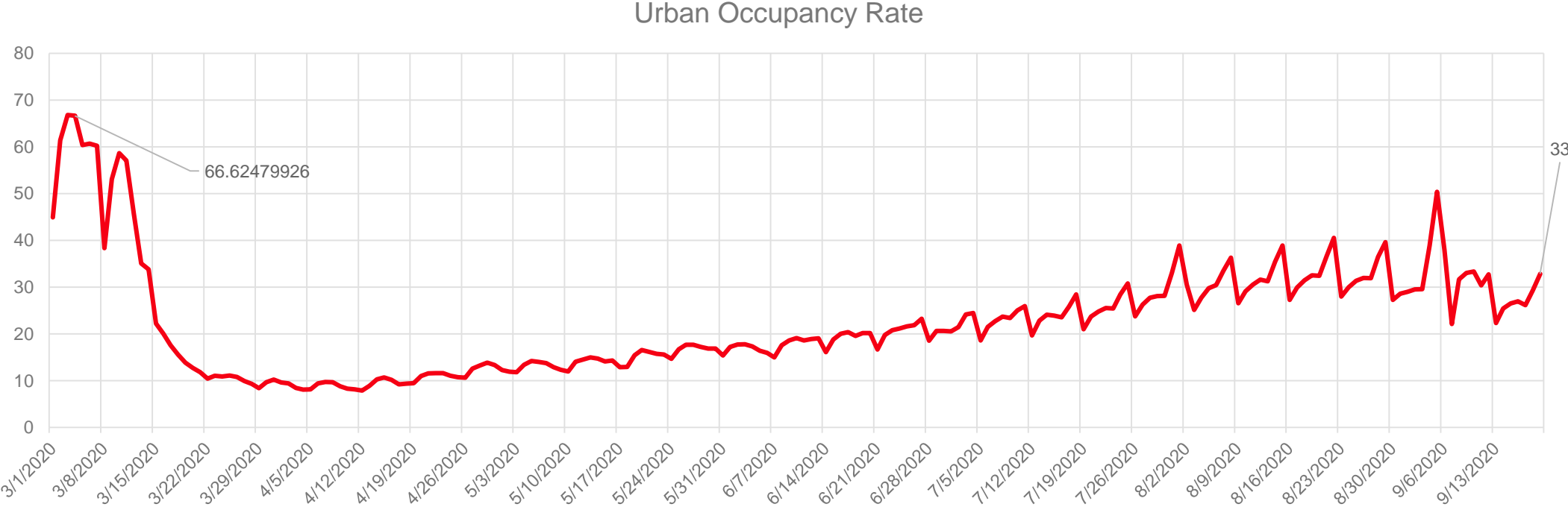
They are likely to be even lower as ~43% of the expenditures are traditionally Canadians spending with local companies (e.g. airlines and tour companies) to travel abroad to sun destinations in the winter

Tourism Demand in Canada, 2019



Cities, the economic driver of Canada, are particularly hard hit

Even at the height of summer, hotels across our urban centers are well below normal rates



Source: STR Hotel Report; Destination Canada estimates



Business Events: 87% of direct spending loss for 2020

1.5 million

Delegates no longer
visiting our cities

3,668

Events Cancelled

\$1.3B

Loss in direct
spending

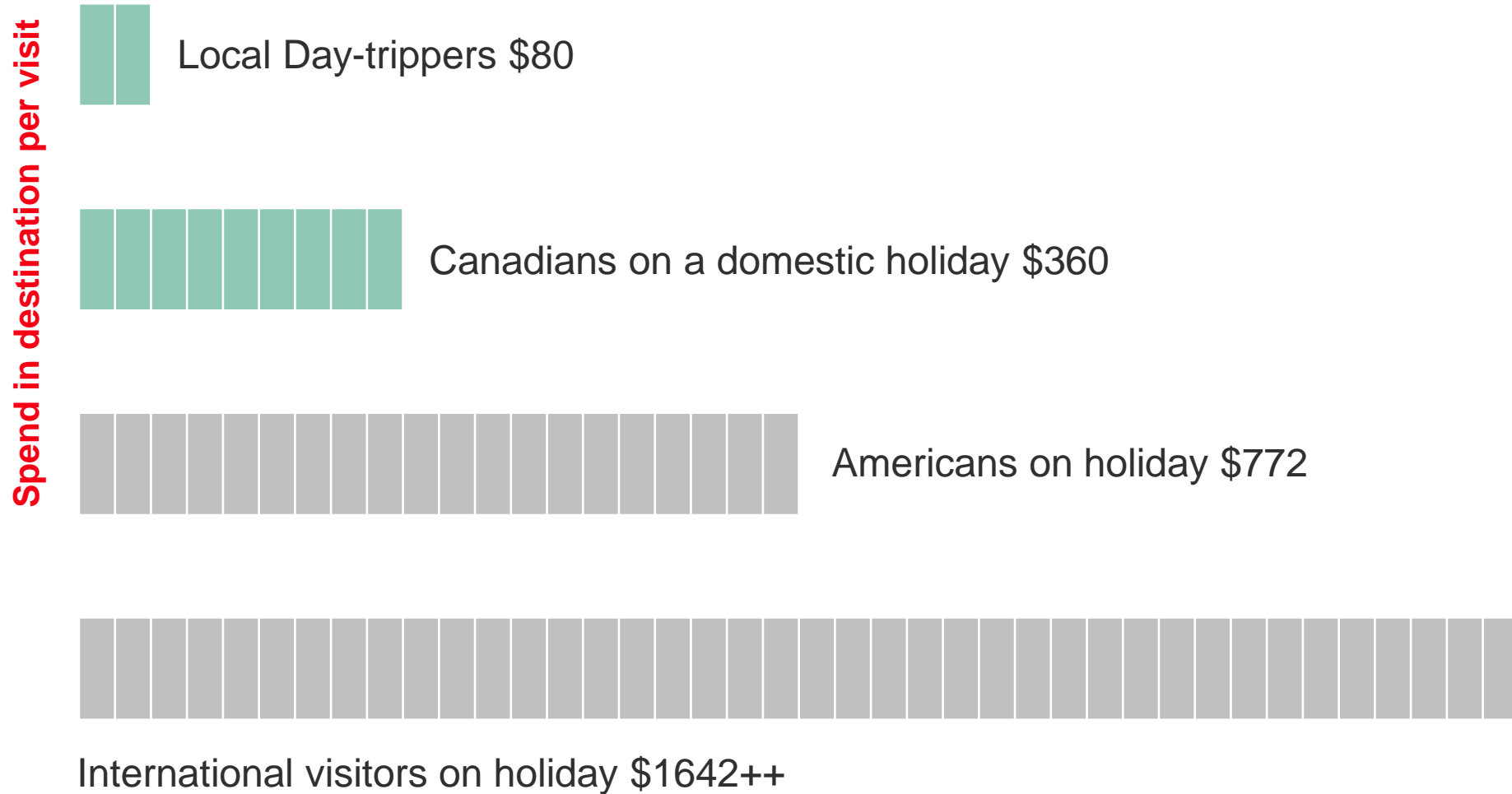
Bleak prospects for return to business events and meetings in 2021

Resorts are also heavily impacted: High levels of day trippers and reduced capacity for overnight stays are key factors

For example, two of Canada's well-known resort area experiences significant revenue losses in August:

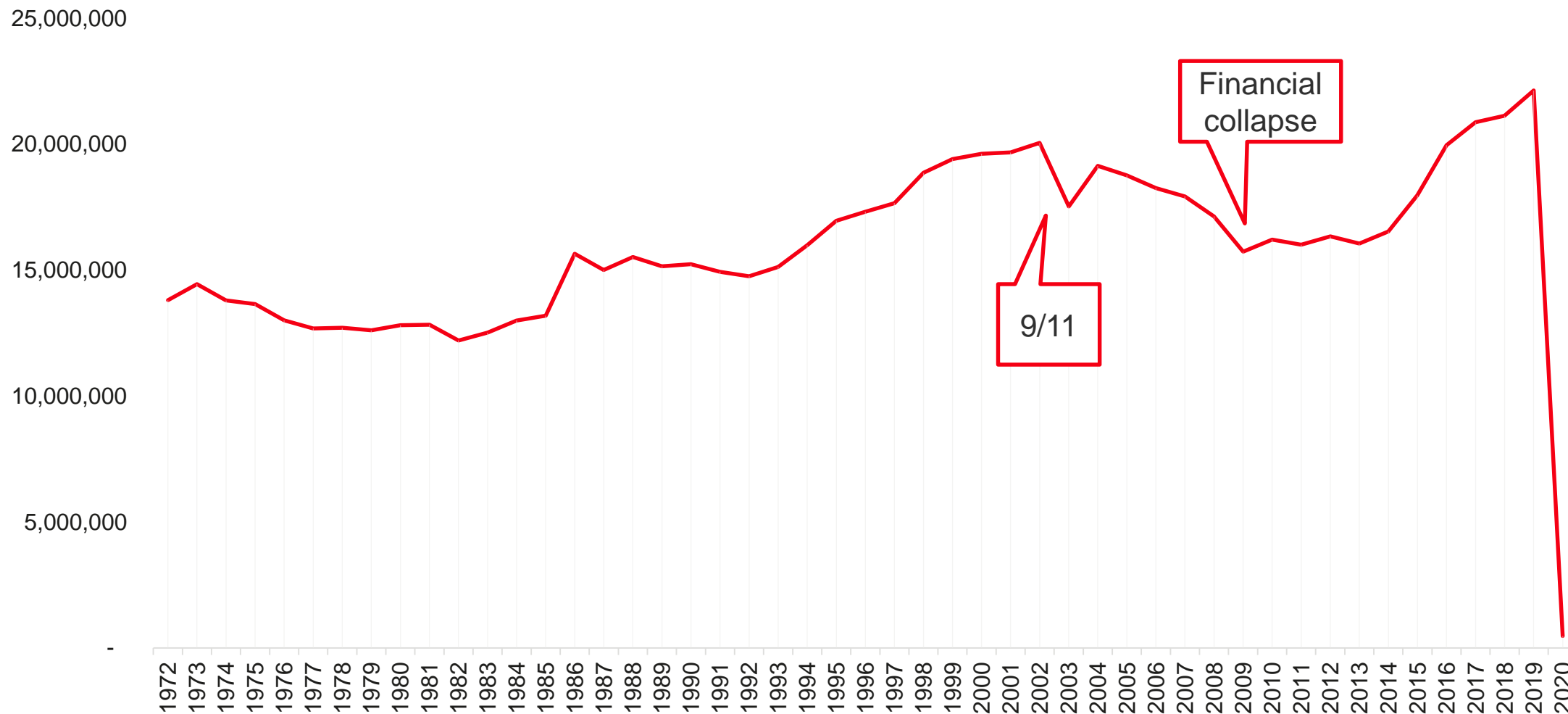
- Banff Lake Louise area
 - Overnight visitation down ~35%
 - Average daily rate went from ~\$667 to \$269
 - Banff/Lake Louise Tourism estimates that revenues are down by ~70%
- Niagara Falls area
 - Overnight visitation down ~45%
 - Average daily rate went from \$206 to \$106
 - DC's estimates that revenues are down by ~70%

The visitation in our parks and attractions are traditionally much lower revenue guests



The Visitor Economy is facing an unprecedented collapse

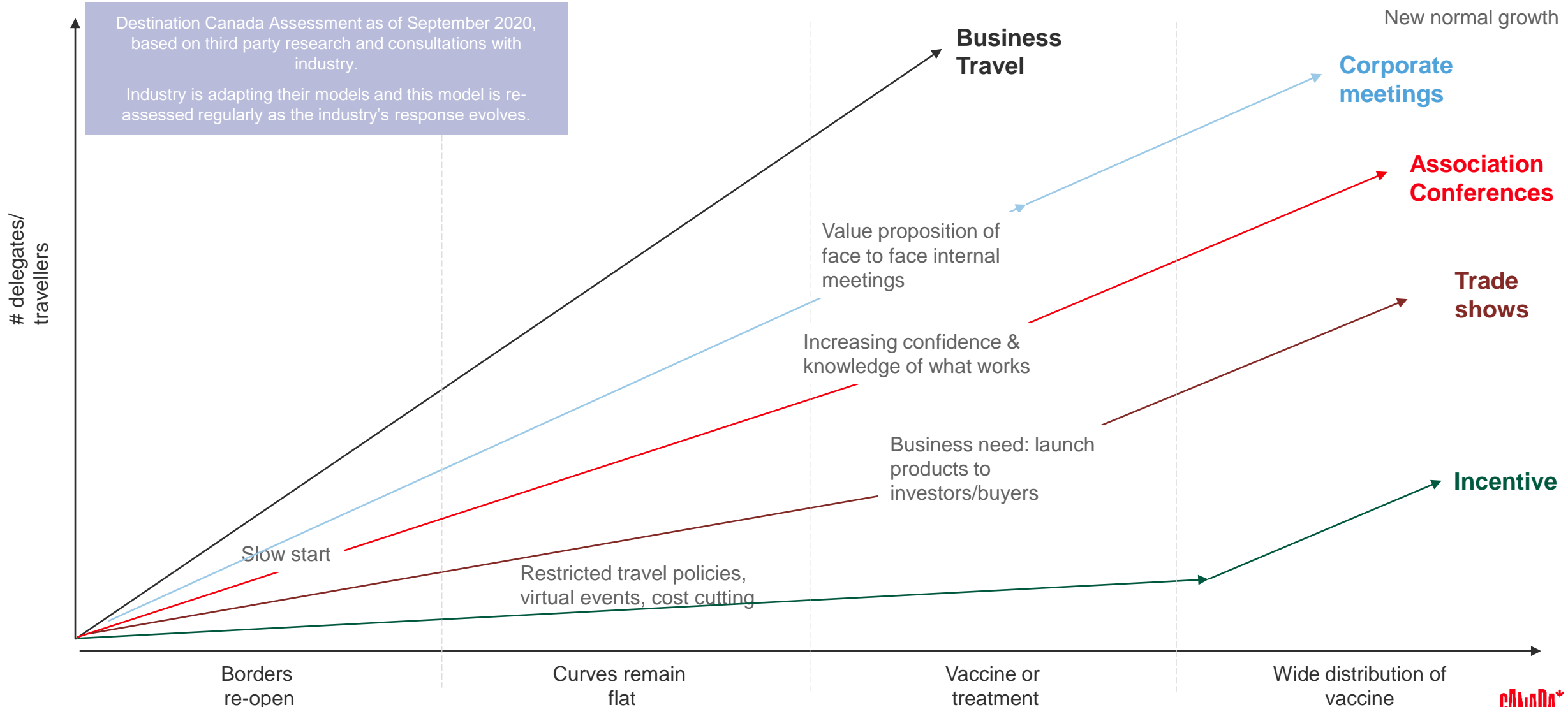
International Overnight Arrivals
1972 – 2020 (est)



Business events & business travel evolve based on treatment & vaccines

Zero confidence for hosting events

Widespread confidence for hosting events



For leisure Destination Canada developed a recovery framework



Strict lockdown

Easing of public health measure restrictions

All restrictions lifted

Primary Market	No travel	Hyper-local	Same Province	Inter-province	US Drive Markets	DC Markets
Means of transport	No travel	1-2 hours drive	1-5 hours drive	5- 10 hour drive 1-4 hour flight	5-20 hour drive	1-6 hour flight (US) 5+ hour flight (other countries)
Length of stay	No travel	Day trips	Day trips Overnights	Overnights Multi-day trips	Multi-day Multi-week	Multi-day Multi-week
Location of trip	No travel	Within your home community	Within a half-day drive of your home community	Within Canada	Within Canada – enter via US land border	Within Canada – enter via international airport
Size of group	No travel	Close family (1-5 ppl)	Close family (1-5 ppl) Close friends (1-5 ppl)	Extended family (5-10 ppl) Friends (5-10 ppl) Small group of coworkers (5-10 ppl)	Extended family (10-50 ppl) Extended friends (10-50 ppl) Large group of coworkers (10-50 ppl)	Extended family (10-50 ppl) Extended friends (10-50 ppl) Large group of coworkers (10-50 ppl)
Sub-sectors active in pahse (not exhaustive)	No travel	Outdoor attractions (e.g. parks, greenbelt, golf courses)	<i>(previous phase, plus)</i> Smaller leisure attractions Small restaurants Rental car agencies Small retail	<i>(previous phase, plus)</i> Larger restaurants Mid-sized leisure attractions (e.g. zoos) Large retail Accommodations Air and rail travel	<i>(previous phase, plus)</i> Bars/ clubs Anchor attractions Business conferences	<i>(previous phase, plus)</i> Festivals and events (e.g. sports games)

Domestic Recovery Progress

Much slower than anticipated, with some provinces / territories still not crossing boundaries

Province	2-Jun	9-Jun	16-Jun	23-Jun	30-Jun	7-Jul	14-Jul	21-Jul	28-Jul	4-Aug	11-Aug	18-Aug	1-Sep	...29-Sep
British Columbia	II Hyper Local	II Hyper Local	III Intra-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial
Alberta	II Hyper Local	II Hyper Local	III Intra-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial
Saskatchewan	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local
Manitoba	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial
Ontario	I COVID-19 Response	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	III Intra-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial
Quebec	I COVID-19 Response	II Hyper Local	II Hyper Local	II Hyper Local	III Intra-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial
New Brunswick	II Hyper Local	II Hyper Local	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial	IV Inter-Provincial
Nova Scotia	I COVID-19 Response	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	IV Inter-Provincial	IV Inter-Provincial
Prince Edward Island	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial
Newfoundland & Labrador	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	III Intra-Provincial	IV Inter-Provincial	III Intra-Provincial
Yukon	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	II Hyper Local	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial
Northwest Territories	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial
Nunavut	I COVID-19 Response	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	III Intra-Territorial	IV Inter-Provincial	IV Inter-Provincial

Source: Destination Canada, COVID-19 Impact and Recovery Reports



International Recovery Progress

No country's consumer behavior (based on bookings) has shown to be travelling internationally

Some countries have backslid (US, Australia)

Country	5-May	12-May	19-May	26-May	2-Jun	9-Jun	16-Jun	23-Jun	30-Jun	7-Jul	14-Jul	21-Jul	28-Jul	4-Aug	11-Aug	18-Aug	1-Sep	...22-Sep
United States	I COVID-19 Response	I COVID-19 Response	II Domestic Travel	II Domestic Travel	II Domestic Travel	II Domestic Travel	II Domestic Travel	II Domestic Travel	II Domestic Travel	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	II Domestic Travel	II Domestic Travel
Mexico	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response
United Kingdom	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel
Germany	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	II Domestic Travel	II Domestic Travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel
France	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel
Australia	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	II Domestic Travel	II Domestic Travel	II Domestic Travel	II Domestic Travel	II Domestic Travel	II Domestic Travel	II Domestic Travel	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response
China	I COVID-19 Resposne	II Domestic Travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel
South Korea	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel	II Domestic travel
India	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response
Japan	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response	I COVID-19 Response

However, we are stalled at the domestic / inter-provincial stage

Unforeseen barriers:

1. Borders within countries (in particular restrictions between Canadian provinces)
2. Borders between countries
3. Highly asymmetrical responses to COVID-19
4. Resident responses towards welcoming visitors and support for promoting their destination
5. Traveler uncertainty on restrictions and on booking
6. Business uncertainty on how and when to open

Acute needs that must be addressed

Any air travel: More people travelling accomplishes two objectives – 1) Revenue for airlines; 2) Word of mouth on the actual experience of air travel

Hotel Stays: Travel that includes at least one nights stay in paid accommodation. This will lead to higher overall revenues, and non-daytripper travel

Volume into cities: Cities are in critical need of visitation

Higher revenue per trip: We need to create awareness and demand for domestic travellers' potential experiences that drive revenue

Mid-week stays: Resorts currently have high occupancy for Friday and Saturdays, but required mid-week stays

Supporting icons: Our icons and anchors require support in order to stay open

Fall & Winter travel: We need to help provide a light at the end of the tunnel - the November to March months are some of the lowest in terms of overall visitation. Many businesses are facing decisions on whether to stay open over the next months

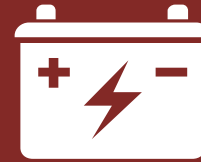
Stimulate spring and summer demand: Demand stimulation for 2021 travel season should start as early as consumers are willing to consider travel in order to provide signals to industry for planning

Tourism has wide-ranging benefits within Canada...

The sector is critically important because tourism...



...is a significant part of the economy, and has the potential to be one of the largest in the country



...can be an economic stabilizer driven by other economies, not our own



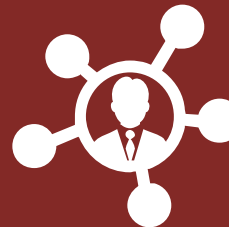
...impacts communities across Canada



...supports culture preservation, e.g., heritage, indigenous communities



...is a significant export and #1 service export



...is a diversified and inclusive sector¹

¹ Diversified geographically (urban and rural, across provinces and territories) and impacts a large number of sectors such as accommodation, travel, food and beverage, etc. It can have an impact on creating an inclusive society, through tourism product and experiences in areas such as indigenous, LGBTQ, culture heritage, etc.

Canadians feel safe to travel in their own province or region

I feel safe to travel / Je me sens à l'aise de voyager

% Somewhat / Strongly Agree % Tout à fait d'accord / Plutôt d'accord	BC/C.-B. (n=200)	AB/Alb. (n=201)	SK/MB Sask./Man. (n=201)	ON/Ont. (n=611)	QC/Qc (n=402)	ATL (n=200)
	Communities near me / ... dans des collectivités voisines à la mienne	78%	86%	59%	66%	58%
Communities in my province / ... dans des collectivités de ma province	62%	79%	59%	53%	50%	87%
Other provinces in Canada / ... dans d'autres provinces du Canada	37%	59%	26%	35%	37%	19%
The United States / ... aux États-Unis	8%	19%	6%	9%	10%	5%
Internationally / ... à l'étranger	6%	24%	6%	7%	13%	4%

Green text indicates significantly higher than at least one other region @ 95% confidence
Red text indicates significantly lower than at least one other region @ 95% confidence
 To what extent do you agree or disagree with each of the following statements?
 "I feel safe to travel to..."

Le vert indique un résultat considérablement plus élevé qu'au moins une autre région (confiance à 95 %)
 Le *rouge* indique un résultat considérablement moins élevé qu'au moins une autre région (confiance à 95 %)
 Dans quelle mesure êtes-vous d'accord avec chacun des énoncés suivants?
 « Je me sens à l'aise de voyager... »

How we have been controlling COVID-19, could become a key competitive advantage on the international stage



The top five nations where citizens would feel most comfortable visiting in the next five years are also the top five nations with the greatest “net positive” favourability for health crises management



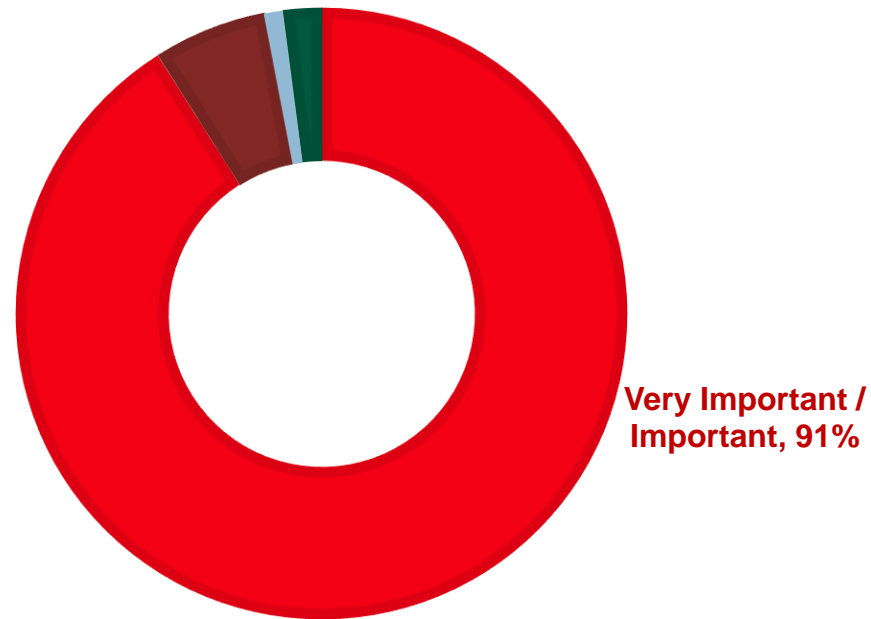
Out of the 20 nations polled for this survey, Canada was in the top 3 international destinations travellers would feel most comfortable visiting in the next five years for these 9 countries

27-48% of the respondents from these countries said they would be comfortable traveling internationally in the next 5 years

Despite the devastating impacts to the visitor economy, Canadians still believe tourism is vital

In your opinion, how important is tourism to Canada's economy?

JULY 2019



AUG 2020

