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## Article

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## COVID-19 pandemic and its effects on the tourism sector

Cristiana PĂVĂLUC (MELINTE)\*, Geanina BRÎNZĂ \*\*, Alexandru ANICHITI\*\*\*, Gina Ionela BUTNARU\*\*\*\*

### Abstract

*The COVID-19 pandemic has caused blockages in all economic sectors, but tourism is the most affected one. The rapid evolution of the crisis and the unknown characteristics of the pandemic makes it extremely difficult to estimate the real impact of COVID-19 on international tourism. Quarantine measures, flight cancellations, bans and border closures are expected to reduce international tourist arrivals by 20% to 30% by 2020 (UNTWO, 2020). This article presents the effects caused by the COVID-19 pandemic on the tourism sector. The research methodology consists of statistical indicators regarding the effects of the coronavirus pandemic on the tourism sector and an analysis of the results. The results underline that, in all countries, the coronavirus pandemic has affected the tourism sector, but the intensity to which has done it is different.*

**Keywords:** pandemic, COVID-19, tourism, crisis

### Introduction

Some unwanted events, such as epidemics, pandemics, earthquakes, floods, fires, droughts, hurricanes, tsunamis, are more or less part of human life. With this type of event, we learn to live and be able to manage the situation as well as possible. However, unforeseen situations have increased from year to year. Most disasters have had a profound impact on individuals, organizations and communities and, consequently, on tourism activities. Understanding, managing and responding to these risks must, therefore, be an integral component of sustainable tourism management (Shakeela and Becken, 2015). Epidemics affect the society in which we live from the first days they occur. The World Health Organization (WTO) declared on March 11<sup>th</sup>, 2020 the outbreak of COVID-19 as a pandemic. In the period that followed, the number of cases and the number of deaths increased in several countries. A large number of businesses have been closed by government decree and in many cities and states around the world, people have been asked to limit their travel. In just a few months,

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the global tourism system has shifted from tourism to non-tourism. Some analysts ask themselves: *How will we travel after Coronavirus? However, the general belief is that tourism will recover as it did in previous crises* (CNN, 2020).

In the context of an epidemic or pandemic, the uncertainty and problems caused by it have a strong impact on the tourism industry (the first area affected in crises). In this context, economic agents engaged in tourism-related activities (travel agencies, hotels, restaurants, carriers, rent-a-car) record significant decreases in revenues, due to a reduction in demand, increasing cancellations or indefinite postponements of services already contracted etc.

This paper provides an overview of pandemics throughout history, how they affected the tourism sector, and the extent to which tourism is affected by COVID-19 as a significant part of the globalized economy. This paper is useful because it summarizes and analyses the major effects on the tourism sector in the context generated by the COVID-19 pandemic.

## **1. Aspects regarding past pandemics**

Tourism is one of the fastest-growing industries and an important source of income for most countries. At the same time, the global tourism industry is very sensitive to external events, including recessions, terrorism, disease or natural disasters (Teitler-Regev *et al.*, 2013).

Being such a wide field of activity, tourism can be influenced both positively and negatively by a complex series of social, economic, natural, political, technological or legislative events (Ursache, 2015). In this research, we focus on the impact of epidemics and pandemics on businesses in the tourism sector. Both epidemics and their more widespread form, pandemics, reduce the tourist traffic of a destination. Among those having a strong impact on tourism activities were: the Spanish Influenza, Malaria, SARS, Avian Influenza, Ebola, Foot-and-Mouth Disease and, currently, COVID-19. Their outbreaks are often the result of anthropogenic impact on ecosystems and biodiversity (Petersen *et al.*, 2016; Schmidt, 2016). Wu *et al.* (2017, p.18) argue that areas prone to infectious diseases are where agricultural and cultural practices increase contact between humans and wildlife.

17 years ago, the severe acute respiratory syndrome emerged, caused by the SARS coronavirus (SARS-CoV). This atypical pneumonia was highly contagious and first appeared in Guangdong Province in China in November 2002. Between November 2002 and July 2003, this SARS virus epidemic caused more than 8,000 infections and nearly 800 deaths (McKercher and Chon, 2004). Within weeks, the disease was transmitted from China (Guangdong and Hong Kong provinces) to 37 other countries. In the summer of 2003, the epidemic had a devastating effect on the tourism and hospitality industry and required immense efforts for the health system. For instance, Toronto

accommodation sector was the hardest hit in Canada. PKF Consulting (2003) reported that the occupancy rate in the second quarter decreased by 20% to just 48%, indicating a loss of 1 million accommodation places and \$ 111 millions in revenue. Toronto tourism industry was affected by several levels of distribution and related support as a result of the SARS epidemic. For example, the annual meeting of the American Association for Cancer Research, which was scheduled to take place in Toronto, was cancelled (Smith, 2003). More than 16,000 participants were expected at this conference and the loss was devastating for the hospitality industry (Johnson Tew *et al.*, 2008). All tourism-related activities, such as hotels, restaurants, entertainment, transportation, retail and other services were also affected.

In mid-December 2019, a new infectious coronavirus - COVID-19 - hit Wuhan, the most populous city in central China. Similar to severe acute respiratory syndrome (SARS) in 2003, COVID-19 is an airborne disease which spreads very easily among people. On May 11<sup>th</sup>, 2020, 4,013,728 cases were co-signed, of which 278,993 were declared dead. In Europe, 1,731,606 cases were confirmed, in USA 1,702,451 cases, and in Africa the lowest number of cases, 44,533 (World Health Organization, 2020).

As the coronavirus crisis worsened globally in March, the decline in airline ticket transactions continued, with a loss of 60 % at the end of April 2020 (Statista, 2020). The COVID-19 outbreak will continue to have severe consequences for international tourism, with concomitant effects on the economic growth and prosperity of several nations (Gössling *et al.*, 2020).

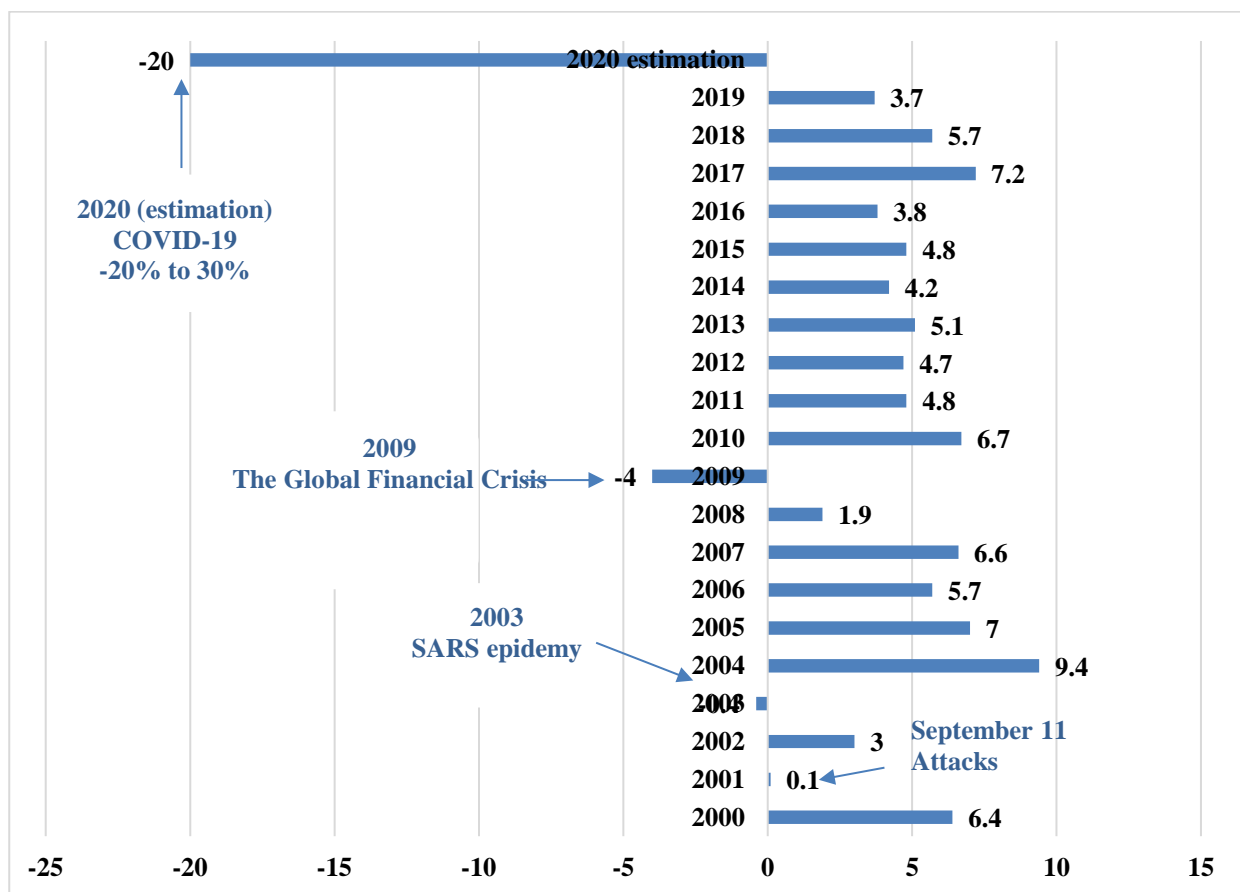
## **2. The effects of the COVID-19 pandemic on the tourism sector**

The COVID-19 pandemic affects the health, social and economic sectors globally. Tourism is the most affected sector of activity due to closed airports, suspension of activities in the hotel industry, travel restrictions. This year's outlook has declined sharply and shows a high degree of uncertainty for the near future (UNTWO, 2020). As a result, hospitality and tourism operations in many countries have been virtually closed, and international travel (and, in some countries, domestic travel too) has ceased (Baum and Hai, 2020).

UNWTO estimates that the COVID-19 pandemic will have serious consequences for the global economic system and cause damage to the tourism sector, revising the forecast for international arrivals in 2020 (UNWTO, 2020). It is also shown that this event has the greatest negative impact on the development of the tourism sector in recent decades and occurred when the tourism sector played a major role in the global economic system, being one of the most important sectors in terms of contribution in global GDP. The forecast for the global tourism sector in 2020 is declining, a situation

caused by the restrictions imposed by the coronavirus pandemic. The current pandemic crisis can be compared to previous crises, namely the global economic crisis of 2009, the crisis caused by the SARS epidemic in 2003, or the terrorist attacks that took place on September 11<sup>th</sup>, 2001 in the USA (see Figure 1).

**Figure 1. International tourist arrivals, 2000-2019 and scenarios for 2020 (% change)**



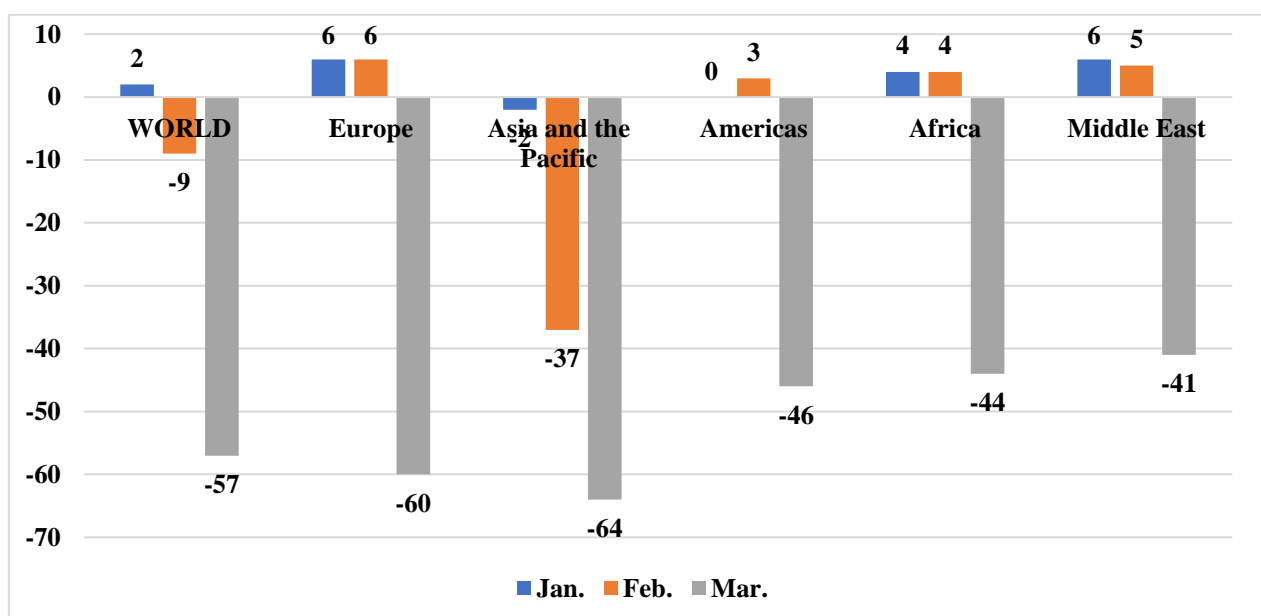
Source: UNWTO (2020)

The COVID - 19 pandemic will cause a 20% to 30% decrease of international arrivals in 2020 as compared to average of 2000-2019, given that a 3% increase was expected for the same period, so that in March is was a critical point of -57%. Asia and the Pacific recorded the highest level of decline: -2% in January, -37% in February and -64% in March. Europe is in 2nd place in terms of losses due to the decrease in the number of tourists, reaching -60% in March. The area least affected by the COVID-19 pandemic in terms of the number of tourists is the Middle East, where there was a decrease of -41% in March (UNTWO, 2020). Quarantine measures, travel restrictions and the closure of airports and national borders have led to this unexpected decrease (Ministry of Foreign Affairs, 2020). The current crisis generated by the COVID-19 pandemic has caused the largest losses in the tourism

sector since 2000. The 2003 SARS epidemics caused the loss of the number of tourist arrivals worldwide by only 0.4%, the attacks of September 11<sup>th</sup>, 2001 in the USA caused losses, but they managed to limit the number of tourist arrivals to +0.1 %, while the global economic crisis of 2009 had a stronger impact on tourist arrivals by -4% (UNTWO, 2020). Large declines in the number of tourists show that, if the COVID-19 pandemic remains a concern for a longer period, this will continue to have a significant negative impact on tourism sector, that will probably also shape the habits, especially tourists' habits through domestic trips, explore the areas close to where they live, buy cheaper holidays, use promotions to book holidays, take less trips, for many years to come (Statista, 2020).

Figure 2 shows the negative effect on the number of tourists globally during the onset of the pandemic.

**Figure 2. Number of tourists – first quarter of 2020**



Source: UNTWO (2020)

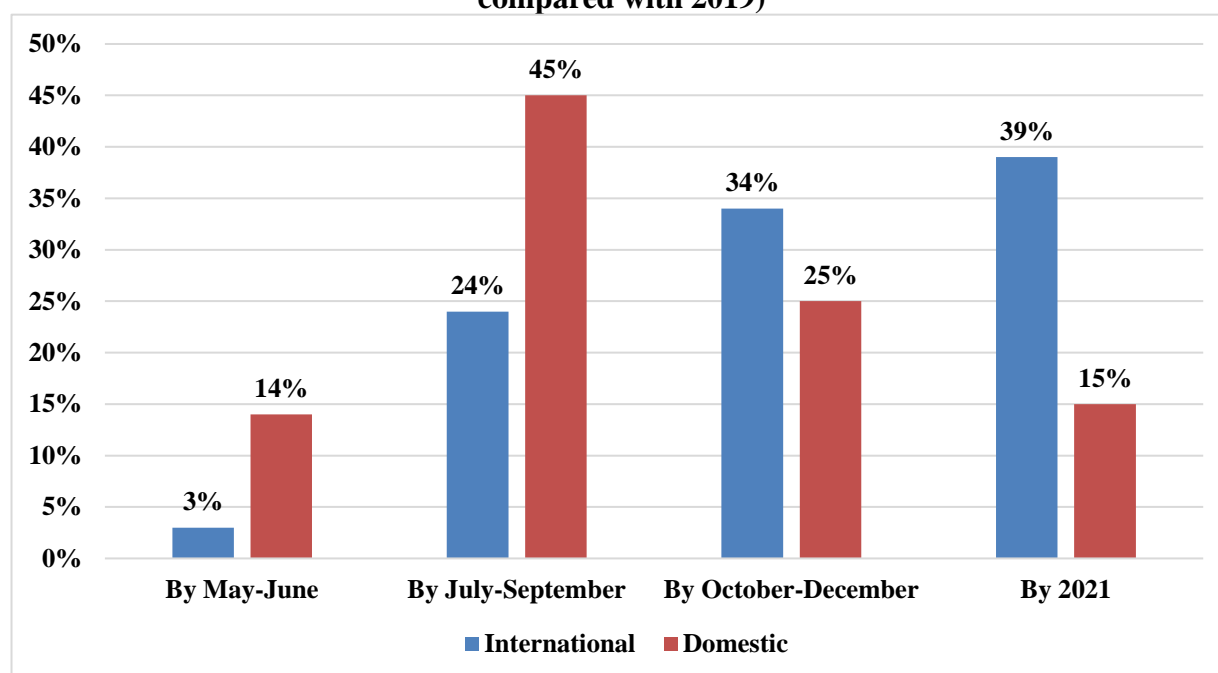
International demand for tourism products is expected to recover in the fourth quarter of 2020 and mainly during 2021, according to a UNTWO study (2020) conducted with the support of respondents - regular consumers of tourism products. Thus, figure 3 shows the information regarding the quarterly forecasts regarding the recovery of the tourist demand for the next period, three quarters from 2020, respectively the first quarter from 2021.

The recovery of the demand for tourist products is expected to enter an upward trend starting with May-June 2020, an increase of 3% internationally and 14% domestically. Internationally, with

the opening of airports and borders, an increase in tourist demand of 24% is expected from July to September, reaching 34% between October and December, the highest forecast level of demand.

At the domestic level, during 2020, the forecast of tourist demand is higher compared to the international demand. In May-June the demand is expected to rise to 14% in the summer, for the period July-September the demand is expected to record the highest level, 45%, and in the last quarter of the year the tourist demand is estimated to keep on an upward trend, reaching a level of demand of 25% (see Figure 3).

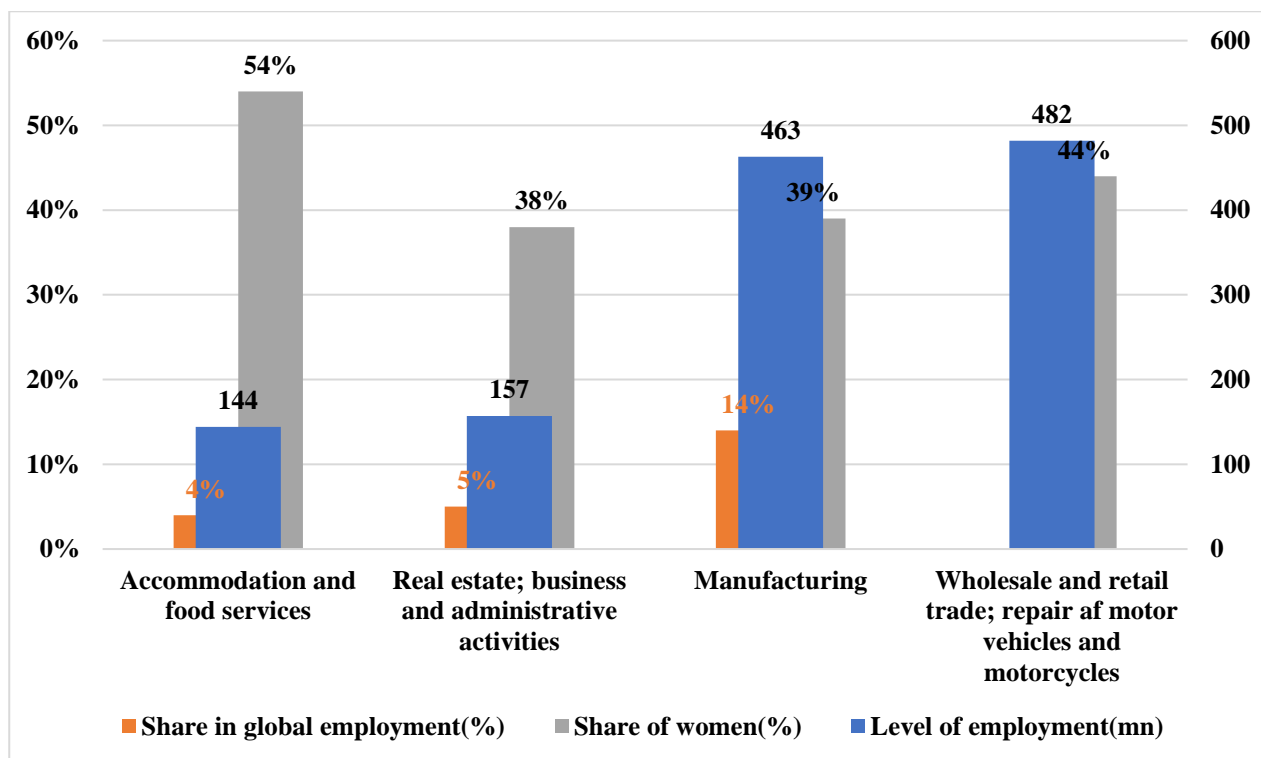
**Figure 3. Forecasts regarding the recovery of tourist demand (2020-2021, estimate as compared with 2019)**



Source: UNTWO (2020)

In 2021, an increase in international tourist demand is expected, compared to the forecasts made for the current year. International tourism demand is likely to reach 39%, while domestic demand will be only 15% (UNTWO, 2020).

The situation of the personnel in the field of tourism was also deeply affected, Figure 4 shows the situation of the workers by activity sectors is presented.

**Figure 4. Workers at risk – the most affected sectors (2020)**

Source: International Labour Organization (2020)

The pandemic caused by the COVID-19 virus has led to job losses in the tourism sector. Based on real economic and financial data, International Labour Organization (2020) claims that key economic sectors have suffered dramatic declines. The most affected economic sectors can be seen in Figure 4. UNTWO announces that 144 million employees in accommodation and food companies are at risk because hotels were forced to suspend operations. The only possibility for the restaurants to remain active was to deliver to the customers' homes (UNTWO, 2020; Ministry of Internal Affairs, 2020). The global percentage of employment in 2020 in the field of tourism is 4%, but we can see in the figure above that the manufacturing sector was affected the most by the quarantine, which blocked the activity in this sector.

The projections and economic perspectives at global level, of Euro Area and of Romania for the period 2019 - 2021 are presented in Table 1, as follows:



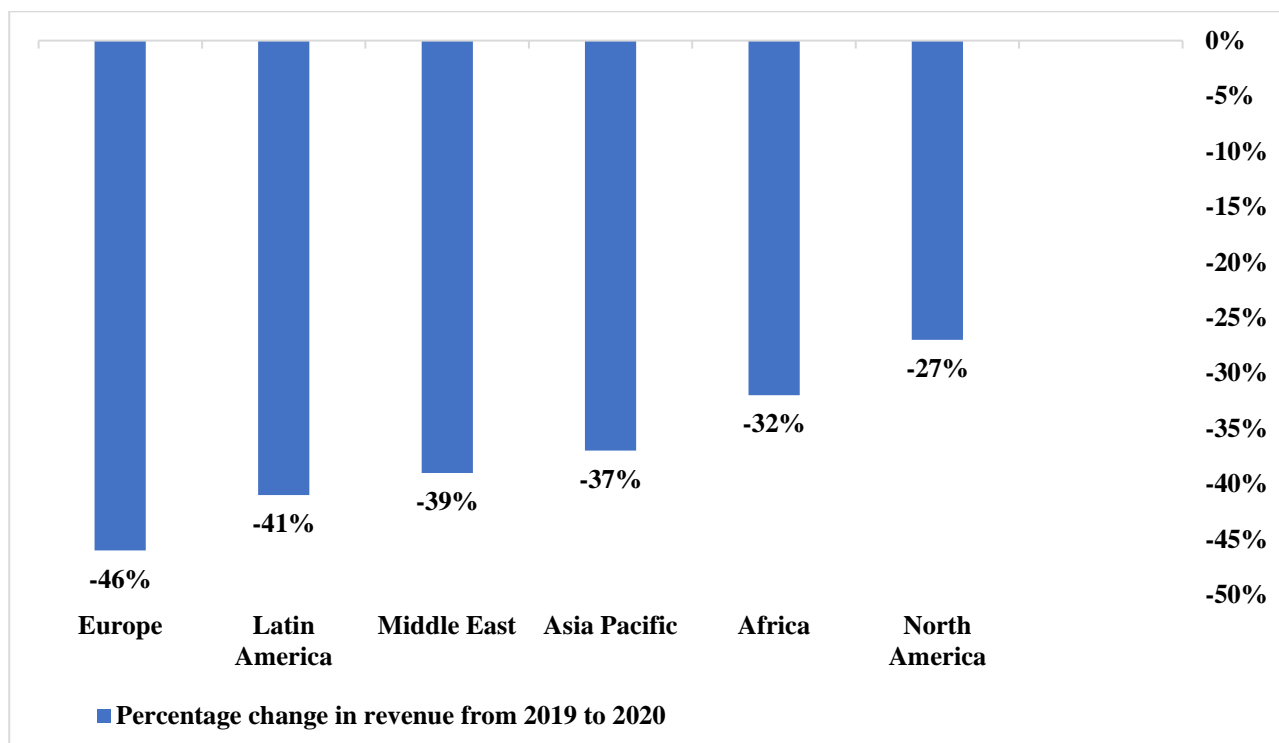
**Table 1. World economic forecasts and their prospects (%)**

|                                 | 2019       | 2020        | 2021       | Share of tourism to GDP (2018) |
|---------------------------------|------------|-------------|------------|--------------------------------|
| <b>World Output</b>             | <b>2.9</b> | <b>-3.0</b> | <b>5.8</b> |                                |
| <b>Advanced Economies</b>       | <b>1.7</b> | <b>-6.1</b> | <b>4.5</b> |                                |
| <b>Euro Area</b>                | 1.2        | -7.5        | 4.7        |                                |
| Germany                         | 0.6        | -7.0        | 5.2        | 8.6                            |
| France                          | 1.3        | -7.2        | 4.5        | 9.5                            |
| Italy                           | 0.3        | -9.1        | 4.8        | 13.2                           |
| Spain                           | 2.0        | -8.0        | 4.3        | 14.6                           |
| United Kingdom                  | 1.4        | -6.5        | 4.0        | 11                             |
| Romania                         | 4.1        | -6.0        | 4.2        | 5.3                            |
| <b>Other Advanced Economies</b> | <b>1.7</b> | <b>-4.6</b> | <b>4.5</b> |                                |

Source: International Monetary Fund (2020), European Commission - Representation in Romania (2020)

The COVID-19 pandemic has affected world economies, world production has fallen by 3% in 2020, but forecasts for 2021 are positive, in which context world production is expected to increase by 5.8% (IMF, 2020). The economy of the euro area will register in 2020 a record decrease by 7.5%, but in 2021 it will increase by 4.7%. Eurozone countries are affected by the COVID-19 crisis, with Italy declining by 9.1%, followed by Spain with a decrease by 8%, while declines of around 7% are recorded in France, Germany and the United Kingdom (European Commission, Romanian Representation, 2020).

Globally, the most affected sectors include the air transport, a sector closely related to the tourism sector. Based on travel restrictions and an expected global recession, the International Air Transport Association (IATA) (2020) estimates that the global revenue of the airline industry could fall significantly compared to the results of 2019, but they differ from one region to another, as shown in Figure 5.

**Figure 5. Estimation of operators in the air transport industry, by region (2020).**

Source: International Air Transport Association (IATA)

The shock suffered by the EU Member States is similar, due to the decline caused by the reduction in production in 2020, and the ability of the states to recover from the crisis will differ from one country to another. The economic recovery will be directly proportional to the evolution of the pandemic, but also to the structure of the economy and the capacity for a destabilizing political reaction (European Commission, Romanian Representation, 2020).

## Conclusions

Due to the rapid spread, epidemics can exert even more negative pressure on tourism demand than terrorism (Breitsohl and Garrod, 2016) and financial crises (UNWTO, 2020). Regardless of their type, all crises need proper management so that destination and tourism businesses can respond, recover, learn lessons, improve future planning and implement effective strategies.

Between 2000 and 2015 there were several major disruptive events, but none of them led to a long-term decline in the global development of tourism, and some of them were not even notable (World Health Organization, 2020). Outbreaks of infectious diseases, including coronaviruses, endanger the tourism industry, given its dependence on human mobility. How the tourism industry will survive and revive in a post-COVID-19 world remains unknown. It is very likely that this year

the global tourism sector will experience a considerable decline in its contribution to the global economy. A partial recovery is planned for 2021, with growth rates above trends.

However, despite the current situation, there are many reasons for optimism. Adaptation actions by national companies and governments will be able to support the protection of people and are likely to influence the change of consumer behaviour by moving from mass tourism to sustainable tourism, which is to the advantage of destinations, tourists and tourism companies.

Tourism stakeholders can take certain measures, such as carrying out tourism-related activities in a way that makes the tourists feel comfortable that all the health and hygiene requirements are being honoured.

However, the way that the hospitality industry will survive in a post-pandemic world remains unknown and it will be an important topic to review in the future.

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