

COVID-19 Impact and Recovery Report: US

Updated: May 5, 2020

This document provides an evergreen document of the situation in the US. It has the following sections:

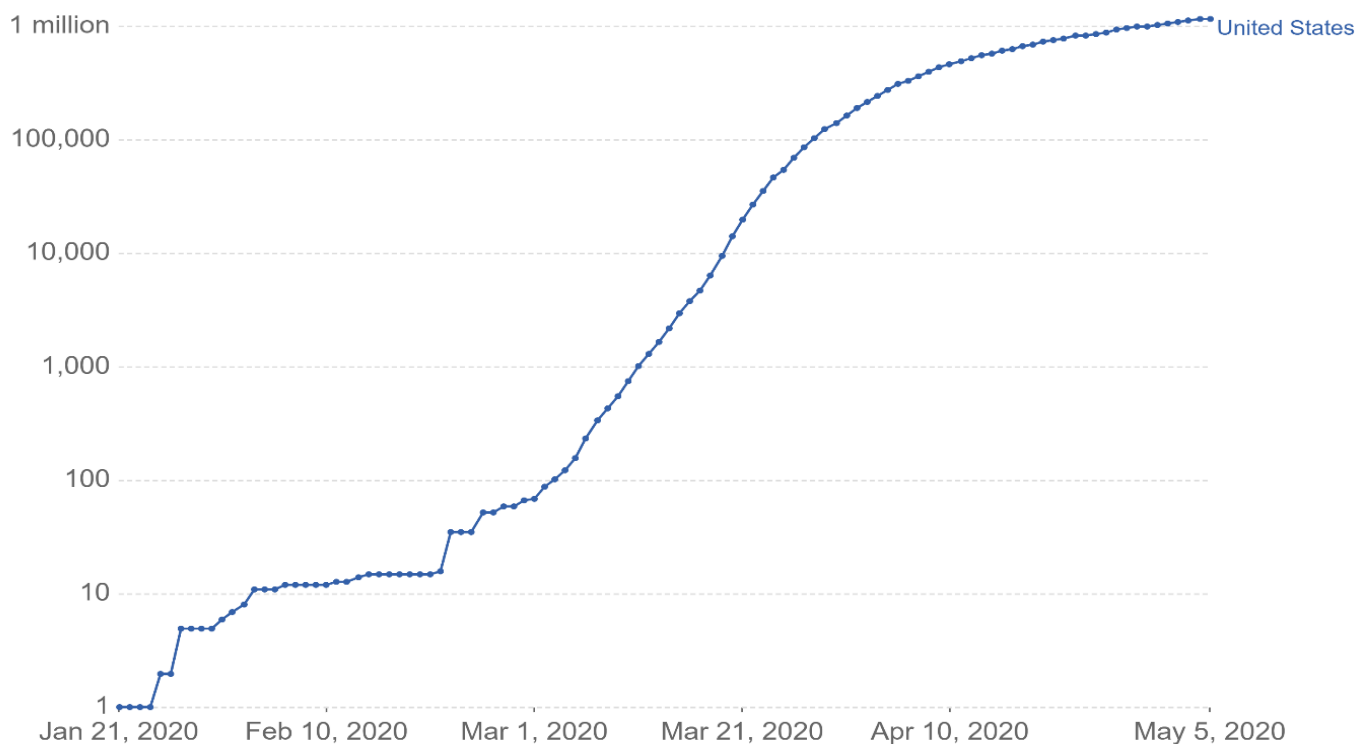
1. **COVID-19 Cases:** The number and pace of growth of cases as of a certain date. Given the fluidity of the situation, these numbers will be out of date very quickly, but their intent is to provide context for the analysis, as well as a sense of the scale of the situation. It also provides the known travel bans and restrictions in the country.
2. **Estimated Impacts on Travel to Canada:** Estimates on the impacts on tourism revenue in Canada. This includes estimated spend inside the country, but excludes spending on transportation to get to Canada.
3. **Recovery Signals:** Destination Canada has developed a comprehensive approach to understanding if the market is recovering, from a travel perspective. Bases on data and analysis in partnership with Google, Expedia, IATA and more, Destination Canada has an estimate on the stage of recovery of the market.
4. **Methodological Notes:** An explanation of the methodologies in the different sections, and the sources.

1. COVID-19 CASES IN THE US

As of May 5, the coronavirus pandemic is still on an **upward** trajectory in terms of the reported number of confirmed cases and deaths. Current numbers¹:

- Total Confirmed: 1,203,502
- Total Deaths: 71,022
- Total Recovered: 189,791

Confirmed COVID-19 Cases

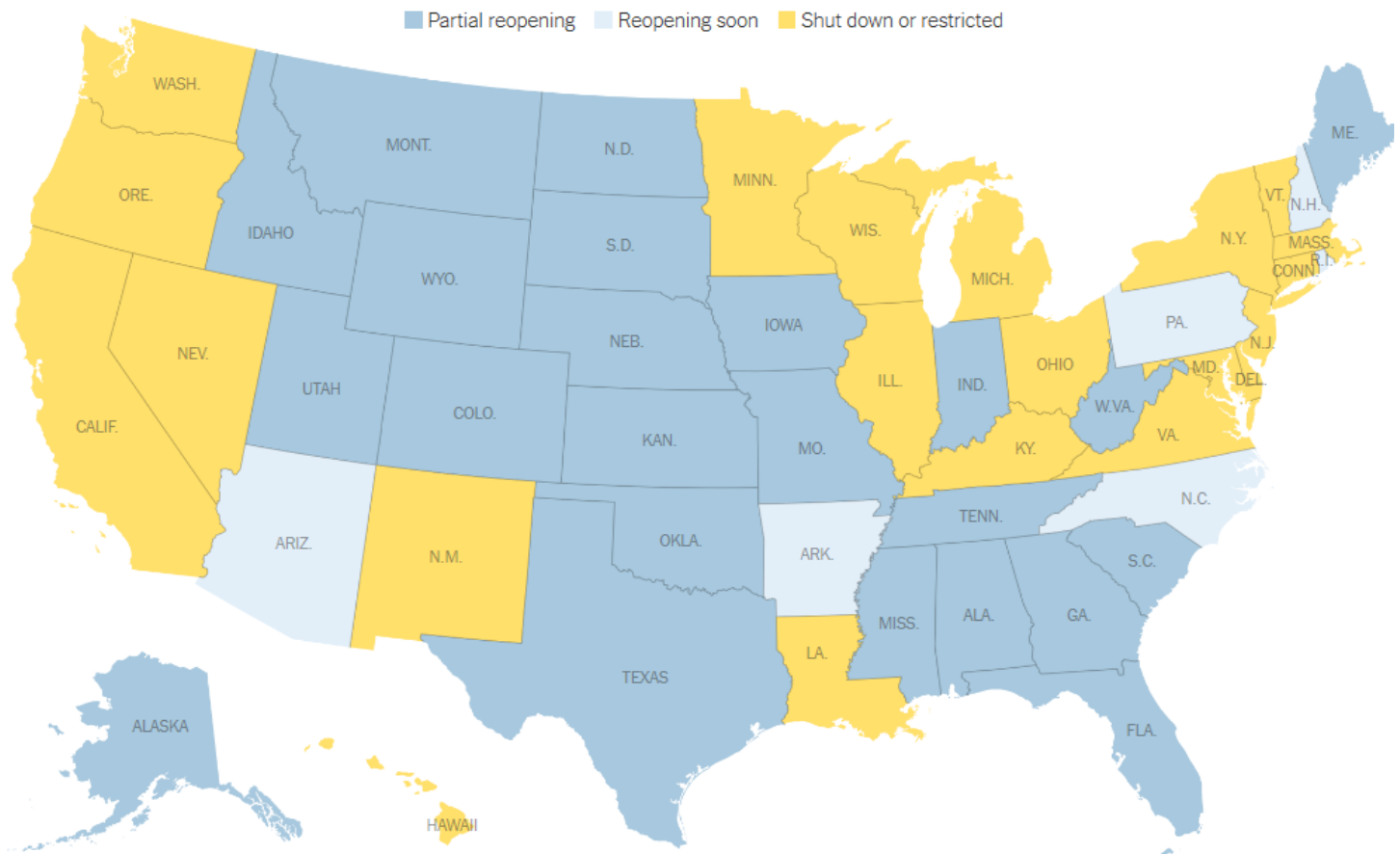


Source: European CDC

Effective March 18, Canada has closed its borders to non-Canadian citizens/permanent residents.² In addition, Canada and the US have closed the land border between the two countries to non-essential travel as of March 21.³ The US-Canada border closure is in extended until May 20.⁴

On March 19, the US State Department issued an advisory to US citizens to avoid all international travel. The current advisory level is: Global Level 4 Health Advisory – Do Not Travel.⁵

After weeks of shutdown because of the coronavirus pandemic, the nation has begun to slowly open up. Beaches and state parks are reopening to visitors, spurring concerns about overcrowding. The first barbers have returned to work, masks over their faces. Some restaurants are getting ready to serve customers again.⁶



About half of the states have begun to reopen their economies and public life in some meaningful way, though health experts have expressed concern that a premature opening could lead to a spike in coronavirus infections that would not be detected in official case counts for weeks. Many areas are still seeing cases grow, and the number of known deaths related to coronavirus in the United States has passed 67,000. Below is the summary of status among Destination Canada’s 12 target DMA’s:

Reopening:

- **Colorado:** Gov. Jared Polis, a Democrat, asked Colorado to transition to a “safer at home” approach, in which retail businesses could open for curbside pickup and real estate showings could resume. On May 1, personal care businesses can reopen with precautions. Mr. Polis said he still expected people to maintain 60 to 65 percent physical distancing.
- **Georgia:** Gov. Brian Kemp, a Republican, went toe-to-toe with the White House and local mayors over his decision to reopen large parts of Georgia’s economy ahead of other states, starting April 24. Like other governors, Mr. Kemp laid out certain requirements — including screening workers for fever — and said it would not be “business as usual.”
- **Texas:** Gov. Greg Abbott said allowed his stay-at-home order to lapse on April 30, a move that gave Texas, the nation’s second-largest state, one of the shortest such orders in the country. Mr. Abbott, a Republican, said that Texas had expanded testing and stocked up on protective equipment. All retail stores, restaurants, movie theaters and malls were allowed to reopen May 1, with limited capacity.

Will reopen soon:

- **Pennsylvania:** Gov. Tom Wolf, a Democrat who took a county-by-county approach to restrictions before issuing a statewide stay-at-home order on April 1, has said he will take a similar approach to reopening. His plan for reopening will be color-coded and come in phases — red, yellow and green — starting with the northwestern and central parts of the state.

Shutdown or restricted:

- **California:** California was the first state in the nation to order all residents to stay at home. Gov. Gavin Newsom, a Democrat, said that the state could tiptoe toward reopening with retail businesses offering curbside service. But he has warned that the state is months away from any return to normal.
- **District of Columbia:** Stay at home in effect since April 1 and set to expire May 15.
- **Illinois:** Gov. J.B. Pritzker, a Democrat, extended the state's stay-at-home order through the end of May, but he loosened restrictions on certain outdoor activities starting May 1. Like some other governors, Mr. Pritzker also ordered residents to wear face masks in public.
- **Massachusetts:** Stay at home in effect since March 24 and set to expire May 18.
- **New York:** Gov. Andrew M. Cuomo, a Democrat who has become a national player in the handling of the coronavirus outbreak, laid out a broad outline for a gradual restart in New York, allowing some “low-risk” businesses upstate to reopen as soon as mid-May. He did not speculate about when restrictions would be eased in New York City and its surrounding suburbs, which have been hardest hit by the virus.
- **Washington:** Gov. Jay Inslee, a Democrat, extended Washington's stay-at-home order through the end of May. He said he would allow some local jurisdictions to petition the state for limited openings.

2. ESTIMATED IMPACTS ON TRAVEL TO CANADA

As of April 30, 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	Total Q1	APR	MAY	JUN	Total Q1+Q2
\$ change compared to 2019 (\$M)	\$7.8	\$36.5	-\$309.1	-\$264.8	-\$791.5	-\$1,026.7	-\$932.3	-\$3,015.2
% change	1.8%	8.5%	-61.3%		-92.2%	-97.0%	-68.9%	

Source: Destination Canada Estimates (data as of April 30, 2020)

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

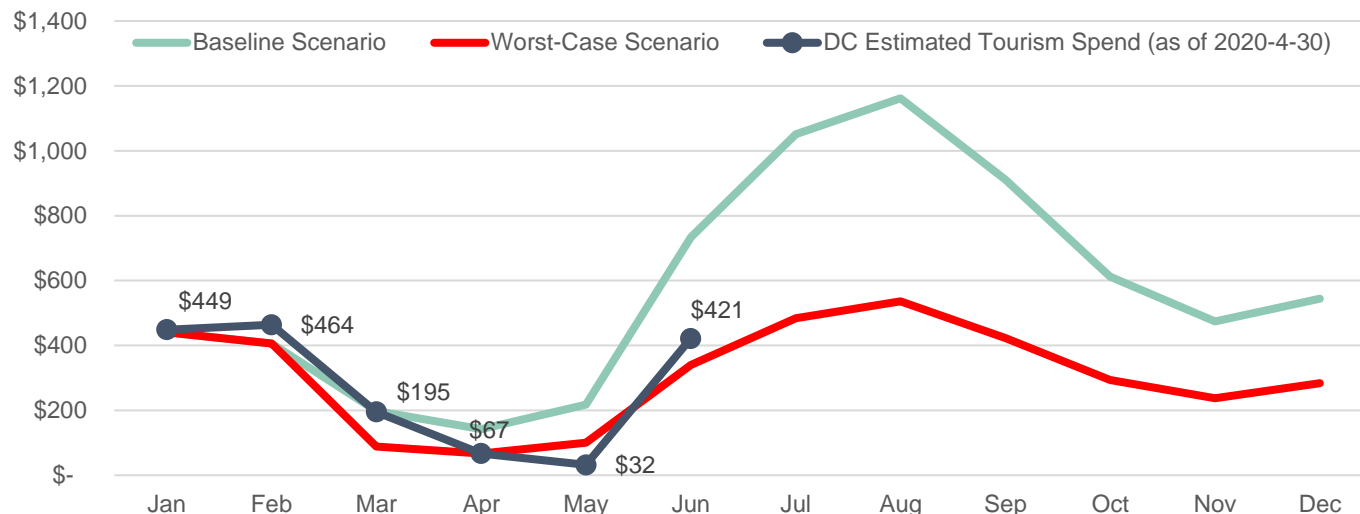
	CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	NORTH
Jan - Mar	-\$264.8	-\$83.1	-\$17.1	-\$1.8	-\$3.7	-\$100.8	-\$83.1	-\$2.2	-\$2.3	-\$1.3	-\$0.7	-\$2.8
Jan - Jun	-\$3,015.2	-\$765.0	-\$253.8	-\$29.8	-\$46.8	-\$1,182.4	-\$473.7	-\$43.4	-\$71.9	-\$28.6	-\$10.2	-\$109.7

Source: Destination Canada Estimates (data as of April 30, 2020)

Destination Canada has commissioned Tourism Economics⁷, to develop a series of models to estimate the impact of COVID-19 on the Canadian economy and on travel. This analysis considers two scenarios – **Baseline Scenario:** Travel is possible in July and August, and **Worst-Case Scenario:** No travel in July and August.

Assessing the current trajectory of COVID-19, against these models will allow Destination Canada and its partners to continue to refine our estimates of impacts, and to understand the speed and scale of recovery. The chart below compares the current estimates against these models.

Estimated Tourism Spend versus Tourism Economics Baseline and Worst-case Models, as of April 30, 2020 (\$M)



Source: Destination Canada Estimates, Tourism Economics Estimates

As Americans generally book their travel to Canada around 30 days in advance, we do not currently have enough data to assess the impacts past June.

Destination Canada currently assesses that May will be below Worst-Case Scenario. At this point, the data indicates that June is tracking in-between baseline and worst-case scenarios. While this may reflect some optimism in the US that the border will re-open, we assess that it is more likely due to travellers waiting until closer to their planned travel date to rebook, in order to have a clearer view on when and where they can travel to.

3. RECOVERY SIGNALS

Due to the COVID-19 crisis, 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 4. Methodological Notes.

Destination Canada's Assessment of the US market:	I COVID 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.
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Assessment Summary:

	Phase						Analysis
	I COVID Response	II HyperLocal	III Regional	IV Inter-State	V Tentative Int'l	VI Regularized Int'l	
Travel Search Index	●	○	○	○	○	○	YOY domestic travel searches have been on the decline since the week ending January 5.
Accommodation Searches on OTA	●	○	○	○	○	○	YOY domestic accommodation searches were on the decline since mid-February and have been fluctuating since the week ending March 22.
Rate of Hotel Booking	●	○	○	○	○	○	YOY domestic accommodation bookings were on the decline since the mid-February and have been fluctuating since the week ending March 22.
Rate of Air Travel	△	△	△	○	○	○	Not applicable at this stage.
New COVID Cases	●	○	○	△	△	△	The number of weekly new cases in the US is beginning to decline; however, the number of new cases for the week ending May 3 remains very high at 194,016.

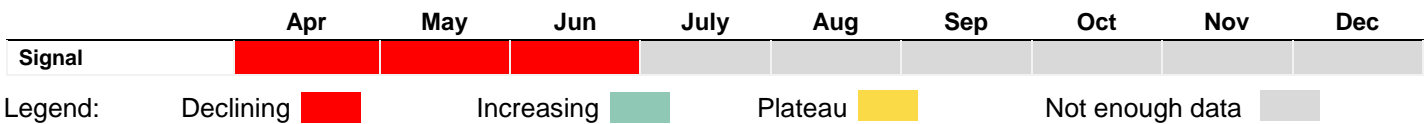
COVID-19 Search Index							Under development.
Dining / Events Search Index	●	○	○	□	□	□	YOY domestic dining searches have been on the decline since mid-February. YOY domestic activities searches have been on the decline since the week ending January 5.
Traveller Path to Purchase	□	○	○	○	○	○	Not applicable at this stage.
Social Sentiment							Under development.

Legend: Current phase ● Not there yet ○ Signal not applicable □

Future Planned Travel

The framework above provides analysis on when travellers may considering, planning and reserving travel. The chart below provides signals for the future dates being booked for travel to Canada. This assessment is based on net planned travel (new bookings less cancellations) from the country to Canada, compared to past travel behaviour. A 'declining' signal indicates that the net planned travel is falling week over week, and is likely not a period currently being considered for travel. A 'plateau' signal indicates no change week over week. An 'increasing' signal indicates there is an increase in net planned booking week over week, and that this time period is being considered for travel to Canada. A signal of 'not enough data' indicates that travellers do not normally book that far in advance, and so we cannot assess the signal at this time.

Planned Travel for United States to Canada as of April 30, 2020



4. METHODOLOGICAL NOTES

I. COVID Cases: The intention for this section is to provide context for the impact and recovery analysis by providing a snapshot in time of the state of the outbreak and government restrictions. For the most current information on COVID-19 in that country, readers are encouraged to seek information from official government sources.

II. Estimated Impacts: The estimates are based on data from spending on credit and debit cards in Canada for January, February and March, normalized against Statistics Canada data. For April onwards, forward-looking air booking and cancellation data from IATA accredited travel agencies is used. Destination Canada estimates this accounts for 22% of the air travel market from the US to Canada in 2019. Also used in the analysis is the forward looking scheduled air capacity. These impacts are based on modelled estimates from 2018 spending data, adjusted for travel growth, and using payment card data from 2019 and 2020 wherever possible. The analysis should be taken as indicative only.

Based on in-market intelligence, we know that travel agents and operators have prioritized repatriation of clients in areas with outright travel bans (e.g. Middle East, India, Peru), and are not processing cancellations normally. Different airlines also have different systems to re-book travel, some of which are incenting a late rebooking (i.e. closer to the original date of travel). As such, the forward booking data likely over-represents the amount of travel that will happen and should be taken as an upper bound.

III. Recovery Signals: 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 and light grey. A brief description of each measure is provided below.

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. **Hyper Local to Local Travel Only:** 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.

- III. **Regional Travel:** Travel by vehicle within a province/territory/state is possible and not discouraged.
- IV. **Inter-State or Inter-Provincial Travel:** Travel by multiple means (air, car, trains, etc.) within the country, across provincial/territorial/state boundaries.
- V. **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 increases availability. Airlines may not have restored international routes beyond major hubs.
- VI. **Regularized International Travel:** Regular international travel. Some business meetings and events are re-introduced, leisure travel is closer to pre-COVID-19 levels.

A filled-in dot signifies that Destination Canada assesses we are in that phase of travel. An empty dot means we have not yet reached that indicator, and the crossed off box would signify that the measure does not apply for that phase of recovery. Some measures are currently being developed and will be updated as further progress is made.

Description of the Measures

- **Travel Intent Search Index:** 2020 searches on Google's search engine for travel related keywords compared to 2019 searches, broken down by week (i.e. week of April 19th, 2020 vs week of April 19th, 2019). Available for each market's domestic, international, and Canada specific travel search terms.
- **Rate of Accommodation Searches:** 2020 weekly searches 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 domestic, international, and Canada specific accommodation searches. This is provided as a rate rather than a volume of searches.
- **Rate of Accommodation Bookings:** 2020 accommodation bookings on a major OTA against a rate of 2019 bookings, broken down by week. Available for each market's domestic, international, and Canada 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 to Canada versus 2019 air bookings, broken down by week. By comparing against the 2019 average of when travel is booked for, and when it is booked, this establishes the amount of impact against each month of travel. When appropriate, this assessment is supplemented by analysis on 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 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.
- **COVID-19 Search Index:** An index of COVID-19 related queries on Google's search engine, covering a number of topics from economic (unemployment insurance, jobs, etc.) to health related terms. In development.
- **Dining, Attractions & Events Search Index:** 2020 searches for dining, attractions & events related keywords compared to 2019 searches, broken down by week. Available for each market's domestic, international, and Canada specific dining, attractions and events related search terms. This is provided as an index rather than a volume of searches.
- **Path to Purchase Ratio (Survey):** This survey will be deployed once a number of measures such as travel intent searches and accommodation searches trend upwards. It will trend, on a bi-weekly cadence, what phase in the path to purchase our target travellers in each market are in. It will also try to fill in some gaps that other measures/surveys do not provide, such as consumer confidence. In development.
- **Sentiment Ratio from News and Social Media:** A review of the current news and social media landscape and ratio of positive/negative/neutral conversations related to travel. In development.

Sources:

¹ Johns Hopkins Coronavirus Resource Center, May 5, 2020 5pm PST

<https://coronavirus.jhu.edu/map.html>

² National Post, March 16, 2020

<https://nationalpost.com/news/canada/trudeau-travel-restrictions-ban-coronavirus-covid19-canada>

³ The Globe and Mail, March 19, 2020

<https://www.theglobeandmail.com/canada/article-evening-update-canada-us-border-restrictions-to-take-effect-friday/>

⁴ Global News, April 18, 2020

<https://globalnews.ca/news/6836829/coronavirus-trudeau-april-18/>

⁵ US State Department, March 19, 2020

<https://travel.state.gov/content/travel/en/traveladvisories/ea/covid-19-information.html>

⁶ New York Times, May 5, 2020

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

⁷ Tourism Economics, COVID-19's Impact on Canadian Tourism, March 23, 2020

<https://www.destinationcanada.com/en/coronavirus-updates/covid-19-research>