Leger

INDUSTRY SURVEY
TO ASSESS COVID-19 IMPACT

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.

Just over a 1,000 businesses that sell tourism related products or services were invited to participate in the first survey conducted between April 21st to May 3rd, 2020. 339 businesses participated. This report provides a summary of the findings.

Travel Alberta Canada

EXECUTIVE SUMMARY

Actions Taken as a Result of COVID-19

While some respondents have adapted their operations to meet the restrictions placed on their business (e.g., provide delivery/curbside services, moved online, adapted new processes), most respondents reported implementing operational and staffing changes. Most notably, respondents indicated that they have:

- Temporarily closed (67%)
- Laid off employees (47%)
- Reduced employee hours (33%)
- Reduced services (33%)

Industries that appear to be most impacted by these changes include attractions, accommodations, food and beverage services, guided tours, and meeting/conference/wedding facilities.

Risk of Closing due to COVID-19

Despite the challenges faced, only 33% of respondents indicated they are at risk of closing permanently due to COVID-19. This was particularly evident for seasonal operators who were significantly more likely to believe that they are at risk of closing permanently due to COVID-19 (46% moderate to extreme risk) than year-round operators (21% moderate to extreme risk). Further, 41% of operators believe that they have the ability to manage their operating expenses for at least four months with the current travel restrictions in place.

Financial Impact of COVID-19

37% of operators have experienced revenue losses of over $100,000 prior to April 30, 2020. This marks a total revenue loss of more than 50% for 42% of operators surveyed.

Looking to the future, operators expect financial losses to increase between May 1 and December 31, 2020 (under the restrictions in place at the time of the survey). Two-thirds of operators believe that they will lose more than 50% of their overall revenue between May 1 and December 31, 2020.

Travel Alberta Canada

EXECUTIVE SUMMARY CON'T

Operational Challenges

At the time of the survey, two-thirds of respondents (67%) noted that their greatest concern over the next three-months was not being able to open for the summer, while half were concerned with having to close temporarily (47%). These concerns were especially true for attractions, guided tours and spring/summer operators as a large portion of their revenue is generated in the coming months.

While most businesses will be able to reopen to normal operating levels within two-weeks (43%), several larger businesses will have difficulty opening within three-weeks. The ability to reopen in a timely fashion is due, in part, to staffing challenges as operators who require 11+ employees noted that they will not be able to return to normal operations for at least 3 weeks, while those with 1-2 employees indicated that they would be able to reestablish their operations within two-weeks.

The greatest concern amongst respondents with respect to restarting their business is getting customers to return (43%). Following getting customers back, some of the operational adjustments noted are also among their greatest challenges.

- Operating at a modified capacity (19%)
- Incorporating safety and cleaning procedures (17%)
- Staffing challenges that have resulted from lay-offs and reduced hours (17%)

Support Needed

As Alberta begins reopening the province in the coming weeks and months, the tourism industry will begin to rebuild as it adapts to the changes that will result from COVID-19. An assessment of which support systems would have the greatest impact in helping operators rebuild their business revealed the following:

- Marketing and advertising support for their business
- Access to funding support
- Consumer insights on travel behaviours, attitudes, and intentions

Applying the Findings

Findings from this survey have been incorporated in the 2020-22 Alberta (Re)bound Strategy and helped to inform Travel Alberta's cooperative investment programs and regional campaigns to restart Alberta's visitor economy.

Future Assessments

Travel Alberta will be conducting a second assessment, mid to late August, once businesses have been open and operating, and travel has restarted within the province. The next assessment will identify how the industry is moving forward and how needs for support have shifted.

Travel Alberta Canada

Methodology

Methods

The Industry Survey to Assess the COVID-19 Impact was conducted through an online survey between April 21st and May 3rd, 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 respondents was provided with an email that had a unique PIN embedded in it to ensure anonymity and confidentiality.

A total of 339 responses were received from across various regions and industries. The regional breakdown is as follows:

- Calgary and area (23%)
- Canadian Rockies (21%)
- Alberta Central (19%)
- Alberta South (17%)
- Edmonton and area (10%)
- Alberta North (9%)

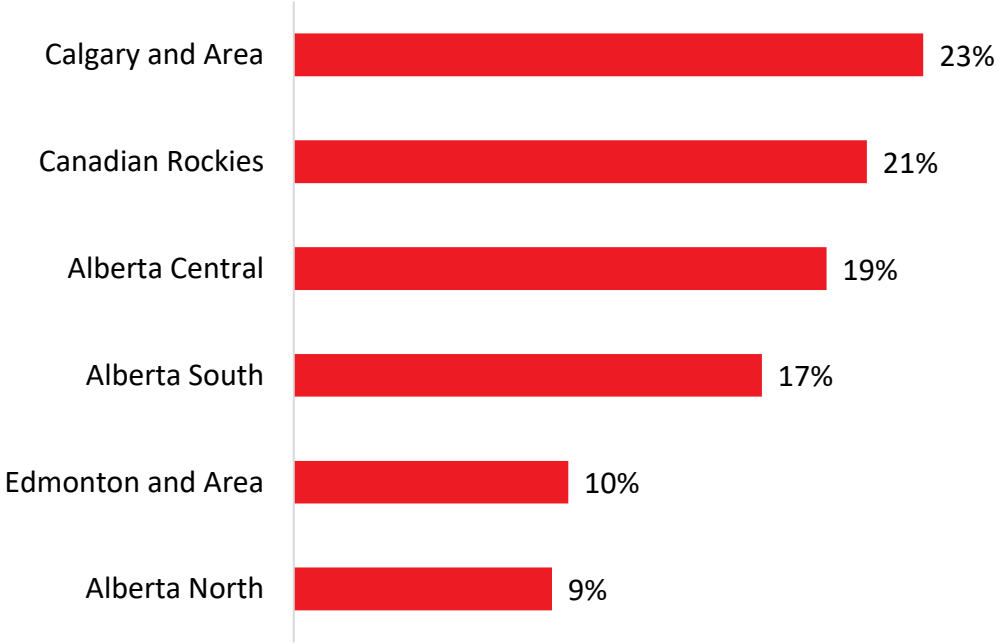
Statistical Analysis

Frequencies are provided throughout the report 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, number of employees, primary season of operation, etc.). These analyses were only conducted if there was an appropriate sample size in the subgroup population.

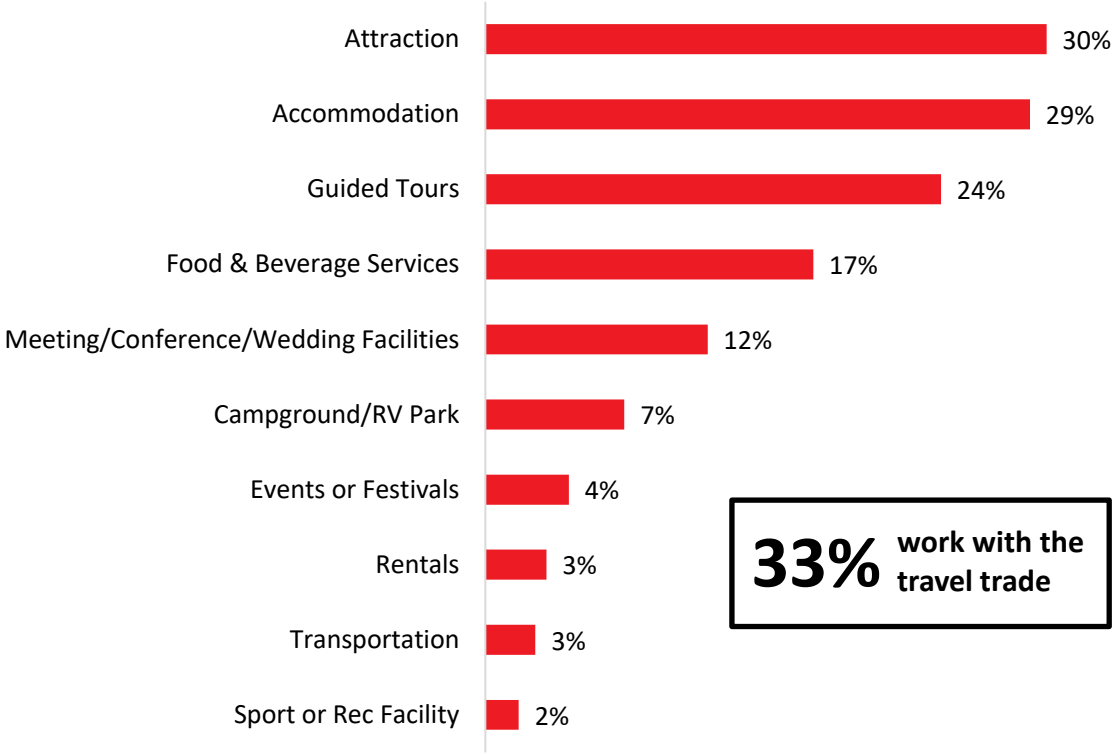
RESPONDENT PROFILE

Respondent Profile: Region



Base n = 339

Respondent Profile: Industry



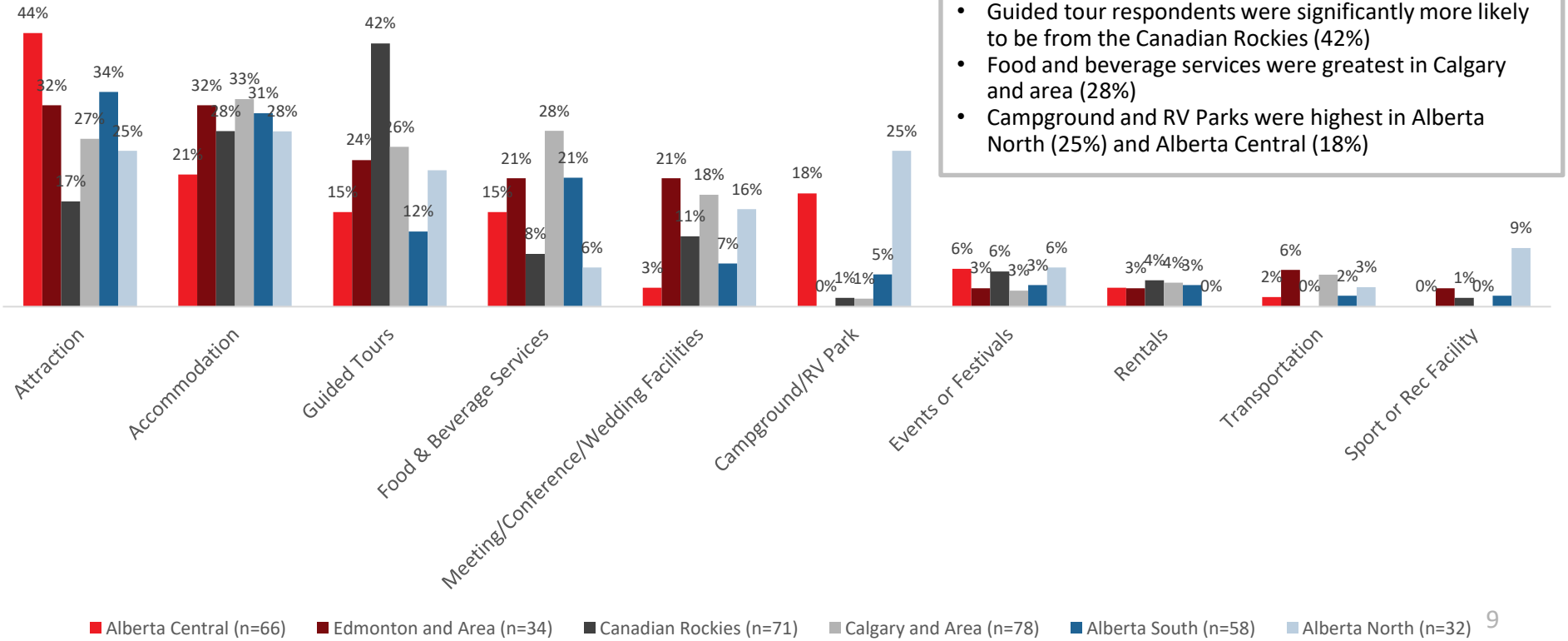
33% **work with the travel trade**

Base n = 339

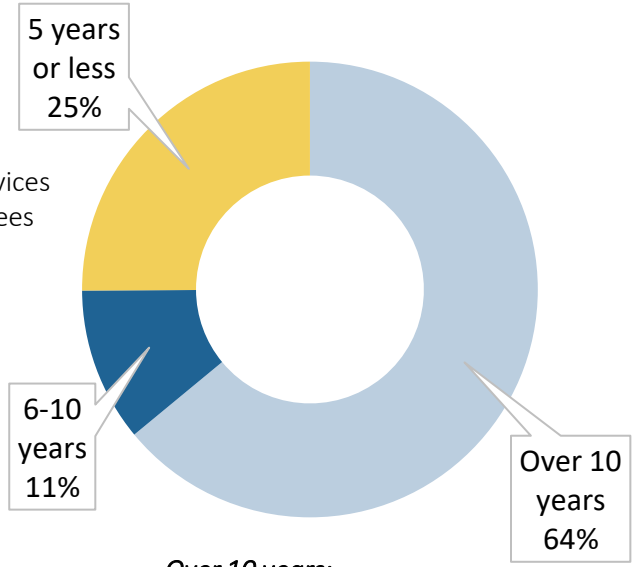
Respondent Profile: Industry by Region

Key Industry Differences by Region

- Attractions responses were highest in Alberta Central (44%)
- Guided tour respondents were significantly more likely to be from the Canadian Rockies (42%)
- Food and beverage services were greatest in Calgary and area (28%)
- Campground and RV Parks were highest in Alberta North (25%) and Alberta Central (18%)



Time in Business



5 years or less:

- 34% of guided tours
- 32% of food and beverage services
- 32% of those with 1-2 employees
- 36% of sole proprietor

6-10 years:

- 20% of sole proprietor
- 17% of seasonal

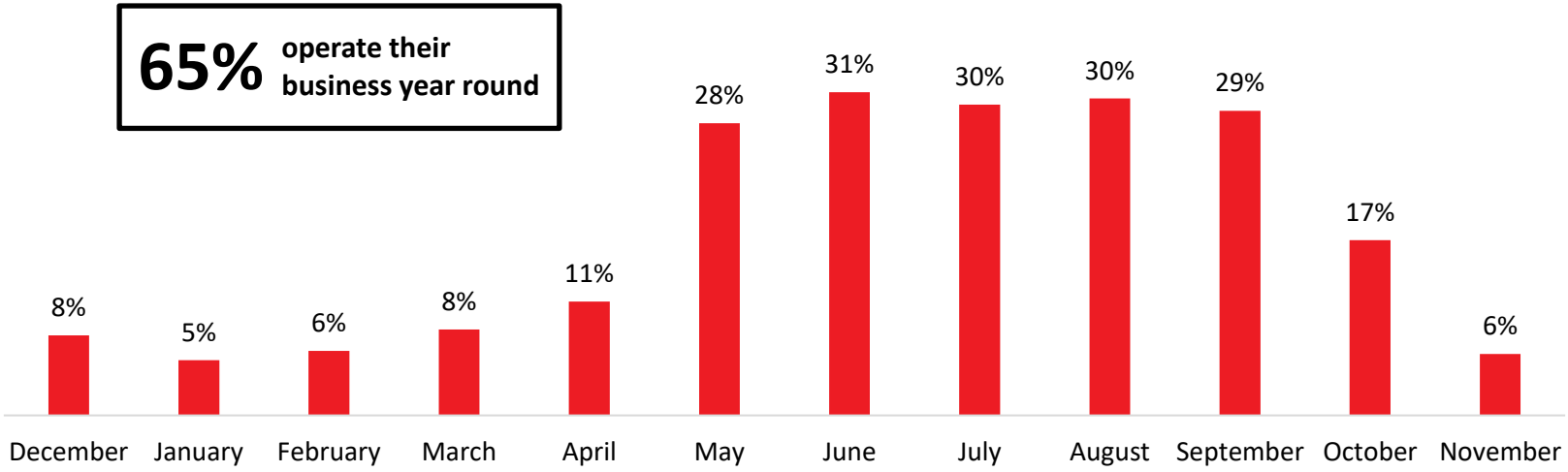
Over 10 years:

- 74% of attractions
- 93% of meeting/conference/wedding facilities
- 72% of accommodations
- 82% of 11+ employees (with only 10% having 1-2 employees)
- 68% of respondents who are not sole proprietors

Base n = 339

Operations

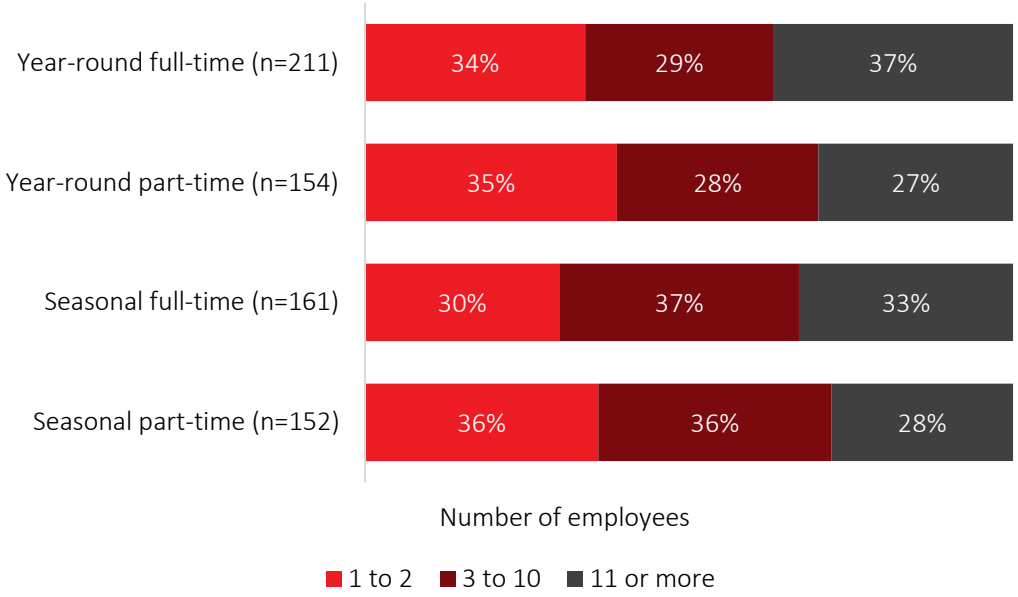
Q. Which months do you normally operate? Base n=339



Overall, 65% 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.

Number of Year-Round and Seasonal Employees

Q. During your peak season, how many employees do you have? If you do not have any employees in any of the categories below, please select N/A. Base n=339



Regionally, operators from Calgary (and area) were significantly more likely to report that they have 11+ part- and full-time employees year-round compared to other regions. Conversely, operators in the Canadian Rockies reported that the majority of their employees are seasonal full-time (59%).

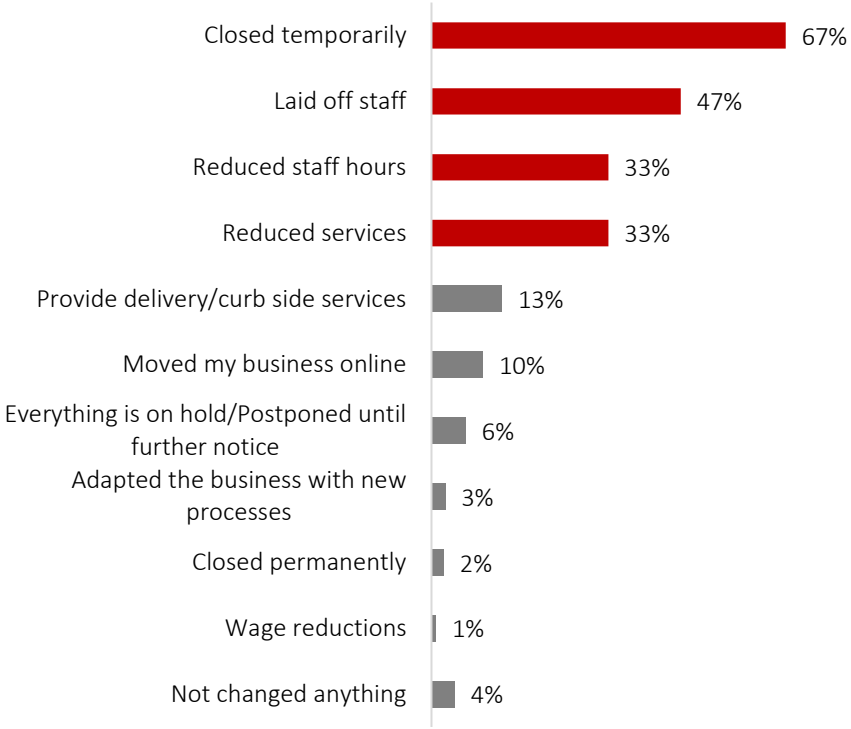
As noted later in this report, some operators expressed concerns surrounding their ability to staff their operations following the removal of travel bans and physical distancing. This may present a larger threat to businesses that rely more heavily on seasonal staff as they could have difficulty attracting employees.

17% of respondents indicated that they were sole proprietors

BUSINESS IMPACT OF COVID-19

Actions Taken as a Result of COVID-19

Q. A a result of COVID-19, which of the following actions have you currently taken? (check all that apply)
Base N=337



While some respondents have adapted their operations to meet the restrictions placed on them as a result of COVID-19 (e.g., provide delivery/curbside, moved online, adapted new processes), most respondents reported operational and staffing challenges. Most notably, respondents indicated that they have temporarily closed, had staffing changes, and have had to reduce services.

Closed Temporarily: Over two-thirds of businesses indicated that they have closed temporarily as a result of COVID-19. This was most common for attractions (85%), meetings/conference/wedding facilities (78%) and guided tours (73%). Further, three-quarters of seasonal operators (74%) noted that their business has closed temporarily as well.

Layoffs were most prevalent in accommodations (54%), food and beverage services (64%), and meetings/conference/wedding facilities (75%). Further, businesses in the fall/winter (58%) reported significantly higher layoffs than those in the spring/summer (46%). Finally, 85% of operators with 11 or more full-time year-round employees noted that they have had to layoff staff as a result of COVID-19.

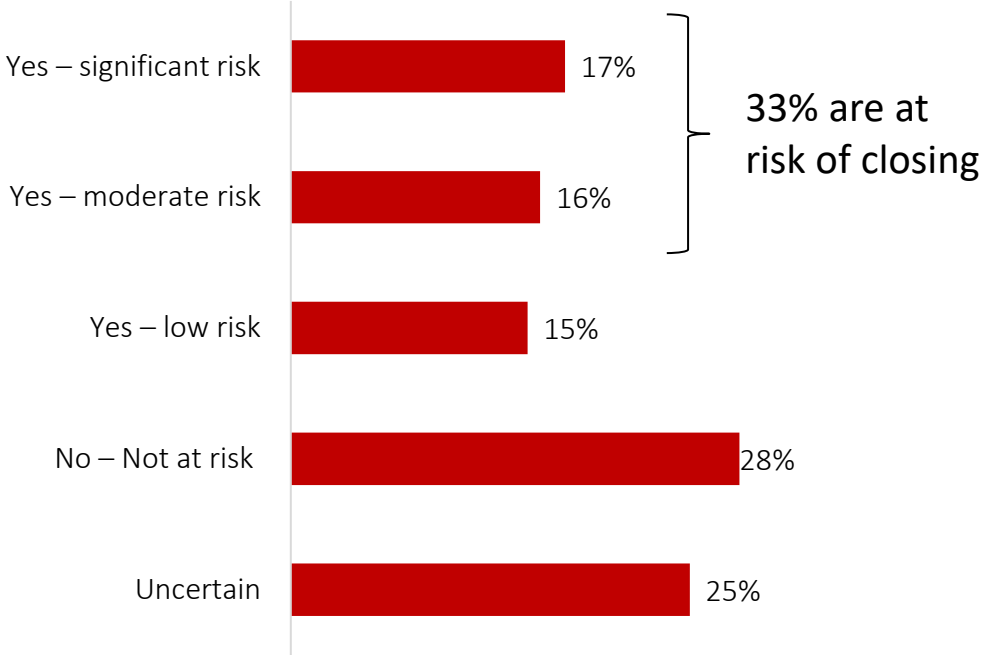
Reduced staff hours were similar to lay-offs as respondents in accommodations (44%), food and beverage services (53%), and meetings/conference/wedding facilities (60%) were more likely to have reduced staff hours. Also, 45% of operators whose peak seasons are fall/winter have reduced staff hours as a result of COVID-19 compared to only 31% of spring/summer operators.

Reduced services: Forty-four percent of accommodations, 47% of food and beverage services, and 56% campground/RV parks have reduced their services as a result of COVID-19. Further, half of all operators with 11+ employees and one-third (38%) of year-round operators have been forced to reduce their services.

Note: Demographic analysis was only conducted for items with more than 100 responses.

Risk of Closure due to COVID-19

Q. Is your business at risk of closing permanently due to the impact caused by COVID-19? Base N=339

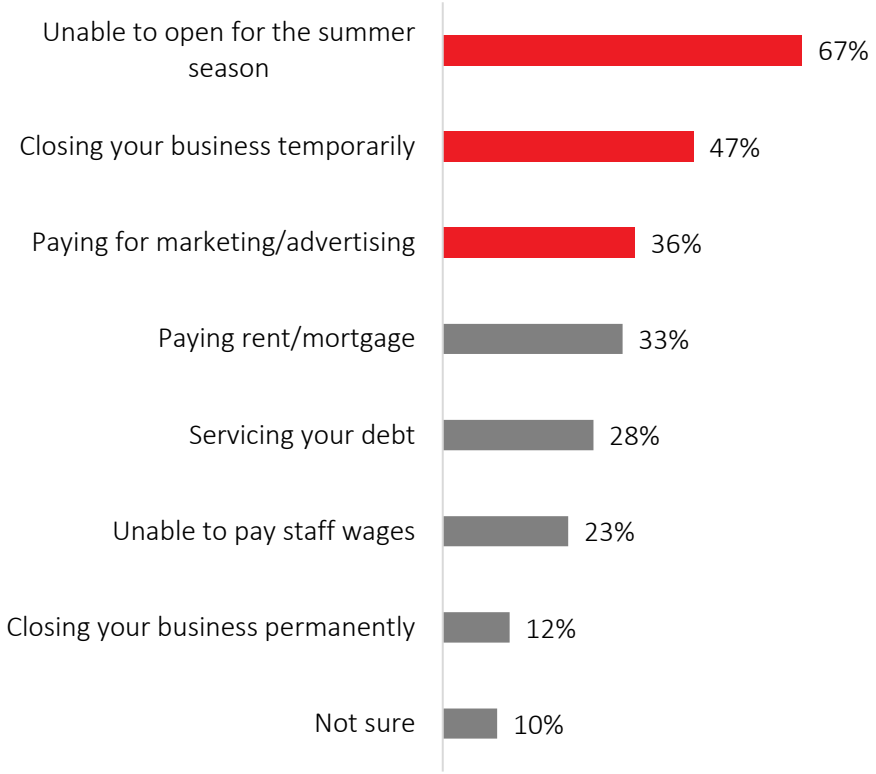


Roughly one-third of respondents noted their business is at moderate or extreme risk of closing permanently due to COVID-19. This was particularly true for businesses that have been in operation for 5 years or less (42%) or 6 to 10 years (45%), while 35% of businesses in operation for 11+ years indicated that they are not at risk of closing at all.

Further, seasonal operators were significantly more likely to believe that they are at risk of closing permanently due to COVID-19 (46% moderate to extreme risk) than year-round operators (21% moderate to extreme risk). Finally, 38% of year-round operators noted that they perceive no risk at all of closing permanently due to COVID-19. These results suggest that seasonal operators may need additional support as they are at an increased risk of closure compared to year round operations.

Risks being faced in 3-months

Q. Looking ahead to the next 3 months, please indicate the risks your business is facing. (select all that apply) Base N=129



The top two risks being faced by businesses over the next three months relate to operational challenges. Specifically, over two-thirds of operators indicated that being unable to open for the spring/summer season is the greatest risk their business is facing (67%), while nearly half noted that their business was at risk of closing temporarily (47%).

Operators who indicated that their business was at risk of not opening for the summer season were more likely to be:

- **Region:** Alberta South (80%) and Alberta Central (78%)
- **Industry:** Attractions (86%) and guided tours (71%)
- **Operations**: Seasonal (79%)

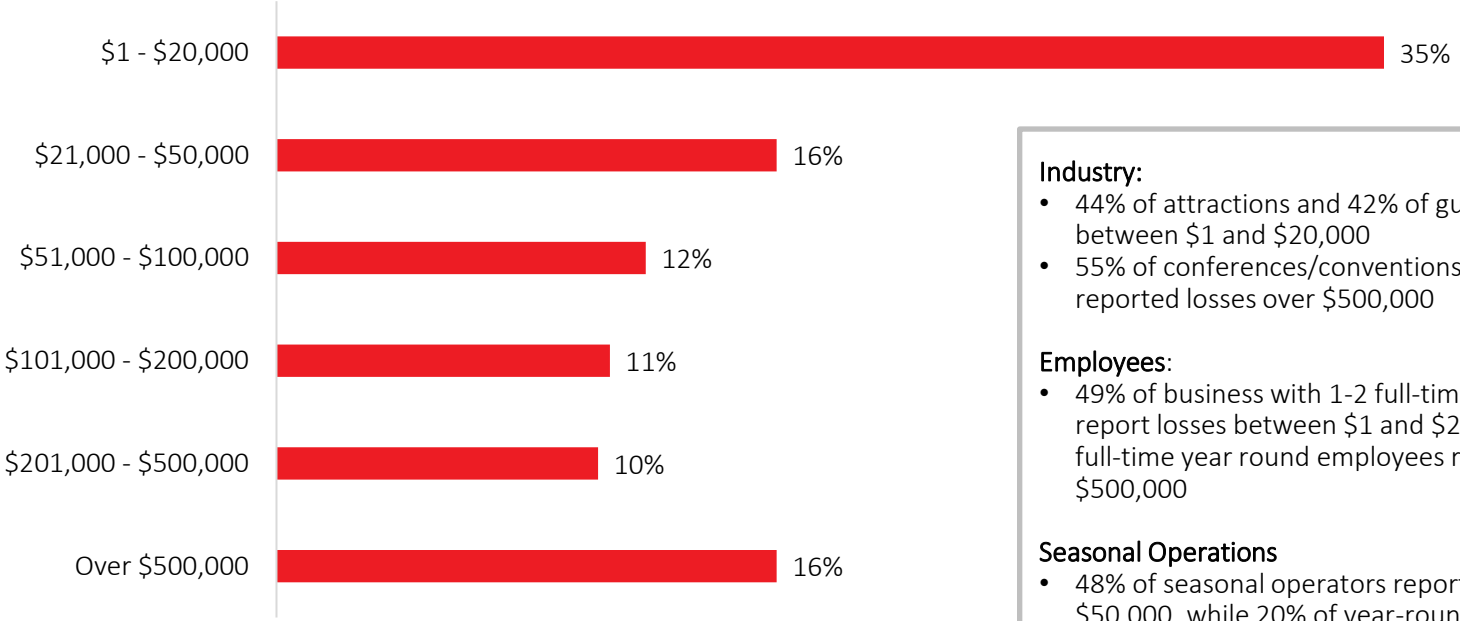
In addition to this, seasonal operators were significantly more likely to indicate that they were at risk of closing temporarily (67%) compared to year-round operators (28%). This was particularly true for spring and summer operators, with 69% reporting that their business was at risk of closing temporarily (vs. 47% of fall and winter operator)

Following operational challenges, one-third of respondents indicated that they would have difficulty paying for marketing and advertising in the coming months (36%). This presents and opportunity to assist businesses in their marketing efforts as travel restrictions and distancing measures are removed, especially given the importance placed on marketing and advertising through the MaxDiff analysis (see Slide 52 for results).

FINANCIAL IMPACT OF COVID-19

Revenue Losses as a Result of COVID-19 Prior to April 30, 2020

Q. What are your current revenue losses as a result of COVID-19 prior to April 30, 2020? Base N=263



Industry:

- 44% of attractions and 42% of guided tours reported losses between $1 and $20,000
- 55% of conferences/conventions/wedding facilities reported losses over $500,000

Employees:

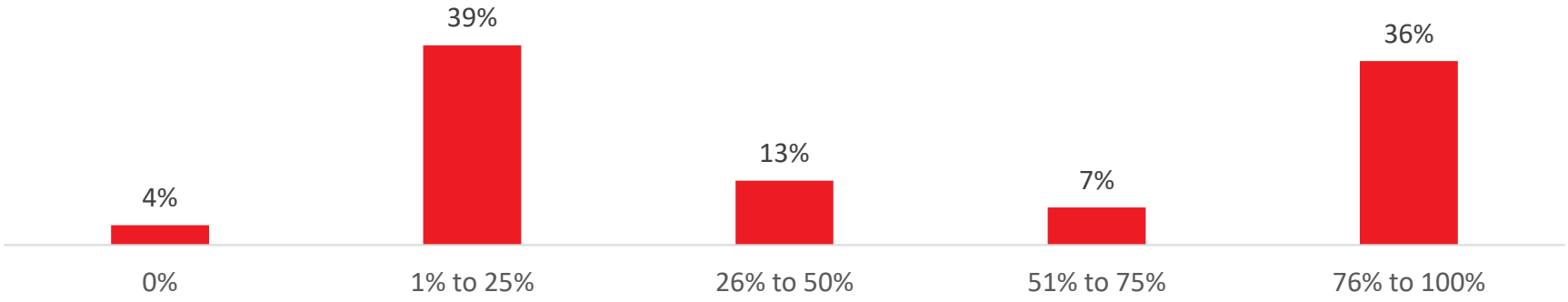
- 49% of business with 1-2 full-time year-round employees report losses between $1 and $20,000, while 51% with 11+ full-time year round employees reported losses over $500,000

Seasonal Operations

- 48% of seasonal operators reported losses less than $50,000, while 20% of year-round businesses reported losses of over $500,000

Percent of Actual Revenue Loss to Overall Business

Q. What percent of revenue loss to your overall business does this represent? *Base N=228*

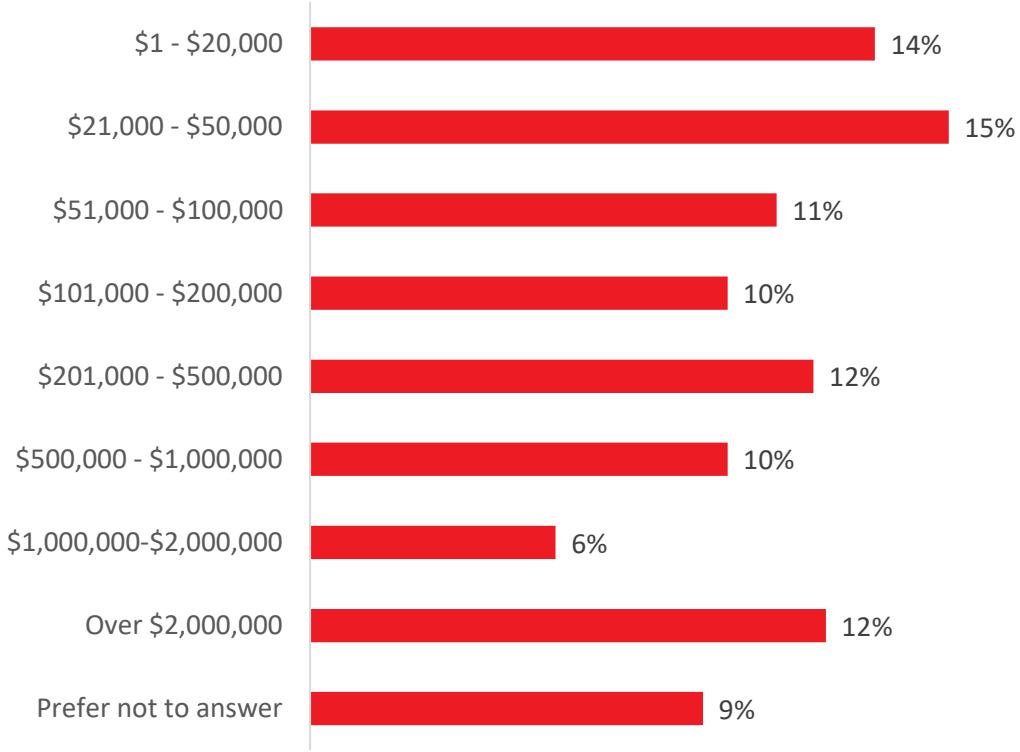


Key differences:

- 57% of attractions have lost less than 25% of their overall business
- 54% of accommodations have lost over 75% of their overall business
- 55% of operators whose peak season is spring have lost over 75% of their overall business, which is significantly more than all other seasons. Currently, 42% operators who peak in the summer have witnessed losses less than 25% of their overall revenue
- 57% of businesses with 11+ full-time year-round employees have lost over 75% of their overall business

Revenue Losses Anticipated as a Result of COVID-19 between May 1st and December 31st, 2020

Q. How much revenue do you anticipate losing as a result of COVID-19 from May 1 to Dec 31, 2020? *Base N=307*

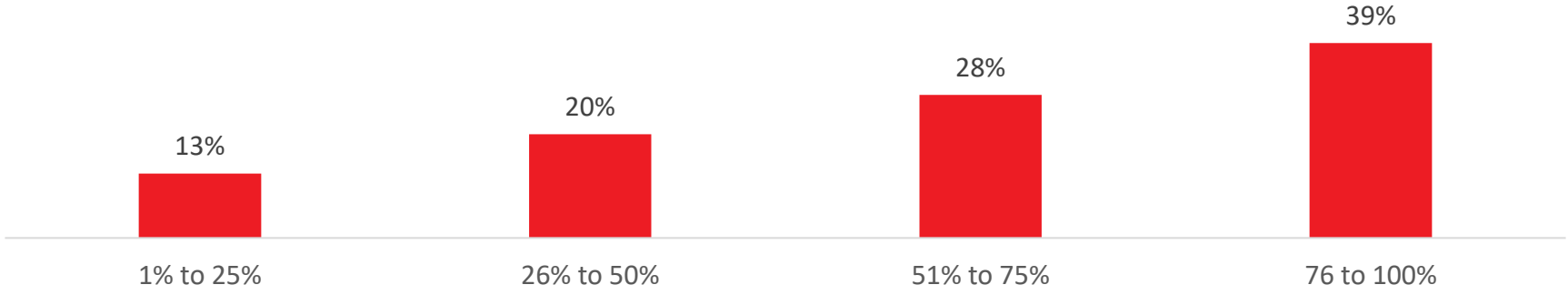


Key findings:

- 23% of accommodations and 44% of meetings/conference/wedding facilities anticipate losing over $2,000,000 as a result of COVID-19
- 28% of respondents from Calgary (and area) anticipate losing over $2,000,000 as a result of COVID-19
- 73% of businesses with 11+ full-time year-round employees anticipate losing over $1,000,000 as a result of COVID-19, while 30% of businesses with 3 to 10 year-round full-time employees anticipate losing between $200,000 and $500,000
- 70% of sole proprietors anticipate losing less than $50,000

Percent of Anticipated Revenue Loss to Overall Business

Q. What percent of revenue loss to your overall business does this represent? *Base N=338*

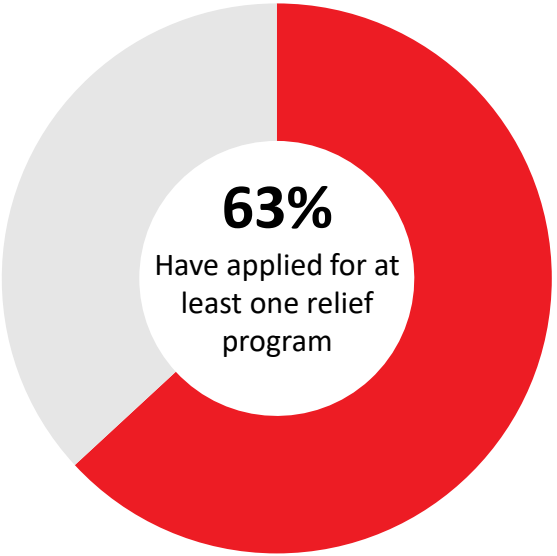


43% of respondents indicated that they lost >50% of their revenue prior to April 30th, 2020. When considering anticipated losses between May 1st and December 31st, 67% of respondents indicated that the expect to lose (at least) 50% of their revenue during this time. This marks a significant increase in (anticipated) lost revenue in the coming months as a result of COVID-19.

GOVERNMENT PROGRAMS AND ACTIONS

Federal and Provincial Relief Programs

Q. Have you applied for any Federal and/or Provincial relief programs? Base N=339



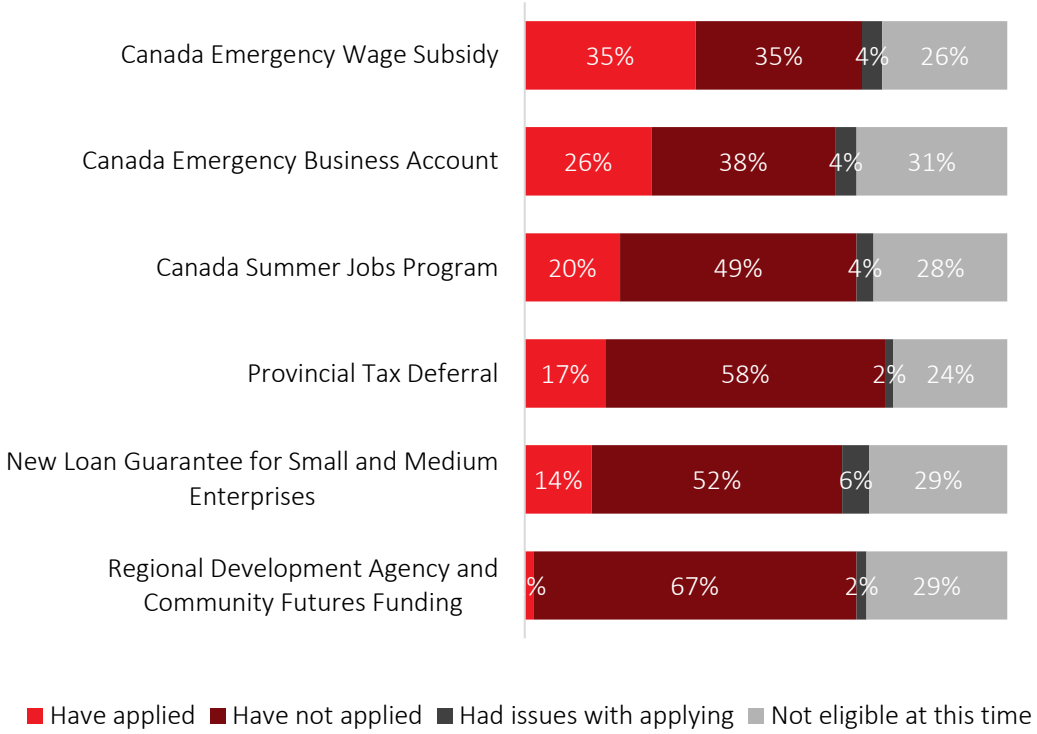
Nearly two-thirds of respondents have applied for at least one Federal or Provincial relief program. Respondents who were significantly more likely to apply for relief programs were in attractions (74% applied), food and beverage service (74% applied), meeting/convention/wedding facilities (80%), and accommodations (60%). Further, year-round operators were more likely to apply for relief programs (69% applied) than seasonal operators (52% applied).

Operators with more employees were also more likely to apply for relief programs. Specifically, those with 11+ employees (87% applied) and 3 to 10 employees (82% applied) were significantly more likely to apply for relief programs than those with 1 to 2 employees (69% applied).

Of those who have applied for at least one Federal and Provincial relief program, **37% indicated that they have found the program to be effective in supporting their business needs.**

Federal and Provincial Relief Programs

Q. Which of the following Federal and Provincial relief programs have you applied for? Base N=339



Canada Emergency Wage Subsidy:
- Accommodations (42% applied)
- Calgary and area (34% applied)
- Summer peak (78% applied)
- Year-round operations (81% applied)
- 11+ employees (52% applied)

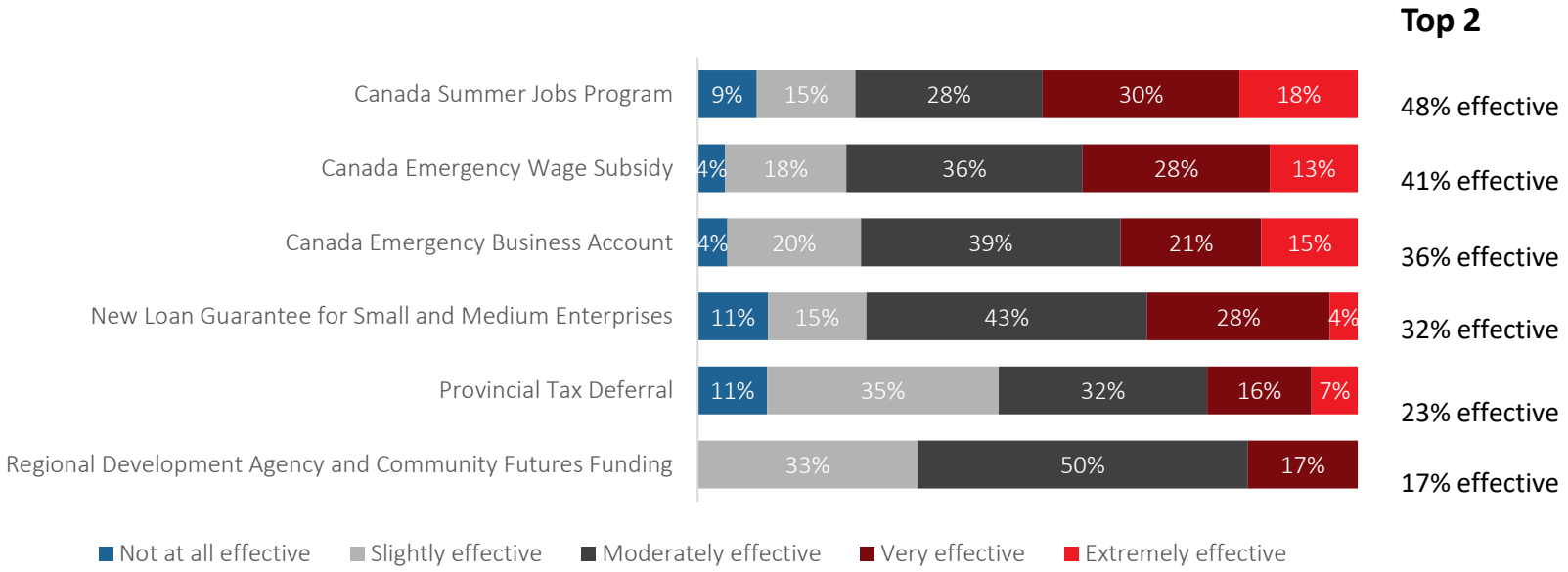
Canada Emergency Business Accounts:
- Calgary and area (30% applied)
- Summer peak (78% applied)
- Year-round operations (78% applied)
- 11+ employees (52% applied)

Canada Summer Jobs Program
- Attractions (73% applied)
- Alberta South (31% applied)
- Summer peak (88% applied)

Key issues in applying for relief programs
- Business not qualifying
- Unclear on the application process
- Difficulty dealing with financial institutions

Effectiveness of Federal and Provincial Relief Programs

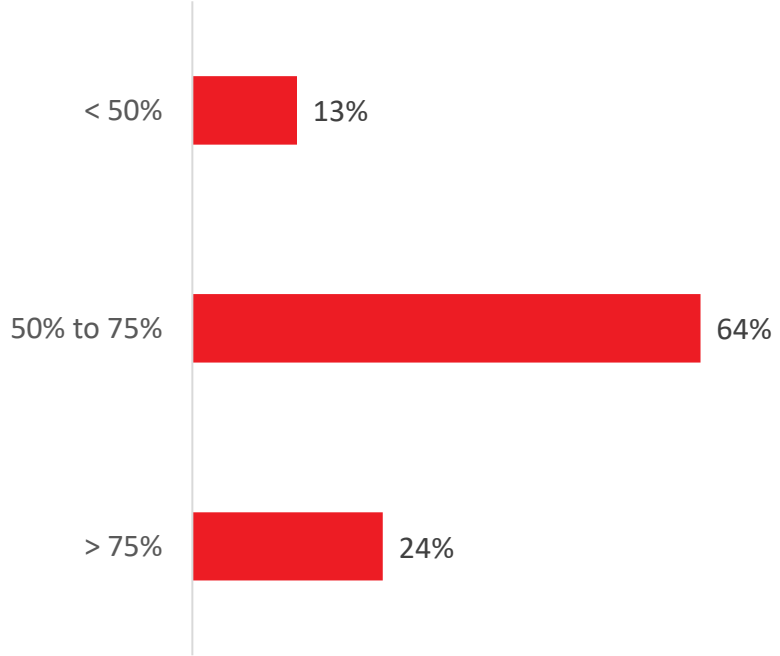
Q. Based on ease of the Federal and Provincial relief programs that you have applied for, how effective are each with respect to supporting your business need? *Base N=339*



LOOKING AHEAD

Operating Capacity Required to Meet Operating Expenses

Q. If your business was able to resume operations, but at a limited capacity, what percentage of operating capacity would be required to meet your minimum operating expenses? Base N=159

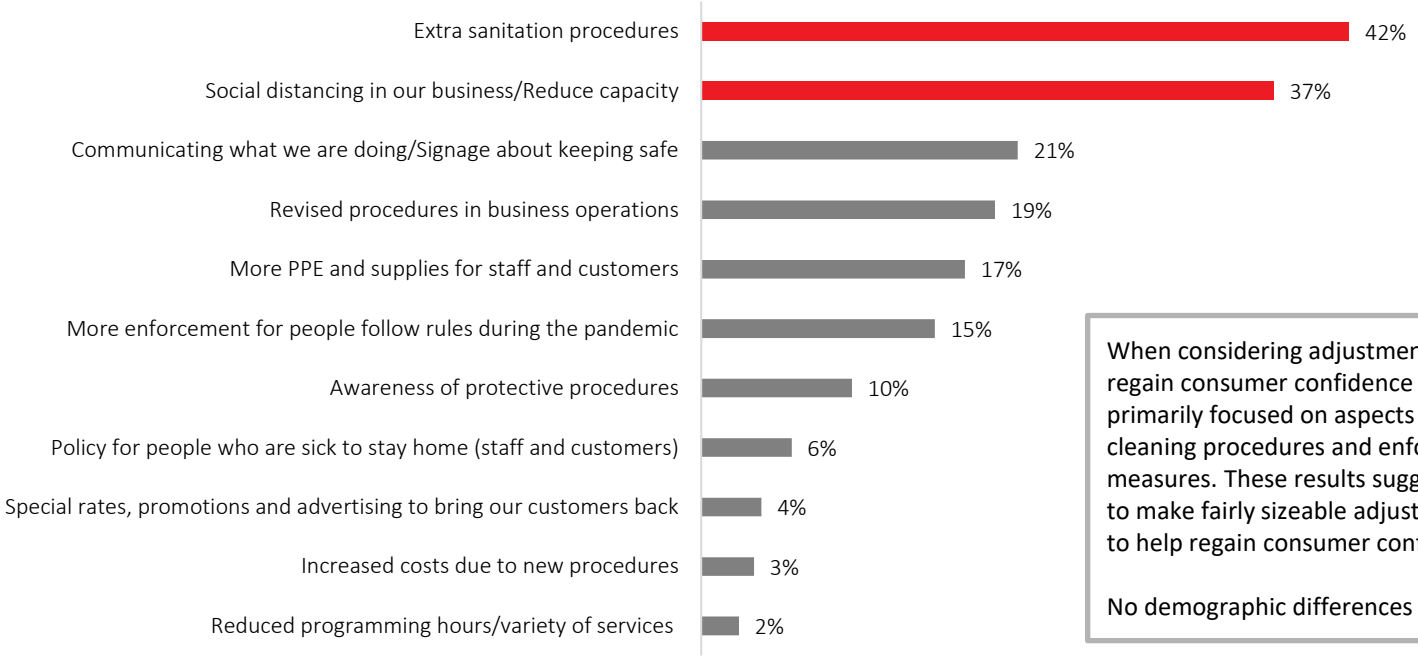


Two-thirds of respondents indicated they would need to operate between 50% and 75% of their capacity to meet their minimum operating expenses.

At the time of the survey, 47% of all respondents did not know the percentage of operating capacity they will need to operate under to meet their required expenses. This can be attributed to operating guidelines for reopening not yet being established.

Adjustments needed to regain consumer confidence

Q. As the rebuilding process begins, you may be faced with some challenges that carry over from the current pandemic (i.e., people continuing to be concerned with physical distancing, concerns over contracting the virus in public areas, etc). What actions do you think you would need to take to regain consumer confidence in your business? (open-end question) Base N=203



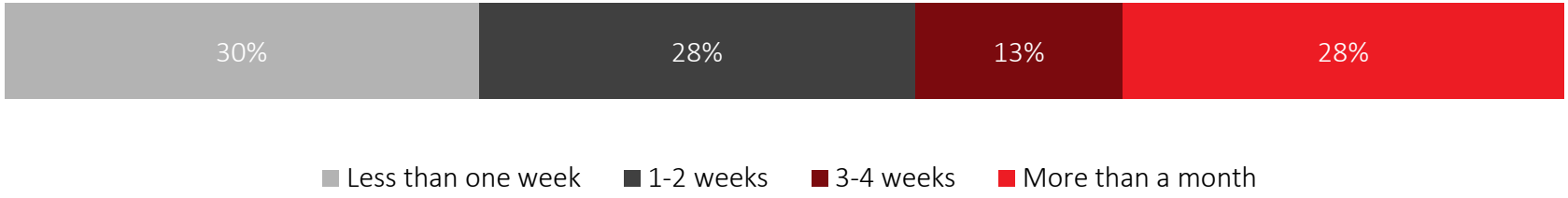
When considering adjustments that would need to be made to regain consumer confidence in their business, operators primarily focused on aspects related to providing additional cleaning procedures and enforcing physical distancing measures. These results suggest that operators will likely need to make fairly sizeable adjustments to their business operations to help regain consumer confidence in their product.

No demographic differences were found.

Note: Demographic analysis was only conducted for items with more than 100 responses.

Time Required to Re-Open / Return to Normal Operations

Q. Assuming restrictions are lifted at some point, about how long would it take for your business to ramp up operations and re-open or return to normal operations? *Base N=339*

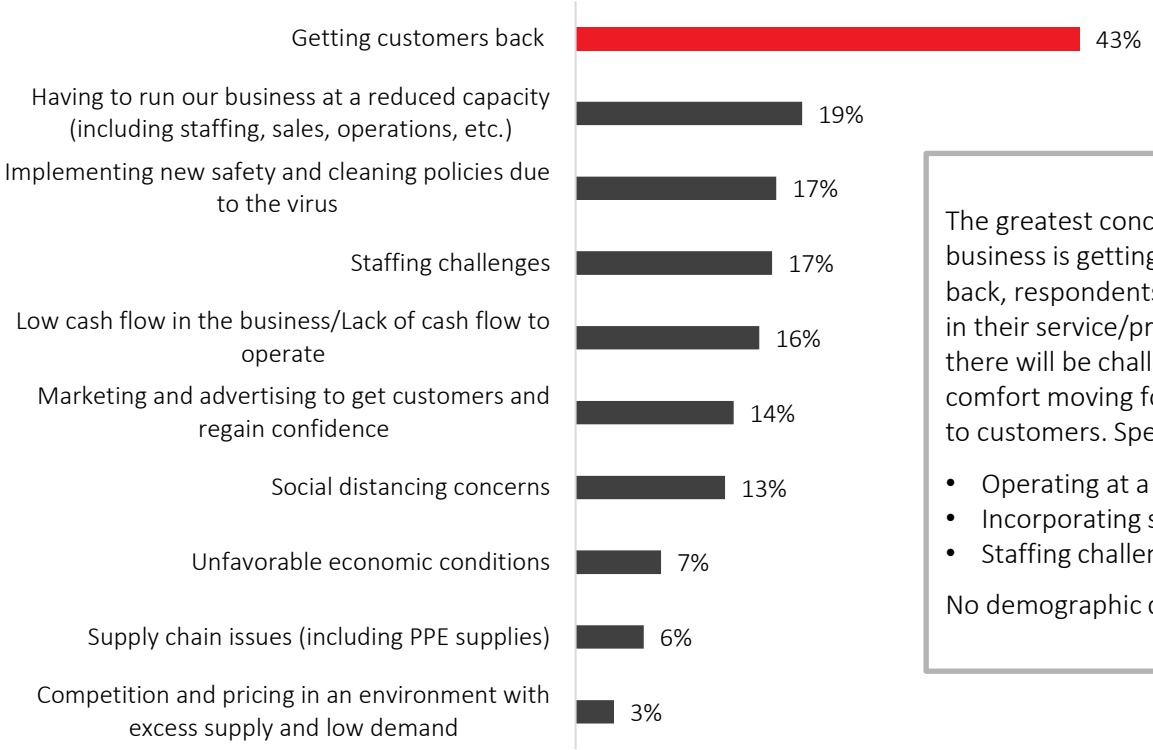


Approximately 60% of respondents noted that it would take them less than 2 weeks to ramp up operations and re-open/return to normal operations as restrictions are lifted. Respondents from attractions (61%), accommodations (59%), and guided tours (66%) are significantly more likely to be able to resume operations within two weeks, while events/festivals (80%) and meetings/conference/wedding facilities (53%) will require 3+ weeks to reopen/return to normal operations.

Businesses with fewer employees (71% with 1 to 2 full-time year-round employees) as well as sole proprietors (58%) indicated that they would be able to ramp up operations in less than two weeks, while half of businesses with 11+ employees (51%) would require 3 or more weeks to reopen their business. This suggests that larger businesses may have difficulty staffing their operations following the removal of restrictions, especially for those who rely more heavily on foreign workers.

When thinking about restarting your business, what do you think will be your greatest challenge(s)

Q. When thinking about restarting your business, what do you think will be your greatest challenge(s)? (open-end) *Base N=272*



The greatest concern amongst respondents with respect to restarting their business is getting customers to return (43%). Following getting customers back, respondents believe that their biggest challenges will relate to changes in their service/product offering. As noted earlier, respondents believe that there will be challenges surrounding physical distancing, cleanliness and comfort moving forward, which are aspects that will post severe challenges to customers. Specifically, they believe their greatest challenge(s) will be:

- Operating at a reduced capacity (19%)
- Incorporating safety and cleaning policies (17%)
- Staffing challenges (17%)

No demographic differences emerged.

Desired supports to help rebuild businesses

When presented with a set of support systems, respondents felt the following would have the greatest impact in helping rebuild their business:

- Travel Alberta support with marketing (27%)
- Funding support (27%)
- Consumer research insights (17%)

When asked an open-ended question about other forms of supports, the top three responses were:

- Assistance with marketing (42%)
- Clear guidelines for re-opening (27%)
- Financial incentives/Easier to qualify for financial assistance (22%)

Note: The Alberta Biz Connect website was launched post-survey with the aim of providing workplace guidance and supports to help businesses and non-profits reopen and resume operations safely.

FUTURE ASSESSMENTS

The next industry assessment will be conducted late August to identify how Alberta tourism businesses are moving forward, and requirements for continued recovery.

QUESTIONS RELATED TO SURVEY RESULTS AND FUTURE ASSESSMENTS

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