

The Impact of COVID-19—How will Tourism Situation in China at the Post-pandemic Stage?

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Abstract: The impact of COVID-19 pandemic is far-reaching, and it has surpassed that of the SARS-CoV outbreak in 2003. While Chinese domestic tourism is expected to fully recover in approximately a year, the future outlook of international tourism remains uncertain. For the forecast of the tourism industry post-pandemic, pessimistic predictions overstating economic losses incurred and overly optimistic projections expecting ambiguous 'retaliatory growth' should be avoided. Alternatively, it might be pragmatic to take a middle approach and reexamine many critical issues of the industry (e.g. over-investment, fragility of systems within tourism and statistical inaccuracies) and improve public governance as a potential breaking point for aiding tourism's recovery.

Keywords: pandemic; tourism statistics; fragility; governance; China

1 Introduction

To date, the COVID-19 pandemic is, overall, under control in China, with increasing percentiles of the population returning to work^[1]. In this period of gradual recovery, it is appropriate to ask how myriad tourism operators should prepare for returning to business and how to develop a more sustainable, resilient approach to tourism. This article seeks to address the above questions. Specifically, this paper will assess the widespread effect of COVID-19 on the domestic tourism market before providing insights into how the tourism industry will develop post-pandemic in China.

2 COVID-19 Compared with SARS-CoV

2.1 Further Impact on the Chinese Domestic Tourism Industry

Within the context of previous coronavirus pandemics, COVID-19 has proven to be far more devastating and widespread in its impact than SARS-CoV 17 years ago in China^[2]. Specifically, during the SARS-CoV pandemic there were a collective 8,422 infected cases around the world^[2], with 916 individuals reported dead, according to clinical reports successively announced by 29 affected nations across the globe. In contrast, by March 20, 2020, confirmed cases of COVID-19 worldwide had already climbed to 244,421, with 81,008 confirmed cases in China^[3]. Within this period 10,027 cases across the globe were reported as dead, with 3,255 in China alone^[3]. In raw statistics COVID-19 has generated over 29 times more cases than the previous figure during SARS, with a mortality figure exceeding 10

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times than that reported in 2003^[3–4]. Multiple provinces away from the epicenter of the outbreak have not reported new cases for a substantial period of time since 7th of March, and Hubei, the most stricken province in China, had no new reported cases for the first time since the beginning of the outbreak on the 18th of March. Nevertheless, in view of the dire circumstances present worldwide (notably, USA, Iran, South Korea, and a few European countries), China is still at risk of importing infected cases somewhere in the future.

The present pandemic has already generated a lasting transformational effect on the global tourism industry. As a major consequence of the timing of the pandemic during the Chinese Spring Festival, COVID-19 has minimized tourism demand during a peak season, causing significantly more damage to the industry than SARS.

2.2 One Year to Go for Rehabilitating Chinese Domestic Tourism

It may be possible to anticipate, according to our previous experience, which industry (or business) is likely to rehabilitate first, and which one is unlikely to recover rapidly post-pandemic. For example, on a case by case basis, industries which provide essential goods and services that meet daily consumer needs will likely return to normal at the first opportunity available. These include post offices, farmer's shops, supermarkets, and convenient stores. Likewise, the manufacturing industry, playing a defining role in the Chinese national economy over the last few decades, will be prioritized as an addition. Tourism, in contrast, does not fall into these two categories of essential industries. Hence, it is unlikely to rehabilitate rapidly post-pandemic. Additionally, consumer psychology will be seriously affected and travel demand will decrease substantially due to fears and concerns consumers may possess towards travelling long distances and being exposed to public areas. This issue is represented by the low numbers of visitors present at a number of reopened attractions.

Taking into account Chinese economic changes as well as tourism market principles, should the COVID-19 pandemic be completely terminated within the first half of 2020, the domestic tourism market in China may potentially experience full recovery over the next 6 months. Suppose that no major disruptions affect the rehabilitating process, its total revenue during the second half of 2021 is expected to surpass the counterpart generated in the same period in 2019. Overall, the expected period for the full rehabilitation of the Chinese domestic tourism market would be a year, at minimum.

2.3 Slowing Global Tourism Development

Since its meteoric rise, China has already become the world's top source of international tourism. The COVID-19 pandemic, in a way, will impact Chinese outbound tourism. The effects of this will have broad implications in the tourism business of nation-states where inbound tourism development is largely dependent on Chinese outbound tourists. This point is demonstrated by statistics released by the WTTC, which shows that Chinese outbound tourism grew rapidly in the period of 2003 to 2018^[5]. In 2018 there were 177 million outbound visits made by Chinese citizens, taking up 16% of the total visits made globally^[6]. This figure was in sharp contrast to the share of 1.5% in 2003^[7]. Zhao (2020) points out, this pandemic in the short term is expected to reduce 30% of national tourism revenue in many Southeast Asian countries, where inbound tourism overshadows domestic travelers, whose source market is pre-dominantly China^[8]. Take Thailand for example, Mainland China serves as the largest source market for Thailand, with Chinese tourists' spending, on average, responsible for 2.7% of the GDP in this nation^[9]. Notably, in 2019 alone Chinese tourists contributed 18 billion dollars to the Thai economy^[10]. However, the outbreak of the COVID-19 pandemic suddenly reduced 60% of inbound Chinese tourists in the final week of January (from 24th to 31st of January, 2020), compared to the same period last year^[9–11].

Certainly, the implication for the international tourism industry is far more significant

than this individual case. COVID-19 has forced a number of countries in the world (e.g. South Korea, Italy, Iran) to pursue their own stringent national strategies for public health and consequently withdraw from the global tourism industry. Moreover, some nations have refused to take proactive measures in curbing the spread of the coronavirus, which has potentially caused serious damage to international tourism on a wider scale.

3 Rethinking the Implication of COVID-19 and Post-crisis Development

3.1 Overstating the Short-term Decline of Tourism Revenue

It is apparent that the damage COVID-19 has caused for domestic tourism in China has somewhat been overstated in the press. The problem is that the figures released in 2019, in a sense, were inaccurate, and it had arguably compromised the validity of the prediction made to date. For instance, it was frequently mentioned that national tourism revenue in 2019 stood at RMB 6.5 trillion, but without critical consideration for where this figure came from, and how exactly it was calculated. In the same vein, some statistics published by Ctrip, a mainstream OTA platform in China, was equally problematic. Long before the COVID-19 pandemic emerged, Ctrip had predicted that a population of 450 million Chinese would travel during the Chinese Spring Festival in 2020, with approximately 550 billion RMB generated for the national tourism revenue. We should be aware that a large portion of the mobile population were primarily returning to their hometown. Therefore, they likely spent far less than the typical tourist.

3.2 Overestimating Retaliatory Growth

The growth of Chinese domestic tourism post SARS 17 years ago in 2003 was above 10%. This reality has largely inspired the press and some experts to expect another retaliatory growth this time, which appears to be fundamentally obscure and ambiguous in nature. If the pandemic period is compared side to side, in which the growth rate was virtually 0%, we could claim that retaliatory growth would certainly happen in future after the pandemic is over. But, if the previous year's (2019) statistics were selected for comparison, a retaliatory growth might hereby become extremely unlikely. Moreover, there is neither a sound definition on what constitutes retaliatory growth nor what kind of growth rate it refers to.

3.3 A Crisis Never Terminates Tourism Development

Historical experience told us that tourism was never permanently terminated by any severe crisis or event, no matter what it was—the World Wars, economic downturns and depression, natural disasters such as earthquakes, tsunamis and hurricanes as well as a variety of pandemics including SARS, Ebola, Marburg, hantavirus, Zika and avian influenza. Contrary to the damage each of these events causing to the industry, tourism in recent years is thriving globally, largely embodying consumer's growing desire for leisure, wellbeing, and a desirable way of life. To some extent, it is universally agreeable that tourism can be regarded as an ever-growing industry.

Different categories of tourism would take varied lengths of time to rehabilitate. In the case of domestic tourism, it is hoped that the domestic market will fully recover before inbound and outbound tourism. Whilst Chinese outbound tourism is subject to many other factors, including foreign currency reserve, unstable international relationships, and negative expected perception of the international image of Chinese, as well as the limited health measures implemented in many overseas destinations which decrease confidence. Regarding the products and services provided by the Chinese domestic tourism industry, tourists' demand for holiday-oriented services, well-being products, urban recreation and leisure in large-scale nature-based destinations would potentially be stimulated and experience a period of rapid growth. At the same time, many Chinese tourists may change their travel behav-

ior and travel to local destinations within close proximity to their place of residence. As for the transport mode that might prevail in the near future, cars and automobiles not only preserve users' privacy but also afford them a sense of security that keeps themselves away from unfamiliar peer passengers and health risks. As such, self-driving will be reasonably preferred to public transport and long-haul packaged tours.

4 A Few More Thoughts on Tourism Development at the Post-pandemic Stage

4.1 Reconsidering “Bubbles” in Tourism Statistics

Currently tourism statistics analysis is gradually oriented towards big data, which is evidently advantageous in many ways, as well-documented by many other researchers. However, the methods and approaches of collecting and analyzing big data in tourism lag behind technical capabilities, causing inaccuracy and invalidity of results. To demonstrate, in many destinations in China, personal phone numbers are usually tracked to calculate tourist arrivals. If a tourist paid a visit to Guangzhou, Foshan and Zhuhai, triple cities in Guangdong province, for example, their phone number might be counted repeatedly as three separate trips made to Guangdong Province. In the same vein, if a Guangzhou citizen made a trip to the city of Kunming in Yunnan province, southwest China, via Guangxi and Guizhou provinces, his/her mobile number might be counted twice respectively by Guangxi and Guizhou, even if he/she merely stopped there for a few minutes. In this case, the tourist might be assumed to contribute to tourism revenue of the two Provinces, regardless of whether they have spent any money. Moreover, the ability to track tourists' phone numbers and mobile devices might not be as useful as many scholars initially expected, as a large segment of tourists today use more than one mobile device. This has created a challenge to the reliability of big data collection via mobile devices. As an example, within my undergraduate class in Sun Yet-sen University in Guangzhou, over 80% of the students declared that they had at least two mobile numbers in use while studying with us, with one number registered in Guangzhou; while, the other in their hometown. This means that the preceding data collection and analysis method falsely entitled these students as tourists in Guangzhou.

4.2 Rethinking the Fragility of Tourism

The tourism industry is perhaps more fragile than many others. Its fragility, to a considerable extent, owes a great deal to the characteristics of tourism services, i.e., intangibility, perishability, inseparability, and variability (or heterogeneity). Indeed, unlike other types of products, tourism services cannot be inspected before purchase or stored at a particular location (or in a specific duration of time). If a tourism service cannot be sold, it probably perishes forever. This is widely acknowledged as the most fragile part of tourism services.

This fragility appears far more pronounced during this COVID-19 pandemic, inasmuch as months of shutdowns and strict travel restrictions have virtually ruined thousands of tourism businesses in China. We should perhaps begin to review and revisit the investments made in Chinese tourism industry in recent years. The development mode of tourism industry in China has transferred dramatically from a “lower investment (input), shorter transition period, higher profits (output)” to a “higher investment, longer transition period, higher risk” logic. For instance, going back to the 1980s, when Yangshuo, a county located in Guangxi province, South China, was initially opened to the Western tourists, local people took full advantage of the rooms, utilities and personal belongings at their homes in order to cater to the needs of Western tourists. At this stage, the input was fairly low, but it led to high returns. However, in recent years, boutique and luxury hotels were mushrooming across Yangshuo, and the threshold for investment was raised substantially. High cost is difficult to compen-

sate with particularly in this uneasy period, in which the persisting pandemic has pushed many tour operators, hotels and small-scale destinations to the edge of bankruptcy. In the face of this new bankruptcy wave, it appears pragmatic to discuss the direction of tourism investment in China. Notably, we should ask if it is preferable to re-shift our tourism development mode back to the “low investment, shorter transition period, high profits”.

4.3 Improving Public Governance and Services

One major concern for post-pandemic industry development is about unemployment and layoff. There are 7.99 million Chinese citizens at present whose employment is related to tourism industry. This figure takes up 10.2% of the total employment in this nation^[12]. Preventing a decline of employment in tourism, in a way, will possibly minimize occurrences of social disorder and unemployment rates. Some scholars wonder if the central government and local states should provide some stimulus packages to millions of tourism businesses. From my point of view, too many stimulus packages are unnecessary. The tourism industry would recover as long as the Chinese economy is restored. Instead, improving public governance and services would be comparatively more effective in terms of facilitating Chinese tourism development and rehabilitation. Lastly, the central government last year planned to legitimize a “consumption tax”. This new tax, which is more likely to be approved this year, would inspire local governments to put more weight on local tourism development.

In summary, upgraded public governance and services would be vital in the effective restoration of the tourism industry and development in China. Therefore, the “+tourism” rather than “tourism+” development mode should be prioritized while restructuring the tourism demand-supply system in this nation.

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