

The Impact of the New Crown Epidemic on Traditional Tourism

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ABSTRACT

The outbreak of Covid-19 has been reported in Wuhan and gradually spread to the whole Hubei Province and even the whole country. This epidemic has caused great impact and pressure on economic and social development and people's production and life. It has had a systematic impact on some industries. The tourism industry bears the brunt. Facing the severe situation of overall suspension. Therefore, this article studies the impact of COVID-19 on the traditional tourism industry and analyzes the impact on tourism income and population. In addition, the paper confirms the tourism-related industries, including aviation and hotels. Finally, the solution is put forward from the perspective of the traditional tourism business model and capital market. With the recurrence of the epidemic, the research conclusions of this paper will provide a reference for the development of the tourism industry.

Keywords: COVID-19, Tourism industry, Business model, Capital market

1. INTRODUCTION

In 2020, an outbreak of pneumonia caused by New Coronavirus, which originated in Wuhan, swept through the whole country. 31 provinces and municipalities have launched a major public health emergency response. They have taken extreme anti-epidemic measures of road closures and residents' home isolation. However, the epidemic is still developing rapidly, and the epidemic situation is very severe, which has a huge impact on the economy which is in a downward trend of growth. The tourism industry is the first to bear the brunt and is facing a serious crisis. Domestic residents are afraid to go out of the scenic spots for short-term tourism because of the unprecedented impact of the epidemic, which has a very strong impact on domestic residents. In particular, the influence on the traditional tourism industry is fatal, and many travel agencies and hotels had closed down. For three years, the tourism-related service industry has stagnated. The repeated epidemic situation restricts the development of the whole industry. How to survive in a crisis has become the most critical problem of the whole industry.

Xiao and Yang conducted a study on the way of live tourism in the tourism industry in the context of the new crown virus and found problems and corresponding improvement measures through the study. The problem is that this way lacks innovation, all the live content in

the industry is more or less the same, there is a lack of professional talents and it is difficult to generate income from live tourism. The improvement method is to explore the user's consumption needs, train more professional talents in the field of live streaming, and make more innovations in the live content [1]. Doustmohammadi et al. focused on the need for improved methods for traditional travel after the occurrence of COVID-19, finding that transportation and learning styles and lifestyles differ significantly under these conditions, and proposing a novel transportation modeling solution to the problem [2]. Kovačević has studied and analyzed the impact of the New Coronavirus on the traditional tourism sector in Europe, comparing the profit and loss data of the tourism industry before and after the New Coronavirus epidemic, and presenting estimates of the data afterward [3].

Liu and Hu studied the short- and long-term economic impact of the occurrence of the new coronavirus in China in 2020, and after the study, as a major world public health event, it has an impact on China's long-term economy, promoting China's savings rate to increase the level of potential output in the medium and long term, and globally, the increase in China's savings rate leads to global economic imbalances [4]. Duro et al. studied the vulnerability of COVID and tourism, with two aspects and data analysis respectively, using Spain as an example. They also found and

identified some factors behind and suggested that tourism in some parts of Spain will be most affected in the summer of 2020 and will have a great impact on the future market[5]. Aronica et al. focus on the major impact of the New Crown epidemic on tourism, finding that the epidemic has had a major impact on tourism, affecting tourist arrivals and the development of related tourism industries in most parts of the world. Recommendations and policies for the tourism industry are presented from three perspectives: policymakers, suppliers, and tourists [6].

Rastegara et al. focused on how the traditional tourism industry should continue to survive after the epidemic, suggesting that there should be a comprehensive call for the transformation and reset of the traditional tourism industry, not as business as usual, but as a new system to end the social, economic, and ecological cycle of exploitation and injustice. economic, and ecological cycles of exploitation and injustice. It also proposes a framework and implementation method for a new tourism model [7]. Schubert focused on the impact of the new crown epidemic on small economies dependent on tourism, suggesting that the tourism sector takes about ten years to recover to pre-shock conditions, while the industrial sector has already reached pre-shock output after two years. , the different speeds of recovery in these two sectors did not depend on the magnitude of the initial productivity decline in the tourism sector but was caused by the huge drop in foreigners' demand for domestic tourism services. Also, unemployment rates and other multifaceted issues are mentioned [8].

Riestyaningrum et al. studied the attitudes and travel plans of people in the aftermath of the new epidemic and found that government policies have changed people's travel plans and their choice of places to travel more carefully, as well as their daily needs for health and safety. This means that the regression model can be used to demonstrate the general impact on travel. This means that the regression model can prove that general influence, attitudes, preferences, health, and safety have a significant effect on travel intention at the same time. Based on the beta value, health and safety have the greatest effect on travel intention [9]. Chen et al. conducted a study on how consumer behavior changed during the outbreak and how different cultures influenced tourists' perceptions and consumption behaviors during the COVID-19 crisis. Findings revealed that cognitive and consumer behaviors varied culturally and differed significantly with age. There are cultural differences in perceptions and consumption behaviors when choosing how to travel, transportation, and companions, especially among young people in China. How do different cultures affect the perceptions and consumption behaviors of tourists during the COVID-19 crisis? Findings show Cognitive and consumption behaviors differed culturally and significantly with age. There are cultural differences in perceptions and consumption behaviors, especially

among young people in China, when it comes to choosing how to travel, transportation, and companions [10].

Therefore, this article will study the impact of the epidemic on the traditional tourism industry, and put forward corresponding solutions to the current situation and problems. The second part uses the data to make a macro analysis of the impact. In the third part, the aviation industry and the hotel industry are selected for comparison, and the corresponding solutions are given in the fourth chapter.

2. THE IMPACT OF THE OUTBREAK ON THE TRADITIONAL TOURISM INDUSTRY

The new coronavirus occurred in the last month of 2019, exactly two years after it passed, but its impact on China cannot be ignored. The traditional travel model, in which individuals or groups sign up to arrange travel through travel agencies, has been almost devastated by policies issued by many countries and regions around the world that restrict travel due to the outbreak. Several major problems have resulted, namely a low level of national enthusiasm for tourism, a sharp rise in unemployment, and a significant drop in the value of the tourism industry. Before the epidemic according to the National Bureau of Statistics (NBS) accounting, the value-added of tourism and related industries nationwide was RMB 449.89 billion in 2019, accounting for 4.56% of the gross domestic product (GDP). The total number of domestic tourists in China rose from 3.99 billion in 2015 to 6.006 billion in 2019, and accordingly, the total revenue from tourism increased from 3.41 billion yuan in 2015 to 5.72 billion yuan in 2019.

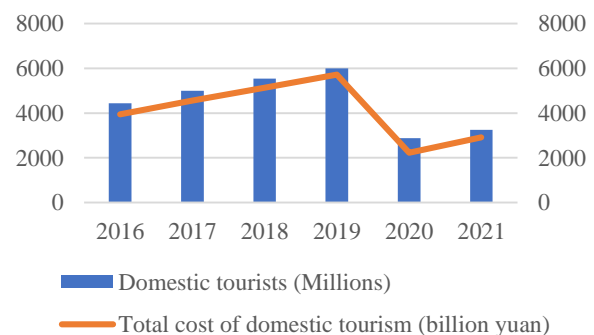


Figure 1. Domestic tourists and total cost of domestic tourism in recent years (The data for this graph are national statistics)

As shown in Figure 1, the number of tourists and tourism income decreased significantly in 2020. In contrast, after the impact of the new crown epidemic, China's total domestic tourism revenue in 2020 is 222.86 billion yuan, down 61.07% year-on-year; the number of travelers is only 2.88 billion. Due to this situation, many people who used to work in the tourism industry are

mostly unemployed, 68.1% of them are unemployed and more than half of them have been unemployed for more than a year, and nearly 20 medium and large enterprises have gone bankrupt. This epidemic has not only caused a great impact on the economy but also cast a shadow on the national psyche. The growth of national living standards and economic strength has resulted in the diversification of spending. The emergence of this situation has caused people to habitually overspend, coupled with the long duration of the epidemic, the long isolation time or isolation period of residents, resulting in zero income for the middle and lower classes, heavy debt, and soaring prices during the epidemic, the burden on the country is increasing. It also reflects the country's low resistance to sudden changes. According to incomplete statistics, when the epidemic is over, 58% of the people will choose not to travel and are in a cautious wait-and-see situation. About 28% will choose to go out and play, while I don't know if they have been suppressed for too long or what, 9% will choose to stay at home and 5% will choose not to know. The sudden and short-lived epidemic had a huge impact on the national psychology. This may lead to some distortions. After the epidemic is over, many people will make money with "vindictiveness" and consume with "revenge". There are many possibilities to travel around.

3. IMPACT ON TOURISM-RELATED INDUSTRIES

3.1 Impact on the air travel mode sector

The travel of tourists is often achieved using transportation, and the means of travel is closely linked to the tourism industry. However, due to the impact of the New Crown epidemic, the passenger transportation industry has also been hit hard and is facing many difficulties, mainly the problems of tourists' reluctance to travel, passenger transportation modes not being chosen, and government policy restrictions. According to the data, in January 2020, global passenger growth was only 2%, mainly due to the first outbreak of Newcastle pneumonia in the Asia-Pacific region, which led to negative passenger growth. The decline in passenger volumes intensified into February, with total passenger volumes falling 38.4% in the Asia Pacific and 10% globally.

As the outbreak spread to other regions, travel restrictions and border closures brought the global airline industry to a near standstill at the end of March. Global airline passenger traffic fell 56.8% year-over-year in March, down 58.6% from the original forecast for the month. From January to March 2020, traffic was down 28.4% from the forecast and 26.2% compared to the same period last year. The largest decreases were seen in the Asia Pacific, the Middle East, and Europe, at -38.9%, -28.1%, and -22.4%, respectively. This is an

unprecedented blow for the aviation industry, with Europe being the most severely affected, losing nearly \$37 billion, a drop of more than 60 percent, followed by the Asia Pacific with a loss of \$29.4 billion, down 59 percent. By the end of 2020, global airports are expected to lose \$97.4 billion, a decline of 56.7%.

3.2 Impact on the hotel industry

At the same time, the hotel industry is also closely linked to the tourism industry, and most of the tourists traveling to stay will choose the hotel of their destination. Due to the impact of the new crown epidemic, large hotels are facing bankruptcy because no one is staying there, and small and medium-sized hotels are facing closure and stopping operations. The China Hotel Industry Development Report 2021 shows that in 2020, there will be 59,000 fewer hotel-type accommodation facilities with more than 15 rooms in mainland China, with 2,294,000 fewer hotel rooms, with the largest budget hotel rooms decreasing by 2,072,000. Under the influence of the epidemic, the revenue of single hotels and B&Bs has seriously declined, and the industry may face transformation. Data show that between the Spring Festival of 2020 and the end of February, China's B&B industry was hit hard by the impact of the new crown pneumonia epidemic. Among them, the occupancy rate of the B&B industry dropped by 70.30% year on year, and the average room rate decreased by 50% compared to the same period. Also restricted by CAAC policy, each domestic airline can only maintain one route to any country and operate no more than one flight per week per route, and each foreign airline can only maintain one route to China and operate no more than one flight per week. Both of these policies will severely impact foreign arrivals and, by extension, the hotel industry's business results from foreign occupants. This is not good news for the hotel industry.

4. SOME ADVICE FOR THE TRADITIONAL TOURISM INDUSTRY

4.1 About the business model

Because of the special circumstances that have arisen, many aspects of the traditional tourism model have been affected by the national travel policy, and many of the original models are now not applicable. For example, the fee-charging model for scenic spots is too homogeneous, and even tourists cannot reach them at all due to travel policies. It is the traditional tourism development model that is the biggest crisis. The development of the tourism industry is never smooth and the impact and influence of the external environment are always present... Before the epidemic, the industry was already experiencing the phenomenon of "macro is not bad, micro is not"... While tourism consumption is booming and the market is growing rapidly, most travel service providers, tourist

attractions, and tourist accommodations have been operating at a marginal profit or even at a loss for a long time... With weak endogenous market dynamics, the tourism industry cannot achieve its post-epidemic revitalization goals by relying solely on national support policies... The dichotomy between foreign tourists and the local consumer market limits the scope for tourism development. People's perception of contemporary tourism began with group travel and for a long time, it was the dominant mode of travel for tourists, leading to a perception of the tourism market by the government and the industry that has long been limited to group travel... In the past, it was foreigners, overseas Chinese, compatriots from Hong Kong and Macao, and compatriots from Taiwan who visited that were tourists. The transformation of traditional tourist attractions must propose and find, create and innovate a dynamic mechanism for development, highlighting the construction of regional productivity and attempting to find and construct a sustainable dynamic for development. Traditional tourism must transform, re-examining the problems and structural deficiencies it faces in the macro context of the leisure era, repositioning itself scientifically and innovating models from the perspective of capital integration and operation, and realizing a reconfiguration from 'resources' to 'capital'. In the macro context of the leisure era, we will re-examine the problems and structural deficiencies faced by the leisure industry itself, and carry out scientific repositioning and model innovation from the perspective of capital integration and operation, to achieve the reconstruction from "resources" to "capital" and form a universal guiding path of transformation and development. For example, the live broadcast of travel is now a big hit on the Internet, integrating the scenic resources of tourist areas and showing them to tourists who originally wanted to travel through the form of a paid live broadcast on the Internet. So that customers can enjoy the scenery of the scenic areas they originally should have visited through the live broadcast by this way. Bringing together highly qualified people in corresponding areas to brainstorm more efficient and feasible approaches.

4.2 Measures to be taken in the face of capital markets

Compared to other financing models, the securitization of tourism assets has lower financing costs, and the direct financing through the capital markets is large scale and efficient, with long maturities. By supporting the securitization of local tourism assets to address financing challenges, local tourism authorities do not need to consider 'listing' as the only option to promote local tourism development, thus achieving a win-win effect for the government in terms of not interfering in specific market operations, but also promoting the preservation and appreciation of state-owned tourism

assets, and in line with the decentralization and transformation of government functions. As China's economy continues to grow rapidly and people's living standards continue to improve, while traditional tourism continues to grow, leisure and holiday tourism is also developing rapidly, and new tourism modes closely related to modern lifestyles will emerge in large numbers, and the scale of tourism for middle-income earners, who account for the majority of urban and rural residents, is expanding rapidly, with tourism consumption entering a new phase of rapid development for the masses. Tourism as the leading industry of the modern service industry, long investment cycle, subject to the epidemic and other uncertainties, the traditional credit financing methods are more difficult to play the proper financing function, greatly affecting the healthy and lasting development of the industry. Asset securitization is the most significant and fastest-growing financial innovation and financial tool in the world financial field in recent decades, asset securitization is conducive to expanding the scale of tourism project financing and enhancing the attractiveness of financing. Seeking new financing channels and coming up with new commercially viable models is now a priority for traditional tourism, so it is also necessary to vigorously carry out the securitization of tourism assets. Tourism resources and assets in the country should be integrated and categorized, and the process of integrating resources and managing them in a way that attracts capital investment should be continually improved. There is also a need to assess risk factors in various areas and to strengthen risk management and contingency measures to make tourism enterprises less vulnerable to uncontrollable factors. Innovation is needed in the tourism sector, both in terms of the system and the structure and competitiveness of the industry.

5. CONCLUSION

The impact of COVID-19 on the entire tourism industry will be far-reaching. Also, the impact on hotels and other related industries will continue. This paper studies the impact of the epidemic on traditional tourism and puts forward some suggestions from the perspective of business model and capital. It can be predicted that the impact of the epidemic will gradually weaken in the future, and the enterprises that can survive will have more opportunities for greater development. How to survive the crisis and maintain profits will become the touchstone of the whole industry.

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