

Recovery strategies for Tourism Industry against COVID-19: A Case Study of China

Abstract

The outbreak of COVID-19 disease has affected the world and numerous industries, especially the tourism industry. Any factor that hampers travel can influence the whole tourism industry profoundly. Hence, the tourism industry proposes strategies and measures to cope with the pandemic, which is exactly what this study tries to explore in a distinct way, through a case study and statistical analysis. The result suggests that fiscal policy released by the government and the social media platforms are supportive to the tourism industry and successfully against the COVID-19 pandemic.

Introduction

The COVID-19 pandemic has brought unprecedented risks, damages, and challenges to this world. Many countries have tried to contain it by lockdowns and restrictions, causing GDP to decrease, unemployment rates and inflation rates to increase. Therefore, many sectors and industries were heavily impacted economically, especially the tourism industry, which is one of the most vulnerable industries in the world. Therefore, this research aims to investigate strategies that tourism industry applies to cope with negative effects of the pandemic.

Literature Review

The tourism industry can easily be affected by numerous factors including natural disasters, pandemics, riots, terrorism, etc. Thus, it is necessary for tourist organizations and related enterprises to be well prepared and establish plans in recovery strategies. There are studies (Ye, 2021; Kumudumali 2020) focusing on how tourism industry and its related subsectors such as hotel businesses, airline companies has been influenced by the pandemic. However, this paper's goal is not only to examine the impacts of COVID-19, but also to explore what strategies that the tourism industry utilizes to ensure its survival. Now, because of travel bans, lockdowns, and other measures dealing with COVID-19 taken by several countries, there is a significant drop in the number of tourists in the world. Tourism demands have dwindled, millions of employees have lost their jobs, and enterprises have even gone bankrupt. According to the WTTC, there was a total loss of about \$4.9 trillion in 2020, which is a 50.4% decline from 2019. There were 62 million jobs lost, a decline of 18.6% in 2020, leading to just 271 million employed across the tourism industry, compared to 333 million from last year. There is a study (Yeh, 2020) about tourism crisis and disaster management (TCDM), aiming to recognize impacts of COVID-19, categorizing types of impact, and bringing out effective TCDM steps that can help the industry to recover, but this study uses different methods to further investigate measures that the industry applies to combat the pandemic.

Research Method

Case Description

China is chosen as a case study in this research because it is easier to be conducted and it has largely proportional and rapidly growing group of social media platform users along with a well-developed online streaming and short video industries. Many conditions have expedited the industry's development in China, from government policies to cultural characteristics.

Data Analysis

In the beginning of 2020, the tourism industry became one of the most impacted industries as the world encountered unprecedented risks and problems from COVID-19. According to Figure 1, the value added of tourism and its related industries was 4062.8 billion yuan (9.7% drop) in 2020 in China, accounting for 4.01% of GDP (0.55% drop). In terms of the internal structure of the tourism industry, the value added was 3642.9 million yuan (a decrease of 10.6%), accounting for 89.7% of the value added of tourism and its related industries (a decline of 0.9%). In terms of growth rate, other than the added value of government tourism management services, the value added of all other industries decreased. Particularly, tourism accommodation had the most decline, going down 28.8%.

Value Added of National Tourism and Related Industries in 2020

Items	Value-added (100 million yuan)	Growth Rate (%)	Constitution (%)
Tourism and Related Industries	40628	-9.7	100.0
Tourism	36429	-10.6	89.7
Tourism Travel	10600	-12.1	26.1
Tourism Accommodation	2565	-28.8	6.3
Tourism Catering	5536	-10.8	13.6
Tourism Sightseeing	2091	-2.4	5.1
Tourism Shopping	13116	-6.8	32.3
Tourism Entertainment	1729	-8.1	4.3
Tourism Comprehensive Services	792	-0.4	2.0
Tourism	4199	-0.8	10.3
Tourism Auxiliary Services	4144	-0.8	10
Government Tourism Management Services	55	3.1	0.1

Notes: 1. The growth rate is the current price growth rate, without deducting the price factor.
2. Due to the rounding error of the value, the data items may not equal to the total amount.

Figure 1 Value Added of National Tourism and Related Industries in 2020 (National Bureau of Statistics of China)

Therefore, the Chinese tourism industry needs to establish plans for recovery and prepare for coping with the negative impacts from the pandemic. First of all, in order to secure the survival of tourist enterprises, the Chinese government has taken a series of measures:

- Asking banks to extend the terms of business loans and commercial landlords to lower rents
- Refunding travel agencies
- Enhancing policy support
- Improving infrastructure
- Local government carries out different policies in terms of funding, financial support, tax deduction, social security, employment, etc.

Secondly, the tourism industry has found a new mechanism to promote its revival, known as the “internet celebrity” effect. Now, with the development of technologies, online social networks have become prevalent, and this has provided opportunities to the emergence of internet celebrities. Internet celebrity effect, which can give an effective and beneficial strategy to the market, can also assist tourism industry to recover. In China, people usually use social media or short video platforms such as Tik Tok, Weibo, Xiaohongshu, and Kuaishou. This study would mainly focus on Tik Tok.

According to Figure 2, the annual total tourism revenue and the total number of tourists dropped 66.67% and 51.93% in 2020, respectively. People who stayed at home due to lockdowns and restrictions began to pay more attention to social media and online cultural tourism life. Besides, the creation of cultural tourism videos and the number of live activities increased significantly. Especially on TikTok, the total number of tourism videos exceeded 880 million in 2020, a 60% increase compared to 2019. What is more, those cultural tourism videos have more than 926 billion views, which is 50% over the last year. Thus, short video and live broadcasting have become an effective communication channel for the development of the tourism industry.



Figure 2 Annual Tourism Revenue, Number of Cultural Tourism Videos & their Views
(National Bureau of Statistics of China, Chan mama)

In Figure 3, it shows that the number of videos released by the top 500 tourism talents reached 2,361, bringing 15,562 times more interactions during May Day break in 2021. Among those 500 tourism talents, the top 10 accounted for 7.2% of the number of videos released, bringing 64,815 times more interactions. This demonstrates a strong signal of “head effect,” a phenomenon of the top ones who tend to get more attention and have more resources, from those tourism talents.

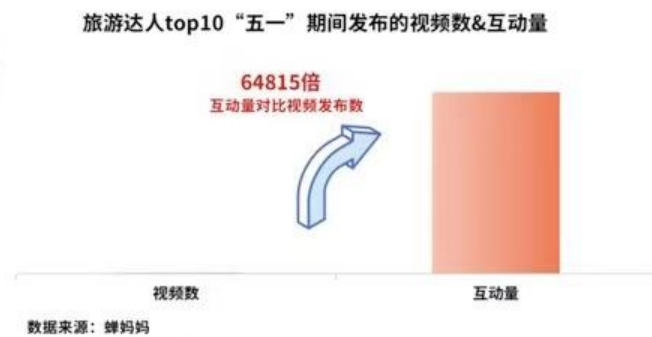
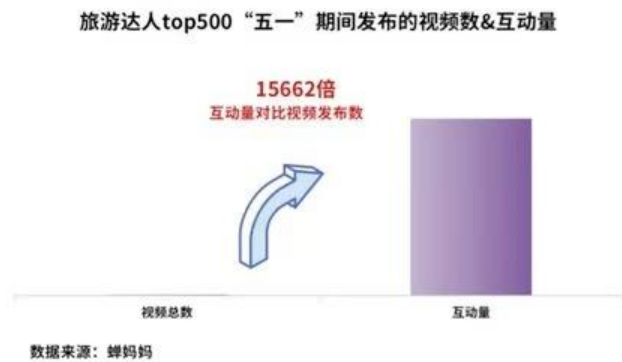


Figure 3 Number of videos and interactions released by TOP 500 & TOP 10 tourism talents during May Day Break (Chan mama)

In Figure 4, the number of videos released by the top 500 tourism talents was mostly between 1 and 5, accounting for 68.3%. Thus, those videos tended to focus on quality rather than quantity. In terms of the size of fans, among those top 500 tourism talents, 23.9% of them have more than 1 million fans (17.2% of them have number of fans between 1 million and 2 million, 6.7% of them have number of fans over 2 million). This indicates that online cultural tourism has a large

fan base, giving a lot of popularity to tourism and motivation to recover for the whole tourism industry.



Figure 4 Distribution of number of videos released by TOP 500 tourism talents & size of fans of TOP 500 tourism talents (Chan mama)

According to Figure 5, in the first half of 2021, the number of domestic tourists recovered to 75.3%, 94.5%, 103.2%, and 98.7% during the Spring Festival, Tomb-Sweeping Day, May Day,

and Dragon Boat Festival, respectively. This is a great sign that the tourism industry has started to recover and gradually return to pre-pandemic levels.

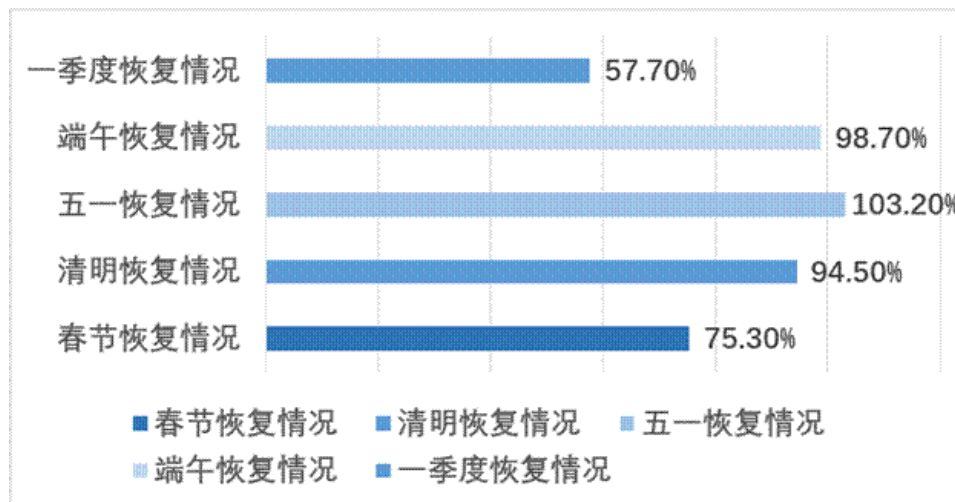


Figure 5 The recovery of tourism during holidays (China Tourism Academy)

Conclusion

Since 2020, the tourism industry has faced unprecedented challenges and risks, and has become one of the most vulnerable industries in the world. There was a total loss of about \$4.9 trillion for this industry in 2020, which is a 50.4% decline from 2019, and 62 million jobs lost, a decline of 18.6% in 2020. Thus, China is chosen as the case study because this paper aims to explore strategies that the tourism industry applies, and the country has well-developed social media and short video platform industry. Firstly, the Chinese government has helped the tourism industry to recover by unveiling fiscal policy:

- Asking banks to extend the terms of business loans and commercial landlords to lower rents
- Refunding travel agencies
- Enhancing policy support
- Improving infrastructure
- Local government carries out different policies in terms of funding, financial support, tax deduction, social security, employment, etc.

In addition, the Chinese tourism industry has found a new mechanism to revive—social media and short video platforms. With the outbreak of COVID-19, more people stay at home because of lockdowns and restrictions, so people tend to focus more on social media and short video platforms. In figure 2, it shows that the annual total tourism declined about 66.67% and the number of tourists decreased about 51.93% in 2020.

Nonetheless, since people started to pay more attention to social media and online cultural tourism life, the creation of cultural tourism videos and the number of live activities increased significantly. On TikTok, the total number of tourism videos exceeded 880 million in 2020, a 60% growth compared to 2019. In addition, those cultural tourism videos have more than 926 billion views, 50% more compared to last year. Hence, short video and live broadcasting provided a huge support for the development of the tourism industry. In particular, during the May Day break in 2021, the number of domestic tourists recovered to 103.2%, indicating that the tourism industry has gradually returned to pre-pandemic levels. This case study allows the research to understand how the tourism industry copes with the unprecedented challenges instead of just simply analyzing the damages of COVID-19.

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