

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

Updated: June 23, 2020

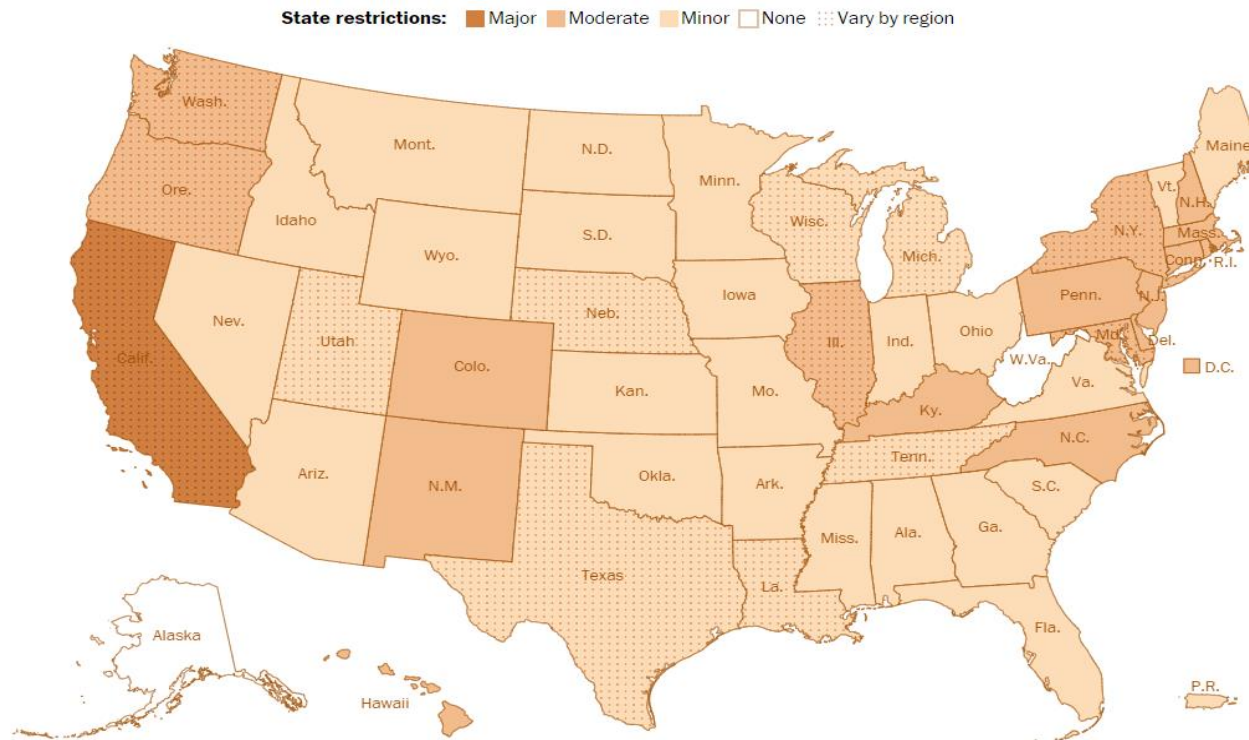
This document provides a snapshot of the recovery situation in 12 US states that traditionally have been Canada's most important markets. It has the following sections:

1. **Travel Restrictions:** 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 As of June 19, 2020, the restriction on all discretionary travel (e.g., tourism, recreation, and entertainment) at the Canada-U.S. border was extended until July 21, 2020, with the exception of immediate family members of citizens or permanent residents as per June 8, 2020, announcement.⁴

All US states have eased restrictions on businesses and social activity.⁵ Below is the visualization of state restrictions across the US, as well as summary of reopening phases for Destination Canada's 12 target states and districts.



Source: The Washington Post, June 23, 2020

Legend:

- Major restrictions:** Personal care businesses, such as salons and barbers, gyms and most non-essential businesses remain closed. Restaurants and bars may not seat patrons. Face coverings and six-foot distancing are required. Public gatherings larger than ten are not permitted.
- Moderate restrictions:** Many of the above businesses may reopen with limited capacity, while bars and gyms remain closed.
- Minor restrictions:** Bars, theaters, casinos and/or concert halls may reopen, with larger groups permitted.

State-by-State Restrictions (with a focus on tourism & travel related businesses)

- **New York: Moderate restrictions vary by region**
 - Governor Andrew M. Cuomo is following a four-stage approach to reopening.
 - Currently New York City is in phase two of reopening. Western New York, Capital Region, Mid-Hudson and Long Island are in phase three. Other regions are in phase four.⁶
- **Michigan: Minor restrictions vary by region**
 - Governor Gretchen Whitmer introduced a six-phase plan to reopening the state's businesses⁷.
 - On June 1, 2020, the governor lifted the state's stay-at-home order and moved to Phase Four of its reopening plan. Up to 100 people are now allowed to gather outdoors, though with distancing requirements. Restrictions on indoor gatherings remain in place, with no more than ten people permitted. Face masks are still required in enclosed public spaces.⁵
- **Washington: Moderate restrictions vary by region**
 - On May 1, 2020, Governor Jay Inslee extended the stay-at-home order to May 31, 2020 and announced a four-phase plan to reopen the state.
 - On May 11, 2020, eight counties entered phase two. Restaurants in those communities could open at half capacity.
 - On June 3, 2020, six counties applied for the third phase of a four-stage reopening plan. The third phase allows for gatherings of 50 people or less and restaurants to open to 75 percent capacity.⁵

- **California: Major restrictions vary by region**
 - Governor Gavin Newsom is following a four-stage roadmap to re-opening. The state moved into stage two of modifying the state's stay-at-home order on May 8, 2020, gradually opening some lower risk workplaces with adaptations at a pace designed to protect public health and safety. This began with retail, manufacturing, offices (when teleworking not possible), outdoor museums and limited personal services.⁸
 - On June 18, 2020, the State Health Department announced that the state's roughly 40 million residents must cover their faces in "most settings outside the home," this includes when they are working, "inside of, or in line to enter, any indoor public space" and when outdoors in public spaces where it's hard to stay six feet away from people outside of their household.⁵
- **Ohio: Minor restrictions**
 - Governor Mike DeWine, is taking a three-phase approach to reopening the state.
 - As of June 18, 2020, personal-care businesses such as salons and barbershops could reopen with additional guidelines. Restaurants and bars began offering outdoor dine-in services with additional guidelines. Catering and banquet centres reopened with a capacity limit of 300 people and with similar guidelines for restaurants. Entertainment spaces reopened with additional guidelines. Aquariums, art galleries, country clubs, ice skating rinks, indoor family entertainment centers, indoor sports facilities, laser tag facilities, movie theaters, museums, playgrounds, public recreation centers, roller skating rinks, social clubs, trampoline parks and zoos are permitted to open.
 - On June 19, 2020, casinos, amusement parks and water parks were allowed to reopen with additional guidelines.⁵
- **Pennsylvania: Moderate restrictions**
 - Governor Tom Wolf announced a three-phase approach to re-opening.⁹
 - As of June 19, 2020, there are 54 counties in the third reopening phase and 13 counties in Second Phase.⁵
- **Illinois: Moderate restrictions vary by region**
 - Governor J.B. Pritzker announced a five-phase plan to reopening.¹⁰
 - On May 29, 2020, the state began the third phase of its reopening plan, which allowed nonessential businesses, such as in-person retail businesses, to reopen. Gatherings are limited to ten people. Face coverings in public are required. Bars and restaurants are only open for pickup and delivery. Chicago began the Third Phase on June 3, 2020.⁵
 - Four hundred thousand Illinois residents are set to return to work as the state moves into phase four of reopening on June 26, 2020; new guidelines allow key leisure, recreation and business sectors to safely reopen.¹¹
- **Texas: Minor restrictions vary by region (reopening is currently on pause)**
 - On April 17, 2020, Governor Greg Abbott issued a three-phase approach on reopening the state.
 - As of June 12, 2020, restaurants were increased to 75 percent capacity with certain protocols still in place. Bars moved to 50 percent capacity, as long as people are seated, and restaurants can now sit ten people to a table.
 - On June 19, 2020, all amusement parks and carnivals were allowed to open at 50 percent capacity.
 - On June 25, 2020, the governor said Texas would pause reopening activities to address a recent spike in COVID-19 cases.⁵
- **Massachusetts: Moderate restrictions**
 - On May 11, 2020, Governor Charlie Baker announced a four-phase plan to reopen the state.
 - On June 22, 2020 the state lifted additional restrictions as part of its Phase Two reopening plan. Indoor table services, close-contact personal services and retail dressing rooms reopened with restrictions. Offices also reopened at 50 percent capacity.⁵
- **Minnesota: Minor restrictions**
 - Governor Tim Walz is following a four-phase plan to re-opening.¹²

- On June 10, 2020, the state entered the third phase of its reopening plan. Restaurants and bars re allowed to offer dine-in services at 50 percent capacity and with additional guidelines. Gyms, bowling alleys and indoor entertainment venues such as theaters and concert halls reopened at 25 percent capacity. Public swimming pools can operate at 50 percent capacity. ⁵
- **New Jersey: Moderate restrictions**
 - Governor Phil Murphy is following a three-phase approach to reopening.¹³
 - On June 15, 2020, the State entered the second phase of its reopening plan. Restaurants will be allowed to reopen for outdoor dining and retail stores will be allowed to offer limited in-person shopping.
 - On June 22, 2020, public and private pools also reopened. The limit on outdoor gatherings is scheduled to increase to 250 people. ⁵
- **District of Columbia: Moderate restriction**
 - Mayor Muriel Bowser is following a four-phase approach to reopening.¹⁴
 - On June 22, 2020, the city entered the second phase of reopening, which will lift more restrictions. In phase two, indoor dining and retail can resume at 50 percent capacity. Camps reopened along with swimming pools, worship services without singing and gatherings of up to 50 people. ⁵

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.

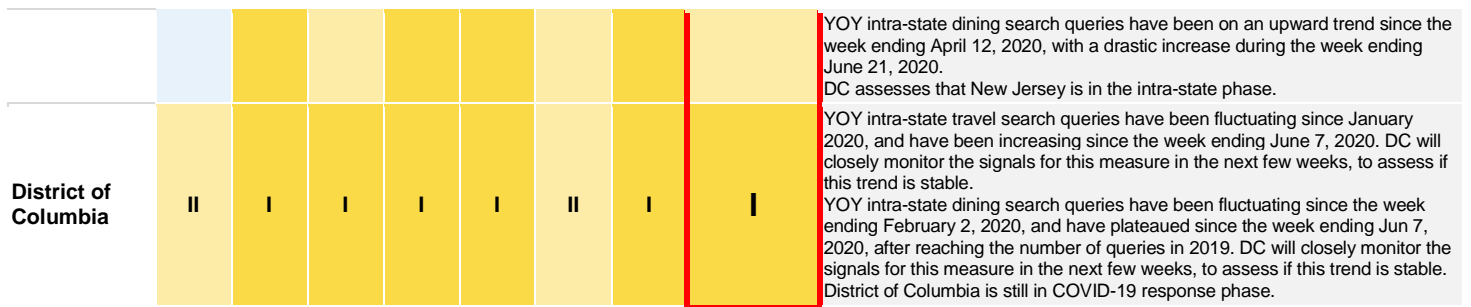
Summary of current phase for each of the key US states:

Destination Canada's Assessment of the US market:	II Intra-state	All US states and districts are gradually lifting restriction on movement and travel. Intra-state travel is being considered, planned and booked. That being said, most measures signalled slight decrease in progress during the week ending June 21, 2020. DC is closely monitoring this change in pattern and will make adjustments as necessary.
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Legend: ● I COVID-19 Response ● II Intra-State ● III Inter-State ● IV Tentative Int'l ● V Regularized Int'l

	Travel Search Index	Accommodation Searches on OTA	Rate of Hotel Booking	Rate of Air Travel	New COVID Cases	Dining Search Index	Activities Search Index	Overall Assessment	Notes
New York	III	I	I	I	I	III	I	I	YOY inter-state travel search queries have been on an upward trend since the week ending April 12, 2020. YOY inter-state dining search queries have been increasing since the week ending May 31, 2020. However, all the measures that reflect actual travel (such as hotel bookings) still signal COVID-19 response phase.
Michigan	III	II	II	I	I	III	II	II	YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have slightly decreased during the week ending June 21, 2020. YOY intra-state accommodation search queries and bookings have been on an upward trend since the week ending April 12, 2020. YOY inter-state dining search queries have been increasing since the week ending Mar 29, 2020. YOY intra-state activity search queries have been increasing from the week ending Apr 5, 2020, to the week ending June 14, 2020, and have plateaued during the week ending June 21, 2020. DC assesses that Michigan is in the intra-state phase.

Washington	III	I	III	I	I	III	I	II	<p>YOY inter-state travel queries have been increasing from the week ending April 12, 2020, to the week ending June 14, 2020, and have slightly decreased during the week ending June 21, 2020.</p> <p>YOY inter-state accommodation bookings have been on an upward trend since the week ending April 26, 2020.</p> <p>YOY inter-state dining search queries have been increasing since the week ending March 29, 2020.</p> <p>DC assesses that Washington is in the intra-state phase.</p>
California	III	I	II	I	I	III	I	II	<p>YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have decreased during the week ending June 21, 2020.</p> <p>YOY intra-state accommodation bookings have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have almost plateaued during the week ending June 21, 2020.</p> <p>YOY inter-state dining search queries have been increasing since the week ending April 5, 2020.</p> <p>DC assesses that California is in the intra-state phase.</p>
Ohio	III	I	III	II	I	III	III	II	<p>YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have decreased during the week ending June 21, 2020.</p> <p>YOY inter-state accommodation bookings have been increasing from the week ending April 12, 2020, to the week ending June 14, 2020, and have plateaued during the week ending June 21, 2020.</p> <p>YOY intra-state seat capacity in June 2020 is slightly higher than what it was in June 2019.</p> <p>YOY inter-state dining search queries have been increasing since the week ending March 29, 2020.</p> <p>YOY inter-state activity search queries have been increasing from the week ending April 12, 2020, to the week ending June 14, 2020, and have slightly decreased during the week ending June 21, 2020.</p> <p>DC assesses that Ohio is in the intra-state phase.</p>
Pennsylvania	III	I	III	I	I	III	I	II	<p>YOY inter-state travel search queries and accommodation bookings have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020 and have decreased during the week ending June 21, 2020.</p> <p>YOY inter-state dining search queries have been increasing since the week ending April 5, 2020.</p> <p>DC assesses that Pennsylvania is in the intra-state phase.</p>
Illinois	III	I	I	I	I	III	III	I	<p>YOY inter-state travel and activity search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have decreased during the week ending June 21, 2020.</p> <p>YOY inter-state dining search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have plateaued during the week ending June 21, 2020.</p> <p>However, all the measures that reflect actual travel (such as hotel bookings) still signal COVID-19 response phase.</p>
Texas	III	I	II	I	I	II	I	II	<p>YOY inter-state travel search queries and intra-state accommodation bookings have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have decreased during the week ending June 21, 2020.</p> <p>YOY intra-state dining search queries have been increasing from the week ending April 19, 2020, to the week ending June 14, 2020, and have plateaued during the week ending June 21, 2020.</p> <p>DC assesses that Texas is in the intra-state phase.</p>
Massachusetts	III	I	II	I	I	II	I	II	<p>YOY inter-state travel queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have decreased during the week ending June 21, 2020.</p> <p>YOY intra-state accommodation bookings have been on an upward trend since the week ending May 24, 2020.</p> <p>YOY inter-state dining search queries have been on an upward trend from the week ending May 3, 2020, to the week ending June 14, 2020, and have plateaued during the week ending June 21, 2020.</p> <p>DC assesses that Massachusetts is in the intra-state phase.</p>
Minnesota	III	I	III	I	I	III	II	II	<p>YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have decreased during the week ending June 21, 2020.</p> <p>YOY inter-state accommodation bookings have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have plateaued during the week ending June 21, 2020.</p> <p>YOY inter-state dining search queries have been on an upward trend from the week ending March 29, 2020, to the week ending June 14, 2020, and have almost plateaued during the week ending June 21, 2020.</p> <p>YOY intra-state activity search queries have been on an upward trend since the week ending April 12, 2020.</p> <p>DC assesses that Minnesota is in the intra-state phase.</p>
New Jersey	III	I	II	I	I	II	I	II	<p>YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have decreased during the week ending June 21, 2020.</p> <p>YOY intra-state accommodation bookings have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have plateaued during the week ending June 21, 2020.</p>



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3. ESTIMATED IMPACTS ON TRAVEL TO CANADA

As of June 18, 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	JUL	AUG	SEP	Total Q1+Q2+Q3
\$ change compared to 2019 (\$M)	\$7.8	\$36.5	-\$309.1	-\$264.8	-\$791.5	-\$1,027.5	-\$1,294.8	-\$3,378.5	-\$1,541.8	-\$1,470.6	-\$1,059.3	-\$7,450.2
% change	1.8%	8.5%	-61.3%		-92.2%	-97.0%	-95.7%		-92.9%	-90.8%	-87.7%	

Source: Destination Canada Estimates (data as of June 18, 2020)

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

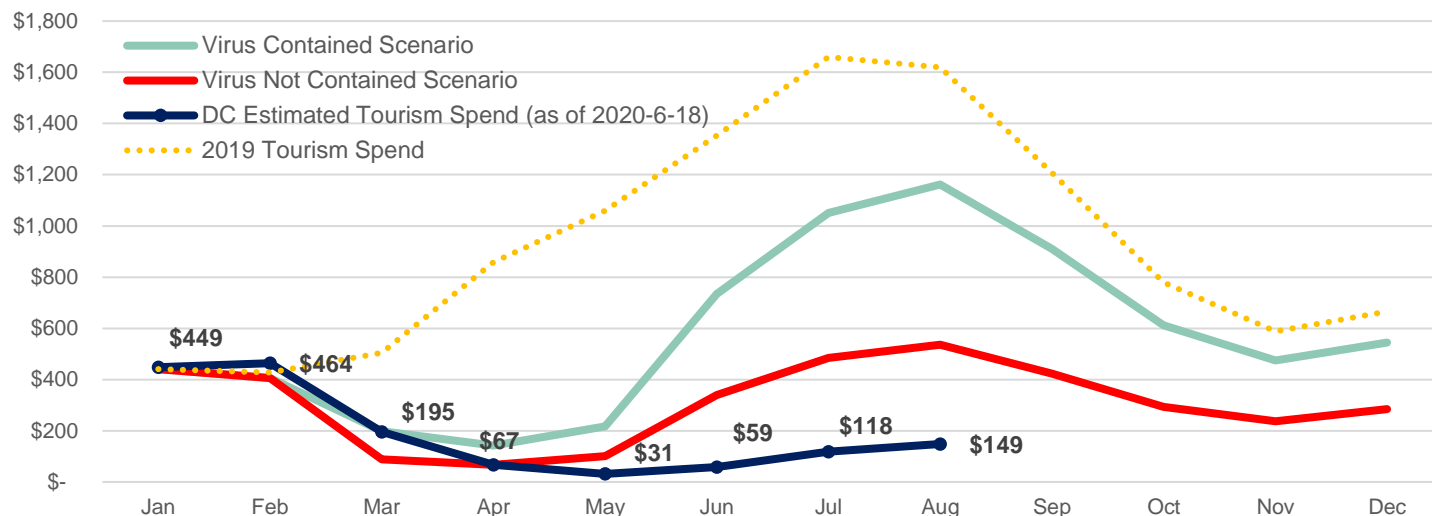
	CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	NORTH
Jan - Jun	-\$3,378.5	-\$851.9	-\$288.8	-\$33.4	-\$52.3	-\$1,320.8	-\$525.4	-\$48.3	-\$84.2	-\$32.5	-\$11.7	-\$129.0
Jan - Sep	-\$7,450.2	-\$1,945.9	-\$690.1	-\$68.0	-\$99.3	-\$2,691.6	-\$1,170.7	-\$158.1	-\$283.4	-\$90.5	-\$44.8	-\$207.9

Source: Destination Canada Estimates (data as of June 18, 2020)

Destination Canada has commissioned Tourism Economics¹⁵, 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 June 18, 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 August.

Destination Canada currently assesses that the estimated tourism spend in June, July, and August are on track to fall below the Virus Not Contained Scenario. Destination Canada foresees that actual July and August travel may continue to fall as airlines have yet to announce cancellation notices for flights departing in these months, 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

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. **Intra-State 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 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 from US states to Canadian 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:

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¹⁴ Government Of The District Of Columbia, June 23, 2020

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¹⁵ Tourism Economics, COVID-19's Impact on Canadian Tourism, March 23, 2020

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