BRITISH COLUMBIA REGIONAL TOURISM SECRETARIAT

COVID-19 TOURISM IMPACT REPORT

With a focus on British Columbia outside the Lower Mainland and Whistler
September 8, 2020 to September 30, 2020

FOR QUESTIONS CONTACT
Glenn Mandziuk
Chair, BC Regional Tourism Secretariat
250 - 860 - 5999

Provincial Summary

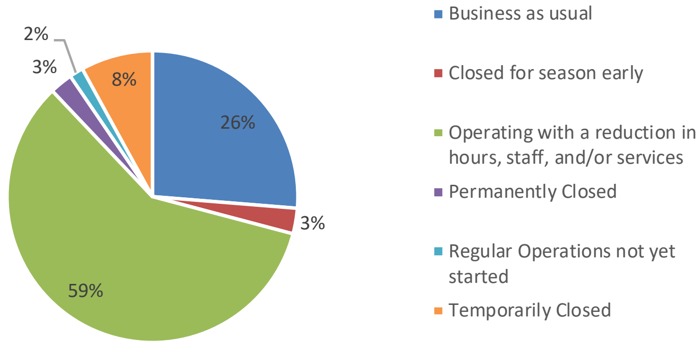
Opening message

The British Columbia Regional Tourism Secretariat, British Columbia Hotel Association and the British Columbia Destination Marketing Organizations Association are continuing to leverage our collective business network to collect, collate and report on the impact of the COVID-19 pandemic on tourism businesses and to gather feedback on potential response and recovery measures. This business intelligence was gathered through online and telephone surveys of a randomly selected list of firms across British Columbia excluding Greater Vancouver and Whistler region from **September 8 – September 30**. **A response rate of 44% yielded 282 tourism businesses**, representing a **margin of error for the sample-wide questions of +/- 5%, 9 times out of 10**.

Key issues for consideration:

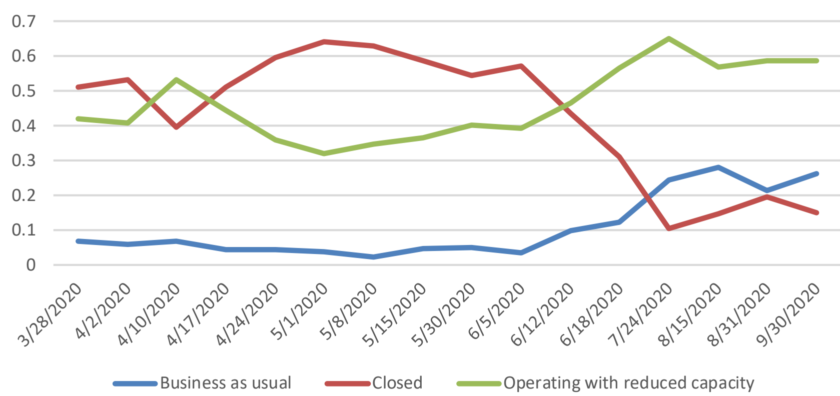
- The number of firms reporting **business as usual** is **approximately equal** to the number of firms reporting that they are **closed**
- **26%** of firms are operating with business as usual, which is ***lower than the 31% national average*** for hospitality firms
- Nearly **2 out of 5 firms** report that they will **need additional funding** outside of already available programs **to get through the next 6 months**
- **68% of hotel / resort firms** need additional funding to **survive the next 6 months**
- **14% of seasonal firms** expect to be **unable to pay their fixed costs in the next 6 months**
- There is some disparity in terms of impact of the COVID-19 emergency across regions

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



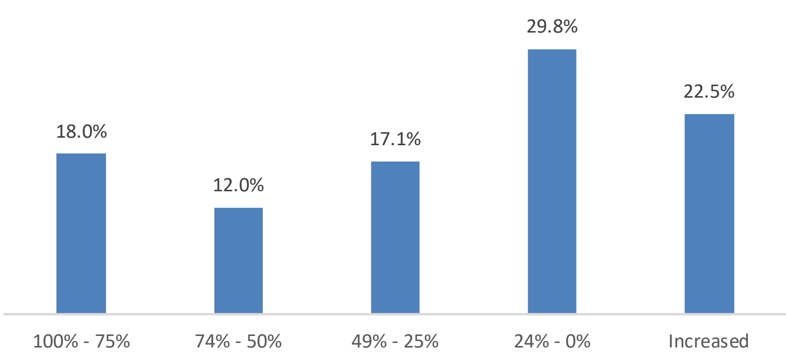
The percentage of firms reporting business as usual has risen one percentage point from previous surveys to 26%. For context, this is lower than the B.C. average of 60% and the Canadian national average for hospitality firms of 31%, as reported by CFIB.

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



The number of firms that are reporting that they are closed has fallen slightly in September, with roughly 16% of firms reporting that they are closed in any capacity.

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

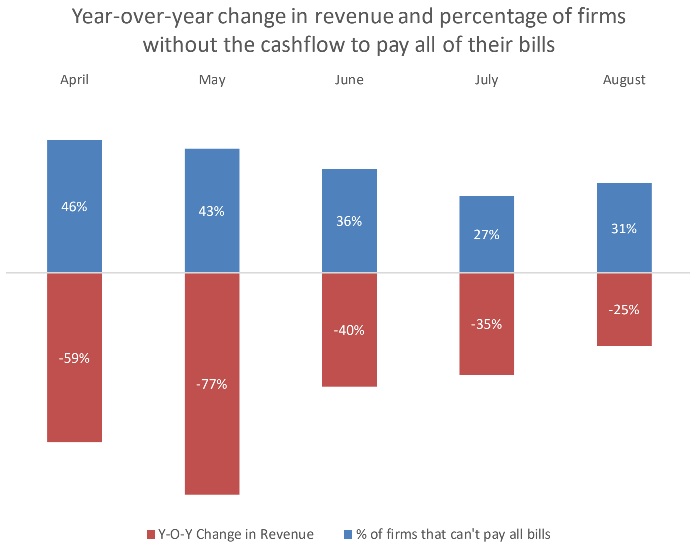


The average decrease in revenue compared to September 2019 for all firms surveyed was 25%.

About 30% of firms reported losing more than half of their revenue compared to 2019.

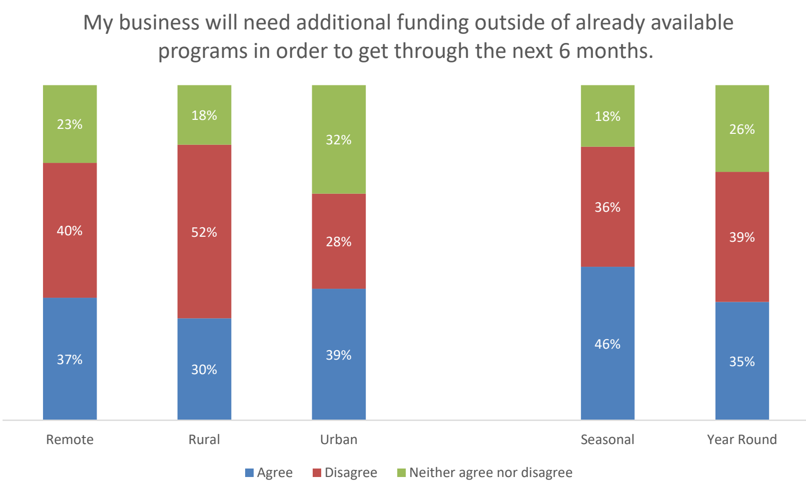
All findings are based on member surveys collected by the Secretariat during September 8 – September 30, 2020, except where otherwise noted. Survey firms were drawn from a randomized list of firms that had "opted in" to communication under the CASL, and the averages for sample-wide statistics are stratified on region. Responses to multiple choice questions for sample-wide averages are within a margin of error of +/- 5%, 9 times out of 10. Standard errors may be larger for numerical answers, i.e. number of people laid off, and will be larger when data are reported at the regional or other subsample level. Data and figures represent a subset of regional tourism operators and are subject to change with changes in coverage, data cleaning, weighting and other statistical correction and/or as data become more complete. Some quotes edited for brevity. Photo credits: Destination BC/ Max Zeddler, and @ lukelelee/Destination BC.

CFIB "Your Business and COVID-19", September 2nd, 2020: https://www.cfib-fcei.ca/sites/default/files/2020-09/COVID-19-survey-results-September2.pdf



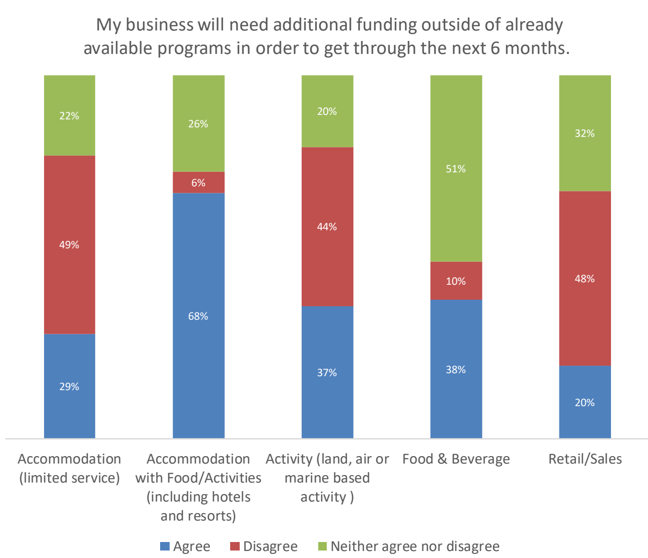
While the number of firms that are unable to pay their monthly bills had been decreasing into the summer tourism season, the percentage of firms without the cashflow to pay all bills rose by 4% in August.

For many firms, September marks the end of the busiest season, as the summer tourism season comes to a close. It will likely be difficult for many firms to recuperate the cumulative loss of revenue incurred throughout the summer months heading into the fall and winter.



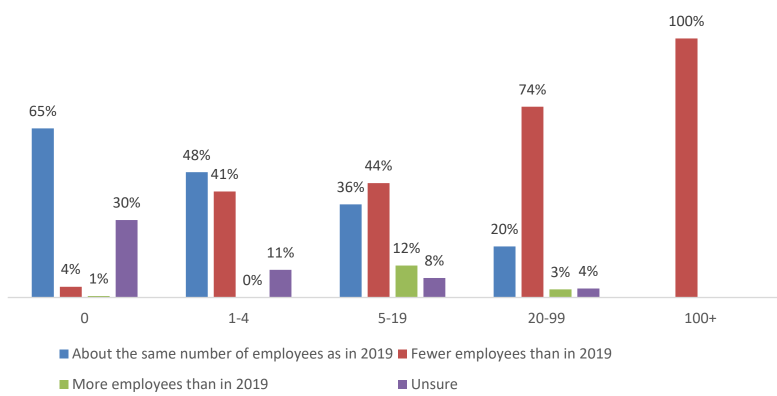
We asked firms if they were in need of additional funding, outside of already available programs, as they head into the fall and winter. The proportion of firms that agreed that they would need additional funding to survive the next six months was 10% higher for seasonal firms when compared to year-round firms, at 45% and 35% respectively.

Across the entire sample, 37% of firms agreed that they would need additional funding to survive the next 6 months. This is equivalent to roughly 2 out of 5 firms province-wide being in need of additional funding in order to survive.

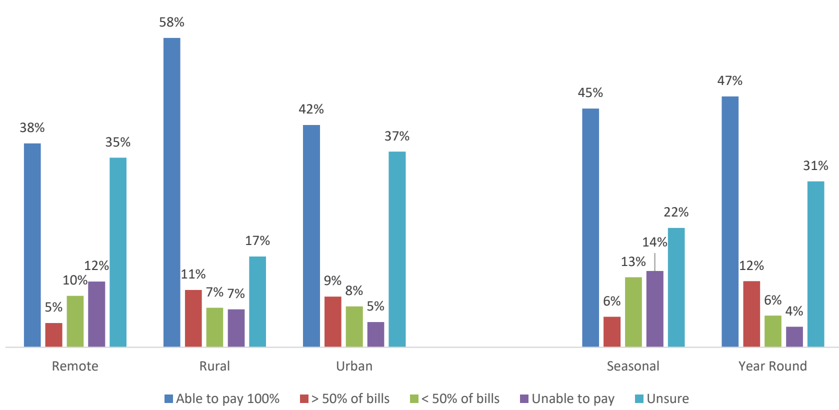


68% of hotel / resort firms reported that they needed additional funding to survive the next 6 months. The firm type with the lowest number of respondents that felt that they needed additional funding to survive the next 6 months was retail / sales firms at 20%.

Compared to 2019, what level of staffing do you expect over the next 3 months? By firm size



Do you anticipate that your business will be able to cover its fixed costs over the next 6 months?

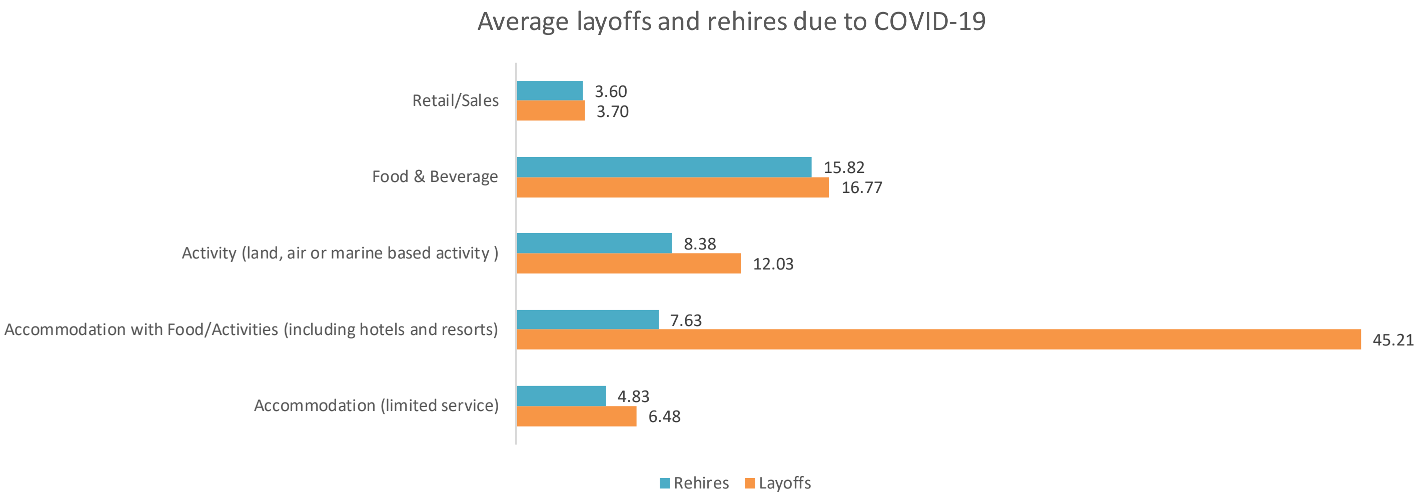


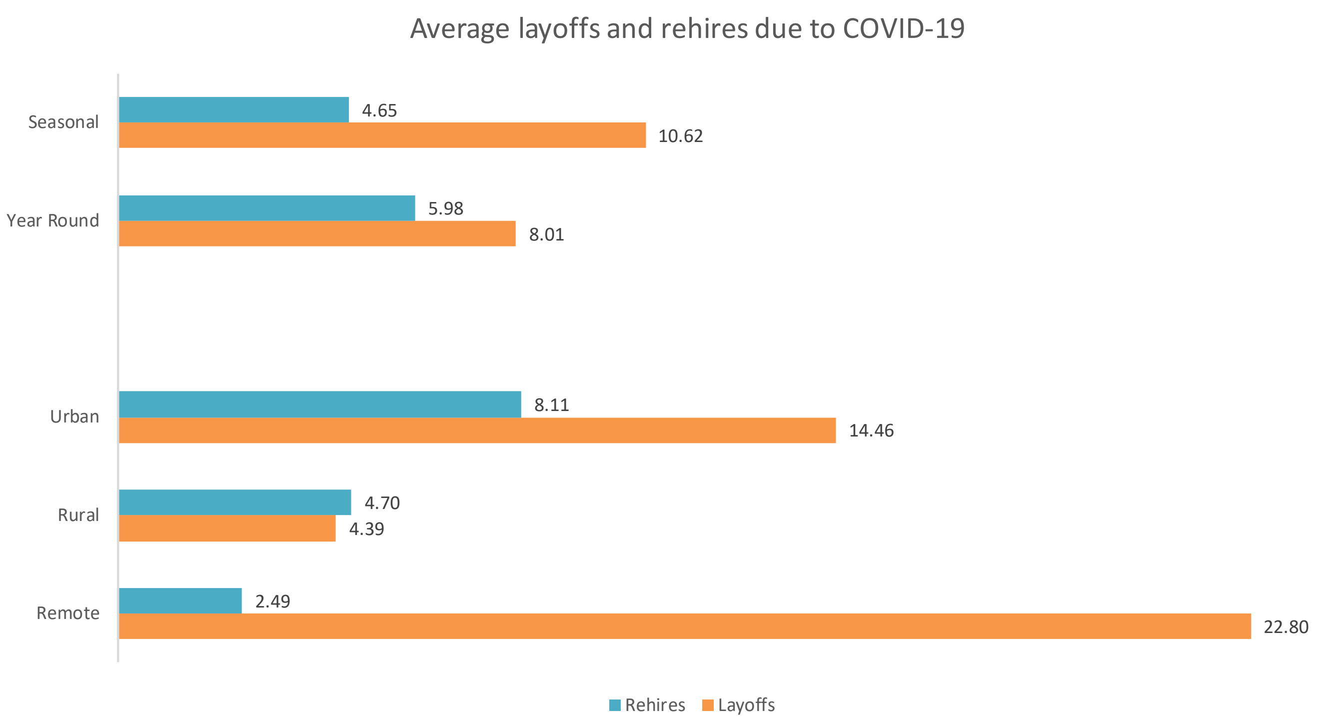
We asked firms about their expectations regarding staffing and their ability to pay bills for upcoming season.

The majority of firms expected to have either fewer or about the same number of employees compared to 2019, regardless of firm size. As firm size increased, the proportion of firms that believed they would have fewer employees in 2020 increased as well.

When we break down firms by seasonality and geographic location, the only category where the majority of respondents report that they are going to be able to cover their fixed costs for the next six months was rural firms. 12% of remote firms and 14% of seasonal firms report that they will be unable to pay their fixed costs in the next 6 months.

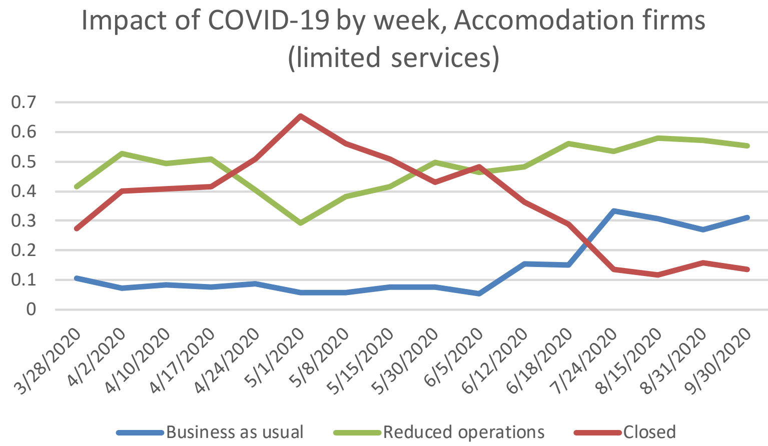
Regardless of seasonality or geographic location, the majority of firms reported that they could either pay 100% of fixed costs in the next 6 months or were unsure of their ability to pay. This is likely indicative of the uncertain nature of operating a business during the COVID-19 pandemic, as the situation surrounding health guidelines and policy actions is subject to sudden change.

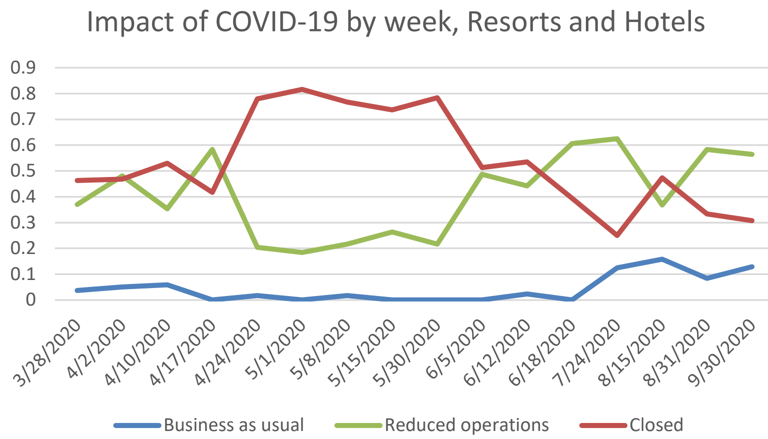


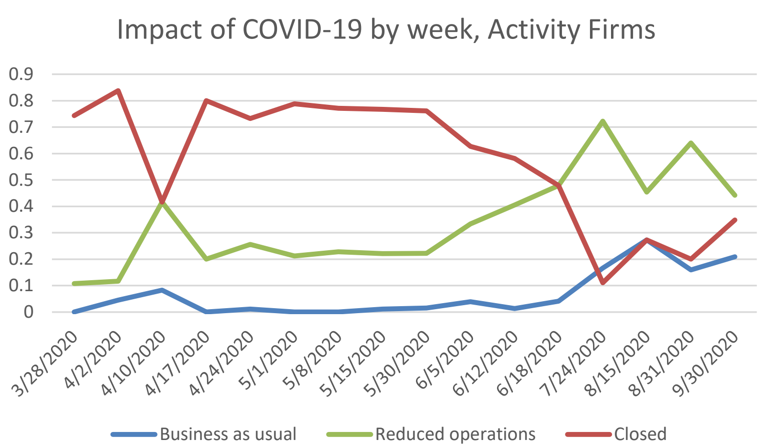


The graphs above are based on a sample of data from 825 unique firms since we began randomizing firms on July 12, 2020. The results are skewed by a number of large, but not unrepresentative, businesses, particularly in the remote category and resort/hotel accommodation category.

A notable result is that, in the majority of categories, the average number of layoffs is larger than the average number of rehires.







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

Limited service accommodation firms, such as bed and breakfasts, motels, and campsites, had the lowest proportion of closed firms at the end of September. Additionally, of the three largest categories, limited accommodation firms were the only category where the proportion of firms reporting business as usual was larger than the proportion of firms reporting that they were closed in any capacity.

Resorts and hotels have also seen reductions in closed firms, and an increase in firms reporting business as usual, although not as much increase as limited service accommodations, which may explain why most resorts and hotels reported that they would need additional funding to get through the next six months (see page 4).

The number of activity-based firms that are operating with reduced capacity has also decreased in September, with the number of firms reporting that they are closed in any capacity increasing to roughly 35%.

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

- When open, difficulty finding and retaining employees
- Worries about the future impact of financial hardship
- Stress surrounding the extra work required to adhere to health guidelines
- Support for the Canada Emergency Wage Subsidy
- Occasional non-compliant guests
- Support for advertising within BC
- Challenges with residential tenancy bylaws

When open, difficulty finding and retaining employees:

"CERB has made it difficult to hire staff." - Urban hotel/resort operator

"It's very hard to find good people that want to work." - Urban food & beverage firm

Worries about the future impact of financial hardship:

"A targeted, industry-specific package would be greatly appreciated." - Urban hotel/resort operator

"Anything financially would help. Christmas season is going to hurt us [big] time. Our main business is events and we were not eligible for any programs."
-Rural accommodation (limited service) operator

Stress surrounding the extra work required to adhere to health guidelines:

"Price reduction for PPE. PPE is very costly and some is difficult to find."
- Rural winery operator

We need "support for additional costs, re-consideration of additional measures for numbers of people indoors in one room." - Urban accommodation (limited service) operator

"I need to clean much more so need more staff." - Rural activity operator

"My worry going forward is losing outside seating and the pressure to add more indoors."
- Rural food & beverage firm

Support for the Canada Emergency Wage Subsidy:

An "extension of the wage subsidy program" would be helpful. - Urban winery operator

"Canada Emergency Wage Subsidy has been the primary program that has been helping us get through this time." - Urban activity operator

Occasional non-compliant guests:

"Enforcement of our protocols is difficult." Often people won't follow the rules, "especially when they are drinking." - Rural accommodation (limited service) operator

"There is a high level of anxiety, resulting in a higher level of abuse to customer-facing staff." - Urban hotel/resort operator

Support for advertising within BC:

"Keep advertising BC staycations, as it has been very beneficial for [our] business."
- Remote activity operator

"Financial help for advertising would be helpful." - Urban retail/sales operator

Challenges with residential tenancy bylaws:

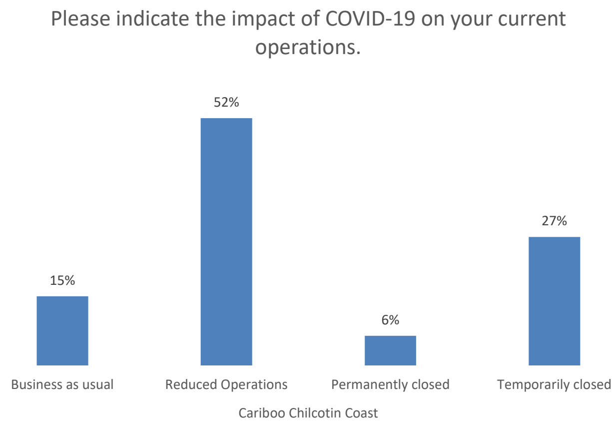
"Zoning bylaws are limiting the ability of small vacation rentals and B&Bs in the Cowichan Valley to adapt." - Rural accommodation (limited service) provider

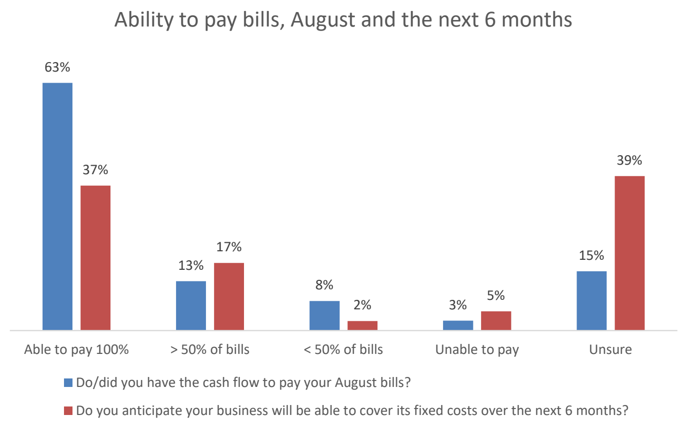
"The government has made it challenging for B&Bs to survive. Changing the residential tenancy rules would help." - Urban accommodation (limited service) provider

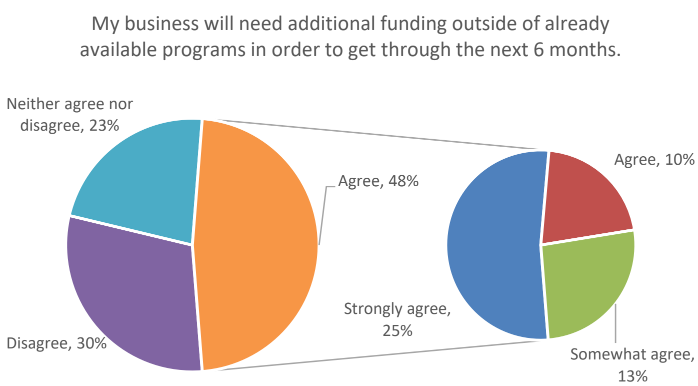
Concern with accessibility of support programs:

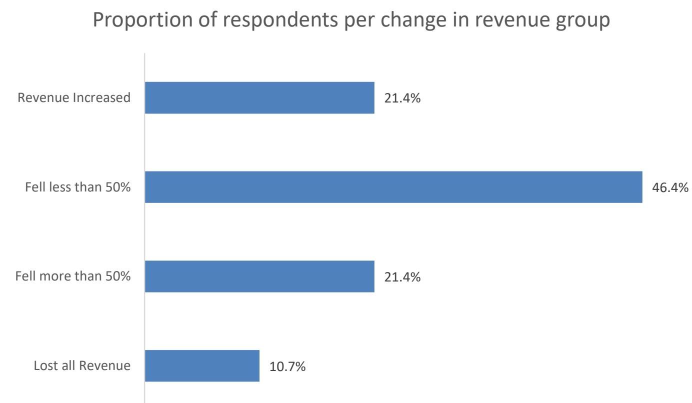
"Being a…business with no full-time employees we have found zero support from either the provincial or federal government and are unable to qualify for any of the programs offered thus far." - Seasonal rural hotel/resort operator

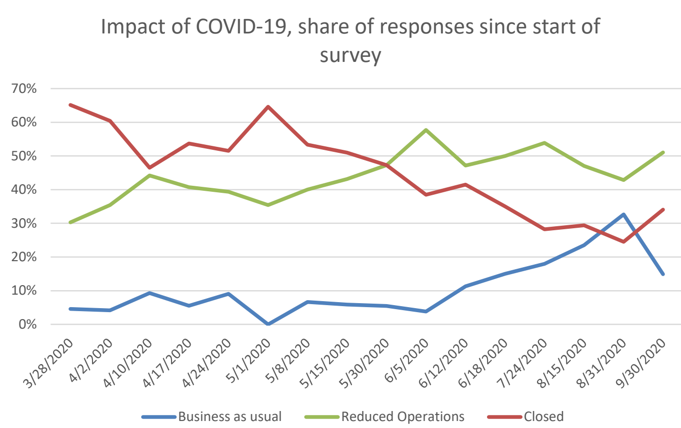
"Biggest feedback would be the accessibility of the rent subsidy. It would have been more effective if renters could apply for it directly, rather than having it only available to landlords/owners." - Urban Retail/Sales operator

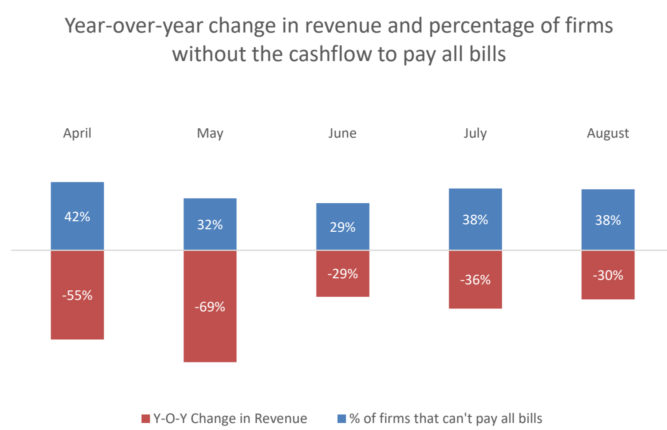






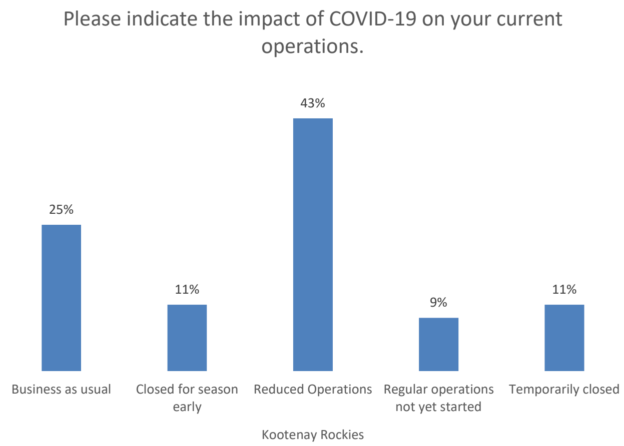


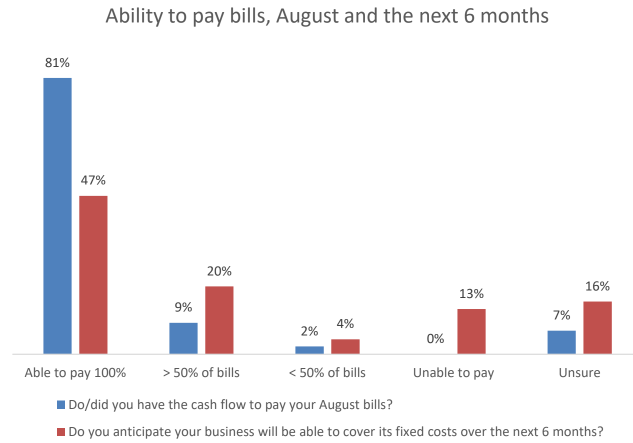


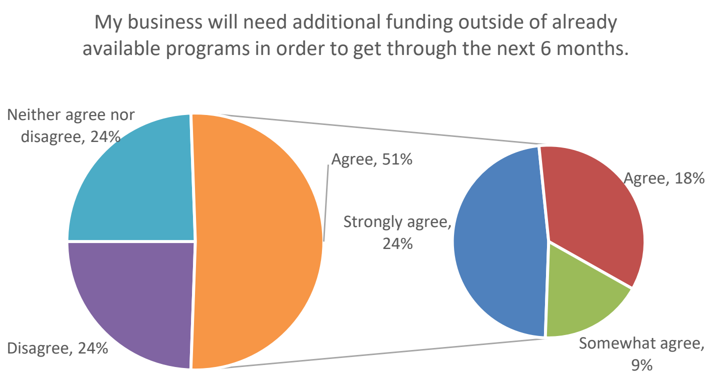


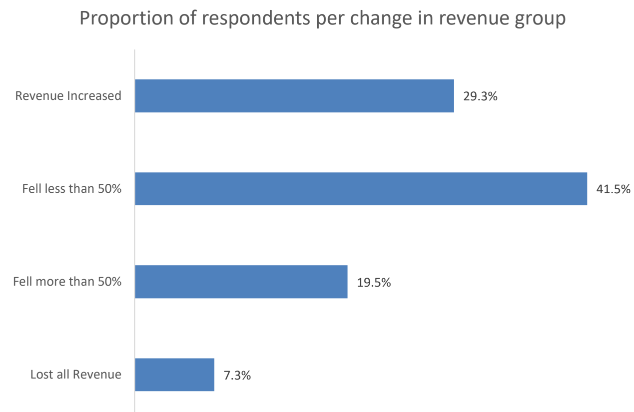
Amy Thacker
CEO, CARIBOO CHILCOTIN COAST TOURISM

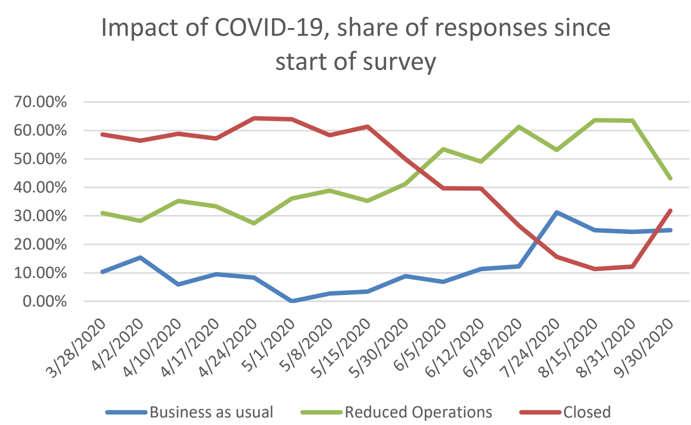
A response rate of 48% yielded 48 tourism businesses, representing a **margin of error for the regional questions of +/- 11%, 9 times out of 10.**

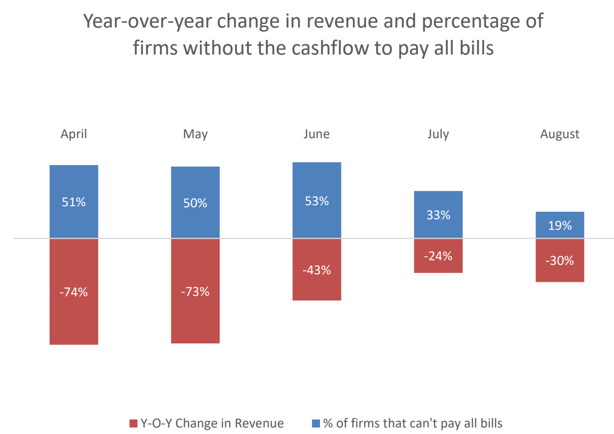








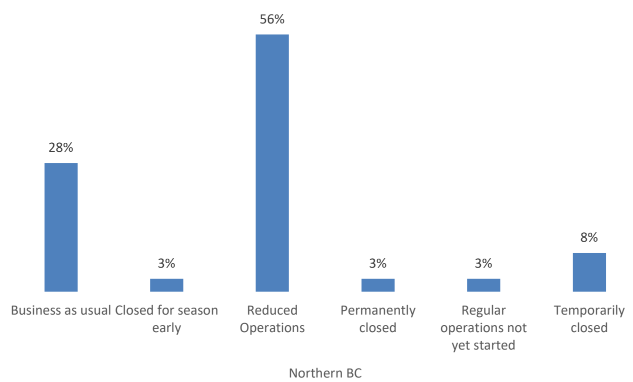




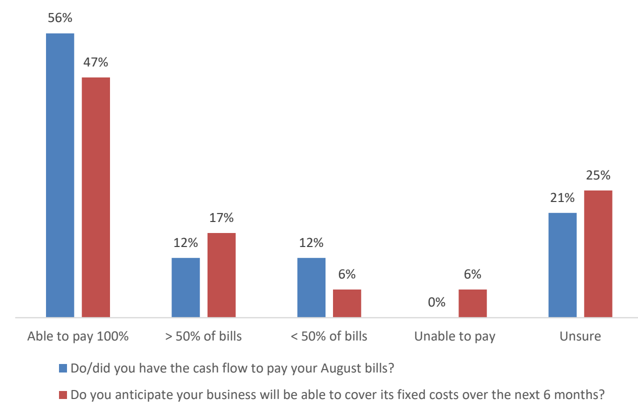
Kathy Cooper
CEO, KOOTENAY ROCKIES TOURISM

A response rate of 36% yielded 45 tourism businesses, representing a **margin of error for the regional questions of +/- 12%, 9 times out of 10**

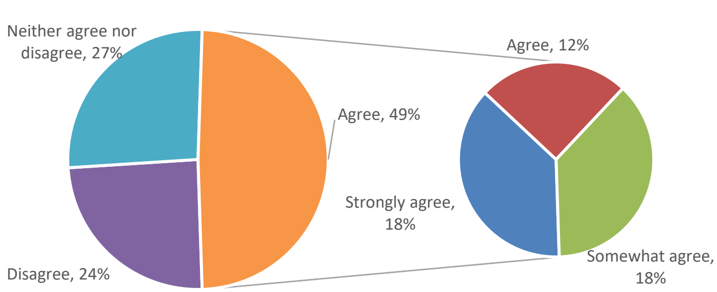
Please indicate the impact of COVID-19 on your current operations.



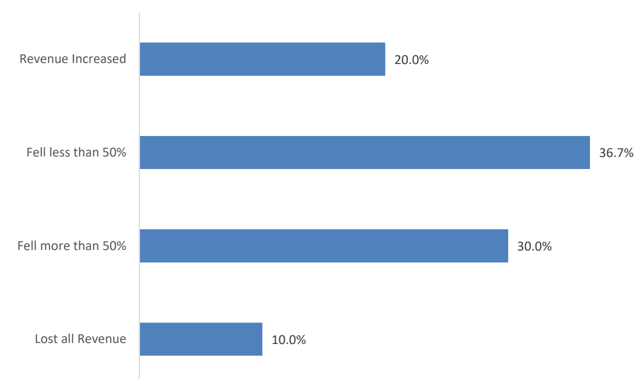
Ability to pay bills, August and the next 6 months



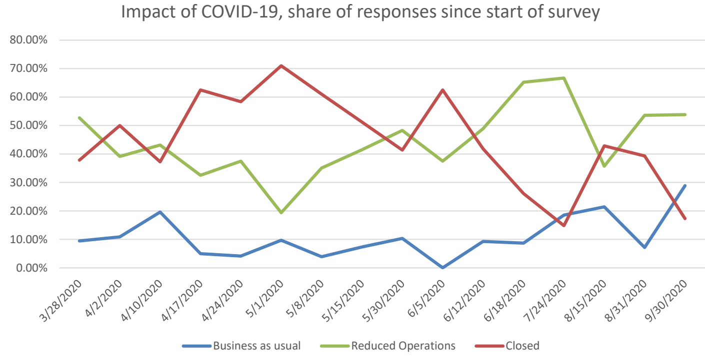
My business will need additional funding outside of already available programs in order to get through the next 6 months.



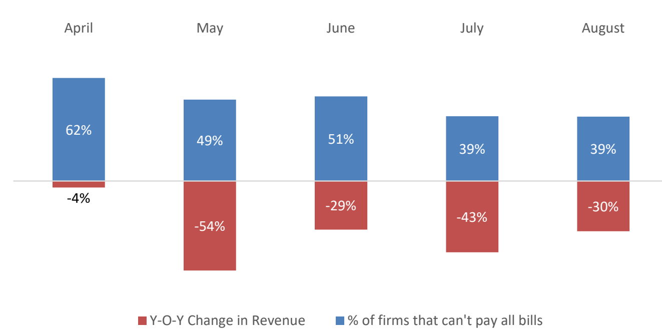
Proportion of respondents per change in revenue group



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



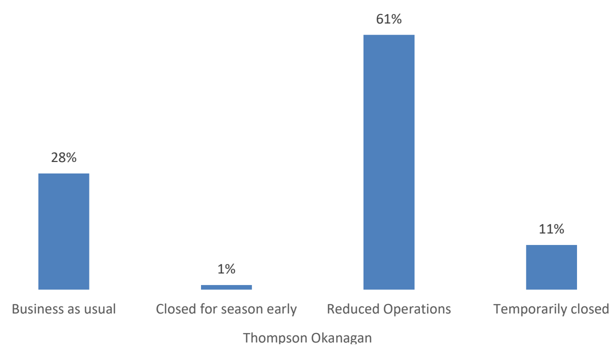
Year-over-year change in revenue and percentage of firms without the cashflow to pay all bills



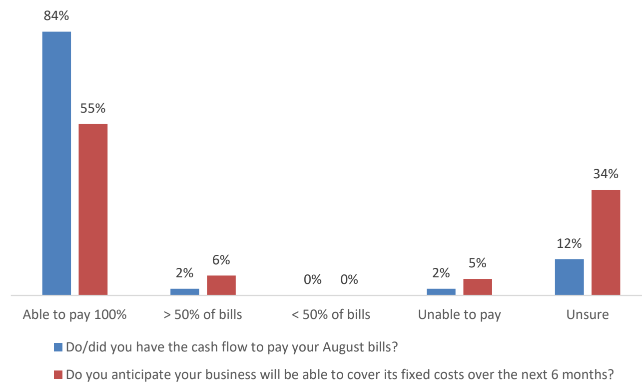
Clint Fraser
CEO, NORTHERN BC TOURISM

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

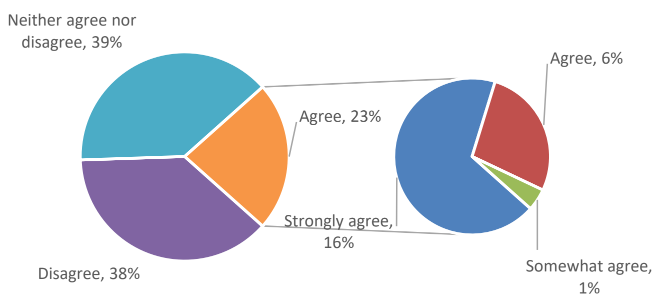
Please indicate the impact of COVID-19 on your current operations.



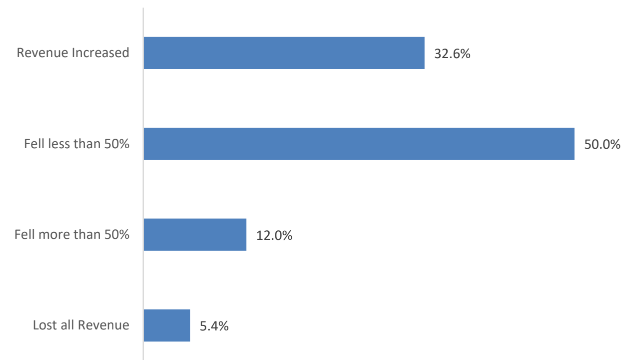
Ability to pay bills, August and the next 6 months



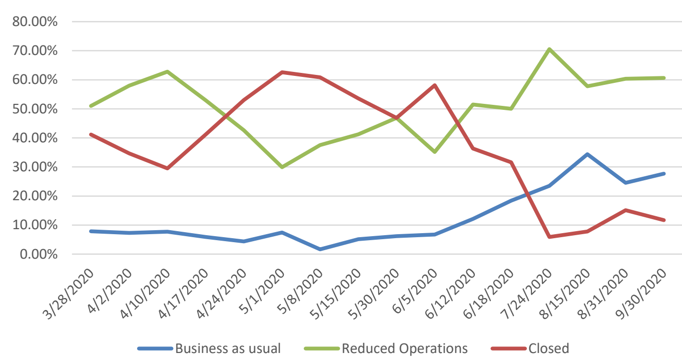
My business will need additional funding outside of already available programs in order to get through the next 6 months.



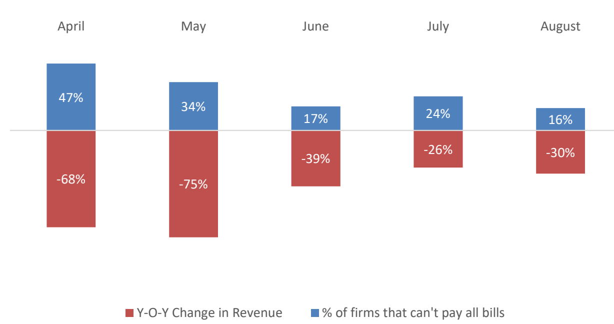
Proportion of respondents per change in revenue group



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

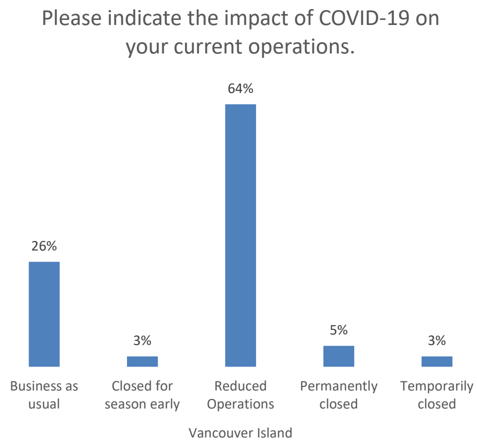


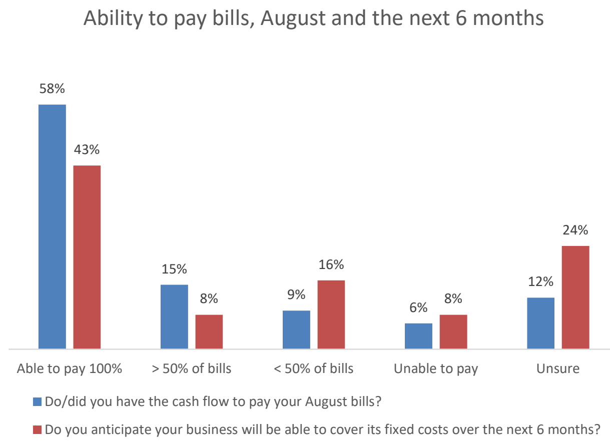
Year-over-year change in revenue and percentage of firms without the cashflow to pay all bills

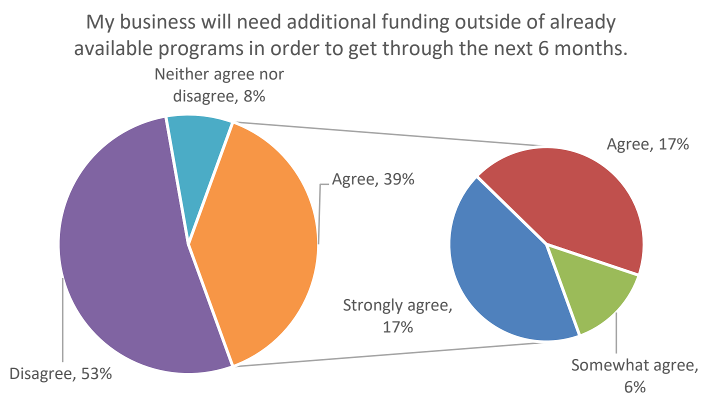


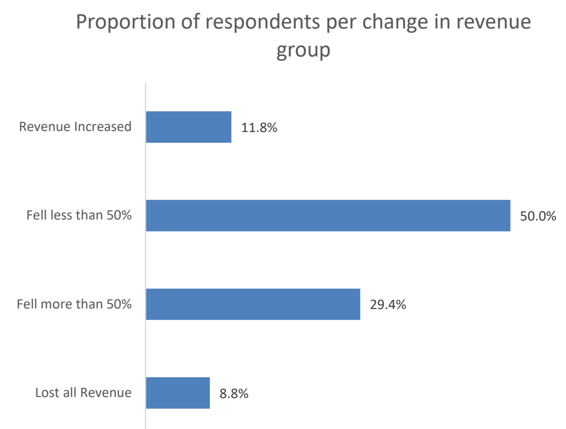
Glenn Mandziuk
CEO, THOMPSON OKANAGAN TOURISM

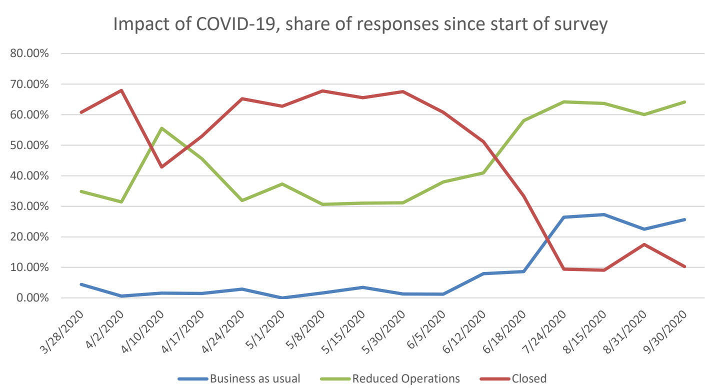
A response rate of 50% yielded 95 tourism businesses, representing a **margin of error for the regional questions of +/- 8.5%, 9 times out of 10**

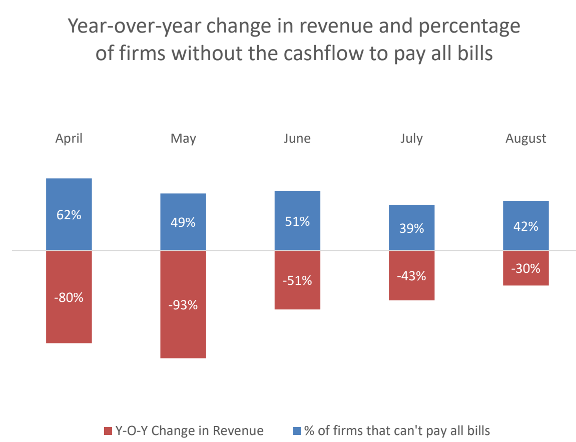










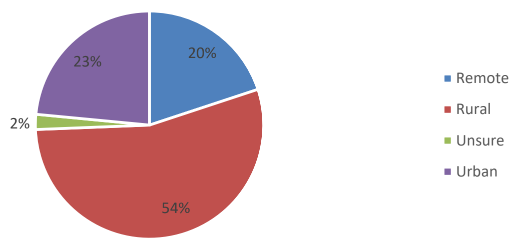


Anthony Everett
CEO, TOURISM VANCOUVER ISLAND

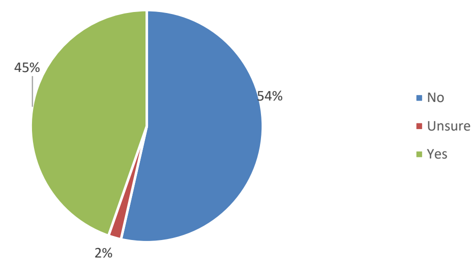
A response rate of 31% yielded 39 tourism businesses, representing a **margin of error for the regional questions of +/- 14%, 9 times out of 10**

APPENDIX A: FIRMS SURVEYED

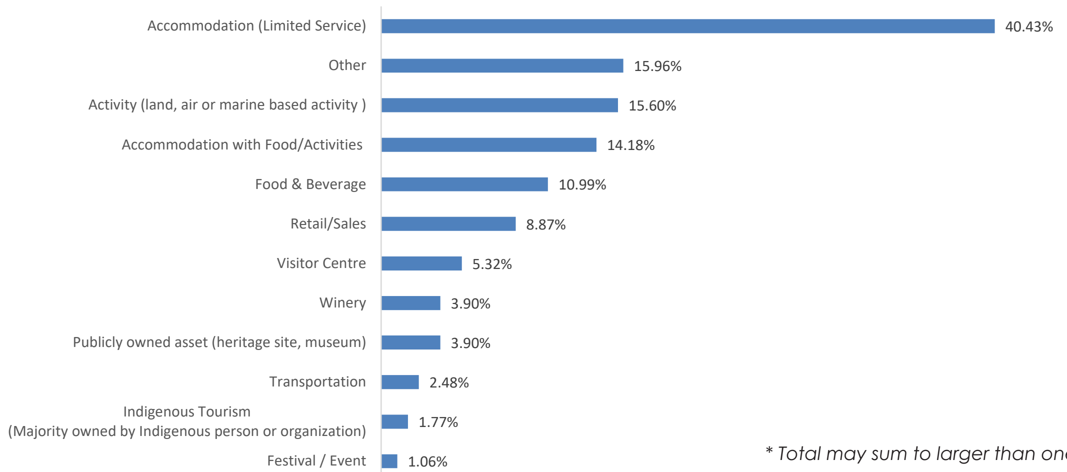
Do you consider the area in which your business operates to be urban, rural, or remote?



Is your business seasonal?

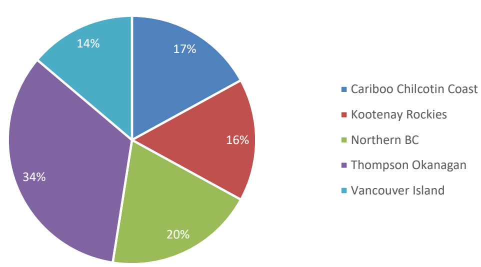


Proportion of firms by business type



** 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, $x^w = \frac{1}{N}\sum_r^R N_r \bar{x}_r$

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.