



CAPE BRETON ISLAND

Your Heart Will Never Leave



Tourism Industry Update – May 1, 2020

DCBA's COVID-19 Pandemic Actions

1. Industry Communication
2. Advocacy for the Industry
3. Contingency Planning
4. Short-term Initiatives



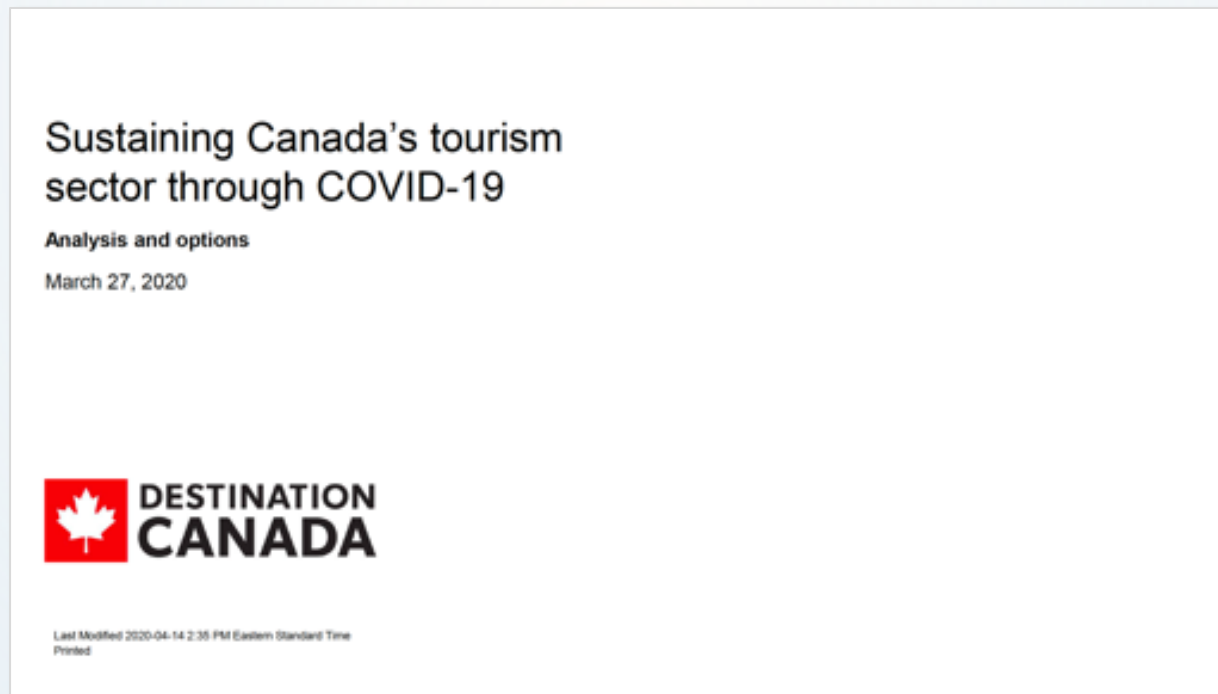


Gaps in Industry Assistance

McKinsey Report for Destination Canada

“61,000 tourism businesses (57% of total) are projected to fail within the next 60 days, and 1.66 million tourism sector employees could be laid off (~83% of total).”

- As of March 27 announcements by the Federal Government



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

Gaps

- **2020 Peak Season Revenue Loss**
 - Advocacy for a \$15B tourism industry relief package
- **Loan Relief during Shutdown**
 - Advocacy for interest deferrals and more flexible terms
- **Rent Relief**
 - Advocacy for more businesses to be included under NS program
- **NS Small Business Impact Grant**
 - Advocacy for seasonal operators
- **Wage Subsidy Adjustments for Family Members**
 - Advocacy for adjustment, if extended beyond June 6
- **Culture and Heritage Organizations**
 - Advocacy for one-time doubling of annual funding
- **Seasonal Employees**
 - Advocacy for EI benefits extension, if necessary

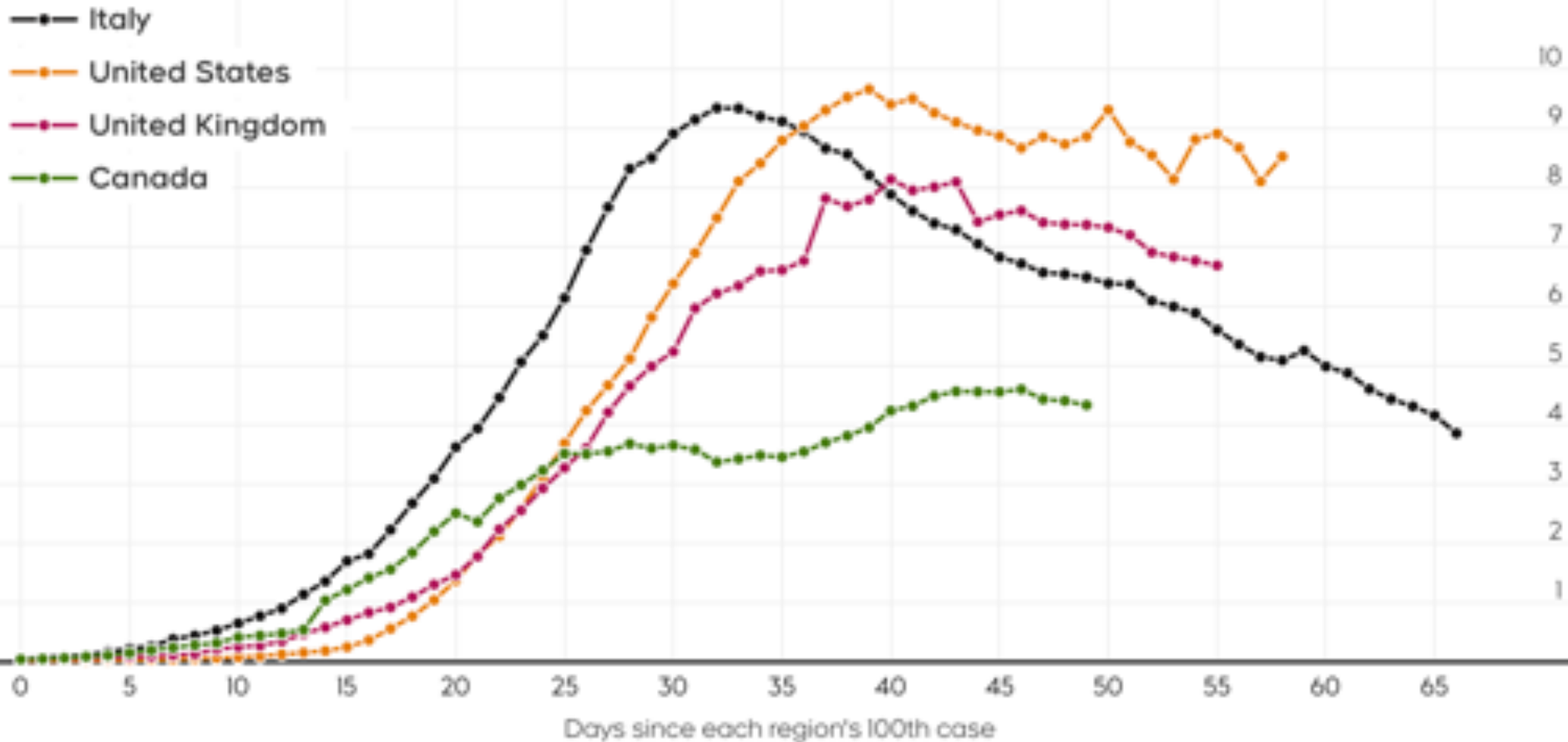


Contingency Planning for 2020

Comparing the Curve

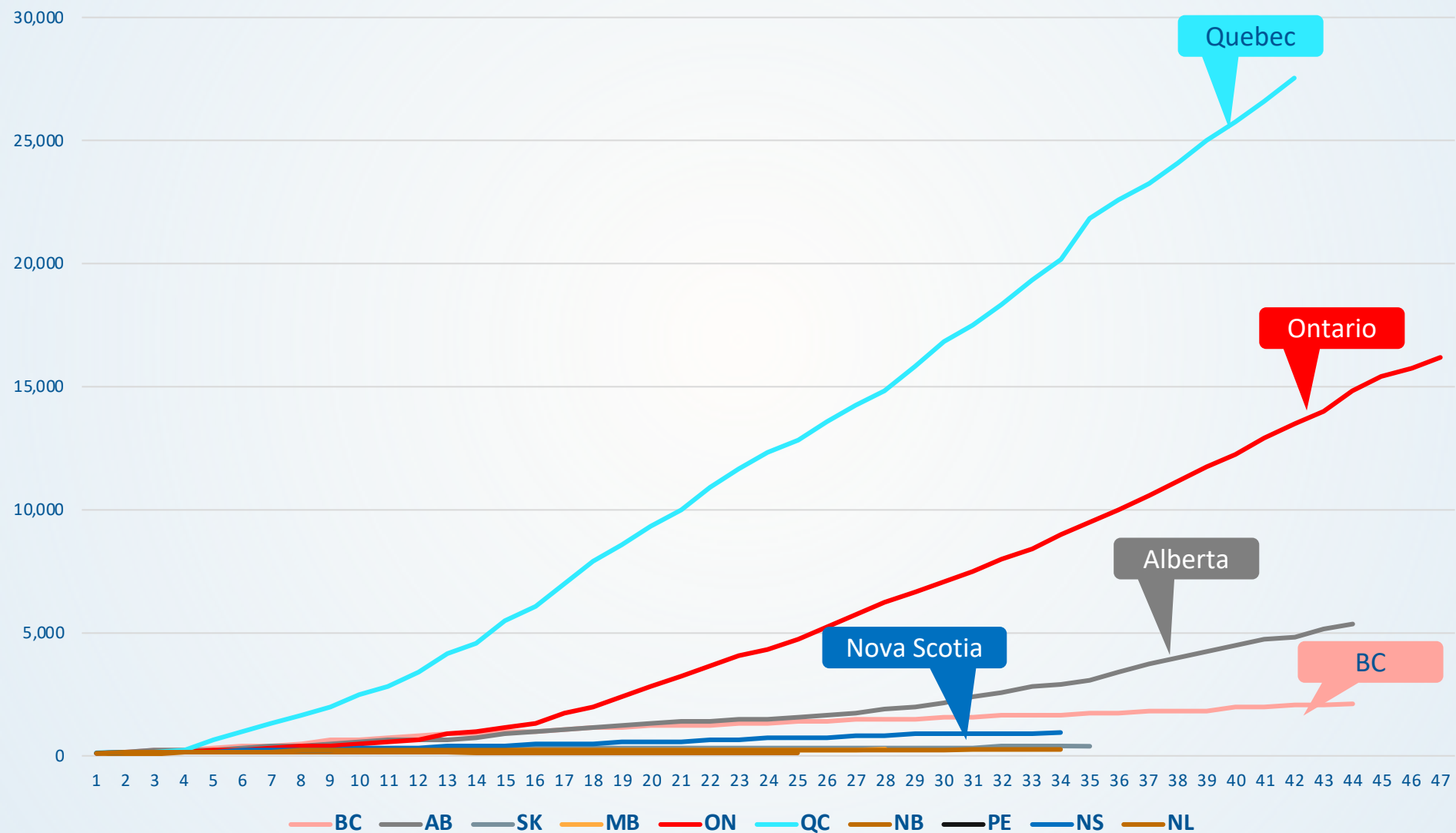
COVID-19 Cases (7-day avg, per 100K)

Cases Deaths Total Daily 7-Day Raw /100K

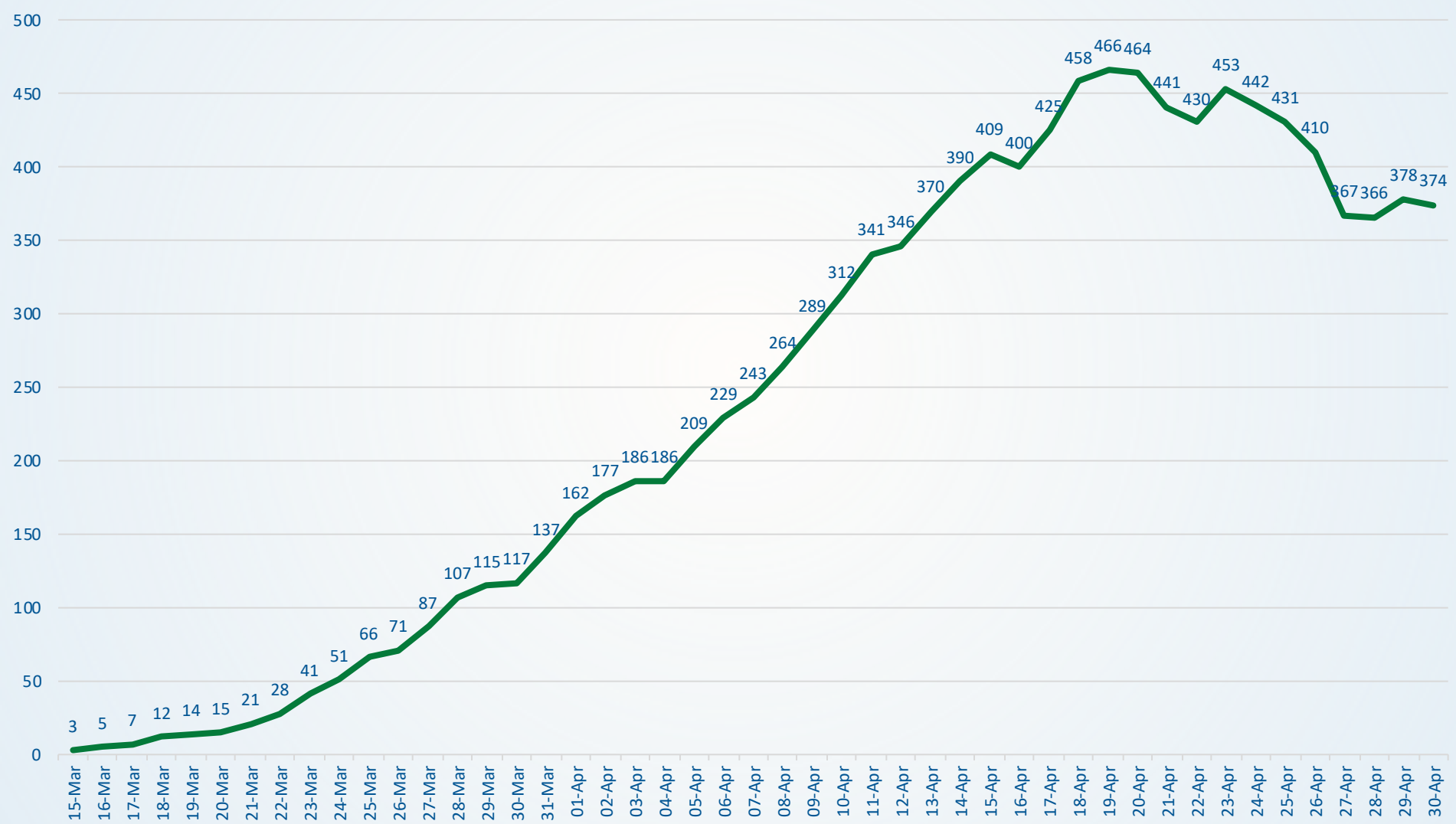


COVID-19 Cases by Province

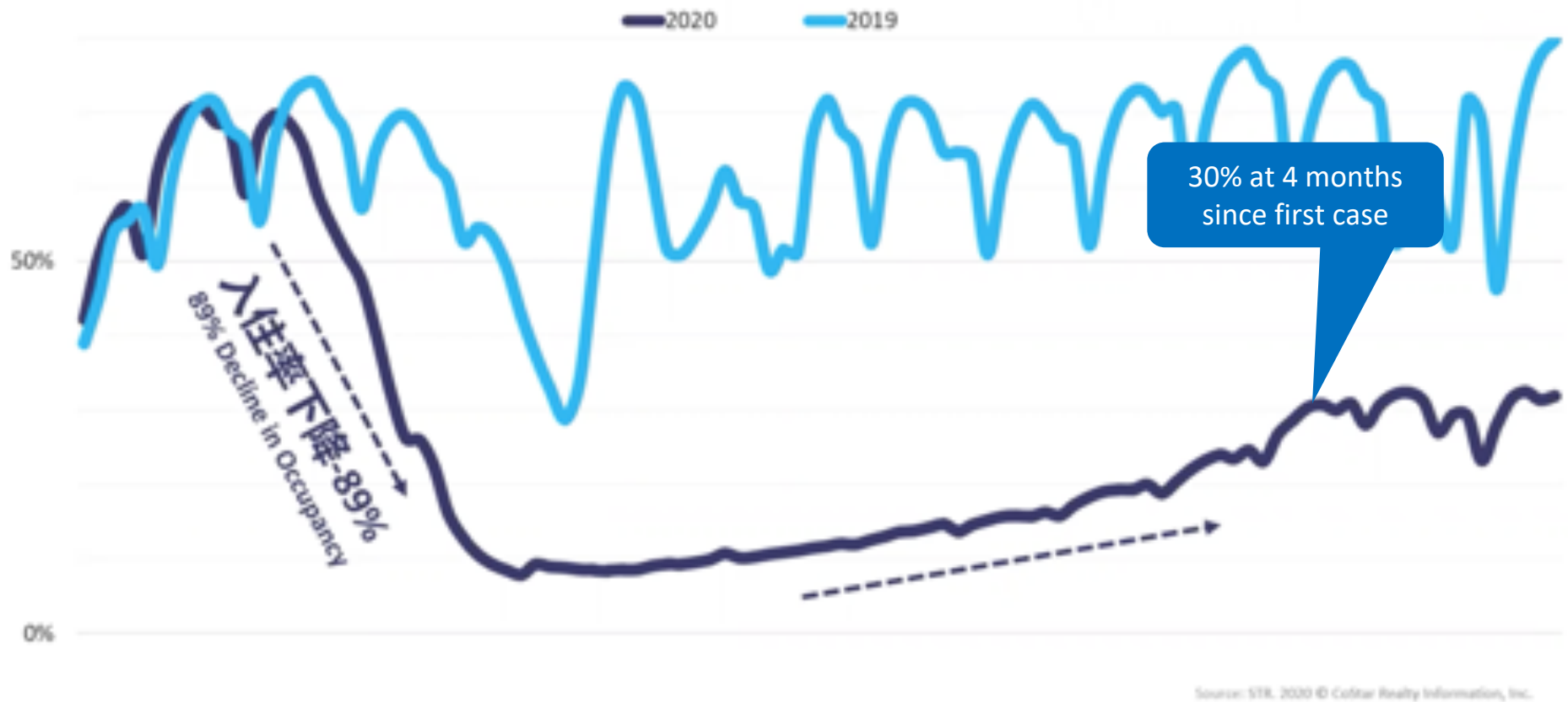
Days since 100th case



Active COVID-19 Cases in Nova Scotia



China Occupancy Data

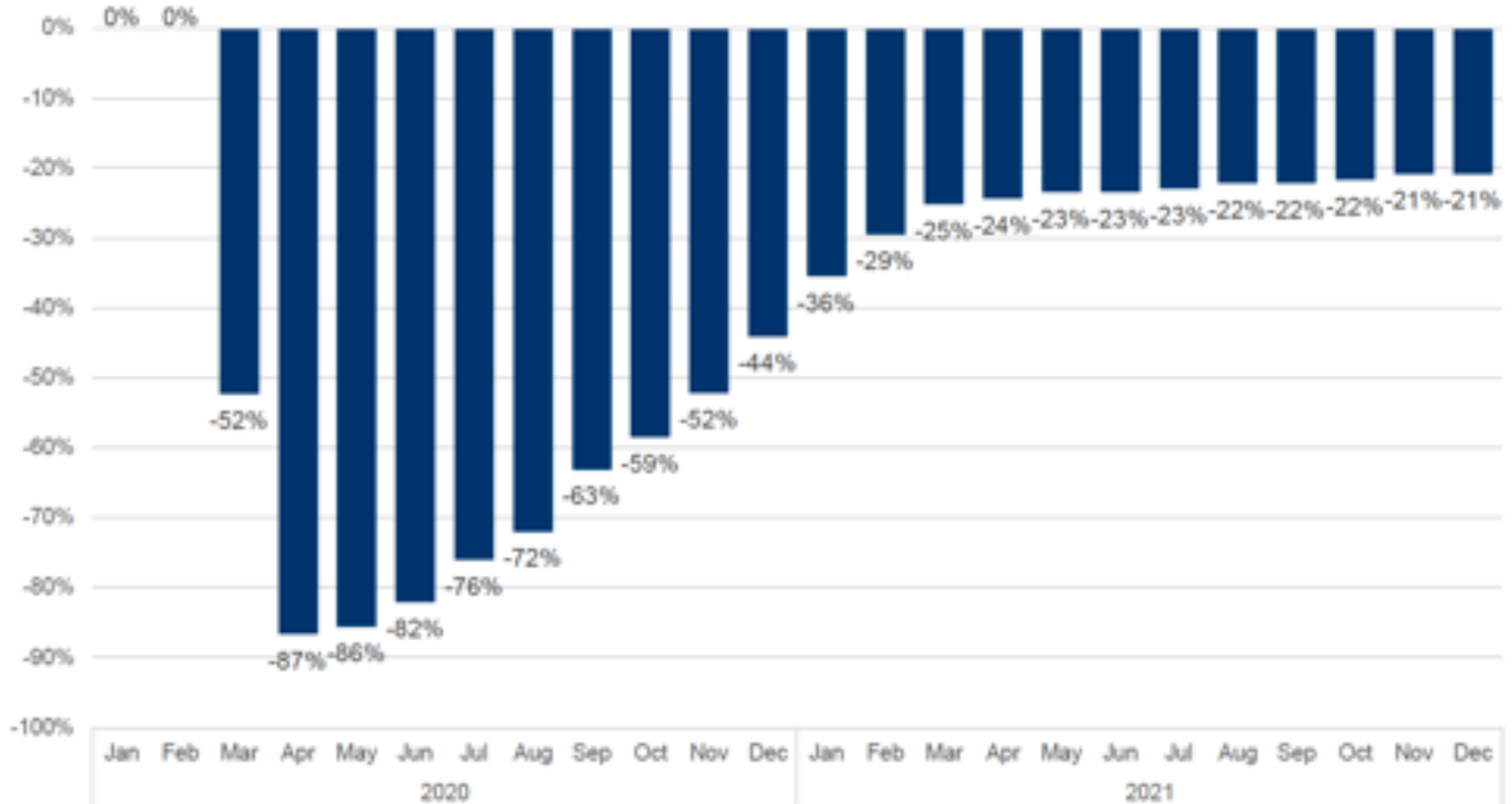


A similar trend would put Nova Scotia at 30% occupancy by mid-July.

Forecast for 2020-21

Covid-19 scenario losses: Room revenue

Percentage difference from counterfactual



The Recovery Picture



Demand

- Pent-up demand
- Reluctance to travel for safety reasons



Supply

- Social distancing restrictions
- Most major events cancelled until fall or beyond
- Flights restricted or cancelled due to lack of demand
- Cruise shutdown or restriction
- Resident concern over visitors



Economy

- Significant impact on disposable income
- Retirement savings impacted

COVID-19 Contingency Scenarios for 2020

Scenario	Nova Scotia	Canada	US	Potential Outcome
1	No significant clusters or community transmission	No significant clusters or community transmission	Large clusters and/or community transmission	<ul style="list-style-type: none"> • Travel restrictions remain for US and international markets • Potential for lifting of social distancing • Some potential for limited reduction of travel restrictions within Canada • Some potential for limited travel recovery of Canadian markets
2	No significant clusters or community transmission	Large clusters and/or community transmission in Ontario and Quebec, but not Atlantic Canada	Large clusters and/or community transmission	<ul style="list-style-type: none"> • No change in travel restrictions • Potential for removal of some social distancing in Nova Scotia • Opportunity for start of recovery of local services, restaurants, and experiences • Potential for in-province NS travel and perhaps regional
3	Large clusters and/or community transmission	Large clusters and/or community transmission	Large clusters and/or community transmission	<ul style="list-style-type: none"> • No removal of social distancing or travel restrictions until a vaccine or herd immunity is in place

Scenario 2 is most likely for the 2020 season.

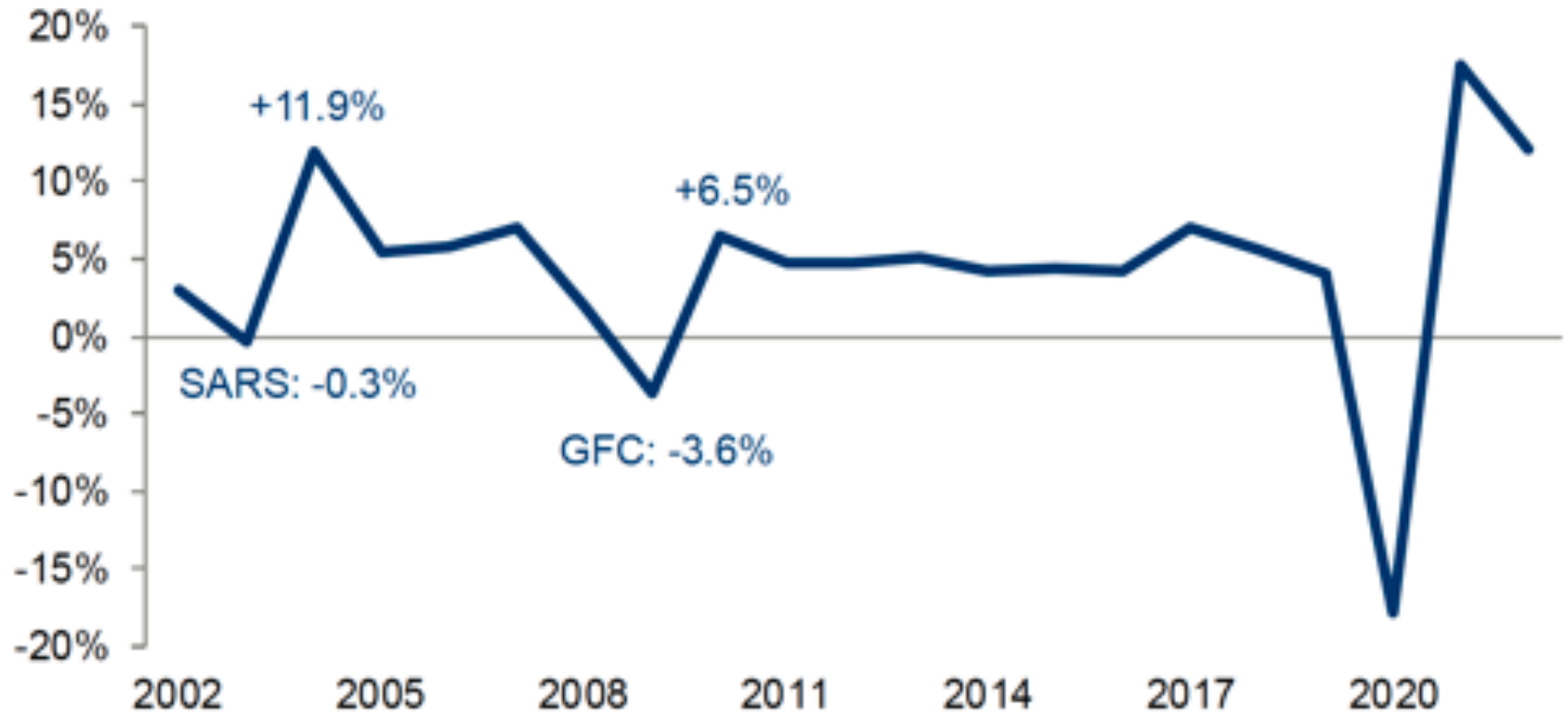
Scenario 2: 2020 Season

- Restart of season will likely start in July, with social distancing lasting throughout summer and gradually easing
- In-province campaign initially focusing on experiences that can adapt for social distancing – Note: NS residents account for 38% of NS tourism revenues ~ \$990M
- No festivals and events for the summer, unless they can adapt to social distancing; possibility for the fall
- Possibility of regional travel, primarily drive, in late summer/fall
- Cruise season likely cancelled for 2020
- Out of region flights likely cancelled or limited for 2020
- Winter season for 2021 focused on in-region travel
- Potential for better 2021 season

Cautious Outlook for 2021

Global tourist arrivals

Annual growth, %



A strong rebound is forecast, but not back to 2019 levels until 2022.

Travelers can't wait to book their next trip



82% of respondents are excited to plan their next trip post Covid-19



63% have spent time in the last week planning and researching potential trips to take post Covid-19



50% have spent up to five hours in the last week planning their next trip post Covid-19



Next Steps

For Operators

- **Apply for assistance, where possible**
 - <https://www.cbisland.com/dcba-industry-page/covid-19-coronavirus-tourism-industry-resource-page/>
 - Cape Breton Partnership providing assistance to navigate programs
 - Apply and get rejection letters to current programs
- **Plan for opening with social distancing, if possible/feasible**
 - Suggest projections with 70% reduction from 2019 in summer; 60% in fall
 - Explore safety protocols
- **Make adjustments to website, social and listings**
 - Provide updated information to inform potential visitors about safety measures and other adjustments to your experience
- **Explore innovative approaches**
 - Value-added experiences for smaller numbers
- **Maintain rates**
 - Visitors will be looking for value, not discounts

Destination Cape Breton Recovery Planning

- **Discussions with Tourism NS and NS DMOs**
 - In-province 'Staycation' and regional campaigns being planned
- **Cape Breton campaign**
 - Focused on activities that can be done with social distancing
 - Utilizing local ambassadors and residents to create content
- **Discussions with TIANS re: safety protocols**
 - Cleaning & disinfection, social distancing
- **Advocating for stimulus**
 - Shovel-ready projects that align with Cape Breton Island 2030 Strategy



Questions?