

COVID-19 Impact and Recovery Report: United Kingdom

Updated: May 12, 2020

This report provides a snapshot of the situation in the United Kingdom (UK). It includes the following sections:

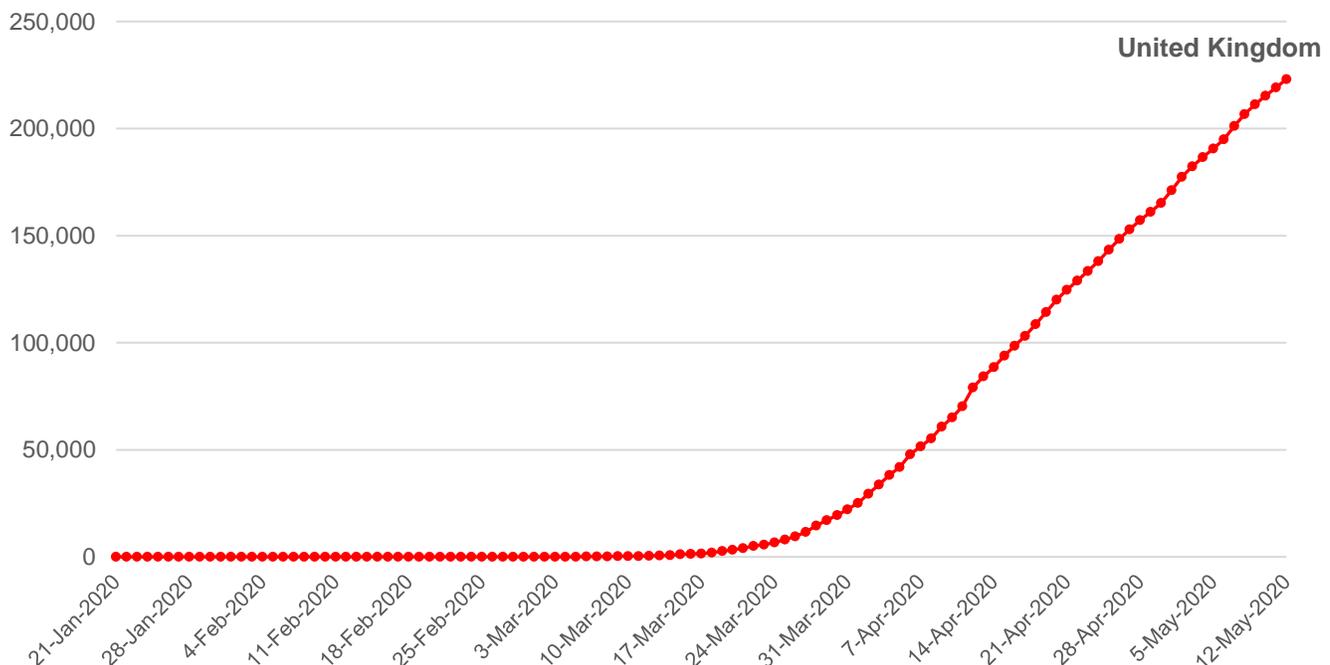
- COVID-19 Cases and Related Restrictions:** The number and growth rate of cases as of a certain date. Given the fluidity of the situation, these numbers will be out of date very quickly, but the intent is to provide context for analysis, as well as a sense of the scale. It also provides the known travel bans and restrictions in the country.
- 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.
- 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, Expedia, International Air Transport Association (IATA) and more. Destination Canada uses this information to estimate the stage of recovery of the market.
- Methodological Notes:** An explanation of the methodologies in the different sections and relevant sources.

1. COVID-19 CASES AND TRAVEL RESTRICTIONS IN THE UNITED KINGDOM

As of May 12, the COVID-19 pandemic is still on an **upward** trajectory in the United Kingdom in terms of the reported number of confirmed cases and deaths. Current numbers¹:

- Total Confirmed: 227,740
- Total Deaths: 32,769

Confirmed COVID-19 Cases



Source: European CDC (as of May 12, 2020)

Effective March 18, 2020, Canada closed its borders to non-Canadian citizens/permanent residents². The United Kingdom issued an advisory against all non-essential international travel as of March 17, 2020, and strongly advised that UK residents outside of the country return to the UK if possible, due to widespread flight suspensions and airport closures³.

Effective March 23, 2020, the British government introduced lockdown and social distancing measures, including:

- Requiring people to stay at home, except for very limited purposes (food, healthcare or work that cannot be done from home)
- Closing non-essential shops and community spaces
- Stopping all gatherings of more than two people in public^{4,5}

As of May 11, 2020, the above social distancing guidance has been revised in a detailed plan published by the British government to gradually begin lifting restrictions as part of its phased approach to recovery⁶. Some of the first changes will include allowing unlimited outdoor exercise and encouraging some people to return to work⁷.

2. ESTIMATED IMPACTS ON TRAVEL TO CANADA

As of May 10, 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)	\$1.0	\$3.7	-\$35.3	-\$30.7	-\$86.8	-\$109.9	-\$116.9	-\$344.3
% change	2.1%	7.3%	-62.5%		-88.6%	-91.9%	-74.2%	

Source: Destination Canada Estimates (data as of May 10, 2020)

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

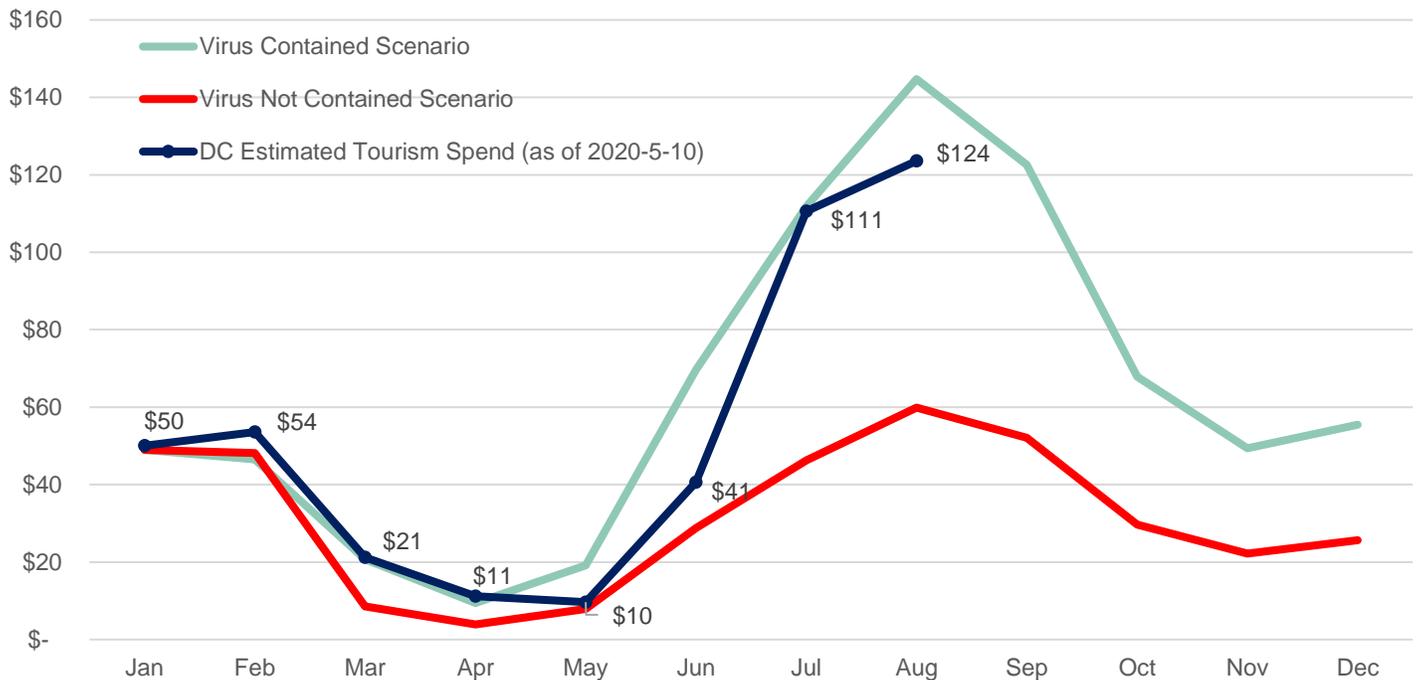
	CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	North
Jan - Mar	-\$30.7	-\$11.2	-\$4.0	-\$0.4	-\$0.5	-\$9.1	-\$11.2	-\$0.4	-\$0.4	-\$0.3	-\$0.5	-\$0.8
Jan - Jun	-\$344.3	-\$107.9	-\$61.4	-\$3.5	-\$3.5	-\$117.0	-\$29.4	-\$3.2	-\$8.3	-\$2.4	-\$2.9	-\$4.8

Source: Destination Canada Estimates (data as of May 10, 2020)

Destination Canada has commissioned Tourism Economics⁸, to develop a series of models to estimate the impact of COVID-19 on the Canadian economy and travel. This analysis considers two scenarios: **Virus Contained Scenario**: (travel is possible in July and August) and **Virus Not Contained 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 the estimated impacts and understand the speed and scale of recovery. The chart below compares the current estimates against these models.

Estimated Tourism Spend versus Tourism Economics Virus Contained and Virus Not Contained Models, as of May 10, 2020 (\$M)



Source: Destination Canada Estimates, Tourism Economics Estimates

As British travellers tend to book their travel to Canada up to three months in advance, we do not currently have enough data to assess the impacts past August 2020.

Destination Canada currently assesses that we are on track for a May that resembles the Virus Not Contained scenario. At this point, the data indicates that July, 2020 results may be in line with the Virus Contained scenario, while June and August may fall between the two scenarios.

3. 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 4. Methodological Notes.

The framework below provides analysis on when travellers may be considering, planning and reserving travel.

Destination Canada's Assessment of the UK Market:	I COVID-19 Response	Plans are in place to begin gradually lifting government restrictions. Movement is still restricted and travel is either not possible, desirable or encouraged. Shifts will be closely tracked over the coming weeks.
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Assessment Summary:

	Phase				Analysis
	I COVID-19 Response	II Domestic	III Tentative Int'l	IV Regularized Int'l	
Travel Search Index	●	○	○	○	YOY domestic travel searches were on the decline since the end of February 2020 and have plateaued since the week ending March 29, 2020.
Accommodation Searches on OTA	●	○	○	○	YOY domestic accommodation searches were on the decline since the end of February 2020 and have plateaued since the week ending March 29, 2020.
Rate of Hotel Booking	●	○	○	○	YOY domestic accommodation bookings were on the decline since the end of February 2020 and have plateaued since the week ending March 29, 2020.
Rate of Air Travel	□	○	○	○	Not applicable at this stage.
New COVID Cases	●	○	□	□	The number of weekly new cases in the UK may be starting to plateau, having reached a potential peak in the week ending April 12, 2020. However, there were still 33,000 new cases in the week ending May 10, 2020.
Dining / Events Search Index	●	○	□	□	YOY domestic dining searches were on the decline since the end of February 2020 and have plateaued since the end of March 2020.

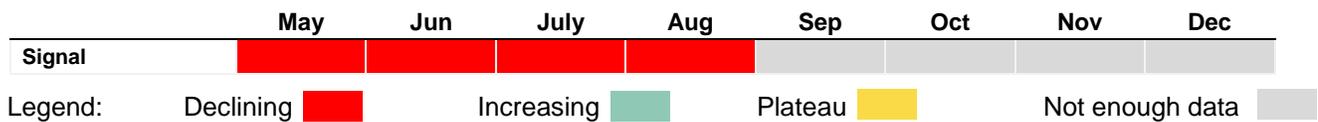
Legend: Current phase ● Not there yet ○ Signal not applicable □

Future Planned Travel

The chart below provides an assessment of when travellers are booking travel to Canada. This assessment is based on changes to net planned travel (new bookings, less cancellations) from the country to Canada, compared to past travel behaviour.

- A 'declining' signal indicates that the year-over year 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 year-over-year net planned booking, week over week and that this time period is being considered for travel to Canada.
- A 'not enough data' signal indicates that travellers do not normally book that far in advance so we cannot assess the signal at this time.

Planned Travel for the United Kingdom to Canada compared to 2019, as of May 10, 2020



4. METHODOLOGICAL NOTES

I. COVID-19 Cases: The intention for this section is to provide context on impact and recovery analysis by providing a snapshot in time of the state of the pandemic 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 that these IATA bookings

account for 36% of the air travel market from the United Kingdom 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 use various systems to re-book travel, some of which are incenting 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 gray. 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 orders and mandatory quarantines. Movement is restricted and travel is either not possible, desirable or encouraged.
- II. **Domestic Travel:** Travel by multiple means (air, car, trains, etc.) within the country, across provincial/territorial/state boundaries.
- III. **Tentative International Travel:** Some international travel, likely only required travel such as family-related or urgent business. There may be some leisure travel as some less risk-averse travellers seek to capitalize on reduced prices or increases availability. Airlines may not have restored international routes beyond major hubs.
- IV. **Regularized International Travel:** Regular international travel. Some business meetings and events are re-introduced and attended, leisure travel is closer to pre-COVID-19 levels.

A filled-in dot in the Assessment Summary table 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 progress is made.

Description of the Measures

- **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 19h, 2019). Available for each market's domestic, international and Canada-specific 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 domestic, international and Canada-specific accommodation searches. This is provided as a rate rather than a volume of searches.
- **Rate of Accommodation Bookings:** Accommodation bookings in 2020 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 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 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 domestic, international

and Canada-specific dining, attraction, and event-related search terms. This is provided as an index rather than a volume of searches.

Sources:

¹ Johns Hopkins Coronavirus Resource Center, May 12, 2020 5:00pm PST <https://coronavirus.jhu.edu/map.html>

² <https://nationalpost.com/news/canada/trudeau-travel-restrictions-ban-coronavirus-covid19-canada>

³ <https://www.gov.uk/foreign-travel-advice>

⁴ <https://www.gov.uk/coronavirus>

⁵ <https://www.gov.uk/government/publications/full-guidance-on-staying-at-home-and-away-from-others>

⁶ <https://www.gov.uk/government/publications/our-plan-to-rebuild-the-uk-governments-covid-19-recovery-strategy/our-plan-to-rebuild-the-uk-governments-covid-19-recovery-strategy>

⁷ <https://globalnews.ca/news/6926856/coronavirus-boris-johnson-uk-speech/>

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