

COVID-19 Impact and Recovery Report: US Target States Summary

Updated: September 22, 2020

This document provides a snapshot of the recovery situation in 12 US states/territories/districts that traditionally have been Canada’s most important markets. It has the following sections:

1. **Recovery Signals:** The comprehensive approach to understanding when the market is recovering from a travel perspective based on data and analysis in partnership with Google, the travel industry, International Air Transport Association (IATA) and more. Destination Canada uses this information to estimate the stage of recovery of the market.
2. **Estimated Impacts on Travel to Canada:** The effects of COVID-19 on tourism revenue in Canada. This includes estimated spend inside the country but excludes spending on transportation to get to Canada.
3. **Methodological Notes:** An explanation of the methodologies in the different sections and relevant sources.

1. RECOVERY SIGNALS

In response to COVID-19, Destination Canada has established a framework and analytical approach to identify signals from consumer and industry behaviour to understand when, where and at what pace travel and tourism will resume. Destination Canada collaborated with partners in destination marketing, media, technology and travel to identify these indicators and signals. The framework has identified multiple phases of recovery, which aligns with user sentiment and intent to travel. The summary of the methodology and terms can be found in Section 3. Methodological Notes.

Destination Canada’s Assessment of the US market:	II Intra-State	While many US states/territories and districts are gradually lifting restrictions on movement and travel, others’ reopening plans are on pause or have been scaled back. That being said, most of Destination Canada’s target states/territories in the US are now in intra-state phase. Movement within local areas is possible in most US states with following recommended safety measures. Travel by vehicle within a state is possible and not discouraged. Accordingly, Destination Canada assesses that the US, as a whole, is in the intra-state phase.
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Legend: ● I COVID-19 Response ● II Intra-State ● III Inter-State ● IV Tentative International ● V Regularized International

Summary of current phase for each of the key US states:

	Travel Search Index	Accommodation Searches on OTA	Rate of Hotel Booking	Rate of Air Travel	New COVID Cases	Dining Search Index	Activities Search Index	Overall Assessment	General Trend (last 3 weeks) *	Restriction Level ^{1 to 7} *	Interest in Travel to Canada *
New York	III	III	III	I	I	III	III	III	Variable	Moderate restrictions	Very low
Michigan	IV	I	III	II	I	IV	IV	III	Flat	Paused/ scaled back	Very low
Washington	III	II	II	III	I	IV	I	II	Variable	Moderate restrictions	Very low
California	IV	III	III	I	I	IV	II	III	Variable	Paused/ scaled back	Low
Ohio	IV	I	I	II	I	IV	IV	I	Variable	Minor restrictions	Low
Pennsylvania	IV	III	III	I	I	IV	III	III	Variable	Moderate restrictions	Low
Illinois	III	I	III	I	I	IV	III	III	Variable	Paused/ scaled back	Low
Texas	IV	II	III	I	I	IV	IV	III	Variable	Paused/ scaled back	Low
Massachusetts	III	II	II	II	I	IV	I	II	Variable	Moderate restrictions	Very low
Minnesota	III	II	II	II	I	IV	II	II	Variable	Minor restrictions	Low
New Jersey	III	III	III	I	I	IV	III	III	Downward	Moderate restrictions	Very low
District of Columbia	I	I	II	I	II	III	I	II	Variable	Moderate restrictions	Very low

Legend: ● I COVID-19 Response ● II Intra-State ● III Inter-State ● IV Tentative International ● V Regularized International

* Note: definition of scales are provided in the methodology section.

2. ESTIMATED IMPACTS ON TRAVEL TO CANADA

As of September 17, 2020, based on data from payment cards, Statistics Canada, cancellations of previously planned trips, new bookings and forward-looking scheduled air capacity, Destination Canada estimates the economic impact from COVID-19 on Canada to be as outlined below.

Estimated Change in Tourism Export Revenue Compared to 2019 by Quarter (\$M)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total Q1+Q2+Q3+Q4
\$ change compared to 2019 (\$M)	\$7.8	\$36.5	-\$309.1	-\$791.5	-\$1,027.5	-\$1,293.1	-\$1,524.8	-\$1,521.3	-\$1,161.1	-\$749.4	-\$555.1	-\$570.3	-\$9,458.9
% change	1.8%	8.5%	-61.3%	-92.2%	-97.0%	-95.5%	-91.9%	-94.0%	-96.2%	-96.2%	-94.4%	-85.7%	

Source: Destination Canada Estimates (data as of September 17, 2020)

Estimated Change in Tourism Export Revenue Compared to 2019 by Province (\$M)

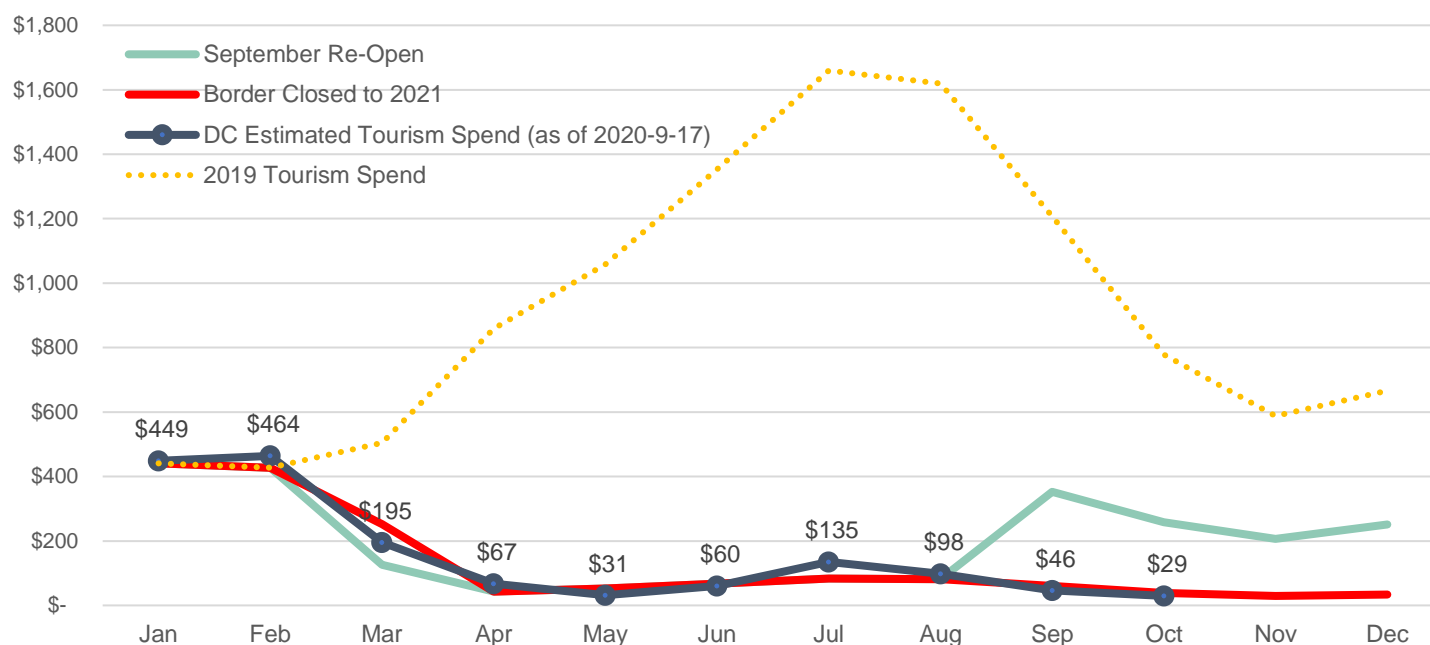
	CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	NORTH
Jan - Sep	-\$7,584.1	-\$1,980.9	-\$702.7	-\$69.3	-\$100.9	-\$2,736.4	-\$1,193.2	-\$161.7	-\$290.4	-\$92.3	-\$45.8	-\$210.3
Jan - Dec	-\$9,458.9	-\$2,479.0	-\$842.7	-\$85.9	-\$129.2	-\$3,443.4	-\$1,523.4	-\$189.9	-\$340.9	-\$116.7	-\$57.1	-\$250.6

Source: Destination Canada Estimates (data as of September 17, 2020)

In March 2020, Destination Canada commissioned Tourism Economics⁸ to develop a series of models to estimate the impact of COVID-19 on the Canadian economy and travel. This initial analysis considered two scenarios: where international travel was possible in July and August, and where it was not possible until September. Given the ongoing travel environment, Destination Canada has updated these scenarios: **September Re-Open** (where non-essential travel into Canada begins in September), and **Borders Closed to 2021** (where non-essential travel into Canada is not possible or encouraged until 2021).

Assessing the current trajectory of COVID-19 against these models will allow Destination Canada and its partners to understand the speed and scale of recovery. The chart below compares the current estimates of tourism spend in Canada against these models.

Estimated Tourism Spend versus September Re-Open and Border Closed to 2021 Scenarios, as of Sep 17, 2020 (\$M)



Source: Destination Canada Estimates, Tourism Economics Estimates

As Americans generally book their travel to Canada up to 40 days in advance, we do not currently have enough data to assess the impacts past October.

Destination Canada currently assesses that the estimated tourism spend in September and October is on track to be on par with the Border Closed to 2021 Scenario. Destination Canada foresees that actual September and October travel may continue to fall as airlines have yet to announce cancellation notices for flights departing these months, which would trigger ticket cancellations or conversions to vouchers for future travel. We will closely monitor any potential changes in this pattern due to "limited exemption" policy at the Canada-US border.

3. METHODOLOGICAL NOTES

Recovery Signals:

Destination Canada has developed a framework to understand the phases of recovery of the travel market. These phases are:

- I. **COVID-19 Response:** Governments are responding with measures such as shelter in place and quarantines. Movement is restricted and travel is either not possible, desirable or encouraged.
- II. **Intra-State Travel:** Some restrictions have been lifted and movement within local areas is possible. Governments will likely recommend that places ensure physical distancing while supporting local economies. Travel by vehicle within a state is possible and not discouraged. Residents are searching for trips within their state. Some travel may be taking place such as day trips or overnight with friends and family.
- III. **Inter-State Travel:** Residents are booking accommodations outside of their state of residency and travelling within the country, across state boundaries.
- IV. **Tentative International Travel:** Some international travel, such as family related or urgent business. There may be some leisure travel from less risk averse travellers seek to capitalize on reduced prices or increased availability. Airlines may not have restored international routes beyond major hubs.
- V. **Regularized International Travel:** Regular international travel. Some business meetings and events are re-introduced, leisure travel is closer to pre-COVID-19 levels.

Description of the Measures The Recovery Measures are listed in their order of importance in understanding travel behaviour, with the primary measures in black and supporting measures in dark grey. A brief description of each measure is provided below.

- **Travel Intent Search Index:** Google search engine queries for travel-related keywords in 2020 compared to 2019 searches, broken down by week (i.e. week of April 19, 2020 vs. week of April 19, 2019). Available for each market's intra-state/territorial and inter-state/territorial travel search terms.
- **Rate of Accommodation Searches:** Weekly searches in 2020 for accommodation on a major online travel agency (OTA) against a rate of 2019 weekly searches, broken down by week. Available for each market's intra-state/territorial, inter-state/territorial, international and Canada-specific accommodation searches. This is provided as a rate rather than a volume of searches.
- **Rate of Hotel Bookings:** Accommodation bookings in 2020 on a major OTA against a rate of 2019 bookings, broken down by week. Available for each market's intra-state/territorial, inter-state/territorial, international and Canada-specific accommodation bookings. This is provided as a rate rather than a volume of bookings.
- **Rate of Air Travel:** The volume of forward-looking 2020 air bookings by month from US states to Canadian provinces/territories versus 2019 air bookings, broken down by week. By comparing against the 2019 average of when travel was booked for and when it was booked, this establishes the amount of impact against each month of travel. When appropriate, this assessment is supplemented by analysis of the forward-looking planned air seat capacity within a country and to other countries.
- **Weekly New COVID-19 Confirmed Cases:** The weekly total of new confirmed COVID-19 cases, as provided by the European Centre for Disease Prevention and Control. Number of cases in the market and within other regions of Canada will likely be a determining factor for both governments allowing phased return of travel, as well as consumer confidence in traveling to a market.
- **Dining, Attractions & Events Search Index:** Google searches for dining, attraction and event-related keywords in 2020 compared to 2019 searches, broken down by week. Available for each market's intra-state/territorial, inter-state/territorial, international and Canada-specific dining, attraction, and event-related search terms. This is provided as an index rather than a volume of searches.
- **General Trend:** This measure provides clarity regarding stability of the Overall Assessment for each market based on the following criteria:
 - **Flat:** Indicates either no change or fluctuations equal to or less than 10% in the key primary measures, within the past three weeks.
 - **Upward:** Indicates an upward trend with an increase of more than 10% in the key primary measures, within the past three weeks.

- **Downward:** Indicates a downward trend with a decrease of more than 10% in the key primary measures, within the past three weeks.
- **Variable:** Indicates fluctuations in trend with a decrease and/or increase of more than 10% in the key primary measures, without a clear direction, within the past three weeks.
- **Restriction Level:** The known travel bans and restrictions in the country using the following scales, as identified in [The Washington Post](#), [The New York Times](#), and/or states' official website:
 - **Major restrictions:** Personal care businesses, such as salons and barbers, gyms and most non-essential businesses remain closed. Restaurants and bars may not seat patrons. Face coverings and six-foot distancing are required. Public gatherings larger than ten are not permitted.
 - **Moderate restrictions:** Many of the above businesses may reopen with limited capacity, while bars and gyms remain closed.
 - **Minor restrictions:** Bars, theatres, casinos and/or concert halls may reopen, with larger groups permitted.
 - **Paused/scaled back:** The reopening plan is paused or scaled back in some counties/areas within the state or statewide, due to an increasing number of new COVID-19 cases.
- **Interest in Travel to Canada:** Destination Canada's assessment of Google travel search queries related to Canada.
 - **Very low:** Indicates the level of travel search queries is lower than or near to the lowest point right after the travel restriction was put in place.
 - **Low:** Indicates the level of travel search queries is in between very low and medium.
 - **Medium:** Indicates the level of travel search queries has been increasing since the lowest point right after the travel restriction was put in place but has not reached 2019 level yet.
 - **High:** Indicates the level of travel search queries is on par or greater than the 2019 level.

Sources:

¹ <https://www.washingtonpost.com/graphics/2020/national/states-reopening-coronavirus-map/>

² <https://www.nytimes.com/interactive/2020/us/states-reopen-map-coronavirus.html>

³ <https://forward.ny.gov/>

⁴ <https://covid19.ca.gov/roadmap/>

⁵ <https://www.governor.pa.gov/process-to-reopen-pennsylvania/>

⁶ <https://mn.gov/covid19/for-minnesotans/stay-safe-mn/stay-safe-plan.jsp>

⁷ <https://coronavirus.dc.gov/reopencdc>

⁸ Tourism Economics, COVID-19's Impact on Canadian Tourism, March 23, 2020
<https://www.destinationcanada.com/en/coronavirus-updates/covid-19-research>