



BRITISH COLUMBIA REGIONAL TOURISM SECRETARIAT

COVID-19 TOURISM IMPACT REPORT

WEEK OF MAY 11, 2020

FOR QUESTIONS CONTACT:
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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 telephone and online surveys from **May 11-15, 2020 with 478 tourism businesses.**

Key Issues for Consideration:

- Businesses are not only facing a liquidity crisis but also a **solvency crisis**, with **21%** of firms said that they are **likely to face bankruptcy**
- Only **5%** of firms are **operating with business as usual**
- **86%** of firms **do not expect to be fully open** for the **entire summer tourism season**
- **64%** of businesses would **need more than 50% of their typical sales** to make it worthwhile to stay open during the summer
- At least **20%** of businesses **cannot open at all** if social distancing measures and non-essential travel restrictions are in place
- **Most effective** programs are **B.C Emergency Benefit for Workers, CERB, CEBA**, and the **75% Wage Subsidy** program.

On behalf of the British Columbia Regional Tourism Secretariat and our partners, I would like to thank the Honourable Minister of Tourism, Arts and Culture, Lisa Beare, and her staff for their dedication and support during this most challenging time.

Sincerely,

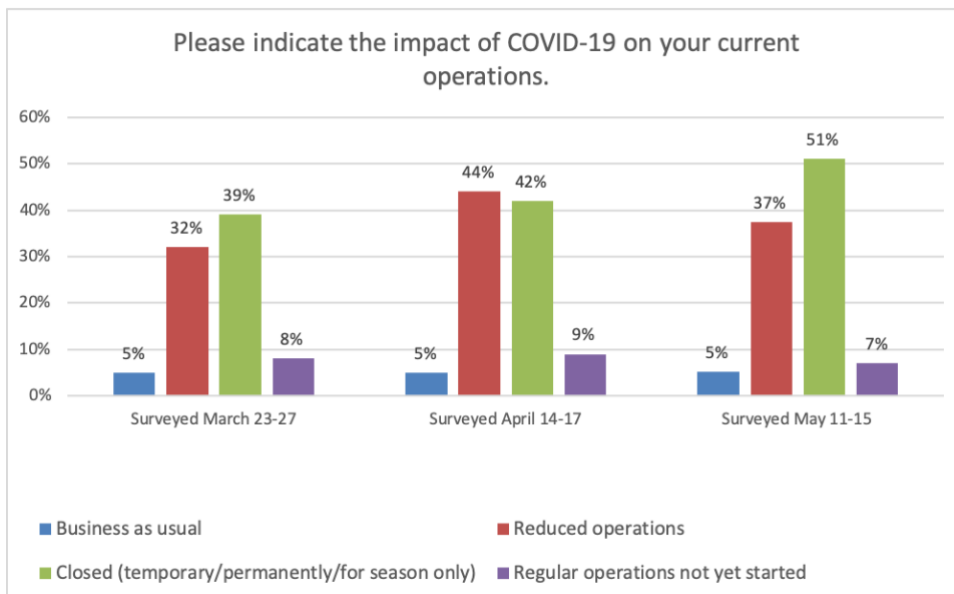
Glenn Mandziuk

Chair, British Columbia Regional Tourism Secretariat



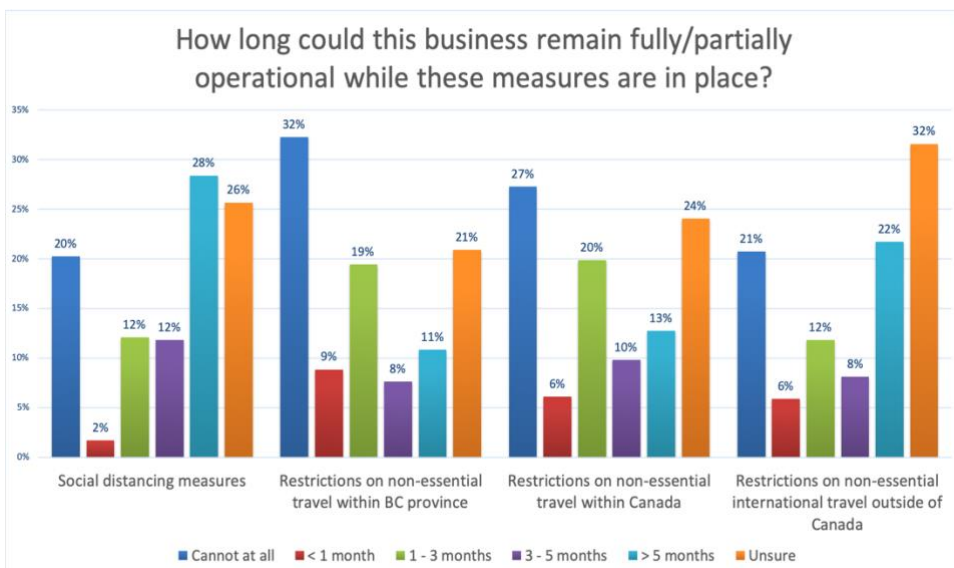
Provincial Summary

PROVINCIAL SUMMARY



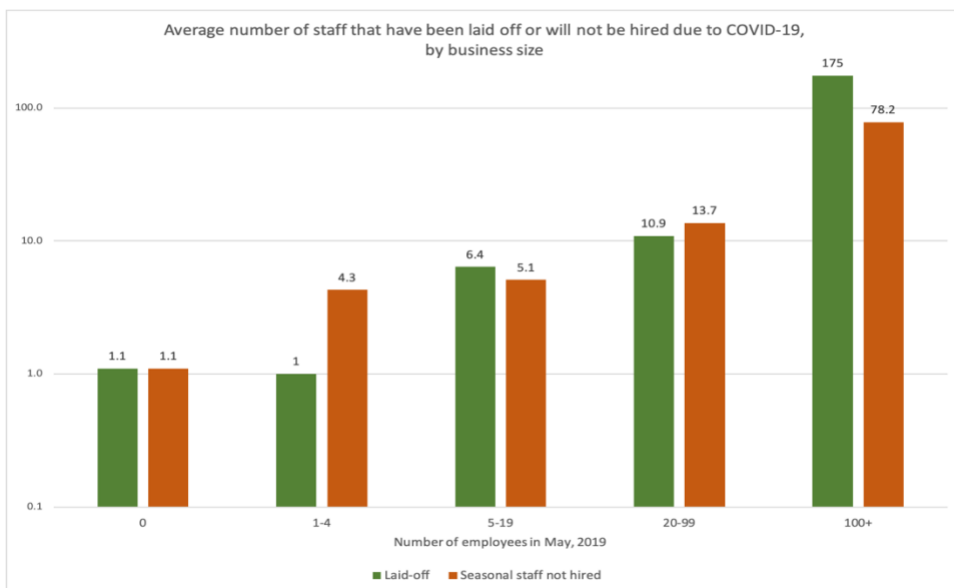
Since the first survey (surveyed March 23-27), the % of firms that have **closed** as a result of COVID-19 has **consistently increased**.

Only 5% of firms are open for business as usual. This is significantly lower than the provincial average, which is at 31%, according to a survey conducted by CFIB** from May 8-14, 2020.



At least **20%** of businesses **cannot open at all** if any of these measures are in place.

Restrictions on **non-essential travel within BC** has the **highest impact** on business operations, with **32%** of businesses said they cannot open at all unless the measure is lifted.



Total number of staff that have been laid off/will not be hired by businesses due to COVID-19 is **15,107** across **809** firms, surveyed from May 4-15, 2022.

As of Dec 2018, there were **19,000** tourism-related businesses in British Columbia.

Source: https://www.destinationbc.ca/content/uploads/2020/03/2018-Value-of-Tourism_Feb-2020_Final.pdf

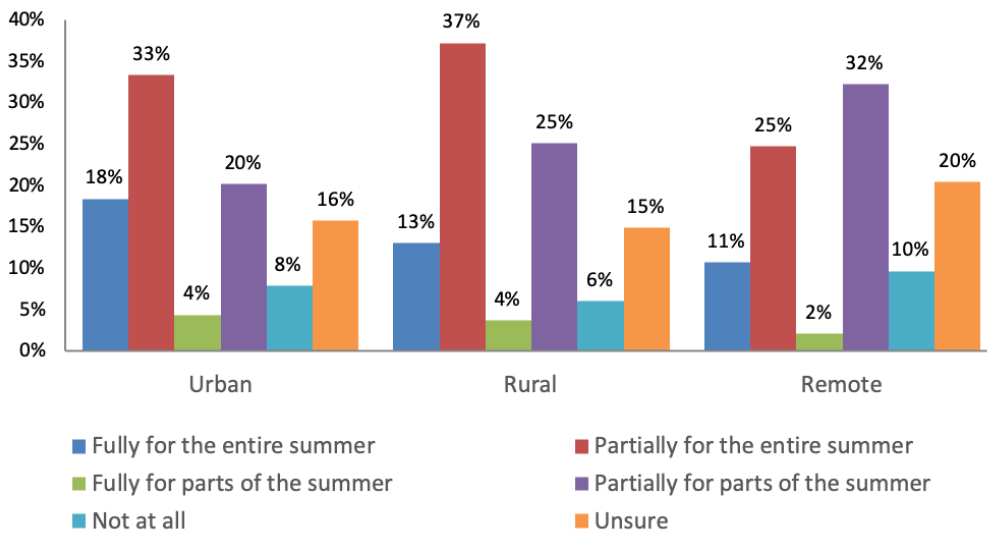
*All findings are based on member surveys collected by the Secretariat during May 11-15, except where otherwise noted. Data and figures represent a subset of regional tourism operators and are subject to change with changes in coverage, data cleaning, weighting and other statistical correction and/or as data become more complete. Some quotes edited for brevity.

**Starting from March 16, 2020, The Canadian Federation of Independent Business (CFIB) has been surveying its members to discover how coronavirus is affecting independent business. Source: <https://www.cfib-fcei.ca/sites/default/files/2020-05/COVID-19-survey-results-May14.pdf>

Photo Credits: Ellen Walker-Matthews

PROVINCIAL SUMMARY

Do you expect your business to be open during the summer tourism season?

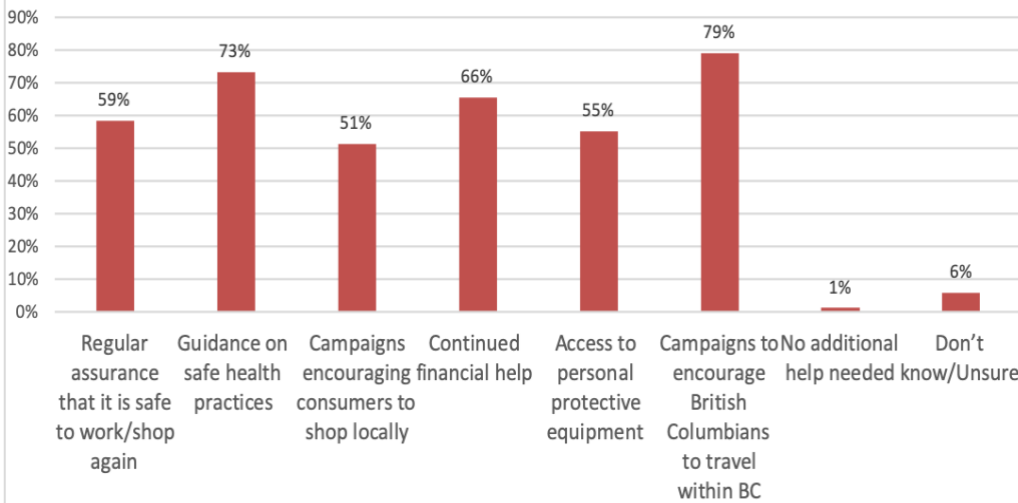


Most businesses do not expect to be open fully for the entire summer. Over 50% of businesses expect to either be open partially for the entire summer or partially for parts of the summer.

Rural, and especially remote, businesses expect a shorter and less complete summer tourism season, compared to urban businesses.

Note: this graph does not include those who are already permanently closed due to COVID-19.

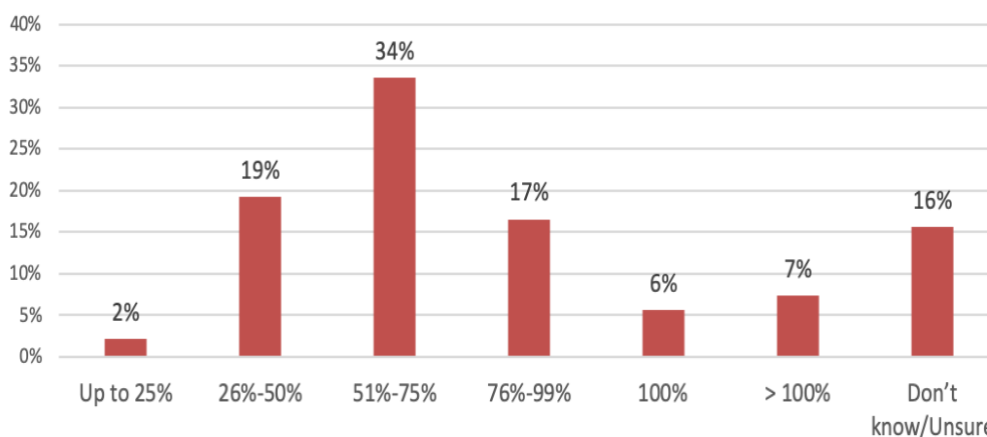
When business restrictions start to be lifted, what additional help would be useful from government/others?



In addition to financial help, other government support programs are also needed to help businesses with their re-opening.

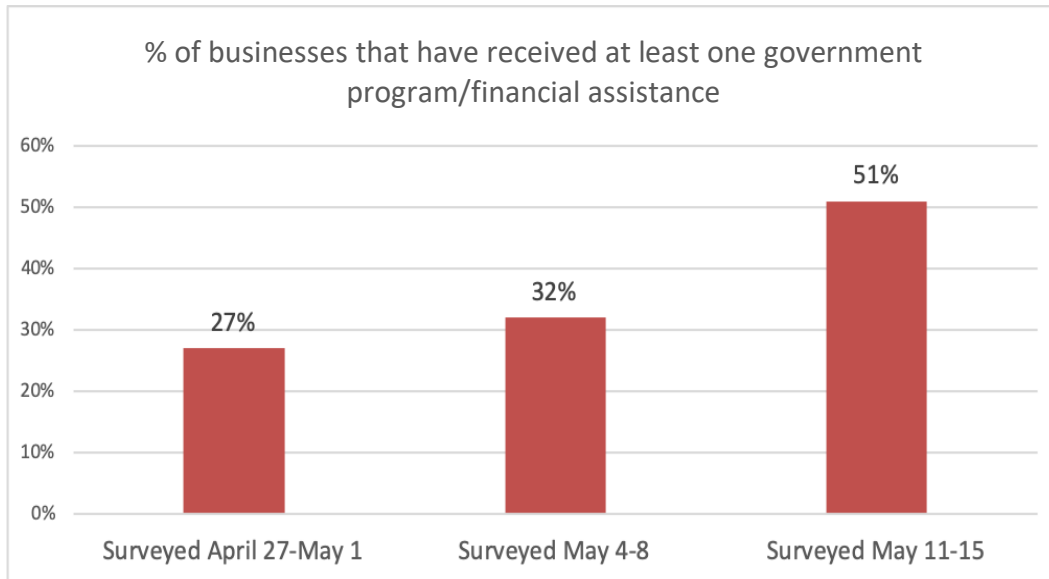
Most needed supports are guidance on safe health practices for employees and customers and campaigns to encourage British Columbians to travel within BC again.

What % of your typical sales do you need to make it worthwhile for your business to be open through the summer?

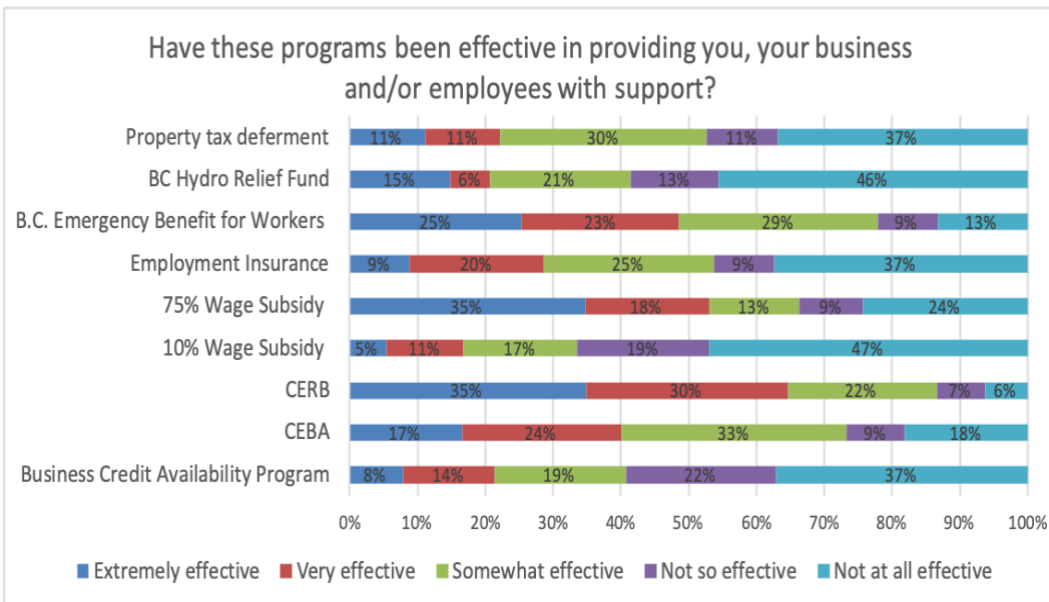


64% of businesses would need to make more than 50% of their typical sales to make it worthwhile to stay open through the summer.

PROVINCIAL SUMMARY



*Over the course of 3 weeks, the number of firms who have **received government programs/financial assistance** has **significantly increased**, from 27% to 51%.*



Most effective programs are B.C. Emergency Benefit for Workers, CERB, CEBA, and the 75% Wage Subsidy program. (Surveyed May 11-15, 2020)

*We asked those who said that “The government programs/financial assistances that they have accessed were not so effective/not at all effective” to provide **further explanations**:*

“Property tax deferral is not at all helpful as there is no way we can bring in any additional funds to pay for taxes, even with deferral. The program is merely postponing the inevitable crisis of paying a massive bill that we can no longer afford.”

– Vancouver Island, Accommodation owner, May 12, 2020

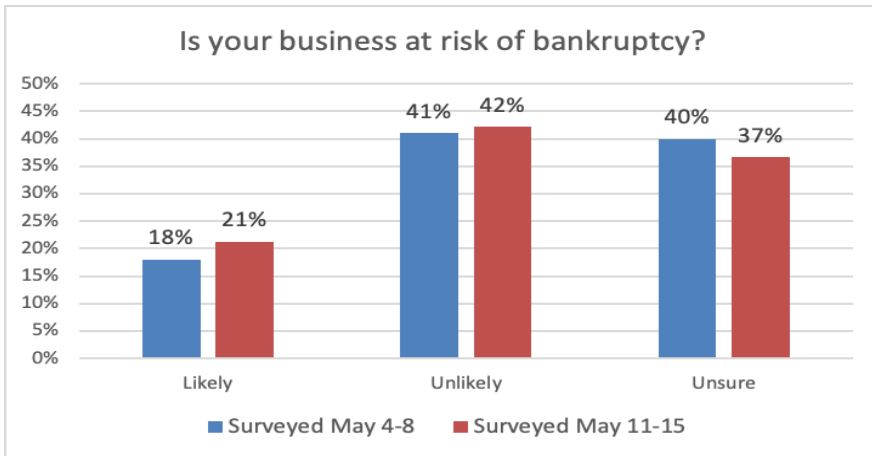
“The loan program is tied to employee numbers. Many small businesses like ours are sole-proprietors with no employee, but we could still benefit from the loan program to stay afloat.”

– Cariboo Chilcotin Coast, Accommodation owner, May 14, 2020

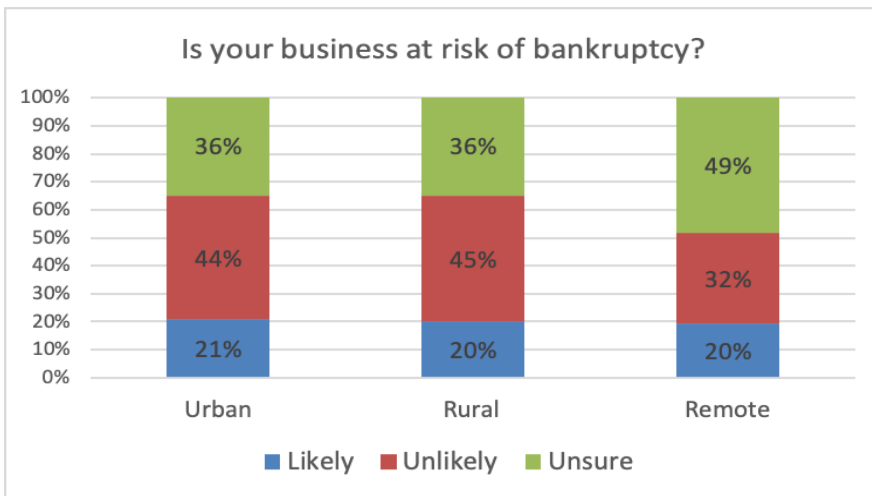
“BC Hydro Subsidy does not help rural residents that generate their own power (like our business). A reduction on the carbon tax on our generator fuel would be more useful.”

– Northern BC, Activity owner, May 15, 2020

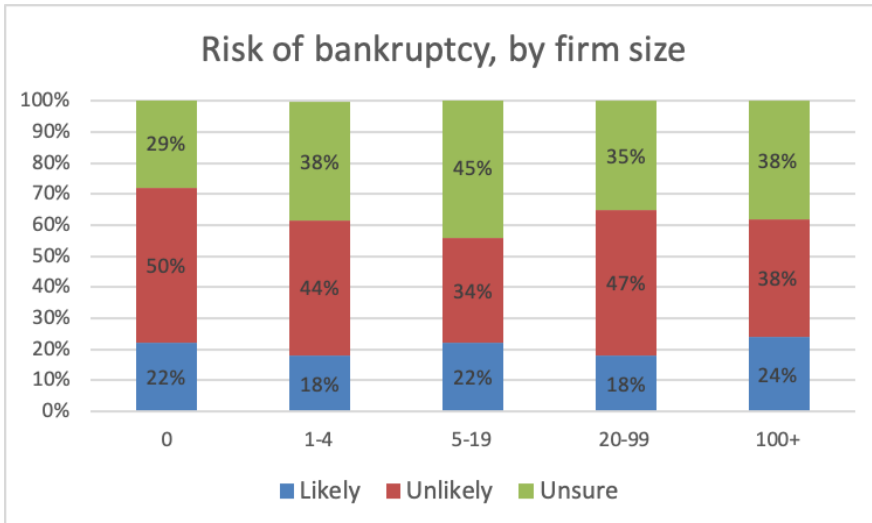
A CLOSER LOOK: A SOLVENCY CRISIS



One fifth of firms are at risk of bankruptcy



More businesses in urban and rural areas said that they are unlikely to face bankruptcy than in remote areas. This is consistent with the first graph on page 4, which shows that a higher percentage of businesses in urban areas expect to be open fully for the summer season.

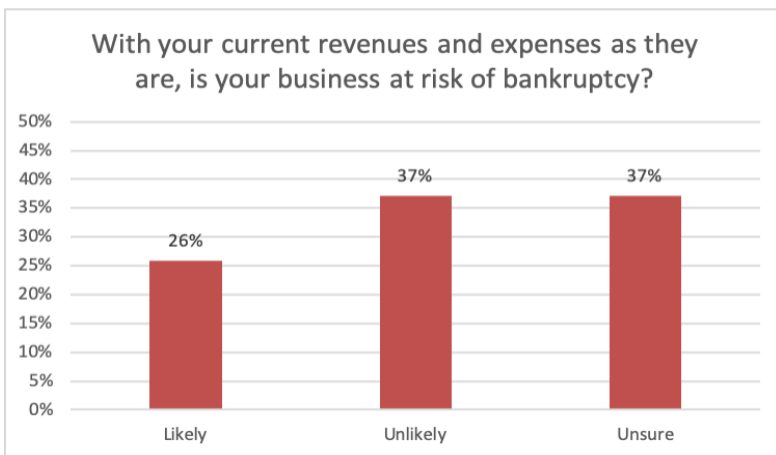
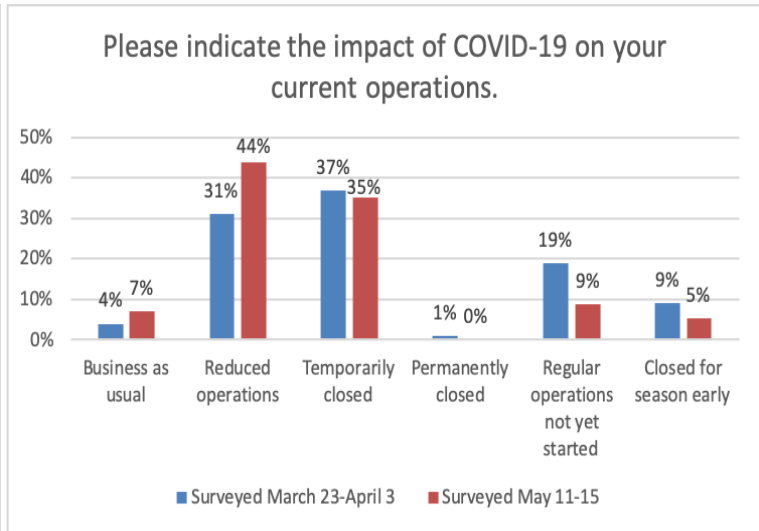
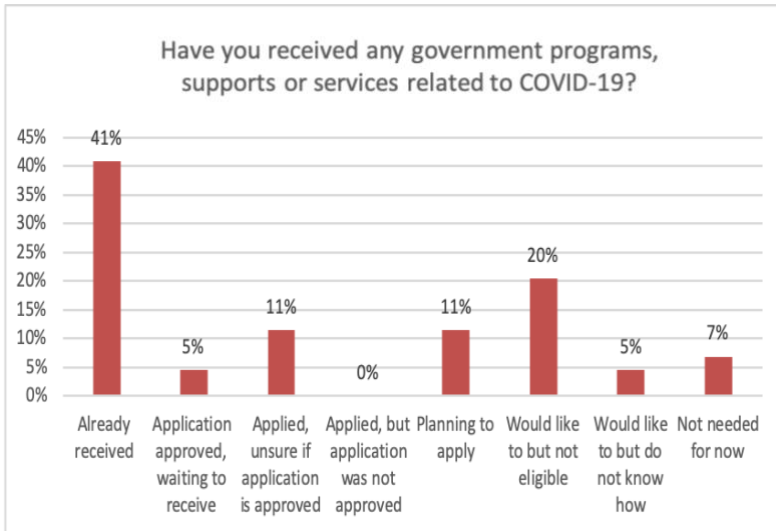
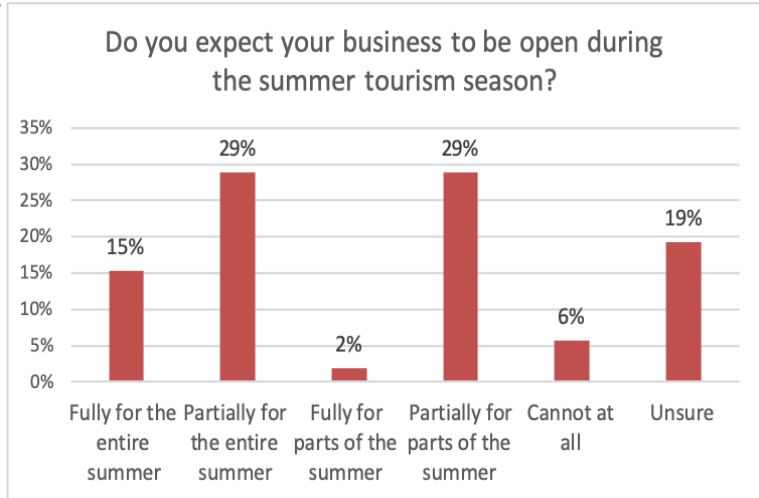
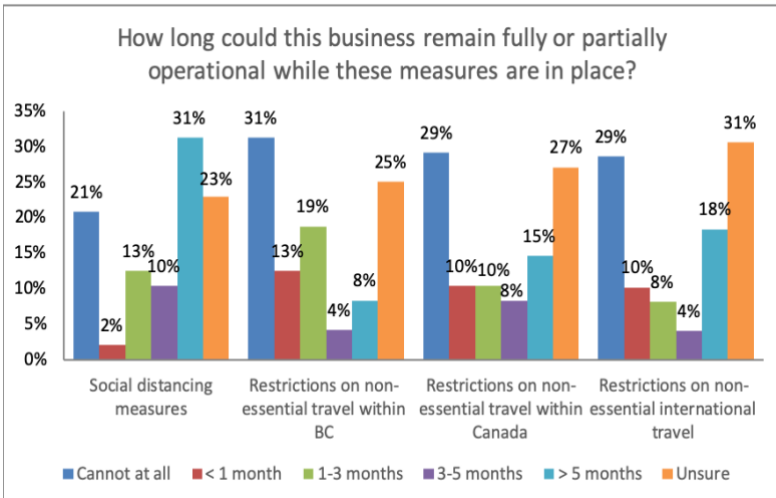


The risk of bankruptcy is remarkably similar across all sizes of firms, with the smaller and larger firms somewhat more confident that they will not face bankruptcy.

According to Statistics Canada, insolvencies in the arts, entertainment, and recreation sector increased by 75% in the first quarter of 2020, compared to the fourth quarter of 2019. Meanwhile, insolvencies in the accommodation and food services sector increased by 24%. These statistics reveal that **businesses are not only facing a liquidity crisis, but also a solvency crisis**, especially those in the service industry. Government programs, therefore, should not only help businesses ease their cashflow challenges, but should also provide appropriate relief measures to help them survive.*

*Statistics Canada releases quarterly report on insolvencies by province and industry across Canada. The most recent report was updated on May 11, 2020. Source: <https://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br04255.html>

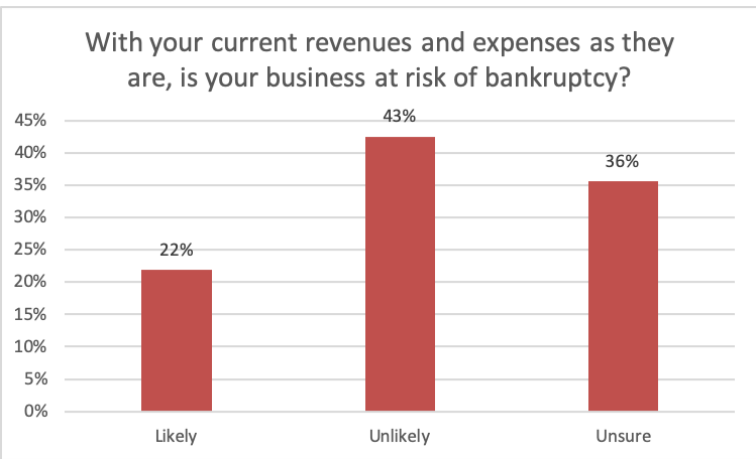
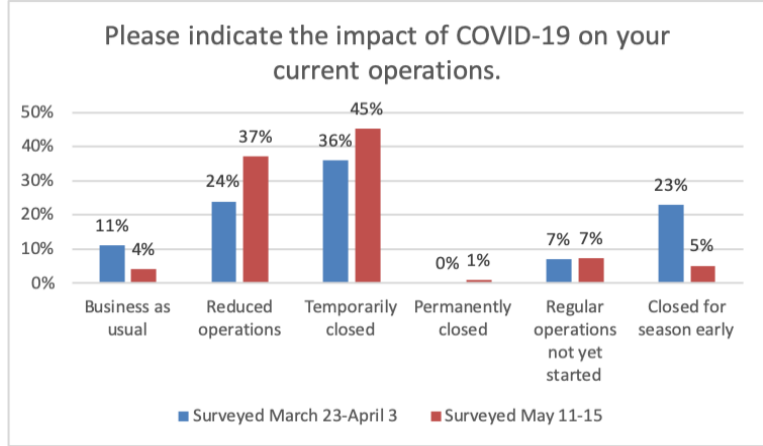
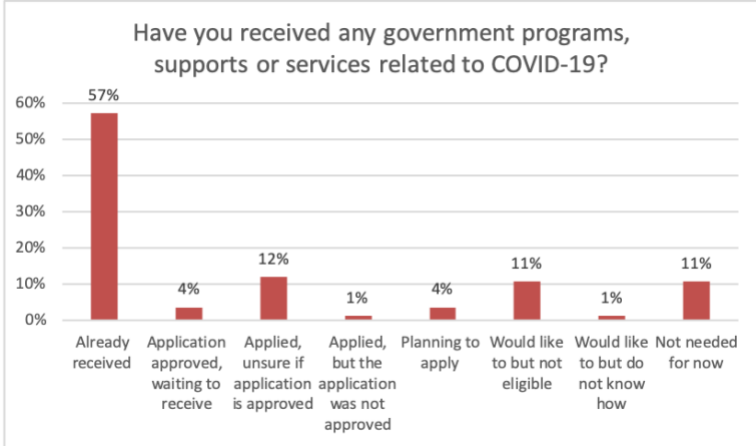
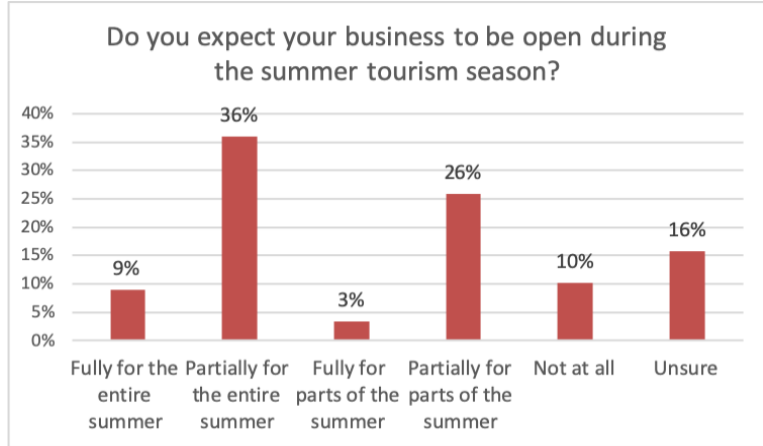
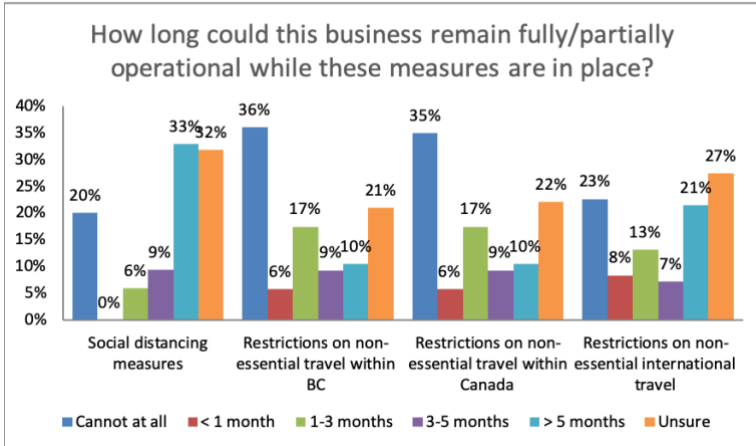
CARIBOO CHILCOTIN COAST



"We are a mom-and-pop business. We are both over 65 so my husband is probably not eligible for funds over his OAS and CPP monthly amounts. We are paying the business insurance, taxes, and repair expenses this year out of our personal income. Our business may not be able to re-open." – Accommodation owner, May 13, 2020

"I already spent all my retirement savings from the last three years on my business, but every year it gets worse. In the first year, there were wildfires; in the second year, the forestry and lumber industry went down; this year, there is the COVID-19 pandemic. I cannot afford that many distresses in a row." – Food & Beverages owner, May 14, 2020

KOOTENAY ROCKIES

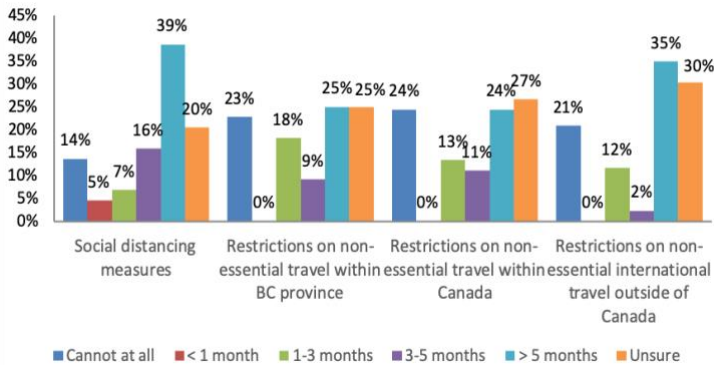


“We feel like it was unfair of the government to shut down our business the way it did. There should have been more notice. We had just received a massive food order that mostly went to waste. We are also struggling with how the insurance companies are handling this. Our rates skyrocketed last year, and we will be operating well below what we are insured for this year. Now, they still want to raise our rates, even though we cannot operate in that same manner.” – Food & Beverages Owner, May 11, 2020

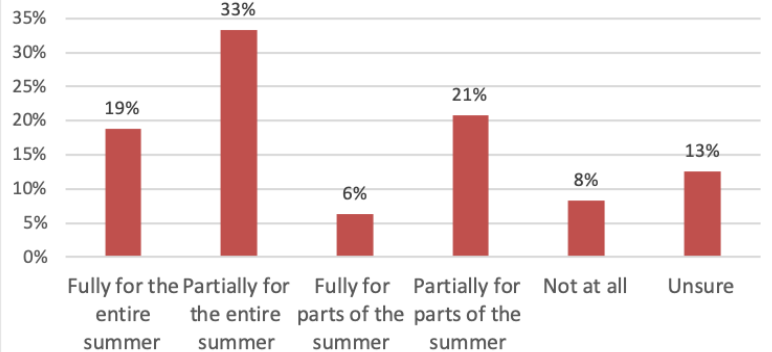
“My business is located in Fernie, and like many businesses in the area, we depend on US and international clientele. We simply do not have enough domestic demand to support our type of business. We are not located beside a large populated region like Vancouver. We will have a very difficult time to market to people who live a 12-14 hour drive away, as there is no flight at this time.” - Activity owner, May 12, 2020

NORTHERN BC

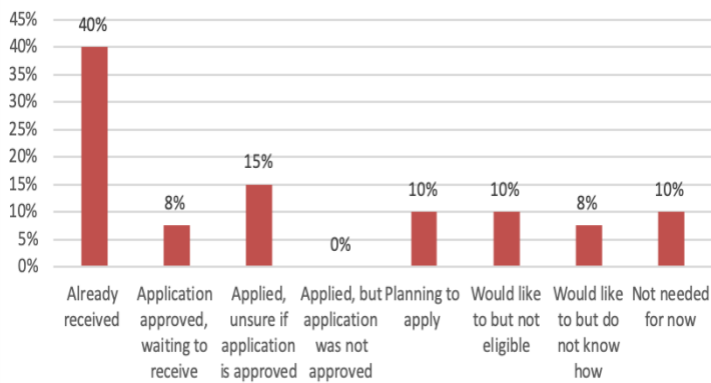
How long could this business remain fully or partially operational while these measures are in place?



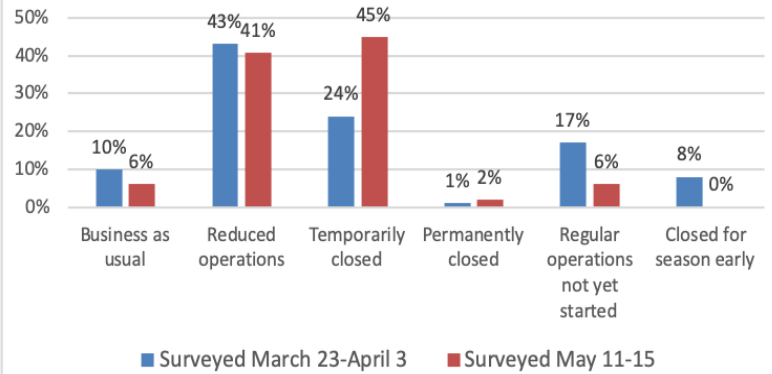
Do you expect your business to be open during the summer tourism season?



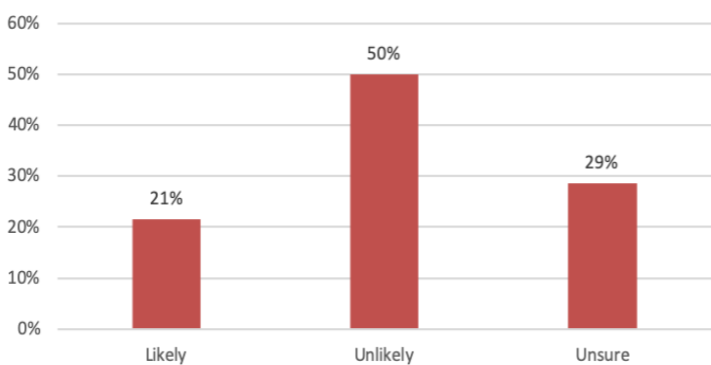
Have you received any government programs, supports or services related to COVID-19?



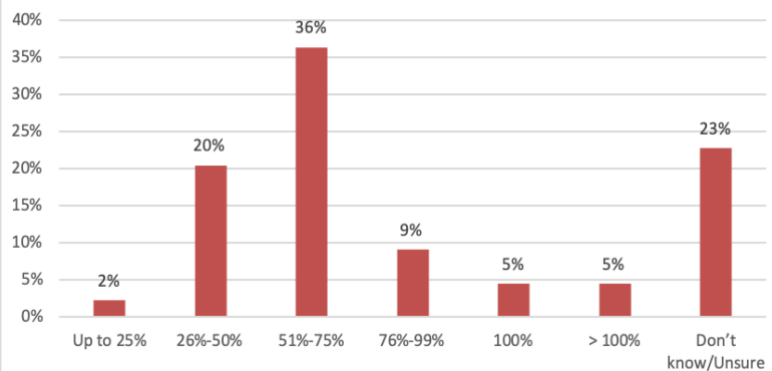
Please indicate the impact of COVID-19 on your current operations.



With your current revenues and expenses as they are, is your business at risk of bankruptcy?



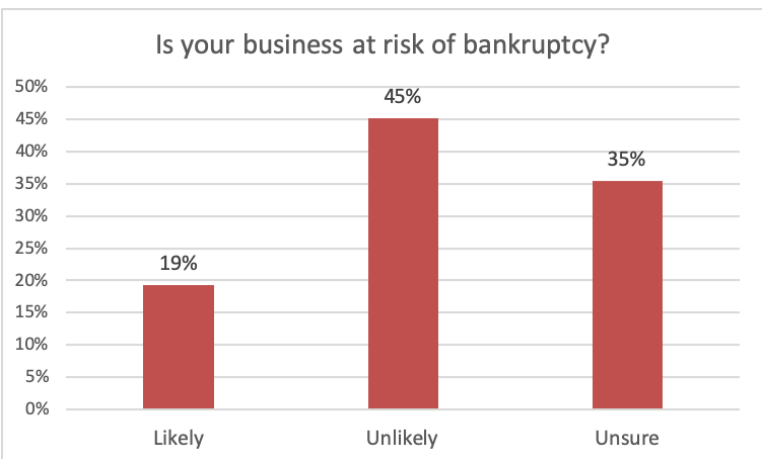
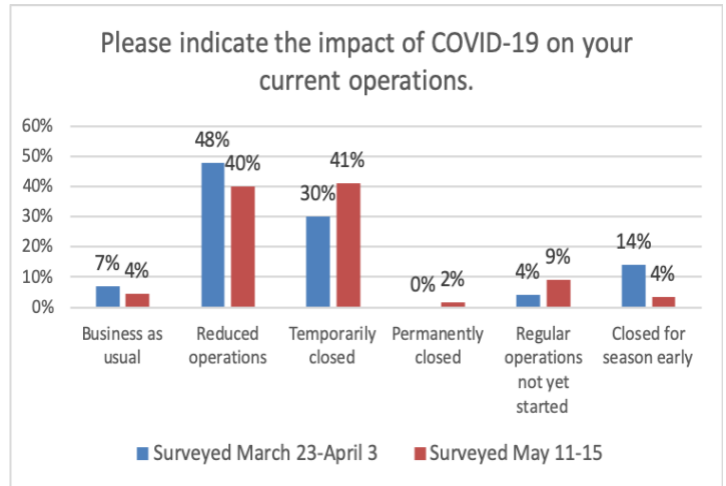
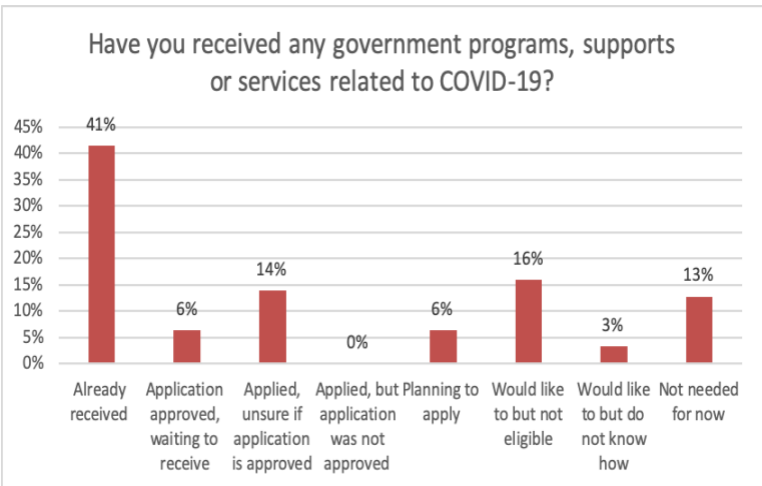
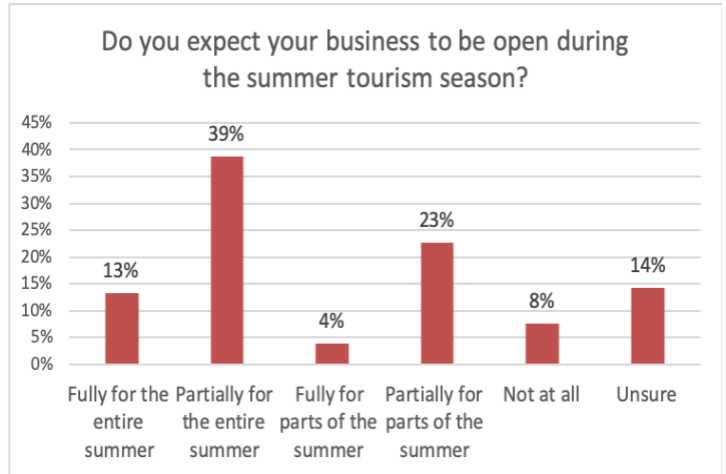
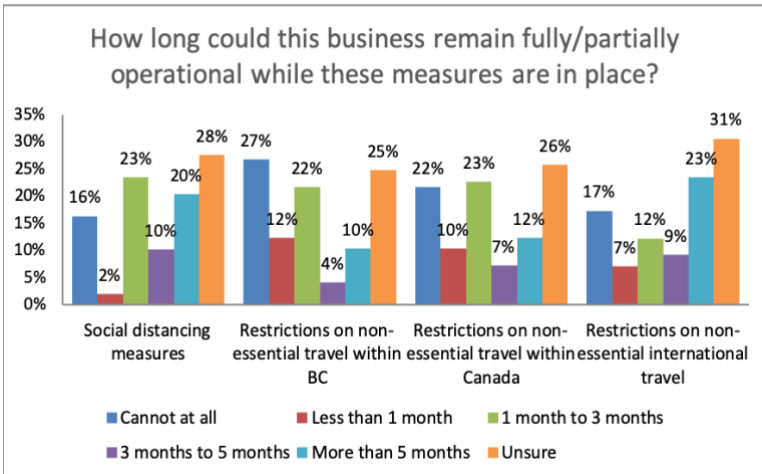
What % of your typical sales do you need to make it worthwhile for your business to be open?



"We need more online training assistance for social media marketing, website updating, and other technology-related skills. Please provide us with online learning programs!" – Accommodation owner, May 12, 2020

"Covid-19 has crippled our seasonal business: we have seen a 75% reduction in revenue. Luckily we are in a financially stable position. However, with the uncertain nature of the pandemic, it has become increasingly difficult to do business and impossible to promote it in the future. We are constantly restructuring our company to comply with the ever changing government regulations, which has incurred a heavy workload on our administration. Clear and consistent government guidelines and policy during these uncertain times would make it easier for us." – Activity owner, May 15, 2020

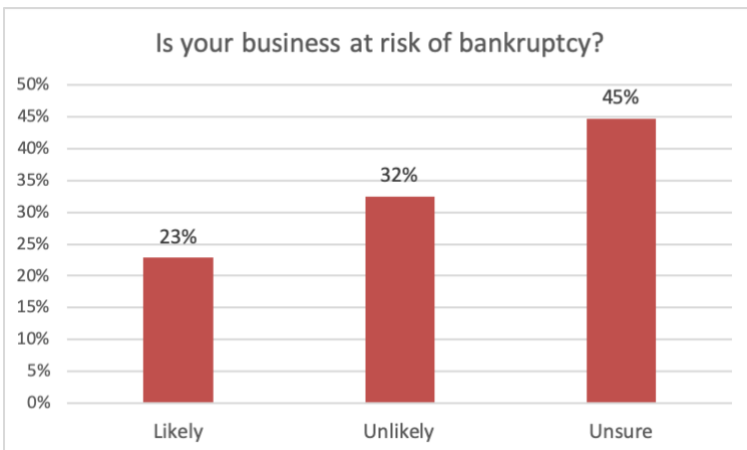
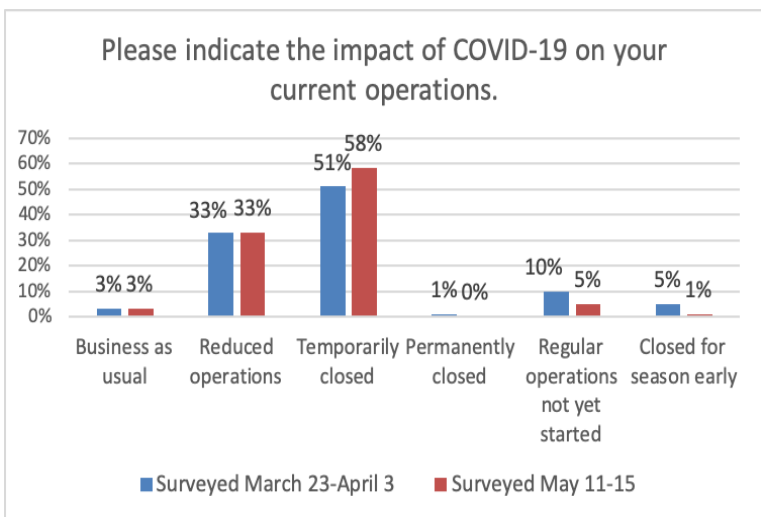
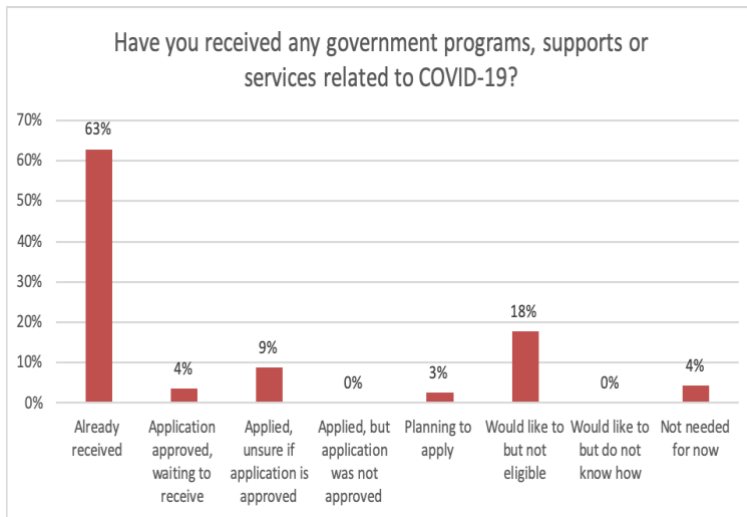
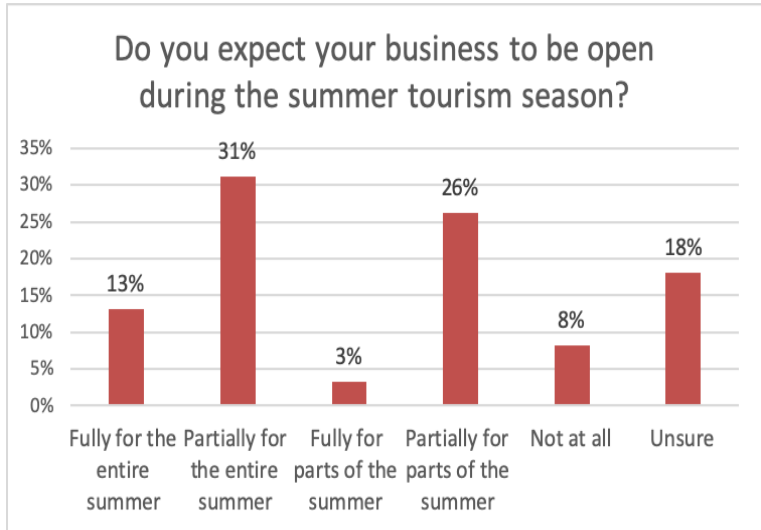
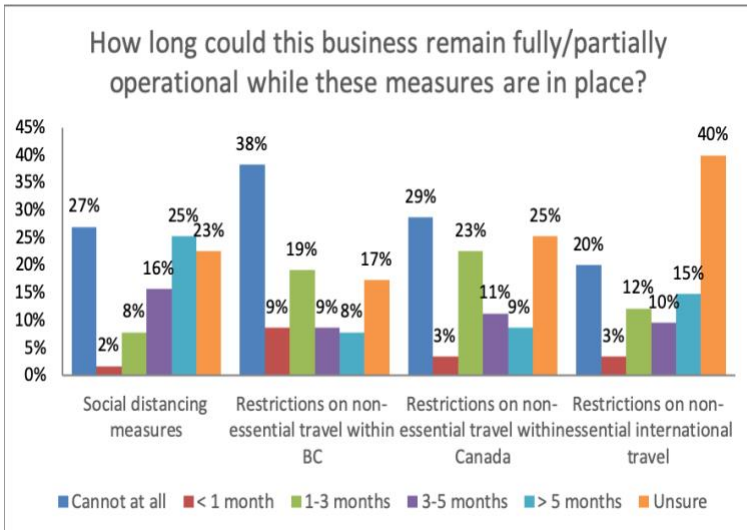
THOMPSON OKANAGAN



“My bookings from now through September are about 5% of my 3-year average. Businesses may be able to handle a 25%-50% drop in revenues for up to 6 months, but a 95% decrease for the summer of 2020, which is peak season, is stunning. Even with gradual restrictions being lifted, I only see my business making back 5% - 15% of my summer 2020 revenue.” – Activity owner, May 12, 2020

“We are a small business gallery and art studios with zero employees. We have contributed considerably to the local art scene over the years. Unfortunately, we are not able to weather the current financial downturn and could not remain open. We will not be able to continue our business without some financial relief, but we do not qualify for any of the small business aid because we have no employees.” – Art gallery owner, May 15, 2020

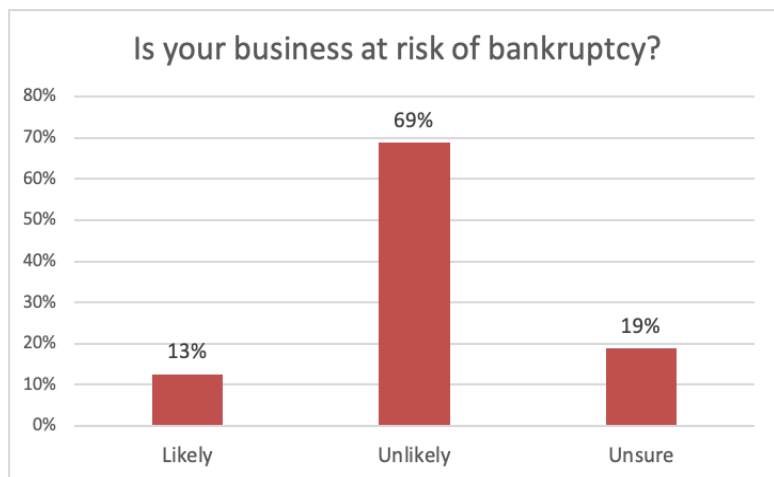
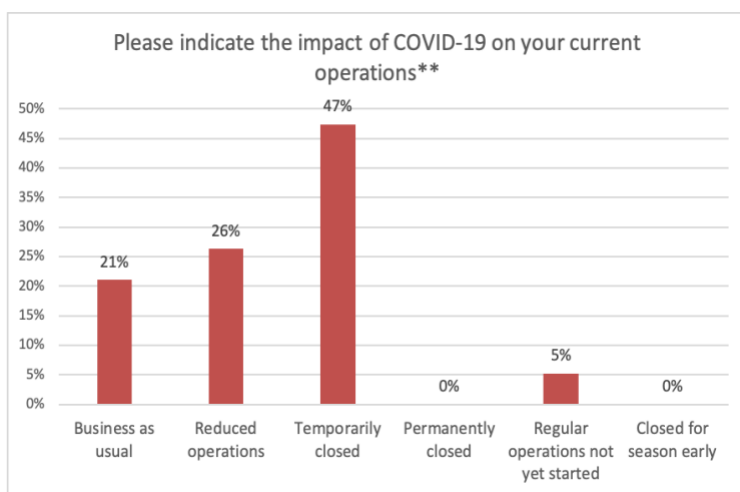
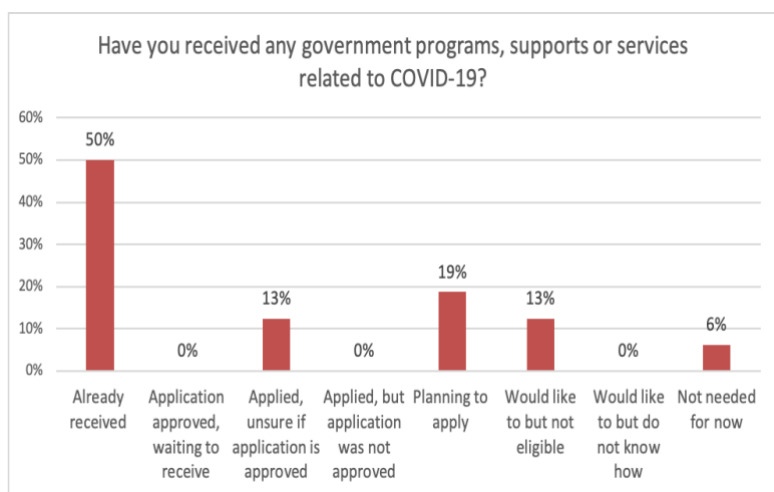
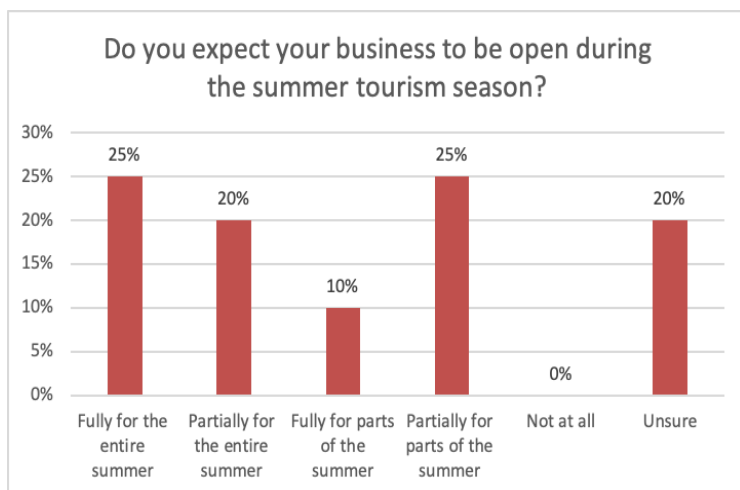
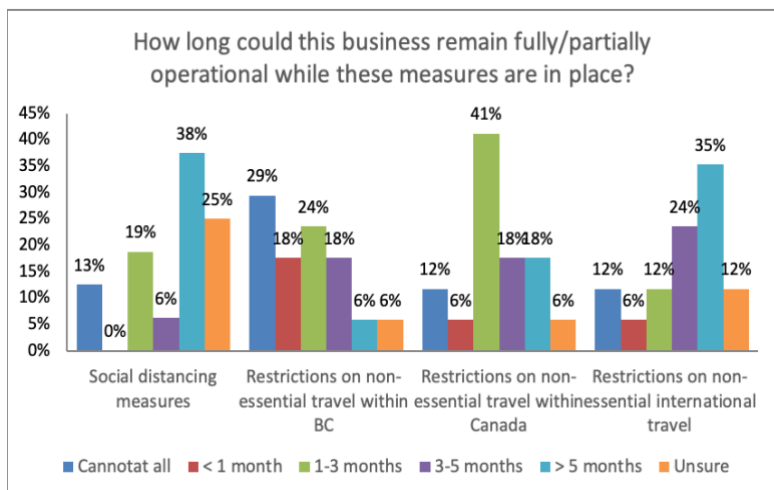
VANCOUVER ISLAND



“It’s impossible to operate our marine wildlife tours and accommodation business while practicing social distancing. 90% of our customers are international so it is unlikely that we will be doing any business this season. I hope more BC residents will travel here to help fill some gaps. However, I am not hopeful many will have the means to take a holiday. Those who can will have many accommodations to choose from. Meanwhile, larger hotels and resorts are engaging in a price war to attract customers.” – Accommodation owner, May 12, 2020

“We would like the government to rule against refunds. We cannot afford to refund all the guests and have been put in a very terrible situation. Not only will we lose potential guests, but we will also face lawsuits. We are fighting our battles on our own.” - Accommodation owner, May 13, 2020

VANCOUVER, COAST & MOUNTAINS*



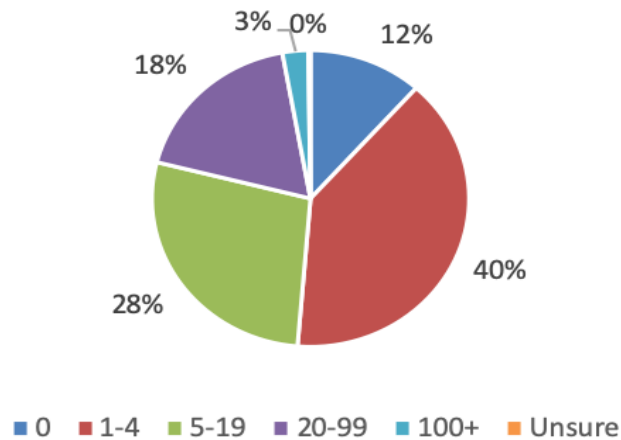
“As international travelers are very important to the hospitality industry, it would be very helpful for the government to make clear why borders are being kept shut and what objective criteria will be used to open the borders.” – Accommodation owner, May 12, 2020

*We do not have a large enough sample from Vancouver, Coast & Mountains for it to be representative of the region. Therefore, the results in this section should be interpreted with caution.

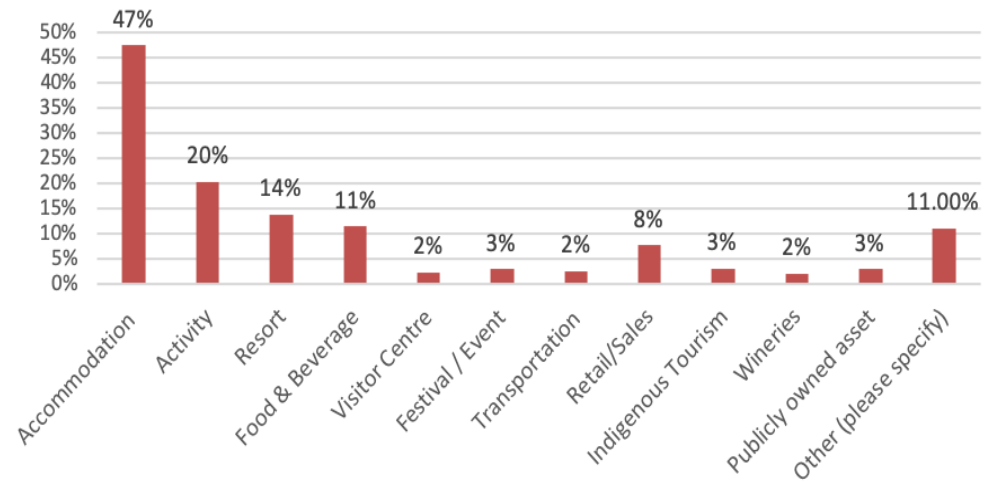
**We do not have enough survey data from Vancouver, Coast & Mountains from March 23-April 3 to provide a statistically meaningful time over time comparison.

APPENDIX A: FIRMS SURVEYED

Approximately how many employees did your firm have in May, 2019 (last year)?

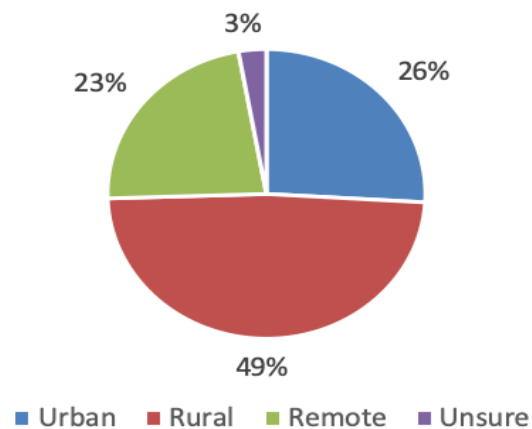


Business Type



Note: Some businesses fall under multiple categories. Thus, the numbers will not add up to 100%

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



Which BC Tourism Region does your business primarily operate in?

