

ASSESSING TOURISM INDUSTRY DURING THE COVID-19 PANDEMIC

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***Abstract:** The COVID-19 pandemic has affected the economy of all countries, putting the tourism industry under unprecedented pressure. The measures imposed by the governments of the countries, such as lockdown, quarantine, but also the changes in tourists' behavior, as an effect of social distancing, have led to a significant decrease in tourism revenues, creating liquidity problems for companies operating in the tourism, hospitality, and leisure industries. In this context, the paper aims to analyze the effects of Covid-19 on tourism industry, as well as the perspectives of development of this economic sector on the short and medium term.*

***Keywords:** tourism industry; tourism receipts; tourism market; COVID-19 pandemic*

1. INTRODUCTION

Tourism is a distinct sector of the economy and for the good development of tourism activities it is necessary the help of other branches of the economy, such as: food industry, energy industry, car manufacturing industry, etc. In addition to the help of these industries for a good development of tourism activities, there must be a close link between tourism, transport, telecommunications, culture, and art (Sluariuc, 2015).

When it comes to the impact of tourism on the economy the effects lie in:

- creates favorable conditions for international trade and helps increase global revenues;
- contributes to the growth of GDP and Gross National Product;
- contributes to the diversification of the national economy;
- creates favorable conditions for improving the quality of life;
- helps to create jobs and generate employment opportunities for both qualified and unskilled staff;
- has a positive influence on the infrastructure, more precisely on its development;

- it is one of the activities easily compatible with almost any other social, economic, cultural activities available in the area;
- increases government revenue;
- broadens the educational and cultural horizons of each person;
- creates a favorable image for the tourist destination at local, regional, national and global level.

Thus, globally, the tourism industry is a key pillar in socio-economic development and job creation (McCabe and Qiao, 2020), however this sector of the economy has become the most vulnerable to the effects of the Covid -19 pandemic (Ma et al., 2020), namely the restrictions imposed and the reluctance of consumers to travel, to name just a few.

In a very short time since the onset of the pandemic, the tourism industry has been facing major problems related to the worldwide activity, all indicators predict that we will experience a shift of paradigm, which we need to understand, accept and face (Santos Del Valle, 2020).

Countries whose GDP is largely based on the annual flow of tourists have suffered economically, as can be seen from Figure 1, the contribution of tourism to GDP in 2020 was 4.671 billion U.S. dollars, down by 49.1% compared to the previous year.

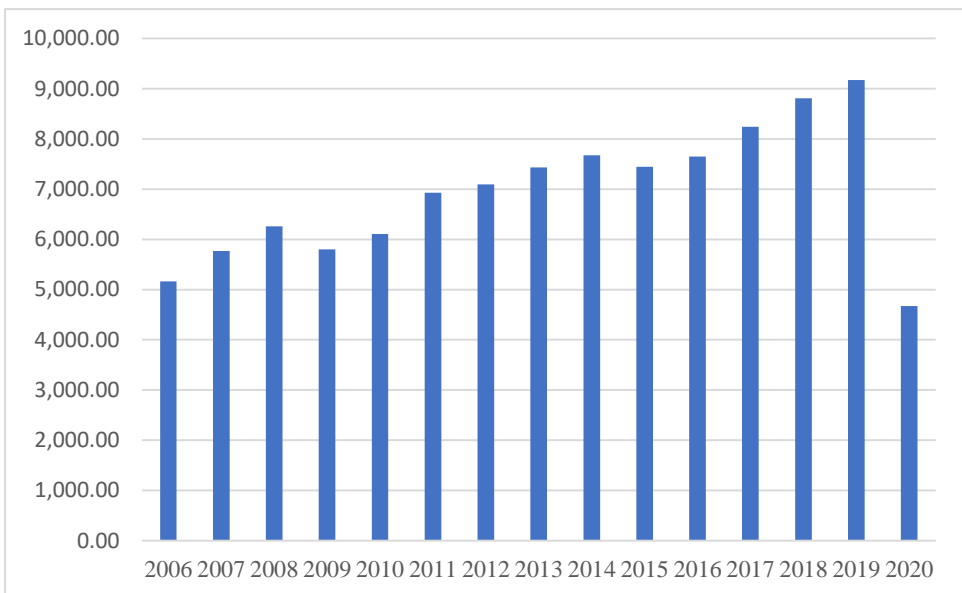


Figure 1. Total contribution of travel and tourism to gross domestic product (GDP) worldwide from 2006 to 2020 (in billion U.S. dollars)

Source: www.statista.com

Therefore, in 2019 the tourism industry contributed to 10.4% to the global GDP, and in 2020 this contribution decreased to 5.5%, due to the restrictions implemented with the global pandemic. As for the most affected country, Spain ranks first with a decrease in GDP contribution of 62.7%, followed by the United Kingdom with 62.3% and China with a decrease of 59.9%.

The effects of the COVID-19 pandemic are being felt globally, due to the interdependence between national economies, so tourism is facing one of the most devastating crises of all time. Thus, it becomes opportune assessing tourism industry during the coronavirus pandemic by presenting the major changes of the market size of the tourism sector worldwide, the number of international tourist arrivals, international tourism receipts, but also the forecasts made by specialists regarding the relaunch of this industry.

2. THE IMPACT OF COVID-19 PANDEMIC ON THE TOURISM INDUSTRY – AN UPDATE

The tourism industry is a very important component of a country's economy. It includes a wide range of services, from the promotion of tourist services to the accommodation itself and its complementary services. Therefore, the action of the tourism phenomenon is manifested on several levels, such as: economic plan, social plan or cultural plan, and the degree of intensity of these actions is different in each country.

The COVID-19 pandemic significantly disrupted all economic sectors. However, although some industries have managed to continue their activity, even to a lesser extent, for the tourism industry things have been completely different due to travel restrictions and measures imposed by governments to limit the spread of the virus, thus the negative effect on ecosystems built entirely around tourism did not hesitate to emerge.

Under these conditions the effect of the pandemic can be observed from the following figure which shows the market size of the tourism sector worldwide from 2011 to 2021 (see figure 2).

Analyzing the graph above, we can see that from 2011 to 2019, small changes occurred which reflect both the increase and decrease of the market size of global tourism. In 2020, the value of the market size reached \$1,094.80 billion, registering a drastic decrease of approximately 40% compared to 2019, when the value reached the figure of \$1,868.50 billion.

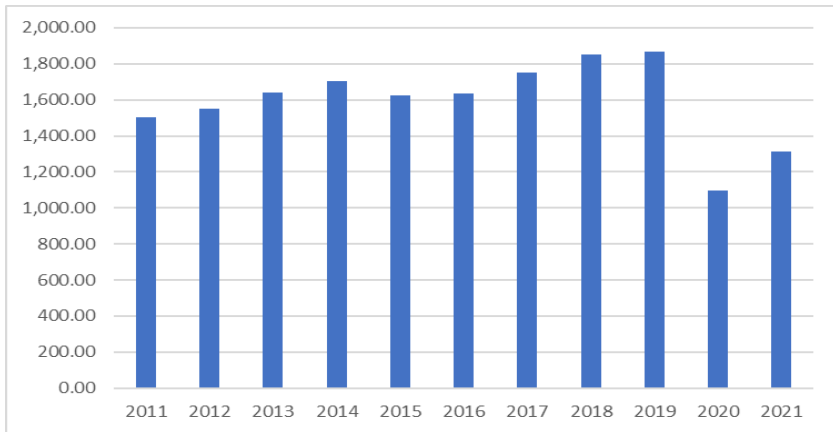


Figure 2. Market size of the tourism sector worldwide from 2011 to 2020, with a forecast for 2021 (in billion U.S. dollars)

Source: www.statista.com

For the year 2021, an increase of about 20% has been estimated, so the value of the market size of global tourism will reach \$1,311.10 billion and 1.7 billion U.S. dollars in 2022. These increases were estimated because of the relaxation of travel restrictions and the termination of the states of emergencies that have been introduced in most states.

Looking at this context, it becomes opportune to analyze the flows of tourists arriving worldwide in the period 2005-2020 (see figure 3).

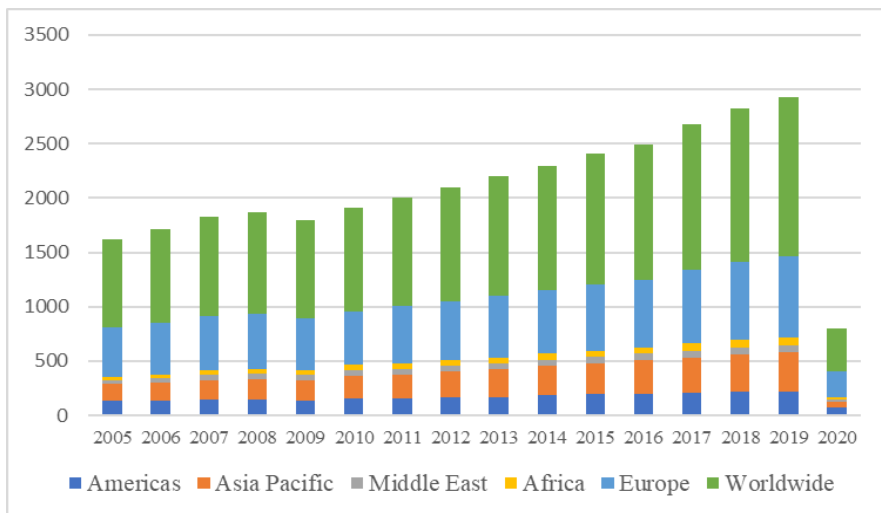


Figure 3. Number of international tourist arrivals worldwide from 2005 to 2020, by region (in millions)

Source: www.statista.com

Over time, the tourism industry has been affected by several events, the 2003 SARS epidemic has reduced the number of tourists by 2 million, and the financial crisis of 2009 has led to a decrease of 37 million tourists compared to previous year, but these events do not compare with the impact caused by the COVID-19 pandemic. The number of international tourist arrivals worldwide dropped from around 1466 million in 2019 to roughly 401 million in 2020, meaning a decrease of 72.64% – 1 billion fewer tourist arrivals – in 2020 compared to the previous year. According to the World Tourism Organization (UNWTO), international tourism arrivals have increased by only 4% in 2021 and is expected to recover to pre-pandemic level in 2024 or even later.

Furthermore, in 2020, Europe recorded the highest number of inbound arrivals 235 million – down by 68.5% – and starting from 2019 has provided the most international tourists in terms of region of origin.

Coronavirus epidemic has had a strong impact on the tourism industry, leading to a significant reduction of international tourism receipts in European countries in 2020, compared to the previous year, as can be seen from figure 4.

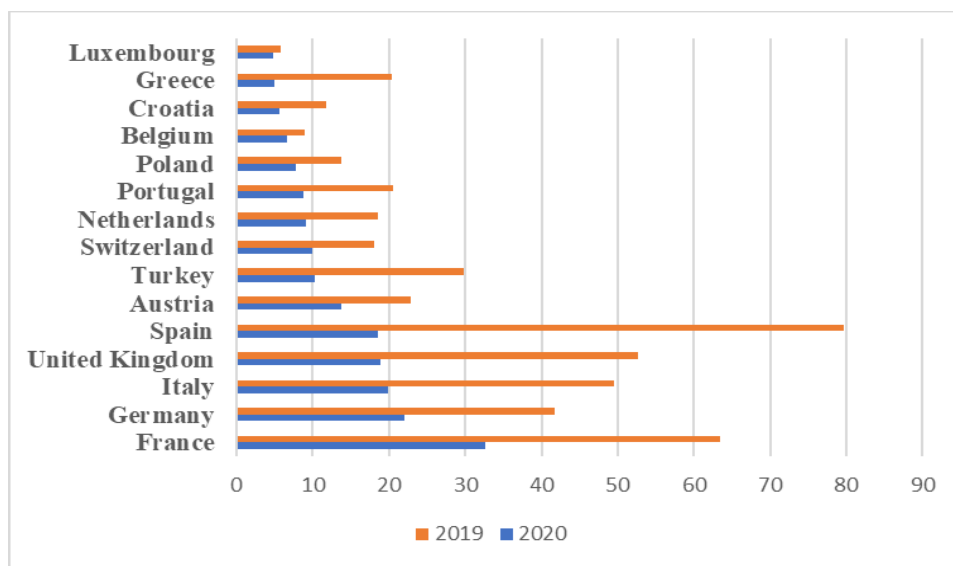


Figure 4. European countries with the highest international tourism receipts in 2019 and 2020 (in billion U.S. dollars)

Source: www.statista.com

Analyzing the data contained in the figure above, we note that Spain was the country that recorded the largest decrease in tourism revenues, respectively a decrease of 76.7% in 2020 compared to 2019. Similarly,

Greece has reduced its tourism revenues by 76%, reaching \$ 4.9 billion in 2020, down with \$15.5 billion from the previous year.

Significant reductions of international tourism receipts were recorded by other European countries, including Turkey – a drop by 65.77% – United Kingdom – a decrease of 64.32% – Italy – a drop by 60.08% – and Portugal – a decrease of 57.07%.

From another point of view, during the restrictions imposed to limit the spread of the Sars-Cov-2 virus, the countries with the highest revenues from international tourism in 2020 were France (\$32.6 billion), Germany (\$22.1 billion), Italy (\$19.8 billion), United Kingdom (\$18.8 billion) and Spain (\$18.5 billion).

In this context, according to World Travel and Tourism Council (WTTC) in terms of spending both those related to leisure activities and those related to business, there were considerable decreases, as follows: expenses for leisure activities decreased by 49.4%, from \$ 4,692.4 billion in 2019 to \$ 2,373.7 billion in 2020, and those representing business fell by 61% from \$ 1,294.2 billion in 2019 to \$ 504.3 billion in 2020.

The spending of domestic visitors, as well as those of international visitors, have also suffered as a result of the impact of the pandemic. Regarding the expenses of the internal visitors, it should be mentioned that in 2020, compared to the previous year the decrease of these expenses reached a percentage of 45 %. The second category of expenditures, those of international visitors, registered an even greater decrease, respectively 69.4%.

Thus, the European countries that recorded the higher decrease for the spending of domestic and international visitors, were:

- Spain a drop by 78.2% for the spending of international visitors and a decrease with 50.7% for domestic visitors.
- United Kingdom, a decrease of 71.6% for the spending of international visitors and a drop by 63.2% for domestic visitors.
- Turkey a drop by 65.2% for the spending of international visitors and a decrease with 41.8% for domestic visitors.
- Italy, a decrease of 62% for the spending of international visitors and a drop by 49.6% for domestic visitors.
- Germany a drop by 57.9% for the spending of international visitors and a decrease with 47.3% for domestic visitors.
- France a decrease of 52.9% for the spending of international visitors and a drop by 49.8% for domestic visitors.

The tourism industry is under the effects of the COVID-19 pandemic and thus must find solutions to overcome this impasse. The current crisis

has revealed the ability to cope with the negative effects and find innovative solutions to continue the business, albeit at a different pace.

3. CONCLUSION

The effects of the COVID-19 pandemic are being felt in all economic sectors, with tourism being no exception due to the interconnection of global economies. The world's states have intervened to save national economies by adopting a series of fiscal measures to reduce the effects of the pandemic crisis. But measures taken to prevent the spread of the SARS-CoV-2 virus, such as social distancing, have led to the total or partial cessation of tourism worldwide.

The COVID-19 pandemic continues to be a significant threat to the tourism industry. As studies conducted by Statista and World Travel & Tourism Council have shown, the tourism market continues to be low compared to the pre-pandemic period, and the number of tourists arriving internationally, although slightly higher than in 2020, continues to be 72% below 2019.

The COVID-19 pandemic has significantly disrupted the tourism industry. These disruptions, although having a major negative impact, also accelerated the trends to which the industry should have adapted regardless. The most important of these trends are the digitization and change of consumer preferences. These accelerators create opportunities for a more sustainable recovery. However, tourism operators need to prepare for the major structural changes that will have an impact on the sector, including climate change and stricter environmental regulations. To some extent, the pandemic is a preamble to these changes.

Recovery in tourism is to be expected, starting with domestic tourism, and continuing with destinations that were usually the first choice. Thus, rural tourism, nature-based tourism, but also outdoor tourism activities, will continue shaping tourism in 2022.

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