

Mapping out the Impact of Covid-19 on the Tourism Industry: from Crisis to Recovery

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Abstract

The tourism sector has gone through a severe paralysis of activity due to the Covid-19 pandemic. Worse than any other in recent history, this crisis seems to be particularly difficult to overcome. Its impact is spread over every line of business, at any possible level, into related industries, across the world. The complexities of recovering from such a setback are deeper than they might seem, with both practical and ethical ramifications. Everything is up for debate, even the very rules of the game.

However, before we can start thinking of sustainable recovery strategies, we must truly grasp the scale of the touristic disaster. Using a compilation of data on country, regional and global level on the impact of Covid-19 on tourism, we do our best to paint a clear image of where the industry stands a little over a year since the virus started massively spreading. Then, based on these insights, we look into some visible general trends born as adaptive strategies, touching upon what the “new normal” might mean for tourism entities and visitors. The aim of this article is thus to contribute to a better understanding of how Covid-19 affects tourism and how it needs to adjust in order to survive.

Key words: Covid-19 impact, crisis, tourism recovery, proximity tourism, quarantine tourism

J.E.L. classification: Z30, Z38, Q26

1. Introduction

In the global context of an exceptional health, social and economic turmoil caused by the Covid-19 pandemic, tourism is among the hardest-hit sectors. During the better part of the last year and a half we have been witnessing a quasi-total paralysis of tourism-related activity due to the restriction on people moving around for leisure and other activities, the compulsory closure of touristic facilities and, due to the dangers of travelling, the partial or complete shutdown of borders.

The level of social and economic disruption is unprecedented. 2020 financial results available at the time this paper was written already showed millions in lost revenues from tourism compared to the previous year. As a result, the GDP of countries heavily reliant on tourism could drop by several percentage points and millions of jobs could be lost. Although timid signs of recovery begin to be visible, the consensus is that it will take a long time for all involved actors – from airlines to hotels and restaurants, tour operators and so on – to recover.

Under these circumstances, what mechanisms do national and international administrations have at their disposal to efficiently revive the tourism sector? What are the estimations on the costs inflicted on the tourism sector by this crisis, both in terms of lost jobs as well as in terms of wasted economic resources at different levels? Which new ways of supporting, reinventing and promoting tourism can be looked into, particularly in the countries that are most affected?

By interpreting available data by country, by region and at a global level, the aim of this paper is firstly to offer an overview of what is currently estimated to be the range of impact of Covid-19 on tourism. Furthermore, by critically analyzing what is actually known about this situation, we are discussing the practical directions pointed out so far as parts of viable recovery strategies, as well as their underlying assumptions. We are thus hoping to formulate a deeper, more profound

understanding of the consequences this pandemic has for the tourism sector and where we are on envisioning realistic solutions to this global scale problem.

2. Literature review

There tourism industry has always been very vulnerable to external factors such as natural disasters, pandemics, migration, terrorism, economic crisis etc. The existing body of research focuses on impact assessment of such factors as a crucial step in building recovery strategies.

The concept of resilience (Jiang et al, 2019; Alonso et. al, 2020) in front of these various factors has been particularly studied, along with everything it entails for the tourism industry. This means mainly coping as well as possible with the current situation in the hospitality management, dealing with uncertainty, coming up with alternative ways to create revenue streams during this difficult context and prepare for new modus operandi to be implemented in the post-Covid-19 era.

Spinning-off adaptive recovery strategies, the existing literature is very rich when it comes to discussions around more sustainable tourism practices. Hall et. al (2015), Khazai et al (2018), Cohen (2020), to name just a few, view severe external factors such as natural disasters or global pandemics as an opportunity to search for an implement more ethical and responsible ways of doing tourism. This might seem counter-intuitive in a context of urgency for recovery, as painted by industry advocates focused primarily on rapidly neutralizing the industry-wide evident degrowth.

Nevertheless, as Fletcher et Al. (2020) point out, the Covid-19 crisis and its consequences for the tourism sector are not equivalent to degrowth, which entails a voluntary, planned contraction. Still, even if the crisis ends relatively soon, we cannot afford to start again where we left off. Just as we are currently controlling people's mobility due to health crisis reasons, it should also be possible to regulate tourist flows according to sustainability standards once the Covid-19 crisis wears off.

3. Research methodology

The current investigation considers the effects of a global pandemic that continues to unfold while this study is underway. The level of economic and social upheaval is unprecedented.

Given the novelty aspect of the situation under study, our research endeavor is framed as a descriptive review. The objective is to portray in a most comprehensive manner the different ways in which the tourism sector is affected by the ongoing Covid-19 crisis, the counteracting efforts undergone at various levels, as well as the predictable premises, paths and timeframes for economic recovery.

Our method consists of gathering, analyzing, presenting and discussing qualitative and quantitative data from secondary sources. This allows us to provide insights into the different layers of the researched phenomenon and bring a contribution to its better understanding at large.

All these factors being considered, we choose a qualitative method of study as it can offer critical insights into the various aspects of the subject to be explored.

4. Findings

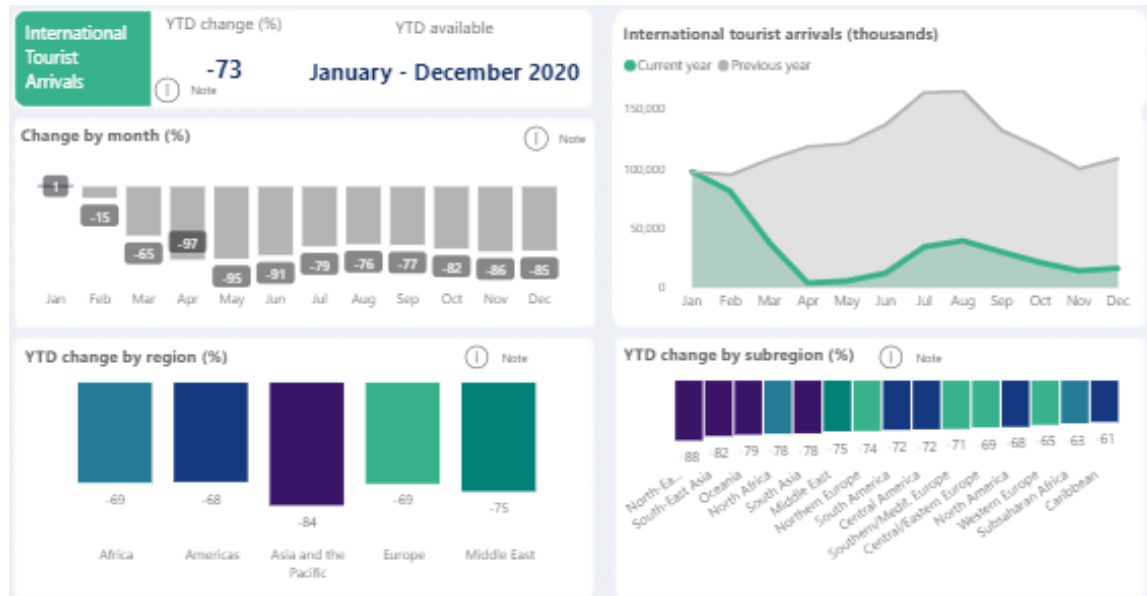
4.1. Assessing the impact of Covid-19 on tourism: socio-economic and environmental aspects

The United Nations World Tourism Organization (UNWTO), a specialized agency responsible for the promotion of tourism, has been compiling data on the impact of Covid-19 on the tourism sector across the world, by world regions and by touristic destinations. By looking at the overview provided in terms of tourism results via the available data on international tourist arrivals, we can form a clear understanding of the extent to which this ongoing medical crisis has affected tourism. Entire economies, the livelihood of citizens, public services and all sort of business opportunities dependent on tourism from all seven continents are severely impacted.

All this creates an unmatched situation, with a wider impact than initially perceivable. As one of the most impacted sectors by the Covid-19 pandemics, all parts of the tourism value-chain are affected. The substantial slowing down of activities further impacts import revenues, services and

business development in all sorts of other sectors associated with tourism, such as labor-intensive accommodation, food services or transport industries. Moreover, small businesses – a main pillar of the sector – are particularly vulnerable and account for around 80% of the sector, reports UNWTO (2021).

Figure no. 1. Evolution of international tourist arrivals on global, regional and sub-regional level

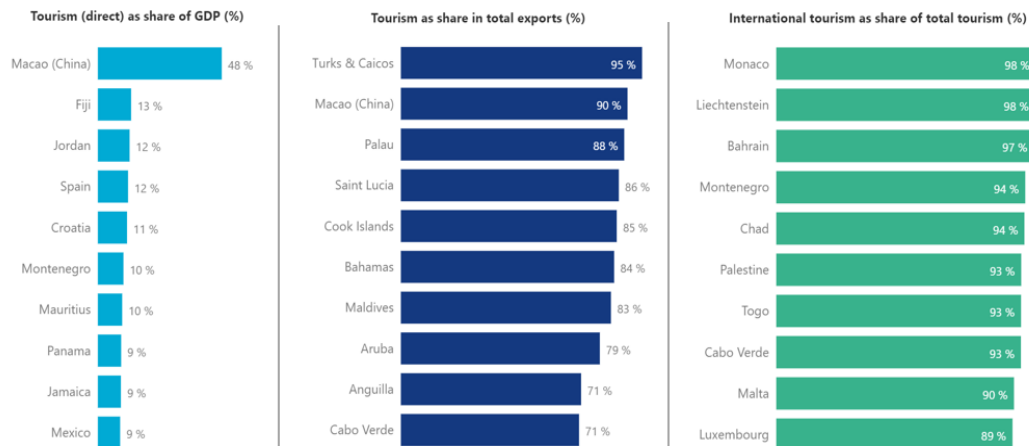


Source: United Nations World Tourism Organization, 2021

However linked to the economic factor, some other types of impacts are not just as easily perceived and taken into account from a larger perspective. For instance, preserving biodiversity and ecosystems becomes an even tougher challenge as usual funding from tourism is cut off. The same goes for preserving cultural and natural heritage practices, which were once part of the main appeal in so many touristic destinations. Festivals, events and gatherings are being halted or postponed across the globe, while traditional markets, world heritage sites and museums are being closed, some of which without a clear prospect of ever reopening. All of this comes obviously with huge socio-economic consequences for individuals, families and communities reliant on tourism.

There is no region of the world left unaffected by this situation. Nevertheless, a particularly strong impact is being witnessed in vulnerable destinations such as Small Islands Developing States (SIDS), Least Developed Countries (LDCs) and African countries. As accounted by the UNWTO (2021), here below are lists of the top 10 most affected destinations worldwide according to the three main vulnerability indicators: tourism as share of GDP, tourism as share of total exports and international tourism as share of total tourism.

Figure no. 2. Vulnerability of tourism destinations due to the Covid-19 crisis



Source: United Nations World Tourism Organization, 2021

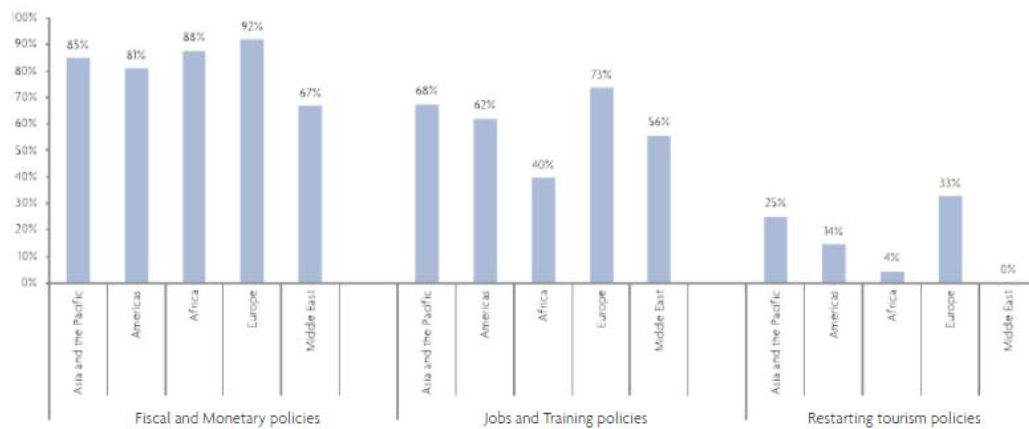
4.2. Igniting recovery: navigating the complexities of a tourism bounce-back imperative

An e-book published by the UNWTO in May 2020 offers extensive information on the different measures conceived to ease the effects of the pandemic for the tourism sector and accelerate its recovery as soon as possible.

In terms of countries front-running tourism recovery, as shown by the figure below, we have several examples of administrations who quickly assessed the damage and responded strongly by adopting economy-wide stimulus packages, including fiscal and monetary measures. Since tourism is a very labor-intensive sector, they also came along with serious employment support measures. The aggregated data from UNWTO (2021) points to policy responses to Covid-19 covering 220 countries and territories and more than 30 international and regional institutions.

Beside these measures, since mid-May 2020 a growing number of countries have announced various initiatives to restart tourism, built on robust health and safety protocols, as well as programs to promote domestic and virtual tourism. These measures are already paying off in part, contribution to the general keeping afloat state of the various tourism branches.

Figure no. 3. % of countries adopting policies per region (n=167)



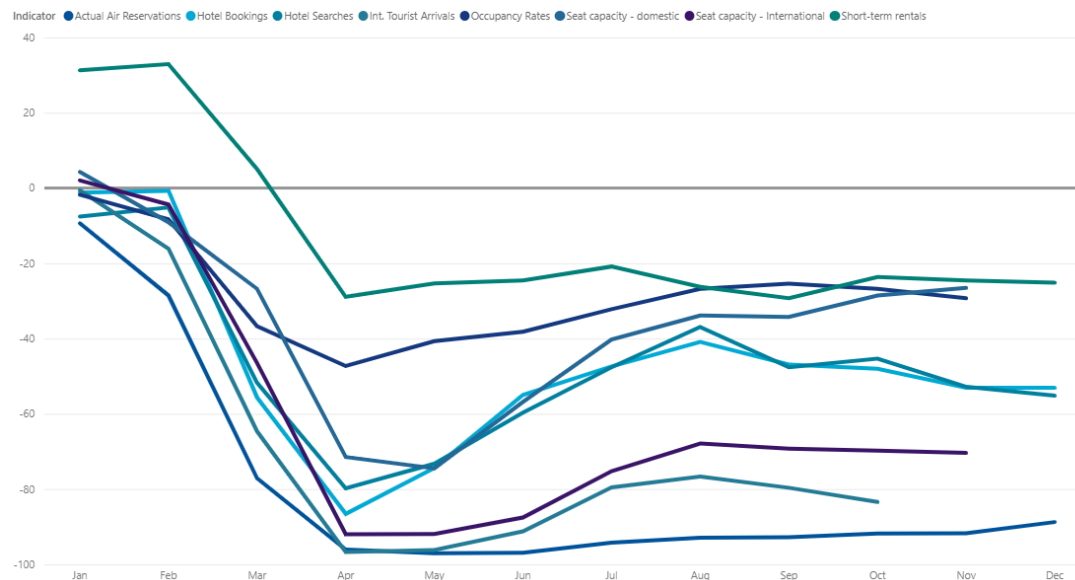
Source: United Nations World Tourism Organization, 2020a

Relying on a partnership between representatives of the private sector and several international organizations, the UNWTO has also developed the first tourism recovery tracker worldwide. This comprehensive, interactive online tool covers relevant indicators allowing for the tracking of tourism recovery at various levels: international tourist arrivals, air travel reservations, hotel searches and bookings, occupancy rates, travel restrictions, Covid-19 14-day notification rate per 100.000 population etc. All these key performance indicators for tourism and others can be freely consulted, by month, region or sub-region. This allows for a real time comparison of where the sector is standing at a certain time and can help trace recovery signals across the world. The global evolution of some of these indicators in 2020 compared to the previous year is showcase in Figure no. 4.

According to this tracker, tourism was slowly starting to show timid signs of restarting ever since the last two quarters of 2020. With vaccination becoming widely available, restrictions being gradually lifted and masses adapting to the new normal in terms of safety measures during travel and vacation times, touristic activities started picking up. Rebuilding tourism is not an easy task, by far, especially after such an unexpected and unprecedented set back as the Covid-19 inflicted one. But these measures and the activities they enable are crucial to cushion the pandemic’s massive impact on lives and economies.

After these months of deep turmoil and shy recovery, the secret of a viable new post-crisis normal for any actor in the tourism industry, independent of their size or line of business, seems to consist in successfully implementing confidence-building measures for tourists (Alonso et al, 2020). Beyond promo packages and discounts to assure a certain cash flow, such measures may include designating a hygiene supervisor or assuring on-site presence of healthcare experts in case of any eventuality.

Figure no. 4. YOY change by indicator (%)



Source: United Nations World Tourism Organization, 2020b

Another visible direction in terms of adaptive strategies has consisted in enlarging the touristic activities spectrum. There is a certain emphasis put on proximity tourism, allowing people to enjoy the perks of escaping form their day-to-day routine without venturing very far away, discovering new destinations closer to home and helping restart tourism in their regions while also keeping safe.

Advocating for a touristic experience even closer to home, the so-called “staycation” is another proposal for those not willing or able to travel at all (Garg, 2015). Accommodation facilities have thus adapted with special services especially for locals who, given the new conditions, can become tourists for a short period and, in doing so, also help the environment by reducing their travel carbon foot print (Cohen, 2020). Moreover, apart from proximity tourism practices, there are also very specific quarantine tourism trends that can be observed.

Namely, with the generalization of remote work, “workations” became more widespread, implying a temporary relocation to a vacation destination.

All of these essentially touristic anomalies in the pre-Covid era helped economic agents in the tourism industry and not only survive this very difficult period. They also showed the world a more sustainable way to enjoy travel and leisure, away from the frenzy of hunting exotic destination at all costs and checking new travel conquests without any concern for what it means for the environment.

5. Conclusions

This paper aimed to explore some of the transformations the Covid-19 crisis forced on the tourism industry and all of its stakeholders. Thanks to existing data made available by the UNWTO, we managed to portray some of the aspects in which this sector has been affected by the global health situation. Depending on how the sanitary situation will evolve, it remains to be seen how the different involved actors will adapt and help build a better, viable way of doing tourism. This means it is a critical time to emphasize investments in talent development, digital skills, health protocols and any other means helping to pull us beyond the grim status quo (Ivanonv & Webster, 2018).

The negative impact of the Covid-19 pandemic on this huge sector is undeniable. Nevertheless, this unfortunate context might also be viewed as a blessing in disguise and an opportunity to reconsider the way we build up and consume tourism across the world. As maybe the one chance we get to imagine new ways of how tourism as a system interacts with our societies, other economic sectors and our natural resources. Covid-19 could be warning alarm we need to start better managing this vital sector, to ensure a fair distribution of its profits and to advance the transition towards a carbon neutral and resilient tourism economy. And, of course, to make health and safety of travelers, tourism employees and destination communities a true, non-negotiable priority.

The limitations of this study are evident as it relies exclusively on secondary sources available online. Other types of research avenues were unfortunately out of reach or very impractical to the sanitary situation, a direct reflection of the new Covid-19 imposed reality. Nonetheless, the paper provides an accurate snap shot of the impact of Covid-19 on the tourism industry at large as it could be observed in the beginning of 2021 and can be a valuable starting point for future research.

Looking forward, the Covid-19 crisis certainly emphasizes the need to develop and refine conceptual frameworks and to offer a more comprehensive theoretical approach (Wen et al, 2020). To outline just a couple of future research opportunities in this sense, we believe there is a profound need of research in how tourists’ consumer behavior has changed because of the Covid-19 crisis. Related to exploring consumers’ attitudes, another research focus might attack the way in which information and communication technologies can be used to address rising customer safety concerns.

Especially in this crisis context, all stakeholders, including academia, have a great responsibility when it comes to helping redirect tourism and find its new tomorrow. Both supply and demand need to adapt and reinvent a better way of providing and enjoying tourism services in the future. The imperatives of sustainability and resilience are stronger than ever, but, in a constantly changing and challenging environment, this is the only way moving forward in our opinion.

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