

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

Updated: June 8, 2020

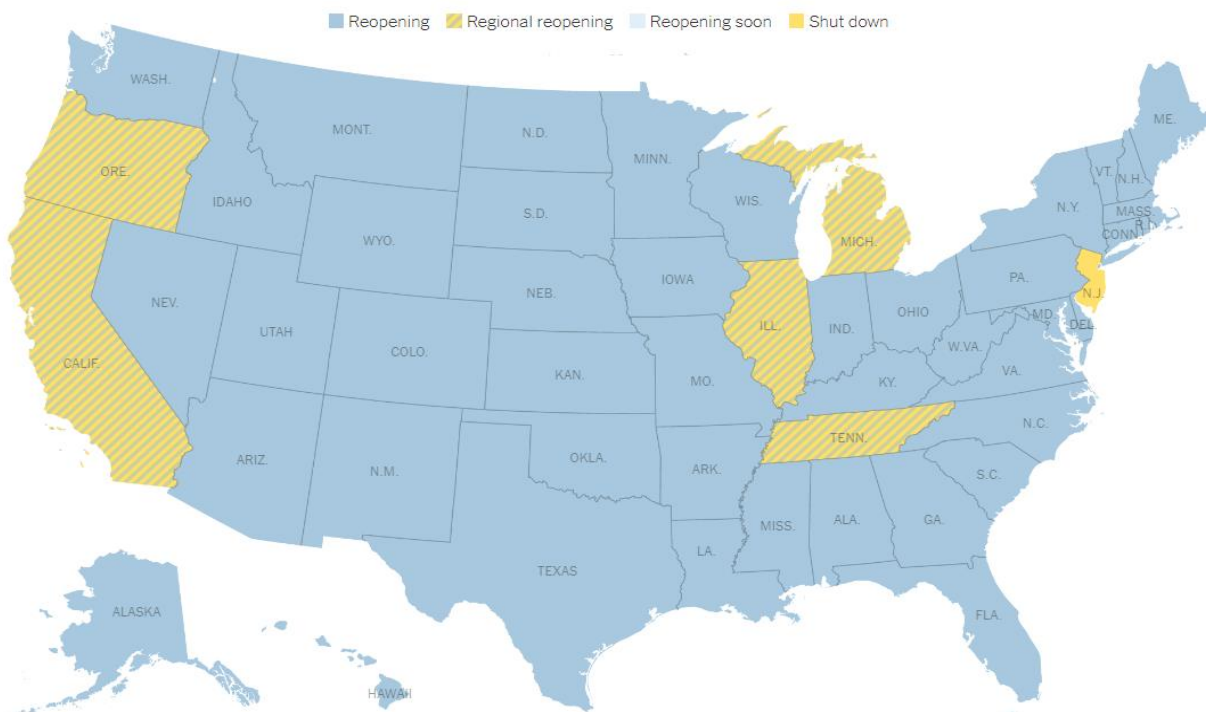
This document provides a snapshot of the recovery situation in 12 US States that traditionally have been Canada's most important markets. It has the following sections:

1. **Travel Restrictions:** This section provides the known travel bans and restrictions in the country.
2. **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.
3. **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.
4. **Methodological Notes:** An explanation of the methodologies in the different sections and relevant sources.

1. TRAVEL RESTRICTIONS

Effective March 18, 2020, Canada closed its borders to non-Canadian citizens and non-permanent residents.¹ As of March 21, 2020, Canada and US closed the land border between the two countries to non-essential travel.² On June 8, 2020 Prime Minister Justin Trudeau announced that immediate family members of citizens or permanent residents will be allowed to enter the country as of June 9, 2020.³

All 50 US states have begun reopening since various lockdowns and shelter-in-place orders started in March 2020. There are, however, substantial variations in how individual states are deciding to reopen. Below is the visualization of reopening across the US, as well as summary based on Destination Canada's 12 target States:⁴



Source: New York Times, June 8, 2020

- **New York: Reopening**
 - Gov. Andrew M. Cuomo announced limited reopening by region starting May 15, 2020. Under a modified executive order issued on May 22, groups of up to 10 people can gather for any lawful reason. New York City, the hardest hit part of the state, was on track to move into the first phase of reopening on June 8.
- **Michigan: Regional Reopening**
 - Gov. Gretchen Whitmer has taken a largely regional approach to reopening, extending the state's stay-at-home order until June 12, 2020 but allowing some industries and business to open in some areas. As of June 1, groups of up to 100 people can gather outdoors.
- **Washington: Reopening**
 - Gov. Jay Inslee kept a shutdown order in place through the end of May 2020, while allowing some businesses to reopen by county. King County businesses still face strict limitations, but every county in the state has moved into some phase of reopening.
- **California: Regional Reopening**
 - California was the first state in the nation to order all residents to stay at home. Gov. Gavin Newsom has led a phased and regional reopening. As of May 12, 2020, restaurants and shopping centers could open in counties that met certain criteria. On May 25, Mr. Newsom announced that houses of worship and in-store shopping could resume, subject to county approval.
- **Ohio: Reopening**
 - Gov. Mike DeWine extended the order for people to remain at home, but a growing number of businesses are allowed to open.
- **Pennsylvania: Reopening**
 - Gov. Tom Wolf took a county-by-county approach to shutting down, before issuing a statewide stay-at-home order on April 1, 2020. He is taking a similar approach to reopening, allowing counties to open in phases. As of June 5, all counties were in some phase of reopening.
- **Illinois: Regional Reopening**
 - Gov. J.B. Pritzker loosened restrictions on certain outdoor activities starting May 1, 2020, but a broader reopening for much of the state took place on May 29. Chicago moved into phase three with the rest of the state on June 3.
- **Texas: Reopening**
 - Gov. Greg Abbott allowed his stay-at-home order to lapse on April 30, 2020. All retail stores, restaurants, movie theaters and malls were able to reopen May 1, with limited capacity.
- **Massachusetts: Reopening**
 - Gov. Charlie Baker announced a phased reopening with four stages each lasting three weeks. The first reopenings included houses of worship on May 18, then expanded to include salons, offices and retail stores for curbside pickup on May 25.
- **Minnesota: Reopening**
 - Gov. Tim Walz first allowed employees in certain agriculture, industrial and office settings to return to work starting April 27, 2020. After the stay-at-home order expired May 17, retail businesses were able to open at 50 percent capacity.
- **New Jersey: Shutdown or restricted**
 - Gov. Phil Murphy has allowed limited reopenings for certain businesses and industries, but the state remains largely locked down. A broader reopening is planned for June 15, 2020.
- **District of Columbia: Reopening**
 - In Washington, D.C., Mayor Muriel Bowser announced a plan to reopen some businesses in the district starting May 29, 2020. Her stay-at-home order was intended to expire on June 8, but it was lifted on May 29 as well.

2. 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.

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	Overall Assessment	Notes
New York	III	I	I	I	I	I	YOY inter-state travel search queries have been on an upward trend since the week ending April 12, 2020. However, all the measures that reflect actual travel still signal COVID-19 Response phase.
Michigan	III	II	I	I	I	II	YOY inter-state travel search queries and intra-state accommodation searches have been on an upward trend since the week ending April 12, 2020. Although the measures that reflect overnight travel (such as hotel and air bookings) have not captured meaningful movement, the increase in travel searches may reflect intra-state day trips and/or travelling by vehicle, to visit friends and family, camping, etc. DC assesses that Michigan is in the Regional phase.
Washington	III	I	I	I	I	I	YOY inter-state travel queries have been on an upward trend since the week ending April 12, 2020. However, all the measures that reflect actual travel still signal COVID-19 Response phase.
California	III	II	I	I	I	II	YOY inter-state travel search queries and intra-state accommodation searches have been on an upward trend since the week ending April 12, 2020. Although the measures that reflect overnight travel (such as hotel and air bookings) have not captured meaningful movement, the increase in travel search may reflect intra-state day trips and/or travelling by vehicle, to visit friends and family, camping, etc. DC assesses that California is in the Regional phase.
Ohio	III	III	I	I	I	II	YOY inter-state travel search queries and accommodation searches have been on an upward trend since the week ending April 12, 2020. Although the measures that reflect overnight travel (such as hotel and air bookings) have not captured meaningful movement, the increase in travel search may reflect intra-state day trips and/or travelling by vehicle, to visit friends and family, camping, etc. DC assesses that Ohio is in the Regional phase.
Pennsylvania	III	I	I	I	I	I	YOY inter-state travel search queries have been on an upward trend since the week ending April 12, 2020. However, all the measures that reflect actual travel still signal COVID-19 Response phase.
Illinois	III	III	I	I	I	II	YOY inter-state travel search queries and accommodation searches have been on an upward trend since the week ending April 12, 2020. Although the measures that reflect overnight travel (such as hotel and air bookings) have not captured meaningful movement, the increase in travel search may reflect intra-state day trips and/or travelling by vehicle, to visit friends and family, camping, etc. DC assesses that Illinois is in the Regional phase.
Texas	III	II	I	I	I	II	YOY inter-state travel search queries and intra-state accommodation searches have been on an upward trend since the week ending April 12, 2020. Although the measures that reflect overnight travel (such as hotel and air bookings) have not captured meaningful movement, the increase in travel search may reflect intra-state day trips and/or travelling by vehicle, to visit friends and family, camping, etc. DC assesses that Texas is in the Regional phase.
Massachusetts	III	I	I	I	I	I	YOY inter-state travel search queries have been on an upward trend since the week ending April 12, 2020. However, all the measures that reflect actual travel still signal COVID-19 Response phase.
Minnesota	III	I	I	I	I	I	YOY inter-state travel search queries have been on an upward trend since the week ending April 12, 2020. However, all the measures that reflect actual travel still signal COVID-19 Response phase.
New Jersey	III	I	I	I	I	I	YOY inter-state travel search queries have been on an upward trend since the week ending April 12, 2020. However, all the measures that reflect actual travel still signal COVID-19 Response phase.
District of Columbia	I	I	I	I	I	I	District of Columbia is still in COVID-19 Response phase.

Legend: ● I COVID-19 Response ● II Regional ● III Inter-State ● IV Tentative Int'l ● V Regularized Int'l

3. ESTIMATED IMPACTS ON TRAVEL TO CANADA

As of May 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	-\$1,027.5	-\$1,305.8	-\$3,389.6
% change	1.8%	8.5%	-61.3%		-92.2%	-97.0%	-96.5%	

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

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

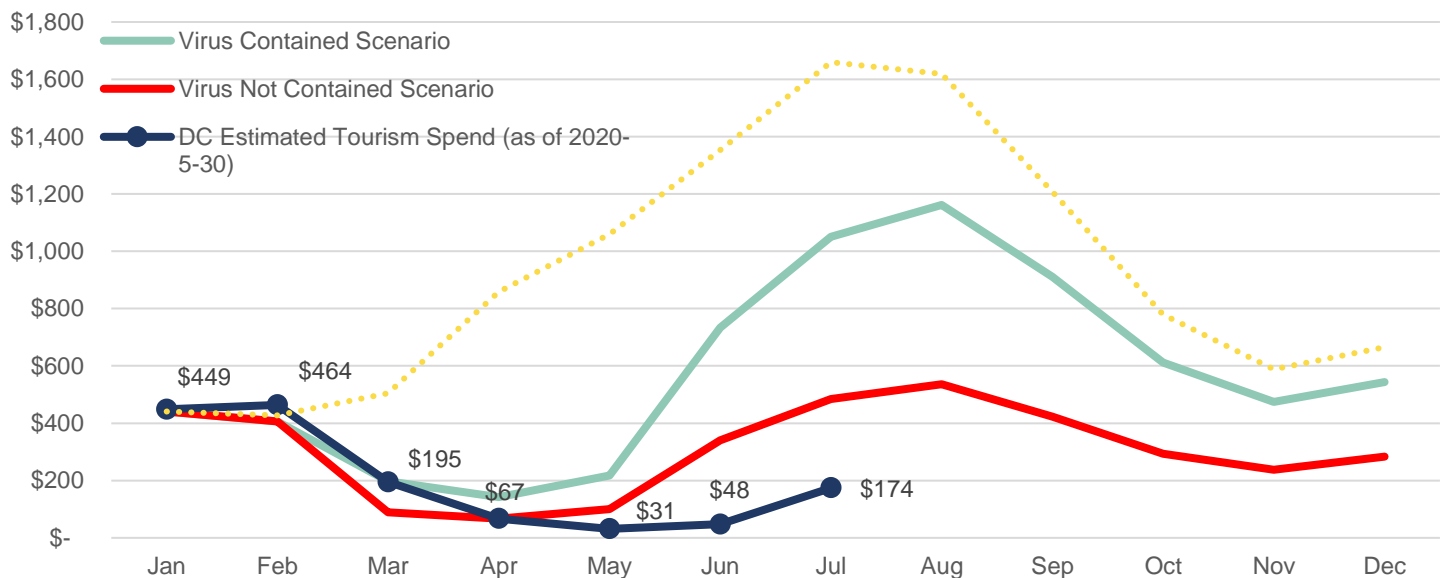
	CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	NORTH
Jan - Mar	-\$264.8	-\$83.1	-\$17.1	-\$1.8	-\$3.7	-\$100.8	-\$83.1	-\$2.2	-\$2.3	-\$1.3	-\$0.7	-\$2.8
Jan - Jun	-\$3,389.6	-\$854.6	-\$289.9	-\$33.5	-\$52.4	-\$1,325.0	-\$527.0	-\$48.5	-\$84.6	-\$32.6	-\$11.8	-\$129.6

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

Destination Canada has commissioned Tourism Economics⁵, 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 30, 2020 (\$M)



Source: Destination Canada Estimates, Tourism Economics Estimates

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

Destination Canada currently assesses that the estimated tourism spend in June and July are on track to fall below the Virus Not Contained Scenario. Destination Canada foresees that actual July travel may continue to fall as airlines have

yet to announce cancellation notices for flights departing in July, 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.

4. METHODOLOGICAL NOTES

I. Travel Restrictions:

- **Reopening:** Businesses are almost universally reopening under restrictions, such as allowing fewer customers, requiring workers and customers to wear masks and enforcing social distancing. Even as governors lift orders, stricter local orders may remain in place.
- **Regional reopening:** In several states, governors are allowing counties or regions that meet criteria for slowing the outbreak to open ahead of others. Often, the hardest-hit areas remain under stricter lockdowns.
- **Shutdown or restricted:** Very limited reopenings for certain businesses and industries, but the state remains largely locked down.

II. 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 and quarantines. Movement is restricted and travel is either not possible, desirable or encouraged.
- II. **Regional 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 province/territory/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:** Travel by multiple means (air, car, trains, etc.) 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 increases 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

- **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-provincial/territorial and inter-provincial/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-provincial/territorial and inter-provincial/territorial 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-provincial/territorial and inter-provincial/territorial 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 other 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.

Sources:

¹ National Post, March 16, 2020

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

² The Globe and Mail, March 19, 2020

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

³ Global News, June 8, 2020

<https://globalnews.ca/news/7039072/coronavirus-canada-us-border-exception/>

⁴ New York Times, June 8, 2020

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

⁵ Tourism Economics, COVID-19's Impact on Canadian Tourism, March 23, 2020

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