

COVID-19 and Tourism

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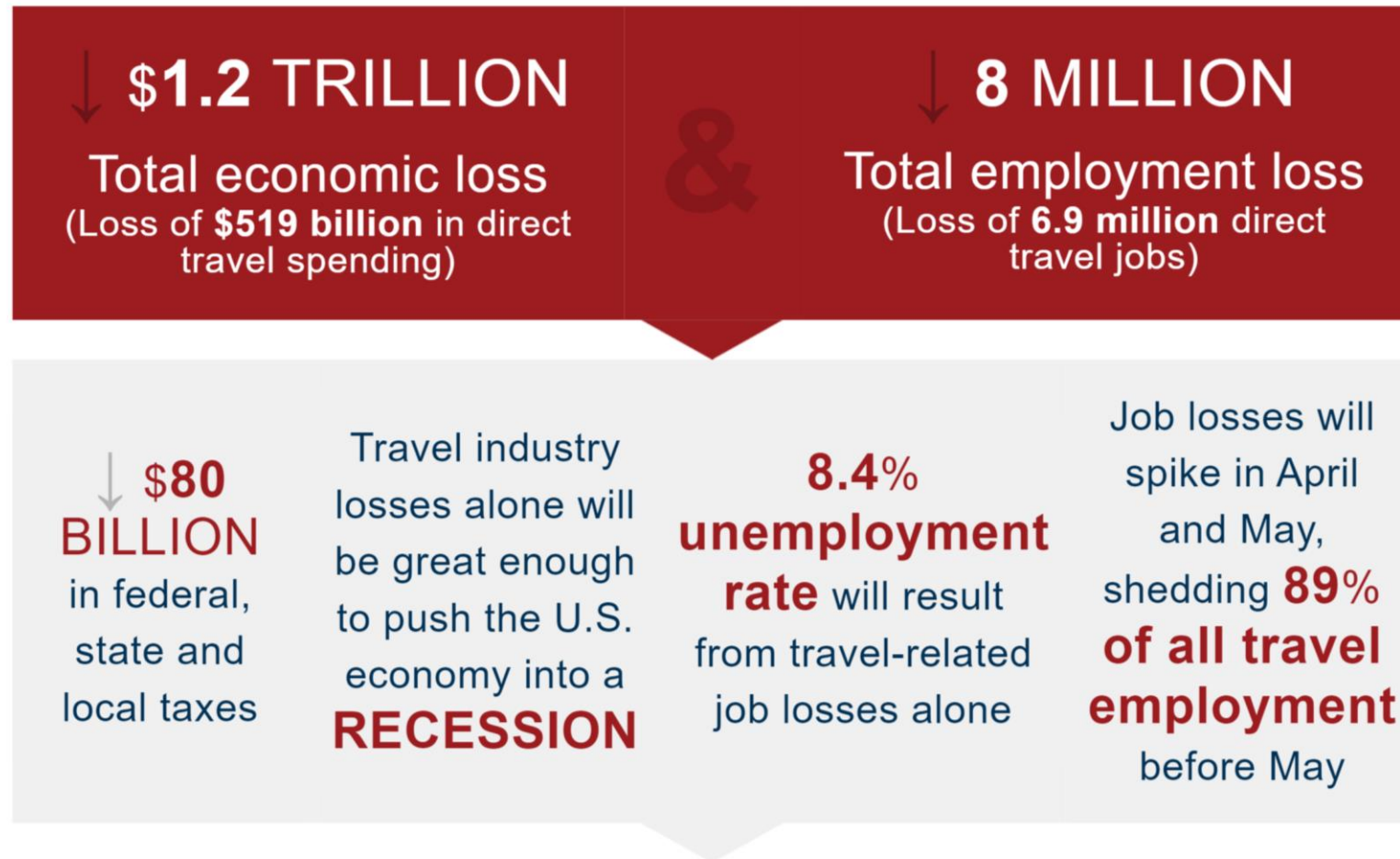
May 12, 2020



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Projected COVID-19 Impact on US Tourism Economy

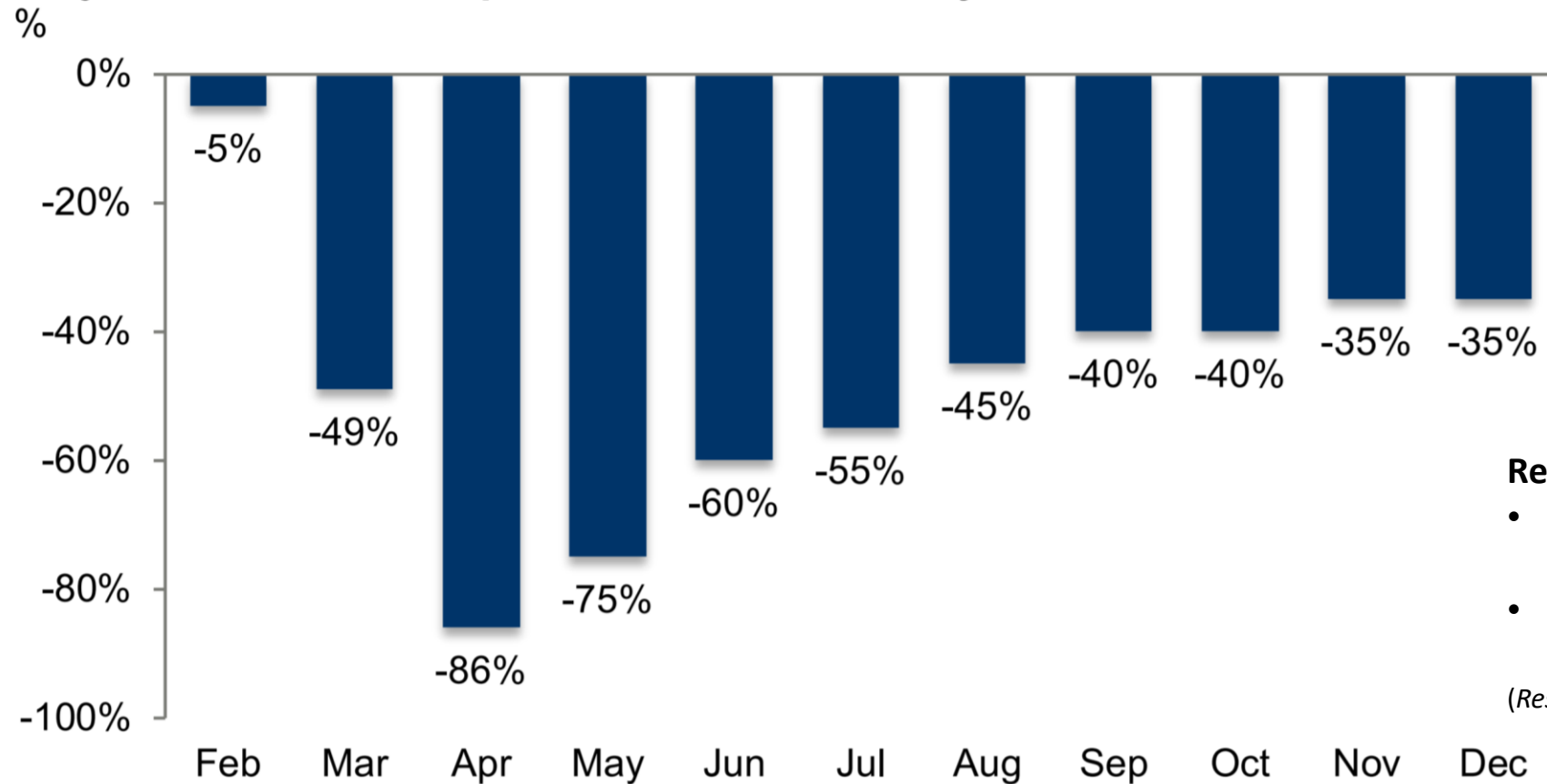
Oxford Economics (April 15th)



More Than **9X** the Impact of 9/11

Projected COVID-19 Impact on US Tourism Industry Revenues

Oxford Economics (April 15th)



Restaurants in Canada on April 1:

- 10% of restaurants said they have closed permanently
- 15% said they will close perm. If conditions persist for 30 more days

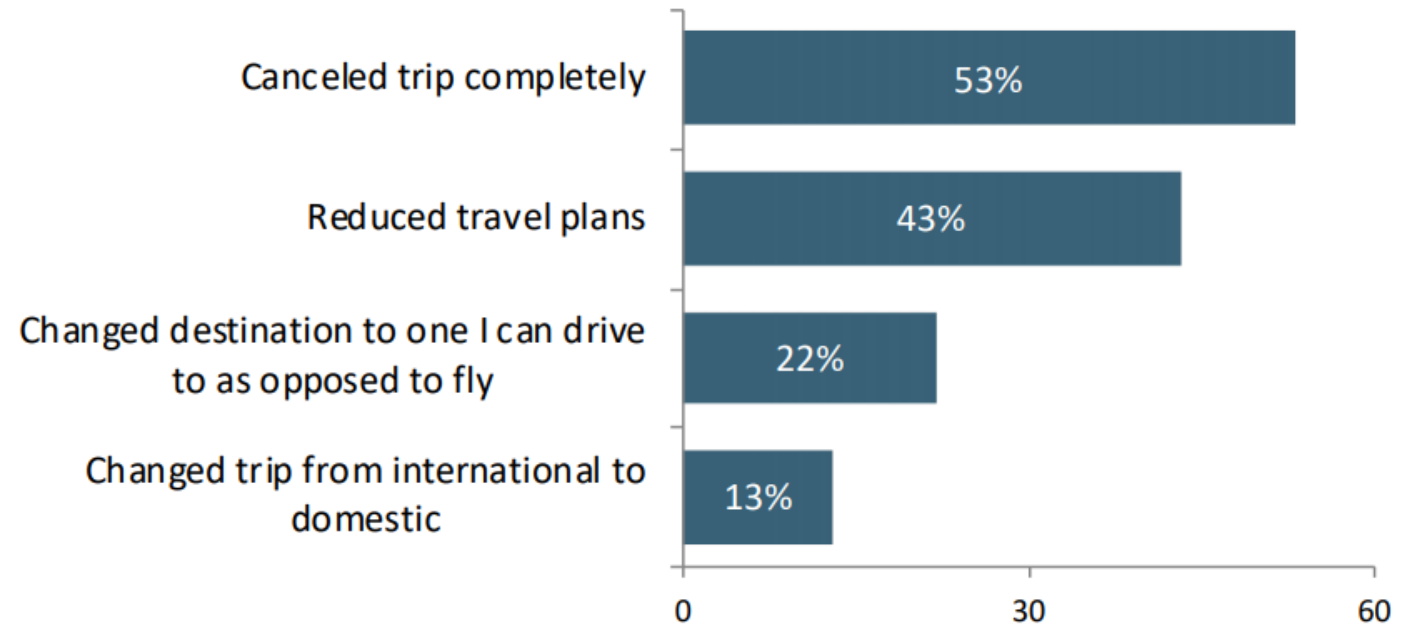
(Restaurants Canada Survey, April 1, 2020)

Impact on Travel (April 1 survey of 1000 Americans)

Conducted by Longwoods Intl' & Miles Partnership



**of travelers planning to travel
in the next six months will
change their travel plans due
to coronavirus**



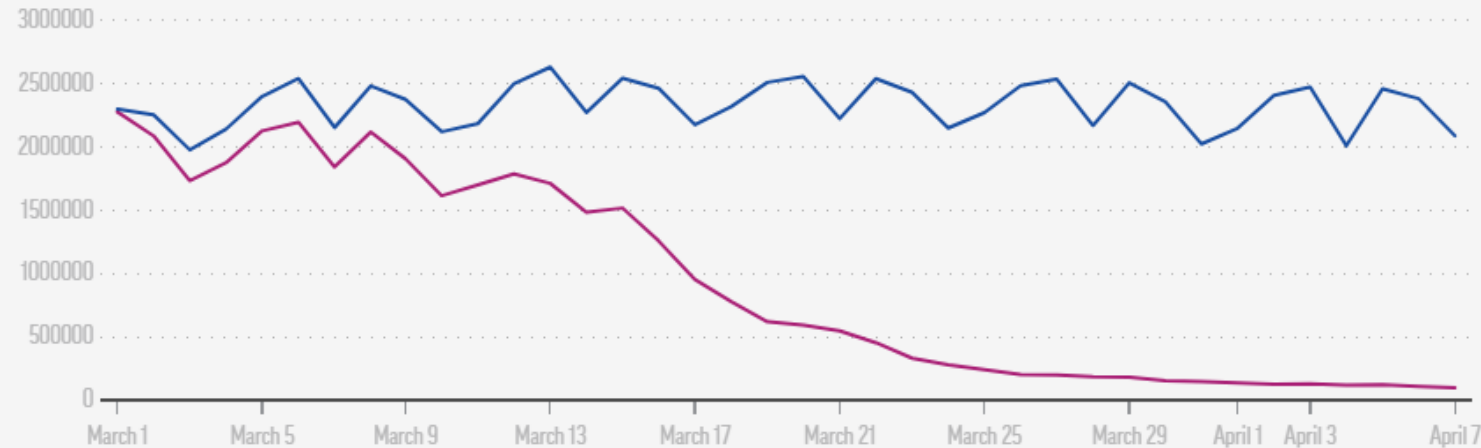
Base: Coronavirus Changed Travel Plans

Air Travel is Gone

Air travel sinks amid pandemic

Number of TSA screenings per day

— 2019 — 2020



Source: Transportation Security Administration

AP



Less than half the Americans say they will get on a plane within **six months** of the spread of the virus flattening. (Public Opinion Strategies, Mar.31)

Air travel demand won't return to pre-outbreak levels until the **middle of next year** under the best outcome, and it's likely to be **later** (A Stifel Nicolaus analyst)

So Think Closer to Home

- **Localism** will get bigger
- People more likely to **travel by car**
- Marketing and Advertising
 - Within Province
 - Neighboring Provinces
 - Close US States



If People Won't Travel Now...

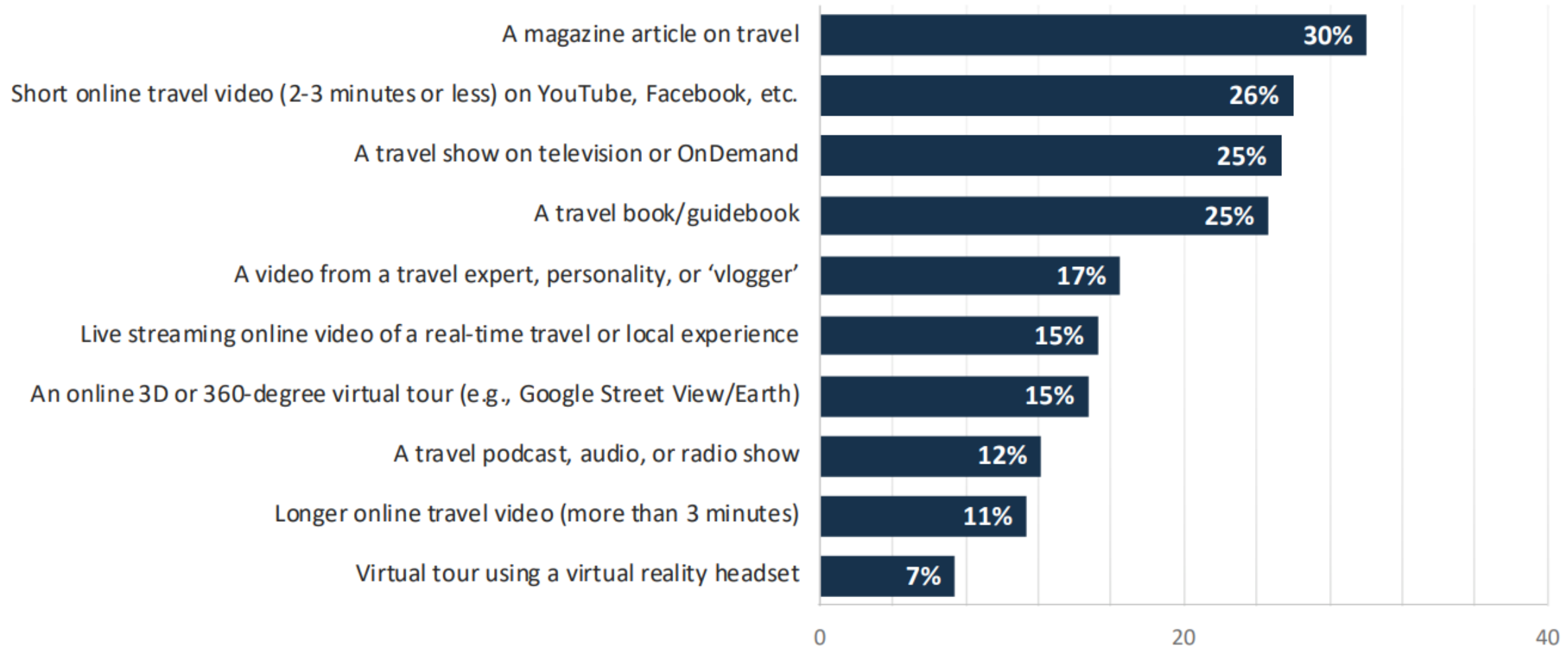
- **Build Relationships** so when they are ready to travel your Destination is top of mind
 - Facebook traffic in March was more than for all of 2019!
 - Find niche Facebook groups relevant to your attractions
 - Shift to Community Engagement
 - Pinterest soaring – still is cheapest per click
- Ready people to **invite friends and relatives** to visit
 - VFR Market important as people seek to reconnect
- Position your business as **hygienic & safe**
 - People will still be concerned after restrictions lifted



Travel Content Viewed/Interacted with in Last 2 Months

April 1 Survey of Americans

Conducted by Longwoods Intl' & Miles Partnership



Meeting Planners and B2B

- While not booking now **they are still planning**
- Connect with them now



Linked **in**



What will the Recovery Look Like?

- Like In China?
- Pent up demand?
- Or more slowly
 - “*once the situation has stabilised* we still expect a *rapid recovery since* travel demand has proven resilient in bouncing back from downturns in the past. Travel levels are expected to *fully recover by 2023*” (Oxford Economics)



Top three things Americans miss most:

1. Dining out at restaurants/bars (51%),
2. Gathering with friends and family (49%)
3. Shopping in stores (39%)

Source: April 3 Harris Poll

What are the **FIRST THINGS YOU ARE GOING TO DO** when shelter-in-place restrictions are lifted?



DINE OUT with friends (40.9%)



HANG OUT with friends (39.6%)



GROOMING services (37.2%)



Go **SHOPPING** (35.6%)



Go **ON A TRIP** (22.5%)



Go to a **MOVIE, PLAY** or **THEATER** (21.5%)



Go to **THE GYM** (20.1%)



Go on **A DATE** (15.6%)



HIKE (14.5%)



Go to a **BAR/NIGHTCLUB** (12.4%)

Economic fear will soon overpower Health fear

April 3-5 Harris Poll of Americans

- 62% feel the **economic impact of the pandemic** will have a bigger effect on their lives than COVID19 itself (38%)
- 27% have missed (or will soon miss) a **bill payment** and ages 18-49 are more likely than those 50+ (37% vs. 16%)
- 60% say they can only survive for 1-6 months on their **savings** and 11% can't live on their savings at all
- 42% of Americans have **lost income** partially and a fifth (19%) entirely
- **People need income support**



New Resources

➤ Nova Scotia Government Assistance

- \$161M to help with cash flow and access to credit
- Deferring payments for government loans and small-business fees, including business-renewal fees and workers compensation premiums, until June 30
- \$20M *Worker Emergency Bridge Fund*
- \$20M *Small Business Impact Grant*

➤ Federal Government

- *Canada Emergency Wage Subsidy (CEWS)* in place from March 15 to June 6, 2020 covers 75% of an employee's wages – up to \$847 per week - for all employers across all sectors who have a drop in gross revenues of at least 15% in March, and 30% in April and May
- *Temporary 10% Wage Subsidy* is a three-month measure - eligible employers reduce the amount of payroll deduction required to be remitted to the Canada Revenue Agency
- Extending the maximum duration of the [*Work-Sharing program*](#) from 38 weeks to 76 weeks
- *Business Credit Availability Program* to provide \$40 billion of additional support through the Business Development Bank of Canada and Export Development Canada
- *Canada Emergency Business Account* - interest-free loans of up to \$40,000 to small businesses and not-for-profits

➤ Google and Facebook have grants for non-profits

- Will provide free advertising and promotion
- Destination Management Organizations (DMOs) are non-profits

What Kind of Policies do we Need?

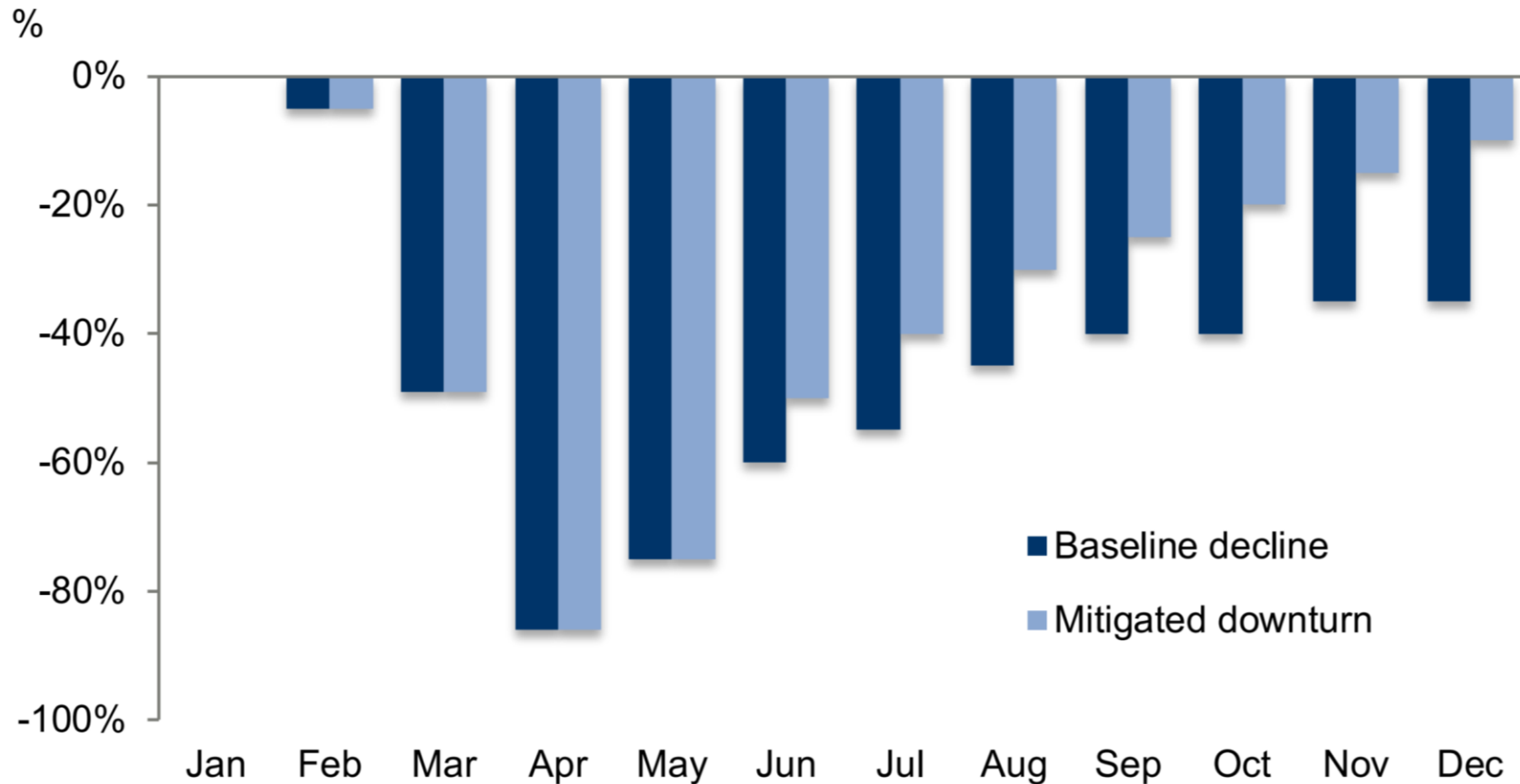
- Money to **companies**?
 - Save companies from going bankrupt?
 - How long are we prepared to do that?
- Money to **individuals**?
- What is more **efficient**?
- What **other policies** might we consider?
- How do we **pay** for this?
 - Higher Taxes
 - Individuals
 - Businesses

JP Morgan Survey (in 2016) of its small business clients showed:

- Only 50% have cash to pay 1 month of bills
- Only 25% have cash to pay 2 months of bills

Projected COVID-19 Impact on US Tourism Industry Revenues

Baseline vs Mitigated Oxford Economics (April 15th)



Mitigated by:

- Opening Travel Businesses Region-by-Region
- Traveller safety measures
- Encourage travel among low risk persons
- Enhanced marketing

Result:

Net gain of **\$117 billion** in visitor spending relative to the baseline scenario