

The Analysis of the Impact of Covid-19 on China's Tourism Industry

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Abstract: Tourism in many parts of China has been hit hard by the Covid-19 outbreak. This study provides a comprehensive analysis of the impact on the tourism industry in China before and after the epidemic, the current situation of tourism shutdown and damage, and the impact on the overall tourism market. In addition, the study analyzes the current state of the population's willingness to travel. The paper will use the tourism industry in Sanya and Daqing as case studies. In order to get rid of the impact of the epidemic as soon as possible, Chinese small and medium-sized enterprises have to come up with reasonable and effective measures to cope with it. For this reason, China should work together to fight the epidemic and make a concerted effort for the early recovery of tourism.

Keywords: China, tourism industry, recovery, Covid-19

1. Introduction

With the development of the economy and the improvement of people's living standards, the specificity of the tourism industry makes it frequently and easily affected by the external environment in the process of development. Covid-19 is more contagious and has a higher mortality rate than other prevalent infectious diseases. Because tourism is simultaneously exotic, consumptive and generative, outbreaks have a huge impact on tourism industries such as scenic spots, travel agencies, hotels, entertainment and transportation. According to statistics, more than 30,000 scenic spots and 40,000 travel agencies across the country were forced to close as a result. In 2020, the number of domestic tourists in China was 2.879 billion, down 52.1% year-on-year; domestic tourism revenue was 2.23 trillion yuan, down 61.1% year-on-year. The global figures for international tourism changed even more dramatically, with a significant drop in the number of international travelers leading to a decrease in export revenue of approximately \$130 million [1]. Under the impact of the epidemic, residents avoided travel to reduce exposure to the virus due to perceived risk and fear of risk. As a result, residents' willingness to travel was significantly reduced. This paper examines the current state of China's tourism industry before and after the epidemic. The residents' willingness to travel is explored. Secondly, it also shares the current situation and damage to the tourism industry in China, and summarizes the impact of the epidemic on the Chinese tourism market. The impact of the Covid-19 epidemic on China's tourism market is summarized by referring to the data of Sanya, a famous tourist city in China. At the end of this paper, we also propose measures for small and medium-sized enterprises in the tourism industry to cope with the epidemic. The paper uses a comparative approach to compare the economic data of the tourism industry before and after the epidemic, and uses

examples to show the "tragic situation of the tourism industry in Sanya", and graphs to give the reader a more visible comparison of the impact of Covid-19 on the Chinese tourism industry. By analyzing the impact of a series of epidemics and case studies, we hope to find ways to recover China's tourism industry as soon as possible or strategies to help China's economy recover more quickly.

2. Analysis of the Chinese Tourism Industry Before and after the Outbreak of Covid-19

2.1. Analysis of the Chinese Tourism Industry Before the Outbreak of Covid-19

As a secondary industry that greatly influences regional economic and cultural development, tourism is increasingly playing a key part in the expansion of the national economy. The "2019 Tourism Market Basic Information" published by the China Tourism Research Institute shows that in 2019, the growth rate of the tourism economy is higher than the growth of GDP, with the number of domestic tourists reaching 6.006 billion; the total number of outbound tourists is 300 million; the comprehensive contribution of tourism to GDP is 10.94 trillion yuan, accounting for 11.05% of GDP; and the number of international tourists is 300 million. China's overall tourist revenue increased from 4.13 trillion yuan in 2015 to 6.63 trillion yuan in 2019 compared to that year [2]. According to data from the Chinese Ministry of Culture and Tourist, before the pandemic broke out in late 2019, there were 28.25 million individuals working just in the tourism industry, making up 79.87 million people, or 10.31% of the country's total employed population. Thus, it can be said that the pandemic has not only impacted China's economic standing but has also made finding a job more challenging.

In 2019, China's tourist industry generated an increase of 11.7%, totaling over 5.7 trillion yuan. About 28.3 million people were directly employed by the sector in 2017. China is the third-largest nation in the world by geographical size and is home to many important historical, archaeological, and cultural monuments. Traveling both domestically and internationally is a part of Chinese tourism. Before the epidemic, around 6 billion domestic travels were conducted in 2019. Chinese visitors' favorite domestic destinations include Beijing, Shanghai, and Guangzhou. In 2019, over 32 million international visitors came to China.

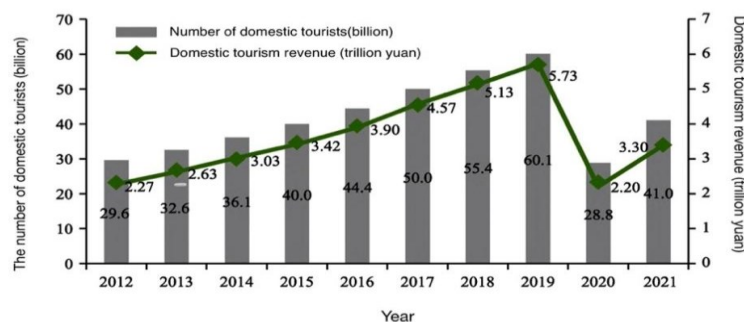


Figure 1: Changes in the number and income of domestic tourists in China in the past 10 years [1].

2.2. Analysis of the Chinese Tourism Industry after the Outbreak

One of the sectors most impacted by the pandemic is tourism, a broad and very delicate business that includes food, lodging, travel, tourism, entertainment, and shopping. The following are the primary effects of the pandemic on the cultural tourist sector. Tourism comes first. The research shows that as a result, more than 30,000 picturesque locations and 40,000 tourist lodgings had to close across the nation. A total of 51.665 billion yuan in tourism income was generated during the Spring Festival in 2020, which is 89.95% less than it was at the same time in 2019 [3]. All five-star hotels discontinue

providing catering for events including meetings, weddings, birthday parties, and family reunions. Second, the cultural sector in China experienced tens of thousands of performance events, leading to the closure of theaters, singing and dance clubs, and other entertainment places. As a result, due to a poor basis, a lack of cash flow, and dependence on social consumption of cultural products, business income plummeted. It is important to note, nonetheless, that short videos and other Internet digital culture consumption on behalf of growth attitudes have led to short videos, online with goods, becoming a current trend.

The State of Influence on the Willingness of Residents to Travel in Tourism. The epidemic is deadly and very contagious, which has led locals to cut back on their travel. There may still be a need for travel despite the outbreak's severe effects on inhabitants' confidence, desire, and capacity to travel, including Chinese government regulations that shut down cities or forbade group activities. It is generally known that people's desire and capacity to travel considerably decreased during the most recent COVID-19 epidemic in order to minimize exposure and viral transmission. Second, before planning their trip, travelers should think about the region's or destination's regulations for controlling epidemics. Whether or if they are in a high- or medium-risk location. A destination's epidemic scenario, population density, and if the nucleic acid is necessary are also taken into account. In addition, the cultural implications of the city where the epidemic is occurring or has been throughout the pandemic will have an impact on how the public perceives tourism and its reputation, which will have an impact on how and where visitors choose to travel.

Although many citizens' travel plans and patterns have altered as a result of the effective steps taken to stop and contain the pandemic, their inclination to travel has not changed. People's travel habits have altered to have "short-term, short-haul" features as a result of the epidemic. In 2020, over the eight-day National Day holiday, "the country received 637 million domestic tourists, recovering 79% year-over-year on a comparable basis, and achieved domestic tourism revenue of 466.56 billion yuan, recovering 69.9% year-over-year on a comparable basis." [4] Tourism is the desire for a better life and the pursuit of spiritual life.

Post-pandemic Tourism Status. Tourism sectors have shut down in a number of provinces and cities since the pandemic first appeared as a result of the government's response to the outbreak. Consequently, the tourist sector has suffered significant harm, it is hard to recoup company expenses, and the pandemic has been prevented from spreading, which has caused a sharp decrease in tourism demand, leaving tourism enterprises in an existential crisis with practically no income. The data center of the Ministry of Culture and Tourism estimated that "during the five days of May Day holiday in 2022, 160 million domestic tourism trips were made nationwide, a decrease of 30.2% year-on-year, recovering to 66.8% of the same period before the epidemic by comparable caliber; domestic tourism revenue was 64.68 billion yuan, a decrease of 42.9% year-on-year. 42.9%, recovering to 44.0% of the same period before the epidemic." [5] Since the government issued an emergency notice to stop the activities of tourist enterprises in late January, the hotel industry has favorably responded by putting operations on hold. Hotel sector statistics in Beijing, Shanghai, Sanya, and Hong Kong SAR declined sharply barely two months into the epidemic, according to STR Consulting data gathered from mid-to-late January to early February (Figure 2). The local hotel occupancy rate in Sanya decreased from 90% to 10%. This demonstrates the significant impact the pandemic has had on the travel and tourism sector.

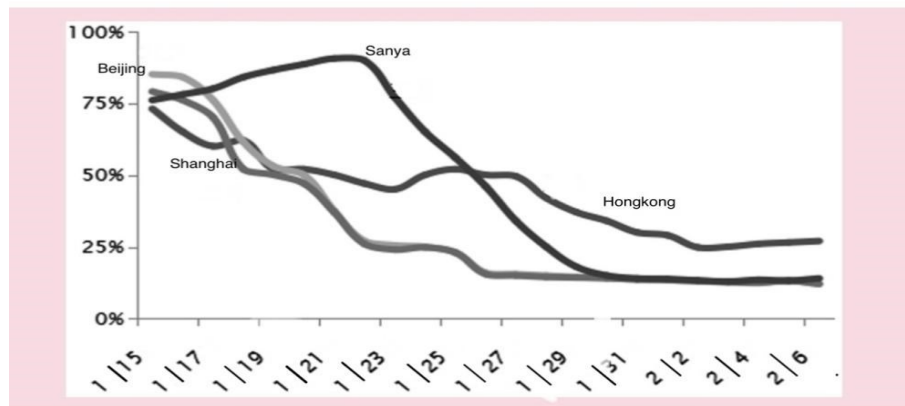


Figure 2: Data on tourism in cities affected by the Covid-19.

The Impact of the Epidemic on the Tourism Industry. The epidemic has had a significant impact on the nation's tourism industry, particularly the six key sectors that make up the sector: "food, accommodation, transportation, tourism, shopping, and entertainment." As a result, some traditional hotels and scenic locations have had to suspend operations. The tourism sector incurred more losses than other industries due to a combination of the Covid 19 outbreak and the Spring Festival's overlap. The tourism sector first experienced financial losses. The epidemic had a significant impact on the tourism industry's economy. From the tourist attractions, every Golden Week, the popular areas of tourist attractions are frequently hard to find tickets, and during the epidemic, especially during the Spring Festival and the long holidays, the tourist attractions business is dismal; from the accommodation industry, a large number of rooms idle, seriously affecting the hotel profits; from the "food" i.e. restaurant industry, a large number of restaurants closed; From the standpoint of "food," hotels associated with the catering sector either closed or rigorously limited the attendance rate in accordance with governmental standards, causing significant losses in the hotel industry. The airline business, as well as cars, trains, and other means of human transportation, are all negatively impacted from the standpoint of "travel." Airlines, cars, trains, and other modes of moving passengers were all negatively impacted from the "line" standpoint, and several airlines even filed for bankruptcy. Previously, during the peak travel season around the Spring Festival, the nation saw roughly 400 million tourists and generated 500 billion yuan in income. The epidemic disrupted the 2020 Chinese New Year Golden Week, which was anticipated to draw 450 million travelers and generate at least 520 billion yuan in tourist income [6]. The outcome is that the tourist sector will lose \$500 billion as a result of the Covid 19 in 2020, with essentially no income generated. This is made worse by the fact that tourist businesses must pay the wages of their staff and other required expenditures.

Case Study: Impact of Covid-19 on Tourism in Sanya. Around the 2020's Chinese New Year, the new crown epidemic will break out and spread widely. Because tourist activities are diverse and concentrated, the epidemic had a significant impact on them. Because tourism activities are diverse and concentrated, they were particularly hard hit. The pandemic caused Sanya's overall yearly tourism earnings to fall by 26.9% in 2020 compared to the previous year. Domestic income is down 20.5% from 2019 at 41.773 billion yuan, while tourism foreign exchange revenue is down 87.5% to 101.58 million USD (Sanya Tourism and Culture, Radio, Film and Sports Bureau) [7]. Second, Daqing has also been impacted by Covid 19. The total tourism income of Daqing has generally increased between 2010 and 2019, and the pattern of the change in visitor reception is similar to the trend of the change in total tourism revenue. Although the tourism economy nationwide has been severely impacted by the epidemic, the outbreak of the epidemic will accelerate the pace of change in the tourism industry for Daqing, which is in a critical period of transformation. In 2020, affected by the epidemic, the total

tourism revenue and the tourist reception of Daqing have been significantly reduced, and the reduction ratio is close to 20%.

3. Measures Taken by Small and Medium-Sized Enterprises in the Tourism Industry to Respond to the Epidemic

The government's substantial help will be given primarily to regions with severe epidemics and regions where tourism is a significant part of the local economy. The relevant state departments, together with the governments of provinces, municipalities and autonomous regions, have introduced initiatives such as tax and fee reductions and temporary refunds of tourism service quality deposits to support tourism enterprises in tourist attractions to actively cope with the current business difficulties in order to promote China's tourism industry out of the haze of the epidemic as soon as possible. With the introduction of support programs, this perspective allows the government to respond to the impact in a more targeted and multi-programmatic manner. Considering that e-commerce was developed during the SARS pandemic, we can assume that this disease is considered to be a completely new potential. On a positive note, the emergence of covid-19 raises e-commerce and marketing strategies to another level. Companies should see covid-19 as an opportunity. E-commerce was developed during the SARS pandemic. Now, attractions and businesses can also give their customers a better viewing experience through live streaming, short films and other media, encouraging smart growth in the travel industry and modifying their strategic focus. Second, improve management and training. The tourism sector needs to adjust budgets in advance, anticipate when cash flow can be brought forward, cut costs and reduce non-essential expenditures to be able to cope with the new conditions brought about by the pneumococcal pandemic. Finally, tourism companies can develop some preferential incentive programs to keep tourists coming back. The following people can get a free year in exchange for their participation in epidemic prevention and control Medical staff, volunteers, and troopers offer reduced entrance fees, which also serves to develop brand image In addition, it helps to increase brand recognition.

4. Conclusion

To sum up, this Covid-19 fully demonstrates the vulnerability and sensitivity of the tourism industry, which can have a huge impact once it is hit. However, although the tourism industry was affected by Covid-19, many hotels or companies that rely on tourism as a source of livelihood were forced to stop operating. But we can use this time to consolidate the tourism industry's shortcomings, strengthen our own protection, and plan better and safer travel strategies. For example, today's "cloud tourism" is the new generation of travel. This paper better supports the central point of this paper by comparing the number of tourists and their willingness to travel before and after the pandemic, and even the loss of tourism in Sanya.

Through this paper, in the future, even if a major sector of the tourism industry has to temporarily shut down due to the pandemic, it can use this time to improve its business and strengthen its position. The relevant authorities also provide the necessary assistance, such as expanded tourism funding and loan programs for the relevant sectors. These strategies can help tourism businesses to get back on track after the epidemic is over and in accordance with the relevant plans. Therefore, for mutual benefit, all sectors should cooperate in the fight against Covid-19 in order to accelerate the recovery of the tourism industry.

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