

IMPACT OF COVID-19 ON THE CANADIAN ECONOMY AND CONSUMER SENTIMENT - as of December 22, 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 behavior studies.

EXECUTIVE SUMMARY AS OF DECEMBER 22, 2020

According to Destination Canada's Sentiment Towards Visitors Survey Report, Updated December 8, 2020

- Ontario's **overall sentiment** towards visitors from other parts of the province has **stabilized** over the last month
 - 42% of Ontarians would welcome visitors from nearby communities
 - 34% of Ontarians would welcome visitors from other parts of Ontario
 - 25% of Ontarians would welcome visitors from other parts of Canada
 - 9% of Ontarians' would welcome visitors from the US and 10% from other international destinations

According to Destination Canada's Resident Sentiment Survey Report, Updated December 8, 2020

- Ontarians perception of travel safety decreases the further away their potential destination is from home
 - 68% of Ontarians feel safe when thinking about travelling to nearby communities
 - 54% of Ontarians feel safe when thinking of travelling within Ontario
 - 34% of Ontarians feel safe when thinking of traveling to other parts of Canada
 - 9% of Ontarians' perceived safety is much lower when thinking about travelling to the US and 11% to other international destinations

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According to Destination Canada's Sentiment Toward Tourism Advertisement Survey Report, Updated December 1, 2020

- Overall Ontario's reception of promoting nearby communities as a travel destination continues to be net neutral of -2; therefore, timely and relevant hyperlocal travel will be well received
- Overall Ontario receptivity of promoting communities as a destination in other parts of Ontario has improved to net negative of -15; suggesting caution in promoting pan Ontario travel
- Overall Ontario receptivity of promoting communities as a destination in other parts of Canada continues to be net negative at - 22; suggesting caution in promoting to other provinces

According to Google Travel Intent survey online poll results ending December 11, 2020

- Canadians overall travel intent has decreased over the last month
 - **6%** of Canadians are looking at booking a domestic trip in the next three months
 - **19%** of Canadians are looking at booking a domestic trip after a year from December 12, 2021
 - **12%** of Canadians are interested a major city travel destination
 - **12%** of Canadians are interested in a small-town travel destination

According to Google's recovery signal dashboard based on search query data, as of December 20, 2020

- Overall Canadian travel search queries dropped below the 2019 level most likely due to increases in COVID cases
- Overall travel search is down likely due to increases in COVID cases
 - Travel search interest within Canada is down 22%; however local attraction search queries are down 55% compared to the same period March 1 – December 20, 2019
 - Travel search interest within Ontario is down 26%; however local attraction search queries are down 60% compared to the same period March 1 – December 20, 2019

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According to Google's US Travel Intent survey based on data as of December 15, 2020

- The US overall saw a drop in intention to travel over the next two weeks likely due to the increase in COVID cases
 - 82% of Americans will be very unlikely engage in any travel in the next 2 weeks
- 71 % of Americans will be very unlikely to engage in any travel in the next 3 months, this has remained stable since November
- Overall US travels are encouraged to book a trip in the next 3 months by discounts and no cancellation fees
 - 34% of Americans will most likely be influenced to book a flight with 25% discount rate
 - 34% of Americans will most likely be influenced to book a flight with no cancellation fees
 - 36% of Americans will most likely be influenced to book a hotel with 25% discount rate
 - 22% of Americans will most likely be influenced to book a hotel with no cancellation fees

According to Google's Global Travel Intent survey based on data as of December 11, 2020

- In the UK, Germany and France, less than 9% polled in each country regarding booking window for an international trip, intend to book an international trip within the next year

TRAVEL & TOURISM IN 2021:

Oxford Economics' Travel & Tourism in 2021, the Road to Recovery December 2020 reported¹:

- Global travel indicators peaked in fall of 2020 and have since fallen
 - Average US hotel occupancy rate peaked at over 50% in September, to just over 40% in December
 - Average European hotel occupancy dropped from just over 40% to approximately 20% over the same time period
- Domestic travel markets are projected to recover much faster than international travel

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- Global domestic leisure travel to recover to baseline by 2022, compared to international leisure travel which will take until 2024 to fully recover
- Global domestic travel will overtake international travel by 2022
- Approximately 35% recovery in inbound travel within North America between 2020 and 2021, and a further ~25% recovery between 2021 and 2022, with a full return to 2019 levels sometime past 2024
- Projections on travel within different markets vary heavily based on how quickly vaccinations can be scaled.
 - The most optimistic estimates suggest up to 100% of the Canadian population to be immunized by the end of Q1 2021, followed by Japan at ~70% of the population, the US at ~60% of the population, and the UK at just under 60% of the population.
- American households earning \$100K+ comprise 59% of spend on leisure lodging, though they comprise only 24% of the population

MACRO-ECONOMIC OUTLOOK:

COVID-19 has seen a significant negative economic impact causing noticeable changes in public behavior. Market research firm Ipsos is tracking public attitudes and behavior 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:

TRAVEL OUTLOOK:

CANADIAN TRAVEL OUTLOOK:

Destination Canada's sentiment toward tourism advertising study results from December 8 reported²:

- Ontario's overall **sentiment towards visitors** from other parts of the province has **decreased**; therefore, promoting local travel would be the current best course of action when the time is right:
 - 42% of Ontarians would welcome visitors from nearby communities
 - 34% of Ontarians would welcome visitors from other parts of Ontario
 - 25% of Ontarians would welcome visitors from other parts of Canada

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- 9% of Ontarians' would welcome visitors from the US and 10% from other international destinations

Destination Canada's resident sentiment survey study results from December 8 reported²:

- Ontarians perception of travel safety decreases the further away their potential destination is from home
 - 68% of Ontarians feel safe when thinking about travelling to nearby communities
 - 54% of Ontarians feel safe when thinking of travelling within Ontario
 - 33% of Ontarians feel safe when thinking of traveling to other parts of Canada
 - 9% of Ontarians' perceived safety is much lower when thinking about travelling to the US and 11% to other international destinations

Destination Canada's resident sentiment survey study results from December 1 reported³:

- Ontarians are less receptive of promoting their community to the rest of Ontario and even less receptive to the rest of Canada. Ontarians are unreceptive of promoting their community to the US and international markets
- Provincial receptivity score is based on net level of happiness of seeing their community promoted to each target market is equal to total very happy and happy minus total very unhappy and unhappy
- Overall Ontario receptivity of promoting communities as a destination in other nearby communities in Ontario net neutral of -2; therefore, timely and relevant hyperlocal travel will be well received
- Overall Ontario receptivity of promoting communities as a destination in other parts of Ontario has worsened to net negative of -15; suggesting caution in promoting pan Ontario travel
- Overall Ontario receptivity of promoting communities as a destination in other parts of Canada continues to be net negative at -22; suggesting caution in promoting to other provinces

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Leger Research's national pandemic tracker study results reported on December 8⁴ prior to provincial lockdown:

- Ontarians' level of comfort with activities with protective measures are lifted:
 - 49% dining in restaurants, **decreased** from 51% reported on November 24
 - 26% attending large gatherings such as sporting events, concerts or festivals, **significantly increased** from 23% reported on November 24
 - 21% going to bars, pubs, lounges, night clubs, **remains stable** from 20% reported on November 24
 - 30% flying on an airplane, **increased** from 28% reported on November 24
 - 22% travelling to the United States, **increased** from 19% reported on November 24

Google Travel Intent Canada survey online poll results ending December 11, 2020 reported⁵:

- **6%** of Canadians are looking at booking a domestic trip in the next three months, **decreased** from 9% reported in the previous November 13 report
- **7%** of Canadians are looking at booking a domestic trip in the next three to six months, **unchanged** since the previous November 13 report
- **19%** of Canadians are looking at booking a domestic trip after December 11, 2021, **remained stable** from 18% reported in the previous November 13 report
- **18%** of Canadians are interested in travelling within 20 miles of their home in the next three months, **remained stable** at 18% reported in the previous November 13 report
- **7%** of Canadians are interested in a travel destination anywhere in their region in the next three months, **remained stable** from 6% reported on November 13 report
- **25%** of Canadians are interested in a travel destination anywhere in Canada in the next three months, **decreased** from 31% observed in the previous November 13 report
- **12%** of Canadians are interested a major city travel destination, **remained stable** from 13% reported in the previous November 13 report
- **12%** of Canadians are interested in a small-town travel destination, **decreased** from 14% reported in the previous November 13 report
- **17%** of Canadians are interested in a rural travel location, **decreased** from 19% reported in the previous November 13 report
- **18%** of Canadians are interested in a beach destination, **remained stable** at 18% reported in the previous November 13 report

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Canada Travel Related Recovery Signals⁶ (as of December 20, 2020):

Google's Recovery Signal dashboard is 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 Canadian and Ontario travel search queries dropped below the 2019 level most likely due to the increase in COVID cases
- Overall travel search is down likely due to increases in COVID cases
 - Travel search interest within Canada is down 22%; however local attraction search queries are down 55.1% compared to the same period
March 1 – December 20, 2019
 - Travel search interest within Ontario is down 26%; however local attraction search queries are down 59.5% compared to the same period
March 1 – December 20, 2019

U.S. TRAVEL OUTLOOK:

Destination Analysts' U.S. Coronavirus Travel Index results ending December 22, 2020 reported⁷:

- American respondents rated specific travel activities to be more unsafe than others:
 - Only 23% of respondents perceived non-team outdoor recreation activities as unsafe/very unsafe
 - Conversely, traveling by bus/coach/or group tour was considered the most dangerous with 69% of respondents finding it unsafe/very unsafe
 - Taking a road trip (26%), visiting friends and relatives (39%), dining in at restaurants (48%), visiting amusement parks/outdoor attractions (52%), and visiting museums/indoor attractions (56%) were also rated on perception of being unsafe/very unsafe
 - The overall average percentage of unsafe/very unsafe ratings across all activities has dropped since March from 70% to 55%
- American travelers remain excited by the prospect of travel
 - 49% of respondents would be at least somewhat excited if they were asked to go on a weekend getaway within the next month by a close friend or family member.
 - 49% of respondents are at least somewhat excited to learn about new travel

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- experiences
 - 58% of millennials are at least somewhat open to travel inspiration, compared to 48% of Gen X and 39% of Boomer respondents.
- Travel media has varying impacts on American travelers based on generation
 - Millennials and Gen X are the least likely to recall negative media coverage about travel within the last 6 months due to people's behavior in the COVID-19 environment (28%), compared to 42% of Boomers recalling a negative incident.
- American travelers have updated their approach to planning for travel
 - 18% - 23% of respondents indicated plans to take leisure trips between May and September of 2021
 - The average traveler plans on making 2.9 leisure trips next year
 - 50% of Americans agree/strongly agree that they will not travel until a vaccine is widely available
 - Millennials agree with this 14% - 16% less than Gen X or Boomers
 - 37% of travelers have a "test the waters" perspective in travel planning when a vaccine becomes available.

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

- 82% of Americans will be very unlikely engage in any travel in the next 2 weeks, this has worsened from 79% reported in the previous November 16 report
- 71% of Americans will be very unlikely to engage in any travel in the next 3 months, remained stable from 70% reported in the previous November 16 report
- 8% of Americans will book travel only in North America the next 3 months, remained stable from 7% in the previous November 16 report
- 64% of Americans will not book a flight under any circumstances in the next 3 months, this has worsened from 59% reported in the November 16 report
- 52% of Americans will not book a hotel under any circumstances in the next 3 months, this has worsened from 47% in the previous November 16 report
- 34% of Americans will most likely be influenced to book a flight with 25% discount rate
- 34% of Americans will most likely be influenced to book a flight with no cancellation fees
- 36% of Americans will most likely be influenced to book a hotel with 25% discount rate

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- 22% of Americans will most likely be influenced to book a hotel with no cancellation fees

U.S. Travel Related Recovery Signals⁶ (As of December 20, 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 trend line is **stable activity** but below 2019 **level** in U.S. searches pertaining to Canadian travel search down 60% same period March 1 – December 20, 2019 search level
- Overall trend line is **stable activity** but below 2019 in U.S. searches pertaining to Ontario travel search queries down 64% same period March 1 – December 20, 2019 search level

INTERNATIONAL TRAVEL OUTLOOK

Google Travel Intent survey online poll results ending December 11, 2020 reported⁴:

United Kingdom's booking window perception for international trip⁴:

- **4%** of British people are booking in the next three months, **decreased** from 8% observed in the November 13 report
- **9%** of British people are booking in 9 months to a year, **decreased** at 11% observed in the November 13 report
- **17%** of British people are booking after December 11, 2021, **increased significantly** from 9% observed in the November 13 report

Germany's booking window perception for international trip⁴:

- **3%** of Germans are booking in the next three months, decreased from **6%** since November 13 report
- **8%** of Germans people are booking in 9 months to a year, **remained stable** from 7% since November 13 report
- **8%** of Germans people are booking after a year from December 11, 2021, **remained stable** from 7% since November 13 report

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France's booking window perception for international trip⁴:

- **3%** of French people are booking in the next three months, **decreased** from 6% since November 13 report
- **3%** of French people are booking in 9 months to a year, **decreased** from 7% since November 13 report
- **7%** of French people are booking after December 11, 2021, **remained stable** from 6% since November 13 report

Sources:

1. Oxford Economics Travel & Tourism in 2021: The Road to Recovery, December 2020
2. Destination Canada Resident Sentiment Survey Report, December 8, 2020, N~1,800 adult Canadians and each minimum N=200 for each province
3. Destination Canada Resident Sentiment Survey Report, December 1, 2020, N~1,800 adult Canadians and each minimum N=200 for each province
4. Leger National Weekly Pandemic Tracker Report, December 8, 2020, N=1,815 all respondents
5. Google Global Travel Intent Survey – online survey between April 10 – December 11, 2020 each N~1,000
6. Google Recovery Signals Dashboard, data updated until December 20, 2020
7. Destination Analysts' Coronavirus Travel Sentiment Index Report, December 22, 2020, data as of December 20, 2022
8. Google U.S. COVID-19 & Travel Intent Report, Wave 20 Results completed December 11 – 15, 2020, N~1,000