



Purpose of the Note

This briefing note:

- Summarizes key details of the 2003 outbreak of SARS in Toronto, Canada.
- Describes the actions taken to address significant declines in tourism in Toronto as a result of the SARS outbreak.
- Considers how we might draw insights from this episode for the urban tourism sector today, addressing the challenges of a global lockdown and travel restrictions caused by COVID-19 (the novel coronavirus).

This briefing note is intended for policy-makers who are responsible for tourism policy and provide support for tourism businesses, regional tourism associations and destination marketing organizations, and for businesses in the tourism sector.

While there are many differences between the outbreak of SARS and COVID-19 (e.g. SARS was contained with low risk of local transmission), we believe there are insights we can draw from this episode, particularly with respect to communication, cross-sector collaboration and relationship-building.

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Observations from Toronto's Tourism Recovery Post SARS in 2003

Key Observations and Recommendations

- Public officials and businesses must act and be seen to act on the best scientific and public health advice available.
- People can feel uncomfortable and threatened by public health risks, even if the threat is contained.
- Businesses must collectively establish a reputation for abiding by high standards.
- Operations must be able to adapt quickly in the face of an emerging threat, whether this means lowering safety standards as the threat becomes contained or ramping up standards in the event of an unanticipated return of the disease. A precautionary approach is recommended until the disease is better understood.
- The media can amplify the risk and exaggerate its threat. This type of coverage can damage the city's reputation internationally and jeopardize the medium-term recovery.
- During the SARS outbreak, the drop in demand from international tourists led the tourism sector to focus with success on selling to local and regional markets.
- Communication in the medium term focused on promoting the recovery of the sector and the return to normal.
- Decision-makers require a regional view when thinking about impact and recovery. Urban centres are hubs for the region; an impact on a hub affects the entire region.
- In the early stages of SARS, governments were criticized for being tentative, slow and inconsistent in their support of the industry. Government faces a tension. It is a key player in formulating a solution but at the same time it cannot advocate for tourism if the advocacy conflicts with public health advice.
- Cooperation across the sector, even amongst competitors, was vital to the recovery of the sector; in some cases, business partnerships that developed at this time lasted for years. A period of downturn can create and develop new partnerships and opportunities to exploit in the medium term.
- Recognizing competitive advantages and promoting them accordingly are important opportunities to develop and exploit.

SARS: Its Beginning and Impact

Severe acute respiratory syndrome (SARS) was first recognized as a global threat in mid-March 2003 (CDS, 2004). SARS is a viral respiratory illness caused by a coronavirus called SARS-associated coronavirus (SARS-CoV) (CDC, 2017). Symptoms of SARS include fever, respiratory symptoms (e.g. cough and difficulty breathing), headaches, sore throat, and in serious cases, patients may require oxygen support (Health Canada, 2020).

Compared to COVID-19 and other large-scale natural disasters, SARS killed relatively few, but its impact was felt by millions. SARS was a new disease and had global reach. The first known cases occurred in Guangdong province, China, in November 2002. By July 2003, the international spread of SARS-CoV had resulted in 8,098 SARS cases in 26 countries, with a total of 774 deaths (CDS, 2004).

The first case of SARS in Toronto was identified in a hospital on March 7, 2003, and the first SARS-related death was reported on March 13, 2003. In Toronto, a total of 44 people died due to SARS (Wall, 2006, pp. 145-146).

The consequences of the SARS outbreak in Toronto were rapid and far-reaching, with the cancellation of major conferences and events beginning in April 2003. These cancellations occurred despite confirmation from Ontario's Chief Medical Officer of Health that the risk of SARS transmission to the general population was extremely low (Wall, 2006, p.146). The SARS outbreak in Toronto came in two waves, both of which were largely contained in hospitals.

For the first wave, the World Health Organization (WHO) issued a travel advisory on April 23, 2003, warning against traveling to Toronto, which was lifted a week later on April 30. Toronto was removed from the WHO list of areas with local transmission on May 14, 2003 (Wall, 2006, p.146).

The second wave started when a hospitalized SARS patient infected other patients on May 20, 2003, which put Toronto back on the WHO's list of places with recent local transmission. Toronto was finally removed from the list on July 2, 2003. On July 5, 2003, the WHO announced that the last human chain of transmission of SARS in that epidemic had been broken (CDS, 2004).

Tourism in Toronto

In 2003, the industry generated \$4 billion in revenue and provided approximately 95,000 direct jobs (Black, 2004, p. 1). US leisure travel accounted for one-third of Toronto's tourism revenue with the majority of spending coming from residents of US border states (Black et al., 2004, p. 1). The outbreak of SARS significantly threatened this substantial economic activity (Wall, 2006, pp. 144-145).

SARS Impact on Tourism

The SARS outbreak is estimated to have cost Toronto approximately \$500 million in tourism revenue and thousands of jobs (Wall, 2006, p. 150 & Black et al., 2004, p.1). The crisis caused a sharp decline in tourism activity, mass cancellations, and layoffs in the tourism sector and related industries. The Toronto hotel sector was immediately impacted when average hotel occupancy rates fell to 46.6% in April 2003 from 68% the previous year. It was estimated that tourism expenditures declined by \$503 million, or 28%, in 2003 compared to 2002 (Wall, 2006, p. 146).

Racism was also an issue; there is a large Chinese community in Toronto and SARS had been labelled by some as a “Chinese disease” (Wall, 2006, p. 147).

At times, the way in which the threat was described was more damaging than the disease itself. The WHO travel advisory of April 23, 2003, against all non-essential travel to Toronto shaped perceptions of the city. The Mayor stated that those negative perceptions of Toronto were hurting tourism more than the disease. The Canadian media were accused of increasing anxiety among the public with selective, sensationalist and inaccurate reporting. Critics noted that the media failed to provide appropriate context, including that the illness was largely restricted to hospitals, and the likelihood of contracting it was extremely low. Media reports also did not distinguish clearly between the number of deaths and recoveries included in the total cases (Wall, 2006, pp. 148 -150).

Tourism impacts were not limited to the city of Toronto. Toronto is a major point of entry to other areas in Canada, and the situation in Toronto was generalized to all of Canada by decision-makers around the world (e.g. North American companies deciding to ban travel to Toronto) (Wall, 2006, p. 146). Statistics Canada reported that during the peak of the crisis (April–June 2003), the tourism industry in Canada suffered the following impacts:

- International visitors declined 14%.
- Spending by international visitors declined 13%.
- The international travel deficit grew to over \$1.1 billion.
- Tourism employment decreased by 2.4% (during a period when seasonal employment usually increases) (Wall, 2006, p. 147).

Between March 2 and the end of December 2003, regions surrounding Toronto also experienced significant tourism declines. KPMG reported that tourism spending in Niagara was down \$164 million, or -26% during this time compared to the previous year (Black, 2004, pp. 1-2).

Despite efforts by political leaders to devise a strategy, politicians at federal, provincial and municipal levels were criticized by the tourism industry for lack of leadership (Wall, 2006, p. 146). In particular, municipal and provincial leaders were criticized for not leading initiatives to encourage travel to the city, including support of a large-scale event (i.e. Molson Canadian Rocks for Toronto concert) (Galloway & Lewington, April 16th, 2003). The Mayor of Toronto acknowledged his hesitancy to encourage tourists to the city when there were some school and workplace closures in place, and stated that “it is not wise to throw good money after bad” (Galloway & Lewington, April 16, 2003). The Ontario government was also criticized for not recalling the legislature until April 23, 2003 (Johnson Tew et al., 2008, p. 342).

Ultimately, collaboration between all orders of government, public health and the tourism industry was necessary to manage the outbreak and recovery. Collaborative strategies were

helpful in establishing trust among all stakeholders that their concerns would be addressed in the recovery process (Johnson Tew et al., 2008, p. 342).

Response and Impacts

In an assessment of Ontario's tourism recovery plan, PKF Consulting reported that:

- The Toronto region lost approximately \$292 million in visitor spending between July 2003 and March 2004. It is estimated that the tourism recovery efforts (e.g. federal and provincial investment, T03 initiatives, and other recovery efforts) recovered approximately \$285 million in visitor spending out of a potential loss of \$577 million.
- Every dollar invested in tourism recovery over that period generated \$11 in tourism spending in Ontario and \$7.86 in the GTA (Black et al., 2004, p. i).

Some of the key recovery measures introduced were high-value packages of multiple Toronto attractions, creation of the Toronto03 Alliance and the Toronto Rocks concert.

Event and Attraction Value Packages

Ontario Tourism Marketing Partnership

The Ontario Tourism Marketing Partnership (OTMP) included members from large and small hotel chains, large multi-unit restaurant companies and small diners, tourist attractions, theatre productions and festivals. The consulting firm FCB Toronto was hired by OTMP to advise on tourism strategies. It helped create the "It's Time for a Little T.O." campaign that created price point-driven packages (e.g. preferred rates and flexible passes) that included several of Toronto's tourism stakeholders (Shier, March 31 2020).

The campaign established partnerships between live theatre (e.g. Mirvish Productions), hotels, restaurants and other attractions and was primarily driven by intrusive retail-oriented advertising campaigns through newspaper and radio creative media (Shier, March 31 2020). It was important to communicate the value of the packages clearly to the customer. While many members of OTMP were direct competitors, they realized that the situation necessitated unprecedented partnerships. The members were all facing similar problems (e.g. need for event attendees, reservations and attraction of participants) and the consolidated effort enabled them to combine strengths and resources to ensure collective survival.

The campaign was considered successful with over 111,000 packages sold in the first 10 days of its launch, including 30,000 nights of reservations for hotels. In total, over 450,000 packages were sold, which generated approximately \$62 million in direct economic impact for Toronto. Many of the partners felt the campaign was so successful that they continued it; some of the offerings continued long after the crisis abated. As of early January 2004, the promotion had generated almost \$30 million in direct sales for Mirvish Productions and the participating hotels, restaurants and attractions, in addition to millions generated from tourists' expenditures in the GTA. As with other T03 activities, this campaign generated significant awareness, driving over 50,000 visitors to the theatre package page on T03's website (Black et al., 2004, p. 7).

Toronto03 Alliance

The Toronto03 Alliance was formed as a non-profit corporation by private-sector leaders and funded by \$1 million in seed money from five of Canada's major banks, as well as a \$25-million

partnership of federal and provincial governments and the city of Toronto. The T03 Alliance focused its efforts on US border states, complementing the efforts of the City of Toronto, Tourism Toronto, the Ontario Ministry of Tourism and the OTMP. The City of Toronto focused its efforts on its residents, while the province focused mainly on the rest of Ontario and Canada (Black et al., 2004, p. 1).

The Toronto03 Alliance created “Summer in the City”, a plan for the private sector to promote cultural and sporting events. The most effective initiative – a partnership of Toronto03 Alliance and OTMP – was the sale of value packages for multiple Toronto attractions, restaurants and hotels. This was extremely successful for local and regional markets and continued for years after the crisis (e.g. “Due North Do Toronto” campaign). One observation was that while international visitors are often high spenders, they cost more to attract and can be less stable than those from local or regional markets. This partnership also organized the Molson Canadian Rocks for Toronto concert (Wall, 2006, p. 150).

Toronto03 contributed to tourism in the following ways:

- Over the summer and fall of 2003 and winter of 2004, its activities drew almost 100,000 US visitors to the GTA. The publicity generated made over 100 million potential US tourists aware of the Toronto region and available attractions (Black et al., 2004, p. i & p. 3).
- More than a dozen events and attractions were supported including existing and new events (e.g. CNE, Royal Winter Fair and the Toronto Rocks Concert) (Black et al., 2004, pp. i-ii).
- A Toronto Ambassador program was created as well a ‘Stanley Cup Homecoming Promotion’, in which the Stanley Cup became an ambassador for Toronto. These initiatives were undertaken because they offered a low-cost opportunity to stimulate civic pride, promote Toronto and leverage a high-profile event. Ambassadors for Toronto sent electronic postcards inviting five friends or family members from outside the GTA to visit Toronto. The program attracted over 1,000 Ambassadors who sent more than 5,000 electronic postcards. The promotional campaign generated significant awareness, reaching almost two million adults in the GTA about six times each. Sympatico supported the launch event and provided prizes for a contest to incentivize people to become Ambassadors for Toronto. The website hosted through Sympatico delivered an additional eight million impressions (Black et al., 2004, pp. 7-8).
- A “Kids Summer Road Trip” promotion combined 13 family-oriented attractions with free admission coupons for kids and value packages. While this was not considered successful in directly drawing visitors, it did promote the attractions for the 2004 season and many of those attractions wished to continue the partnership. The program was repeated in 2004 and included in the OTMP’s campaign “Due North Do Toronto” (Black et al., 2004, p. ii & p. 4).
- T03’s website performed strongly and was visited by more than 250,000 people between its launch and shutdown (i.e. July 2003–late 2003). It averaged some 20,000 visitors per week. The website was consolidated with the Tourism Toronto website. As of November 2, 2003, PR efforts had generated more than 100 million impressions (Black et al., 2004, p. 4).

Molson Canadian Rocks for Toronto Concert

On April 24, Toronto’s city council held an emergency meeting that resulted in a \$25-million marketing campaign for the city that included commitments from the federal (\$10 million) and provincial (\$10 million) governments, as well as a \$5 million commitment from the city (Wall,

2006, p. 148.). This money helped fund the creation of the Toronto03, which organized the Molson Canadian Rocks for Toronto concert (Black et al., 2004, p. i). The concert was a key component of a strategy endorsed by a broad-based recovery group called the Toronto Tourism Recovery Coalition. The goal was to attract hundreds of thousands of fans to fill hotels, restaurants and other attractions around the city (Wall, 2006, p. 149).

The concert was held on July 30, 2003, in Downsview Park as a way to signify that the worst had past and Toronto was open for business (Shier, March 31 2020). Organizers agreed that the best way to bring positive attention to the city was to host a concert with famous artists.

Approximately half a million, including 42,000 US visitors (Black et al., 2004, p. ii), paid to see The Rolling Stones, AC/DC, Rush, The Guess Who, Justin Timberlake, Blue Rodeo and more (Shier, March 31 2020).

The federal and provincial governments recouped \$12–19.5 million in taxes from the extra spending, more than doubling the \$5 million that the two governments initially invested (Wall, 2006, p. 149 & Black et al., 2004, p. 5). The following increases in economic and tourism activity were observed during the time of the concert:

- A study of credit card expenditures between July 27 and August 2 found increases of \$75.2 million in expenditures compared to the previous week.
- Restaurants enjoyed the largest (59.2%) increase in business, followed by travel and entertainment (20.6%), photography and supply stores (18.5%), drug stores and pharmacies (14.1%), hotels (7.1%), car-rental agencies (5.1%) and retail (5.1%).
- The retail sector received \$39.6 million of the increased revenue, followed by restaurants (\$20.9 million). Hotels received only \$1.9 million, likely meaning many attendees were locals or from regional markets.
- The hotel occupancy rate was over 90% on July 30, according to Smith Travel Research.
- There was a \$90-million boost in Ontario's economic activity, \$72.6 million of which went to Greater Toronto, according to the Toronto Convention & Visitors Association.
- Significant contributions were made to charities: \$250,000 by Molson and \$50,000 by Sovereign Insurance to each of the Molson Hospitality Employees Relief Fund and the Ontario Ministry of Health's scholarship for healthcare workers.
- International coverage of the concert exceeded one billion PR impressions (e.g. views and online engagement), and the webcast drew 250,000 viewers worldwide. Molson assessed the PR that T03 realized to be worth \$12.5 million in media value. Overall, the concert generated an estimated total tangible and intangible media value of \$16.4 million. The initial media investment was \$2.2 million (Black et al., 2004, p. 5).

Additional Initiatives

- In January 2004, the Greater Toronto Hotel Association imposed a 3% hotel-room levy to be used to promote tourism. It was applied to approximately 30,000 hotel rooms (i.e. about 90% of hotel rooms under the Association) (Wall, 2006, p. 150).
- On February 11, 2004, the Ontario Provincial Government announced an investment of \$30 million to promote tourism in Ontario, with \$2.8 million designated for northern Ontario. This was primarily to fund marketing strategies (Wall, 2006, p. 150).
- The "Concert for Toronto" was held on June 21 at the SkyDome and Air Canada Centre venues, and featured Canadian acts such as Barenaked Ladies, Tragically Hip, Sarah McLachlan and Avril Lavigne. This was intended to showcase Toronto and show that

tourism in Ontario was on the road to recovery, according to Ontario's Tourism and Recreation Minister (Heinzl, May 29, 2003).

- The Toronto Blue Jays baseball team partnered with World Wrestling Entertainment (WWE) and the Toronto Indy to offer a package deal for early July (Heinzl, May 29, 2003).

Insights from SARS that Relate to COVID-19

It is important to emphasize that the situation caused by COVID-19 is not the same as SARS in 2003. SARS was highly contained and localized at specific areas in Toronto; many cases occurred in hospital, there was a low risk of local transmission and travel advisories were brief.

COVID-19 has posed many new and unprecedented concerns, especially regarding the tourism industry. It seems unlikely, for example, that large group events will appear in the near term; conventional dining out and retail experiences will have to be done in a manner that is consistent with the best health information available. Many cities will be considering similar strategies to Toronto's of 2003, which will make it a much more competitive process. Significant limitations on international travel will continue into the near future.

Nevertheless, there are some important observations that can be drawn from the experience that might help us address challenges for the tourism sector when considering COVID-19.

Toronto pivoted quickly, for example, when it realized there would be very limited international travel and began marketing to regional and local markets. Tourism in regions outside Toronto also benefited from encouraging regional visitors to the area.

Many key players contributed to the overall approach. Federal, provincial and municipal investment was used to support the tourism industry. Public and private expertise was involved in many of the initiatives. The collaboration and coordination between municipally focused organizations (e.g. Toronto03 Alliance) and provincially focussed organizations (e.g. OTMP) allowed programs to be combined (e.g. combination of "Due North Do Toronto" and "Kids Summer Road Trip" campaigns) and operate more efficiently and with greater reach.

Despite the fact that many of the partner organizations and businesses were competitors, the cooperation among businesses helped ensure the initiatives were successful. Not only did many of the programs achieve their desired outcomes, but they also continued long after the SARS crisis abated. Partnerships and collaboration took various forms:

- Businesses, such as hotels, restaurants, attractions and theatres offered value packages that combined these services;
- Public and private enterprises jointly targeted specific demographics (e.g. families through the "Kids Summer Road Trip" campaign);
- Competitors partnered to offer value packages (e.g. packages for tickets to Toronto Blue Jays, WWE and the Toronto Indy).

Officials also realized that public perception of the risk is crucial. If an area is not perceived to be safe, then attracting visitors is challenging and probably unwise. The media play a large role in shaping public perception. Therefore, it is important not only to ensure an area is safe but also that the public believes it is safe. The power of the media and the importance of public perception were underestimated during the SARS crisis; the negative perceptions continued despite assurances from Ontario's Chief Medical Officer that risks of transmission in the city were low.

Relatedly, Toronto was the only major centre in North America that was affected by SARS, and it stood out for it, particularly in global media coverage. Bad news travelled fast. As the world recovers from COVID-19, it will be important not to stand out as a community that has not adopted public health recommendations. This could jeopardize the return of the sector.

Short- and medium-term communications strategies were different. In the short-term, officials focussed on correcting misinformation and filling as many ticket bookings and reservations as possible. This was done by targeting local and regional markets. Medium-term strategies focussed on communicating that Toronto was on the road to recovery and that the worst had passed.

With respect to COVID-19, by using a major city as a focal point, many surrounding communities may benefit from increased tourism to the region. This would be especially true if value-package programs are used to connect various attractions in the region.

There are many advantages that the Atlantic region can exploit. Open space, low population density and natural attractions (e.g. trails, beaches, coastline, camping) are activities and features associated with the region and are well suited to the requirement for social distancing.

While travel restrictions may keep some away, it will encourage people from the region to explore locally. Rubber tire markets (i.e. markets within driving distance, including regional travel) are key target markets that account for the majority of tourism in the Atlantic region; these may be the primary markets for many regions across the country in the short and medium term.

Finally, a downturn in tourism will be a period of reorganization for the sector. Some businesses will close, but this period can see new projects and partnerships created that may be able to exploit opportunities in the medium term.

Further Reading

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