

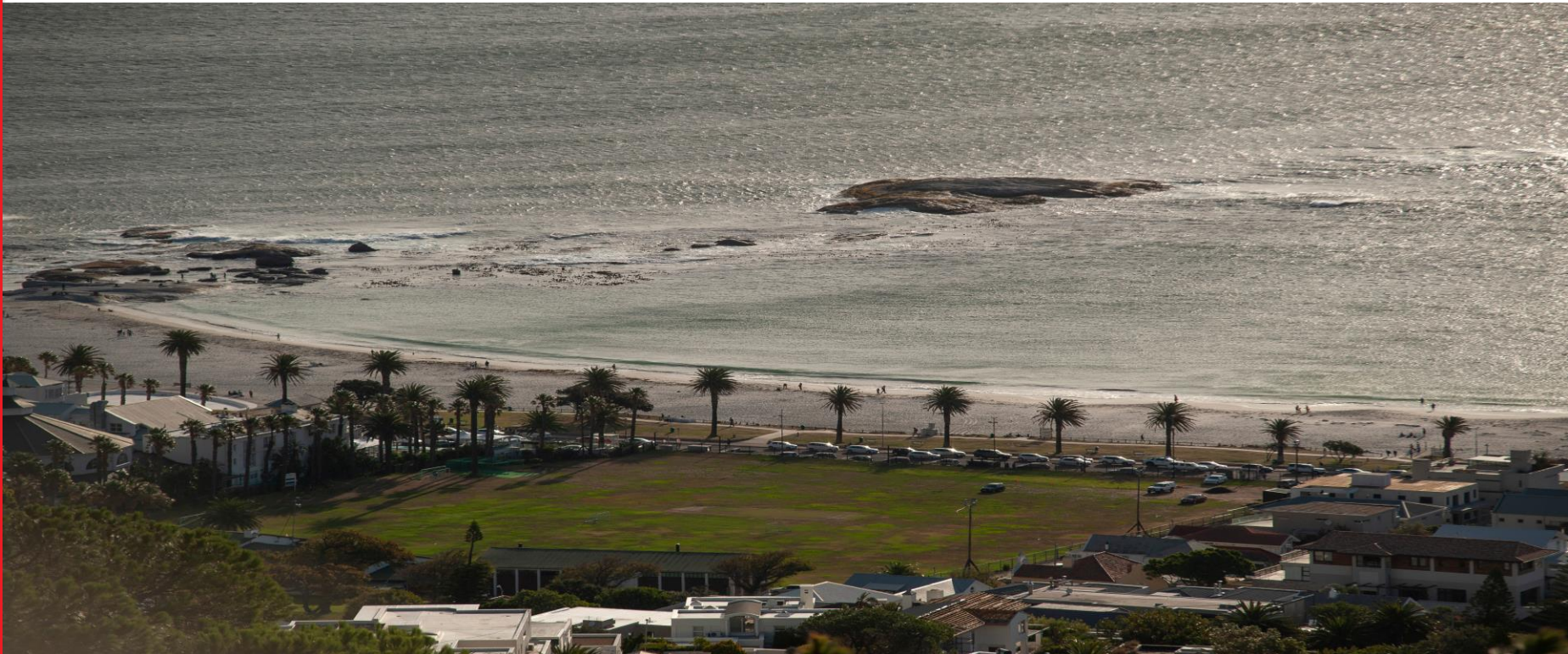


COVID-19 IMPACT STUDY September 2020

WESGRO
cape town & western cape
research

INTRODUCTION

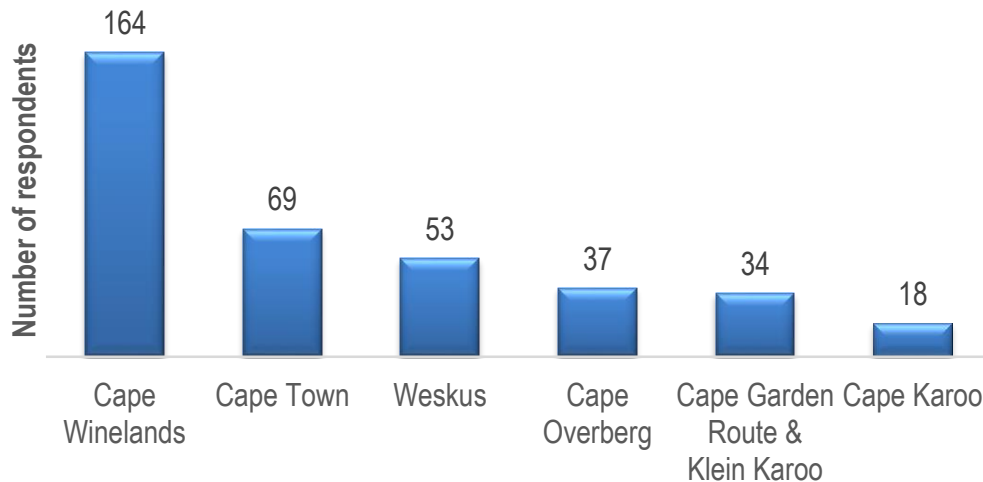
- In August 2020, Wesgro undertook a survey with tourism businesses to understand the impact of the COVID-19 pandemic at a regional level as well as the challenges experienced by the local tourism industry.
- The results of the survey provide additional insights to assist Wesgro in developing relevant research topics for future publications.
- The COVID-19 pandemic has undoubtedly had a devastating impact on the tourism economy. The World Travel & Tourism Council (WTTC) expects that the tourism industry will lose at least 98,2 million jobs with a US\$ 2 686 billion loss in GDP.
- It is imperative for public and private sector to work together towards adaptation and recovery. A 'new normal' is expected to emerge as a result of the pandemic, and it will certainly affect travel behaviour and the way business is being conducted going forward.



METHODOLOGY

- Survey Monkey was used as the main research tool to develop the questionnaire and electronic link.
- With the support of the Regional Tourism Bodies in the Western Cape, a member database of tourism businesses was obtained from each region.
- In the event of challenges experienced in obtaining member databases, the Local Tourism Authorities (LTA's) assisted in circulating the survey on Wesgro's behalf to all their members.
- In addition, the survey was shared on all Wesgro's social media platforms to obtain a stronger sample of respondents.

PARTICIPATION & SAMPLE SIZE

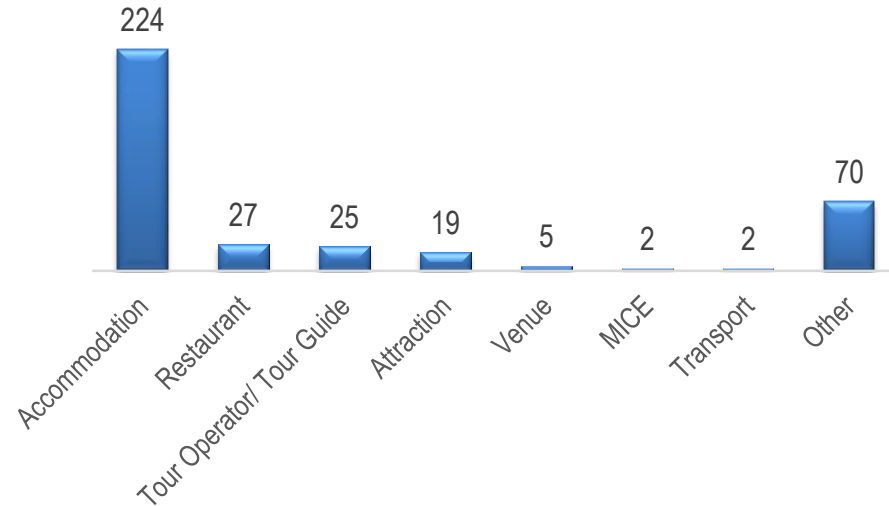


- A total of 375 tourism businesses across the Western Cape took part in the survey.
- The Cape Winelands (164), Cape Town (69) and Weskus (53) regions represented the highest number of respondents.

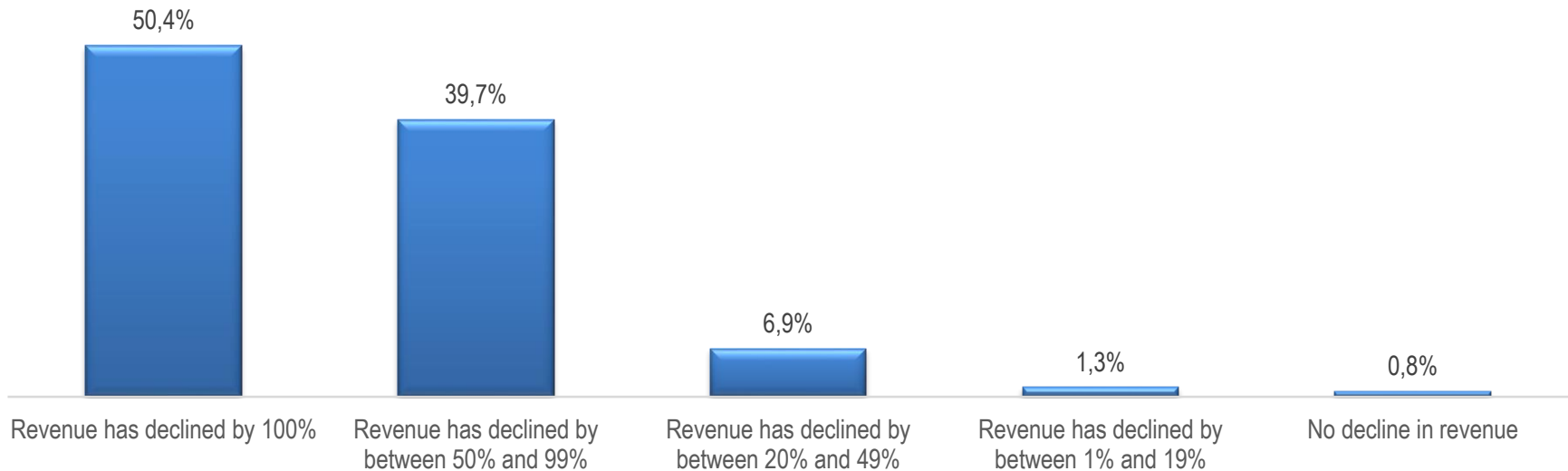
KEY FINDINGS

- The highest (224) number of surveys represented the accommodation sector, followed by restaurants (27) and tour operator/tour guides (25).
- Respondents in the 'other' category included wine farms, activities and local tourism authorities.
- More than half of responding businesses in the Western Cape experienced a 100% loss of revenue as a result of the COVID-19 pandemic and around 39.7% of respondents saw their revenue decline between 50% and 99%, underlining the level of impact experienced by businesses in the Western Cape.

BUSINESS CATEGORIES

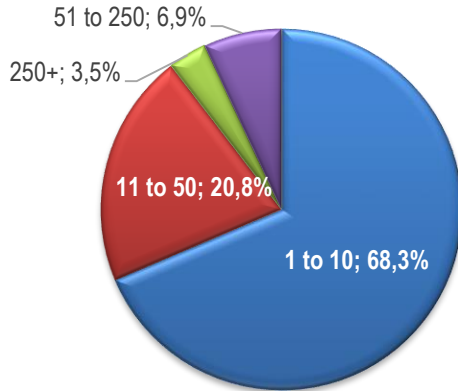


OVERALL IMPACT OF COVID-19 ON WESTERN CAPE BUSINESSES

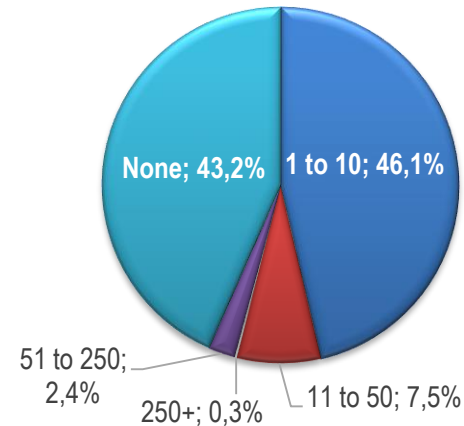


KEY FINDINGS

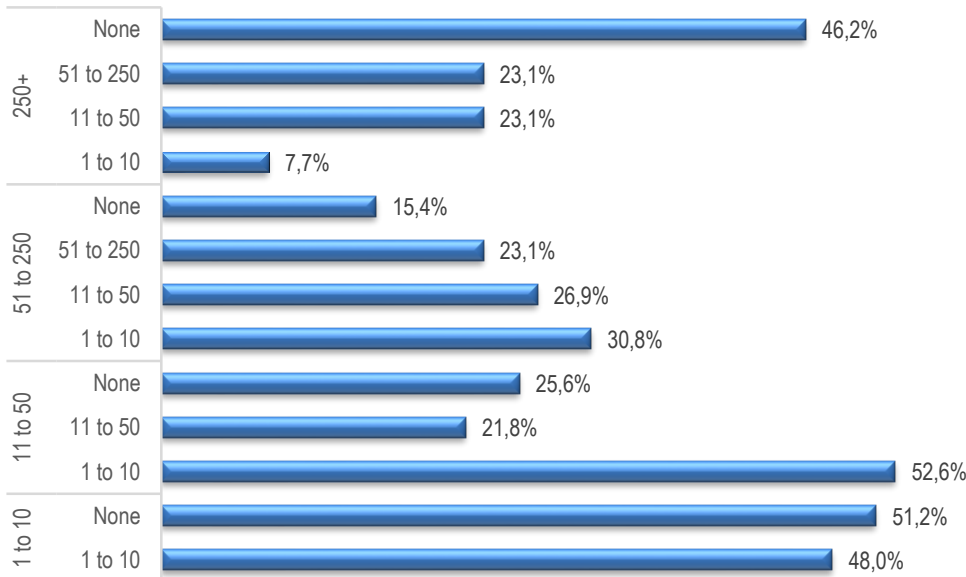
NUMBER OF EMPLOYEES BEFORE COVID-19



NUMBER OF EMPLOYEES LOST DUE TO COVID-19



COMPARISON: NUMBER EMPLOYED vs. EMPLOYEES LOST

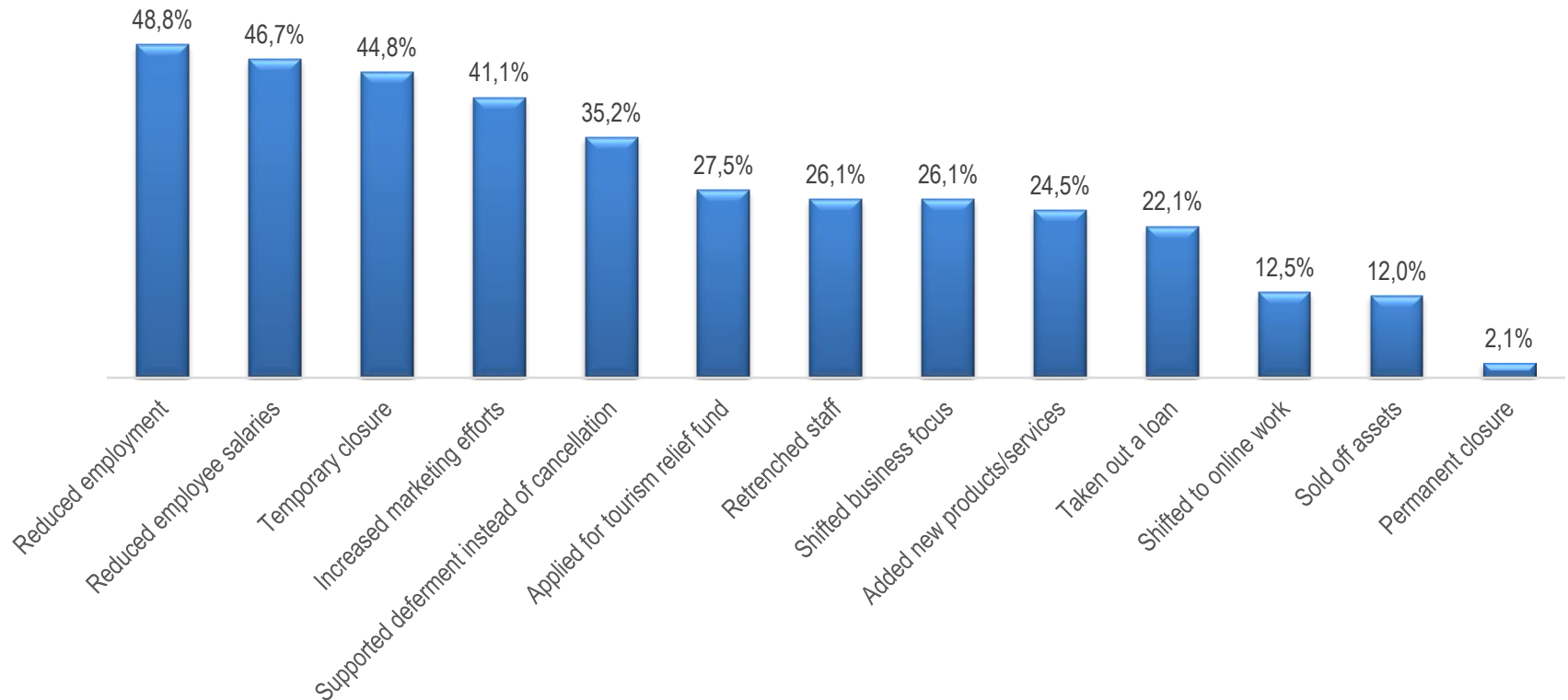


- Close to 70% of respondents had between 1 and 10 employees before COVID-19 and just under 50% of those reported to have lost at least 1 employee due to the pandemic.
- 20.8% of respondents had between 11 and 50 employees prior to COVID-19 and 52.6% of them lost between 1 and 10 employees as a result of the pandemic.
- The highest (30.8%) share of respondents who recorded 51 to 250 employees prior to COVID-19 lost between 1 and 10 employees, followed by 26.9% who lost between 11 and 50 employees.
- Overall, it is promising that around 43.2% of respondents indicated that they had not lost any employees. However, nearly half of respondents indicated to have lost between 1 and 10 employees and a further 7.5% lost between 11 and 50 employees.

KEY FINDINGS

- Close to 50% of respondents had to reduce employment due to the pandemic and around 46.7% had to reduce employee salaries. In addition, temporary closure and increased marketing efforts were amongst the most widely used strategies to alleviate the impact of the pandemic on businesses.
- 'Other' (8.5% of respondents) strategies implemented by businesses included applying for payment holidays, many businesses tried adding more specials in the hope of securing future bookings and quite a number of businesses indicated that they had to access their savings as a means to cope during the pandemic.

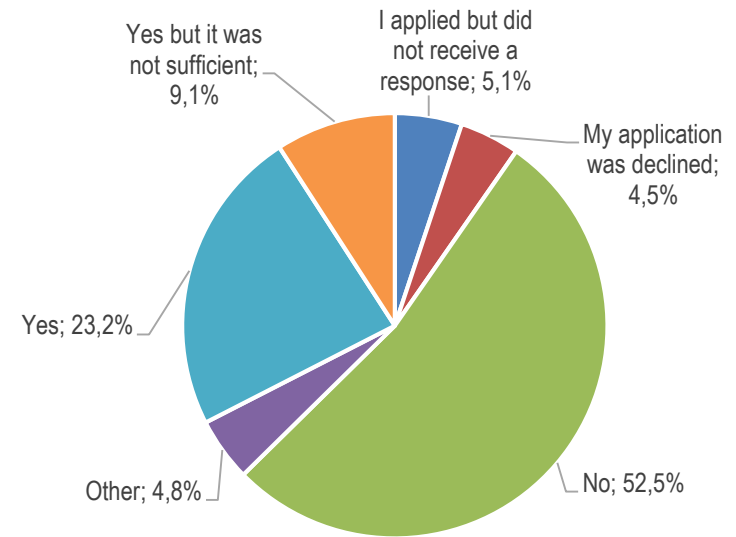
STRATEGIES IMPLEMENTED TO COPE WITH COVID-19



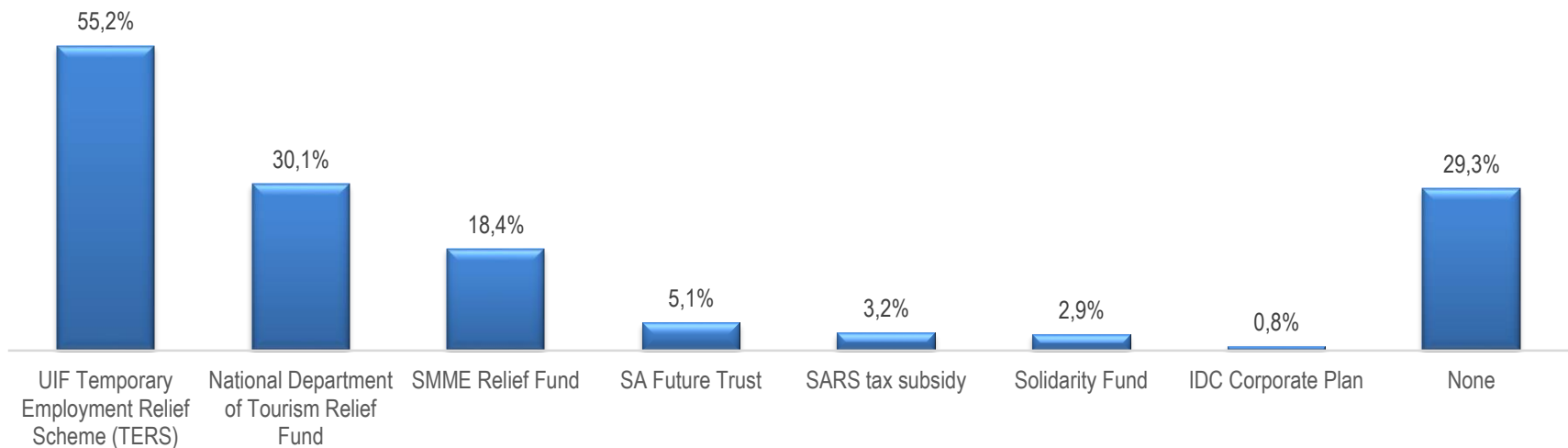
KEY FINDINGS

- There were quite a number of funds made available by government to support struggling businesses in coping with the impact of COVID-19.
- More than half of respondents indicated that they did not receive financial support from government however, 54.3% of those who did not receive funding had not applied at all. A further 9.6% of respondents either did not receive a response from government or were denied.
- 23.2% of respondents said that they received funding and 9.1% received funding which was not sufficient for their needs.
- 55.2% of respondents applied for funding from the UIF Temporary Employment Relief Scheme (TERS), 30.1% of respondents applied to the National Department of Tourism Relief Fund and 18.4% to the SMME Relief Fund.

FINANCIAL SUPPORT RECEIVED FROM GOVERNMENT



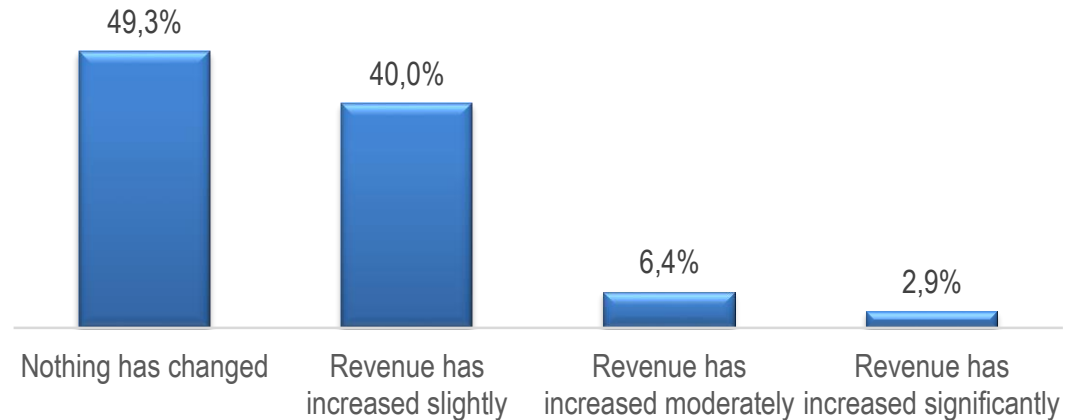
FUNDS TO WHICH WESTERN CAPE BUSINESSES APPLIED



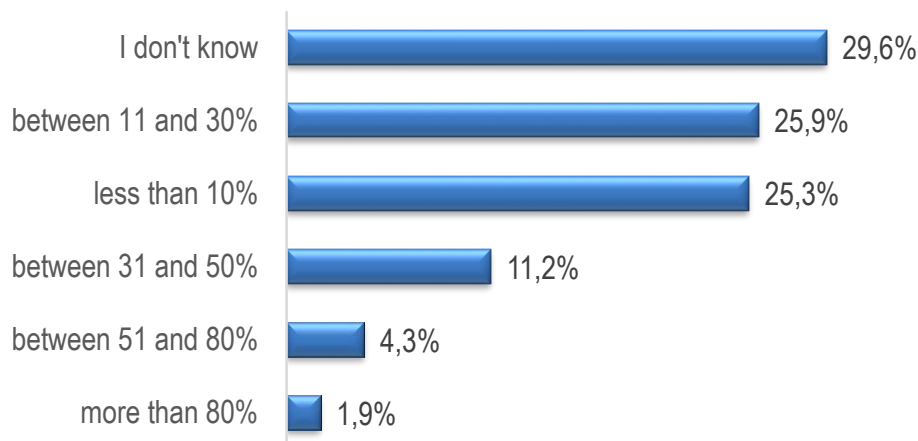
KEY FINDINGS

- As part of national government's risk adjusted strategy, a number of sub-sectors and activities were allowed to open under lockdown levels 3 and 4. Domestic travel for business purposes, in particular, was allowed to commence as from 1 June 2020.
- Around 40% of respondents confirmed that occupancy levels or revenue slightly increased as a result of this relief measure. The easing of restrictions also had a huge impact on close to 10% of businesses which experienced a moderate to significant increase in revenue.
- However, close to 50% of respondents had not experienced any change in occupancy or revenue.

HOW HAS THE EASING OF RESTRICTIONS IMPACT ON REVENUE



FORWARD BOOKINGS: SEPTEMBER 2020-MARCH 2021



- Looking ahead, respondents seem to be fairly optimistic about bookings over the next six months.
- Around 11.2% of respondents are expecting occupancy levels to be between 31 and 50% over the September 2020 to March 2021 period, and a share of 6.2% of respondents predicted more than 50% in occupancy.
- 25.3% of respondents remain watchful and do not anticipate more than 10% occupancy over the next six months.
- 29.6% of respondents indicated that they do not know what to expect which underlines the uncertainty and unpredictability associated with the COVID-19 pandemic.

SUMMARY OF FINDINGS

- During the challenging nationwide lockdown, the tourism and hospitality sectors have been the hardest hit throughout Africa. An estimation by the City of Cape Town reflects that the country's tourism industry has provided jobs for more than 700 000 by 2019.
- Findings illustrated in this report echo the great impact experienced by many of our tourism businesses in the Western Cape with more than half of respondents confirming a 100% loss of revenue as a result of the COVID-19 pandemic and around 39.7% saw their revenue decline between 50% and 99%. The pandemic not only affected the companies alone but it is evident that employees were severely impacted during the lockdown period. Close to 60% of businesses who had between 1 and 250 employees before COVID-19 reported to have lost at least 1 employee since the lockdown commenced. However, overall, it is promising that around 43.2% of respondents indicated that they had not lost any employees.
- In an attempt to sustain both the business and employees, companies had to implement innovative and realistic objectives in order to alleviate the impact of the pandemic. The most widely used strategies included a reduction in employment (close to 50%), decreasing employee salaries (46.7%), temporary closure and increased marketing efforts. With more than half of respondents indicating that they did not receive financial support from government, the aforementioned and many other strategies were vital for businesses to withstand the effects associated with COVID-19. A further 9.6% of respondents either did not receive a response from government or were denied.
- Looking ahead, respondents seem to be fairly optimistic about bookings over the next six months. Around 25.9% of respondents are expecting occupancy levels to be between 11 and 30% and 29.6% do not know what to expect which underlines the uncertainty felt amongst businesses.
- The announcement of level 1 and further business continuity holds much hope for the sectors. Furthermore, it is promising to note that since the opening of inter-provincial leisure travel in August 2020; Wesgro's Air Access team has confirmed that domestic flights to and from Cape Town have seen a load factor of 85% in August, and already 87% for the first week in September.
- The tourism and hospitality sectors have proven over the past months that they're able to re-open and resume business safely and responsibly. If visitors ensure they wear masks, wash hands and sanitize regularly, coupled with social distancing and maximum capacity guidelines adhered to, contamination will be minimized and businesses will be well on their way to recovery!

ACKNOWLEDGEMENTS

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The participating regional and local tourism authorities in the following regions:

- *Cape Garden Route & Klein Karoo*
- *Cape Karoo*
- *Cape Overberg*
- *Cape Town*
- *Weskus*
- *Cape Winelands*

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