THE EFFECTS OF THE COVID-19 PANDEMIC ON THE TOURISM INDUSTRY

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Abstract

There is a close relationship between contagious diseases and tourism. While, tourism movements result in increased transmission of infections, the spread of the disease may adversely affect the tourism movements. The COVID-19 outbreak differs in terms of its effects and spread for the world economies that have witnessed many epidemic outbreaks before. The COVID-19 pandemic, which started in China and spread rapidly all over the world, has created economic shocks for all industries, but its impact on the tourism industry has been much severe compared to other industries. With the start of implementation national and international travel bans by countries, tourist movements ceased, and the tourism industry faced a sudden and uncertain crisis right before the tourism season. Considering all these effects, this section of the study explores the impacts, measures and forecasts of the pandemic and an evaluation was made in terms of its impacts on the tourism industry.

Keywords: COVID-19, tourism industry, pandemic

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Introduction

Non-frequent short-term events, such as epidemics, natural disasters, political and economic crises can negatively affect tourism development in the short or long term dependent on duration, severity, timing, outputs, and nature of the disease. Previous literature indicates that diseases prior to the COVID-19 pandemic have regionally reduced tourism volume. The best examples of such cases are SARS, which affected the Far East in 2003, and MERS, which spread in the Middle East and the Arabian Peninsula in 2012. Similar to the SARS and MERS outbreaks, COVID-19 started as a regional epidemic in China late in December 2019. However, the virus spread rapidly all over the world, where the center of the outbreak first moved to Europe, then to the United States. As of March 11, the World Health Organization (WHO, 2020) declared the disease a pandemic.

Tourism is undoubtedly one of the industries severely affected by the pandemic as the first measures taken to control the spread of COVID-19 were travel restrictions and social isolation. With the start of voluntary and compulsory quarantine implementations worldwide, travel movement has ceased, and the tourism industry experienced a sudden stagnation. Against this halt, various measures have been taken to overcome the crisis in tourism, and a certain level of flexibility was finally provided with travel restrictions due to the decrease in the number of cases. As a sector with intense human interaction, the tourism industry will certainly witness many long-term transformations after COVID-19. The study proposes that an efficient preparation of the industry for this transformation will build the resistance of the industry to future outbreaks, even after COVID-19 loses its effect.

Epidemics and its Effects on Tourism

Tourists’ motivation to travel to a destination are influenced by many factors, some of which are shaped by the natural and physical conditions of the destination, whereas others are based on the political, social, and economic stability of a country (Güvenek & Alptekin, 2015). Therefore, the fact that tourists negatively perceive a destination in terms of safety can also negatively influence tourism movement. One of the most important factors affecting this perception is the crises that the destination has undergone, which can emerge for many reasons. Epidemics are one of the major causes of such crises. The foot and mouth disease, SARS, MERS, avian influenza, swine flu (H1N1), and Ebola outbreaks are some of the epidemics that largely impacted the tourism sector. In terms of the tourism sector, the most notable negative consequence of emerging health crises is the relatively sudden decrease in the demand for destinations (Çeti & Ünlüönen, 2019).
SARS, in which a total of 8,000 people were infected in 2002, has led many countries to impose travel restrictions especially to/from China and Hong Kong. With the diagnosis of the first patient in November 2002, SARS quickly spread to the entire country, then Southeast Asia and other parts of the world (Zeng et al., 2005). A businessman with the disease traveling from China turned SARS from an emerging local virus into a global outbreak by carrying the disease to Vietnam on February 23, 2003 (Wilder-Smith, 2005). International tourists visiting the subsequently affected regions and returning caused the spread of the disease. Afterward, the WHO has announced the cities of Guangzhou and Hong Kong as high-risk tourist destinations (Mason et al., 2005). Hence, SARS and travel have become intricately connected. The number of cases reported in Hong Kong represented 22% of all cases and 63% of cases outside of mainland China. Known as “The Pearl of Asia,” Hong Kong was labeled as the “masked city” due to masks worn by people walking on its streets (Au et al., 2005). In a few days, many cities in China were declared epidemic areas, and international tourists were advised from visiting these regions. In corroboration with the WHO, many countries have imposed travel restrictions on arrivals of Chinese citizens. After the SARS epidemic, the number of international foreign visitors to China decreased by 6.5% compared with the same period in 2002. This decline was even more striking given that it was the first monthly decline experienced within the last ten years (Zeng et al., 2005).

Toronto, Canada was another city affected by SARS. In April 2003, a 60% decrease in tourist expenditures was reported compared with the same period in 2002 (Jayawardena et al., 2008). Briefly, although the spread of the effects of the epidemic was uneven, they contributed to a significant decline in tourism in the first half of 2003 in certain destinations. In summary, uncertainty over the desirability of global travel has also increased (Mason et al., 2005). In addition, the fact that tourists prefer short-distance travel, which led to the increased demand for nearby tourist destinations, caused SARS to have a considerable influence on the sales volume of package tours and revenue per available room of hotels. Although no statistically industry-specific numbers were reported, all types of businesses in the affected regions experienced the adverse effects of the epidemic (Gu & Wall, 2006).

MERS is of Middle East origin and has affected the Arabian Peninsula especially after September 2012. MERS-CoV was a disease with a pandemic potential originating from Saudi Arabia, where millions of pilgrims travel for pilgrimage and Umrah visits during the year. The first cases outside the Arabian Peninsula were noted among travelers from Germany, Greece, France, Italy, the Netherlands, and the UK. Outside Europe, the disease has been detected in countries, such as Egypt, Tunisia, Malaysia, and the Philippines (Pavli et al., 2014).
A loss in tourism income at approximately 2.6 billion US dollars was reported in South Korea, which is another country affected by the MERS epidemic. Furthermore, the loss in the number of tourists from June to September 2015 was approximately 37%. The most important reason for the decline was tourists who were concerned with personal safety and cancelled their travels instead of postponing (Joo et al., 2019). A number of countries, such as South Korea, were more vulnerable to MERS than others particularly due to the close trade and tourism ties with Saudi Arabia. In addition, the spread of the epidemic increased after the return of millions of pilgrims from Saudi Arabia to their respective countries worldwide (Findlater & Bogoch, 2018). However, COVID-19 has become a global problem with a much faster, broader, and more effective spread in contrast to the aforementioned examples, which were defined as major epidemics. The center of the virus has moved from China to Europe and the USA. By March 11, 2020, the WHO declared the disease a pandemic.

**COVID-19 and its Effects on the Tourism Sector**

Tourism has become an important, global economic activity especially after World War II. Today, with 4–5% growth rate, tourism volume by itself meets 8% of global products and 10% of employment (World Trade Organization (WTO), 2020). In addition, tourism economically affects more than 135 sectors with its high multiplier effect, contributes to the balance of payments by creating a foreign currency input, and triggers many leading industries, such as transportation, trade, construction, health, and finance. Apart from its economic impacts, tourism has many social, cultural, and political effects, which are outside the subject of the present study.

Although an important global economic sector, tourism is very vulnerable to crises from any country or region of the world (Pforr & Hosie, 2008). Furthermore, it is highly sensitive to security problems, economic crisis, and health problems due to its postponable structure (Blake and Sinclair, 2003). In addition, tourism products cannot be stored for future sales similar to physical goods due to its perishable nature. Rooms, seats, and tables that are not reserved today cannot be transferred to be sold later. Crises have shown regional effects and have reached certain levels that influence global tourism movements to a limited extent, except for a few examples in the past (e.g., the 2008 economic crisis). Given the impact and speed, stating that the global tourism industry has faced crisis similar to COVID-19 is difficult as the impact of COVID-19 is expected to be seven times more devastating compared to the financial crisis in 2008 (Tourism Economics, 2020).
Clearly, COVID-19 can be distinguished from other outbreaks through its characteristics, such as the rapid and wide spread of the virus, uncertainty of the infection process and treatment, and the fact that it directly and suddenly affected tourism due to mandatory travel restrictions (Wen et al., 2020). Apart from the short-term effects, the prediction that COVID-19 will trigger the biggest economic crisis in history leads to other uncertainties about the duration and power of its effects. For this reason, the tourism sector may encounter other long-term problems in addition to sudden negativities, such as transportation restrictions related to the spread of the pandemic. Tourism was the first affected industry and is expected to be the last to recover due to its postponable and hedonic nature. Tourism all over the world has nearly come to a halt due to the wider and more severe travel restrictions imposed compared with other outbreaks, and travel has been entirely restricted in many countries, except for mandatory cases. Many airline companies and tour operators ceased their activities, and many accommodation units were forced to discontinue their operations. These far-reaching constraints, which affected the entertainment and leisure sectors, have caused the global supply chain to suffer as well (Boone et al., 2020).

In contrast to SARS and MERS, COVID-19 has spread rapidly worldwide after China, after which the center of the epidemic was first moved to Europe then to the USA. Since the WHO announced COVID-19 as a pandemic on March 2020, the number of countries that have significantly interfered with international air traffic and implemented additional health measures has increased. On March 25, 2020, the United Nations World Tourism Organization (UNWTO) established a Crisis Committee to review the impact of the epidemic on the aviation, maritime, and tourism sectors and to provide innovative solutions for recovery. The WHO is also a technical consultant on this committee (WHO, 2020). The participants in this committee have been part of a global coordination organization by holding regular virtual meetings to evaluate and advance the recommendations with the progress of the situation. The most important point that the participants emphasized is that no precise information is available in terms of how long the crisis will last or the final economic and structural impacts on tourism, where millions of people are concerned about the related unemployment. In addition, the Committee stated that the social impact of the crisis can extend beyond national tourism, thus creating a major concern for international communities, as small- and medium-sized enterprises comprise 80% of industries worldwide (UNWTO, 2020a).
Projections on the Effects of COVID-19 on the World Tourism Industry

Based on the projections made by OECD (2020), measures taken to control the effects and spread of the outbreak will create a negative shock. As a result, a chain of effects in the form of decrease in effective demand will be noted, thus diminishing customer confidence, loss of income of laid-off employees, and finally decreased demand for travel and tourism services (OECD, 2020). According to the statements made by the World Tourism and Travel Council (WTTC), under the worst scenario, more than 197 million people worldwide may become unemployed in the tourism industry, which comprises approximately 10.3% of the global GDP. Furthermore, a decline in GDP of up to 5.5 trillion USD for travel and tourism may be experienced in 2020 (WTTC, 2020). In addition, considering the latest developments (i.e., quarantine measures, travel ban, and border closure for the majority of Europe, which represents 50% of international tourism and in many countries in America, Africa, and the Middle East); the SARS scenario in 2003; the size and dynamics of global travel and current disruptions; and the geographic spread and potential economic impacts of COVID-19, the World Tourism Organization stated that visits from international tourist will be 70% less than that estimated in January 2020 (UNWTO, 2020b).

In the report published by Tourism Economics, the impact of the epidemic on travels is estimated to continue for 8 months. After a decrease of approximately 39% in global travels, a rapid recovery is expected by 2021, whereas the numbers for 2019 cannot be reached before 2023. In addition, a decrease of 23% is expected for domestic travels. The domestic market would create a substitution since domestic travel restrictions will be lifted before international restrictions (Trimble et al., 2020). Global leading indicators also indicate that tourism spending will experience a long-term and sharp decline. The cancellation of national (i.e., leagues and conferences) and international (i.e., congresses and Olympics) events due to COVID-19 will certainly negatively affect the tourism industry. In addition, a fast decline can be expected due to the digital meeting environments that are being used due to the inability to make business trips. In addition, uncertainties emerge regarding the possible effects and duration of COVID-19, as a vaccine has yet to be found, and research on the transmission of the disease and its symptoms remains insufficient.

Estimations and Strategies of Turkey’s Tourism Sector After the COVID-19 Pandemic

The tourism industry in Turkey composes 12% of the gross national product, and 8% of employment (2.5 million people) (COMCEC, 2019). The tourism industry in Turkey is more resistant to crises compared with those of many countries and industries. Especially after the
1980s, tourism in Turkey faced terrorism, earthquakes, national and international political events, coup attempt, and economic crisis, but managed to overcome such challenges and become stronger. Considering the tourism income of Turkey, which was approximately 35 billion USD in 2019, the COVID-19 crisis, which is expected to continue until October, will result in a direct loss of approximately 25 billion USD. Considering that multiplier tourism creates this impact will result in twice as much indirect income loss in Turkish GDP. Another problem is Turkey’s main tourist generating market, Europe, is one of the regions most affected by the pandemic. Unfortunately, apart from a few city hotels, many tourism businesses, airlines, travel agencies, tourist restaurants, and transporters have been closed with many of them necessitating the layoff of employees.

Turkey reached the highest number of visitors in 2019 at approximately 52 million, which is the also the highest in the tourism history of Turkey. In the same year, the tourism industry generated approximately 35 billion USD of tourism income (TUIK, 2020). Even before COVID-19 infiltrated Turkey, cancellations especially in the Far East market and Anatolian tours have started. In addition, independent travelers cancelled or postponed holiday plans since the pandemic occurred at a time when early bookings were made.

As previously mentioned, tourism requires human mobility. Thus, it has been one of the first and most severely affected industries by COVID-19. At the same time, the tourism industry in Turkey can be expected to enter a long-term recovery process after those of other industries because tourism is not a compulsory consumption. However, it can regain its old dynamism only after 2021. The recovery is expected to progress according to the order of impact. After the domestic market, tourism is predicted to begin recovery starting from Asia-Pacific countries, where the effects of the epidemic are weakened.

In particular, people with fixed income compared to others (e.g., public servants and retirees) will demand a vacation as soon as a safe environment is provided. Targeting after the crisis should also be carried out for this segment. Especially, retirees with plenty of time who no longer have school children are expected to contribute to the revival of senior tourism. Therefore, adapting products and services to meet the needs of this market segment is important. The fact that this segment is in the risk group requires that extended services, such as health, hygiene, and disinfection, should be arranged accordingly. Apart from this aspect, new arrangements for travel (e.g., only COVID-19 immune-proven individuals, students under 25, passengers who will agree to 14-day follow-up or quarantine procedures during arrival) are also possible. The UK and Spain have announced a 14-day quarantine period for international arrivals.
Considering tourism as a whole, domestic tourism is expected to initially recover before outbound tourism. Flights will start gradually from domestic lines and partially from safe countries. Republic of Turkey Ministry of Culture and Tourism expects a recovery in the domestic market after the Ramadan Feast, where quarantine arrangements will be relaxed from June 2020 onward. Recovery in the outbound market is expected to follow the spread of the epidemic, and air traffic will be opened beginning with the Far East, Russia, Europe, and America after June 2020.

Currently, several short-term measures under the leadership of the Republic of Turkey Ministry of Culture and Tourism have been undertaken to keep industry stakeholders afloat similar to the initiatives of many other countries. These schemes include fiscal (e.g., postponement or discount of taxes, fees, dues, entrance fees, and rentals), financing (e.g., low-cost loans and public guarantees), legal (e.g., transfer of agency documents and postponements in cancellation refunds), documentation (e.g., certification and auditing), and labor protection (e.g., allowance for short-time work and minimum wage support) measures.

Apart from the short-term measures, the crisis can be taken as an opportunity to establish permanent structural changes in Turkish tourism. For years, Turkey has remained well below the global average per capita income from tourism, which is approximately 600-850 USD due to excess supply. This period can be used as an opportunity to achieve quality targets instead of quantity determined in this regard, to reorganize the balance between volume and demand, and to increase per capita tourist spending to more than 1000 USD of the world average.

After COVID-19, various services, such as mass and all-inclusive tourism, which are systems designed to provide services to a large number of tourists simultaneously, will be replaced by personal, high value-added products and services. Other structural problems in Turkey include absence of regional destination management organizations with a few exceptions. Moreover, existing organizations are inadequate in terms of resources and efficiency. A holistic response among destinations to the crisis is only possible with collaboration to identify risks and manage crises effectively. In this context, an independent, accountable structure that includes the private sector and local governments with the help of the public should be established to manage crises more effectively.

In the long term, practices that may create risks for COVID-19, especially collective activities (e.g., open-buffet meals) will be avoided; the use of robots and automation systems will increase; the importance of individual applications (e.g., room service) and information
communication technologies will increase; hygiene standards will change and structural changes may be implemented regarding equipment (e.g., disposable trays), their raw materials (e.g., copper instead of steel), and design of rooms (e.g., basic kitchen facilities). Accommodation and food and beverage businesses should be able to develop similar strategies in the long term and adapt to the sensitivities that will occur in the market after the COVID-19 outbreak.

Special-interest tourism, which is organized in small groups, will increase in importance for tour operators. Transportation processes and vehicle designs will also change. In other words, as the capacity per vehicle will decrease, the prices will increase due to increases in cost per person. The demand for nature-based tourism will increase rapidly. Scholars also envisage that sharing economy-based business models (e.g., Airbnb) that compete with the traditional tourism industry will lose power due to related concerns, such as security and cleanliness.

Conversely, online transactions will increase, and the trend of disintermediation (e.g., disappearance of physical agents) will continue at an accelerated pace, such that mergers and acquisitions will be observed more frequently in the market. One of the important stakeholders that is often overlooked in the tourism industry is licensed tourist guides considering the organization and operation process of the groups. Approximately 20,000 guides are registered in Turkey for whom the season was closed even before it opened and who were severely affected by the dynamics in the market. Similar transformations await the agencies that validate professional guides, and larger groups will be replaced by more boutique groups and private tours. In this manner, guide–driver options to bring the costs down can be listed among the trends that may be more popular for small groups of tourists.

During the recovery, which is planned to last approximately one year, public planning and industry should be prepared for restructuring and transformation awaiting the tourism market, and destination image (i.e., safety, health, and hygiene) should be planned based on the concerns of tourists. Marketing campaigns that will be processed quickly after the COVID-19 pandemic should be prepared for markets that are likely to recover initially with different scenarios after the crisis. In this manner, social tourism activities, especially the promotion of domestic tourism, can be encouraged. This scheme aims to provide support for the training and development of idle human resources, facilitate postponement of reservations instead of cancellations, prevent discriminatory policies, establish crisis and risk management systems and keeping them continuously active, and strengthen the capital structures of businesses, and make them resistant to the medium-term effects of such crises. These goals can be listed as objectives to be achieved during the transformation process.
Conclusion

Epidemic diseases experienced in the past have especially affected the regions of occurrence but with less global impact compared to COVID-19. The most important difference that distinguishes COVID-19 from other epidemic diseases is its rapid and effective spread. COVID-19 has been declared a pandemic as the number of cases has increased rapidly in all countries since its emergence. As a result, countries closed their borders, and voluntary and compulsory quarantine measures were implemented to stop the spread of the virus. Businesses closed and supply chains deteriorated. In other words, COVID-19 brought economic, social, and psychological effects throughout the world.

In this regard, tourism has been one of the first and most affected sectors. Travels ceased completely due to quarantine practices, and individuals who were psychologically affected delayed or cancelled travel plans. The continued uncertainty associated with the pandemic and possibility of the emergence of a second wave lead to different scenarios related to tourism. However, even if the pandemic disappears completely in the short-term, permanent changes will certainly be created in the tourism sector.

With the application of social distancing, crowded hotels, pools, and beaches may no longer be possible in the meantime. Other forms of domestic and individual tourism will be preferred by tourists rather than all-inclusive hotels. Although the developments will vary depending on the duration of the effect of the pandemic, one thing is for certain: it will continue to affect the tourism industry. However, every crisis can be transformed into opportunity with the implementation of effective measures to create a more resistant, stronger, and competitive industry. In summary, COVID-19 is not the first crisis faced by the tourism industry. In particularly, tourism in Turkey has succeeded to survive consecutive crises in the past few years where stakeholders have experienced similar downturns. COVID-19, although a global crises and largely different from other epidemic diseases, continues to promise that “after darkness there is much brighter sun” (Mevlana, 1988).

References


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