Research Overview:

# The Impact of the COVID-19 Pandemic on Tourism & RTO12 Marketing Strategy

Developed in Spring & Summer 2020
Presented September 30, 2020

EXPLORERS' EDGE

# Today’s Discussion

- Desk Top Leisure Research Highlights (July 14, 2020)
- Primary Leisure Research Highlights (August 12, 2020)
- Primary Research: New RTO12 Consumer Market Segments
- Tourism Operator Fall Barometer / Summer Learnings
- Implications for RTO12 Marketing
- Ryerson University Students’ Union Research/Tourism HR/ Housing

# Research Approach

**1. DESK RESEARCH (Kuration)**

- A comprehensive scan of research done to date (spring 2020) by governmental, educational and private organizations in Canada and around the world

**2. PRIMARY RESEARCH (Kuration/Environics)**

- A comprehensive quantitative study of a broad spectrum of potential leisure visitors
- Research sample of 1,502 respondents was drawn across Ontario, across all age ranges

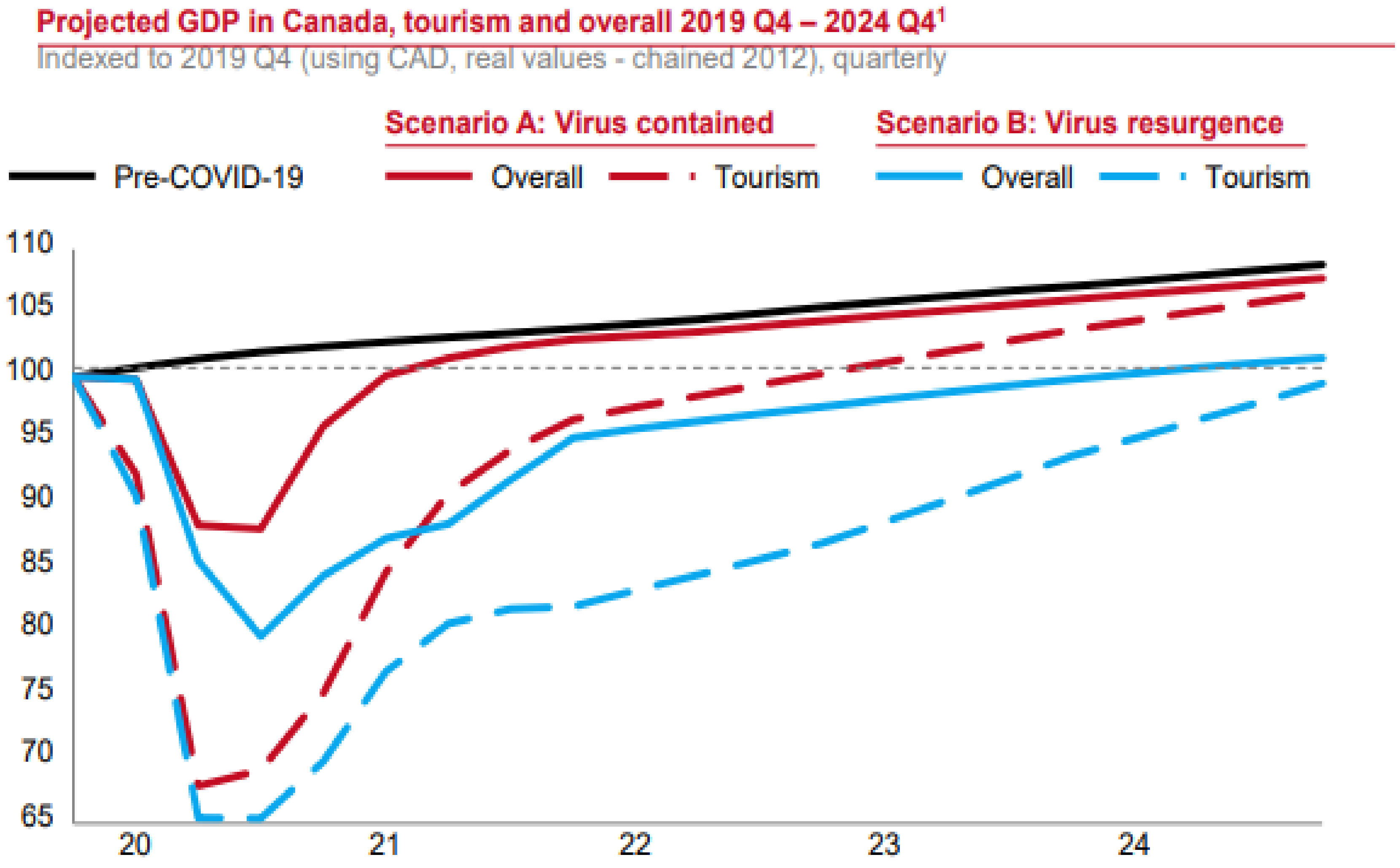
# Research Objectives for Desk & Primary

- Understand the intentions of Ontario travelers in the short to medium term “post-pandemic” (this year and next)
- Assess the appeal of this **region** and specific RTO12 **product** from the perspective of Ontario travellers for “post-pandemic” travel
- Identify potential gateways and barriers for travellers
- Define addressable/actionable high-opportunity target segments (first time in 8 years)

# SUMMARY OF DESK RESEARCH FINDINGS

# Macro Environment

# OVERALL: Tourism recovery will take years



# RTO12 region is in a stronger position for recovery thanks to established domestic markets

- Over 90% of the region's revenue came from Ontario tourists pre-pandemic
- Compare that to Toronto, where they accounted for just 25% of receipts, or Northern Ontario RTO (13c) at 63%
- This means RTO12 can recover more quickly than other regions, though overall receipts will still be down

# The rich are getting richer: high-end/luxury offerings will do well*

- The "1%“ is having a great year, economically-speaking
- This is good news for operators catering to this end of the market

**Reports of this in summer 2020 – “money is no object”*

# Challenges for ‘the rest of us’

- Real economic impact of the pandemic still TBD as government fiscal policies like CERB and the CWSP stabilized people but will (are starting to) run out/change
  - As the CWSP pulls back, layoffs will accelerate (and already have)

- The federal & provincial deficits will likely trigger a tax increase(s) eventually, further putting pressure on the middle to low income brackets

- Leisure & entertainment dollars are the first areas consumers cut in tough times

- National Bank is projecting a 6% contraction in GDP this year, and an unemployment rate of 10%
  - It’s projecting a 4% expansion in GDP next year, and an unemployment rate of 9%

# USA/International tourism: No good news

- Given the trajectory of infections in the USA, there will be no substantial recovery in visitation to Canada for years if things don’t change
- The USA accounts for 13% of Ontario tourism receipts  - a significant portion, though less than that from international destinations, which account for 27%
- The loss in income from these markets will be broad and significant for Ontario
- Mass market tourism operators are going to feel the pandemic fall-out for years to come
- Visitors from the USA are down 97% in July, as are visitors from all other international countries

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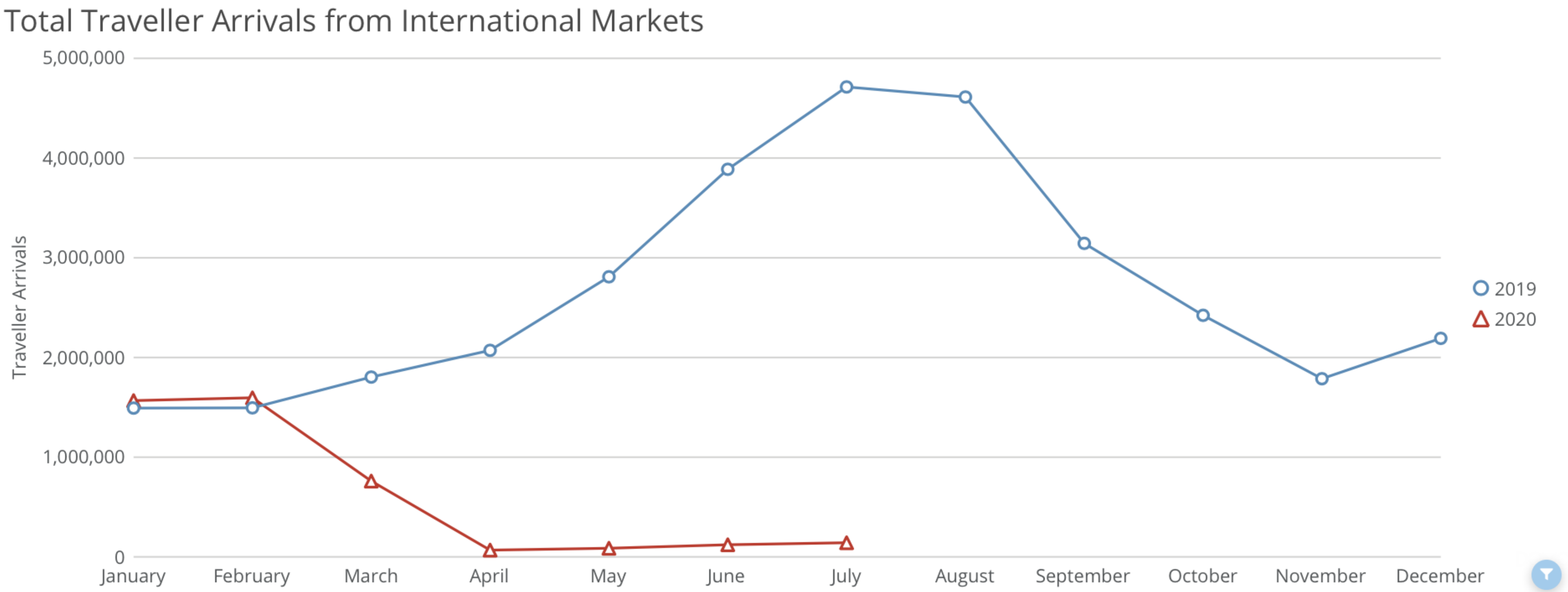
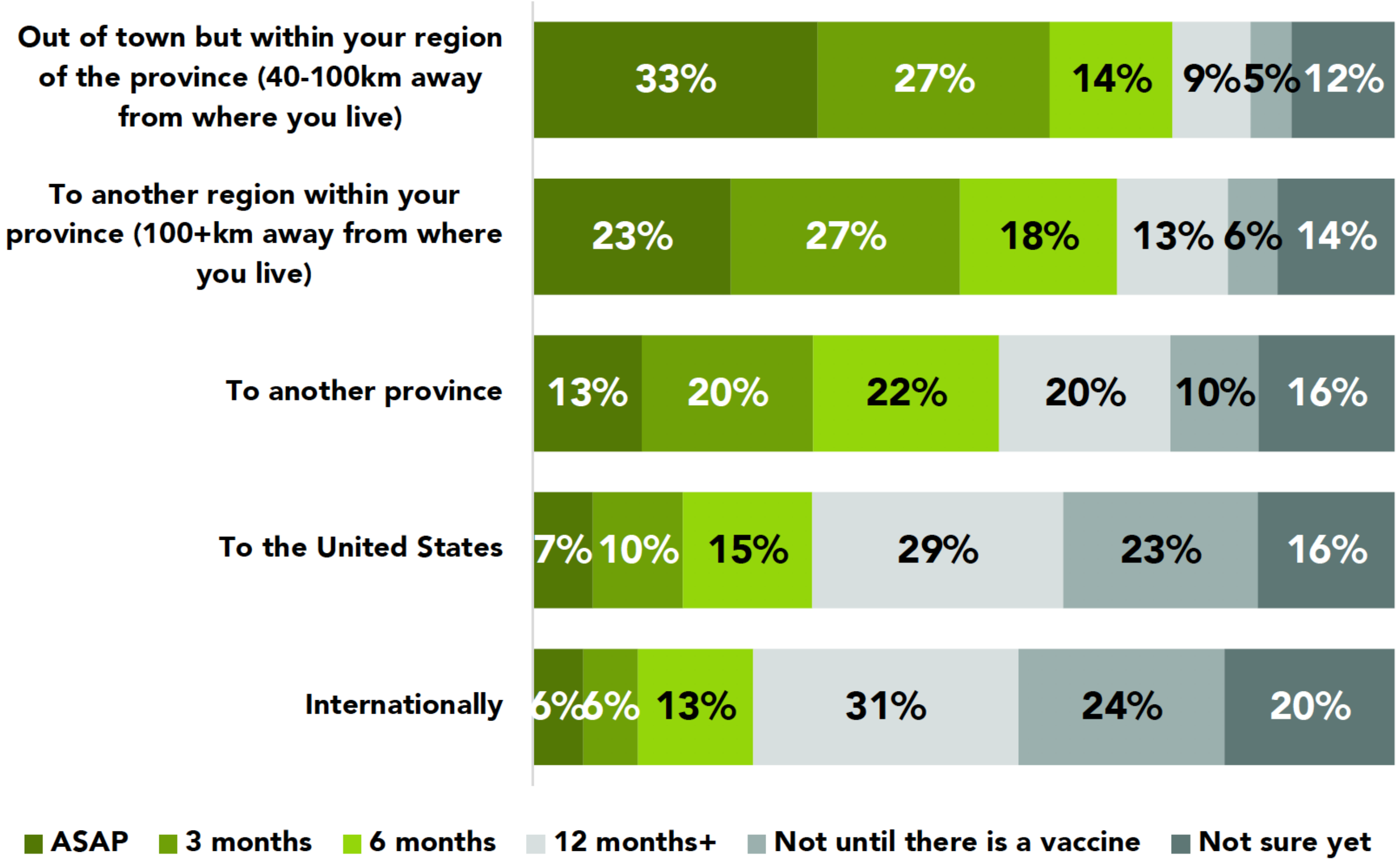
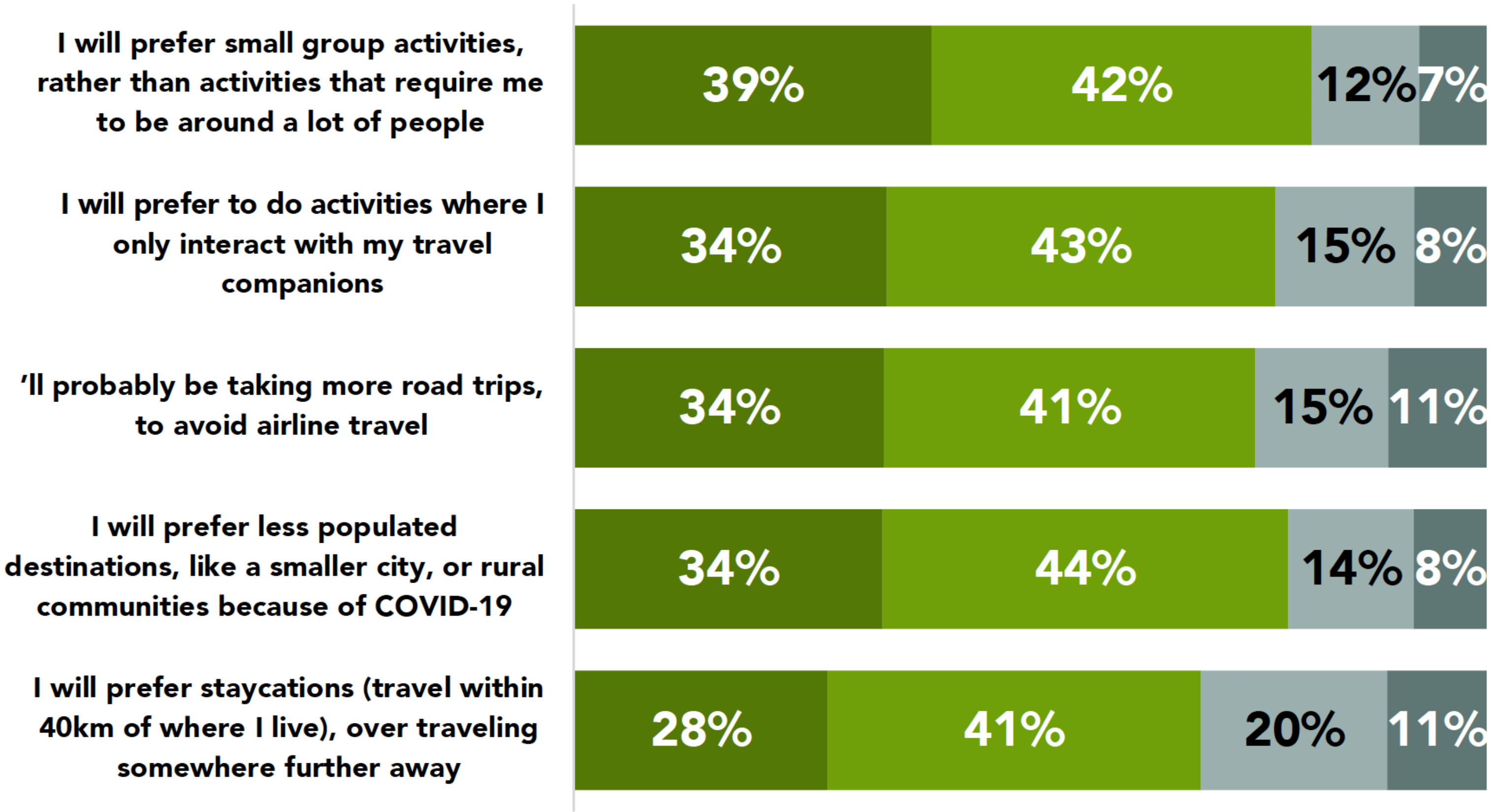

Total Traveller Arrivals from International Markets
Traveller Arrivals
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
January
February
March
April
May
June
July
August
September
October
November
December
2019
2020

# Micro Environment

# Most Ontarians say it will be a year or more before they are comfortable traveling internationally



# Where & how will Ontarians will travel is changing due to COVID…in our favour

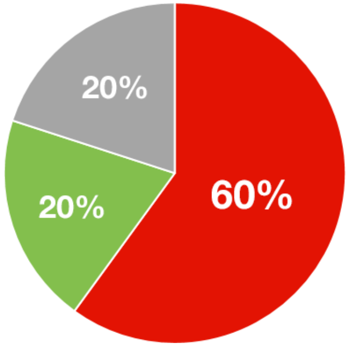


# Product Preferences: RTO12 region is aligned

| | % completely/ mostly comfortable | Those that love to do this activity |
|---|---|---|
| Visit with family and friends who live at the destination you're visiting | 68% | 82% |
| Outdoor activities (e g  hiking, cycling, fishing etc ) | 69% | 85% |
| Shopping | 50% | 63% |
| Food & drink | 52% | 59% |
| Camping (in a tent or RV/trailer) | 43% | 78% |
| Touring (RV, motorcycle, boating) | 41% | 76% |
| Cultural events/Museums/Art Galleries | 30% | 45% |
| Wellness experiences (e g  spa, yoga) | 27% | 54% |
| Amusement Parks/Zoos/Aquariums | 28% | 41% |
| Sporting events | 20% | 43% |
| Concerts or music festivals | 20% | 32% |

# SUMMARY OF PRIMARY RESEARCH FINDINGS

1,502 Ontario respondents, in field from July 7 to July 15, 2020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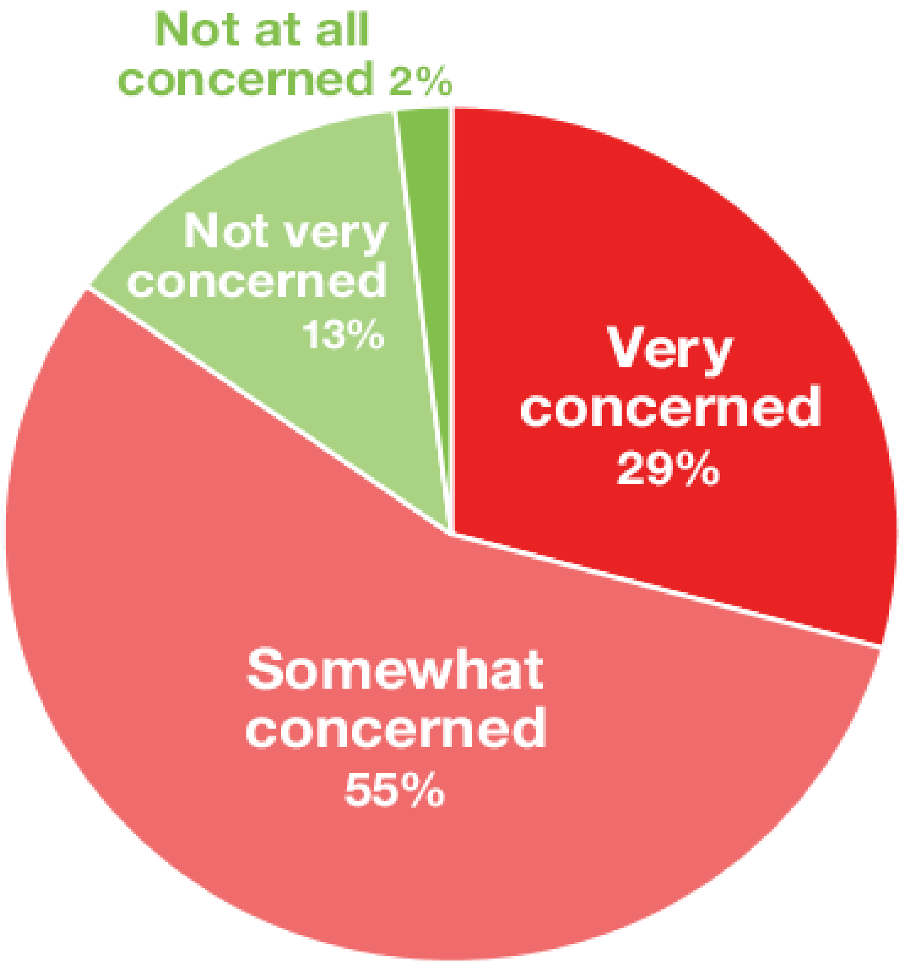
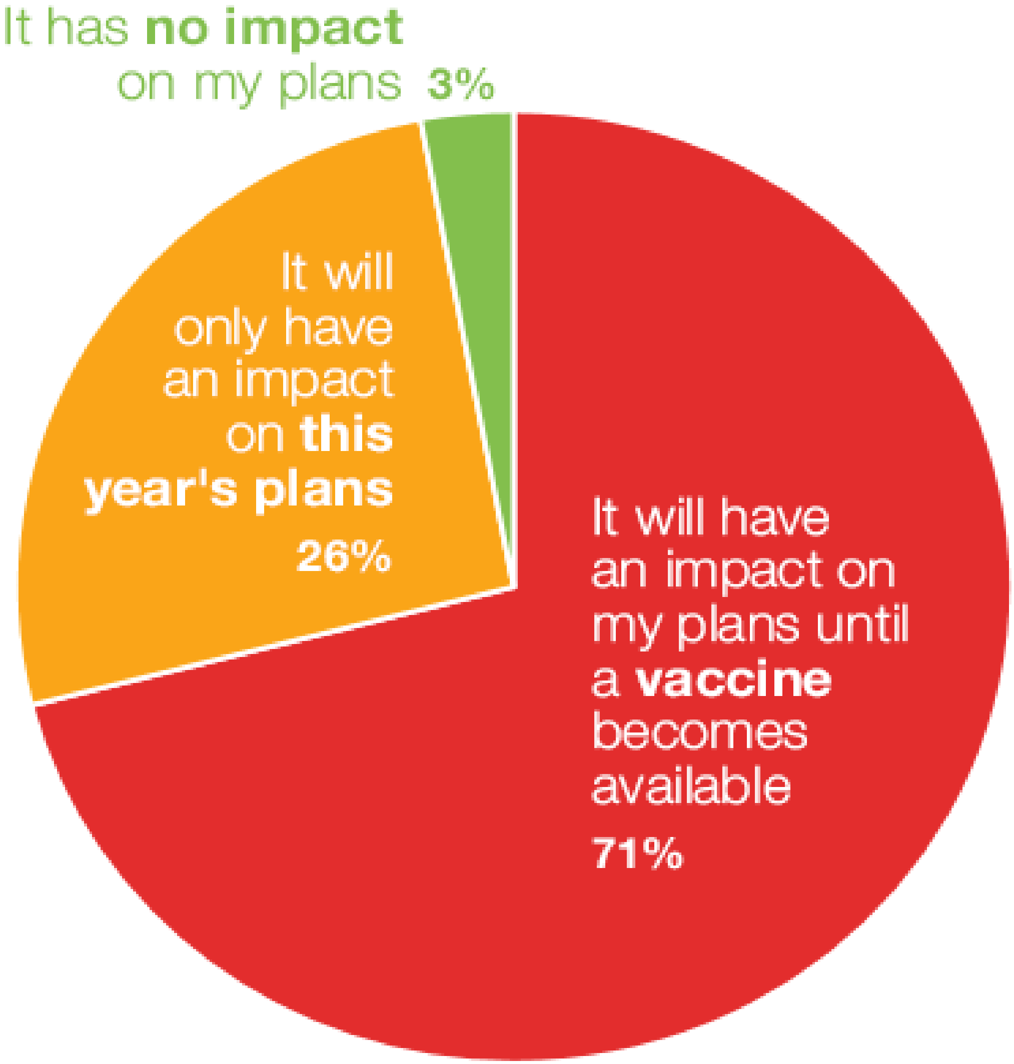
When the stay-at-home orders are lifted, fear of Coronavirus will remain a big worry and travel inhibitor*

**more to say on this in a few slides*



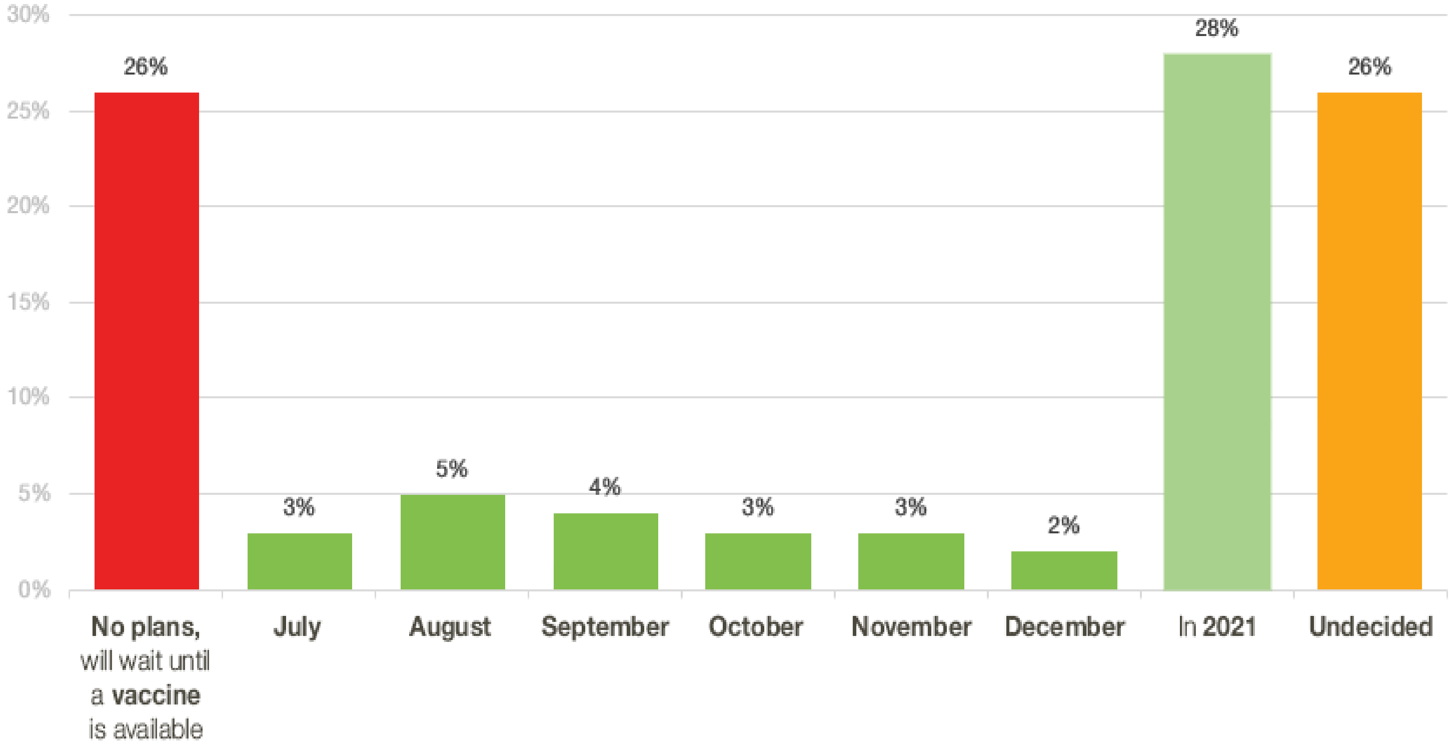

Q15. When stay-at-home orders are lifted in your area, how concerned will you be about **you or your loved one's risk of being exposed to coronavirus when you leave your home**?

# Have vaccine, will travel

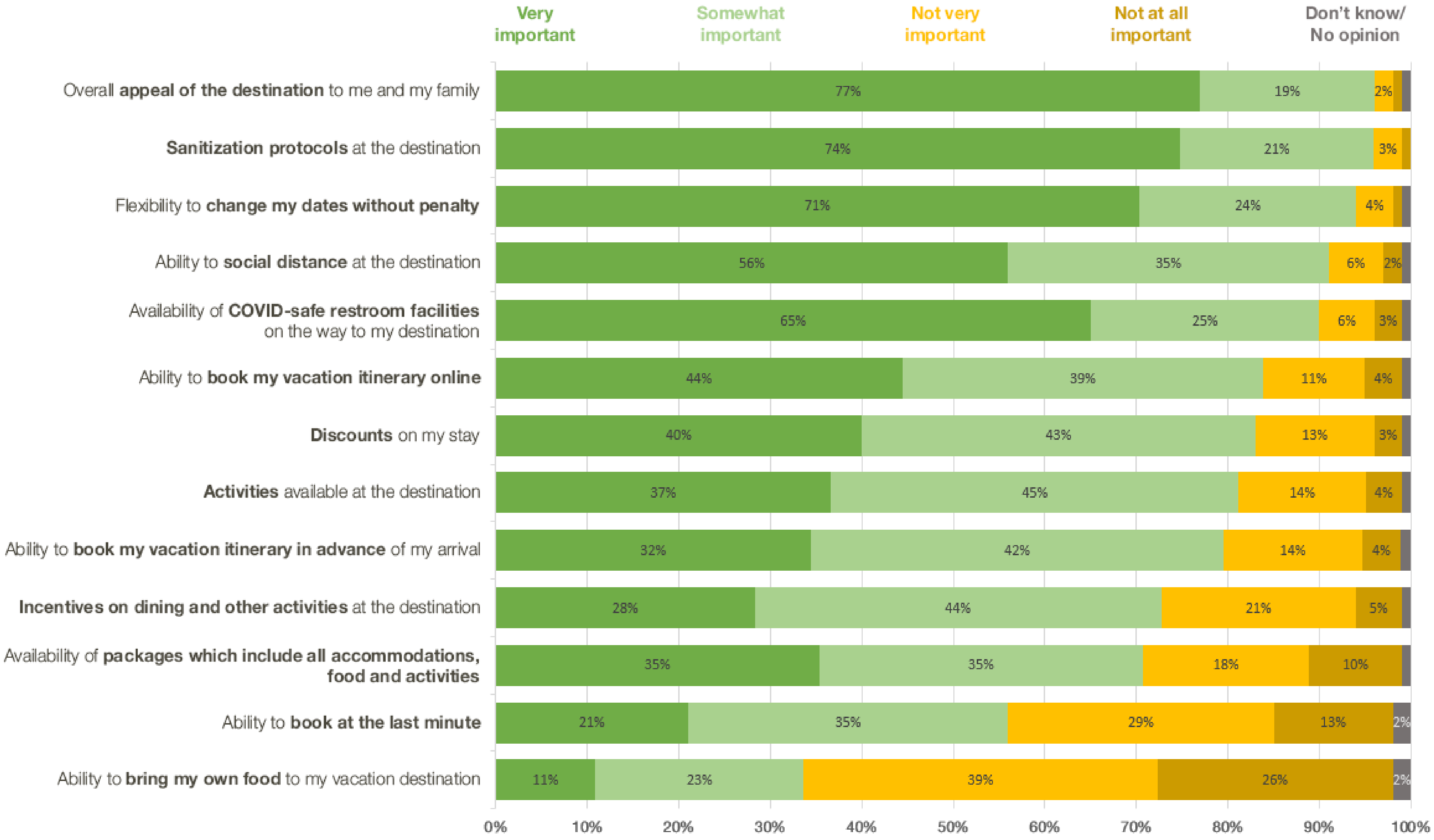



Q2. Which statement best describes how you feel about **how corona virus affects your vacation plans.**

# Vacations deferred




Q4. **When** do you intend to travel for your next vacation?




Q3. How important do you feel the following factors will be in **choosing a vacation destination** once the stay-at-home orders have been lifted?

- Safety concerns are important, but they are “table stakes“

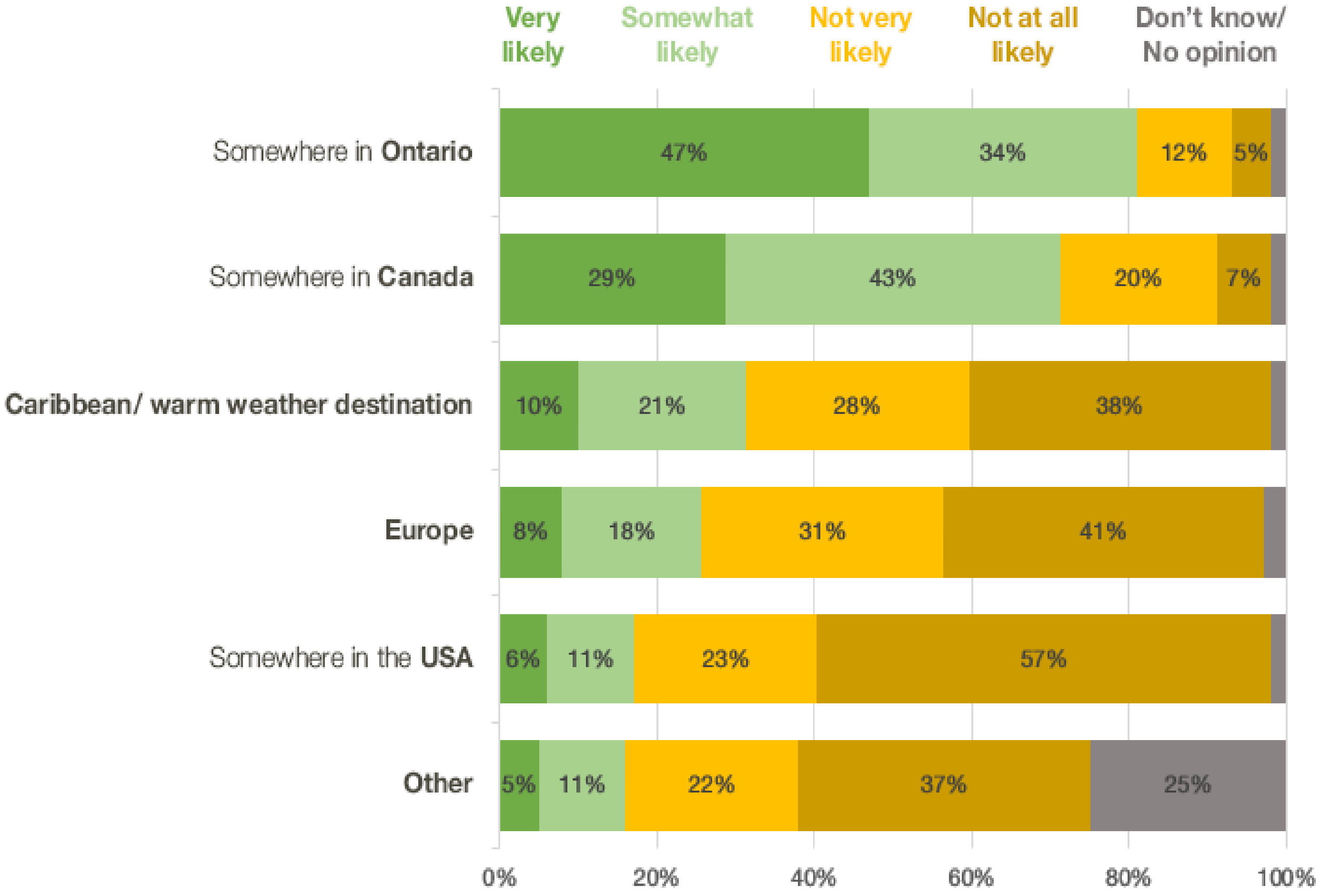
- The  appeal of the destination is still the most important deciding factor

- The appeal of the destination relates to product offering and perceptions of “space”

**Reflections on the previous slides…*

# Ontario is the most popular travel destination this year and next...

…and likely will continue to be as long as the virus is perceived to be a threat




Q5. How likely are you to take a vacation to **the following destinations in 2020 and 2021**?

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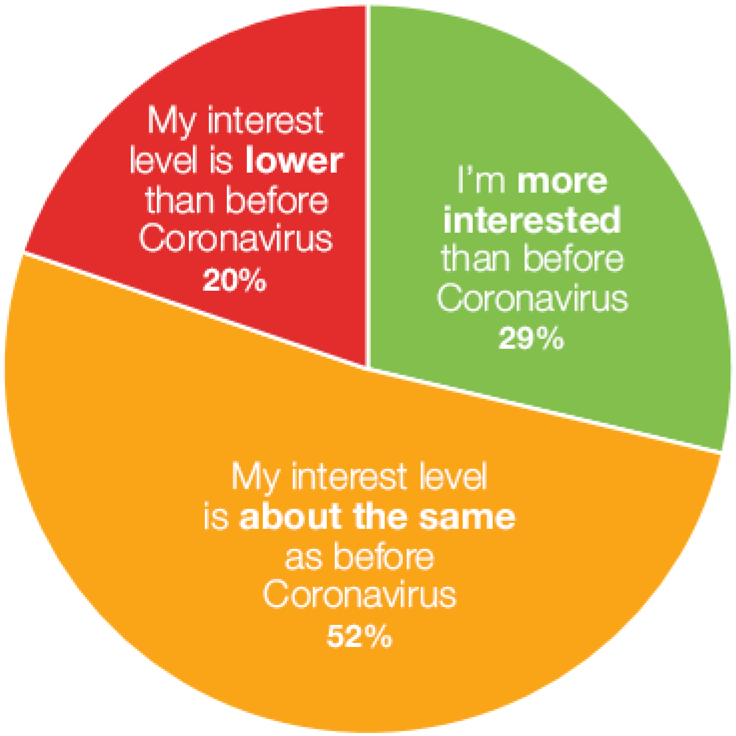
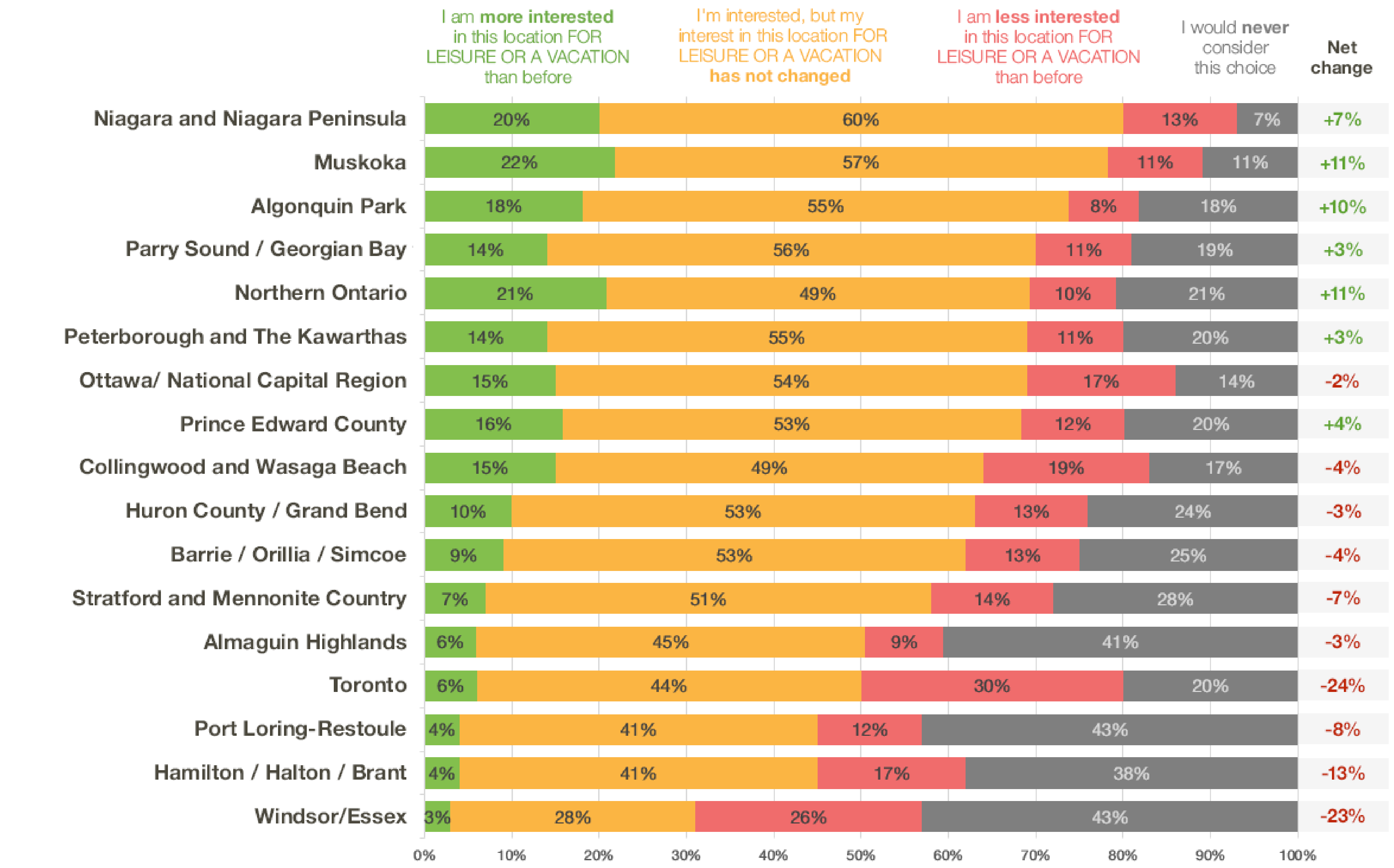
Almost 30% of the population is now more interested in an Ontario vacation…

**…while 20% are less interested for a net gain of 9%**




Q7. Describe how you feel about **taking a vacation in Ontario** (other than the city/town you reside in) after the stay-at-home orders have been lifted.

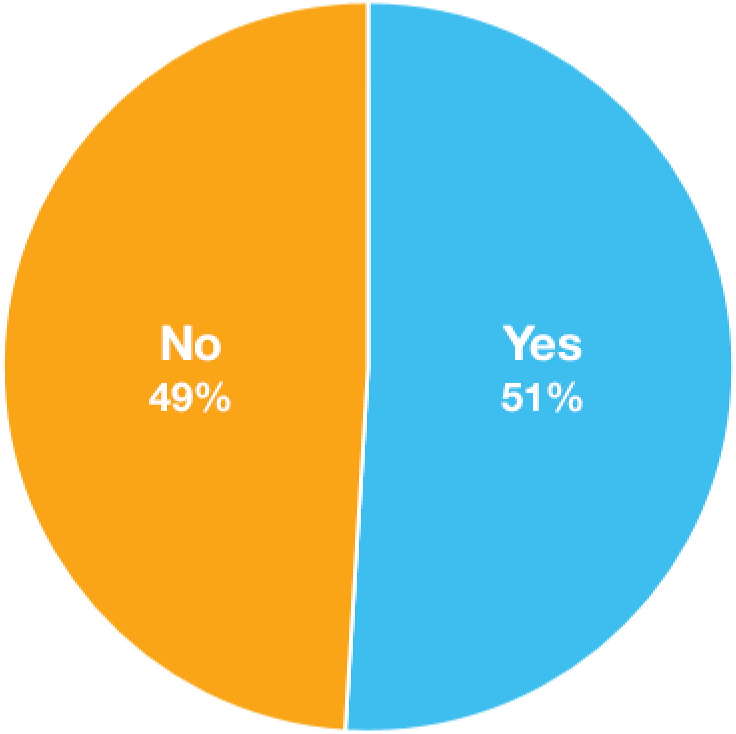



Q10B. Which statement best describes how you feel about **each region for leisure or a vacation** once stay-at-home orders have been lifted.

# Implications for winter travel

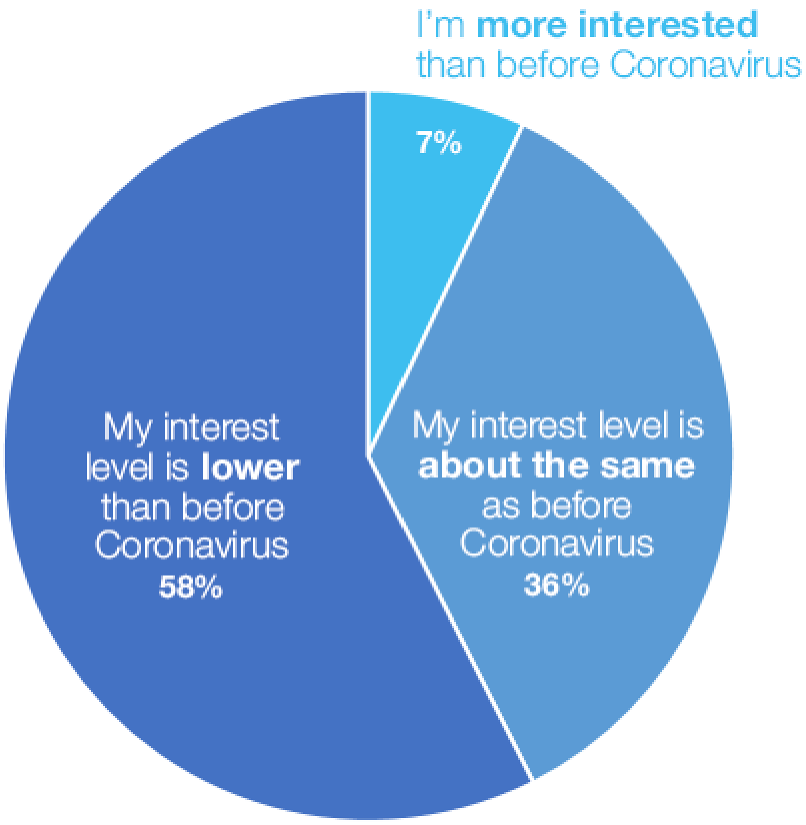
More than half of the population takes warm weather vacations…

Will they replace them with staycations?




Q8. Do you usually **travel to a warm weather destination in the winter**?

# A majority say their interest in warm winter destinations is lower now



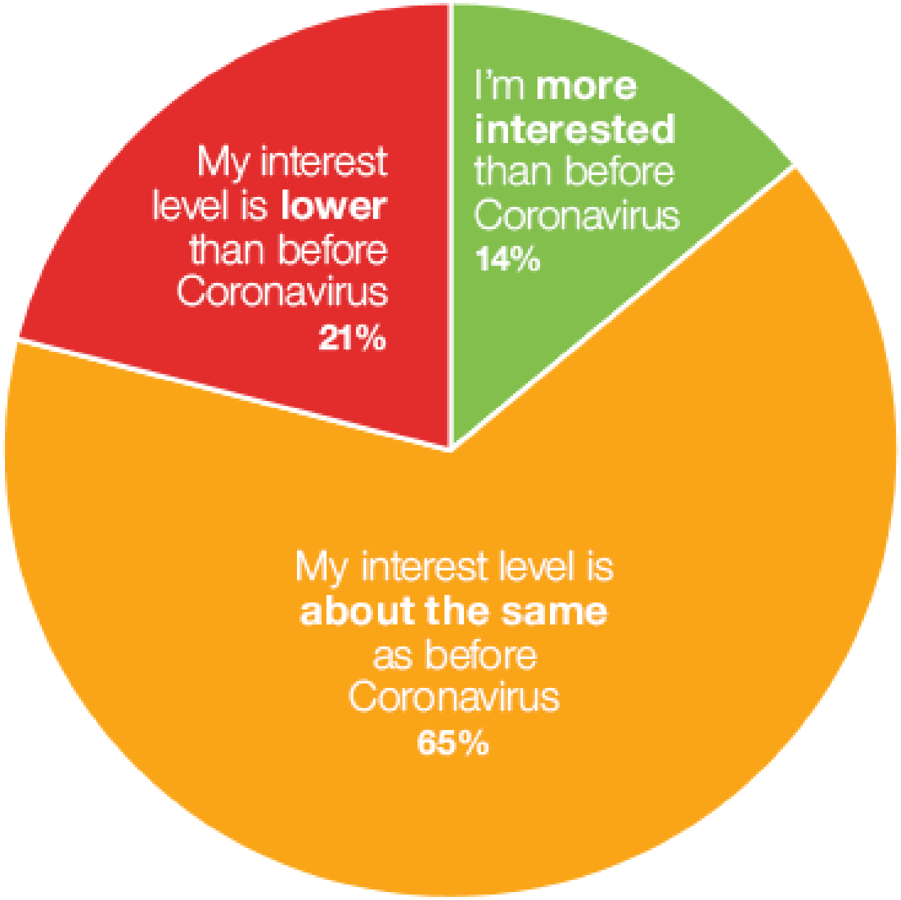

Q8A. How do you feel about travelling to a warm weather destination in the winter of 2021?

Doesn't necessarily mean they will vacation in Ontario this winter(!)

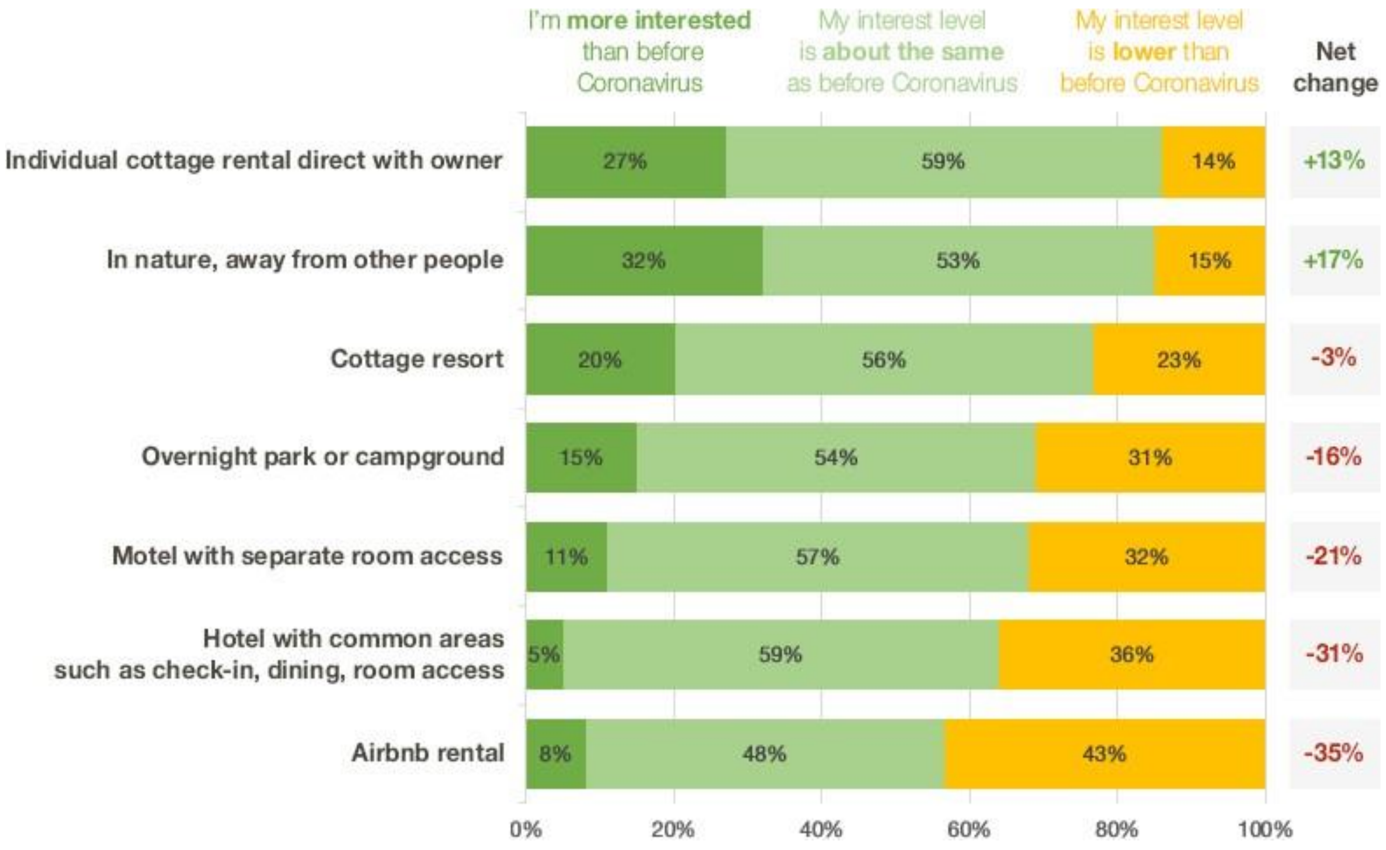
**Overall interest in an Ontario winter vacation is lower that before the pandemic**

*Marketing will have to work hard to convince them to travel to the region in winter*

Opportunity for building new shoulder season audiences and loyalty



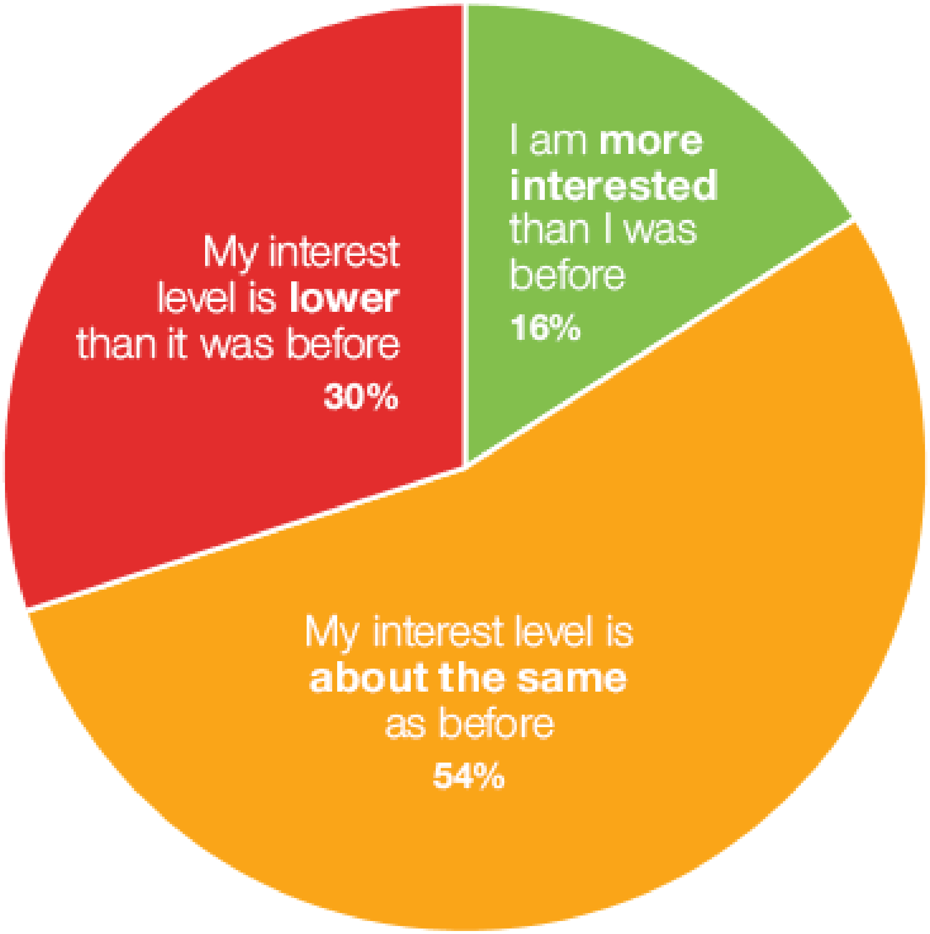

Q9. How do you feel about travelling to an **Ontario destination** in the **winter of 2021**?




# Accommodations that provide controls and social distancing are now favoured

Q12. How do you feel about the following types of **vacation accommodations** once the stay-at-home  orders have been lifted?

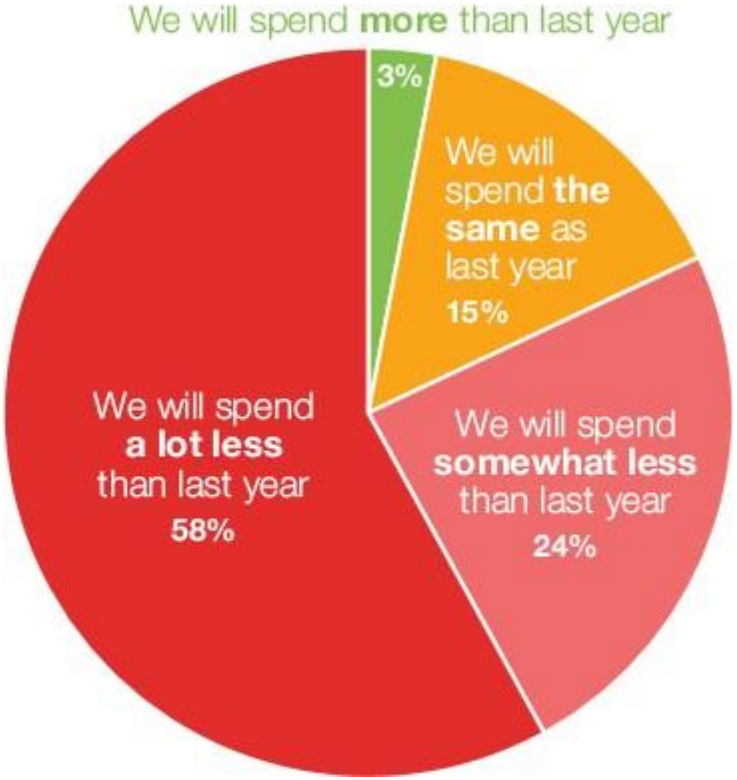
# Interest in VFR travel is lower that before the pandemic



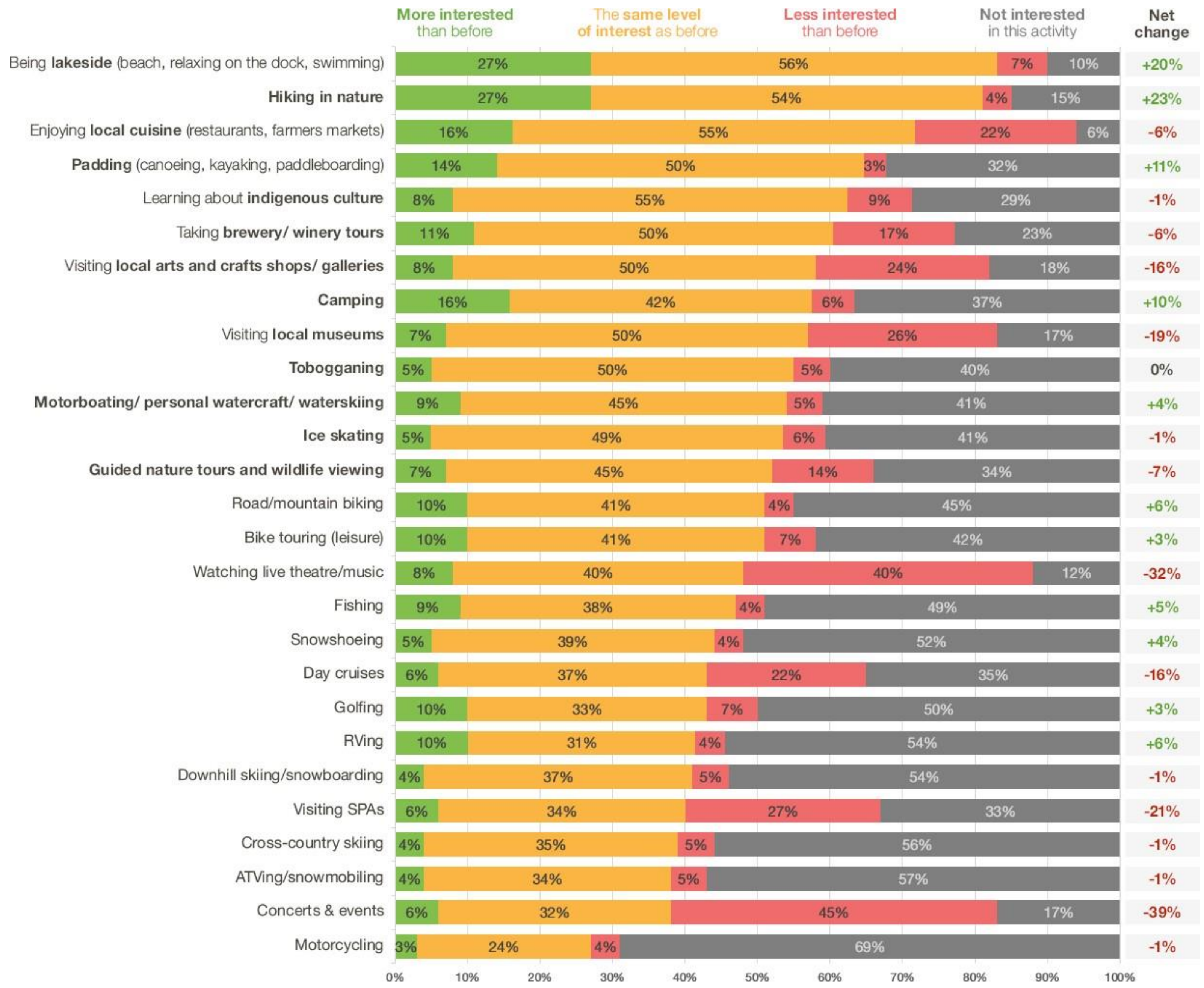

Q10A. How do you feel about **you/your family visiting friends and relatives** this year?

**The pandemic will have a significant impact on vacation travel spending with 82% saying they will spend less**

Almost 60% say they will spend a LOT less




Q13. How has the corona virus impacted your **spending on vacation travel** this year?




# Product Dev Intel

QA3: What will be your level of interest in each of the following **vacation activities**, once the stay- at-home orders have been lifted?

- Vacation activities that allow travellers to socially distance – being lakeside,  hiking, cycling, golf, etc. -- <u>are more appealing now</u>

- Those that do not – dining, visiting museums, concerts, etc. -- are less appealing now

- When we calculate a “net appeal” score for each activity (% More Interested minus % Less Interested), <u>the opportunity for the RTO12 region comes clearly into focus</u>

- Almost every single activity with a "positive" score is one that is offered in the region

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# Implications for regional/organizational branding

- While travellers are not as familiar with “Explorers’ Edge” as a brand (this is not new) they are nonetheless interested in what the region has to offer, with 56% of respondents scoring their level of interest 8/10 or higher and an impressive 22% giving it a 10/10

- In 2016, 47% of respondents scored their level of interest 8/10 or higher, with just 10% giving it a 10/10

- This suggests the moment is right to move our international branding (“The Great Canadian Wilderness Just North of Toronto”) into the domestic spotlight as well

# Traveller Demographics & Attitudes

- Younger people are most likely to travel first
    - They are also most interested in RTO 12
- Older travelers are most reluctant to travel, and need more reassurance
- Women are significantly more cautious than men, and more likely to cite safety factors as influential in their travel decision
- Torontonians are more concerned about the Covid-19 threat, but also more interested in travel

# Redefining Our Traveller Segments As A Result of Covid-19 Impact

- Using a statistical technique called factor analysis, data from the 1,502 respondents was used to develop an activity-based segmentation in which 4 key segments were identified
- This was the first refreshing of our domestic segments since 2012
- Necessary now that Covid-19 considerations are so deeply imbedded in traveller psyches

# New Consumer Market Segments for RTO12 Domestic Marketing

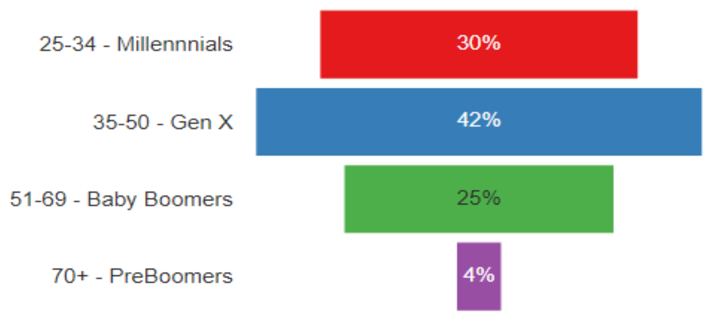
| Ontario Active & Outdoors | Free & FOMO | Anxious Homebodies | Caution & Comfort |
|---|---|---|---|
|  |  |  |  |

Top Priority Audience

# ONTARIO ACTIVE & OUTDOORS (43%)

## Immersive & active, want to be outside and occupied

53% 47%




Skews higher education

Most likely employed with average income

Married/common law with kids

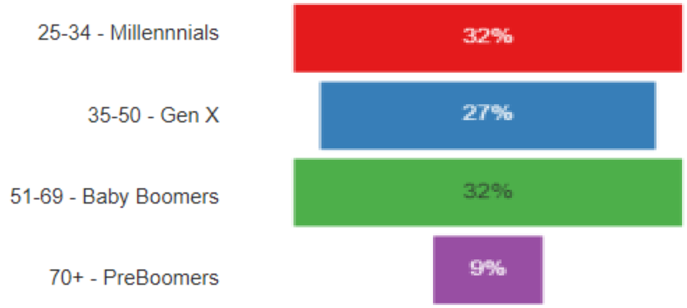
| | |
|---|---|
| **Drivers to travelling in Ontario** | Being active, escaping, relaxing |
| **Barriers to travelling in Ontario** | Lack of flexibility, things to do, safety protocols |
| **Product** | Winter and Fair weather sports, nature, relaxing |
| **Impact of COVID on travel** | Cancelled plans in 2020 but likely to travel in 2021 |
| **Focus** | Appeal to their vitality and need for escape |

**Top Priority Audience**

# FREE & FOMO (6%)

## Experiential, looking for authentic experiences

43% 57%




Average to high education

Most likely employed with high income

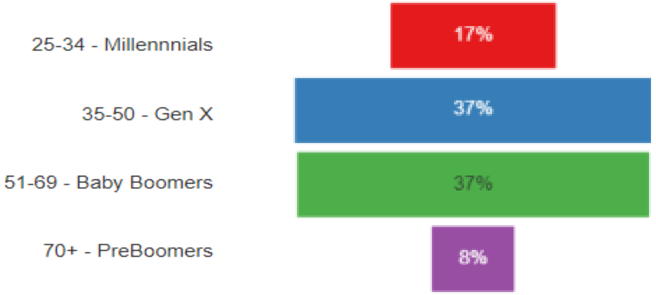
Married/common law, some with kids

| | |
|---|---|
| **Drivers to travelling in Ontario** | Exploring, being out there, taking great pictures |
| **Barriers to travelling in Ontario** | Not feeling excitement about what's available |
| **Product** | Wine/brews tours, culture, relaxing |
| **Impact of COVID on travel** | Cancelled plans in 2020 but likely to travel ASAP |
| **Focus** | Appeal to need to explore & fear of missing out |

# ANXIOUS HOMEBODIES (27%)

## Staycationers looking for predictability and relaxation

45% 55%




Most education

Employed/retired with average income

Married/common law, some with kids

| | |
|---|---|
| **Drivers to travelling in Ontario** | Relaxing, getting away from others/routine |
| **Barriers to travelling in Ontario** | Cost, fear of COVID, feeling overwhelmed |
| **Product** | Biking, culture, nature, relaxing |
| **Impact of COVID on travel** | Cancelled plans until vaccine is available |
| **Focus** | Stay top of mind for when vaccine is available |

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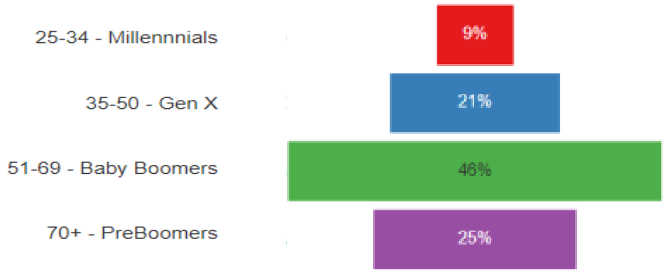
# CAUTION & COMFORT (25%)

## Retirees looking to escape in comfort

53% 47%




Least education

Most likely retired with average income

Married/common law, no kids at home

| | |
|---|---|
| **Drivers to travelling in Ontario** | Relaxing, returning to familiar/comfortable settings |
| **Barriers to travelling in Ontario** | COVID fear, lack of safety protocols/predictability |
| **Product** | Culture, relaxing |
| **Impact of COVID on travel** | Cancelled plans in 2020 unlikely to travel in 2021 |
| **Focus** | Establish a connection and give piece of mind |

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# Fall 2020: Regional Business Barometer / Summer Learnings

- Business and conference travel significantly decreased / sports tourism for winter also (leisure seems to be filling the gap partially)
- Bubble tightening means encouraging small groups travel into shoulder seasons
- Huge demand still for separate cottage rentals – into November (operators can still winterize)
- Education pieces for the “great Canadian wilderness” (canoe rescues, “Welcome to the Wilderness” etc.)
- Staff burn out due to volume / expectations / new protocols / time

# IMPLICATIONS FOR RTO 12'S DOMESTIC MARKETING STRATEGY

- Full rebrand to "The Great Canadian Wilderness just north of Toronto" (includes website rebuild)
- Prioritize advertising for Ontario Active & Outdoors / Free & FOMOs segments
- Communications must resonate with women
- Marketing to drive winter travel
- Continue to build domestic and international leads / fire up lead nurturing again
- Plan for greater volumes in spring and summer 2021

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# Implications for RTO12 Marketing / Programs

- ‘Welcome to the Wilderness’ content & planning sessions with operators (November/December) e.g. learn to snowmobile, outfitters for snowshoes etc, bike shops for fat biking
- Winter Turns Up The Fun revival/positioning
- Travel packages and Fuel & Fun
- Bus / shuttles / car rental programs (travel up the 400 in winter with peace of mind)
- Dispersion throughout region / also to avoid over tourism
- Winterization of businesses & continuing pivot by operators
- Support new winter product development with promotion / investment when possible
- Cottage Country Spirit Campaign (hyper local tourism promotion) continues


COTTAGE COUNTRY
Spirit
WINTER 2021

Algonquin Park is just the start.

EXPLORERSEDGE.CA

**Top 14 Places to View Fall Colours (Besides Algonquin Park)**

9.8K 1K Comments 3K Shares

Like Comment Share

1,136,129 people reached

Boost Post

| 13,295 | 1,127,653 | 127,917 |
|---|---|---|
| Organic Reach | Paid Reach | Post Clicks |

## Ryerson Students' Union Survey

- 700 Hospitality & Tourism Management Students to be surveyed from the Ted Rogers School of Management

## Tourism HR Canada

- 30% of jobs lost in Canada are from the tourism industry
- Employment levels in the industry not expected to return to pre-covid (already down) until 2025

## Real Estate / Housing

- Median non-waterfront residential reach $461K – up 38% Y0Y (Lakeland Assoc. of Realtors)

- Median income for Muskoka is $32K (below official low income cuttoff for Ontario at $38.5K)
  *-from 2019 District of Muskoka Economic Dev & Community Profile*

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