

IMPACT OF COVID-19 ON THE CANADIAN ECONOMY AND CONSUMER SENTIMENT - as of June 18, 2020

To better understand the impact of COVID-19 on the economy, the consumer mindset and to inform marketing recovery strategies, Destination Ontario has accessed various economic and public attitude and behaviour studies

EXECUTIVE SUMMARY AS OF JUNE 18, 2020

According to the weekly Ipsos Canada Tracking Report #14, Updated: June 18, 2020

- **40%** of Canadians are worried about losing their job. this has improved from 45% observed in the May 15 – 19 wave of data
 - This perception is higher in Ontario with **45%** of Ontarians being worried about losing their job, this has improved from 50% observed in the in the May 15 – 19 wave of data
- Likelihood of travel within their own province dipped within Ontario
 - **35%** of Ontarians are likely to avoid travel even within their own province, this has worsened from 30% observed in the May 15 – 19 wave of data

According to Destination Ontario's Resident Sentiment Survey Report, Updated June 16, 2020

- Ontario sentiment remains unchanged across all levels.
- Compared to other provinces, Ontario is the least welcoming of visitors from other communities near them and from other parts of Ontario.
- Compared to other provinces, Ontario is the least receptive of seeing advertising promoting their communities
- Ontarians overall are slightly unhappy (net level of happiness of -4) to see advertisements promoting their community as a place for visitors to come when it is safe, decreased from -2 reported in June 9 report
 - Rural Ontario residents are slightly more likely than their urban counterparts to be “unhappy” or “very unhappy” to see tourism advertisements about their community

DESTINATION ONTARIO

An Agency of the Government of Ontario

According to Google Travel Intent survey online poll results ending June 12, 2020

- **24%** of Canadians are looking at booking a domestic trip in the next three months
- **16%** of Canadians are looking at booking a domestic trip after a year from June 12, 2020
- **15%** of Canadians are interested a major city travel destination
- **15%** of Canadians are interested in a small-town travel destination

According to Google's recovery signal dashboard based on search query data, as of June 15, 2020

- Overall, travel related search queries are continuing to increase in Canadian searches pertaining to flight and accommodations in Canada
 - Consistent strong growth in domestic demand for vacation rentals at +51% in the last 30 days year-over-year
 - Seeing stronger growth in domestic demand for hotels at +8.2% Week over Week

According to Google's Global Travel Intent survey based on data as of June 12, 2020

- In the UK, Germany and France, less than 16% polled in each country regarding booking window for an international trip, intend to book an international trip within the next year.

FORECASTED OUTCOMES

Estimated Impact of International to Travel in Canada¹: (As of June 7, 2020)

As of June 7, 2020, based on data from payment cards, Statistics Canada, cancellations of previously planned trips, new bookings and forward-looking scheduled air capacity, Destination Canada projected:

- Ontario's lost tourism export revenue from January to September compared to 2019 is \$3,962.7M.
- Destination Canada projected Canada's lost tourism export revenue from January to September compared to 2019, on a market by market bases, is outlined below.

DESTINATION ONTARIO

An Agency of the Government of Ontario

- U.S.: \$7,403.M
- Mexico: \$418.3M
- United Kingdom: \$835.2M
- France: \$489.9M
- Germany: \$382.0M
- India: \$223.0M
- China: \$1,156.6M
- South Korea: \$224.1M
- Japan: \$301.4M
- Australia: \$455.4M

MACRO-ECONOMIC OUTLOOK:

COVID-19 has seen a significant negative economic impact causing noticeable changes in public behaviour. Market research firm Ipsos is tracking public attitudes and behaviour in Canada and other countries to assist organizations in their strategic and tactical planning. The research consists of weekly online polling of a random samples of Canadians and citizens from various countries. The latest data shows some key insights:

CANADA:

Ipsos' public attitude and behavioural online poll results from June 18, 2020 reported²:

Personal Impact and National Threat²

Threat perception indicators have significantly improved over the past month across Canada

- **64%** Canadians believe COVID-19 will have a personal financial impact on them and their family, this has improved from 67% observed in the May 15 – 19 wave of data
 - **65%** of Ontarians worry about their personal financial impact, this has improved from 70% observed in the May 15 – 19 wave of data
- **43%** of Canadians perceive the virus as a threat to Canada, this has improved from 52% observed in the May 15 – 19 wave of data
- **40%** of Canadians are worried about losing their job, this has improved from 45% observed in the May 15 – 19 wave of data
 - This perception is higher in Ontario with **45%** of Ontarians being worried about losing their job, this has improved from 50% observed in the May 15 – 19 wave of data
- **86%** of Canadians feel the coronavirus will lead to a recession, this has remained the same compared to the May 15-19 wave of data

DESTINATION ONTARIO

An Agency of the Government of Ontario

Perceived Big Global Economic Impact²

- **92%** of Canadians foresee an impact on the financial markets and global economy, this has remained the stable compared to the May 15 – 19 wave of data
- **31%** of Canadians think their job or business is threatened by COVID-19, this has improved from 37% observed in the May 15 – 19 wave of data

The Virus is Seen as a Long Way from Being Contained²

- **68%** of Canadians agree that they won't feel safe till a vaccine is developed – this has decreased from 72% observed in the May 15 – 19 wave of data

TRAVEL OUTLOOK:

CANADIAN TRAVEL OUTLOOK:

Ipsos' public attitude and behavioural online poll results from June 15-19, 2020 reported²:

- **74%** of Canadians are not comfortable taking a vacation this year, regardless of when the pandemic ends, this has remained the stable compared to the May 15 – 19 wave of data
- Perceived risk of activities has improved
 - **30%** of Canadians now consider travelling within their province risky, this has improved from 60% observed in the May 15-19 wave of data
 - **40%** of Canadians now consider restaurants and shopping malls risky, this has improved from 60% observed in the May 15-19 wave of data
- Net intent to travel to other provinces remains negative and in line with data seen over the past two months, especially with Ontario and Quebec being the most impacted (currently the provinces worst-hit by the pandemic).
- Likelihood of travel within their own province has remained stable in Ontario
 - **35%** of Ontarians are likely to avoid travel even within their own province, this has worsened from 30% observed in the May 15-19 wave of data
- While Canadians say the pandemic has made them less supportive of tourism, this number has improved for intra-provincial tourism (i.e. visitors travelling to their community):
 - **36%** of Canadians are currently not supportive of intra-provincial tourists, this has

DESTINATION ONTARIO

An Agency of the Government of Ontario

- improved from 46% observed in the May 15-19 wave of data
- **71%** of Canadians are currently not supportive of US tourists, this has improved from 74% observed in the May 15-19 wave of data
- **71%** of Canadians are not supportive of International tourists, this has improved from 73% observed in the May 15-19 wave of data

Destination Canada's resident sentiment survey study results from June 16 reported³:

- Ontario sentiment remains unchanged across all levels. Compared to other provinces, Ontario is the least welcoming of visitors from other communities near them and from other parts of Ontario.
- **38%** of Ontarians would welcome visitors from other parts of Ontario, **increased** from 35% reported in May 18 report
- **32%** of Ontarians would welcome visitors from other parts of Canada, **increased** from 27% reported in May 18 report
- Majority of Ontarians are less welcoming of visitors travelling to their community from outside of Canada.
 - **10%** of Ontarians would welcome visitors from the U.S. to visit their community, **remained steady** from 11% reported in May 18 report
 - **10%** of Ontarians would welcome visitors from other countries, **remained steady** from 9% reported in May 18 report
- Compared to other provinces, Ontario is the least receptive of seeing advertising promoting their communities
- Ontarians overall are **slightly unhappy** (net level of happiness of **-4**) to see advertisements promoting their community as a place for visitors to come when it is safe, **decreased** from -2 reported in June 9 report
 - Rural Ontario residents are slightly more likely than their urban counterparts to be "unhappy" or "very unhappy" to see tourism advertisements about their community

DESTINATION ONTARIO

An Agency of the Government of Ontario

The Conference Board of Canada's Travel Exclusive study results from April 9 – 16 reported⁴:

- Dramatic decline in Canadian summer travel intentions, overnight trips (May – October):
 - 46.4% of Canadian respondents plan on taking one or more overnight trips away from home, down significantly from the 79.3% at the same time in 2019
 - Nearly 50% of Ontario respondents plan on taking one or more overnights trips this summer
 - The weakest outlook among respondents are Alberta (43.7%) by falling oil price and Quebec (44.1%), the province most affected by COVID-19
- Popular activities planned for domestic summer trips, 2020 among Canadian respondents include:
 - 40% swimming/beach activities/ water sports
 - 35% shopping
 - 30% visiting a national/provincial park or nature reserve
 - 28% city/sightseeing tour
 - 27% hiking or back packing
 - 25% camping or hiking
 - 22% going boating
 - 22% cultural activities
 - 20% wildlife viewing or bird watching
 - 18% culinary activities
 - 15% going fishing or hunting
 - 13% attending a festival, concert or play
 - 13% visiting a theme park, zoo or aquarium
 - 8% going golfing
 - 7% having a spa or other health and wellness treatment
 - 6% adventures ports
 - 6% other individual or team sports
 - 4% going to a sporting event as a spectator

Google Travel Intent Canada survey online poll results ending June 12, 2020 reported⁵:

- **24%** of Canadians are looking at booking a domestic trip in the next three months, this is continued **improvement** from 12% over the past 6 weeks (compared to May 1 wave of data)
- **11%** of Canadians are looking at booking a domestic trip in three to six months, remained stable at 11% observed in the previous May 22 report
- **7%** of Canadians are looking at booking a domestic trip in six to nine months, remained stable at 6% observed in the previous May 15 report

DESTINATION ONTARIO

An Agency of the Government of Ontario

- **10%** of Canadians are looking at booking a domestic trip in nine months to a year, this has decreased from 13% reported on May 15 report
- **16%** of Canadians are looking at booking a domestic trip after June 12, 2021, decreased from 19% observed in the previous May 15 report
- **15%** of Canadians are interested in travelling within 20 miles of their home, this is an increase from 12% over the past 4 weeks since May 15 report
- **5%** of Canadians are interested in a travel destination anywhere in their region, remained stable from 5% reported on May 22 report
- **42%** of Canadians are interested in a travel destination anywhere in Canada, this has increased from 37% observed in the previous May 22 report
- **15%** of Canadians are interested a major city travel destination, remained stable over the past 5 weeks since May 15 report
- **15%** of Canadians are interested in a small-town travel destination, remained stable from 14% observed since May 8 report
- **23%** of Canadians are interested in a rural travel location, this is a continued increase from 20% over the past 4 weeks since May 22 report
- **15%** of Canadians are interested in a beach destination, remained stable over the past 5 weeks since May 15 report

Canada Travel Related Recovery Signals⁶ (As of June 14, 2020):

Google's recovery signal dashboard based on search queries grouped into three categories: 1. dining (interested in/going to restaurants) searches, 2. travel activity (museums, wineries, camping, etc.) searches and 3. travel (flight, hotel/accommodations) searches reported:

- Overall, travel related search queries are continuing to increase in Canadian searches pertaining to flight and accommodations in Canada
 - Consistent strong growth in domestic demand for vacation rentals at +51% in the last 30 days year-over-year
 - Stronger growth in domestic demand for hotels at +8.2% Week over Week
- Overall **continued uptick** in Canadian travel search queries
 - **3.5% increase** over the week of June 3 – 9, 2020 in Canadian searches pertaining to travel, specifically flight and accommodations queries related to Canada, stable

DESTINATION ONTARIO

An Agency of the Government of Ontario

Week over Week increase for 6 weeks

- Overall **continued uptick** in Ontario travel search queries,
 - **2.8% increase** over the week of June 3 – 9, 2020 in Ontarian searches pertaining to travel, specifically flight and accommodations queries related to Ontario, this has increased Week over Week for 6 weeks in a row
- Overall **slow uptick** in Canadian searches pertaining to travel activities such as winery and museum queries related to Canada
 - **0.4% increase** over the week of June 3 – 9, 2020 in Canadian searches pertaining to travel activities such as winery and museum queries related to Canada, this has increased Week over Week for 2 weeks in a row
- Overall **continued uptick** in Ontario searches pertaining to travel activities such as winery and museum queries related to Ontario
 - **4.7% increase** over the week of June 3 – 9, 2020 in Canadian searches pertaining to travel activities such as winery and museum queries related to Canada, this has increased Week over Week for 2 weeks in a row

AIRBNB CANADIAN BOOKING REPORT⁷

Financial Post's June 11, 2020 article sourcing data from Airbnb Inc reported:

- **30% YoY increase** in domestic bookings within Canada during the first week of June
- Airbnb's data shows that almost **60%** of current bookings in Canada are in non-urban markets, a sharp departure from the past when bookings were mostly concentrated in cities such as Toronto, Montreal and Vancouver
- There have been repetitive bookings for short weekend trips in the 50-mile radius of where people are living

Google's U.S. COVID-19 & Travel Intent survey online poll results ending June 15, 2020 reported⁸:

- **79%** of Americans will be very unlikely engage in any travel in the next 2 weeks, remains stable from previous results since May 25 report
- **62%** of Americans will be very unlikely to engage in any travel in the next 3 months, remains stable from previous results since May 4 report

DESTINATION ONTARIO

An Agency of the Government of Ontario

- **10%** of Americans will book travel only in North America the next 3 months, remains stable from previous results since May 4 report
- **58%** of Americans will not book a flight under any circumstances in the next 3 months, increase from 54% reported May 18 report
- **48%** of Americans will not book a hotel under any circumstances in the next 3 months, remained stable from previous results since May 18 report

U.S. Travel Related Recovery Signals⁶ (As of June 15, 2020):

Google's recovery signal dashboard based on search queries grouped into three categories: 1. dining out searches, 2. travel activity searches and 3. travel (flight, hotel/accommodations) searches reported:

- Overall **slow uptick** in U.S. searches pertaining to Canadian travel search queries
 - **9.4% decrease** over the week of June 3 – 9, 2020 in American searches pertaining to travel, specifically flight and accommodations queries related to Canada, a decrease after the last Week over Week increase
- Overall **slow uptick** in U.S. searches pertaining to Ontario travel search queries
 - **6.2% decrease** over the week of June 3 – 9, 2020 in American searches pertaining to travel, specifically flight and accommodations queries related to Ontario, decrease after the last Week over Week increase

INTERNATIONAL TRAVEL OUTLOOK:

Google Travel Intent survey online poll results ending June 12, 2020 reported⁵:

United Kingdom's booking window perception for international trip⁵:

- **6%** of British people are booking in the next three months, **remained stable** over the past 5 weeks since May 15 report
- **10%** of British people are booking in 9 months to a year, **remained stable** from 9% since April 24 report
- **22%** of British people are booking after June 12, 2021, **remained stable** from 21% since May 22 report

DESTINATION ONTARIO

An Agency of the Government of Ontario

Germany's booking window perception for international trip⁵:

- **9%** of Germans are booking in the next three months, **remained stable** from 7% since April 24 report
- **5%** of Germans people are booking in 9 months to a year, **remained stable** from 4% since April 24 report
- **12%** of Germans people are booking after a year from June 12, 2021, **remained stable** from 12% since April 24 report

France's booking window perception for international trip⁵:

- **7%** of French people are booking in the next three months, **increased** from 5% since May 15 report
- **4%** of French people are booking in 9 months to a year, **remained stable** from 3% since April 24 report
- **11%** of French people are booking after June 12, 2021, **remained stable** from 10% since April 24 report

IMPACT TO AIR TRAVEL⁹:

IATA estimated in April that lost revenue would be in the region of USD\$314 billion, a 55% drop on 2019. In the first half of 2020, it is expected that as many as two million flights have already, or will be, cancelled.

Based on this data and their industry research, Société Internationale de Télécommunications Aéronautiques whitepaper, outlines how the industry is going to change and below are the key takeaways.

- Borders could open and close with **no notice period** as governments take a new, more rigid approach to monitoring the health of incoming passengers
- Flight schedules will be **unpredictable** and flights subject to **short-notice cancellation** and **rescheduling**
- There could be fewer short-haul flights as online video conferencing replaces business travel

DESTINATION ONTARIO

An Agency of the Government of Ontario

- **Leisure travel could be limited to infrequent long-haul trips as pressure intensifies for a more sustainable air transport industry**
- As **demand for flights drop**, airlines might **shrink their fleets**
- **Touchless travel** will accelerate as automation, contactless and self-service technology creates a “social distancing-friendly” passenger experience
- Biometrics—**digital IDs** stored on phones verified with facial recognition—will be used to let passengers through security and onto aircraft
- Airlines will **constantly update** passenger’s phone with information on their flight status and relevant border openings/closures to their travel journey

Sources:

Destination Canada COVID-19 Impact and Recovery Report: International Summary, Updated: June 9, 2020

Ipsos Coronavirus – Canada Tracking #15 Report June 18, 2020: an online poll between June 12 – 15, 2020, among a random sample of N=1,450 adult Canadians (credibility interval +/-2.9%, 95% of the time), including an oversample to bring Ontario to N=800 (credibility interval +/-4.0%, 95% of the time)

Destination Canada Resident Sentiment Survey Report, June 16, 2020, N~1,800 adult Canadians and each minimum N=200 for each province

The Conference Board of Canada Travel Exclusive May 2020 Report, survey completed April 9 – 16, 2020

Google Global Travel Intent Survey – online survey between April 10 – June 12, 2020 each N~1,000

Google Recovery Signals Dashboard, data updated until June 15, 2020

Financial Post June 11 article, <https://business.financialpost.com/news/economy/domestic-travel-picking-up-in-canada-as-people-stay-closer-to-home-due-to-pandemic-report>

Google U.S. COVID-19 & Travel Intent Report, Wave 14 Results completed June 12 – 15, 2020, N~1,000

SITA | THE ‘NEW NORMAL’ POSITIONING PAPER, Released on May 11, 2020