



BRITISH COLUMBIA REGIONAL TOURISM SECRETARIAT
COVID-19 TOURISM IMPACT REPORT

With a focus on British Columbia, including the Lower Mainland and Whistler
January 12, 2021 to February 28, 2021

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



Opening message

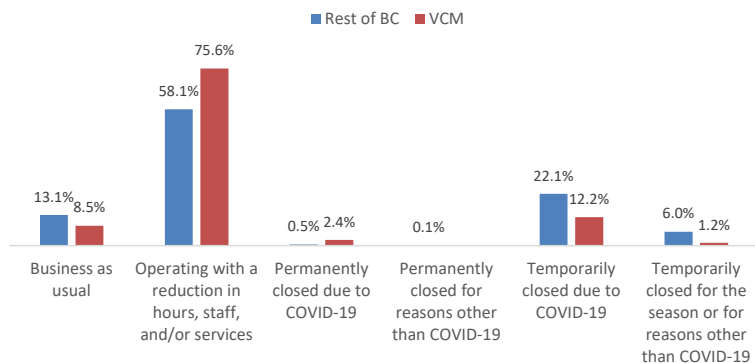
The British Columbia Regional Tourism Secretariat, British Columbia Hotel Association, the British Columbia Destination Marketing Organizations Association, and Tourism Industry Association of BC are continuing to leverage a collective business network to collect, collate and report on the impact of 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 **January 12th - February 28th**. Firms in all regions were surveyed based on a randomly selected list, except for the Vancouver, Coast & Mountains region (VCM), where firms learned about the survey through email and chose to respond. Due to a large number of respondents obtained through the BC Hotel Association, the non-randomized results for VCM skewed toward the hotel/accommodation sector. In total, the survey yielded **429 tourism businesses**, including 82 respondents from VCM. A response rate of 32% for the regions outside VCM yielded 259 randomized sample responses. An additional 88 non-randomized sample responses for these regions came from BCHA and TIABC, which are shown in the Hotel/Accommodation 'Closer Look' section, but not the provincial averages. This represents a margin of error for the randomized sample-wide questions of +/- 4%, 9 times out of 10.

Key issues for consideration:

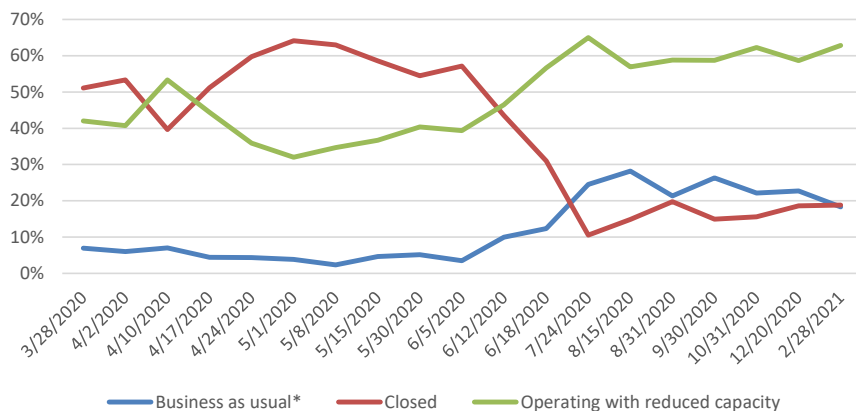
- The negative impact of COVID-19 on firms in the VCM region appears to be higher than on firms in the rest of the province, but this may be due to different sampling strategies
- Firms are worried about going into another summer season with travel restrictions still in place, and face uncertainty about how to deal with out-of-jurisdiction bookings
- The number of firms reporting **business as usual** is **15%** (8% for VCM region), while **22%** of firms surveyed are **closed for the season**
- About **32%** of firms reported losing **more than half** of full-time, year-round staff positions
- The average loss of revenue compared to this time last year is **36%**, representing an **increase of 11%** since the last report
- Between **18-33%** of firms reported being ineligible for major provincial and federal programs targeted for businesses

PROVINCIAL SUMMARY

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



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



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

Across the tourism regions of Cariboo Chilcotin Coast, Kootenay Rockies, Northern BC, Thompson Okanagan, and Vancouver Island, the percentage of firms reporting business as usual is 13%, while it is 9% for the Vancouver, Coast & Mountains region (VCM). For context, this is lower than the B.C. average of fully open firms (51%), and on par with the average for fully open firms in the Canadian hospitality sector (11%), as reported by the Canadian Federation of Independent Business (CFIB). 6% of firms are temporarily closed for reasons other than COVID-19 in the rest of BC (RoBC), while that figure is 1% in VCM. This includes seasonal businesses that are currently closed.

About 23% (RoBC) and 15% (VCM) of firms are reporting being closed due to COVID-19.

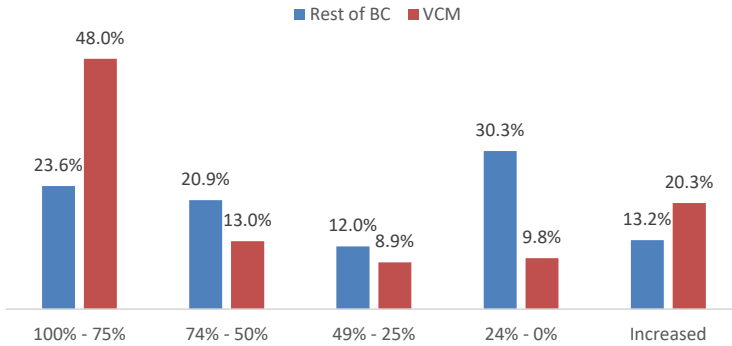
Comparing over time, the percentage of firms that are reporting that they are closed has stayed roughly the same since our last report, while the percentage reporting business as usual has marginally decreased.

All findings are based on member surveys collected by the Secretariat during January 12th - February 28th, except where otherwise noted. For all regions excluding VCM (indicated in this report as Rest of BC or RoBC), 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 on 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/@anatoletuzlak and Kootenay Rockies Tourism/Mitch Winton.

CFIB "COVID-19: State of Small Business", February 18, 2021: <https://www.cfib-fcei.ca/sites/default/files/2021-02/Your-Voice-February-survey-key-results.pdf>

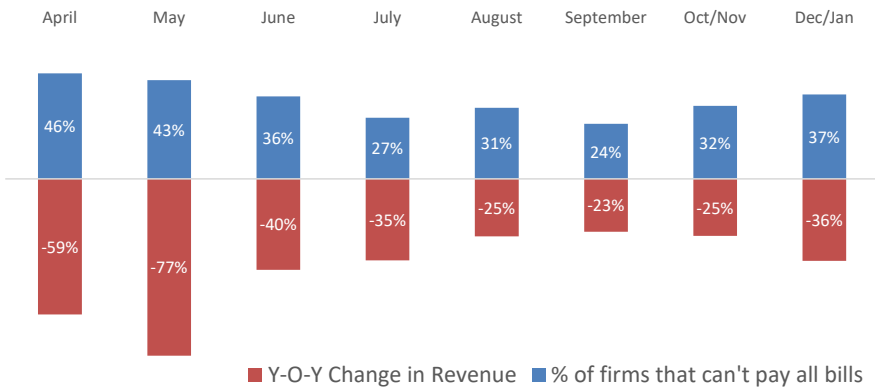
Compared to December/January last year, by how much did your revenue fall?



About 45% (RoBC) and 61% (VCM) of firms reported losing more than half of their revenue compared to December/January last year.

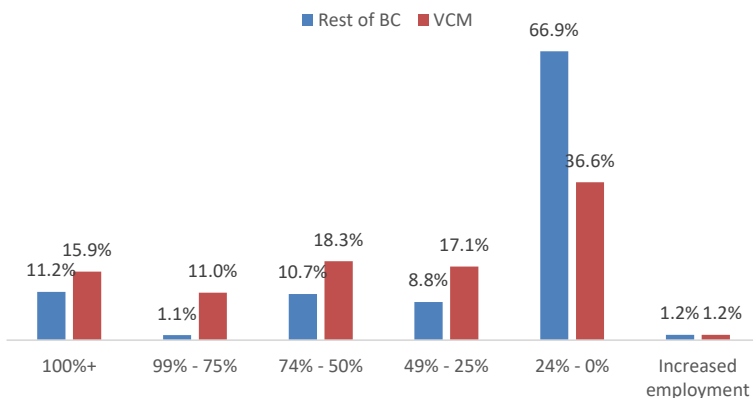
Meanwhile, the proportion of firms reporting an increase in revenue from last year was 20% and 13%. For comparison's sake this is more than the 9% of hospitality firms nationwide that reported having 'normal or better than normal revenue', but less than the 25% of firms in all sectors in BC that reported the same, according to CFIB.

Year-over-year change in revenue 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 a year ago was -36%. Meanwhile, the proportion of firms unable to pay their monthly bills was 37%.

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

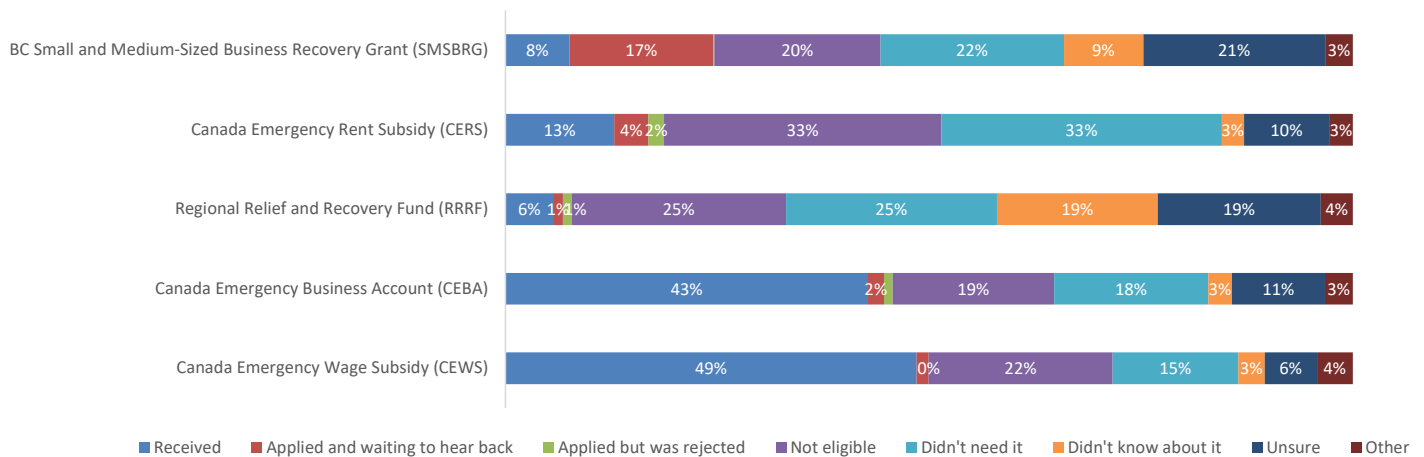


The survey also asked about the number of full-time jobs firms lost due to COVID-19. We compare the number of full-time jobs lost with the number of employees that the firm reported in its least busy month in 2019 to estimate the percentage of full-time jobs lost. About 23% (RoBC) and 46% (VCM) of firms reported losing more than half of their full-time staff.

49% of businesses reported using the federal wage subsidy programs (CEWS), which was lower than the 57% reported in the last report, likely driven by a different composition of firms in the sample. It remains the most commonly received federal or provincial program, followed by the Canada Emergency Business Account which has increased from 39% in the last report to 43%.

Of programs listed in the survey, the Canada Emergency Rent Subsidy (CERS) had the highest proportion of reported ineligibility (33%), followed by the Regional Relief and Recovery Fund (RRRF). 8% of businesses surveyed this month received the BC Small and Medium-Sized Business Recovery Grant (SMSBRG), representing an increase in take-up of 4% since the last report. Notably, the SMSBRG has a much higher percentage of firms that have applied but are still waiting to hear back (17%) than other programs. We also appreciatively note that the Province has recently expanded eligibility and duration for the SMSBRG program, and will be monitoring take-up of this grant in future surveys.

Access to federal and provincial programs (Outside VCM)



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

- 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.
- The paperwork/application processes are too complicated or lengthy
- Businesses are unable to provide information on revenue drops due to recent incorporation or lack of revenue for other reasons (ex. period of major investment, etc.)
- Business cannot meet revenue loss threshold due to being a seasonal business and only having revenues during certain months of the year

"We were closed last year for part of 2019 and 2020 for renovations so do not qualify for some of the CEWS which has made things very difficult" - Rural Resort operator

"A 50% reduction in revenue as a threshold is too high. Seasonal revenue fluctuations exist in the hospitality sector [and the government does not take this into account]". - Accommodation operator

"We reside 50/50 in Alberta and BC. Now we don't qualify for either the BC and Alberta grants because our business location and residency address are incompatible." - Accommodation operator

"Our business was shut down in 2017-18 due to fires. 2019 was a flood year and guests were hesitant to return. We had 2020 booked until COVID. How do you show that kind of loss?" - Remote Resort

"A big missing component is helping new businesses that are being affected but do not qualify because they are so new." - Rural Resort

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

- Worries about the future impact of financial hardship
- Frustration with flow of information about government policies
- Concern with accessibility of support programs
- Fears about going into another summer season with travel restrictions still in place

“If I don’t get support soon I’ll go bankrupt as I already sold my house and took out all the savings including RRSP and RESP” - Accommodation business

“Information on government subsidies such as CEWS and CERS need to be released with at least 4 weeks notice. The current feed of (late) information is frustrating, makes planning impossible and gives little to no certainty to staff.” – Rural transportation operator

“We are doing our best to stay afloat during this time period, engaging with some in-person guests in our gallery, and online. We have had to pivot online with both our major events so that will not only affect our organization and the number of artists we will support, it will affect the businesses in the neighbourhoods where these events take place.” – Urban Festival/Event

“The present grant/loans can only sustain up to a certain period. If our borders remain closed to inbound tourists, there will be no income to sustain my business for long. I hope and pray for the successful vaccination and immunization of people traveling into BC.” – Urban tour/transportation company

“We need a forecast on the border for summer. The thought of rebooking everyone and then cancelling again is unbearable.” – Remote activity/resort

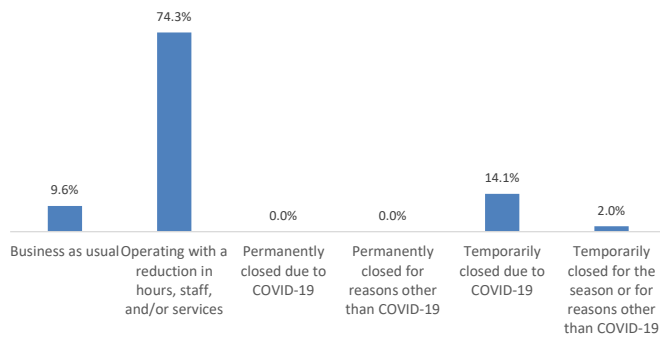
“As a remote, seasonal business, we are committed to opening in summer 2021, but are unable to effectively plan because we don’t have any certainty that recreational travel within Canada will be allowed by summer. We survived the loss of an entire season (did not open at all in 2020) but will not survive if we lose the 2021 season. It’s our hope that successful vaccine rollout will allow recreational travel, and end border restrictions.” – Remote Resort

“Sadly, many businesses like mine will disappear from our region.” - Remote activity firm

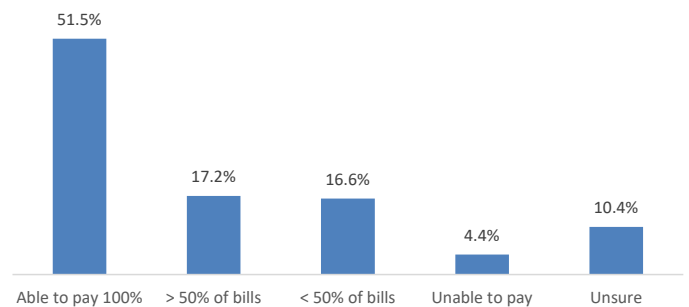
A CLOSER LOOK: ACCOMMODATION AND HOTEL SECTOR

Looking closer at the accommodation and hotel sector, a high percentage (74%) are operating with a reduced capacity, while almost half are not able to pay all of their monthly bills.

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

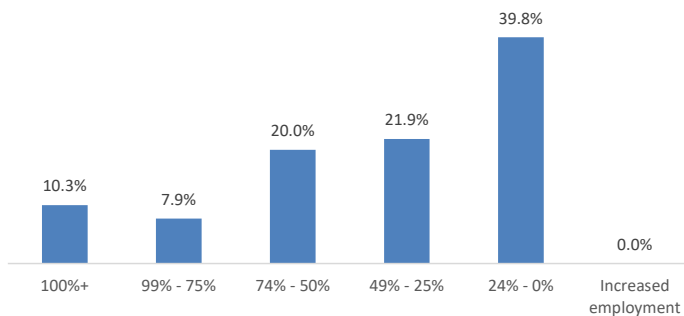


Do/did you have the cash flow to pay your monthly bills?

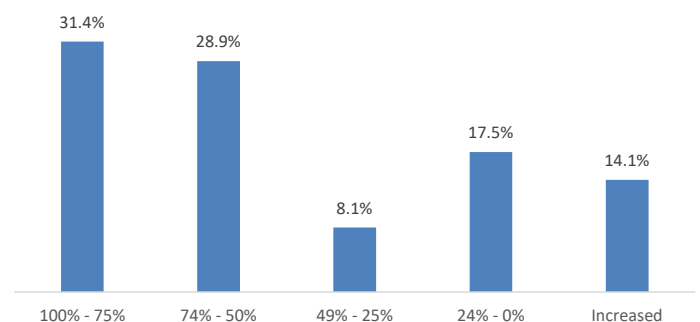


38% of firms lost more than half of full-time positions due to COVID-19, while 68% of firms lost more than half of their revenue compared to this time last year.

Percentage of full-time jobs lost due to COVID-19 (provincial average)



Compared to December/January last year, by what percentage did your revenue fall?

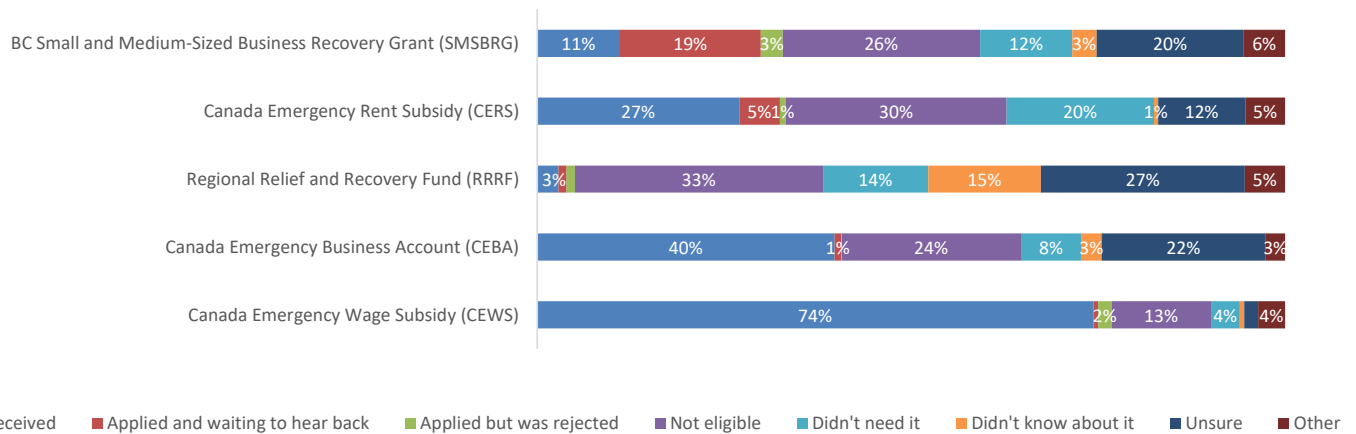


A CLOSER LOOK: ACCOMMODATION AND HOTEL SECTOR

74% of accommodation businesses reported using the federal wage subsidy program (CEWS), making it the most commonly received federal or provincial program, followed by the Canada Emergency Business Account at 40%. This is more than the all-sectors average for RoBC and the same as the all-sectors average for VCM.

The Regional Relief and Recovery Fund (RRRF) had the highest proportion of reported ineligibility (33%), followed by the Canada Emergency Rent Subsidy (CERS). 11% of businesses received the BC Small and Medium-Sized Business Recovery Grant (SMSBRG), which is more than the all-sectors average for RoBC (8%), but less than the all-sectors average for VCM. As with the all-sectors provincial averages, the SMSBRG has a much higher percentage of firms that have applied but are still waiting to hear back, than other programs.

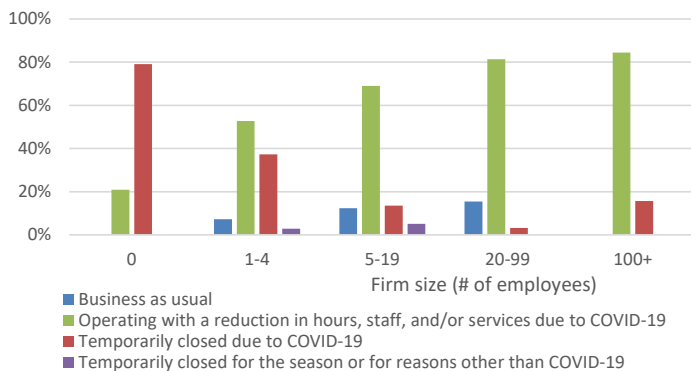
Access to federal and provincial programs



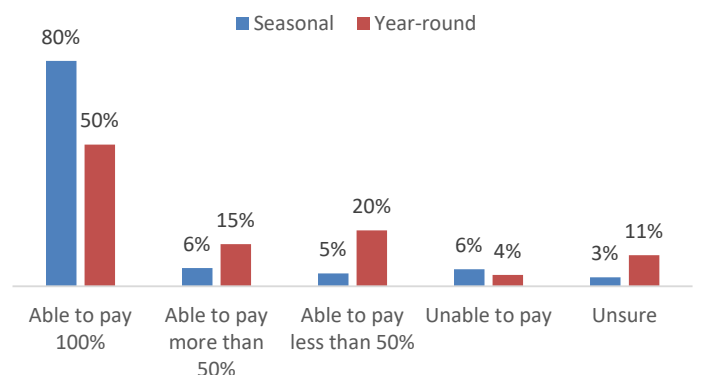
When breaking down the impact of COVID-19 by firm size, we see that the larger a firm is, the more likely it is to be operating, but at a reduced capacity. Accommodation firms that had zero employees (in the busiest month of 2019), such as a bed & breakfast, had a high likelihood (80%) of being temporarily closed due to COVID-19.

When breaking down ability to pay bills by seasonality, we see that seasonal firms were more likely to be able to pay all of their bills in December/January than year-round firms, but were also more likely to be unable to pay any bills (6% vs. 4%).

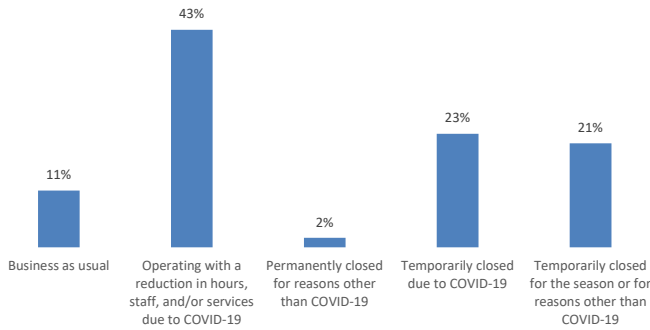
Please indicate the impact of COVID-19 on your business's operations



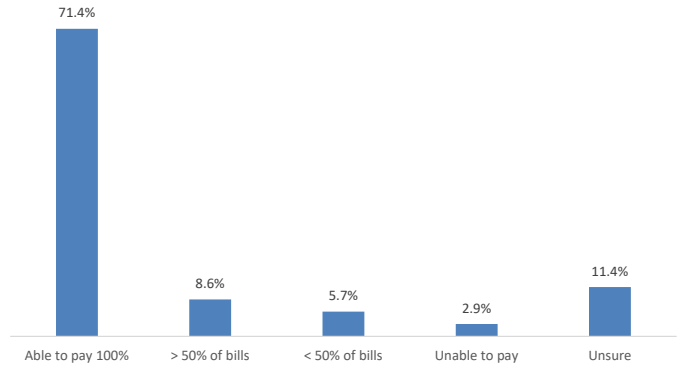
Ability to pay bills, December/January



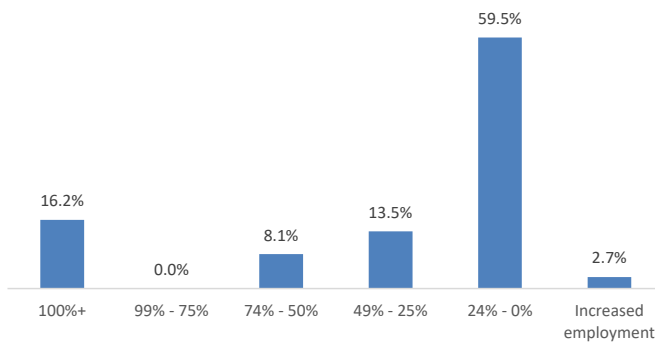
Please indicate the impact of COVID-19 on your current operations.



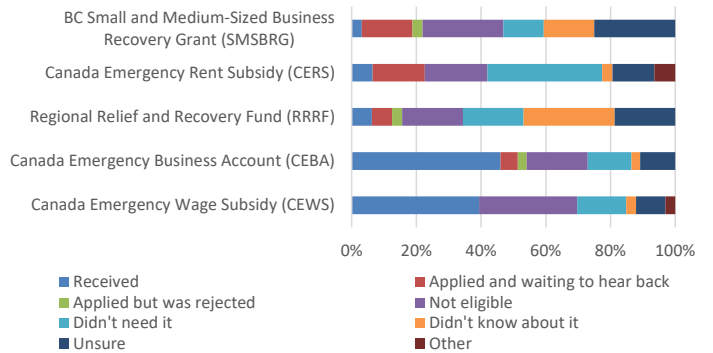
Ability to pay bills, December/January



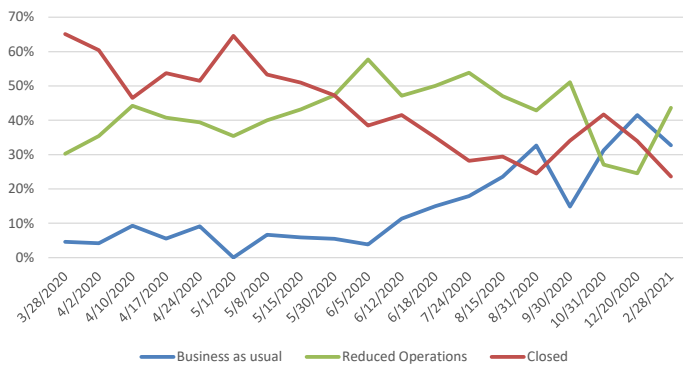
Percentage of full-time jobs lost



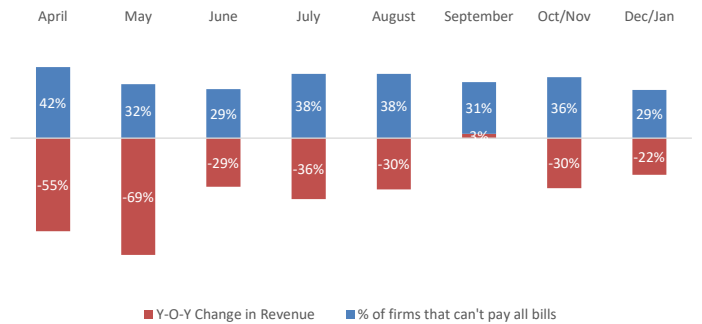
Government assistance take-up



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



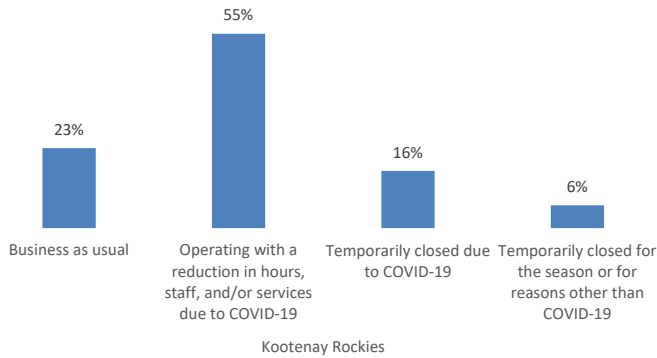
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Amy Thacker
CEO, CARIBOO CHILCOTIN COAST TOURISM

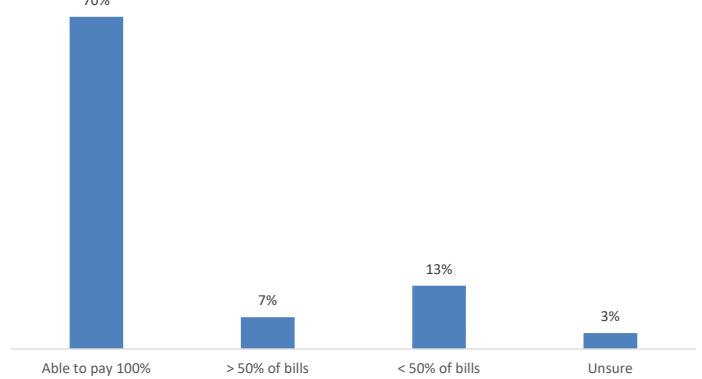
A response rate of 54% yielded 54 tourism businesses, representing a margin of error for the regional questions of +/- 10%, 9 times out of 10.

KOOTENAY ROCKIES

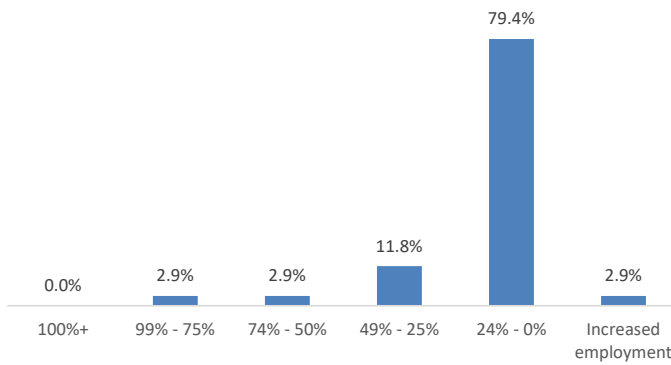
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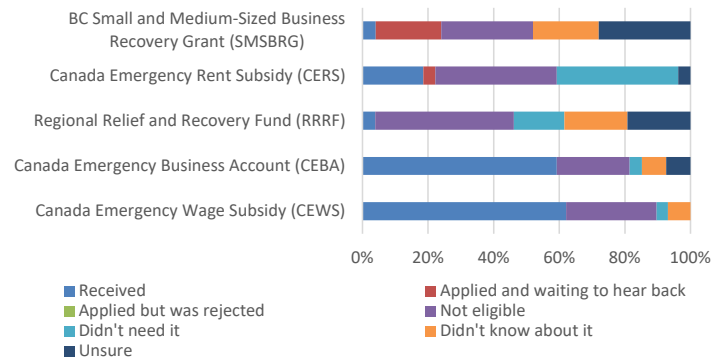
Ability to pay bills, December/January



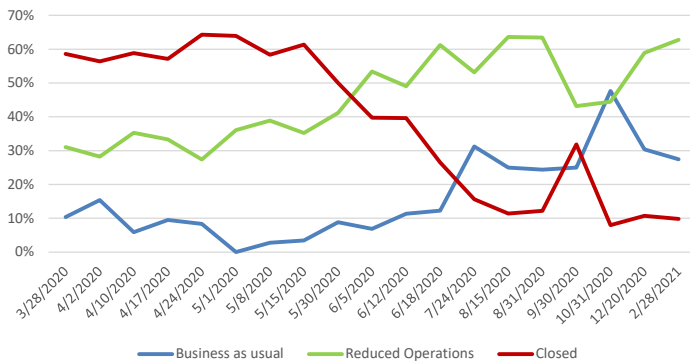
Percentage of full-time jobs lost



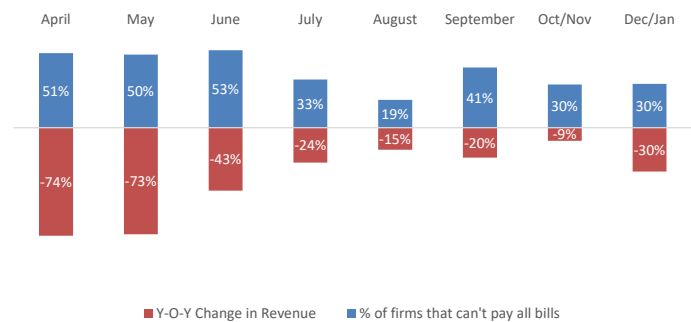
Government assistance take-up



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



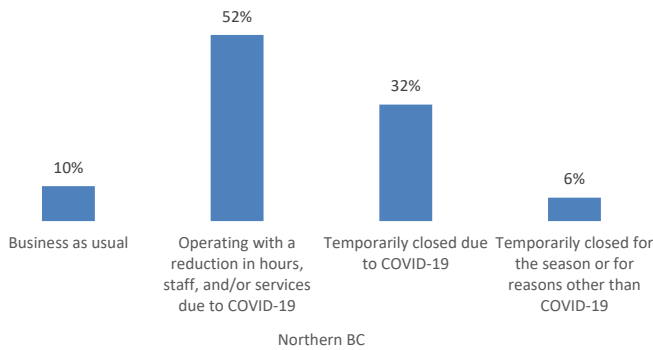
Year-over-year change in revenue and percentage of firms without the cashflow to pay all bills



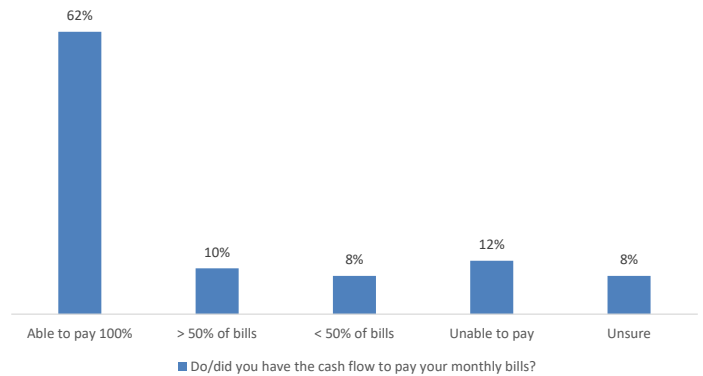
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Kathy Cooper
CEO, KOOTENAY ROCKIES TOURISM

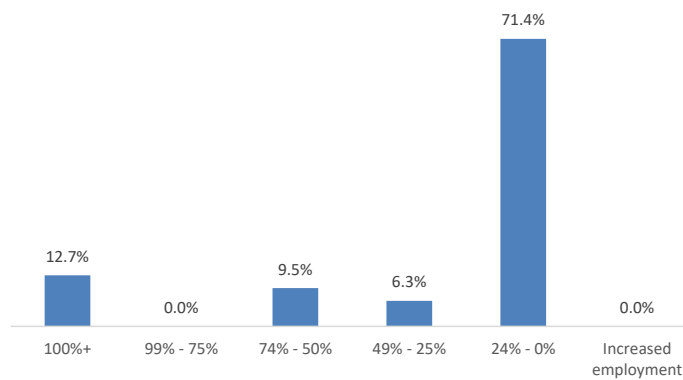
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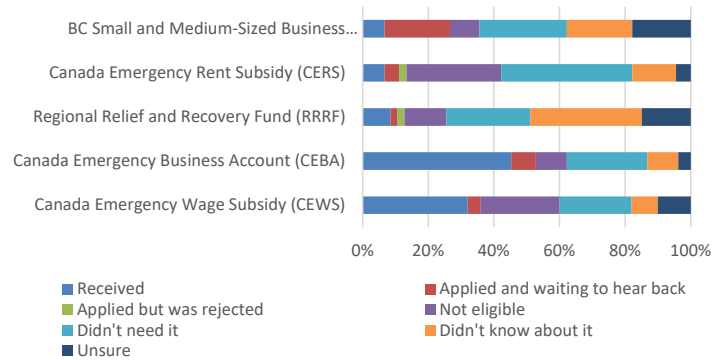
Ability to pay bills, December/January



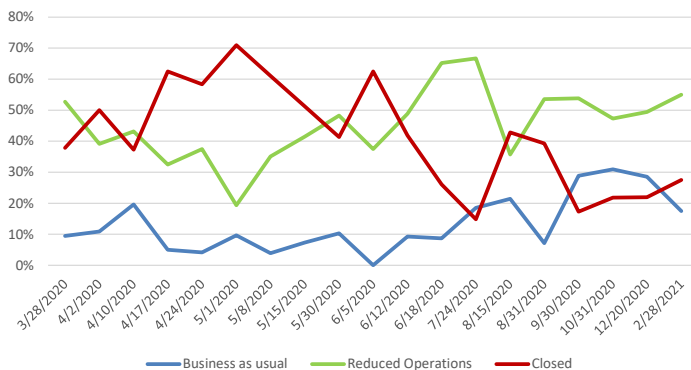
Percentage of full-time jobs lost



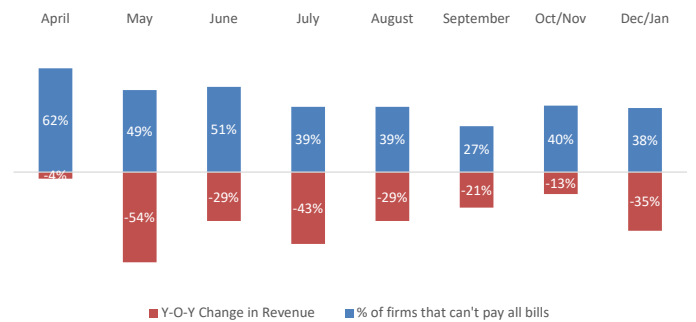
Government assistance take-up



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

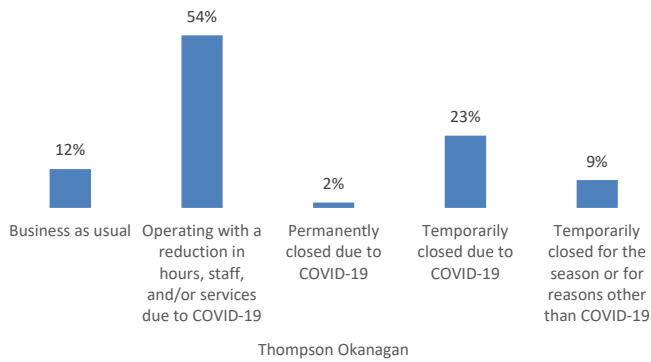


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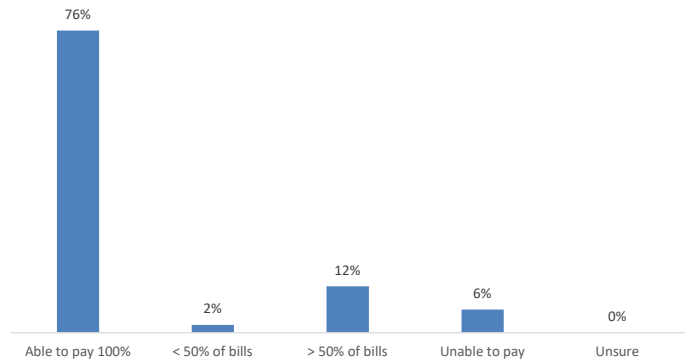
Clint Fraser
CEO, NORTHERN BC TOURISM

A response rate of 34% yielded 67 tourism businesses, representing a margin of error for the regional questions of +/- 10%, 9 times out of 10.

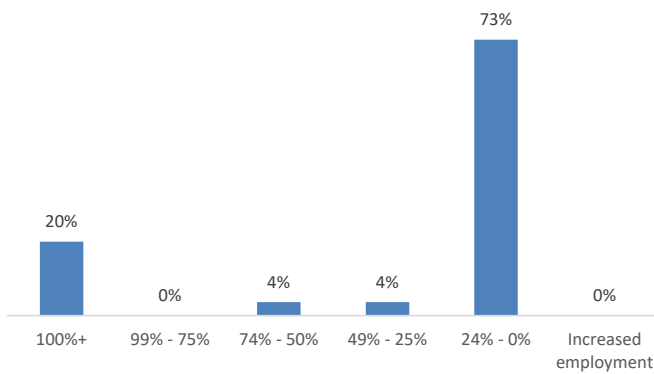
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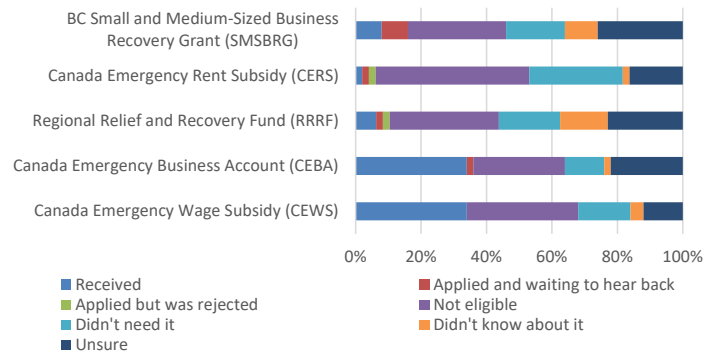
Ability to pay bills, December/January



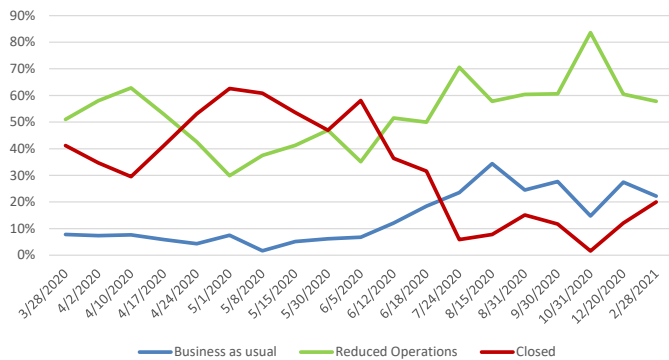
Percentage of full-time jobs lost



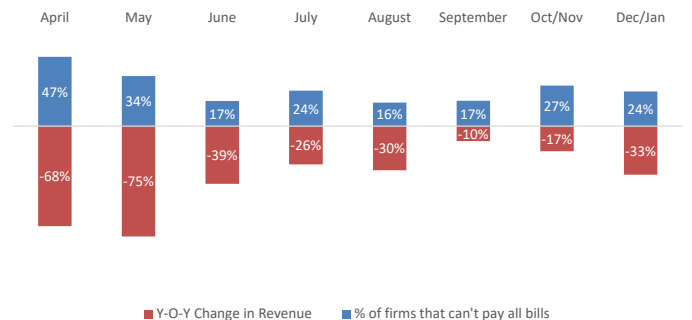
Government assistance take-up



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

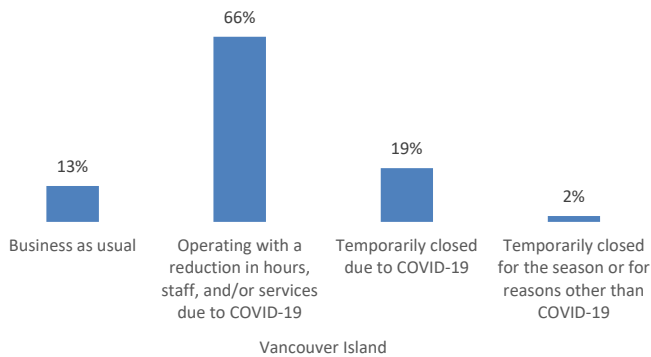


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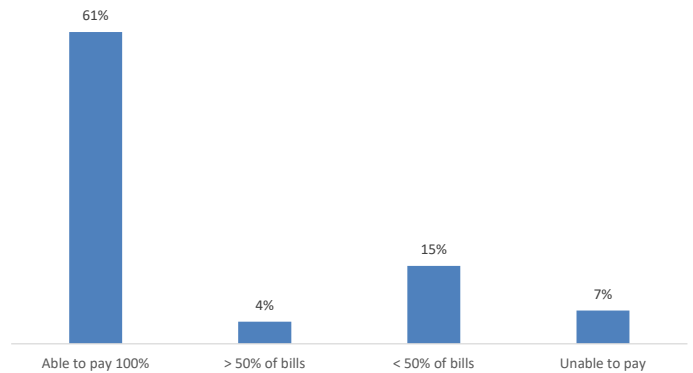
Glenn Mandziuk
CEO, THOMPSON OKANAGAN TOURISM

A response rate of 30% yielded 60 tourism businesses, representing a margin of error for the regional questions of +/- 11%, 9 times out of 10.

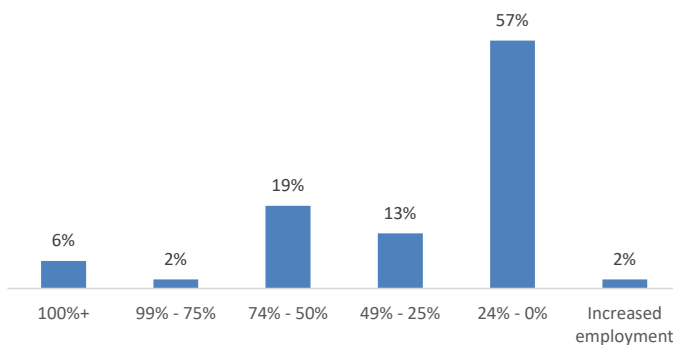
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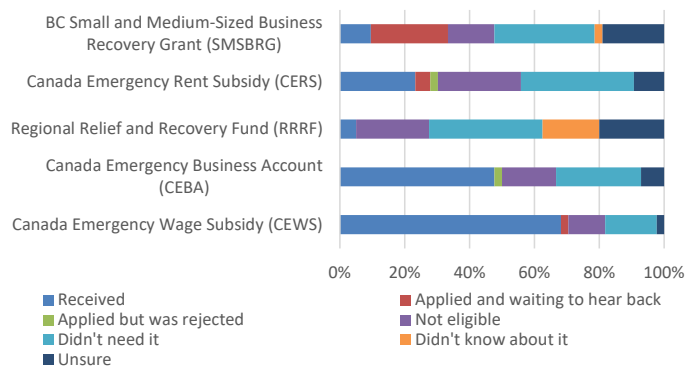
Ability to pay bills, December/January



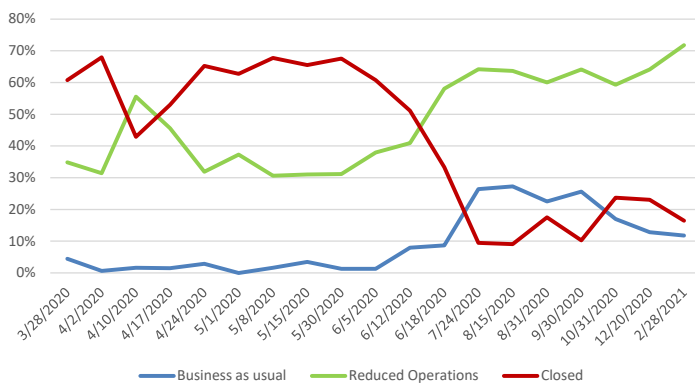
Percentage of full-time jobs lost



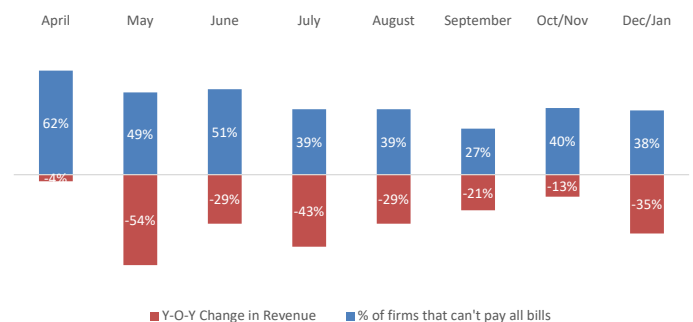
Government assistance take-up



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



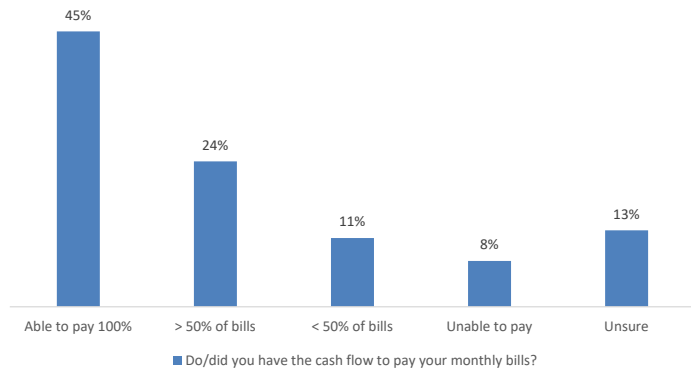
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Anthony Everett
CEO, TOURISM VANCOUVER ISLAND

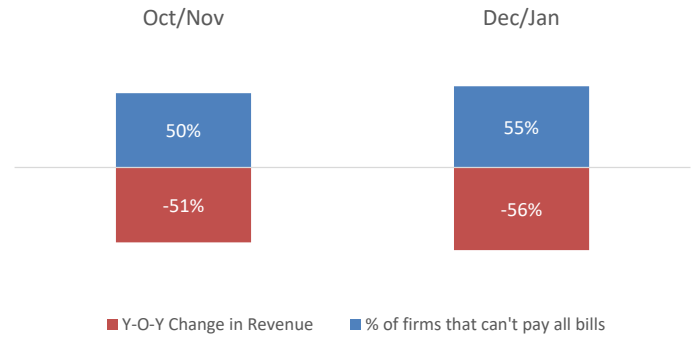
A response rate of 18% yielded 53 tourism businesses, representing a margin of error for the regional questions of +/- 11%, 9 times out of 10

APPENDIX: PROGRAM ACCESS (VCM)

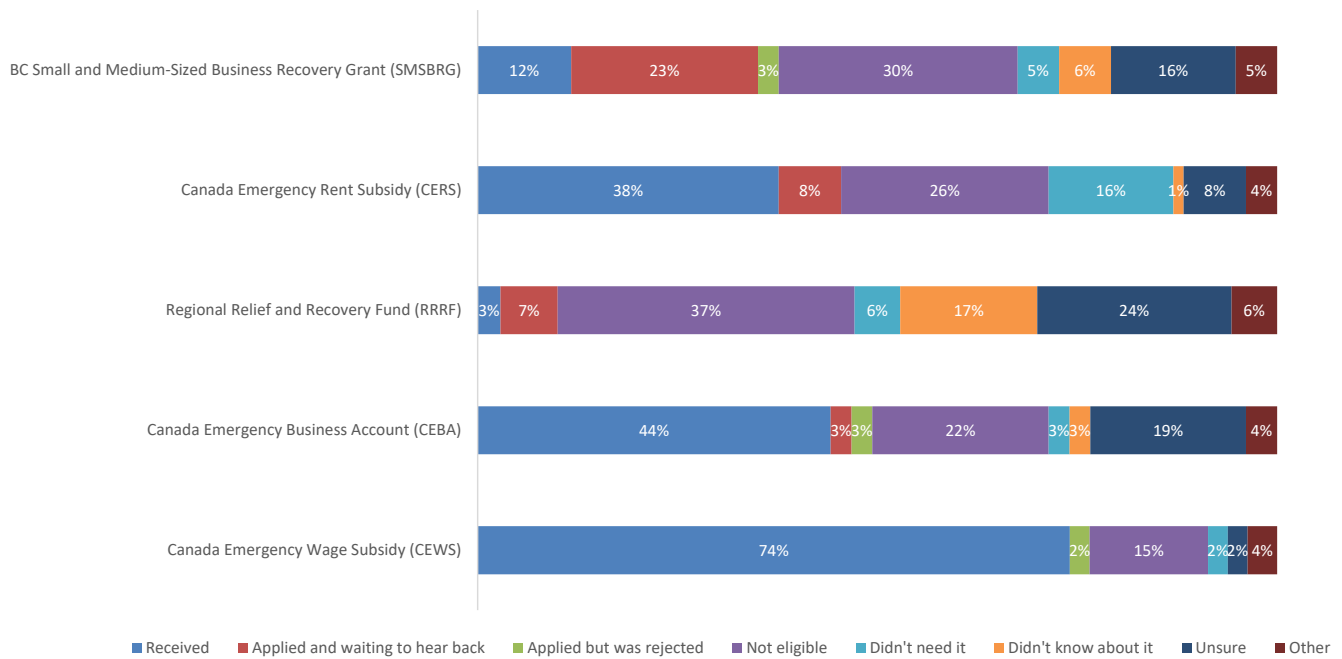
Ability to pay bills, December/January



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

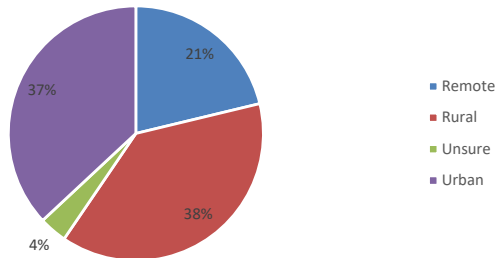


Access to federal and provincial programs (Vancouver, Coast, & Mountains region)

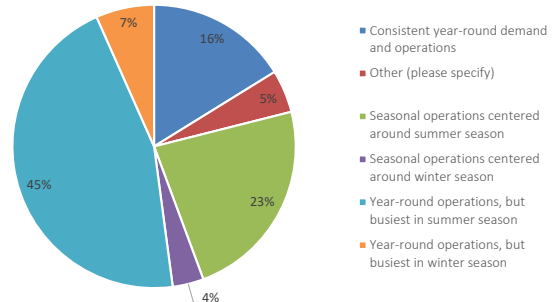


APPENDIX: FIRMS SURVEYED

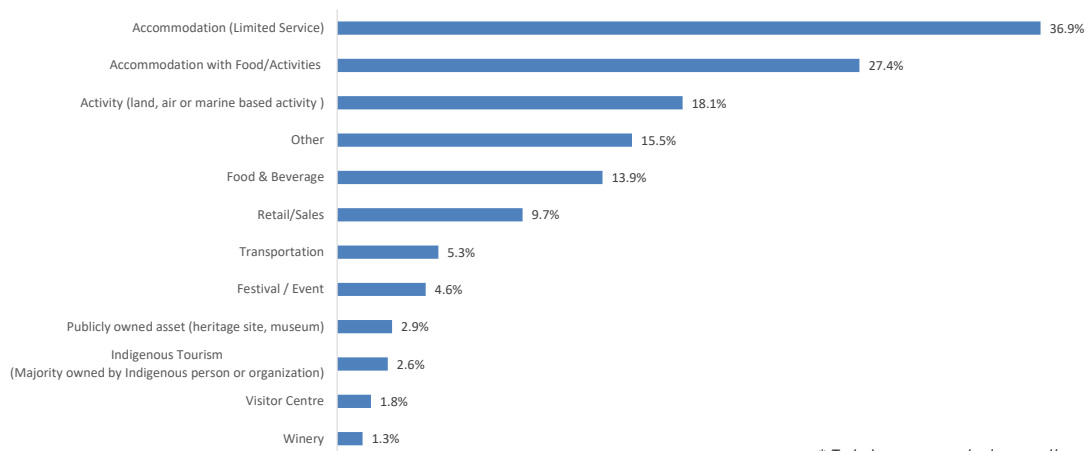
Do you consider the area in which your business operates to be urban, rural, or remote?



How would you describe your business season?

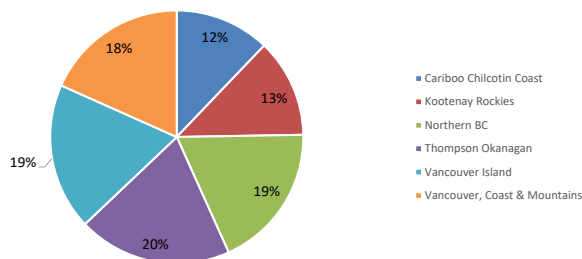


Proportion of firms by business type



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

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.