



BRITISH COLUMBIA REGIONAL TOURISM SECRETARIAT
COVID-19 TOURISM IMPACT REPORT

March 1st - March 31st 2021

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



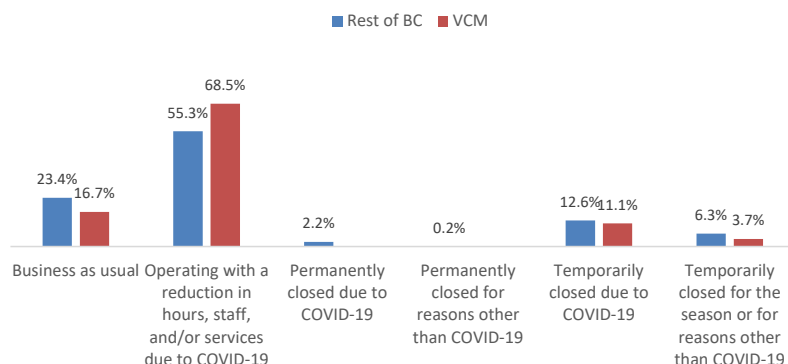
Opening message

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 **March 1st - March 31st, 2021**. Firms in the Vancouver, Coast & Mountains region (VCM) learned about the survey through email communications and chose to respond, whereas firms in the rest of BC (RoBC) were surveyed based on a randomly selected list. In total, the survey yielded **269 tourism businesses**, including 20 respondents from VCM. A response rate of 32% for the regions outside VCM yielded 215 randomized sample responses. This represents a margin of error for the randomized sample-wide questions of +/- 6%, 9 times out of 10. Given the small sample of respondents from the VCM region, we do not calculate provincial averages for the statistics.

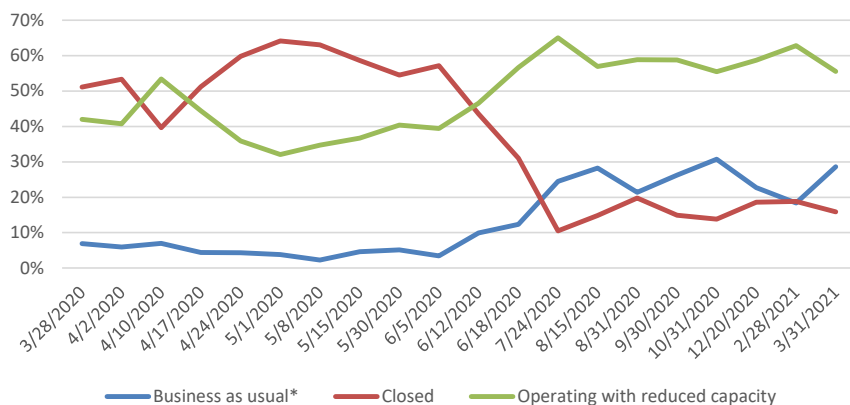
Key issues for consideration:

- The number of firms reporting **business as usual** is **23%** (16% for VCM region), which is an increase of **10%** since last month. About **6%** of firms surveyed are **closed for the season**
- About **36%** (70% for VCM region) of firms reported using **less than half of their usual staffing capacity** for this time of year.
- Between **17-38%** of firms reported being **ineligible** for major provincial and federal programs targeted for businesses
- Only **28%** (33% for VCM) of firms are paying bills primarily through current revenues or profits
- A large percentage of firms (**15%** for RoBC and **27%** for VCM) are paying their bills primarily through **alternative income** or **personal savings** of the business owner
- Most firms that take bookings in advance are receiving **less than half as many bookings** for summer 2021 compared to usual
- The proportion of **international bookings** that firms are receiving for summer 2021 varies by region, with the highest levels in VCM and Cariboo Chilcotin Coast, and the lowest levels in Thompson Okanagan

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

In this survey, some of the main issues preventing businesses from fully opening were:

- Travel restrictions
- Fewer visitors and interprovincial travel
- Capacity and mass gathering restrictions
- Additional health/safety measures
- Other public health orders, including mandated closures
- The owner living out of the country

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 23%, while it is 17% for the Vancouver, Coast & Mountains region (VCM). For context, this is lower than the B.C. average of fully open firms (65%), and slightly better than the average for fully open firms in the Canadian hospitality sector (14%), as reported by the Canadian Federation of Independent Business (CFIB). About 6% of firms are temporarily closed for reasons other than COVID-19 in the rest of BC (RoBC), while that figure is 4% in VCM. This includes seasonal businesses that are currently closed.

About 15% (RoBC) and 11% (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 increased.¹

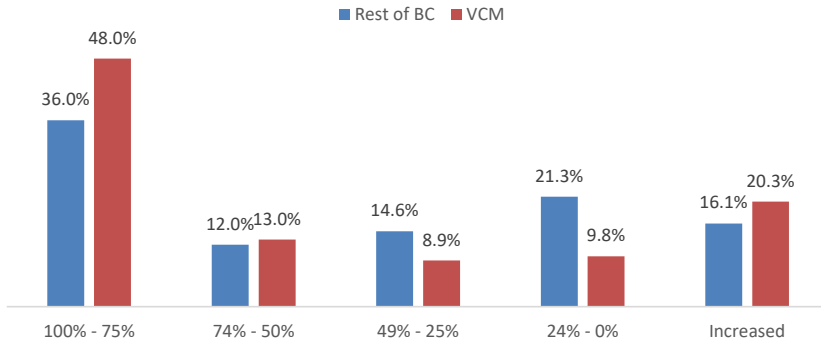
1) This survey closed as the BC government was announcing new 'circuit breaker' restrictions, which are likely to have a large impact on businesses and their ability to stay fully open.

All findings are based on member surveys collected by the Secretariat during March 1st - March 31st, 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. For the question on COVID-19 impact, results for VCM include 34 responses from the BC Hotel Association's monthly Pulse Check survey, which skews the results toward the accommodation sectors. 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: Kootenay Rockies Tourism/Mitch Winton.

CFIB "COVID-19: State of Small Business", March 18, 2021: <https://www.cfib-fcei.ca/sites/default/files/2021-03/Your-Voice-March-survey-key-results.pdf>

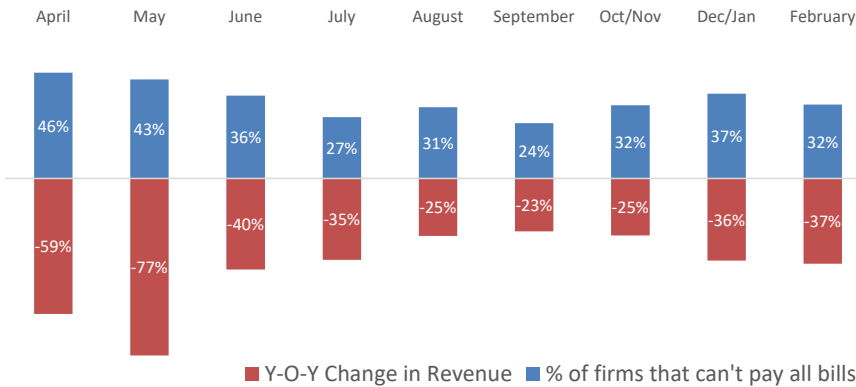
Compared to February last year, by how much did your revenue fall in February 2021?



About 48% (RoBC) and 61% (VCM) of firms reported losing more than half of their revenue compared to February last year.

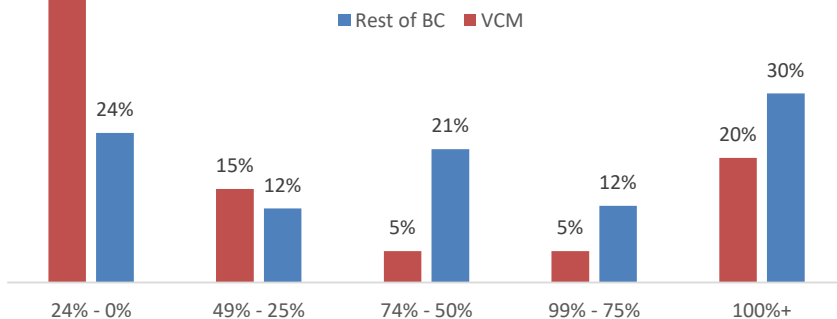
Meanwhile, the proportion of firms reporting an increase in revenue from last year was 16% (RoBC) and 20% (VCM). For comparison's sake this is more than the 11% of hospitality firms nationwide that reported having 'normal or better than normal revenue', but less than the 36% of firms in all sectors in BC, according to CFIB.

Year-over-year change in revenue and percentage of firms without the cashflow to pay all of their bills (excl. VCM)



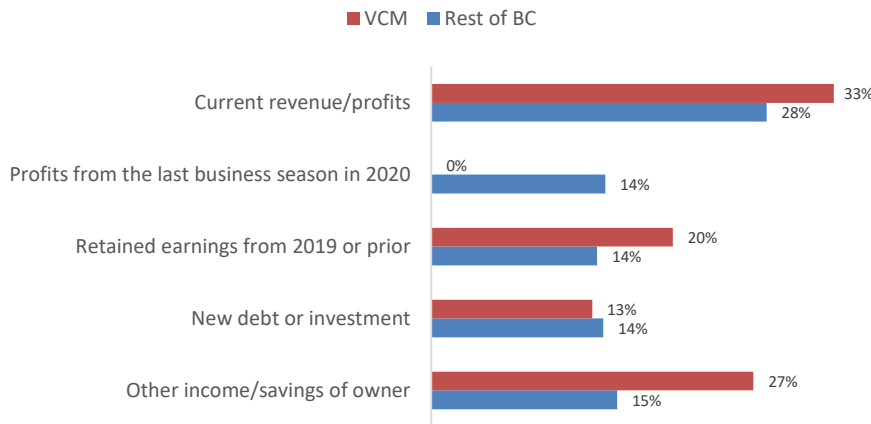
The average change in revenue for the five regions compared to the same month a year ago was -37%. Meanwhile, the proportion of firms unable to pay their monthly bills was 32%. These numbers are not significantly changed from the last survey.

What percentage of your usual staffing capacity for this time of year is your business currently using?



About 36% (RoBC) and 70% (VCM) of firms reported using less than half of their usual staffing capacity for this time of year. This is significantly more than other sectors, with 20% of businesses in Canada reporting up to half of normal staffing in March.

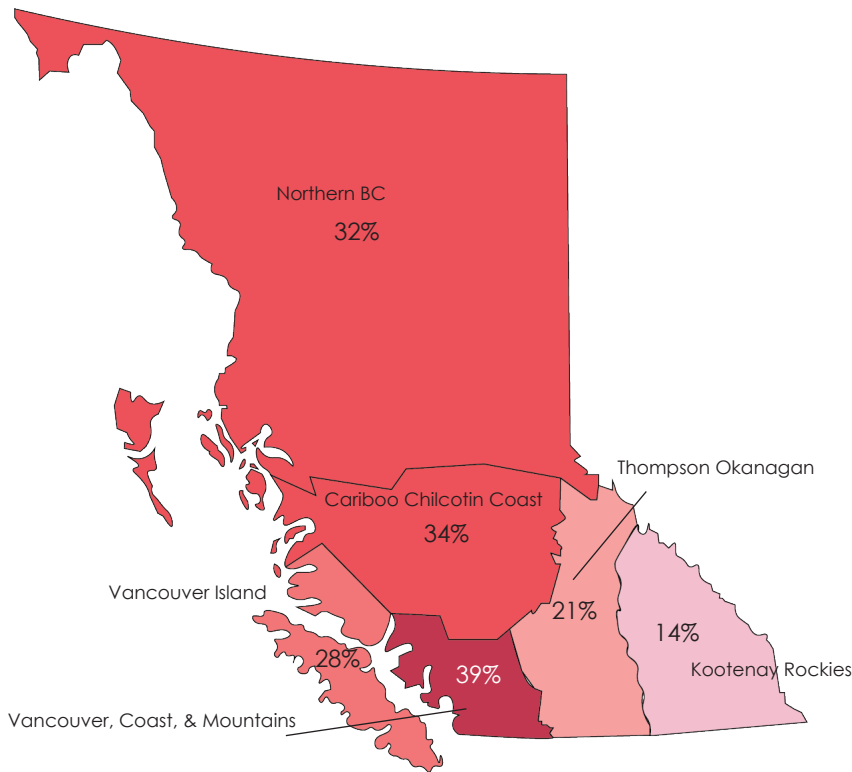
My business is paying its bills primarily through:



14% of firms from the rest of BC (RoBC) are paying their bills primarily through new debt or investment, while about 28% of firms are reporting paying their bills primarily through current revenue/profits. These numbers for VCM are 13% and 33% respectively. Notably, a large percentage (15% for RoBC and 27% for VCM) of firms are paying their bills *primarily* through alternative income or personal savings of the business owner.

Some examples of 'Other' primary methods of paying bills include: CEBA/ government loans; government grants; different combinations of savings and new debt; income from 2020 rescheduled bookings; and organizations indicating themselves as public/municipal entities.

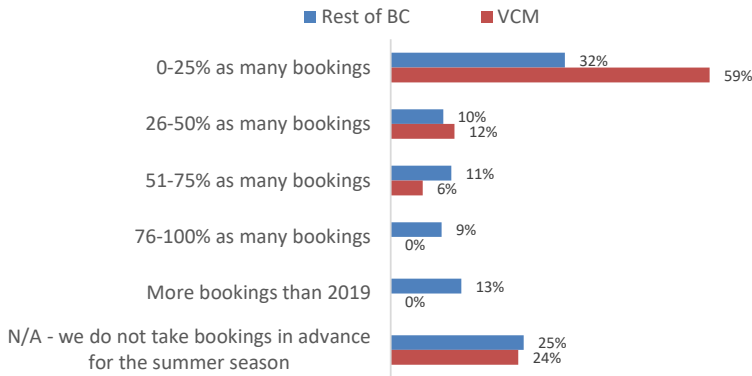
Proportion of firms unable to pay 100% of their bills, by tourism region



The simple average of firms unable to pay all of their bills across the regions is 26%.

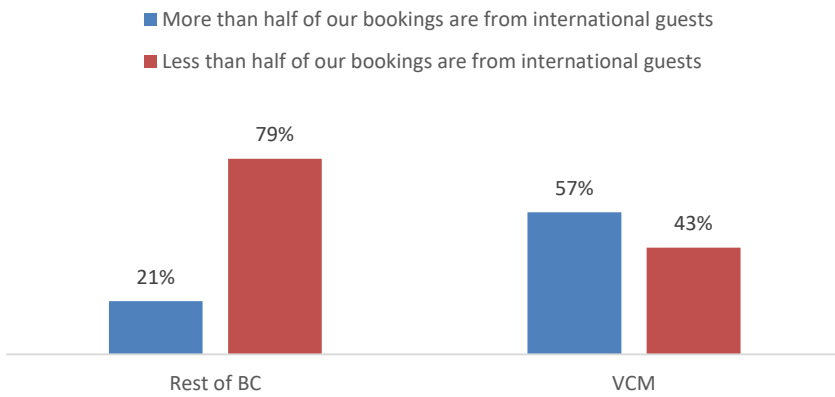
As one can see from the map on the left, inability to pay bills varies widely across the six tourism regions of BC.

Compared to pre-COVID-19, how much volume do you have for summer bookings?



Compared to pre-COVID-19, most firms that take summer bookings in advance are receiving less than half as many bookings than usual.

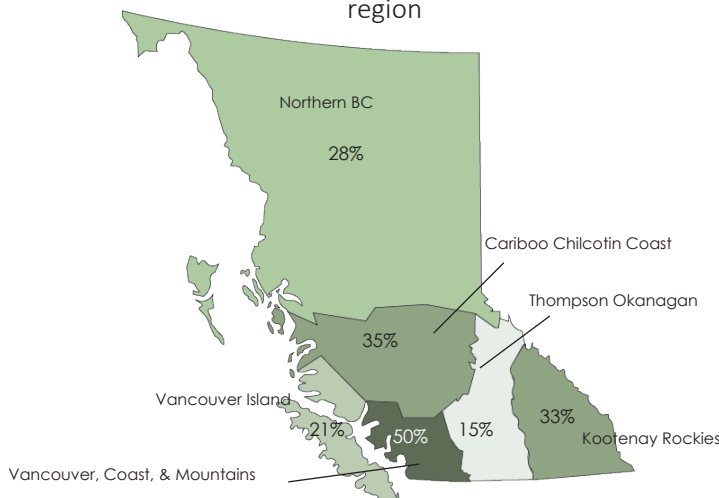
Approximately what percentage of your bookings are from international guests?



When breaking down these bookings by origin, most firms from the rest of BC are receiving less than one quarter of their bookings from international guests.

Meanwhile, as shown in the chart on the left, most firms surveyed in the VCM region are receiving *more than half* of their bookings from international guests

Average proportion of bookings from international guests, by tourism region



Breaking it down further, we can see that the average percentage of international advance bookings varies widely by region. The region with the largest average percentage of international bookings is Vancouver, Coast & Mountains (50%), while the region with the smallest average percentage of international bookings is Thompson Okanagan (15%).

These numbers are similar to figures collected from April 18 - May 8 2020, when we asked where businesses' guests 'primarily' came from.¹ However, it is important to note that this data does not capture the *full impact* of not having international bookings or the ability to host international guests. In addition to differences between regions, there are also substantial differences *within* regions and this survey question only captures firms that take advance bookings and

have opened up to international bookings, as some firms may voluntarily be closed to international bookings at this time.

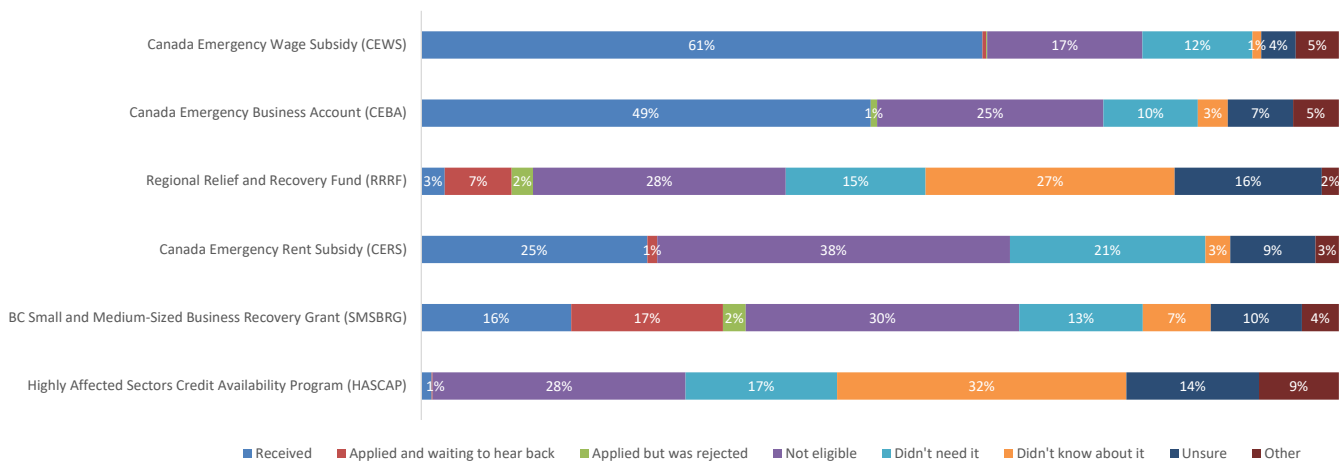
1) Data from these surveys indicated that 23% of firms from the rest of BC received guests primarily from international sources (including the USA), and 77% received guests primarily from within Canada. The region with the highest percentage of firms receiving guests primarily from international sources was Cariboo Chilcotin Coast, with 37%. The lowest was Kootenay Rockies, with 13% of firms receiving guests primarily from international sources. This indicates that the percentage of bookings from international guests is currently similar to pre-COVID-19 levels, although this may change with new restrictions and more information on travel for summer 2021.

PROVINCIAL SUMMARY

61% of businesses in March reported using the federal wage subsidy programs (CEWS), which is higher than the 49% reported in the last report. It remains the most commonly received federal or provincial program, followed by the Canada Emergency Business Account which has increased from 43% in the last report to 49%.

Of programs listed in the survey, the Canada Emergency Rent Subsidy (CERS) had the highest proportion of reported ineligibility (38%). 16% of businesses surveyed this month received the BC Small and Medium-Sized Business Recovery Grant (SMSBRG), representing an increase in take-up of 8% since the last report. We appreciate that the Province has recently expanded eligibility and duration for the SMSBRG program 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. Only 1% of firms reported receiving the newly introduced HASCAP federal program, which was also the most unknown program at 32%.

Access to federal and provincial programs (rest of BC)



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

- The paperwork/application processes are too complicated & lengthy, making it not worthwhile
- 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.
- 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 is ineligible due to being a non-profit or public entity

"The small business grant is complicated and requires too much labour to compile documents." - Urban Food & Beverage operator

"This business is in addition to our primary business and income streams. It did not qualify for the subsidy programs despite us losing over 18K in income." - Remote accommodation (limited service) operator

"I am not eligible as I am not currently residing in BC (even though I am a Canadian citizen and Canadian registered business)." - Remote accommodation with Food/Activities

"We didn't apply for loans as we can't afford more debt" – Remote accommodation with food/activities

"We are a seasonal small operation running only May through October. Most grants do not apply to businesses like ours." – Rural transportation firm

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

- Worries about the future impact of financial hardship and debt
- Difficulty finding or retaining employees
- 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 CEWS could continue until next year, or be replaced with a provincial program, that would be a make-or-break measure for us. Otherwise, with each passing month the probability of losing our facilities and other key infrastructure increases, and our long-term viability is increasingly in jeopardy.” - Rural activity firm

“Alberta was 40% of our business. International was 55% and a small percentage was BC. Now with no Alberta and no international we are probably going to sell.” - Rural accommodation (limited service) operator

“We need some discussion aside from telling us in the middle of every month that the border will be closed until the 21st of next month” – Remote accommodation with food/activities operator

“The debt load on small businesses is stressing us to the max. Nobody is making money and a lot of businesses are sinking faster while open. Finding staff is more difficult than ever.” – Urban food & beverage operator

“We are concerned that we will have difficulty scaling up to meet demand this summer. The real estate market will continue to be a major obstacle in finding and retaining staff. ” – Urban food & beverage operator

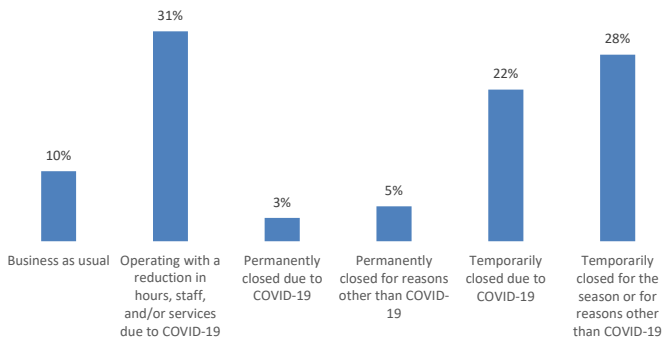
“Governments should be looking at the safe restart of small/mid-sized indoors events and put in place a timeline — events take many months of preplanning.” – Urban events firm

“Because we could not do business in 2020 and face uncertainty for 2021, we have used all of our savings and are now living on credit. This will affect us for the rest of our lives and is a huge stress. ” – Rural accommodation with food/activities operator

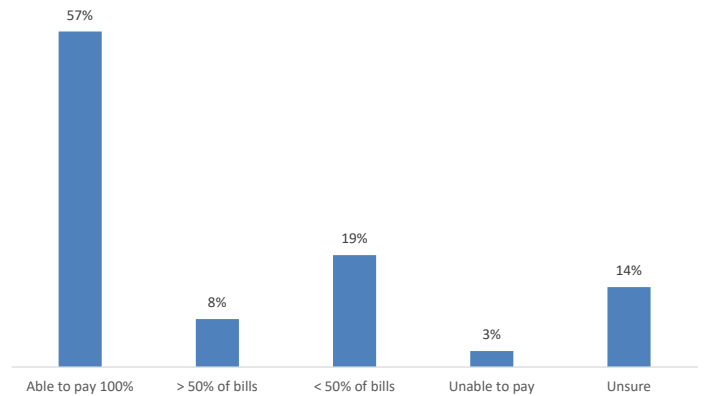
“If vaccines are delayed, summer tourism businesses will lose yet another year.” - Remote activity firm

CARIBOO CHILCOTIN COAST

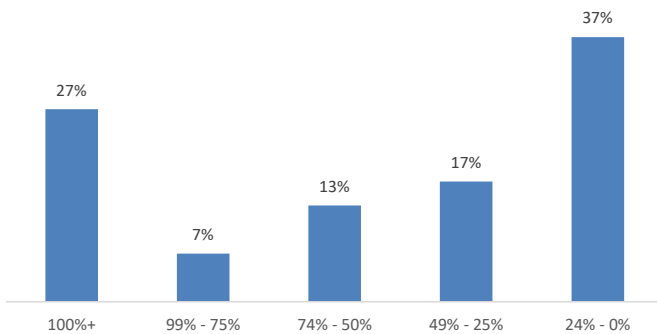
Please indicate the impact of COVID-19 on your current operations.



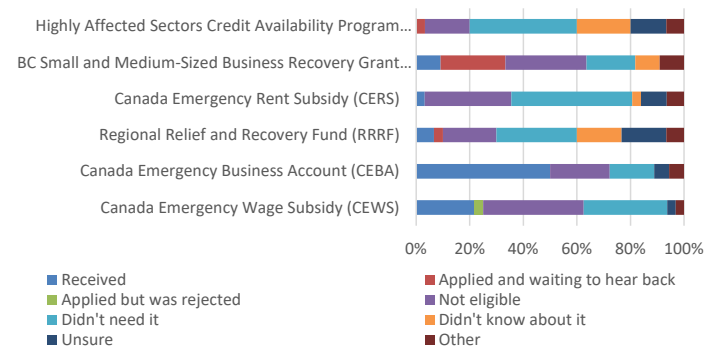
Ability to pay bills, February



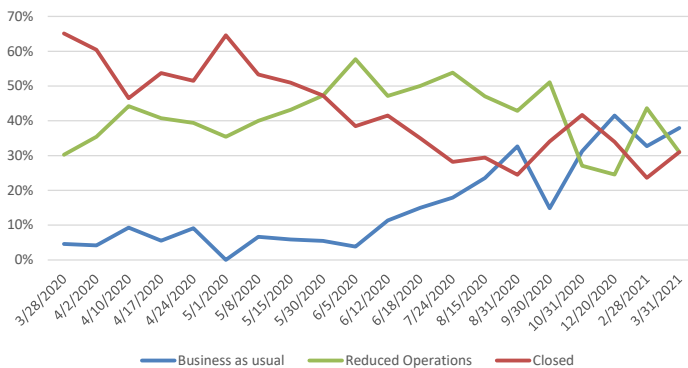
What percentage of your usual staffing capacity for this time of year is your business currently using?



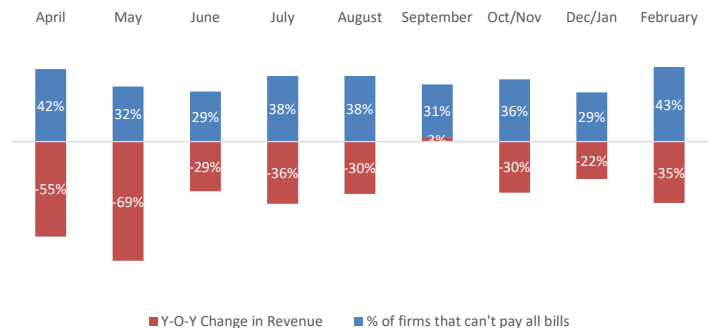
Government assistance take-up



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



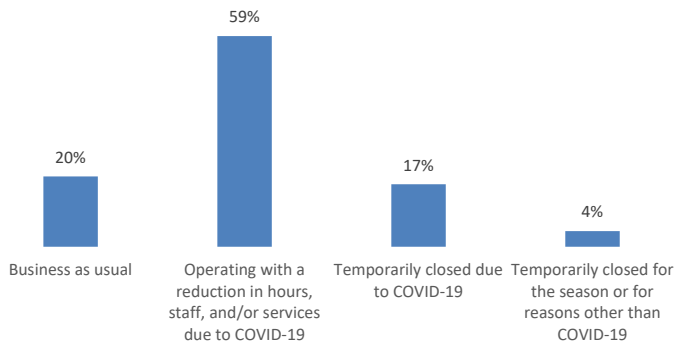
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Amy Thacker
CEO, CARIBOO CHILCOTIN COAST TOURISM

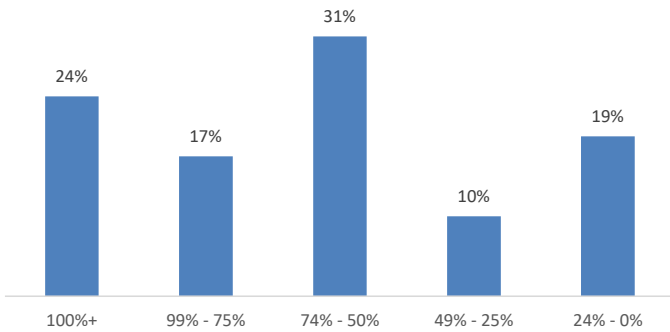
A response rate of 58% yielded 58 tourism businesses, representing a margin of error for the regional questions of +/- 10%, 9 times out of 10.

KOOTENAY ROCKIES

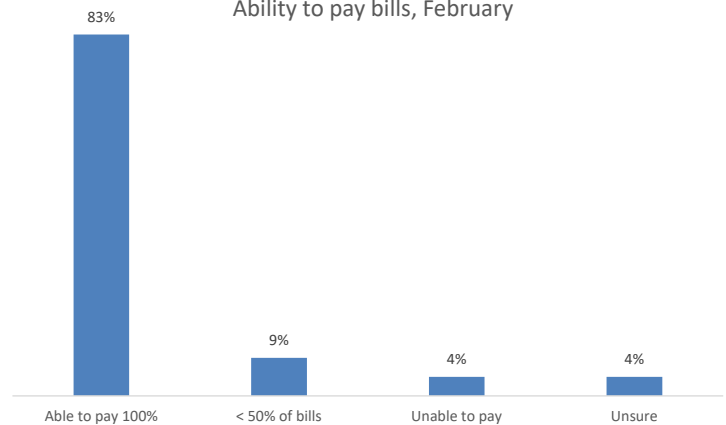
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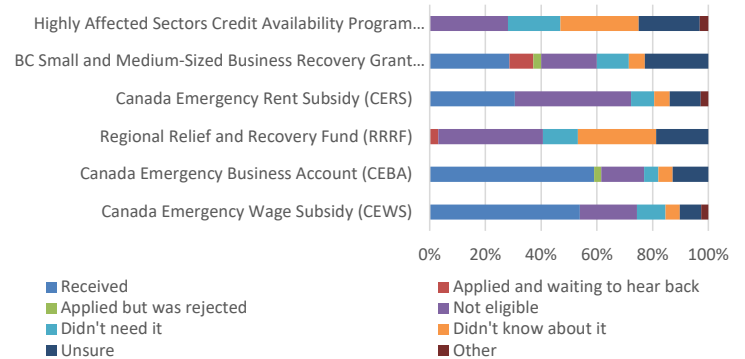
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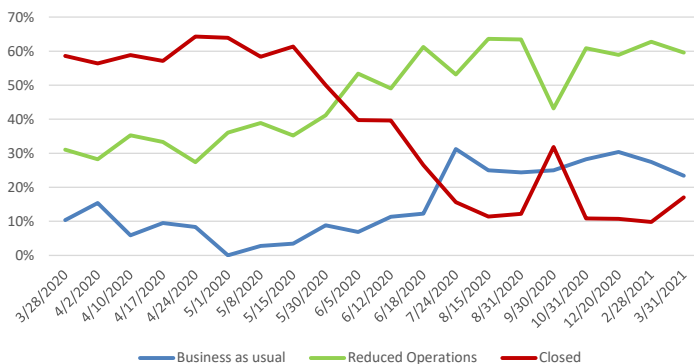
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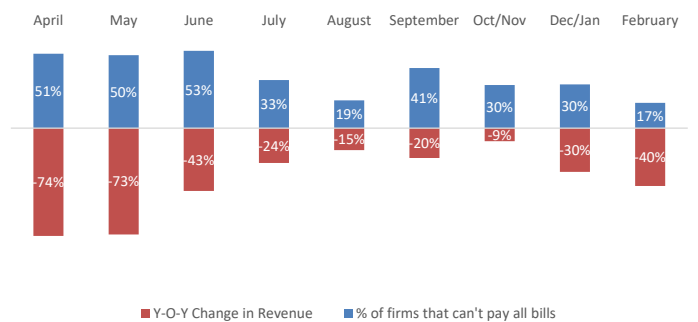
Government assistance take-up



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

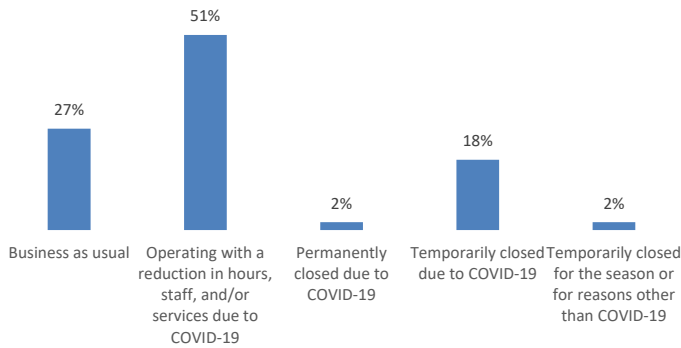


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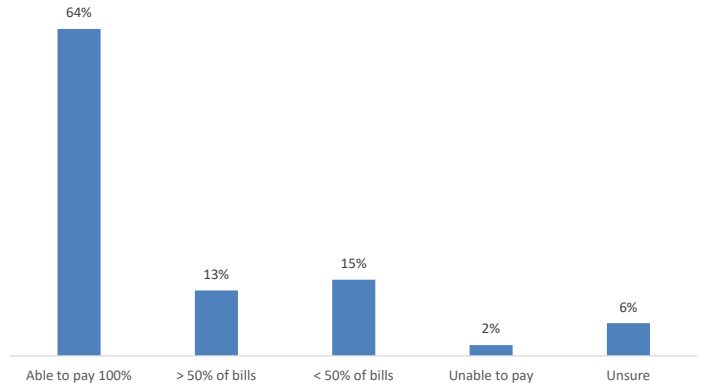
Kathy Cooper
CEO, KOOTENAY ROCKIES TOURISM

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.

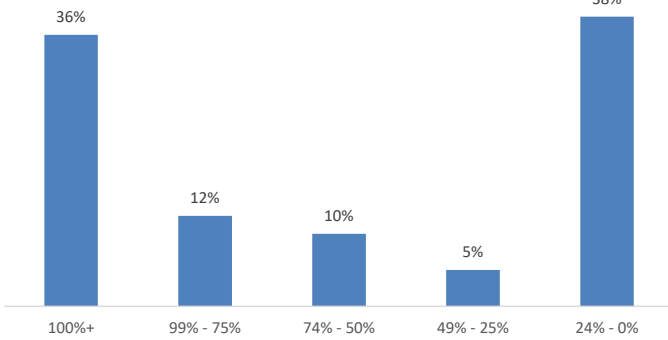
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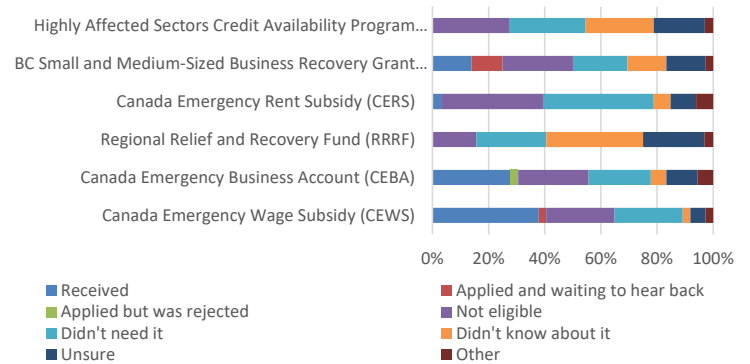
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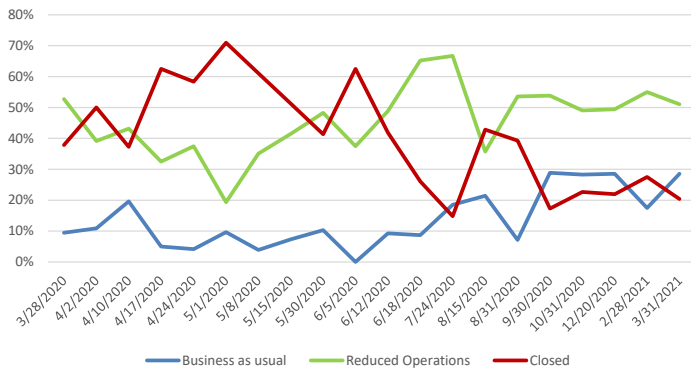
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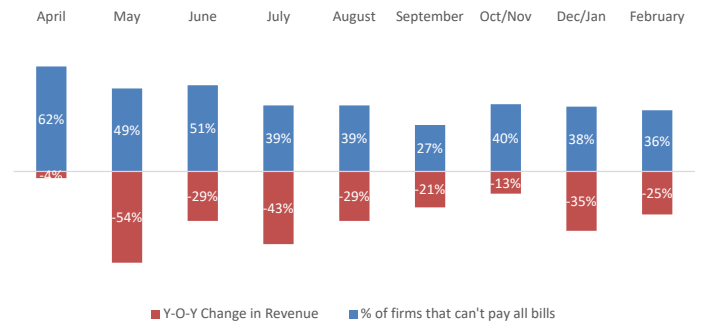
Government assistance take-up



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

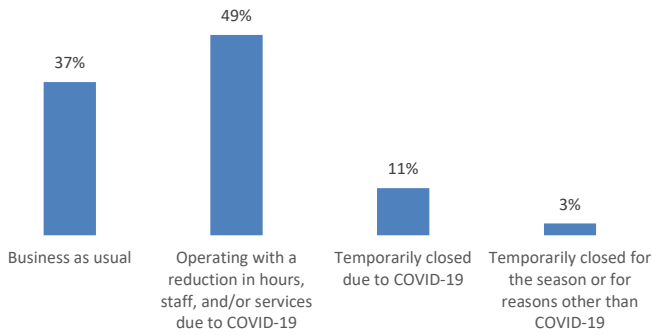


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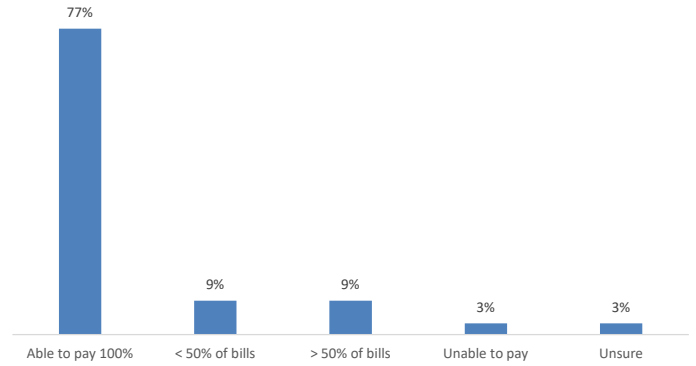
Clint Fraser
CEO, NORTHERN BC TOURISM

A response rate of 51% yielded 51 tourism businesses, representing a margin of error for the regional questions of +/- 11%, 9 times out of 10.

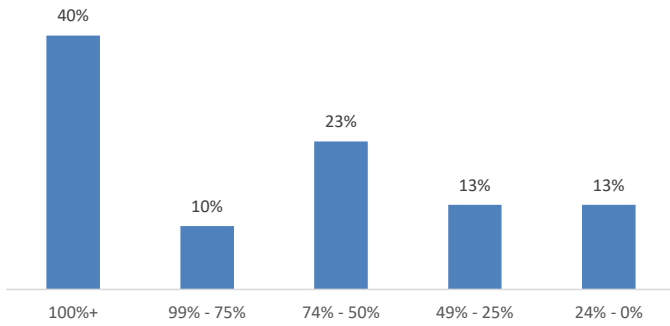
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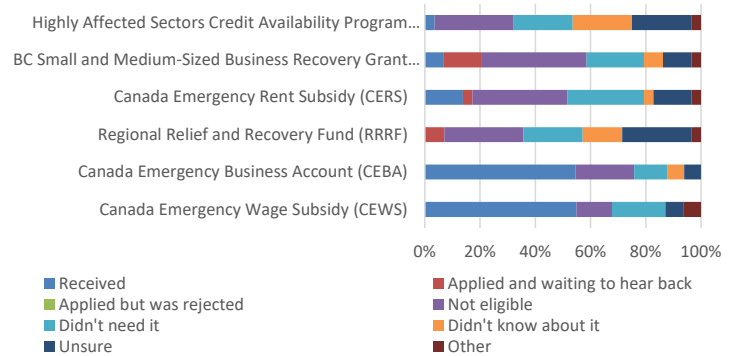
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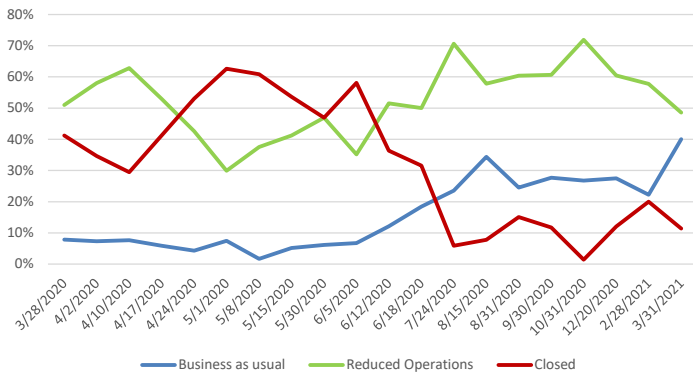
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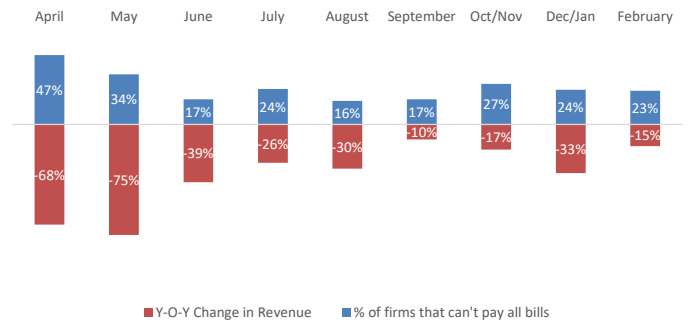
Government assistance take-up



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

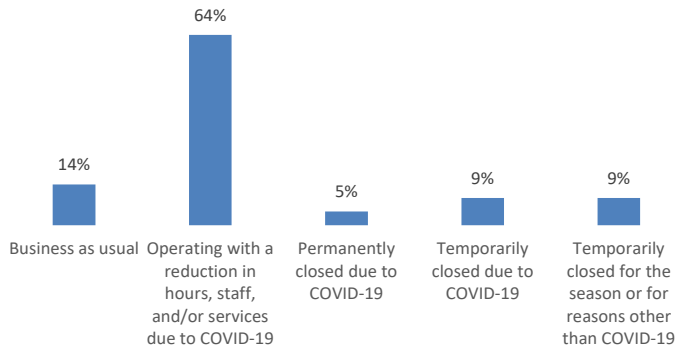


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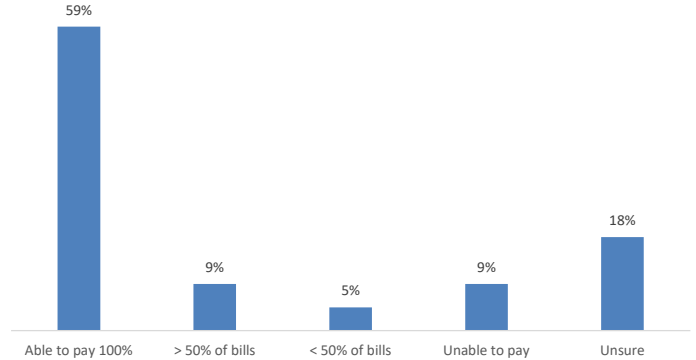
Glenn Mandziuk
CEO, THOMPSON OKANAGAN TOURISM

A response rate of 35% yielded 35 tourism businesses, representing a margin of error for the regional questions of +/- 14%, 9 times out of 10.

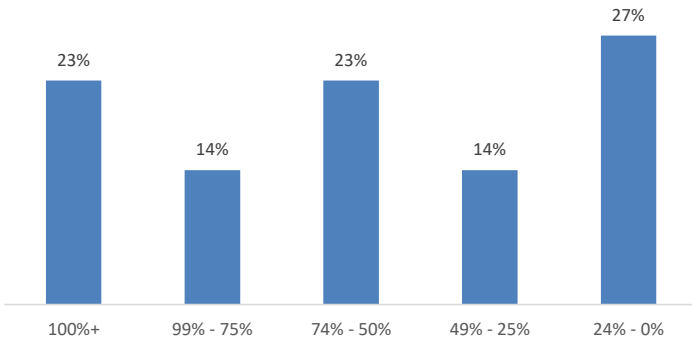
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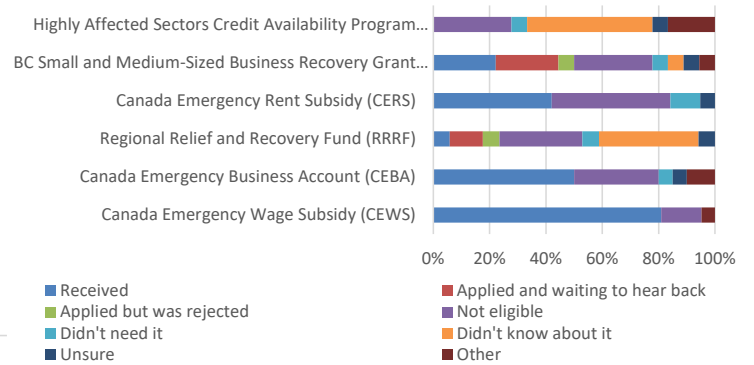
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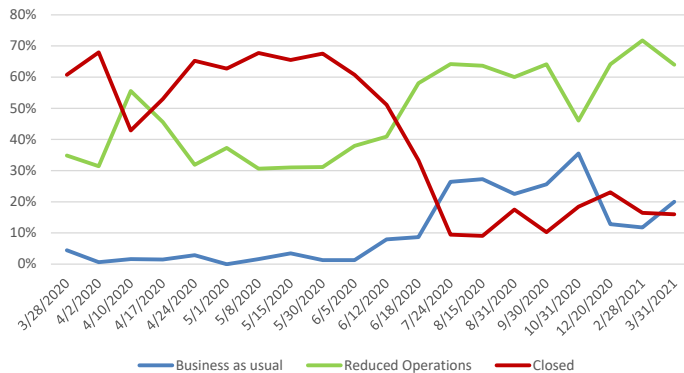
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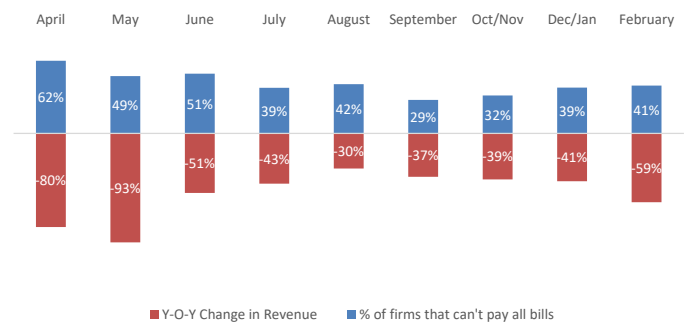
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Impact of COVID-19, share of responses since start of survey



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

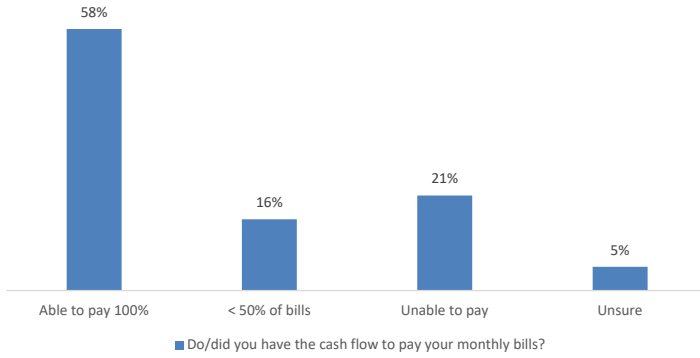


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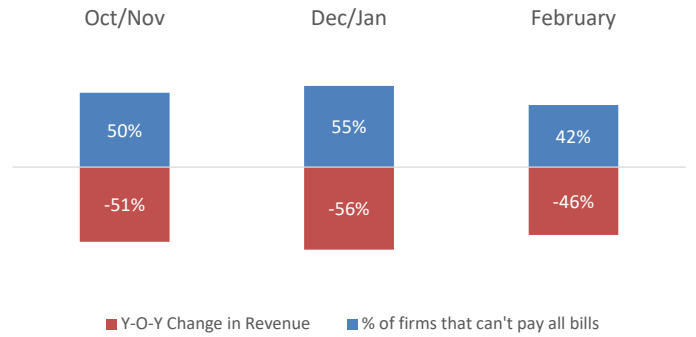
Anthony Everett
CEO, TOURISM VANCOUVER ISLAND

A response rate of 11% yielded 22 tourism businesses, representing a margin of error for the regional questions of +/- 18%, 9 times out of 10

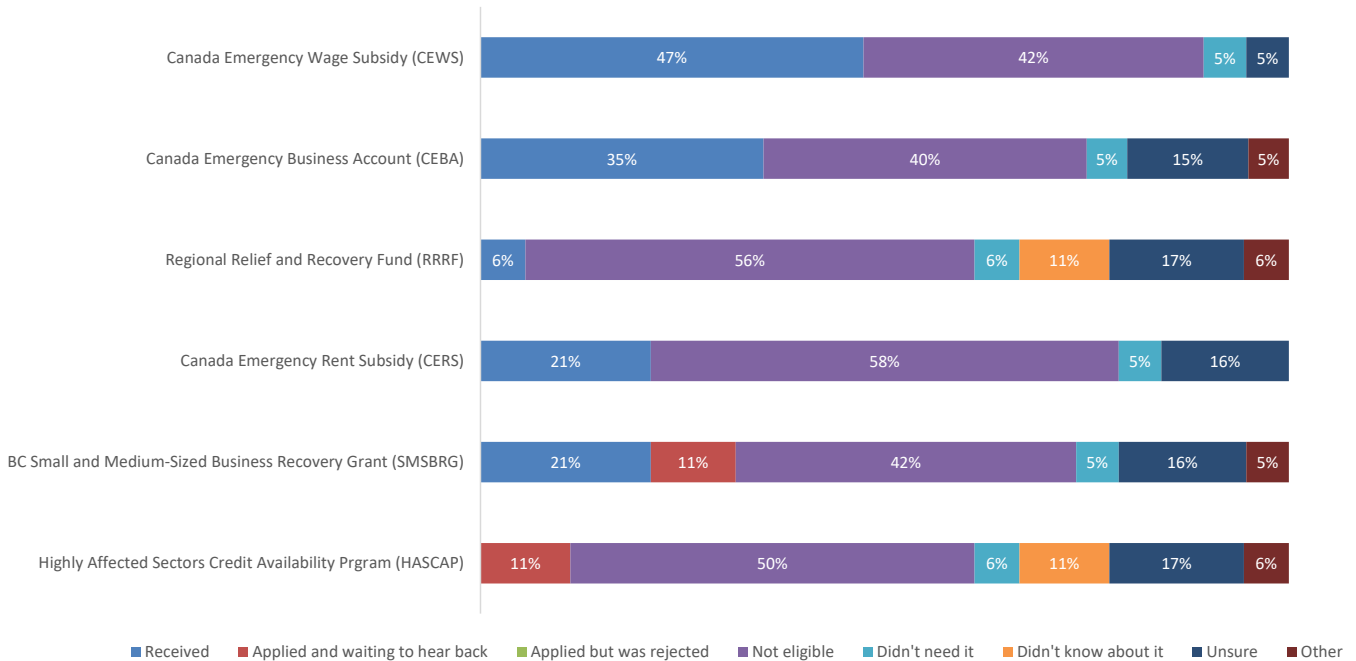
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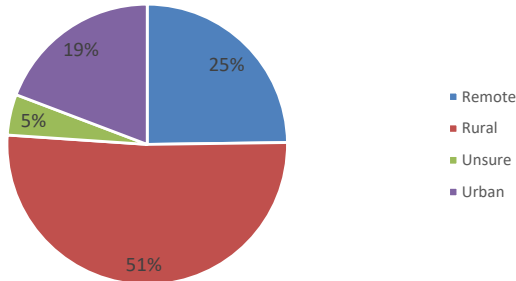
Access to federal and provincial programs (Vancouver, Coast, & Mountains region)



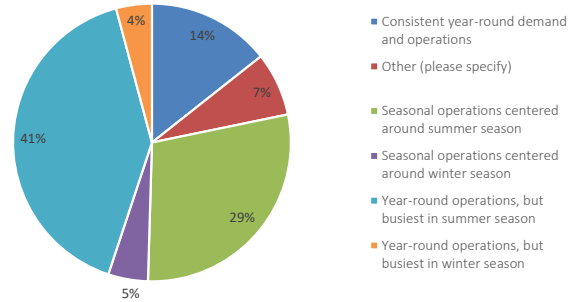
This survey for the Vancouver, Coast & Mountains region yielded **20 tourism businesses** (with the exception of the "impact" question – see page 3), representing a **margin of error for the regional questions of +/- 18%, 9 times out of 10**. The respondents were *not randomly drawn*, which may also impact the accuracy of the results

APPENDIX: FIRMS SURVEYED

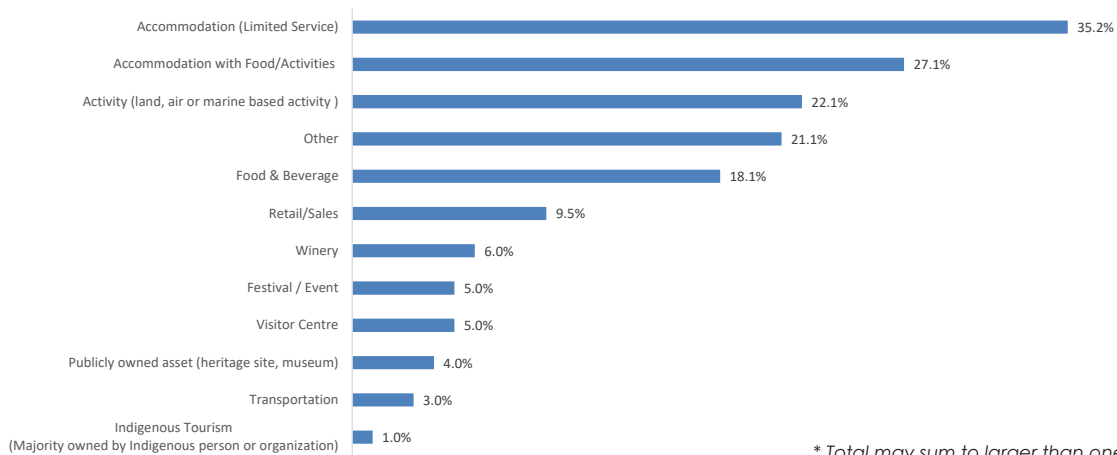
Do you consider the area in which your business operates to be urban, rural, or remote?



How would you describe your business season?

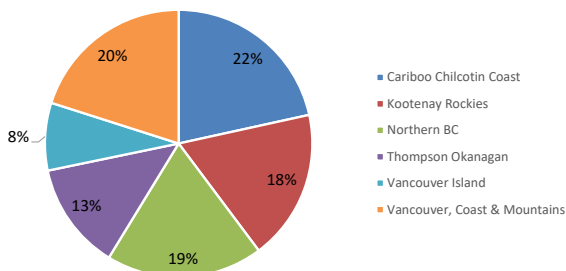


Proportion of firms by business type



* 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.