TICO & PMG Intelligence

Ongoing impact of COVID - 19 on consumer behaviour

Data Summary - Understanding the impact on travel consumers

Background & methodology

- The objective of this phased analysis is to **model the impact of COVID-19 on the Canadian market and provide deeper insights into re-engagement** factors on a segmented level.

- The following presents insights more specifically focused on travel – although other insights were also gathered as part of a broader study.

- Approximately 1,200 respondents

Creating the Framework

Understanding consumer decision-making

Decision - making framework

How consumers make active choices/change vs. default to habit-based choices

GOAL-DIRECTED
Conscious & reflective – Open to new information & offerings – High cognitive effort

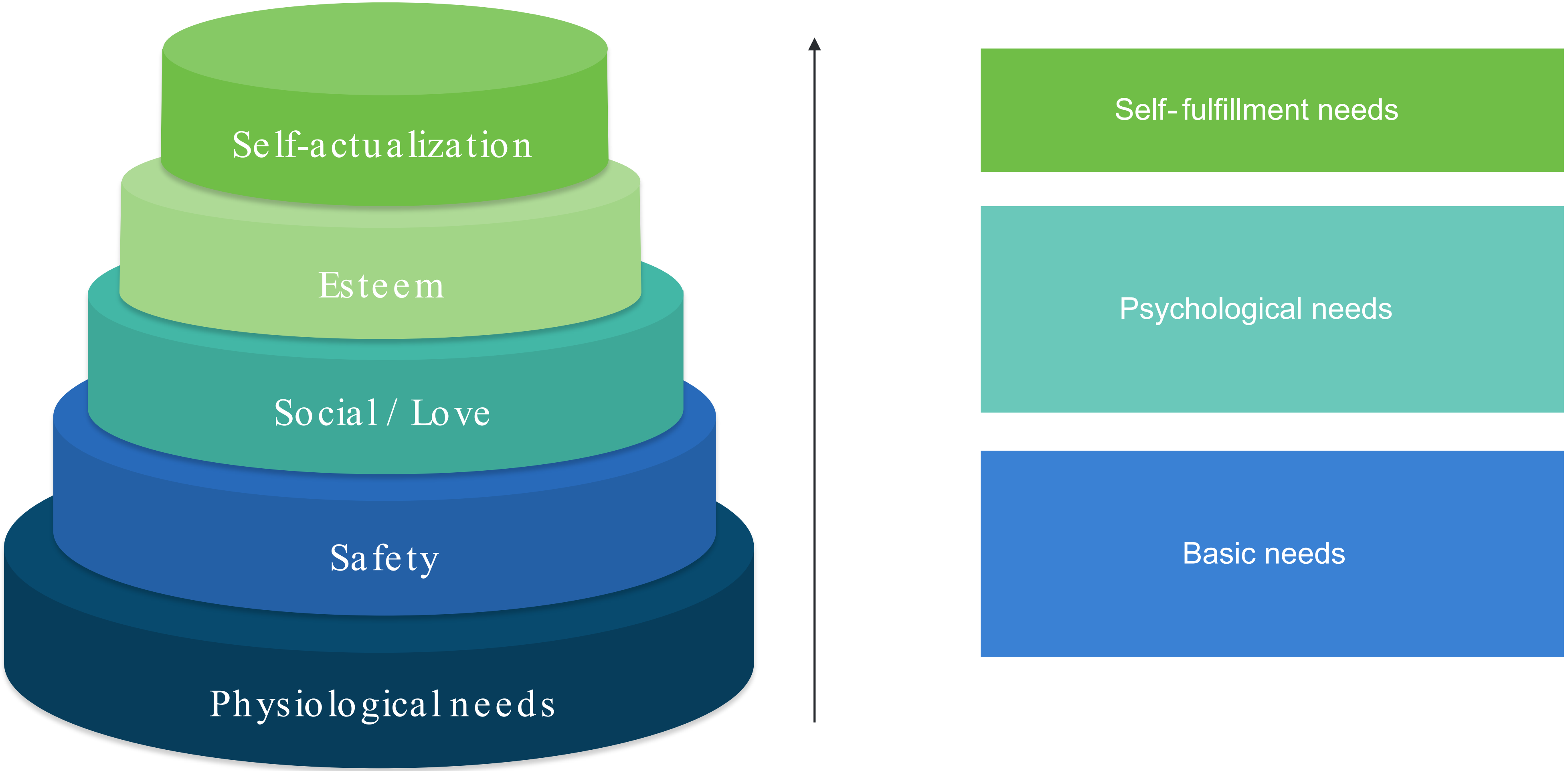
High / Importance	**DECIDE TO TAKE ACTION/CHANGE** Deemed **important**; Deemed non-urgent	**TAKING ACTION/CHANGE** Deemed **important**; Deemed **urgent**
Low	**NO ACTION/CHANGE** Deemed non-important; Deemed non-urgent	**CONSIDER THE ACTION/CHANGE** Deemed non-important; Deemed **urgent**
	Low — Urgency	High

HABIT-DIRECTED
Unconscious & reactive – Running more on autopilot & habits – Low cognitive effort

COVID has impacted consumer decision-making around travel. The pandemic has changed the level of importance, and degree of urgency, in how people are thinking about future travel plans.

The impact of COVID on personal needs

Understanding behaviour through Maslow's motivation theory



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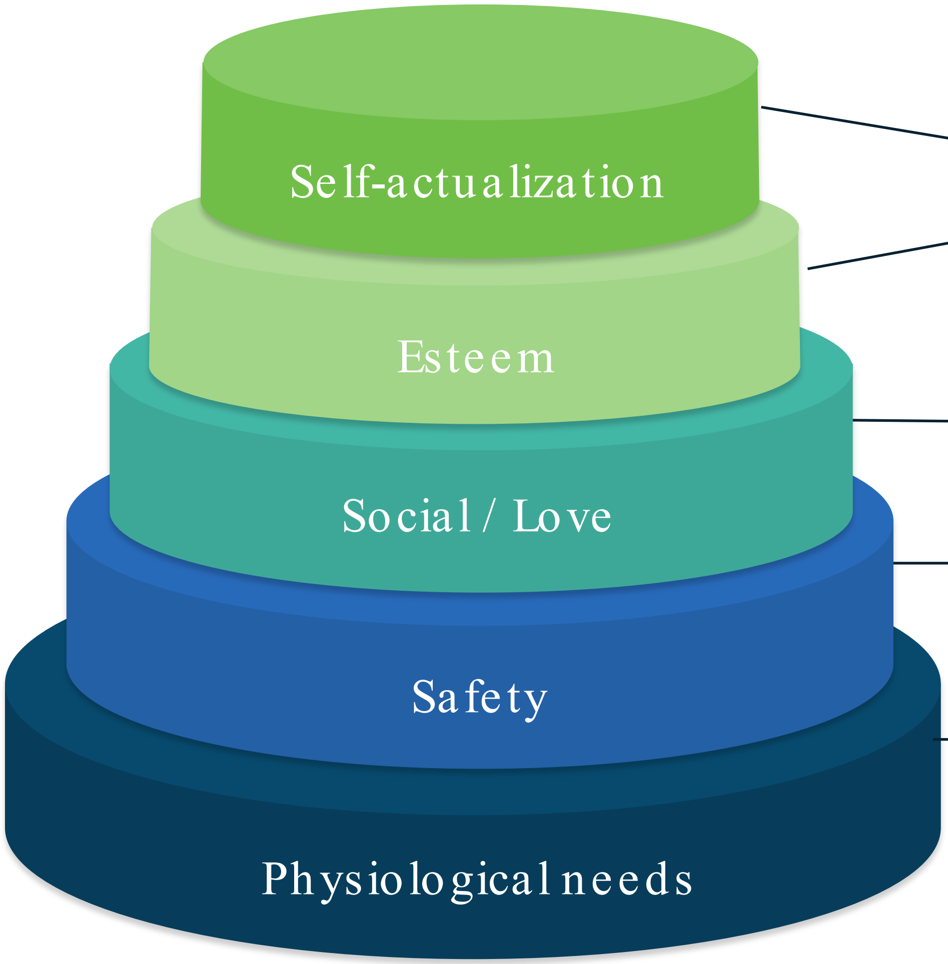

Those who may have previously had their esteem or actualization needs met may now be pushed back down the hierarchy, and seeking their basic, safety and/or social needs

Allowable social interactions are declining as cases increase

Regardless of previous placement, many have now greater focus on their need for safety

Basics like employment changes, housing concerns, and keeping healthy are less stable for some

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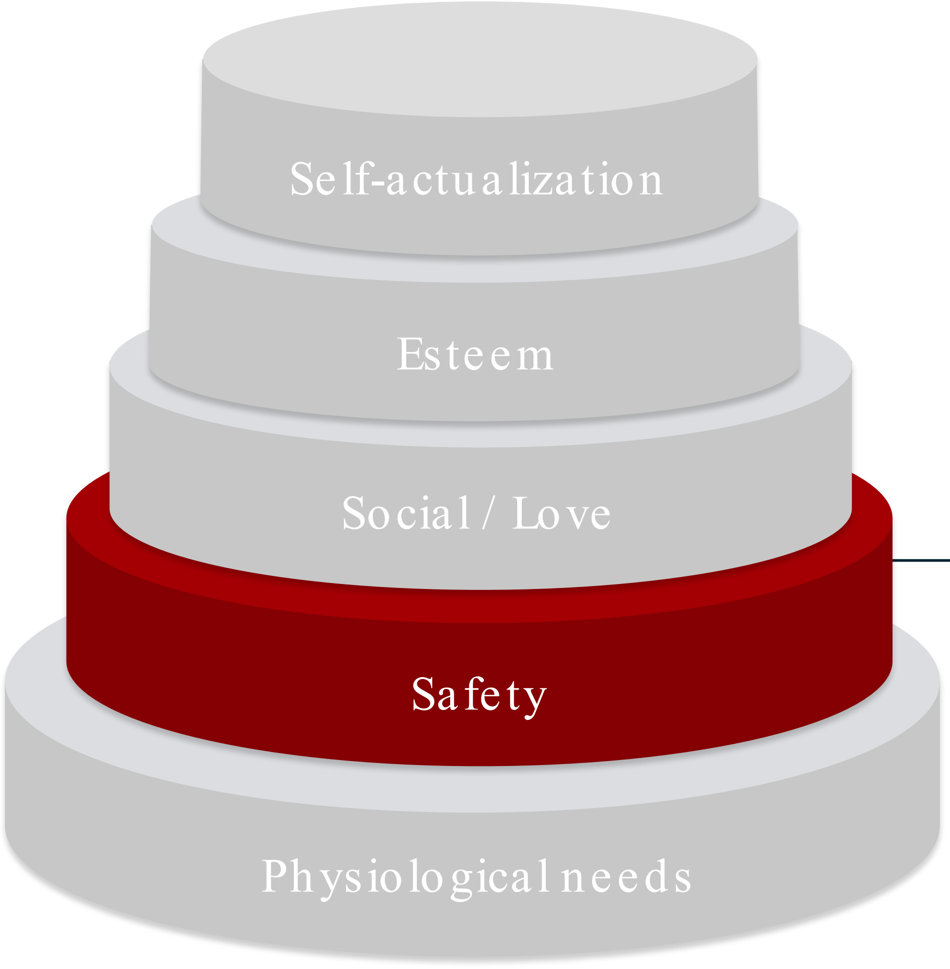


Like other industries, travel consumers have been driven down the pyramid to lower levels; placing a greater focus on safety.

With this, consumers perceptions of the importance of travel insurance have notably increased.

People want (and need) to experience order, predictability and control in their lives.

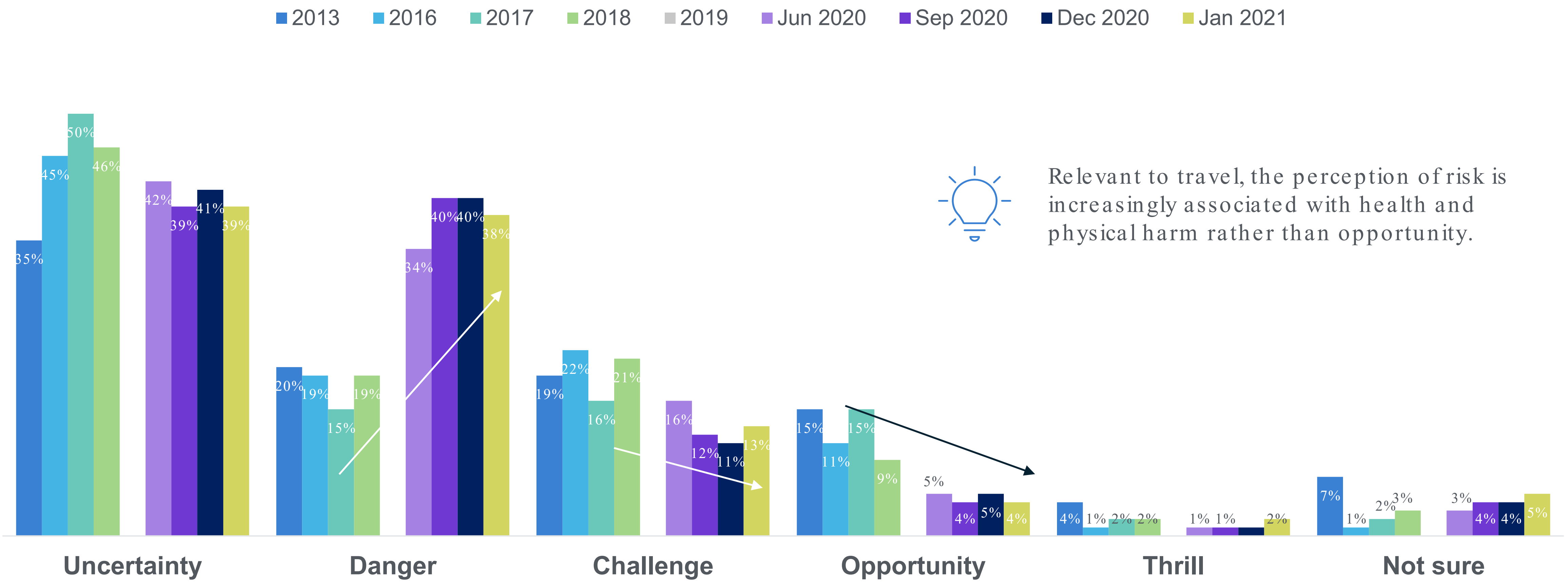
- emotional security
- financial security
- freedom from fear
- social stability
- health and wellbeing
- Etc.

Trending of Key Markers

Examining shifts in consumer confidence, trust, and risk management

Perceptions of "risk"

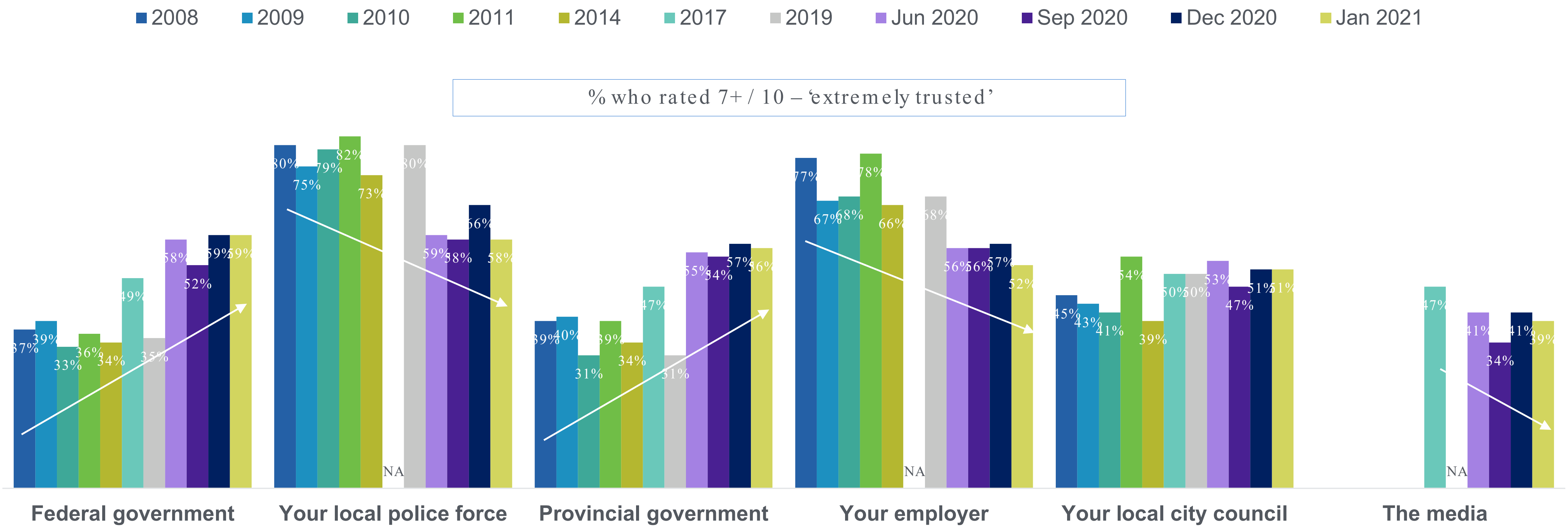
How do consumers internalize?



Relevant to travel, the perception of risk is increasingly associated with health and physical harm rather than opportunity.

Trust in organizations

How much trust do consumers have?



All time low since tracking

All time low since tracking

All time low since tracking

Given the increased trust in government organizations, the role of regulators (including travel) will be critical in driving consumer confidence and market re-engagement.

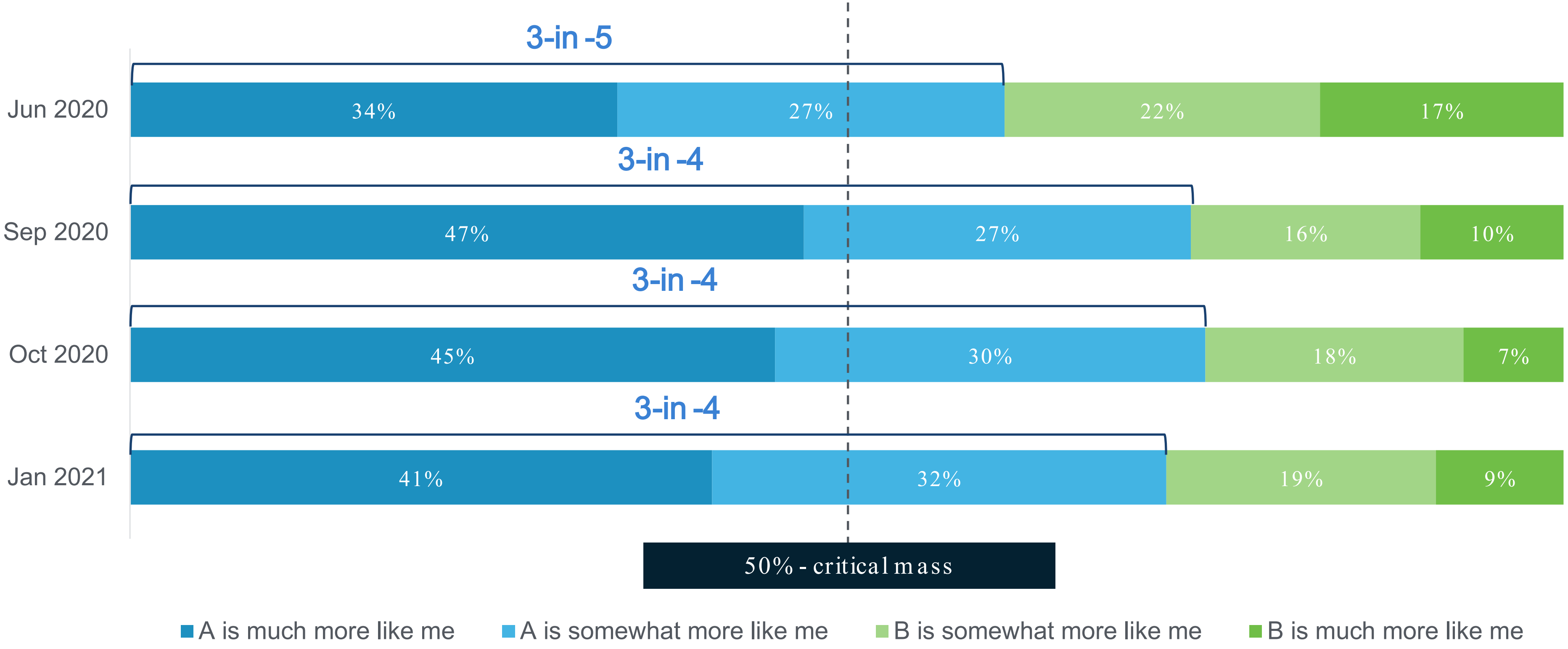
COVID - 19 Impact Analysis

Insights into the travel industry

Preferences for domestic vs. international travel

Please indicate whether Option A or Option B best describes you.

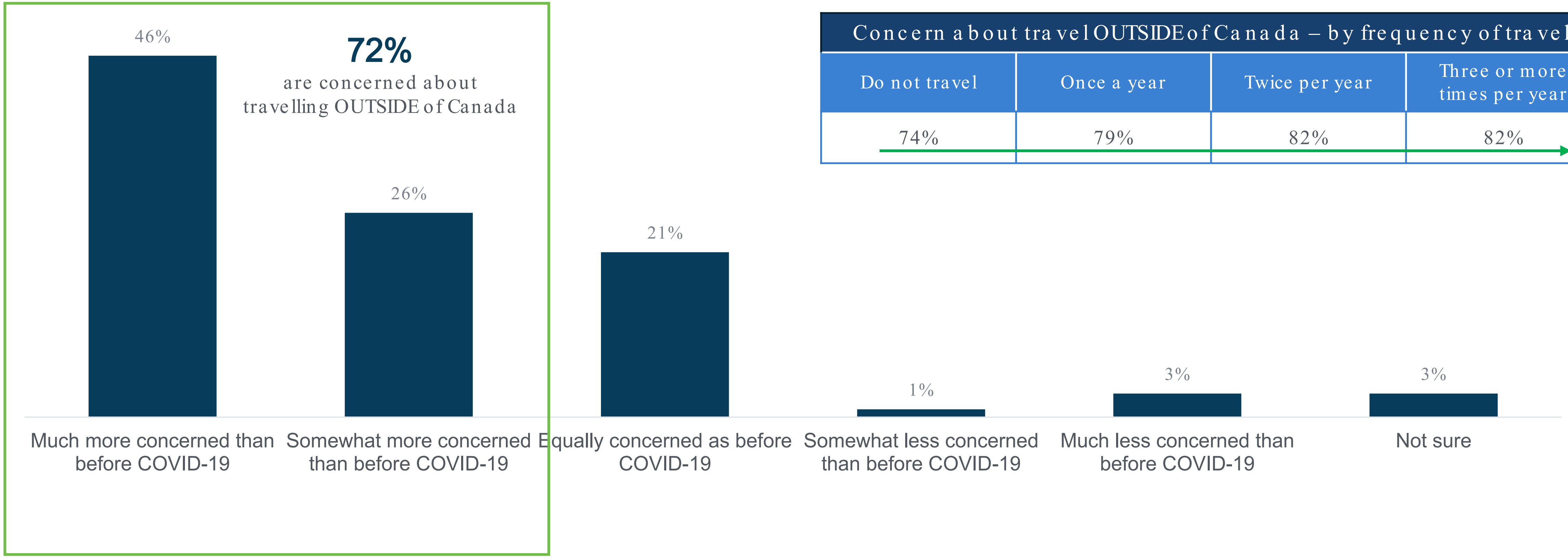
Option A	Option B
You would prefer to vacation within Canada even if international travel is allowed during the pandemic	You would prefer to vacation outside of Canada if international travel is allowed during the pandemic



While currently perceived as still holding risk, how consumers feel about travel is starting to stabilize.

Concerns toward international travel

As a result of COVID-19, how concerned are you about travelling OUTSIDE of Canada when travel restrictions are lifted?

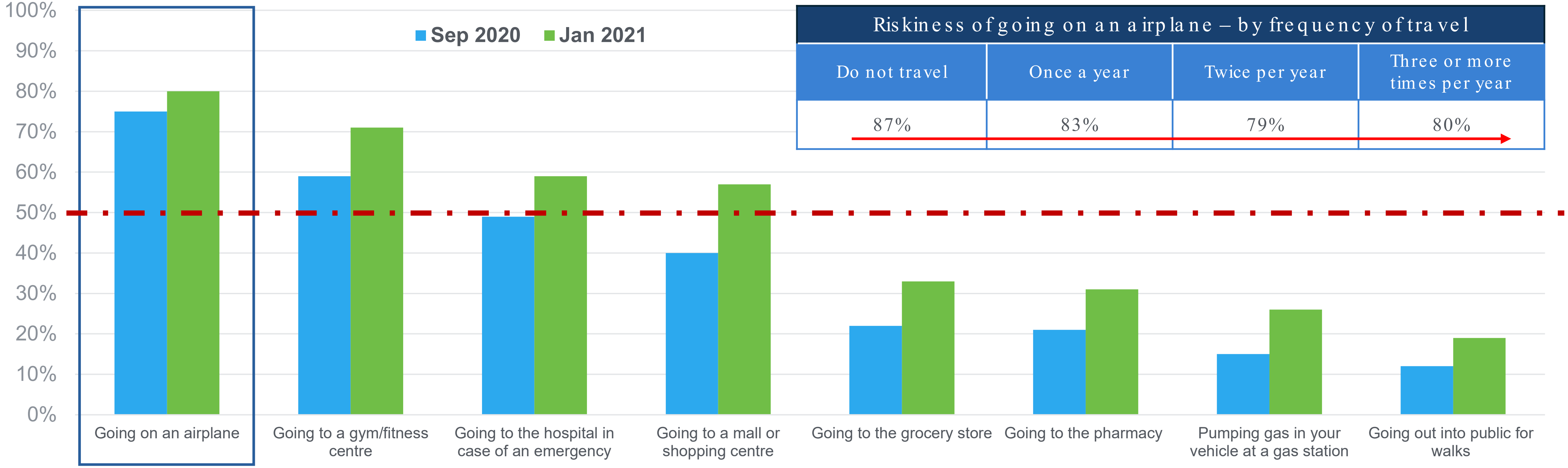


Concern about travel OUTSIDE of Canada – by frequency of travel			
Do not travel	Once a year	Twice per year	Three or more times per year
74%	79%	82%	82%

Concern toward international travel is high, regardless of travel frequency. The research suggests that while lifting restrictions are important for consumers to re-engage with travel, there may be additional factors influencing their concerns about international travel among all types of travellers.

Perceived personal risk

%who noted associated risk ('extremely risky' + 'risky')

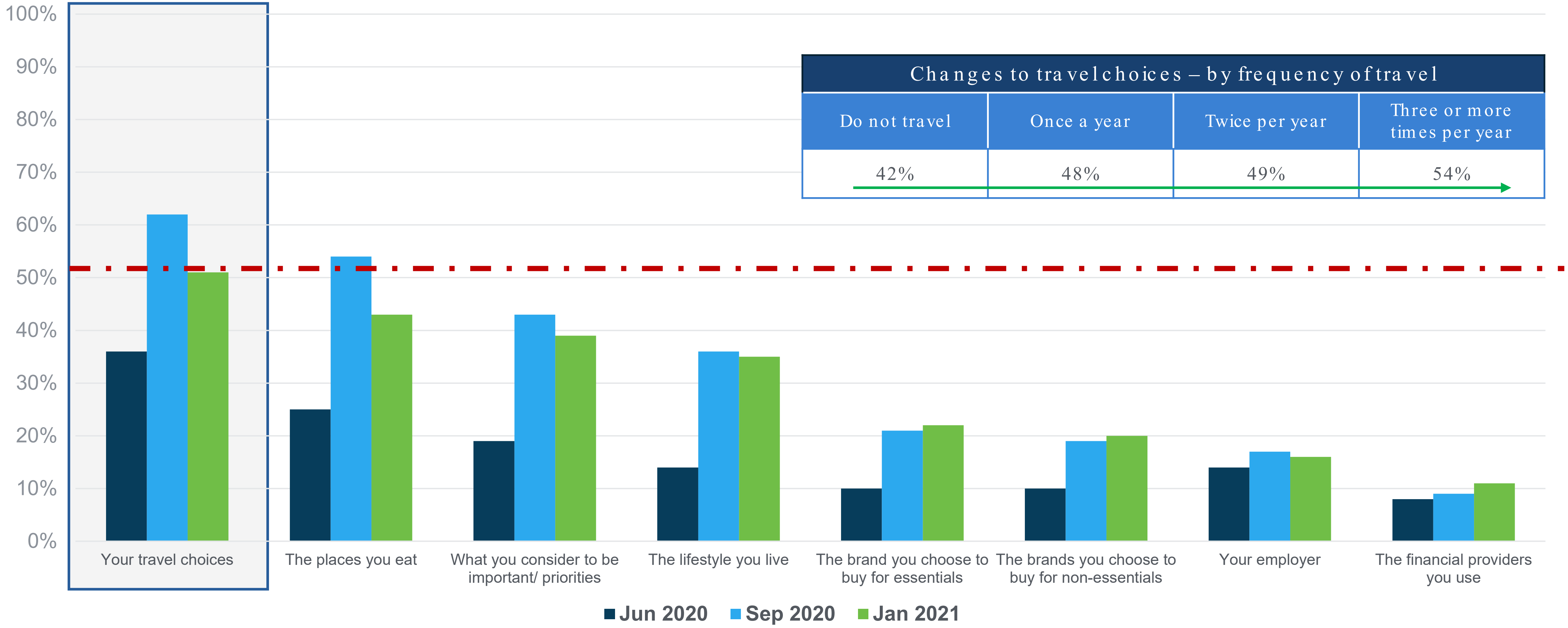


Riskiness of going on an airplane – by frequency of travel			
Do not travel	Once a year	Twice per year	Three or more times per year
87%	83%	79%	80%

While concern with certain types of travel continue to be noted, the research suggests things are stabilizing in the travel sector compared to other services which continue to fluctuate (and grow) more substantially with respect to their associated risk. With this, the research suggests there may be an impact on whether the service is deemed essential or non-essential; where non-essential are deemed riskier.

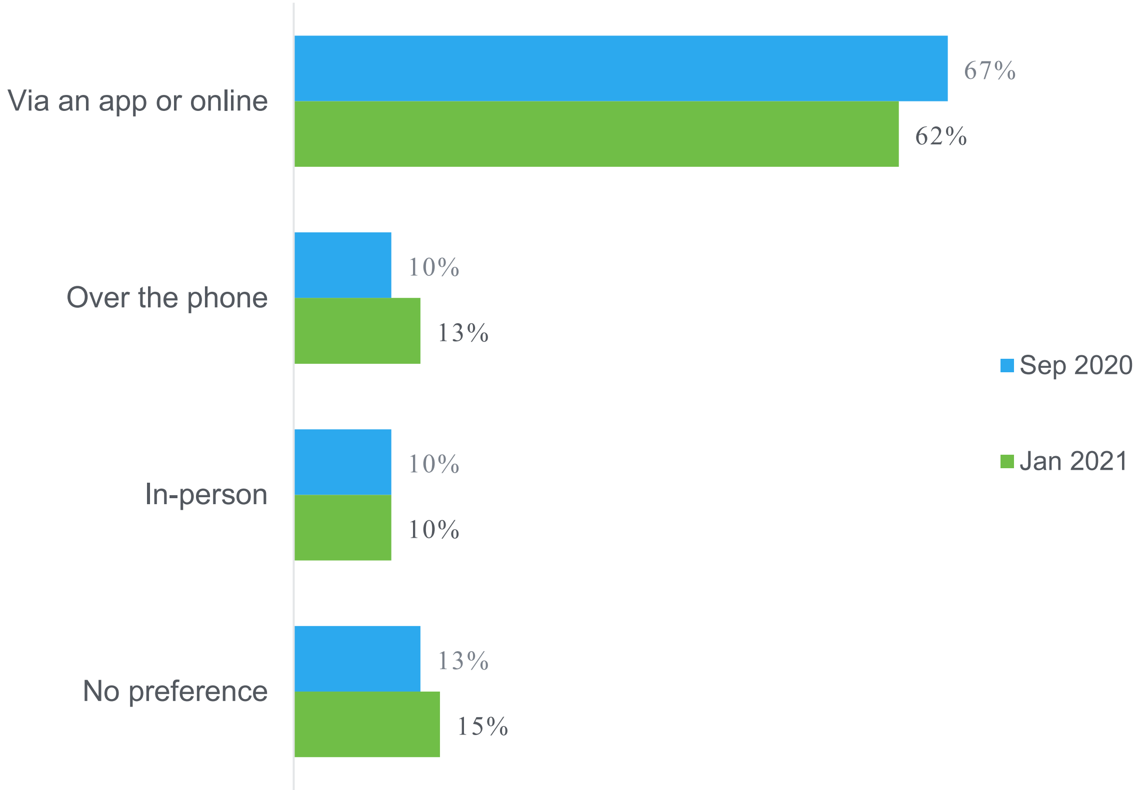
Changes to consumer behaviour due to COVID

%who noted they have made changes
('already have made changes'+ 'definitely will make changes')



Changes to travel choices – by frequency of travel			
Do not travel	Once a year	Twice per year	Three or more times per year
42%	48%	49%	54%

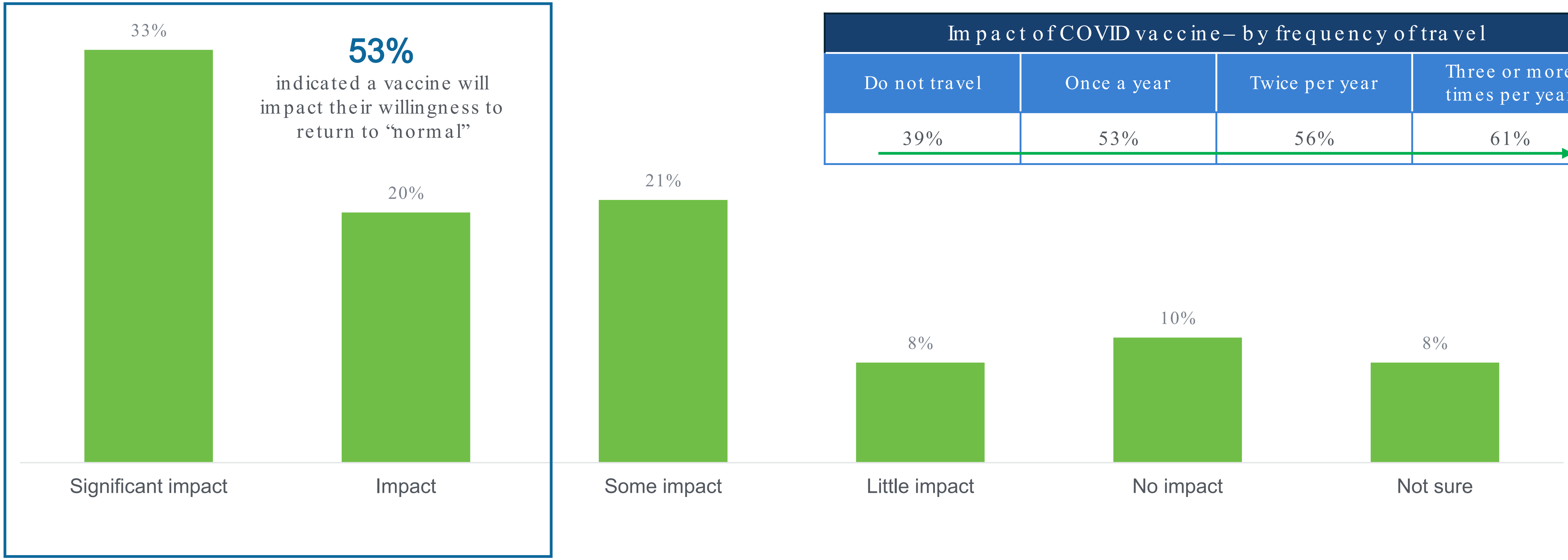
Preference for purchasing travel tickets/packages



Changes to travel choices – by frequency of travel				
	Do not travel	Once a year	Twice per year	Three or more times per year
Via an app or online	53%	64%	63%	67%
Over the phone	12%	13%	16%	13%
In-person	13%	8%	9%	9%
No preference	23%	15%	12%	11%

Impact of COVID vaccine on returning to "normal"

How much of an impact does a COVID-19 vaccine have on your willingness to return to "normal"?



Impact of COVID vaccine – by frequency of travel			
Do not travel	Once a year	Twice per year	Three or more times per year
39%	53%	56%	61%

Compared to non-travellers, those who travel are more likely to indicate the vaccine will impact their willingness to return to "normal". With this, more frequent travellers (3+ times a year) were more apt to indicate so.

COVID - 19 Impact Analysis

How has consumer behaviour evolved?

Perceived personal risk – January 2021

%who noted associated risk

	Resisters	Challengers	Modifiers	Conformers	Fretters	Adopters
Going on an airplane	67%	72%	82%	82%	94%	83%
Going to a gym/fitness centre	55%	63%	76%	77%	86%	77%
Going to the hospital in case of an emergency	54%	59%	61%	52%	66%	64%
Going to a mall or shopping centre	43%	53%	61%	60%	71%	63%
Going to the grocery store	24%	43%	22%	27%	40%	41%
Going to the pharmacy	22%	49%	21%	27%	36%	37%
Pumping gas at a gas station	21%	37%	16%	22%	27%	32%
Going out into public for walks	18%	41%	10%	14%	12%	22%

Very low level of risk (<20+%)	Low level of risk (20-29%)	Low-mod level of risk (30-39%)	Moderate level of risk (40-49%)	High-mod level of risk (50-59%)	High level of risk (60-69%)	Very high level of risk (70+%)

Perceived personal risk

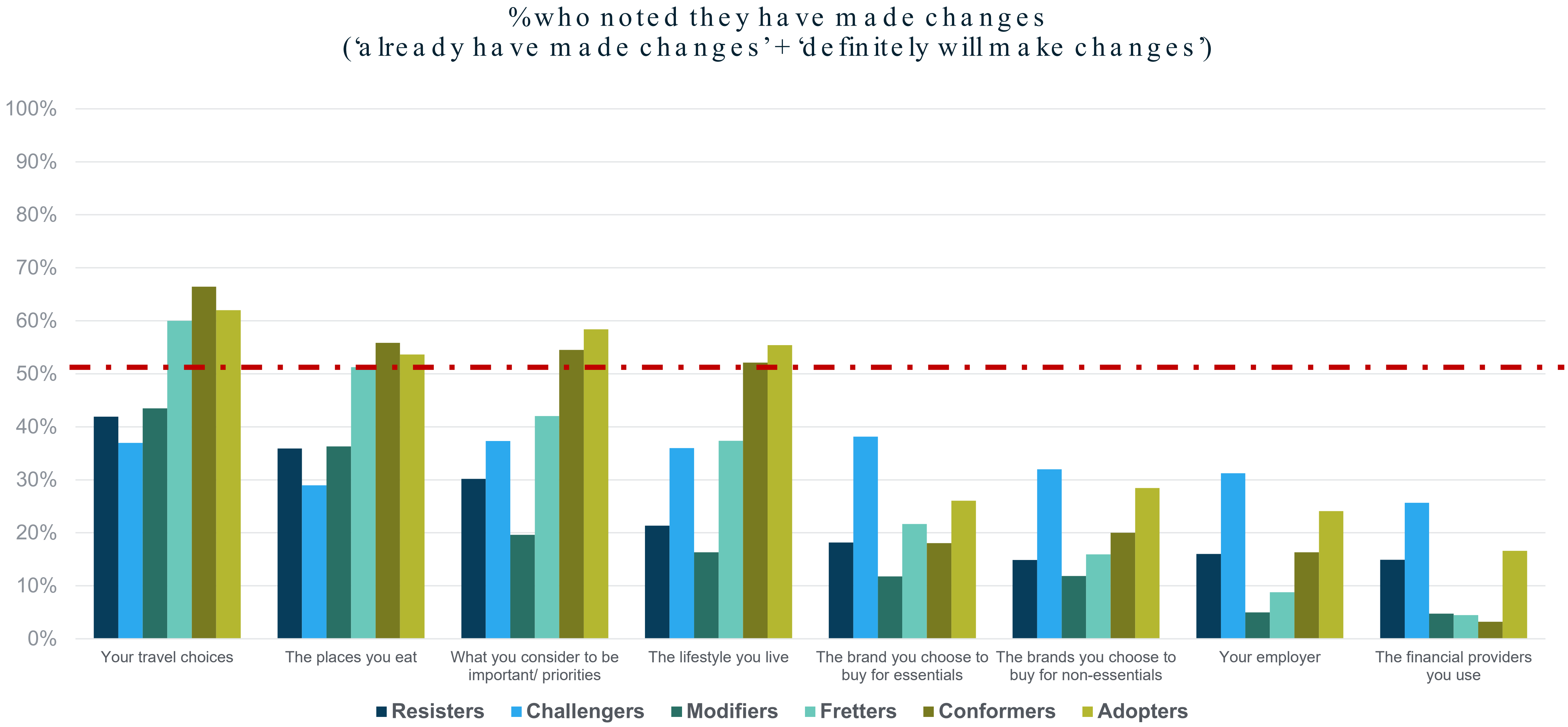
Changes from September 2020

	Resisters	Challengers	Modifiers	Conformers	Fretters	Adopters
Going on an airplane	+28%	+10%	+7%	+10%	+4%	0%
Going to a gym/fitness centre	+38%	+16%	+15%	+19%	+15%	+10%
Going to the hospital in case of an emergency	+27%	+22%	+20%	+8%	+8%	+5%
Going to a mall or shopping centre	+31%	+19%	+21%	+26%	+16%	+13%
Going to the grocery store	+14%	+19%	+7%	+14%	+42%	+11%
Going to the pharmacy	+13%	+24%	+7%	+14%	+9%	+11%
Pumping gas at a gas station	+13%	+12%	+7%	+11%	+11%	+11%
Going out into public for walks	+9%	+16%	+5%	+5%	+1%	+9%

Much less risk (-20% or less)	Less risk (-10% to -19%)	Somewhat less risk (-5% to -9%)	No change (-4% to +4%)	Somewhat more risk (+5% to +9%)	More risk (+10% to 19%)	Much more risk (+20% or more)

Re-engagement for the majority of consumers will likely occur together rather than be "staggered". For many, once they reconnect in one area, it will act to normalize/increase comfort and expand to other sectors.

Changes to consumer behaviour due to COVID



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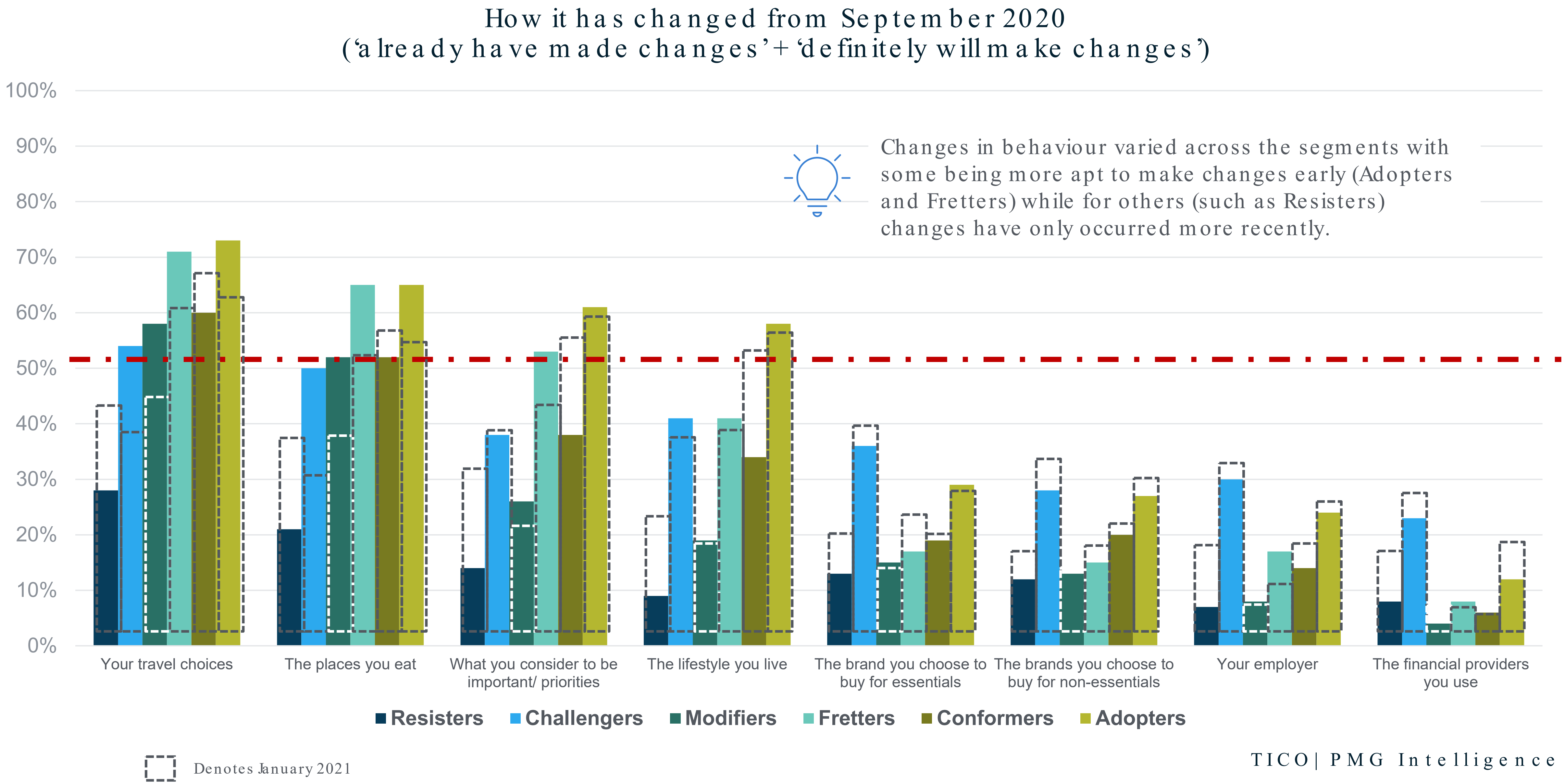

Changes in behaviour varied across the segments with some being more apt to make changes early (Adopters and Fretters) while for others (such as Resisters) changes have only occurred more recently.