

INDUSTRY SURVEY TO ASSESS COVID-19 IMPACT

PHASE 2

Leger

Travel
Alberta
Canada 

(remember to breathe)



OVERVIEW

To understand the impact of COVID-19 on Alberta tourism businesses and to help guide support programs required, Travel Alberta engaged research firm Leger Marketing Inc. to conduct a series of online surveys.

The first survey was done between April 21 – May 3, 2020. This is a report to cover the summary of findings for the second survey that was done five months following the launch of Alberta’s Relaunch Strategy. Just under a 1,000 businesses that sell tourism related products or services were invited to participate in the second survey and 308 businesses participated.

EXECUTIVE SUMMARY

Actions Taken as a Result of COVID-19

Overall, 89 per cent of tourism businesses have been negatively impacted by COVID-19. Since May 14 (Stage 2 of *Alberta's Relaunch*) respondents have:

- Reduced services (57%)
- Reduced staff hours (54%)
- Temporarily closed (49%)

Risk of Closing due to COVID-19

Overall, 29 per cent of respondents indicated that they are at risk of closing permanently, which is down 4 per cent from Phase 1. Despite this, 36 per cent of businesses believe that they have the ability to manage their operating expenses for at least seven months with the restrictions that were in place during the time of the survey (October 7th-30th).

Financial Impact

The majority of respondents reported significant losses (current and anticipated) due to COVID-19.

Leisure travel income:

- 80 per cent of businesses generated less leisure travel revenue between May 1 – Sept. 30
- 47 per cent earned less than 25 per cent of their usual revenue during this time
- 51 per cent anticipated earning less than 25 per cent of their usual revenue between Oct. – Dec.

Business travel income:

- 56 per cent of respondents earned less than 25 per cent of their usual revenue between May 1 – Sept. 30 and the same percentage anticipate earning less than 25 per cent of their usual revenue between Oct. – Dec.
- Only 5 per cent earned more than 76 per cent of their usual revenue during the summer months

EXECUTIVE SUMMARY (cont...)

Support Needed

The three greatest risks respondents identified when looking at the end of 2020 were:

- Unable to pay for marketing and advertising (48%)
- Ability to service debt (39%); and
- Having to close business temporarily (35%).

An assessment of which support systems would have the greatest impact in helping respondents rebuild their businesses identified three key areas of support (which were consistent with Phase 1 results and across most regions and sub-sectors) include:

- Financial support for marketing
- Marketing my business for me; and
- Bridge funding support.

Aside from financial assistance, 36 per cent of respondents indicated that assistance promoting and advertising travel in their area would have the greatest impact in helping rebuild their business.

Government Programs and Actions

To date, 77% of operators have applied for at least one federal/provincial relief program. Those who have applied for relief programs indicated that they have been effective in helping support their business needs. Several respondents also noted that they need continued assistance through funding and/or grants to help their business operate. Aside from financial assistance, respondents would like help to better understand how to successfully operate their business during these times.

Applying the Findings

Findings from this survey will inform business decisions and priorities in Travel Alberta's on-going effort to support the recovery and rebuild of Alberta's visitor economy.

Future Assessments

Travel Alberta will be conducting a third survey in April 2021, to provide additional understanding of the impacts for the full year of the pandemic including how businesses are adapting and how the need for support have may have shifted.

Methodology

Methods

The Industry Survey to Assess the COVID-19 Impact was conducted through an online survey between October 7th and 30th, 2020. Tourism operators from across the province were invited to complete a 15-minute survey assessing the impact of COVID-19 on their business. Each respondent was provided with an email that had a unique PIN embedded in it to ensure anonymity and confidentiality.

In total, 979 email invitations were distributed to tourism businesses across Alberta. A total of 308 responses were received from across various regions and industries, providing a response rate of 31% (target response rate is 20-30%). This is consistent with Phase 1 of this research which saw a total of 1,049 email invitations with 339 completed responses (32% response rate).

Statistical Analysis

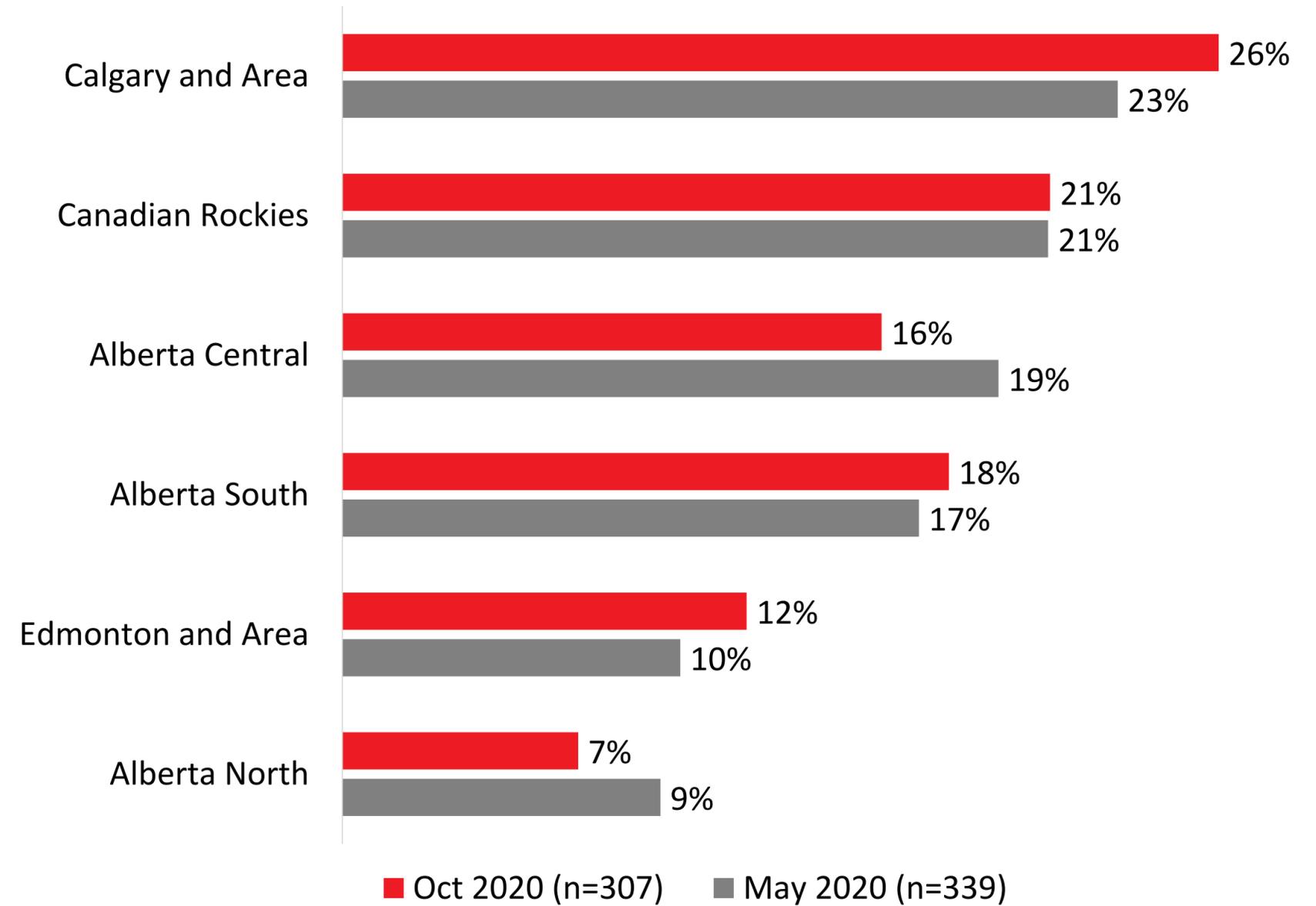
The majority of the report provides frequencies throughout, according to the base sample of the question under consideration. Further, when Likert-Scales are used (e.g., 1 = strongly disagree; 5 = strongly agree), the top 2 box scores (i.e., 4/5-5) are provided. Finally, all open-ended responses were coded into themes/categories by a senior team of coders to allow for additional analyses to be conducted.

Throughout the report, where applicable, statistical analyses were conducted to compare differences across key demographic questions (e.g., region, industry). These analyses were only conducted if there was an appropriate sample size in the subgroup population. For the most part, results failed to produce any demographic differences across questions suggesting that there are more similarities across regions and industries in this wave than were witnessed in the first phase of research.

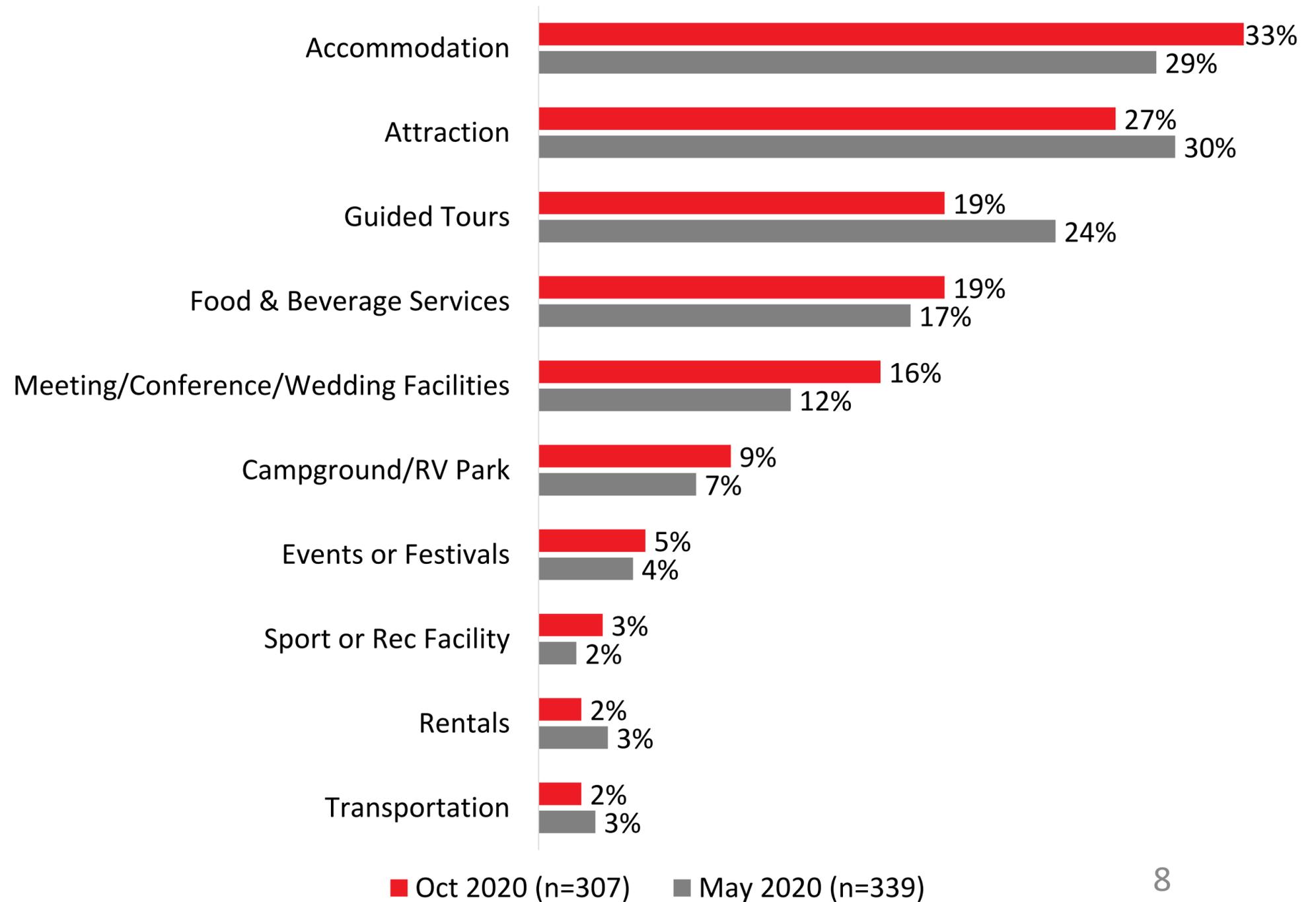
The background of the slide is a dark, semi-transparent image of a person's silhouette. The person is holding a large, light-colored sign that is the primary focus of the text. The background behind the silhouette is a vibrant, colorful bokeh of lights in shades of purple, blue, green, and yellow, suggesting a festive or celebratory event.

RESPONDENT PROFILE

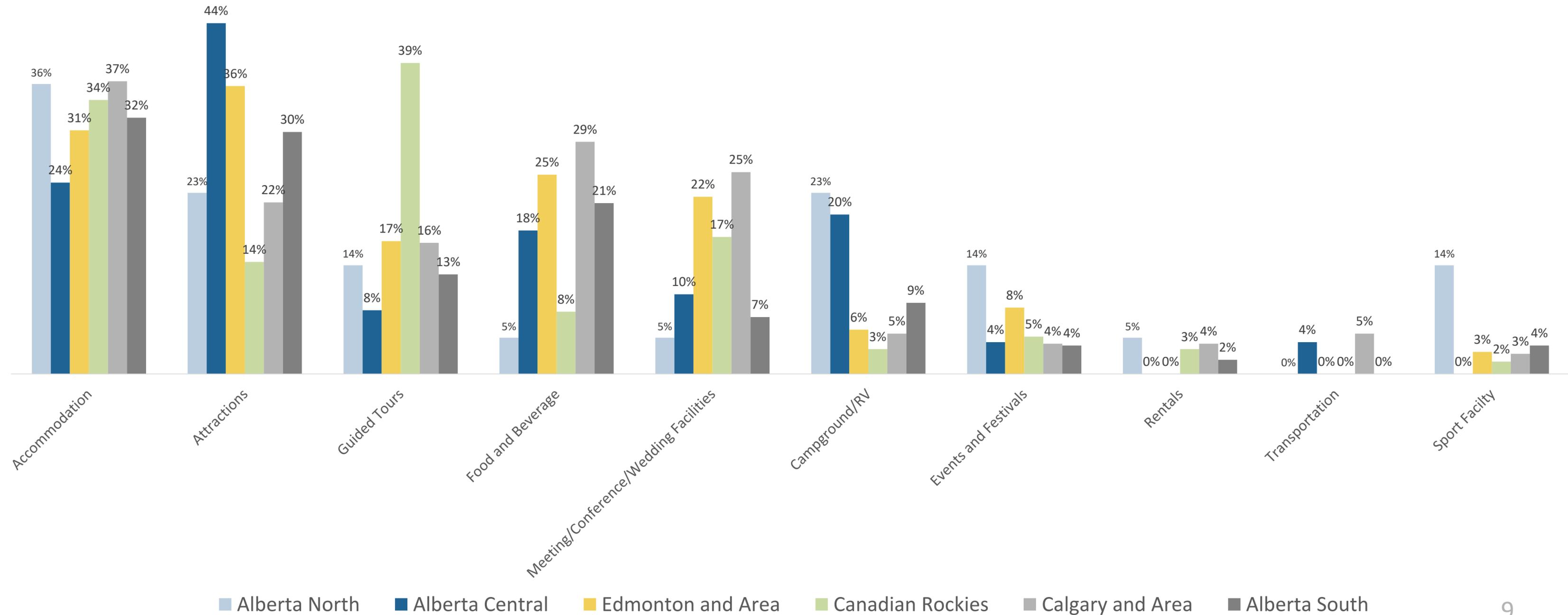
Respondent Profile: Region



Respondent Profile: Industry

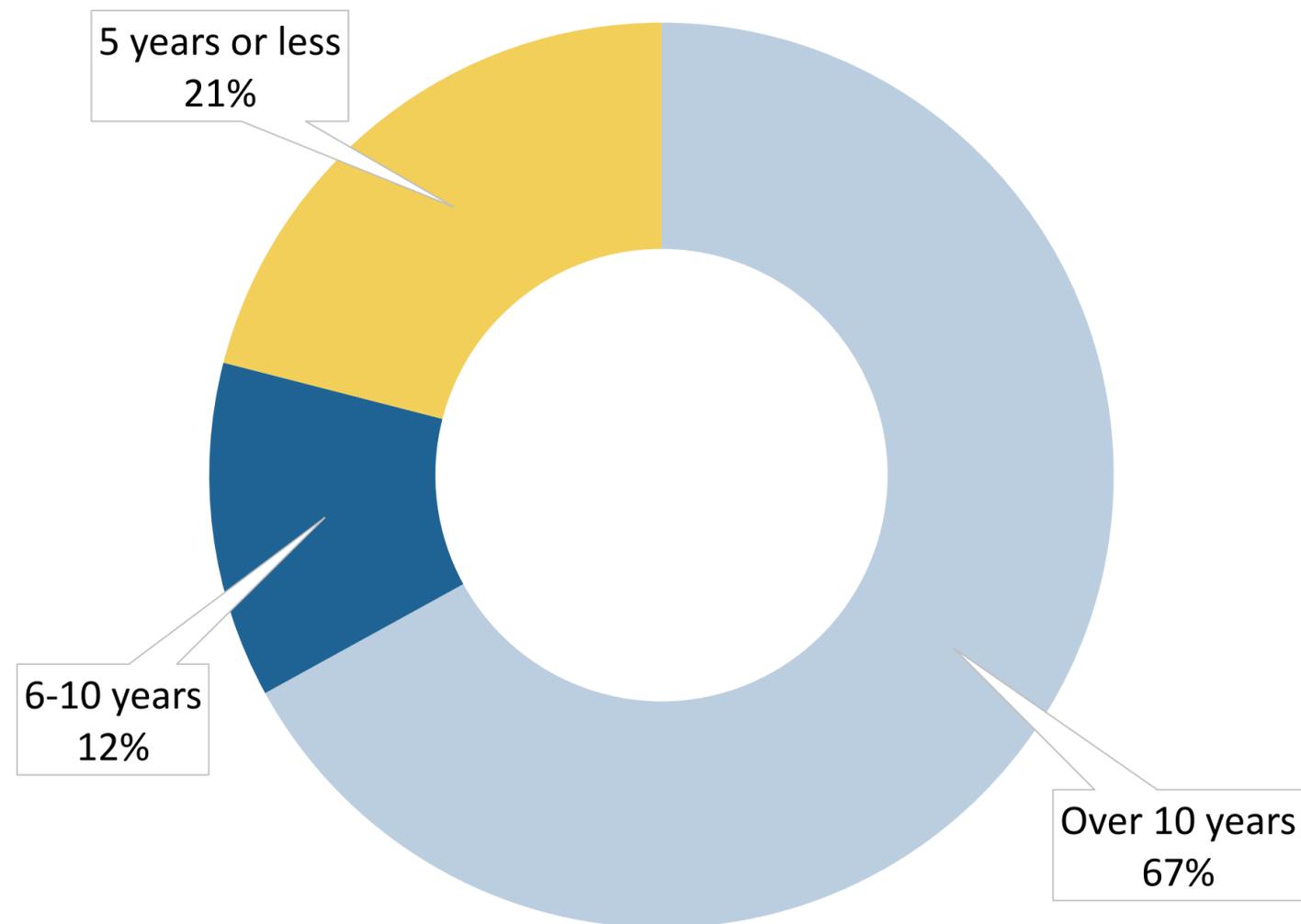


Respondent Profile: Industry by Region



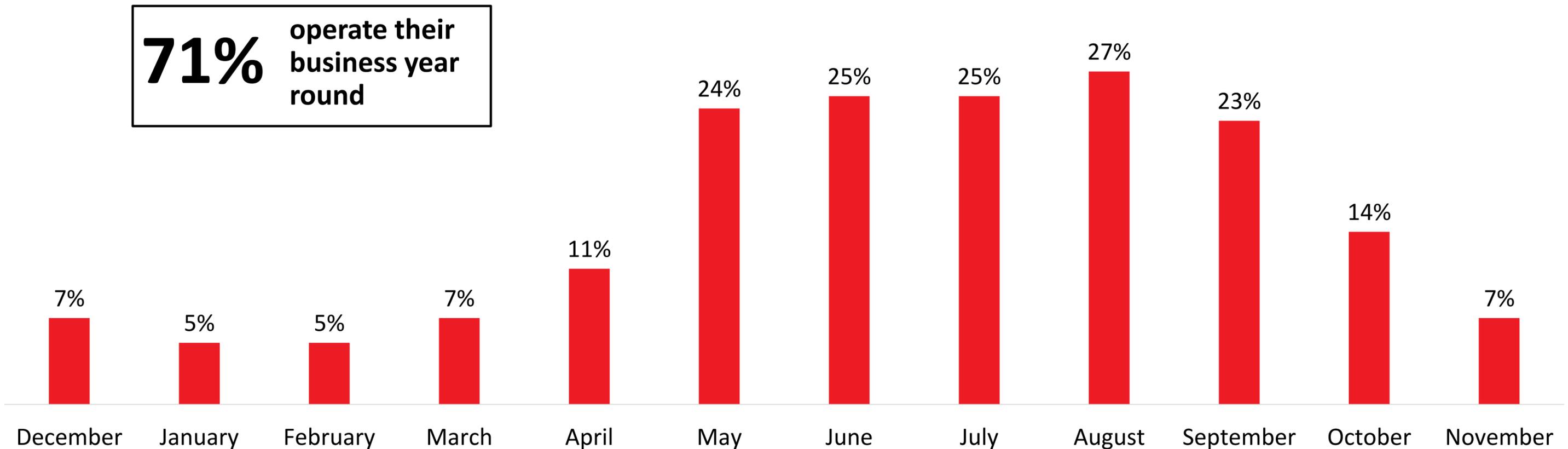
Time in Business

Q1. How long has your business been in operation? Base n=308



Operations

Q2. Which months do you normally operate? Base n=308



71% operate their business year round

Overall, 71% of respondents indicated that their business operates year-round. Regional analysis revealed that 79% of Calgary (and area) businesses and 85% of Edmonton (and area) businesses operated year-round. When looking at an industry level, meeting/conference/wedding facilities (85%), accommodations (84%), and food and beverage services (83%) operated year-round.

Operations

Q3. What percentage of your tourism related revenue is generated in each of the four seasons? (must equal 100%) Base n=308



BUSINESS IMPACT OF COVID-19

SORRY

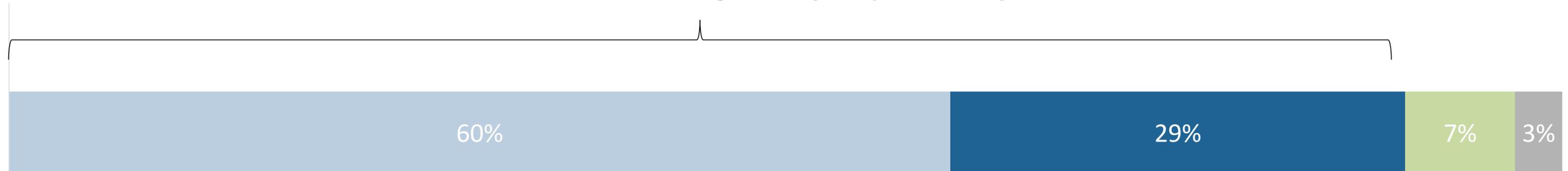
CLOSED

COVID-19

Impact of COVID-19 on Business Operations

Q7. Which of the following best describes the overall operational impact of COVID-19 on your business? Base n=306

89% of business have been negatively impacted by COVID-19

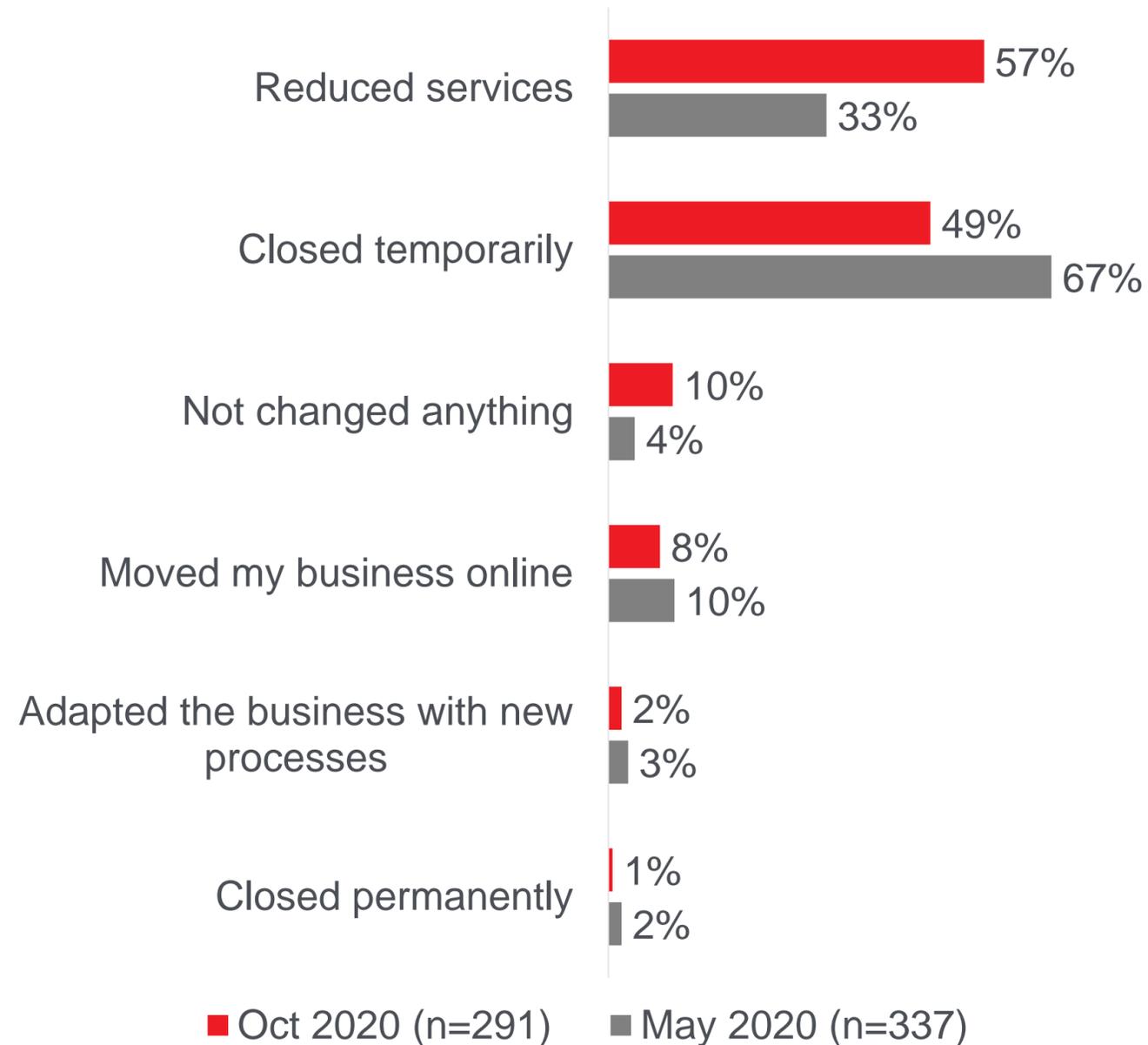


■ Extremely negative impact ■ Somewhat negative impact ■ No impact at all ■ Somewhat positive impact ■ Extremely positive impact

- 100% of meeting/conference/wedding facilities were negatively impacted (extremely + somewhat), suggesting that this was one of the hardest hit sectors
- Campgrounds/RV was the only industry positively impacted by the COVID-19 pandemic (35% somewhat + extremely positive impact)
- Calgary operators reported significantly greater levels of extreme negative impacts when compared to other regions (73% of Calgary operators businesses were extremely negatively impacted)
- 92% of operators who noted COVID-19 extremely negatively impacted their business indicated that they are at risk of closing permanently

Actions Taken as a Result of COVID-19

Q4. Since the beginning of Phase 1 of Alberta's Relaunch Strategy (May 14th, 2020), which of the following actions has your business taken as a result of COVID-19? (check all that apply)

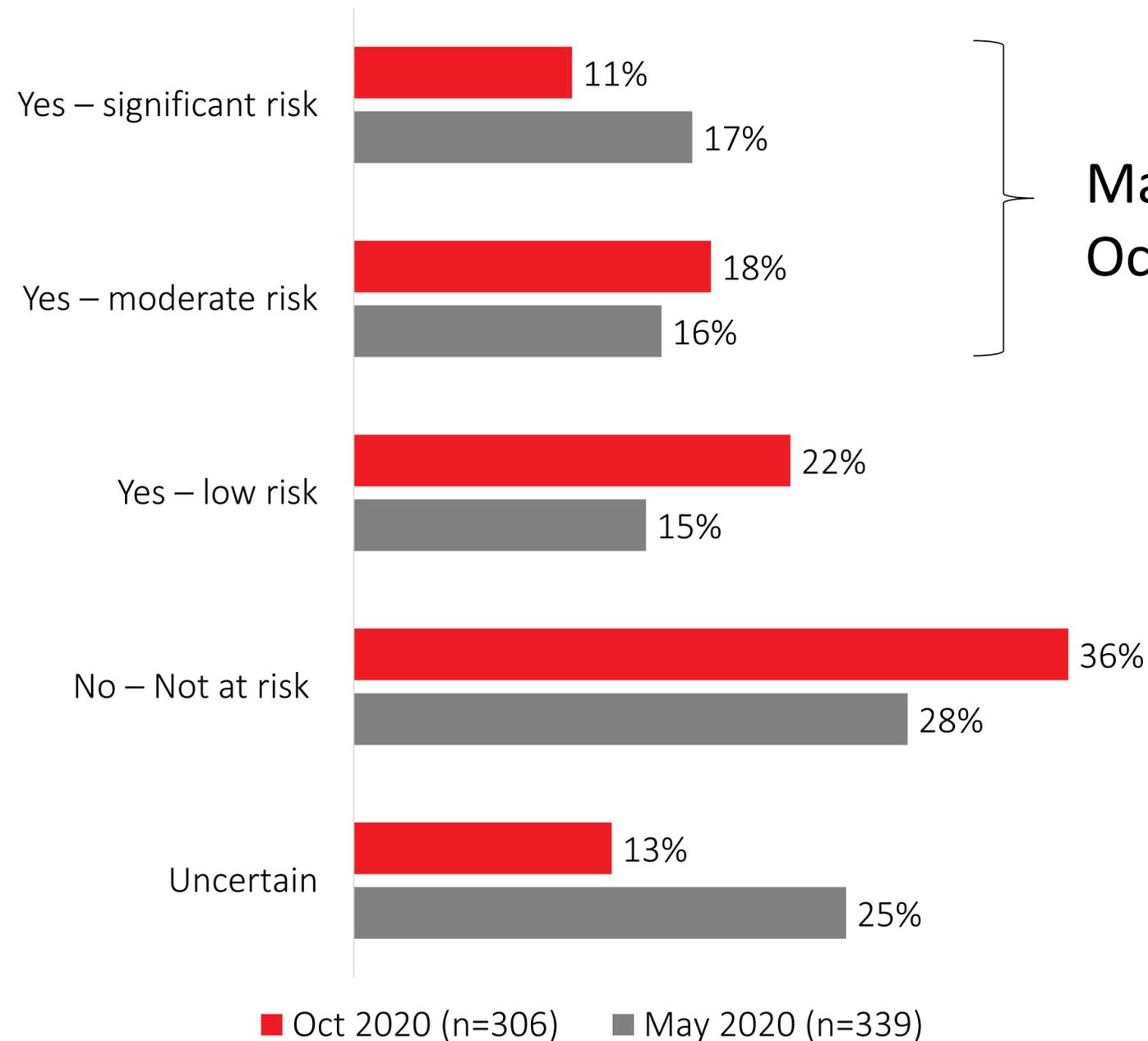


Phase 2 results revealed that significantly more businesses have reduced their service offering (compared to Phase 1). This is likely the result of the restrictions put in place by the Alberta government as the relaunch strategy was implemented following Phase 1 of this research. Further, significantly fewer businesses were required to close temporarily in Phase 2 (49%) as compared to Phase 1 (67%).

A reduction in services was most common for meeting/conference/wedding facilities (78%), accommodations (66%), and attractions (60%). Further, businesses that operate in winter months (December to March) were significantly less likely to reduce their services (when compared to businesses operating from April to November).

Risk of Closure due to COVID-19*

Q5. As of right now, is your business at risk of closing permanently due to the impact caused by COVID-19?



May 2020: 33% are at risk of closing
 October 2020: 29% are at risk of closing

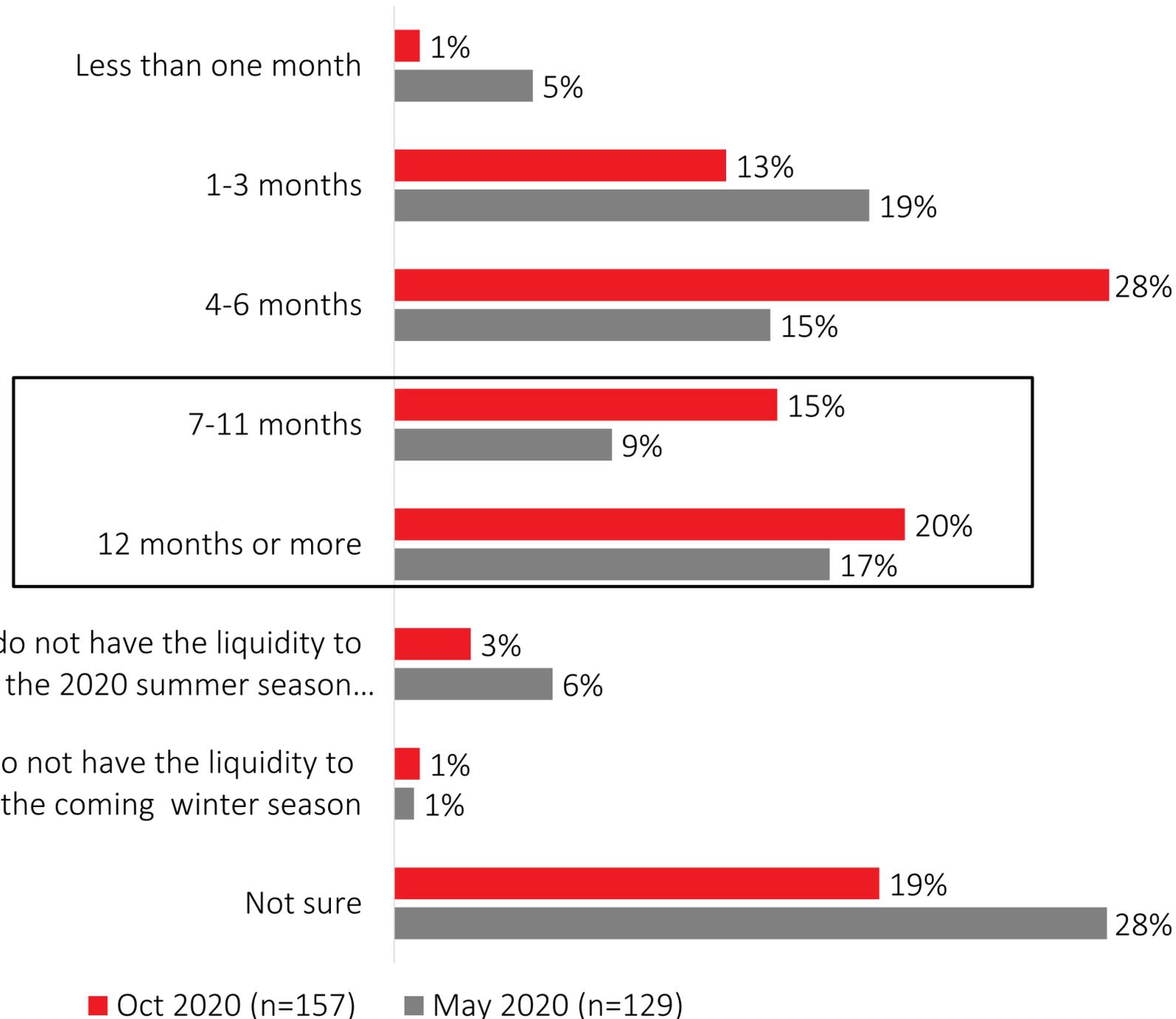
Significantly fewer businesses noted that they were at a significant risk of closing due to COVID-19 (17% May 2020 vs. 11% October 2020).

No regional, industry or seasonal differences were found.

* The percentage of businesses in Phase 2 (Oct. 2020) that closed permanently may be understated because some of these businesses would not have been reached.

Ability to Manage Operating Expenses Under Restrictions

Q6. How long will you be able to manage your operating expenses if all of the current restrictions remain in place?



Phase 2 results revealed businesses were more likely to be able to manage their operating expenses for a longer period of time with the current restrictions in place. Specifically, 1 in 3 (35%) business noted that they can manage their operating expenses for at least 7 months (vs. 26% in May).

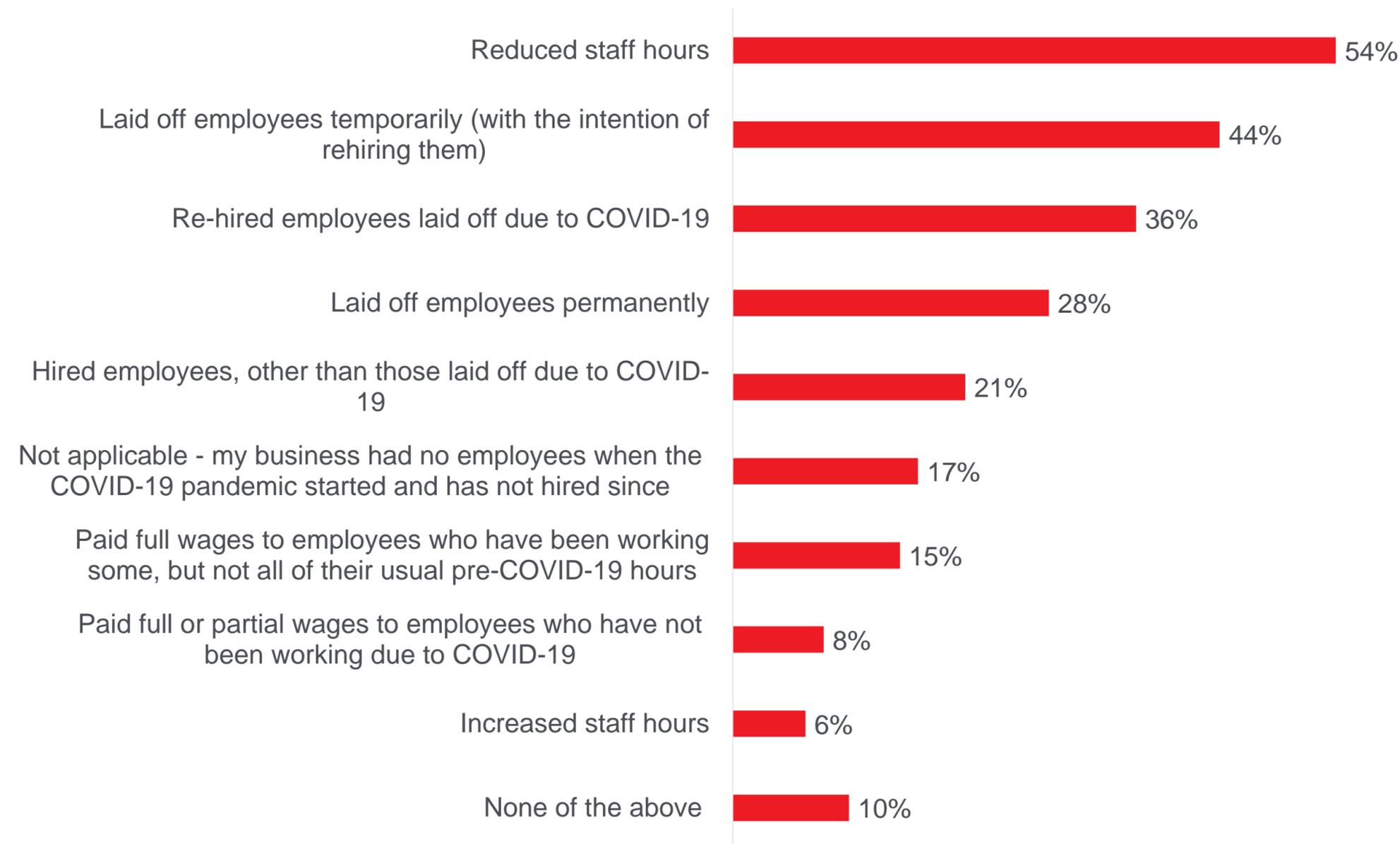
Further, 36% businesses who believe they are at a “low risk” of closing their operations noted that they can sustain their current operating expenses for at least 12 months, while 1 in 4 businesses who are at a significant risk of closing noted that they can sustain their current expenses for 3 months or less.

No demographic differences were found.

STAFFING IMPACT OF COVID-19

Payroll/Staffing Decisions Taken Since the Beginning of Stage 1

Q9. As a direct result of COVID-19, which of the following payroll/staffing decisions has your business taken since the beginning of Stage 1 of Alberta's Relaunch Strategy (May 14th, 2020)? Please note that this question does not refer to normal seasonal changes rather, we are interested in assessing changes that have been made in response to COVID-19. (select all that apply)? *Base N=308*



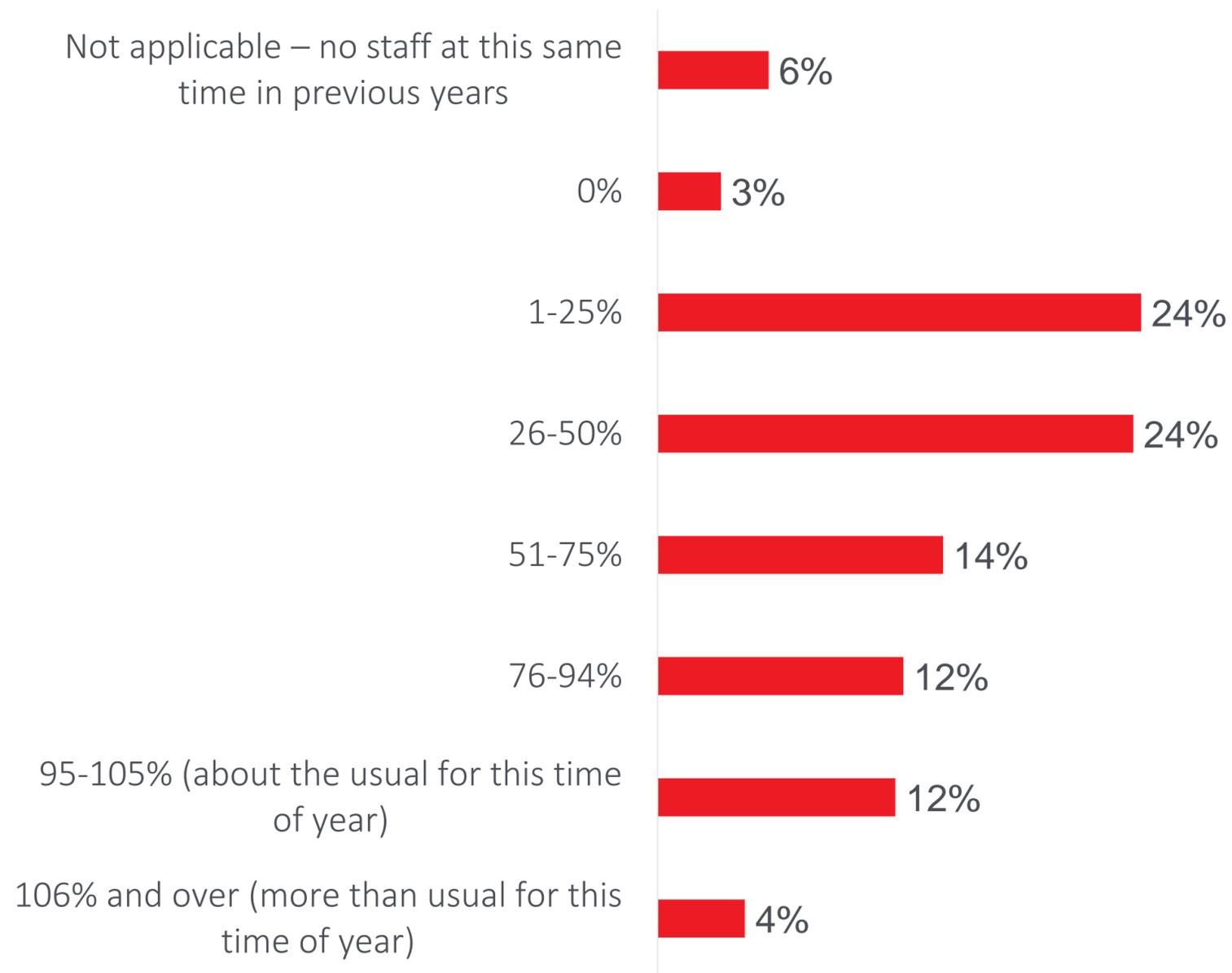
Meetings/conference/wedding facilities were significantly more likely to have reduced staff hours (71%), laid off employees temporarily (69%), and laid off employees permanently (71%) when compared to all other industries.

Campgrounds were the least impacted with respect to payroll/staffing decisions with 39% not having taken any of the actions listed.

Businesses in the food and beverage industry (61%), meeting/conference/wedding facilities (59%), and accommodations (48%) were significantly more likely to re-hire employees than all other industries.

Current Staffing Capacity

Q11: How much of your usual staffing capacity did your business use from May 1st to September 30th compared to this time last year (that is, May-September)? Base n=251.



1 in 2 businesses used less than 50% of their usual staffing capacity between May 1st and September 30th compared to this time last year.

Meeting/conference/wedding facilities were especially impacted, with 75% noting that they used less than 50% of their usual staffing capacity during this time. Conversely, 20% of campground operators noted that they used 106% of their usual staffing capacity between May 1st and September 30th.

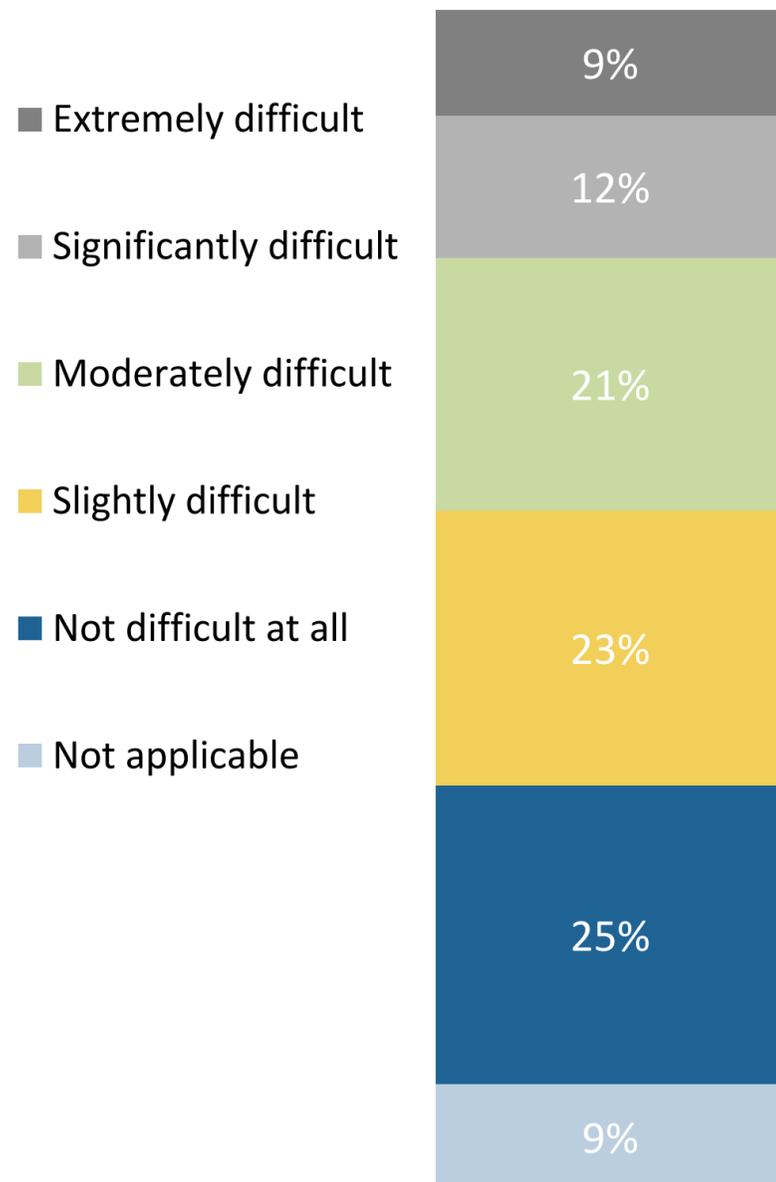
Results revealed that businesses who are at greater risk of closing were significantly more likely to retain fewer staff than those who were not at risk. Specifically, 79% of business who are at moderate to significant risk of closing reported using less than 50% of their usual staffing capacity this summer, while 47% who were not at risk of closing utilized at least 76% of their usual staffing capacity.

Difficulty Staffing Operations

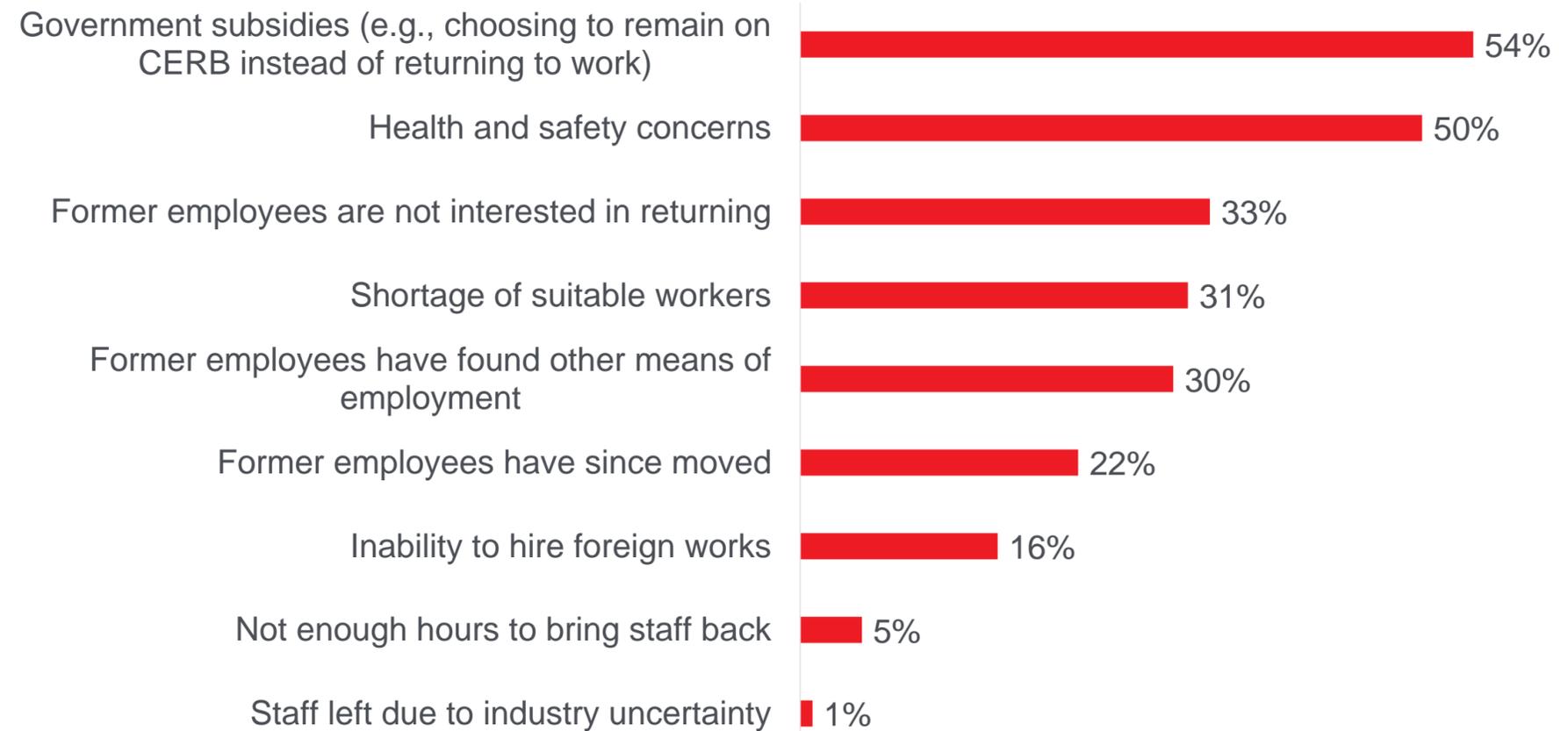
Q12. Since the beginning of Stage 1 of Alberta's Relaunch Strategy (May 14th, 2020), how difficult has it been for you to staff your operations? *Base N=257*

Q13. What challenges have you faced when attempting to staff your operations? *Base n=169*

Difficulty Staffing Operations since Phase 1 of Alberta's Relaunch Strategy



Challenges faced with staffing



Challenges are not necessarily tied to a lack of potential staff, rather they are largely centered on concerns pertaining to working in the industry during this time.

Operators in the Rockies were also significantly more likely to note that they faced the challenge of being unable to hire foreign workers (43%), which may become more prevalent over time as international travel restrictions in place.

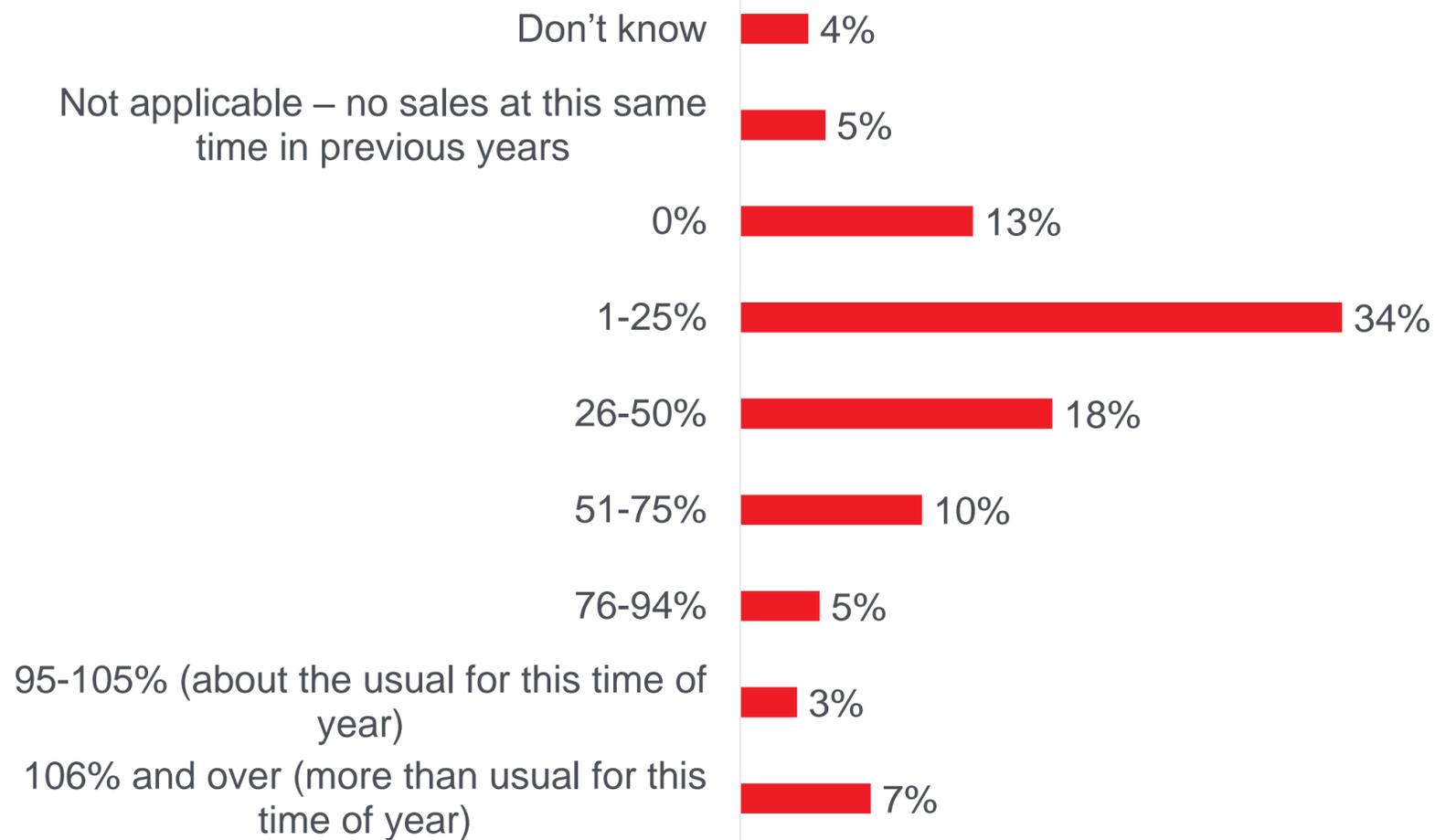
The background of the slide is a night-time photograph of a city skyline. In the foreground, a large, white, arch-shaped bridge with a complex truss structure spans across a body of water. The bridge has several cars on it, and its lights are visible. In the background, numerous skyscrapers are lit up, creating a glowing cityscape against the dark sky. The overall tone is dark and atmospheric.

FINANCIAL IMPACT OF COVID-19

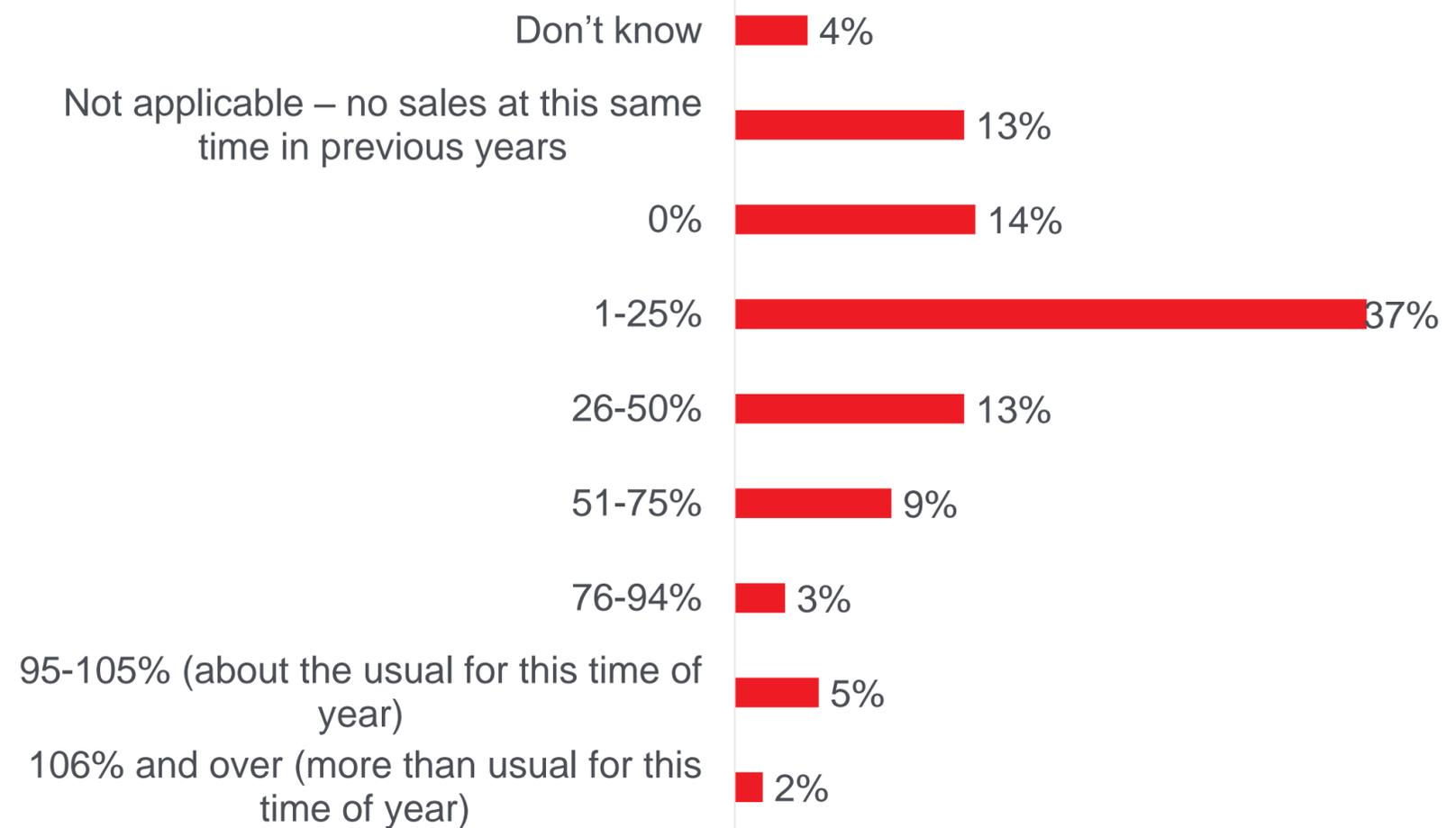
Revenue Generated by Leisure Travel

Q15. How much of your usual revenue generated by leisure travel between May 1st and September 30th did your business make (compared to previous years during this time)? *Base n=308*; Q16. Based on the current situation, how much of your usual revenue generated by leisure travel between October 1st and December 31st do you expect to make (compared to this timeframe last year)? *Base n=308*

ACTUAL REVENUE FROM MAY TO SEPTEMBER



ANTICIPATED REVENUE FROM OCTOBER TO DECEMBER



More than 4 in 5 businesses noted that they generated less revenue from leisure travel between May 1st and September 30th when compared to previous years during this time, with 47% indicating that they earned less than 25% of their usual revenue during this time.

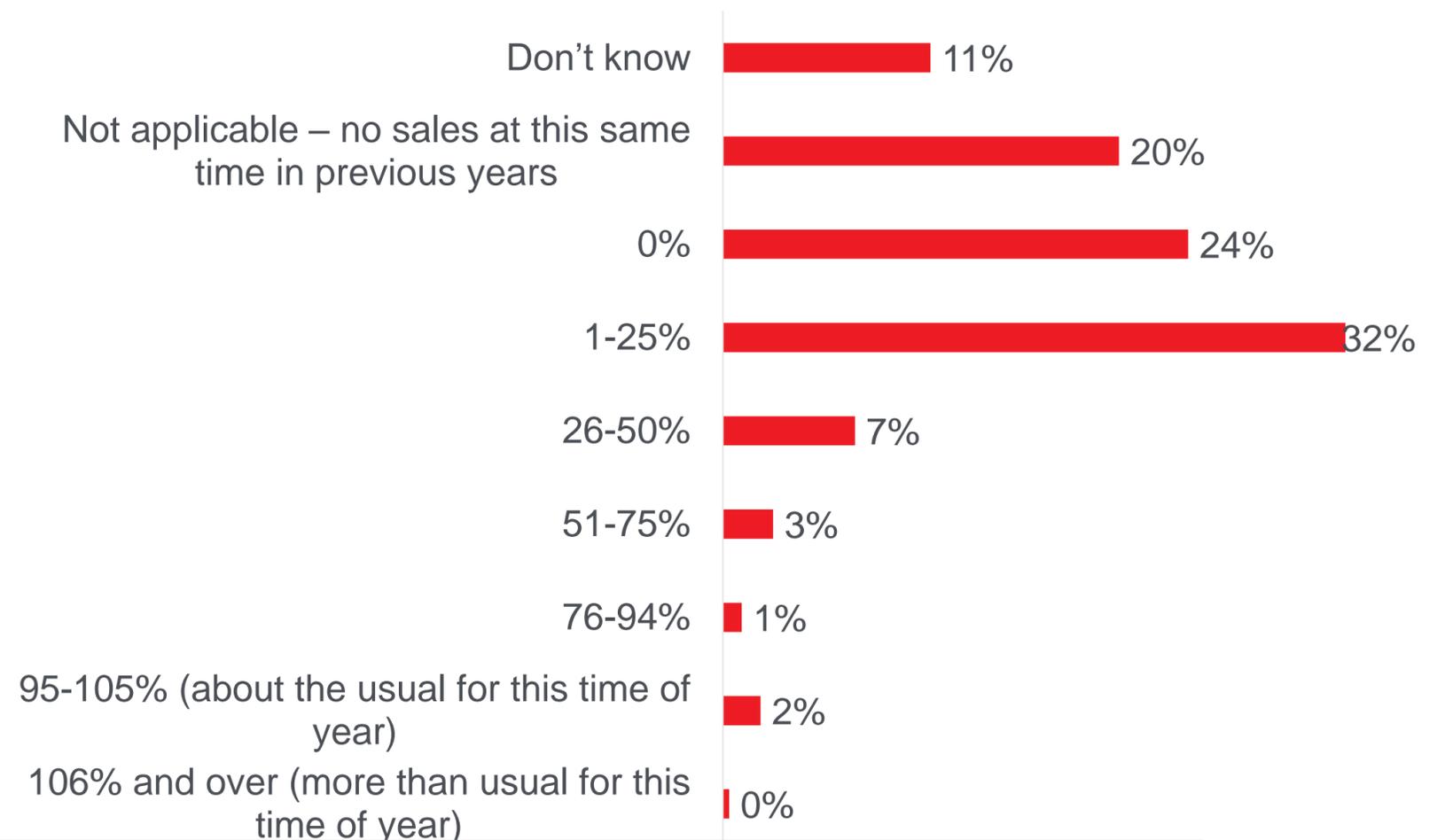
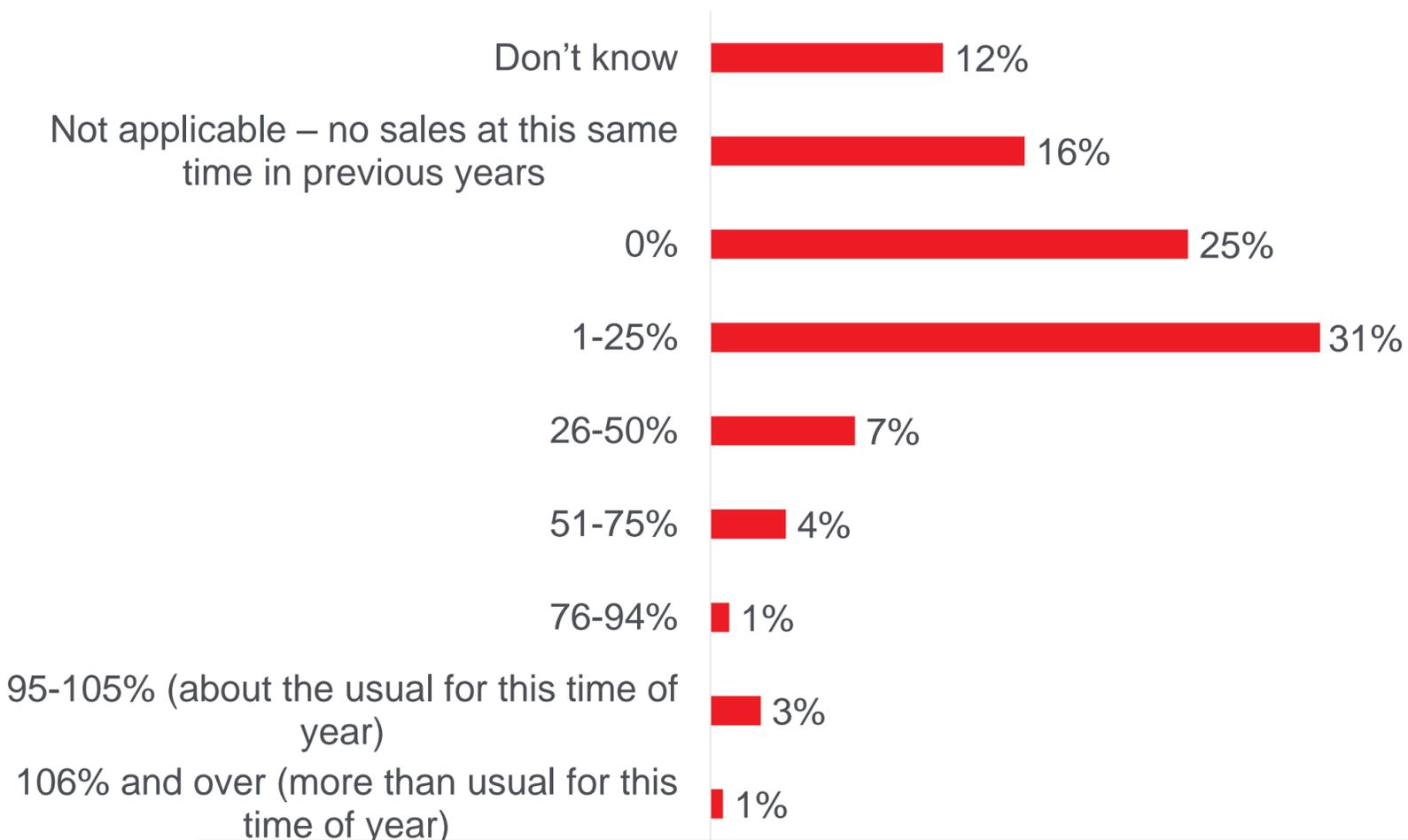
Nearly all businesses have incurred at least one additional operating expense as a result of COVID-19, most of which relate to ongoing purchases of PPE and cleaning/sanitation supplies.

Revenue Generated by Business Travel

Q17. How much of your usual revenue generated by business travel between May 1st and September 30th did your business make (compared to previous years during this time)? *Base n=308*; Q18. Based on the current situation, how much of your usual revenue generated by business travel between October 1st and December 31st do you expect to generate (compared to this timeframe last year)? *Base n=308*

ACTUAL REVENUE FROM MAY TO SEPTEMBER

ANTICIPATED REVENUE FROM OCTOBER TO DECEMBER



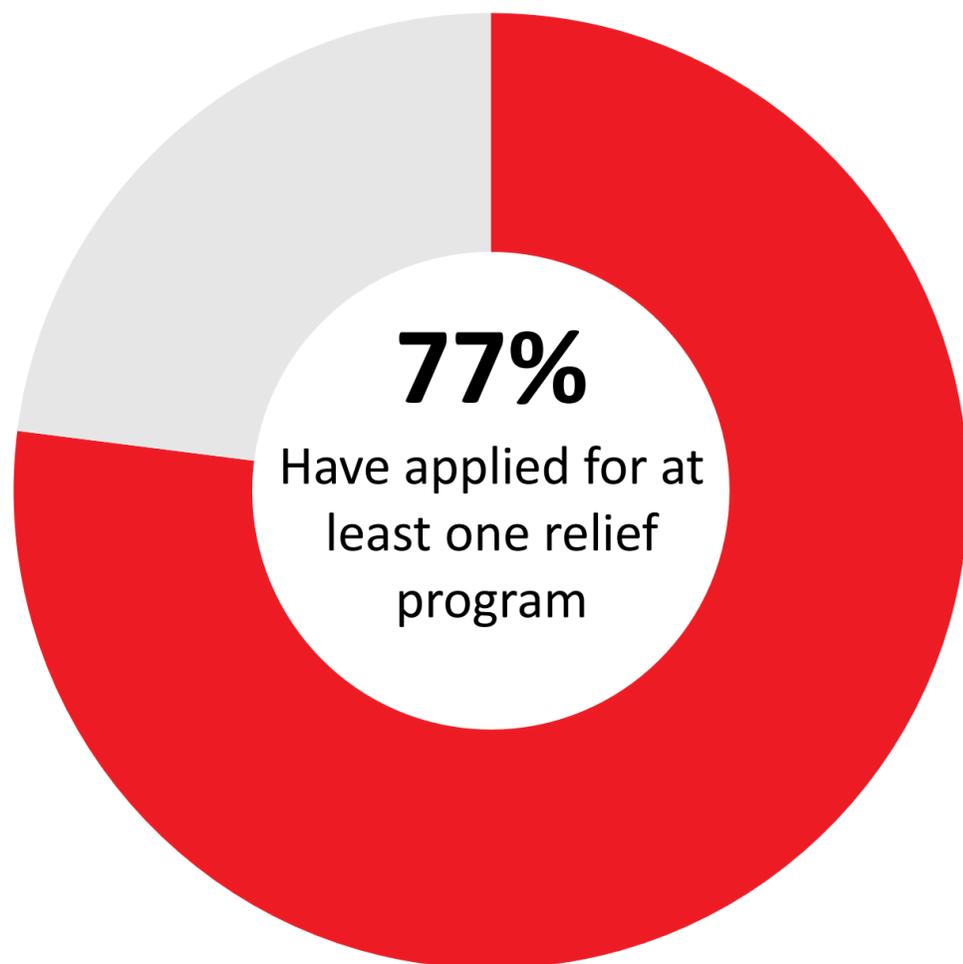
56% of businesses noted that they earned less than 25% of their usual revenue between May 1st and September 30th, while 56% of businesses also noted that they anticipate earning less than 25% of their usual revenue between October 1st and December 31st. Further, only 5% of businesses earned more than 76% of their usual revenue during the summer months, while only 3% anticipate earning more than 76% in the winter months.

The background of the slide is a photograph of a grand, classical government building at night. The building is illuminated with warm, golden lights, highlighting its architectural details such as the pediment, columns, and arched windows. The sky is a deep, dark blue.

GOVERNMENT PROGRAMS AND ACTIONS

Federal and Provincial Relief Programs

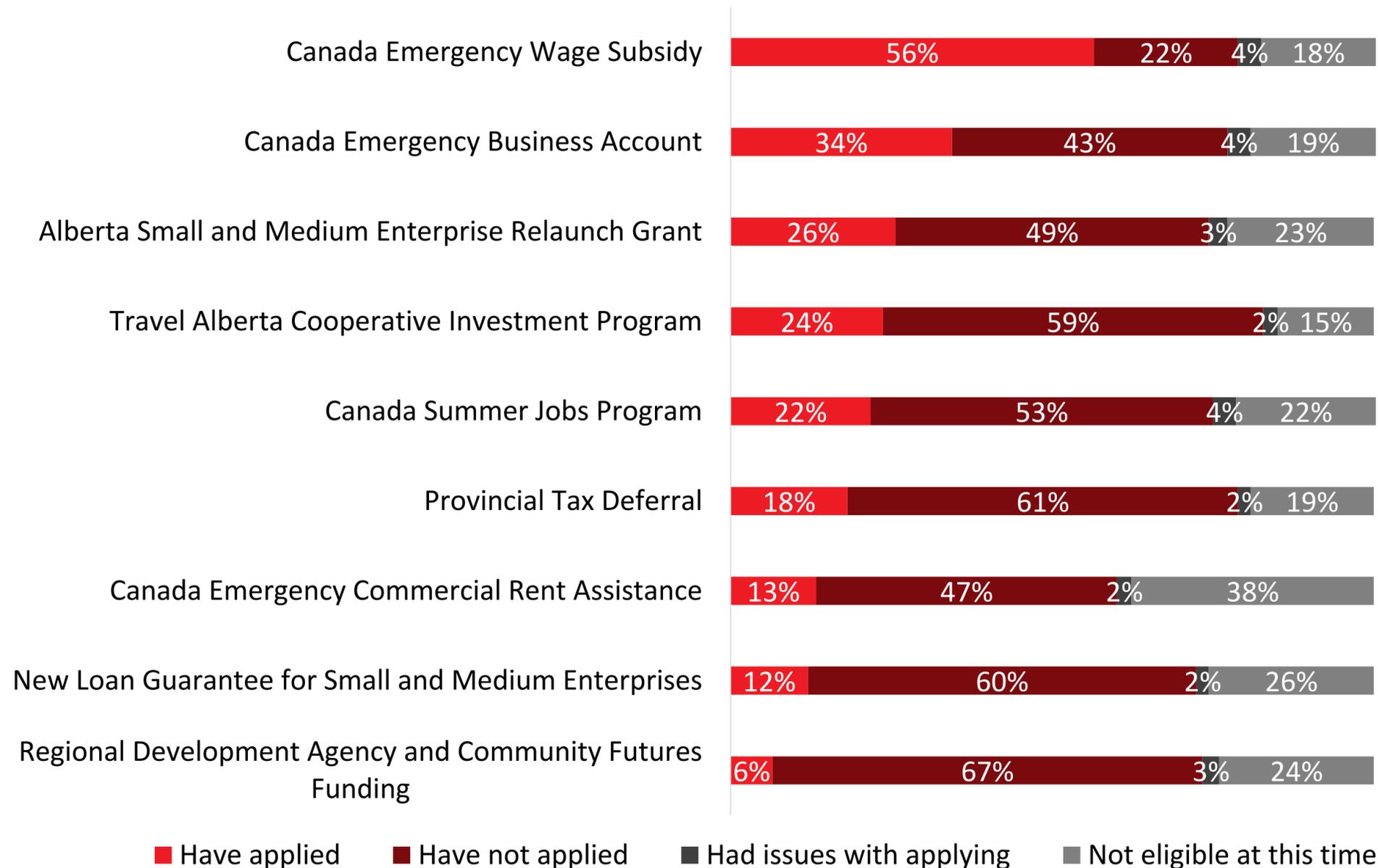
Q. Have you applied for any Federal and/or Provincial relief programs? Base N=308



Over $\frac{3}{4}$ of respondents have applied for at least one Federal or Provincial relief program, which marks a 14% increase since Phase 1. Respondents who were significantly less likely to have applied for any relief programs were in campgrounds/RVs (61% have not applied for a relief program). Conversely, respondents who were significantly more likely to apply for relief programs were in attractions (83% applied), food and beverage service (83% applied), meeting/convention/wedding facilities (92% applied), and sport facilities (89% applied).

Federal and Provincial Relief Programs

Q19. Which of the following Federal and Provincial relief programs have you applied for? *Base n=308*



Compared to Phase 1, businesses were more likely to have applied for Federal or Provincial Relief Programs. Specifically, businesses were more likely to have applied for:

- The Canada Emergency Wage Subsidy (54% in Phase 2 vs. 35% in Phase 1).
- The Canada Emergency Business Account (34% in Phase 2 vs. 26% in Phase 1).

Also, 1 in 4 business noted that they applied for the Travel Alberta Cooperative Investment Program, which was not offered during Phase 1.

Industry Differences: Meeting/conference/wedding facilities were significantly more likely to have applied to Canada Emergency Wage Subsidy (84%) and Provincial Tax Deferral (37%) programs, while attraction operators were significantly more likely to have applied to the Canada Summer Jobs Program (49%).

REBUILDING

Challenges Experienced and Anticipated Risks

Q23. Since the beginning of Stage 1 of Alberta's Relaunch Strategy (May 14th, 2020), what are some of the challenges your business has experienced (open-end). *Base n=234*

Q24. Looking ahead to the end of 2020, please indicate the risks your business is facing: *Base n=308*

Since the beginning of Stage 1 of Alberta's Relaunch Strategy, nearly ½ of businesses have experienced a loss of contracts/fewer guests/decline in revenue. Directly in line with this, roughly 1 in 4 businesses noted that government COVID-19 regulations have negatively impacted their business operations.

These challenges will be important to monitor throughout the course of the winter month as additional restrictions are implemented and physical distancing measures are reintroduced.

The three greatest risks respondents identified when looking ahead to the end of 2020 were:

- Unable to pay for marketing and advertising (48%)
- Ability to service debt (39%); and
- Having to close business temporarily (35%).

Businesses who are at significant risk of closing were significantly more likely to report each of the challenges listed, particularly the inability to pay for marketing (86%) and servicing their debt (69%).

Support Needs based on Share of Preference

Q. Which of the following supports will have the greatest impact in helping your business continue to rebuild from COVID-19, and which do you think will have the least impact? *Base n=309*

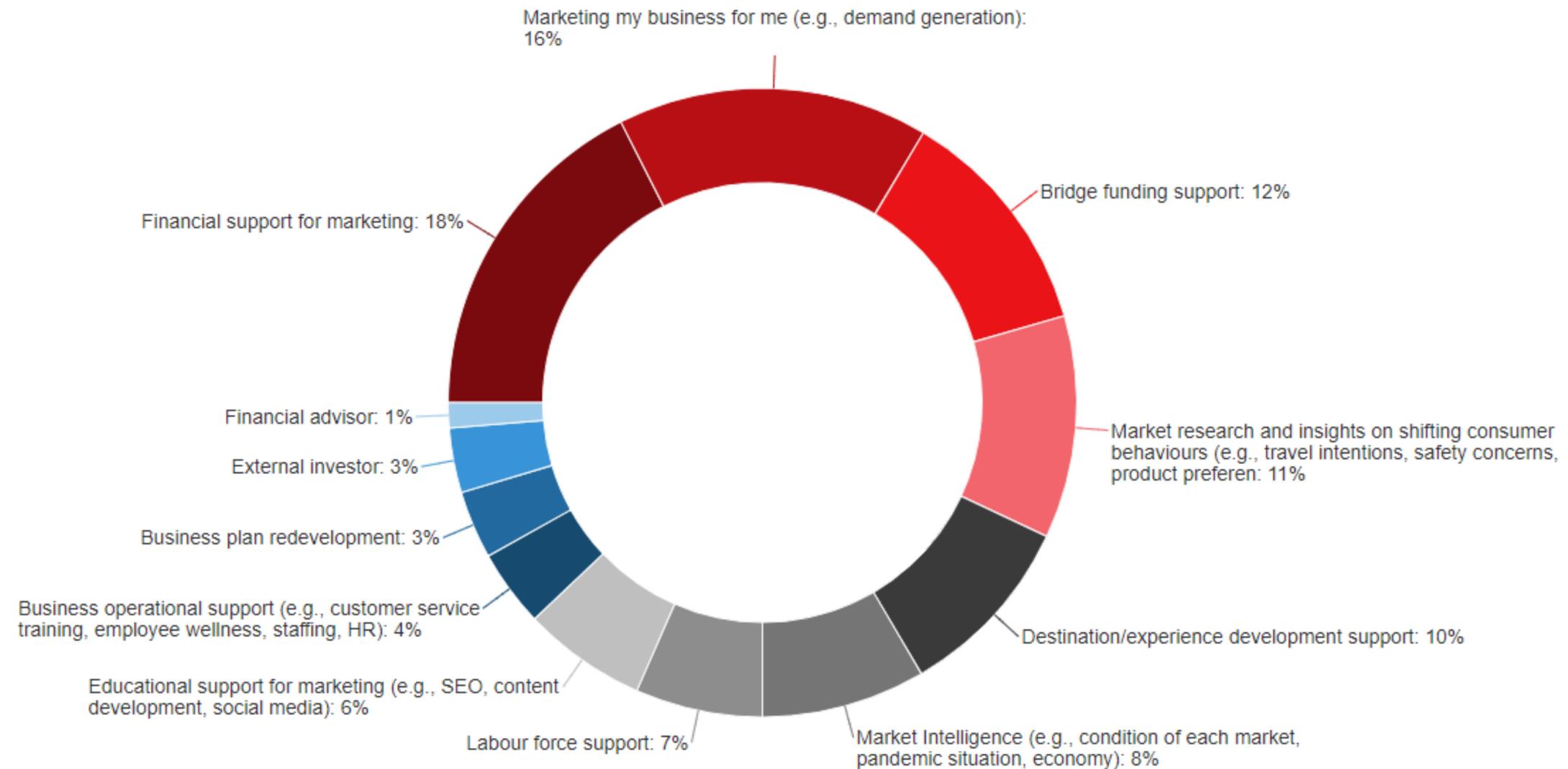
An assessment of which support systems would have the greatest impact in helping respondents rebuild their business revealed three key forms of support

- Financial support for marketing
- Marketing my business for me
- Bridge funding support

On the other hand, the forms of support that would be the least impactful in rebuilding one's business were:

- Financial advisors
- External investor
- Business plan redevelopment
- Business operational support

Overall, results suggest that in addition to bridge funding, respondents are largely in need of marketing support. This remain consistent with the results obtained in May 2020. Specifically, operators need financial assistance marketing their business and also require assistance with demand generation.





FUTURE ASSESSMENTS

A third assessment study is recommended in April 2021, to provide additional understanding of the impacts for the full year of the pandemic including how businesses are adapting and how the need for support may have shifted.

Questions?

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