

CHALLENGES AND THREATS TO THE DEVELOPMENT OF THE TOURISM INDUSTRY DURING THE COVID-19 PANDEMIC

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Abstract: The purpose of this research paper is to examine challenges and threats to the development of the tourism industry which is an important economic sector that was heavily influenced by ongoing COVID-19 pandemic caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) and first identified in Wuhan, China. Based on many available resources, global tourism sector is yet to recover and is expected to encounter various obstacles on a way for self-rebuilding and economic thrive. Since the outbreak of the COVID-19 pandemic, the tourism industry has been hit extremely hard, for instance, as practiced in most countries the pandemic fight response mainly ranged from closing the country borders to air and hotel industry shut, hence this type of response resulted in an inevitable tourism revenue loss, massive job loss and general economic crisis. Provided data in this research paper is an accumulated information from different open and free data sources. As of March 2021, majority of branches of the tourism industry sector such as: lodging operations, transportation systems and travel services are still in state of recovery. The future full recover of these branches is still a matter and question of time that may take for the process. Particularly, the dependence on the tourism industry sector may determine the period that it takes for this ongoing process.

Keywords: tourism industry; COVID-19; pandemic; industry recovery; crisis; hotel industry; air travel

Introduction

Since the WHO (World Health Organization) declared the start of COVID-19 pandemic on 11th March 2020^[1], taken government measures to minimize the spread of the virus have had huge and negative impact on the tourism industry. Government authorities all around the world have initiated numerous actions such as^[2]:

1. International as well as domestic travel restrictions
2. Air transportation systems shut
3. Ban of operation of several tourism industry branches

Worldwide travel restrictions which was taken as a measure to stop the future development of the outbreak of COVID-19 have had a lot of consequences on the tourism industry. According to UNWTO world tourism barometer, the travel industry endures one of the biggest crisis's of all time as the international arrivals dropped by 74% in 2020.^[3] It is believed that international arrivals are one of the main indicators and contributors to the rise of the tourism industry in any country, however as soon as this criterion faces difficulties, therefore the tourism industry suffers hard times as well.

The impact of COVID-19 pandemic on world tourism sector

As the outbreak was initially started in China, the tourism sector as well as whole economic sector of China have collapsed. Many hotels, tourism facilities and attractions closed all around China. In addition to this, as many countries worldwide came to conclusion to close the borders with China, it led to the fact that all the air travel services had to temporarily pause operating. Countless branches of the tourism industry have been hit hard due to COVID-19 pandemic such as: lodging and catering; transportation systems; tour operators; travel agents; and other branches such as information & guiding.

As it has been indicated previously, air travel flights have been cancelled relatively in every country, and China was one of the first to take this step towards the stopping the spread of the virus across the country. The world air travel segment has never suffered this sort of crisis before even

though the support of the government authorities has been presented and given. As according to Skift research, 60% worldwide aircraft has been parked at the airport stations, a lot of major as well as minor air travel companies continuously have been announcing profit loss, and some of them have been incapable of coping the crisis and have gone bankrupt. Air transportation companies in China such as: China Airlines, Korean Air, and Asiana Airlines have been only to report any earnings with an effective use of their cargo opportunities, whereas other airlines have been influenced badly by the ongoing pandemic. United Airlines informed their revenue loss of \$40 million cash every day. As the result of mass flight cancellations, European air travel segment was affected negatively as well, therefore Lufthansa reported a revenue loss of 89%, whereas air companies such as Air France/KLM have registered 82% loss of their possible profit.^[4]

The hotel industry as one of the main branches of the tourism industry has encountered huge revenue loss than ever before. Numerous hotels have indicated significant staff reduction in each hotel departments, and many of hotels all around the world had to shut down temporarily or in the worst cases, permanently. It is believed that it is much easier to recover from COVID-19 pandemic impact for huge hotel-chains rather than local lodging facilities. The huge hotel-chains such as: Hilton, Marriot, IHG and many more are expected to get back on track relatively stronger. The answer to this phenomenon is that these kinds of chains do not own hotel buildings at all, since they only operate as a franchise head. Definitely, hotel-chains have a considerable reliance on a healthy business condition for owners of those hotels. A few lodging operating chains have had close partnership with the hotel owners and made it one of their first precedencies in order to have a guarantee they have the financial control over the hotels and to keep the high quality of service while operating. However, this is not the case in some regions, certain hotel branches may have a lot better performance in comparison with others, for instance, leisure lodging facilities in China have reported relatively stable occupancy and revenue management during the COVID-19 pandemic.^[5]

As stated by AHLA (American Hotel & Lodging Association), the hotel industry faced one of most the most disruptive period in 2020. Many hotels in the USA have registered low occupancy rates and massive redundancy. Travel industry is not expected to return to its normal state till 2024 as was in 2019. Hotel jobs as indicated (*figure 1*) are unlikely to reach stable employment levels till 2023.^[6]

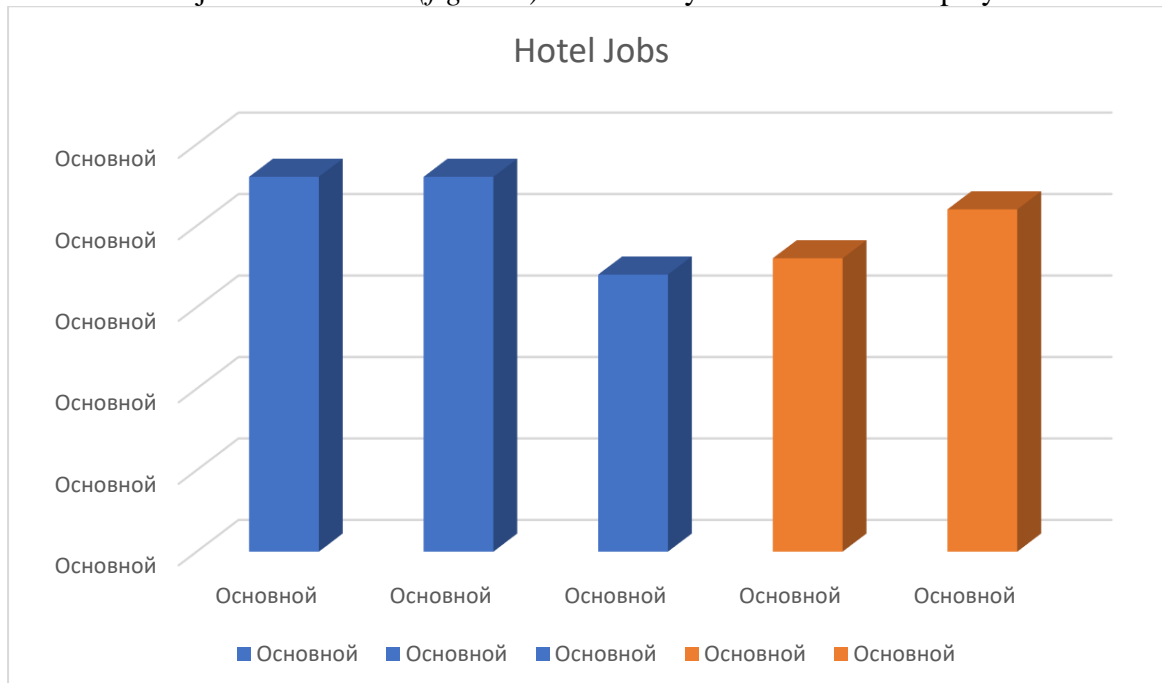


Figure 1 – Hotel Jobs Statistics (note that figures on the left side of diagram are in millions)^[6]

Cleanliness and guest safety protocols have always been believed to be one of the most significant aspects of lodging facilities. During the COVID-19 pandemic times, the importance of this aspect has gained a new and relatively more important meaning in the hotel industry, thus it led to the ensuring safety and cleanliness protocols for guests as well as for operating stuff more cautiously. Many hotel-

chains announced their brand-new initiatives which had to be convincing step for attracting potential customers at the onset of COVID-19. “Clean Stay” initiative by Hilton hotel-chain is the prime example of successful and futuristic approach for attracting guests.^[7]

Future of the tourism industry at the onset of COVID-19 pandemic

The tourism industry, in general, has always been capable of adaptability to the external as well as internal forces that might have an impact on it. But the tourism industry never encountered a challenge as like COVID-19 pandemic before, which means government authorities as well as world population should tend to take into consideration some of the best and new approaches for recovery in response to the pandemic. Obviously, as it has been practiced in many countries, opening borders just with the purpose of improving the tourism industry may lead to more complication of the situation of the spread of the virus.^[8]

Out of the 220 nations and domains examined, 167 nations have detailed explicit measures to moderate the impacts of the emergency and speed up recuperation. Among them, in excess of 144 nations have embraced financial and money related arrangements, trailed by approaches to help occupations and preparing which have been executed by 100 nations.^[9]

Conclusion

While making an effort to have a solid response to the pandemic situation, government authorities as well as world tourism organizations must correlate with each other for better management of the tourism industry at the onset of COVID-19 pandemic. This point has a huge significance, since unorganized measures of different authorities may lead to unbalanced response to the pandemic which will have a dramatic impact for the future of the tourism industry. The tourism industry is yet to return to its stable state and start having a gradual growth in terms of economic, however, implementation of various innovations will shorten the period that will take for the full recovery.

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