

INTERNATIONAL CASE STUDIES ON TOURISM DESTINATION MANAGEMENT AND COVID-19

Impacts and Responses



SIMON HUDSON

ROUTLEDGE



INTERNATIONAL CASE STUDIES ON TOURISM DESTINATION MANAGEMENT AND COVID-19

International Case Studies on Tourism Destination Management and COVID-19 provides students, lecturers and practitioners with an essential real-life resource on how different tourism destinations around the world have been impacted by, and responded to, the COVID-19 pandemic.

These 34 in-depth case studies from the Americas, the APAC region, Europe and the Middle East allow a global perspective and act as a toolkit that can be used to design a better future for tourism destinations that embraces sustainability and collaboration. For each case study, secondary sources such as media articles, industry and government reports, campaign materials, websites and social media channels have been closely analyzed. In addition, interviews have been conducted with destination marketers, government officials, tour operators, professional guides and hotel managers to provide a holistic view for each destination. Each case study is structured around COVID-19 impacts, responses and outcomes and includes further reading, video links and discussion questions to challenge students further in their self-study and encourage in-class discussions.

This is an essential resource for tourism students and lecturers across the curriculum and a fascinating read for anyone in the business of tourism.

Simon Hudson is a part-time professor at the University of South Carolina and a consultant for the tourism industry. He has written 11 books and over 100 research articles and book chapters. With an eclectic background in the ski industry, retail and academia, Simon is a fount of international experience and comprehensive business information. His cosmopolitan and creative ideas have been influenced by award-winning work at the University of Calgary and the University of Brighton, as well as visiting positions he has held in Austria, Portugal, Switzerland, Spain, Fiji, New Zealand and Australia. Simon has also taught three times on Semester at Sea, a floating university that circumnavigates the world.



Taylor & Francis

Taylor & Francis Group

<http://taylorandfrancis.com>

INTERNATIONAL CASE STUDIES ON TOURISM DESTINATION MANAGEMENT AND COVID-19

Impacts and Responses

Simon Hudson

Cover image: Getty Images

First published 2023

by Routledge

4 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

and by Routledge

605 Third Avenue, New York, NY 10158

Routledge is an imprint of the Taylor & Francis Group, an informa business

© 2023 Simon Hudson

The right of Simon Hudson to be identified as author of this work has been asserted in accordance with sections 77 and 78 of the Copyright, Designs and Patents Act 1988.

All rights reserved. No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

Trademark notice: Product or corporate names may be trademarks or registered trademarks, and are used only for identification and explanation without intent to infringe.

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging-in-Publication Data

A catalog record for this book has been requested

ISBN: 978-1-032-30589-9 (hbk)

ISBN: 978-1-032-31625-3 (pbk)

ISBN: 978-1-003-31062-4 (ebk)

DOI: 10.4324/9781003310624

Typeset in Bembo

by Apex CoVantage, LLC

CONTENTS

<i>List of figures</i>	<i>vii</i>
Introduction	1
1 Ten key insights from the case studies	3
2 Aruba	15
3 Australia	21
4 Barbados	29
5 Bhutan	36
6 Cambodia	42
7 Canada	48
8 Canary Islands	54
9 China	61
10 Costa Rica	68
11 Dominican Republic	74
12 Dubai	80
13 India	86

vi Contents

14	Indonesia	93
15	Iran	99
16	Italy	105
17	Japan	111
18	Kenya	118
19	Laos	124
20	Malaysia	130
21	Maldives	137
22	Mexico	144
23	Morocco	151
24	Myanmar	156
25	Nepal	162
26	New Zealand	168
27	Philippines	174
28	Portugal	181
29	Singapore	187
30	South Africa	195
31	Sri Lanka	203
32	Thailand	210
33	United Kingdom	216
34	United States	224
35	Vietnam	231
	<i>Index</i>	237

FIGURES

1.1	The impact of the pandemic on international tourism arrivals	4
1.2	The economic impact of COVID-19 on the tourism sector worldwide	6
1.3	Specific measures by governments to mitigate the effects of the crisis and accelerate recovery	7
2.1	Aruba, “one happy island”	16
2.2	Electrostatic guns in use at Bucuti & Tara Beach Resort in Aruba	18
3.1	Hand sanitizer sommelier at Pier One Sydney Harbour	25
3.2	Predictions for the future of international travel for Australia	26
4.1	Bridgetown, the capital of Barbados	30
4.2	The Independence Arch, Barbados, which as part of Historic Bridgetown and its Garrison has been on the UNESCO World Heritage List since 2011	32
5.1	The Lonely Planet officially declared Bhutan as number one country to travel for 2020	37
5.2	The Tiger’s Nest Monastery, or Paro Taktsang, Bhutan	39
6.1	Angkor Wat, Cambodia	43
6.2	The six pillars of UNDP’s package of support to Cambodia	45
7.1	The overall impact of COVID-19 on each tourism industry group in Canada in 2020	49
7.2	The Sensory Restaurant in Canmore	50
8.1	Lanzarote, one of the eight islands making up the Canary Islands of Spain	55
8.2	Turespaña’s “Travel Safe” campaign	57
9.1	The Venetian in Macau sits empty after closing early February	62
9.2	The two-sided recovery in China	65
10.1	Monteverde, a popular eco-tourism destination in Costa Rica	69
10.2	Playa Ocotal, Costa Rica	71
11.1	Catedral Primada de America in Santo Domingo	75
11.2	API Beach, Marina Cap Cana, Punta Cana	78
12.1	Dubai’s virtual working program	82
12.2	Dubai open for shopping early 2021	83
13.1	The Taj Mahal, a major tourist attraction in India, was shut down in March 2020	87

viii Figures

13.2	Goa, a popular destination for Indian tourists during the pandemic	89
14.1	Kintamani, Indonesia, where agriculture was an important source of income during the pandemic	94
14.2	Trends that will define the next normal in Indonesia	96
15.1	Golestan Palace in Tehran, one of Iran’s UNESCO tourism attractions	100
15.2	Kish in Iran, which has become one of the most popular tourist attractions in Iran, hosting over a million visitors each year	103
16.1	Italy was the first European country to lockdown	106
16.2	Venice, Italy, where some said the pandemic was an opportunity to rethink tourism in the city	107
17.1	The “New Normal Buffet” at Hoshino Resorts	113
17.2	Japan’s national stadium, the main venue for the Olympic Games	116
18.1	Masai Mara National Reserve in Kenya where safari companies saw a huge number of cancellations at the beginning of the pandemic	119
18.2	TikTok promoting the Great Migration in Kenya	121
19.1	Plain of Jars, Laos	125
19.2	Luang Prabang, Laos	127
20.1	Impact of Movement Control Order (MCO)	131
20.2	Malaysia’s interactive digital brochures	133
21.1	A guide from Secret Paradise Maldives welcoming visitors	138
21.2	Anantara Maldives Resort	140
22.1	Mexico City, where the impact of COVID-19 was particularly painful for small operators in the tourism sector	145
22.2	Cancun coast, Mexico	148
23.1	Ouarzazate – a primary tourist destination in Morocco, as well as a starting point for excursions into and across the Draa Valley and the desert	152
23.2	Timeline of government COVID-19 response in Morocco in 2020	153
24.1	Bagan, Myanmar	157
24.2	Inle Lake, Myanmar	159
25.1	Basecamp at Everest	163
25.2	Mike Bodnarchuk at Everest basecamp in March 2021	165
26.1	Auckland’s “Papatūānuku is breathing” campaign	170
26.2	The Hobbiton Movie Set in the lush countryside setting of Matamata in the Hamilton – Waikato region of New Zealand	171
27.1	Boracay is a popular tourist destination in the Philippines	175
27.2	Kapurpurawan rock formation, Burgos, Ilocos Norte, Philippines	177
28.1	The Pestana Group in Portugal promoting the <i>Clean & Safe seal</i>	183
28.2	“Golf clubs are on us” campaign	184
29.1	International arrivals in Singapore, 2015–2020	188
29.2	Singapore’s Jewel Changi Airport	189
30.1	Lepogo Lapalala	196
30.2	Schematic of the potential cascading impacts of COVID-19 on conservation in Africa	197
31.1	Safety protocols published by Sri Lanka Tourism	205
31.2	Accommodation at Leopard Trails, a Sri Lankan wildlife experience operator	207
32.1	Big Buddha, Phuket	212
32.2	Suvarnabhumi (Bangkok) Airport, which finally opened to vaccinated tourists in November 2021	213

33.1	Stratford-upon-Avon – “badly hit by a perfect storm”	217
33.2	A Facebook post from VisitBritain explains the showing love campaign	220
34.1	Many aircraft were stored at desert boneyards during the lockdown	225
34.2	The Las Vegas #OnlyYou campaign	228
35.1	Ninh Binh, Vietnam	232
35.2	Part of the “Live fully in Vietnam” campaign: Arrival information for visitors	234



Taylor & Francis

Taylor & Francis Group

<http://taylorandfrancis.com>

INTRODUCTION

The tourism industry has been devastated by the COVID-19 pandemic. Worldwide, tourism suffered its worst year on record in 2020, with international arrivals dropping by 73% according to data from the World Tourism Organization (UNWTO, 2022). This translated to one billion fewer international arrivals than in the previous year. Compare this with the mere 4% decline recorded during the 2009 global economic crisis. The following year showed little improvement, with international tourist arrivals in 2021 still 72% below 2019 levels, costing the global tourism industry US\$2 trillion in lost revenue. The pandemic put between 100 and 120 million direct tourism jobs at risk, many of them in small and medium-sized enterprises. In countries where tourism is an important source of foreign exchange earnings, the sudden fall in demand had severe economic and social consequences within and beyond the tourism sector.

A small, but growing body of research related to tourism and the pandemic has been accumulating, but there are no benchmarking studies to date that compare the impact of the pandemic on different tourism destinations, and how those destinations have responded to the crisis. The objective of this book, therefore, was to identify global best practices in responding to, and recovering from, the COVID-19 pandemic, providing guidance for academics and practitioners moving forward.

Thirty-four in-depth case studies were developed that cover a two-year span (2020 and 2021) focusing on how different destinations around the world have been impacted by, have responded to, and are recovering from, the COVID-19 pandemic. Cases are from the Americas, the Asia Pacific region, Europe, Africa and the Middle East to allow a global perspective and for benchmarking purposes. Together, these cases are a toolkit for destinations to learn from each other and to develop better policies that could potentially lead to more sustainable tourism development.

For each case study, secondary data was reviewed from various sources including media articles, industry and government reports, campaign materials, websites and social media channels. More specifically, data was extracted from these sources that related to COVID-19 and its impact on tourism in each destination. Then interviews were conducted to gain a more holistic perspective of each destination. Participants included destination marketers, government officials, tour operators, professional guides and hotel managers and, because of the pandemic, most interviews were conducted remotely via Zoom, email or telephone. A semi-structured guide was employed to encourage discussion, with questions based on three key themes – impacts, responses and outcomes.

The first chapter of the book highlights ten key insights from the case studies. These insights acknowledge that (1) some tourism destinations weathered the storm better than others; (2) the

2 Introduction

tourism industry is particularly vulnerable to “uncontrollable” events; (3) the tourism sector is fragile and needs to be more resilient; (4) government support for those in tourism and hospitality has been essential; (5) business adaptation has been crucial for survival; (6) communication to all stakeholders has been critical; (7) technology adoption in the tourism sector has accelerated during the crisis; (8) many destinations have recognized the need for training and up-skilling for a post-COVID tourism sector; (9) the tourism industry must be prepared for a “new normal,” one that embraces sustainability and safety; and (10) collaboration is the key to recovery.

After the opening chapter, the following 34 case studies are presented in alphabetical order; Aruba, Australia, Barbados, Bhutan, Cambodia, Canada, Canary Islands, China, Costa Rica, Dominican Republic, Dubai, India, Indonesia, Iran, Italy, Japan, Kenya, Laos, Malaysia, Maldives, Mexico, Morocco, Myanmar, Nepal, New Zealand, Philippines, Portugal, Singapore, South Africa, Sri Lanka, Thailand, the United Kingdom, the United States and Vietnam.

1

TEN KEY INSIGHTS FROM THE CASE STUDIES

Some tourism destinations weathered the storm better than others

Benchmarking destinations against each other is problematic for several reasons. First, one is often comparing apples and pears; the United States and Bhutan, for example, are vastly different countries in terms of their population, economy and culture. Second, during the pandemic the tourism industry in every country was at the mercy of government policies – particularly those related to travel restrictions and financial support – and these policies varied considerably from one country to another. Third, how tourism destinations fared changed over time – often due to those travel restrictions imposed by government – so benchmarking would depend on when the analysis was done. For example, early in the pandemic, Politico, a US-based news organization, mapped the performance of 30 leading countries by plotting their health and economic outcomes. At that time, they placed Vietnam as the overall “best COVID-19 performer globally” (Heath and Jin, 2020). However, two years later, Vietnam was ranked 52 out of 53 economies in a “COVID Resilience Ranking” study by Bloomberg (2022).

The Bloomberg monthly analysis drew on 12 data indicators spanning virus containment, quality of healthcare, vaccination coverage, overall mortality and progress toward restarting travel. Interestingly, by the end of January 2022, the United Arab Emirates (UAE) was top of this ranking, attributed to a combination of almost full vaccination coupled with consistent openness to travel, alongside what had been a smaller Omicron outbreak compared with elsewhere. Joining Vietnam at the bottom of Bloomberg’s ranking list was the Philippines.

What the case studies in this book do suggest is that over the two-year period analyzed, some tourism destinations weathered the storm better than others. It is no surprise that UAE held the top position in Bloomberg’s ranking, as it was clear from the case study that Dubai prioritized tourism throughout the pandemic, and, like the Maldives and Costa Rica, opened borders to travelers well before many others. These destinations got a head start in attracting those wanting to travel, taking advantage of pent-up demand from so-called crisis-resistant tourists (Hajibaba et al., 2015). Other countries, particularly those not so dependent on international visitors like the United States, India and Australia, were able to fill the gap left by the absence of overseas travelers by promoting travel within their borders, whereas destinations in Vietnam, Thailand and the Philippines, found it difficult to survive on income from domestic travelers only.

But those destinations that would perhaps rank lower than others in Bloomberg or Politico-type studies may end up winners in the long run, which is why benchmarking is problematic.

4 Ten key insights from the case studies

It may be that they benefit from a “halo effect” resulting from the positive media they have received in dealing with the crisis and for being perceived as relatively “COVID-free” (Hudson, 2020). Countries like Portugal, New Zealand, the South Pacific, Cambodia, Singapore and Australia, for example, may in the future move to the top of the list of “desired destinations” for many travelers (and as desired places to live). They may have paid a high price economically for prioritizing health over wealth in the short term, but there could be a positive long-term economic impact of this strategy. Similarly, tourists are likely to avoid destinations that have received negative media over their handling of the crisis. Only time will tell.

The pandemic has highlighted how the tourism sector is particularly vulnerable to “uncontrollable” events

The crash in international tourism in 2020 and 2021 due to the coronavirus pandemic caused a loss of more than US\$4 trillion to the global GDP (UNCTAD, 2021). In both years, tourist arrivals were about 73% below 2019 levels, with many developing countries experiencing a decrease in arrivals of 80% to 90% (see Figure 1.1). Around 62 million jobs were lost in the tourism sector, representing a drop of 18.5%, leaving just 272 million employed across the sector globally, compared to 334 million in 2019. In absolute numbers, tourism in the United States saw the greatest losses from COVID-19, in large part because of the size of its tourism economy. However, Asia Pacific was the most affected region in economic terms. The contribution of travel and tourism to GDP in the United States is less than 8%, whereas countries like Thailand and Cambodia rely on tourism for nearly a fifth of their GDP. Other developing countries including Vietnam, Nepal, Laos and Iran were also becoming increasingly reliant on tourism, so were severely impacted by travel restrictions.

But perhaps the most severe economic devastation will be seen in the small island nations that have staked their entire economies on overseas travelers visiting their beaches and resorts (United Nations, 2022). Of the top 20 countries most dependent on travel and tourism as a source of GDP, 15 are small island nations. Two of these destinations are profiled in this book – Aruba and the Maldives – and they rely on tourism for 73.6% and 56.6% of their GDP, respectively. As a



FIGURE 1.1 The impact of the pandemic on international tourism arrivals (courtesy of ©UNWTO, 92844/02/22)

consequence of the pandemic, Aruba's GDP fell by 26.4% in 2020 – a substantial drop compared to the global average of 3.5%.

There was also a knock-on effect for other industries connected to tourism as a result of the pandemic. In South Africa, agriculture, vehicle manufacturing, construction and even wineries had a difficult time due to a lack of tourism income. Indonesia's fishing sector and Vietnam's coffee industry, both so dependent on restaurants and hotels for business, nearly collapsed. Conservation efforts in many countries also suffered. In Thailand, for example, more than 1,000 elephants faced starvation in the country because the crisis had slashed revenue from tourism. Likewise, without international revenue being directly injected into South Africa's conservation sectors through eco-tourism and even hunting, the biodiversity of the country's wildlife and the protection of habitats were at serious risk.

As an outcome of this over-reliance on tourism, there is evidence from the case studies that destinations started to recognize the need for a more diversified economy in order to weather the ups and downs of tourism. Macau, for example, is hoping that technology will help the gambling hub recover from its pandemic-induced economic slump. Other destinations, like Barbados, Dubai, Costa Rica and Hawaii, are diversifying by targeting long-stay digital nomads to replace tourists. In a similar vein, countries like New Zealand have recognized the importance of moving beyond destination marketing to embrace the concept of place branding – branding themselves not just to attract tourists but to bring in investments and woo talented foreign workers.

The crisis has revealed how fragile the tourism industry is and that it needs to be more resilient

As well as an over-dependence on tourism, a number of the destinations profiled in the case studies – Cambodia, Malaysia, Nepal, Mexico, Laos, Bali and Sri Lanka – have a large subculture of informal, low-skilled and seasonal workers who rely on tourism for their livelihoods. All these workers were disproportionately affected by the pandemic and their jobs by definition could not be done from home. The support for these employees during the pandemic was comparatively low (United Nations, 2022). Government interventions also provided little support to non-registered businesses, which were severely impacted by the pandemic. In Laos, for example, workers engaged in informal micro and small enterprises (MSEs) were the most exposed in the crisis and often lacked basic social protections. A surge in poverty in the fallout from COVID-19 in Laos was exacerbated by the return of hundreds of thousands of migrants who had lost their jobs in countries like Thailand.

Financial hardship also increased significantly in Sri Lanka with over 500,000 people falling into poverty as a result of the crisis, which led to a rise in the poverty rate from 9.2% in 2019 to 11.7% in 2020. Informal workers, many of whom were low-income earners working in the service sector, did not benefit from social protection. Increased poverty was also a consequence of the pandemic in the Philippines. Already one of the most disaster-prone countries in the world, the country experienced the highest number of coronavirus infections and COVID-19 deaths in Southeast Asia after Indonesia and suffered its first recession in nearly 30 years in the second quarter of 2020. Globally, the World Bank predicted that the pandemic would reverse the trend of a steady decline in poverty in recent years, resulting in an additional 2.7 million impoverished people.

It wasn't just developing countries that were exposed to the fragility of the tourism and hospitality sector. In the United States, for example, the restaurant sector was in trouble long before the pandemic arrived, so it was no surprise that 17% of restaurants (about 110,000) went out of business in 2020. Of these, the majority were well-established businesses in their communities. The case studies have also highlighted how the hospitality sector in many countries was struggling to recruit staff as it opened up after the pandemic. One *New York Times* article recommended “reimagining hospitality” post-COVID, making restaurants a safer, fairer place to work, with higher wages,

6 Ten key insights from the case studies

comprehensive benefits and stronger support systems for workers. “It may also make more room for employee-owned restaurants, unions and community-driven models,” said the article (Rao, 2021). Certainly, the tourism and hospitality industry needs to build resilience, and the current model is not universally sustainable.

Government support for the tourism sector has been essential

A UNWTO report from June 2020 found that there had been a swift and strong response by governments around the world to support the tourism industry in the wake of the pandemic. Of 220 countries and territories analyzed, 167 countries reported specific measures to mitigate the effects of the crisis on tourism and accelerate recovery (see Figure 1.2). Among them, more than 144 countries adopted fiscal and monetary policies, followed by policies to support jobs and training which were implemented by 100 countries. A smaller number – particularly in the Asia Pacific region and Europe – were moving forward with initiatives to restart tourism and promote domestic demand.

As would be expected, some countries were more supportive than others in allocating specific funds to the tourism sector. In Canada, government funding of over US\$10 billion flowed to tourism-related businesses, and in the United States, the airlines alone received the same amount in the first round of stimulus funds. Singapore’s government stepped up its financial and logistical support to the travel, tourism and aviation sectors because – given its small size and one airport – the country had no domestic tourism sector as a pandemic safety net. The UK government introduced sector-specific policies to support the tourism and hospitality industry, and the New Zealand government made every effort to support its beleaguered tourism sector. Costa Rica’s economic benefit program, called “Pyme Proteger,” provided monetary aid and resources by means of a US\$15 million fund for six months to vulnerable micro, small and medium-sized tourism businesses. In Indonesia, the Ministry of Tourism distributed over US\$200 million worth of tourism grants for hotel and restaurant tourism businesses and local governments. Some countries were creative in the way

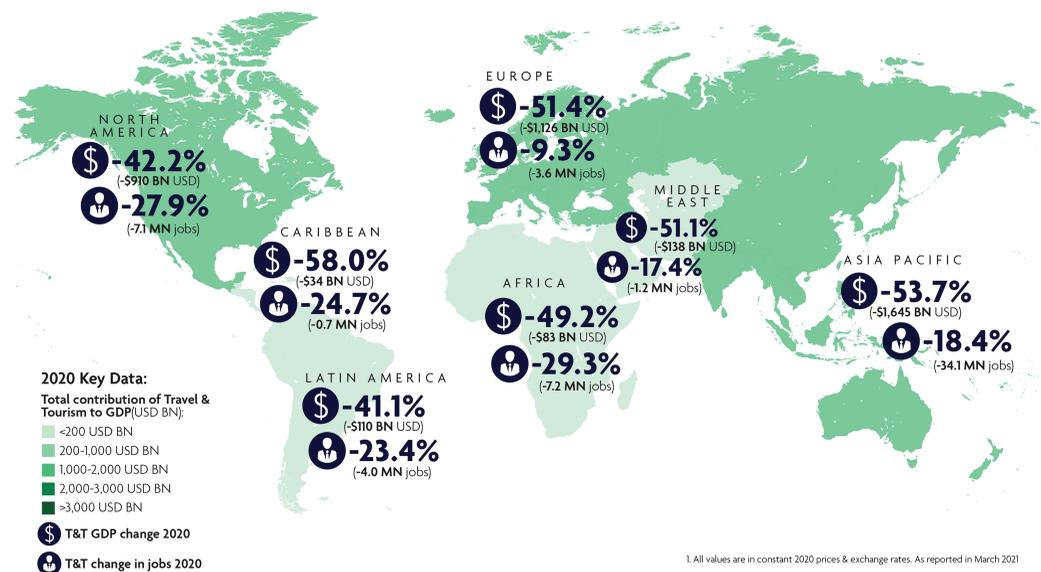


FIGURE 1.2 The economic impact of COVID-19 on the tourism sector worldwide (courtesy of ©World Travel & Tourism Council, 2021)

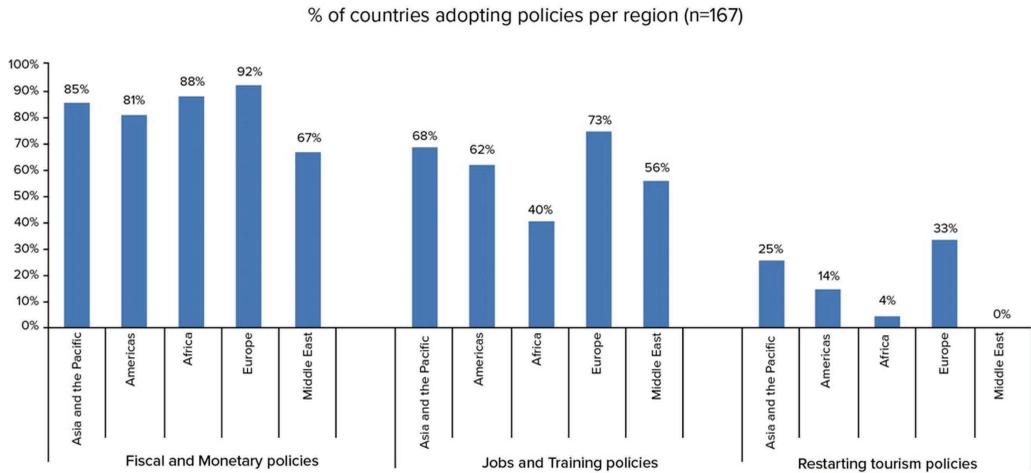


FIGURE 1.3 Specific measures by governments to mitigate the effects of the crisis and accelerate recovery (courtesy of ©UNWTO, 92844/02/22)

they distributed these tourism-specific funds. In Portugal, for example, an incubator program was launched to support innovative tourism-based ideas that would contribute to the long-term development of the tourist offering in Portugal and improve the competitiveness of the sector.

However, industry stakeholders in many of the countries profiled – India, Nepal, South Africa, Sri Lanka, Mexico, the Philippines and Iran, for example – were critical of support from their governments during the pandemic. The majority of the businesses in the tourism industry tended to be small companies with limited retained earnings to withstand economic shocks, and they often fell through the cracks as far as fiscal support was concerned. And as mentioned previously, support for informal workers, many of whom rely on tourism for their livelihoods, was comparatively low.

Some countries – particularly those not so dependent on international visitors – chose to channel funds into promoting domestic tourism. India’s Ministry of Tourism (MoT), for example, put all its efforts behind a domestic tourism campaign titled “Dekho Apna Desh,” and the Japanese government launched a domestic travel promotion campaign called “Go To Travel.” Efforts to promote domestic tourism met with varying degrees of success. Destinations like Hanoi in Vietnam, Phuket in Thailand and Boracay in the Philippines found it difficult to survive on income from only domestic travelers, whereas Tourism Australia’s “Holiday Here This Year” campaign was a resounding success.

In addition to government support, several initiatives were launched by industry associations to aid the tourism sector during the pandemic. For example, Tourism Australia hosted a series of monthly webinars with different guest speakers; Australian Tourism Export Council (ATEC) ran a number of webinars for the tourism industry that were free of charge and open to everyone; and Tourism & Transport Forum Australia hosted “TTF Talks” – bringing together leaders to share thoughts around business survival, adaptation and the road to recovery. The Sri Lanka Tourism Alliance was another organization that offered support to the tourism industry in response to the pandemic, as did the Singapore Tourism Board (STB) in Singapore.

Adaptation has been crucial for survival

A McKinsey study published during the pandemic found that adaptation was by far the most important strategic lever in addressing the crisis (McKinsey, 2021), and it is clear from the case

8 Ten key insights from the case studies

studies that businesses in the travel sector had to be willing to adapt and change their business models in order to survive. This was recognized in Queensland Australia, where the COVID-19 International Tourism Adaptation Grant program was a key element of the state's economic recovery strategy.

At the outbreak of the pandemic, many organizations did pivot successfully: restaurants focused on takeout and delivery for income; commercial airlines flew critical medical supplies and other cargo around the world; and hotels offered people a facility to self-isolate and protect their families. However, as travel restrictions eased, organizations in the tourism and hospitality sector had to consider how they could adapt to the next stage of the pandemic – one characterized by an emphasis on health and safety, sustainability, technology and digitalization, lower numbers and a low-touch economy.

As mentioned earlier, many tourism destinations had to adapt to cater to domestic tourists instead of international visitors. Hotels in Vietnam and the Philippines, for instance, had to re-invent themselves (and reduce prices) to attract the domestic market, and in countries like Japan and Singapore, accommodation providers took advantage of the demand for “workations” providing rooms for employees who wanted to combine work and leisure. In Cambodia and Laos, tour operators had to respond to the increased domestic demand for adventure tourism and camping, and hotel chain Hoshino Resorts in Japan adapted to new health and safety demands by introducing high-standard hygiene practices, reducing congestion, setting up see-through partitions and thoroughly disinfecting facilities. For many destinations – particularly those in South East Asia like Malaysia, Thailand and Vietnam – not only did they have to adapt to cater to domestic tourism, but they also had to contend with stop-start lockdowns, so there was no smooth pattern of domestic tourism across the pandemic.

Other destinations adapted to welcome newly emerging international markets. Dubai's tourism industry, for example, modified services for a growing number of new tourists and business-oriented visitors from Israel. Hoteliers in the Maldives had to adapt to a growing number of Indian tourists who, during the crisis, took over from the Chinese as the top international market. Finally, in an effort to attract international golf tourists during the pandemic, Thailand included six golf resorts under the program “Safe and Sealed,” whereby international visitors could come to the country for two weeks but would not be allowed to travel elsewhere, in effect turning the resorts into manageable “quarantine” areas.

Others in the tourism industry adapted to changes in consumer behavior in order to generate business. Montage Hotels in the United States transformed meeting spaces at each of their properties and launched the Montage Academy, a back-to-school package that came with access to a “study hall” and round-the-clock virtual tutoring. The program was created to attract families during the pandemic. “Ghost kitchens” were also a feature of the pandemic, places where restaurants or people producing food could make their product to distribute or sell at satellite locations. There were more than 1,500 of them in the United States by January 2021.

Some businesses were very creative as they looked to raise cash during the travel downturn. Thai Airways, for example, launched special flights that flew over 99 holy sites in Thailand, building on the “flights to nowhere” craze. The airline also found new sources of income in an airline-themed café, selling handbags made from airline life vests, and expanding street sales of their popular dough fritters. In London, England, with all the famous theatres closed, two entrepreneurs created a service called “Doorstep Productions,” which brought a slice of the West End to the public. Finally, in the south of England, a ferry operator adapted his sightseeing tours to focus on cruise ships anchored during the pandemic off the country's south coast. The “ghost ships” fascinated locals and became a tourist attraction in their own right, with people paying to see them up close.

Ongoing communication has been critical during the crisis

An important lesson from this pandemic has been that keeping open lines of communication – to all stakeholders – is crucial during a crisis. The case studies profiled a number of organizations that understood the importance of this: Tourism Australia, Visit Las Vegas, Dubai Tourism, Aruba Tourism Authority, Auckland Tourism, Maldives Marketing & Public Relations Corporation and more. Using a variety of communication tools – from safari operators in South Africa sending WhatsApp messages to customers in key markets, to Dubai Tourism working with influencers to promote the city to Israelis – these organizations also understood the need to change both their method of communication and their tone of message as the crisis unfolded.

Marketing in the midst of a global disaster is always a delicate proposition. Some organizations choose to go quiet – although previous crises have taught us that marketing is more vital than ever at this time. Tourism Australia was a good example of an organization understanding the importance of staying vocal. Early on in the pandemic, they launched an advertising campaign called “There’s Still Nothing Like Australia,” and when the pandemic took a grip on travel, they changed tack, releasing a video called “With Love From Aus,” emphasizing the fact that nature was getting some rest and relaxation while tourists were in isolation. With no international visitors, Tourism Australia then looked to domestic tourism to keep the industry alive and launched the “Holiday Here This Year” campaign.

Tourism Australia was also active in communicating to its internal stakeholders, as were many other organizations. Auckland Tourism, Events and Economic Development (ATEED), for example, posted a temporary page banner on its homepage called “Tamaki Makaurau Auckland – COVID-19 updates” and provided news articles on its “Latest News” link. The organization was also very active on social media, posting regularly on Facebook, YouTube, LinkedIn and Instagram. Weekly emails to thousands of Auckland businesses alerted them to practical support available from regional and national sources, highlighting updates on the resources page. ATEED also reached out to small and medium-sized businesses, offering a free online tool to help them boost their digital know-how, including guidance on remote working, and e-commerce, and increasing their online presence to make it easier for customers to find them.

It is likely that all those organizations that remained vocal during the pandemic will recover faster than others post-pandemic, having communicated to consumers the image of stability during challenging times, and maintained or even increased “share of mind.”

Technology adoption in the tourism sector has accelerated during this crisis

During the COVID-19 pandemic, there was a transformation in the way people interacted with each other, received medical care, spent leisure time, and conducted many of the routine transactions of life. These changes accelerated the migration to digital technologies at stunning scale and speed across every sector, including tourism. The case studies revealed numerous examples of technology adoption, and not just in the developed world. For example, the Tourism Council of Bhutan used the opportunity to improve efficiency in its tourism sector by upgrading online entry procedures, and Nepal, the Philippines and Cambodia all accelerated the transition to e-commerce platforms. The Japanese, not surprisingly, used technology to deal with many of the challenges they faced during the crisis. The development of China’s digital economy was also fast-tracked during the pandemic, impacting the tourism sector not just in China but across the whole of Southeast Asia. To target young consumers who were the first to travel after lockdown, the travel industry in China shifted its marketing focus to emerging social platforms and experimented with new content formats such as livestream and short video.

10 Ten key insights from the case studies

Organizations in a number of countries – including the UK, Singapore, Mexico, Maldives and Sri Lanka – employed virtual reality to engage with consumers remotely while they could not travel. Would-be travelers could explore “virtually” the filming locations in the UK featured in the *Harry Potter* films, or the locations from *Crazy Rich Asians* in Singapore, or participate remotely in morning yoga by the beach, vicarious snorkeling, or cooking lessons in the Maldives. One safari company in Africa, &Beyond, was so successful with their virtual private safari experiences that they managed to fund conservation projects. Many of the case studies highlighted how conservation was put under enormous pressure during the pandemic.

Technology played an important role in the rollout of new health and safety protocols in hotels and resorts. For example, in New York, Irish hotelier John Fitzpatrick installed an electronic thermometer at the front door that took the temperature of workers, guests and other visitors to his hotels, and employed a robot to help sterilize bedrooms. Elsewhere, to facilitate a touchless vacation, Club Med developed the “My Club Med App,” enabling guests to enjoy a seamless experience from the start of their trip to the end, with options to create a personalized itinerary, preview the daily activity schedules and, at select resorts, book spa appointments and order room service. Sri Lanka Tourism also developed its first travel app to meet the new detailed COVID-19 health protocols for the industry. The app – created with the support of the Information and Communication Technology Agency (ICTA) and United Nations Development Program (UNDP) – shared tourist booking data (including flight details and accommodation) with Ministry of Health regional and district offices.

Those in the business travel sector also took advantage of advances in technology to get through the pandemic. Jonathan Worsley, for example, chairman of Bench Events, launched *Hospitality Tomorrow*, a virtual conference platform to support the hard-hit international hospitality community during COVID-19. The first episode took place on 7 April 2020 and attracted 5,323 virtual attendees from 128 countries. The immersive conference experience featured industry insights by global speakers on the main “live” stage and in break-out sessions and roundtables, as well as live face-to-face networking and a virtual Expo hosted by the event sponsors.

Many destinations recognized the need for training and up-skilling for a post-COVID tourism sector

Speaking at the end of 2020, Deputy Minister of Tourism and Creative Economy in Indonesia, Angela Tanoesoedibjo, said a key focus of the ministry was to prepare the industry for adapting to new post-pandemic norms and, for this purpose, would provide free training for the Indonesian tourism industry through webinars. This seemed to be a common theme throughout the case studies. The Philippines Department of Tourism staged various educational webinars focused on innovation, entrepreneurship, culture and heritage, sanitation and hygiene, and e-commerce, among others. Many hotel groups like Deutsche Hospitality – owners of hotels across three continents – offered training webinars to employees while they were in lockdown. The group’s “Staff Training Staff” project won an eLearning Award in 2020. Employees prepared brief training videos on selected topics relating to their daily work, and they were then made available to their co-workers. Videos could be accessed via mobile devices at any time and in any location.

In Portugal, the government developed online training programs, workshops, webinars and networking meet-ups online, designed to help businesses navigate the effects of COVID-19 and provide advice for employers impacted by the crisis, with special attention to the digital transformation and the need to upgrade digital skills. Portugal’s Directorate-General for Health also created online training programs for employees in the industry, including providing information to guests and offering protective equipment like masks. The Nepal Tourism Board (NTB) prepared guidelines on safety measures for the industry to be implemented for the tourism sector once the nationwide

lockdown was lifted for international tourists. As part of its COVID-19 recovery strategy, the UK government introduced the Small Business Leadership Program aimed at showing companies and managers how to adapt and thrive post-COVID.

The Sri Lanka Tourism Alliance launched several new initiatives to support the sector with insights, tips and planning next steps as an industry via an educational webinar series. Organizations in Laos also recognized the need for up-skilling in response to the pandemic. For example, the Institute of Mass Media, Culture and Tourism (IMCT) launched COVID-awareness training for 100 micro and small tourism and hospitality businesses. The half-day program trained businesses in establishing practical health and safety measures, providing them with a COVID prevention kit consisting of posters to educate staff and customers, thermometers and an initial inventory of face-masks, cleaning gloves, and hand gel and cleaning disinfectant. Upon completion of the training, businesses signed a commitment to implement these practices and received a certificate that could be used for promotional purposes.

In terms of specific skills required in the tourism sector post-pandemic, an academic study of the challenges facing the tourism and hospitality industry in India suggested that employees' engagement in multiple job roles was expected to become a norm in hospitality and tourism. This need to be flexible and adaptable was also highlighted throughout the case studies. The research study in India also recommended better crisis preparedness in the future, which is endorsed by the case studies which show that tourism and hospitality leaders were *not* prepared for this pandemic.

Some organizations in the case studies created completely new roles for employees in response to the crisis. Trafalgar, one of the world's leading tour operators, introduced "Wellbeing Directors" to accompany each tour with the job of ensuring implementation of the company's new hygiene and physical distancing standards. At Anantara Veli Resort in the Maldives, a "Guest Guardian" was appointed to ensure health and safety compliance was adhered to at all touchpoints, while employees received enhanced COVID-19 related health and safety training. And finally, in a very creative move, Pier One Sydney Harbour in Australia employed a "hand sanitizer sommelier" whereby a selection of hand sanitizers from some of Australia's local alcohol brands were made available to guests and diners.

The tourism industry must be prepared for a "new normal," one that embraces health, safety and sustainability

Every sector of the tourism industry has radically changed during this pandemic. Just take the airline industry as an example. Strategy firm SimpliFlying identified more than 70 different areas in the passenger journey that are expected to change or to be introduced from scratch, including online check-in only, digital passports, contactless payments, UV sanitation of bags, hygiene-enhanced security and health screenings. The post-coronavirus cruise sector will also be radically different, embracing technology at a faster pace post-pandemic and implementing new health protocols to win back customers. The lodging sector, too, has changed operations to emphasize cleanliness and safety. Other segments of the tourism industry, like restaurants, events and festivals, and casinos may never be the same post-pandemic. Business events, in particular, might never get back to pre-pandemic popularity – working from home using online platforms like Zoom has transformed the way we do business.

Travelers have also changed – the traveler of the future will be more cautious than before, and the public health conditions and hygiene standards of destinations and tourist sites will become a top priority. In fact, the US case study pointed out that 83% of travelers would prefer to stay at a hotel that advertises precautionary practices on their social media or other channels. Travelers will also be looking for seamless journeys and exploring opportunities for domestic rather than foreign adventures – so destinations may have to redefine their target markets. There are indications that we

will also see an increased demand for health and wellness travel, ethical tourism, wilderness trips, private accommodation and visits to national parks. Destinations like Costa Rica may, therefore, benefit more than others post-pandemic, and tourism minister Gustavo Segura has said that the country has already seen a surge in wildlife tourism, with travelers more aware of ecotourism travel options and experiences. Australia, too, has seen an increased interest in nature and in indigenous land-management practices and culture. Japan and Singapore could also be in a very marketable position, thanks to their high hygiene standards, commonplace mask use and culture of respecting other people, which has been reported globally during the pandemic. Post-pandemic, Singapore is already planning to promote itself as a leading urban wellness haven.

It was mentioned earlier that the pandemic has revealed how fragile the tourism sector can be, and most destinations profiled in the case studies are looking ahead for ways to be more resilient and sustainable. In Japan, Naohiro Fukawa, director of Tourism Shizuoka, said the pandemic has presented an opportunity for the tourism industry “to reset the old normal and find better ways to be more co-creative.” His destination marketing organization is embracing a strategic, long-term approach to marketing that focuses on sustainable, responsible and community-based tourism, which he says will become “the new normal.” This is similar to the model employed in Bhutan, where tourism leaders are planning to restart tourism in the country by positioning it as a wellness and well-being destination with an emphasis on sustainability. Bhutan’s director general of tourism, Dorji Dhradhul expects to see a shift in global tourism with individual travel, less crowding and avoidance of over-tourism as priorities.

In Europe, leaders are also recognizing the need for change. In Venice, a victim of overtourism pre-pandemic, leaders are rethinking the future of tourism in the city. Venice’s deputy mayor Simone Venturini said it could be time to consider a softer model of tourism, even if it meant physically limiting the number of visitors. Recovery of the tourism sector in Portugal was also incorporating sustainability into decision-making, and destinations have already implemented sustainability measures as they look forward to a post-COVID world. Lisbon, for example, committed to reduce diesel pollution from the end of 2021 by only receiving cruise ships moored with dockside electricity, and Porto was moving forward with policies to encourage the use of public transport and introducing more cycle lanes in the city to diminish traffic. Finally, the Canary Islands have unveiled a new sustainable tourism strategy for the islands. The strategy aims to achieve three basic and main objectives for the transformation of the Canary Islands tourism model: improving resilience, increasing its commitment to climate neutrality, and enhancing its capacity to generate value for the economy and citizens of the Canary Islands.

Collaboration is vital for recovery

As historian Yuval Noah Harari has pointed out many times, the COVID-19 pandemic has highlighted the importance of global cooperation. As he says, scientists did cooperate globally, but politicians tended to feud, creating a gap between scientific success and political failure (Harari, 2021). As the prime minister of Barbados pointed out in the case study, for the tourism industry, repairing pandemic damage is a global challenge, which requires a collaborative approach to restore public confidence and reignite the desire to travel. An excellent example of a new collaboration formed during the pandemic that benefited tourism was the Abraham Accords signed between the UAE and Israel allowing for full normalization for the first time between the two nations. Israel, previously one of the world’s most unlikely countries to keep tourism going in Dubai, became their main target market during the crisis.

It was acknowledged in the Singapore case study that although the country’s success in pandemic control was a necessary condition for the economy to mount a sustained recovery, the success of

other countries – especially those with which Singapore has strong linkages – was also critical. This is the same for many other countries. In Laos, for example, it is the actions of other countries that will dictate when the country can fully open to international tourists. Leaders in Bhutan also acknowledged that their country was overly dependent on surrounding nations to restart the tourism sector. Similarly, how quickly the tourism sector in Nepal will recover from the COVID-19 crisis is also a function of the global health and economic situation, most notably in China, India, the United States and Europe – Nepal’s top sources for tourists.

Certainly, China will play a critical role in recovery of the tourism sector globally, not just in countries like Nepal. Until COVID-19, China had consistently been the world’s biggest travel spender and in 2019 was responsible for one out of every eight international trips. The Asian countries closest to China felt the brunt of the crisis. Vietnam, Thailand, Cambodia, Malaysia and Singapore lost billions in tourism-related revenues with the absence of Chinese visitors. Outbound travel is expected to take more time than domestic travel to return to pre-COVID-19 levels in China. Because of its large population of nearly 1.4 billion, the country is expected to take longer to roll out widespread vaccinations – projections indicate that it will take until the third quarter of 2022 to vaccinate more than 70% of Chinese residents. China’s neighboring nations, such as Japan and Korea, are likely to be the first beneficiaries when the Chinese do start traveling overseas.

Strategic collaboration has also been necessary as countries have opened up travel bubbles or corridors. Countries initially opened up such travel corridors for essential business travelers. The Indonesian government, for example, established travel corridor arrangements with the United Arab Emirates, China, South Korea and Singapore for those traveling with diplomatic or fundamental business objectives. Laos also launched a fast-track immigration service for business travelers from China, relaxing controls at the country’s main border crossing, which was previously sealed to prevent the spread of COVID-19. Then, toward the end of 2021, countries started to open up travel lanes for leisure travelers. Singapore, for example, created “Vaccinated Travel Lanes” (VTLs) to over 20 countries, resulting in an additional 120,000 international arrivals in November and December of 2021.

Collaboration between industry stakeholders internally has also been critical. As mentioned previously, the industry in many countries worked together on initiatives to spur domestic tourism that included campaigns like the “Let’s Travel” expo in Laos, Australia’s “Holiday Here This Year,” India’s “Dekho Apna Desh,” New Zealand’s “Do Something New,” Malaysia’s “#Travel-Later,” Japan’s “Go To Travel,” and Vietnam’s “Vietnamese people travel to Vietnam destinations” program. Vietnam was also working with bordering countries to promote inter-regional travel. Led at the time by Executive Director Jens Thraenhart, the Mekong Tourism Coordinating Office (MTCO) was promoting the multi-national Mekong region as one single tourism destination.

Lastly, tourism industry stakeholders in a number of countries collaborated on health and safety initiatives. Mexico, for example, launched a “Mexican Caribbean Clean & Safe Check Certification” to encourage tourism providers to adopt the highest-level sanitation standards for the containment and prevention of COVID-19. In the UK, to reassure nervous travelers, hospitality providers could sign up for the “We’re Good To Go” scheme, launched by VisitEngland in partnership with the tourism boards of Northern Ireland, Scotland and Wales.

Stakeholders also worked together on vaccine certificates in order to restart tourism. In Italy, the “Green Pass” was instrumental in kick-starting tourism for the country, and the same can be said for Costa Rica’s vaccine passport. Countries in Europe also collaborated on launching the EU Digital COVID Certificate, which allowed countries like Portugal to begin lifting travel restrictions during the pandemic.

References

- Bloomberg (2022). Covid resilience ranking: The best and worst places to be in 2022. *Bloomberg*, 27 January. www.bloomberg.com/graphics/covid-resilience-ranking/
- Hajibaba, H., Gretzel, U., Leisch, F. & Dolnicar, S. (2015). Crisis-resistant tourists. *Annals of Tourism Research*, 53, 46–60.
- Heath, R. & Jin, B. (2020). Ranking the global impact of the coronavirus pandemic, country by country. *Politico*, 21 May. www.politico.com/interactives/2020/ranking-countries-coronavirus-impact/
- Harari, Y.N. (2021). Yuval Noah Harari: Lessons from a year of COVID. *Financial Times*, 26 February. www.ft.com/content/f1b30f2c-84aa-4595-84f2-7816796d6841
- Hudson, S. (2020). *COVID-19 & Travel: Impacts, Responses and Outcomes*. Oxford: Goodfellow Publishers Limited.
- McKinsey (2021). Strategic resilience during the COVID-19 crisis. *McKinsey*, 2 March. www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/strategic-resilience-during-the-covid-19-crisis
- Rao, T. (2021). What is hospitality? The current answer doesn't work. *New York Times*, 13 April. www.nytimes.com/2021/04/13/dining/restaurant-hospitality.html?searchResultPosition=2
- UNCTAD (2021). *COVID-19 and Tourism: An Update. Assessing the Economic Consequences*. UNCTAD. https://unctad.org/system/files/official-document/ditcinf2021d3_en_0.pdf
- United Nations (2022). *World Economic Situation and Prospects 2022*. New York: United Nations. www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2022_web.pdf
- UNWTO (2020). How are countries supporting tourism recovery? In *UNWTO Briefing Note – Tourism and COVID-19*, Issue 2, June. Madrid: UNWTO. www.e-unwto.org/doi/epdf/10.18111/9789284421893
- UNWTO (2022). *UNWTO World Tourism Barometer – January 2022, Overview*. Madrid: UNWTO. https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2022-01/220118-Barometersmall.pdf?_PBIQdr4u_qM0w56.l0NpfGPzylGu6Md
- World Travel & Tourism Council (2021). Economic impact reports: Regional overview 2020. <https://wtcc.org/Research/Economic-Impact>

2

ARUBA

Impacts

The Caribbean countries were among the most exposed in the world to the sudden pause in global tourism. Often dubbed the “most tourism-dependent region in the world,” the region attracted more than 31 million visitors in 2019 and, for some islands, the tourism sector accounts to a colossal two-thirds of gross domestic product (GDP). “This pandemic shock is unlike any shock that these sovereigns have seen in their history,” said Julia Smith, an analyst at S&P Global Ratings. Visitor arrivals to the region fell by around 75% in the last three quarters of 2020, causing overall Caribbean economic growth for the year to contract by 6.2%. As Barbara Ann Bernard (2020) from Wincrest Capital Ltd said:

Tourism money is very important for one reason: it pumps cash (dollars) into the economy. Without tourists to pay (with cash) for para-sailing, scuba diving, deep-sea fishing, taxis, groceries, etc. tourism-dependent countries risk running out of US dollars, which they need for the importation of food, fuel and for servicing debt obligations. No tourism, no cash.

Aruba, with its tagline of “one happy island,” is one of the Caribbean’s most popular destinations, welcoming about 1.1 million overnight visitors and over 800,000 cruise passengers in 2019. Between them, these tourists spent US\$1.876 billion, accounting for 73.6% of Aruba’s GDP and generating 84.3% of all employment. So when the Aruban border was closed indefinitely to incoming visitors on 21 March 2020, the island, and its population of 113,000, lost their main source of income. Not surprisingly, by mid-April Prime Minister Evelyn Wever said that due to the COVID-19 pandemic Aruba was in a severe economic crisis. Tourism arrivals fell 67.1% in 2020, dropping from 1,118,944 in 2019 to 368,322 in 2020. As a consequence, Aruba’s GDP fell by 26.4% – a substantial drop compared to the global average of minus 3.5% (Hepple, 2021).

The Aruban gaming sector was hit very hard in 2020 as casinos were impacted by closures, limited hours and social distancing protocols, all of which reduced gaming capacity. At the same time, in July 2020, new currency exchange regulations were implemented and enforced by the Central Bank, which also severely impacted the local casinos. Both the casino at the Holiday Inn and at the Eagle Aruba Resort ceased operating in 2020. Once the borders re-opened to visitors in July/August of 2020, most casinos saw a 70% to 80% decline in revenue (Hepple, 2021).



FIGURE 2.1 Aruba, “one happy island” (courtesy of the Aruban Tourism Authority)

But the impact went beyond economics. Jim Hepple (2020), an assistant professor at the University of Aruba, was monitoring the situation carefully as it unfolded.

It has been estimated that unemployment in Aruba could reach at least 50% of the workforce with many people out of work and who will be without their normal income for many weeks, if not months. A major concern has to be that crime could begin to rise substantially as people attempt to obtain income to support themselves and their families.

Hepple suggested that there might be other negative social consequences arising from the crisis. “It is possible that many of our best and brightest may emigrate from Aruba in search of work, leaving us with diminished skill levels in our workforce,” he explained.

According to Hepple, as countries around the world eased travel restrictions in May and June 2020, the Government of Aruba faced a huge dilemma.

The economy of Aruba is almost completely dependent upon welcoming visitors from abroad. Aruba needs visitor spending to generate income and provide employment. So, there will be enormous pressure to re-open its borders to visitors. However, once Aruba reopens it is inevitable that infected people from overseas will enter the country and could infect members of the local population who will in turn infect other residents. If the Government chooses to open its borders, as it must if it is to revive its economy, then it is going to have to accept that infections will continue to occur as will deaths resulting from severe cases of infection. The Government will then have to decide what is an acceptable level of mortality for its population.

Responses

Despite the risks, stakeholders in the industry were keen to see tourists return and in May 2020 started to put measures in place for when borders were reopened. The Aruba Tourism Authority (ATA) in collaboration with the Department of Public Health introduced a new “Aruba Health & Happiness Code” to be implemented on the island (Janczewski, 2020). The new certification program was designed to ensure Aruba’s visitors that the island would uphold the highest health and safety protocols throughout their stay. The objective of the program was to improve the hygiene protocols across the island and to ensure all local tourism-related businesses met the required standards to earn the official “Aruba Health & Happiness Code” seal. Minister of Tourism Dangui Oduber said:

As we prepare to reopen our borders, it is critical to evolve and innovate as a tourism destination. We want all visitors to feel reassured in traveling to our ‘one happy island’, knowing we worked together as a nation to implement the highest health and safety protocols through every step of their journey.

(Janczewski, 2020)

Individual operators in Aruba also had to adapt to the pandemic. One hotel in Aruba that has always been ahead of the innovation curve is Bucuti & Tara Beach Resort. Owner Ewald Biemans is well known on the island for being an environmental preservation pioneer, and his Eagle Beach property was the first in the Americas to be certified ISO 14001, and the first hotel in the world to win the prestigious *Global United Nations 2020 Climate Action Award for Climate Neutral Now*. Bucuti & Tara was one of the few hotels that never closed its doors completely in 2020. During the lockdown, the resort played host to stressed-out frontline workers, and when borders reopened, Biemans was quick to adapt to the pandemic, introducing new procedures, policies and protocols to protect the safety of guests and staff. All hotel rooms were equipped with HEPA air filtration systems along with dehumidifiers for the purest air. Upon cleaning with EPA-approved peroxide products, Bucuti & Tara added the steps of sanitizing with a high-tech ionizer, followed by a UVC germicidal lamp treatment. The result was a room as clean as a hospital operating room.

Every Bucuti & Tara employee was tested for COVID-19 and thereafter given a daily temperature and health screening. Check-in for guests became touchless, and rooms were sealed with a sticker after being sterilized. Hotel information was provided via in-room videos and on a personal iPad included in every accommodation. These iPads could be brought to the restaurant to place an order at the table, or guests could use their own mobile devices and pull up menus from a QR code reader. Public areas were disinfected with electrostatic guns with safe, sustainable, non-toxic cleaning agents, and social distancing measures were implemented throughout the hotel. Bucuti & Tara also set up a testing facility where guests could have a test taken and have results delivered to their email the same day. The doctor and lab performing the tests were certified by the Aruban Health Department, and the PCR tests were accepted by US authorities upon re-entry of American guests.

Biemans (2021) said:

COVID-19 prompted us to re-examine every single one of our Standard Operating Procedures (SOPs), and with the help of doctors and nurses whom we hosted at Bucuti & Tara Beach Resort, we rebuilt those SOPs and integrated high-tech, hospital-grade COVID-19 safety protocols to protect all of our guests and staff.

Additionally, as the most eco-certified and only carbon neutral hotel in the Caribbean, we achieved this level of safe sanitation thanks to our solid sustainability foundation. The result



FIGURE 2.2 Electrostatic guns in use at Bucuti & Tara Beach Resort in Aruba (courtesy of Bucuti & Tara)

is that every day we hear from guests and travel professionals who are returning to Bucuti & Tara who are pleased our new touch-free safety protocols because they provide guests with peace of mind so they can focus on what is most important – one another. This new way of living and travel is here and those who will endure will embrace it by ensuring their property is safe and healthy for both their guests and staff.

Jim Hepple said that because the United States was by far the primary source of visitors to Aruba, the recovery of Aruba's tourism industry would be heavily dependent upon recovery in demand from that country. "It might be possible to diversify our source markets, but this will take aggressive marketing and having enough airlift in place and could take a considerable amount of time," he said. In May 2020, the ATA did increase its marketing efforts, introducing, for example, a "Happily Ever After Guarantee" to provide peace of mind for those wishing to book a wedding or honeymoon in 2021. Couples could book their special occasions with participating hotels and resorts with the reassurance that they had the option to postpone should there be any coronavirus-related issues. "With nearly 316 million people under lockdown in the US alone, the travel and wedding industry has been massively impacted," CEO of the ATA Ronella Tjin Asjoe-Croes said. "We curated our 'Happily Ever After Guarantee' to offer peace of mind during these times of uncertainty for couples to start planning the wedding or honeymoon experience of their dreams on our 'one happy island,'" she said (Rumball, 2020).

The crisis did prompt some stakeholders in Aruba to try to diversify beyond the island's sun and sand image. "The pandemic shows very loud and clear to everybody living in Aruba that we cannot rely on one pillar," said Martijn Balkestein, executive director of Aruba's Chamber of Commerce (Cohen, 2021). Authorities have been in talks with a US company seeking to build a liquefied natural gas import terminal on the site of an oil refinery that has been idle since 2012. In another effort to diversify the economy, the government introduced a "One Happy Workation" program in the fall of 2020, which enabled remote workers to stay on the island for up to 90 days with no visa required. From its launch in September 2020 through May 2021, more than 10,000 visitors had participated in the program.

Outcomes

When the island opened up to tourism once again in July 2020, visitors had to either provide proof of a negative PCR COVID-19 test taken no longer than 72 hours before their departure or undergo a test upon arrival at the airport. Tourists also had to pay US\$30 for mandatory Aruba visitor insurance, which covered medical expenses if they tested positive on the island. Ray Snisky, group president of Apple Leisure Group Vacations (ALGV), said the wholesaler's bookings to Aruba in July were off nearly 90% year over year, but he said business to the destination had steadily improved in the months since. "Our advance November and December bookings are looking stronger, with declines [year over year] in the 55% range," Snisky said. "2021 is looking better still. Q1 is off just 50%. Hotels have dropped their pricing, so there has never been a better time to visit the destination, based on price" (Nelson, 2020).

Tourism arrivals in Aruba continued to improve into 2021 and by June had reached pre-pandemic levels. By the end of the year, Aruba's hotels had achieved an average room occupancy of 56.7% for 2021 as a whole, still down from 84.4% occupancy in 2019 but more than double that of 2020 (26.9%). In their tourism plan for 2022, the ATA was targeting a 95% recovery of 2019 visitation numbers overall (Aruba Today, 2021). The authority was also focusing on ensuring sustainable tourism by creating a balance between the needs of the community, the visitors and the destination. Janet Mosley, the owner of Leisure Lady Travel in Westland, Michigan, said ATA had been "invaluable" in her efforts to promote and market Aruba to her American clients. "Its Facebook group for Aruba Travel Experts is updated at least once a week with tips and interviews from properties or product providers," Mosley said. "I really believe the island's success during this time is directly related to the Aruba Tourism Authority's outstanding work" (Nelson, 2020).

Discussion questions

1. As the Caribbean region is often dubbed the "most tourism-dependent region in the world," do you think countries like Aruba should be diversifying their economies? If so, what more could they do so as not to be so reliant on tourism?
2. The case study – and video next – explain in depth the efforts Bucuti & Tara Beach Resort made in order to adapt to the pandemic. Which of the innovations they have introduced are likely to be short-term versus long-term?
3. Do some research and see how Aruba is recovering from the pandemic. For example, where are tourism arrivals and hotel occupancy levels today?

Video link

Bucuti & Tara sustainability initiatives
www.youtube.com/watch?v=TdGNSg4z5BE

References

- Aruba Today (2021). Aruba tourism authority (ATA): What to expect for 2021. *Aruba Today*. www.arubatoday.com/aruba-tourism-authority-a-t-a-what-to-expect-for-2021/
- Bernard, B.A. (2020). Caribbean tourism has been decimated by COVID-19. But the private sector can cushion the blow. *World Economic Forum*, 7 May. www.weforum.org/agenda/2020/05/caribbean-tourism-has-been-decimated-by-covid-19-but-the-private-sector-can-cushion-the-blow/
- Biemans, E. (2021). Personal communication, February.
- Cohen, L. (2021). Slow tourism recovery forces Aruba to consider oil refinery reopening. *Skift*, 19 April. <https://skift.com/2021/04/19/slow-tourism-recovery-forces-aruba-to-consider-oil-refinery-reopening/>

- Hepple, J. (2020). *What Will Aruba's Tourism Industry Look Like in the Future?* Unpublished report from the University of Aruba.
- Hepple, J. (2021). *Aruba's Tourism Industry in Review 2020 and Outlook for 2021*. Unpublished report from the University of Aruba.
- Janczewski, M. (2020). Aruba announces new "Aruba health & happiness code" certification program. *Visit Aruba News*, 20 May. www.visitaruba.com/news/general/aruba-announces-new-aruba-health-happiness-code-certification-program/
- Nelson, S. (2020). How Aruba has been doing since its July tourism reopening? *TravelAge West*, 18 November. www.travelagewest.com/Travel/Caribbean/How-Aruba-Has-Been-Doing-Since-Its-July-Tourism-Reopening
- Rumball, E. (2020). Aruba allowing couples to book events with pandemic postponement policy. *The Daily Hive*, 14 May. <https://dailyhive.com/mapped/aruba-pandemic-postponement-policy>

3

AUSTRALIA

Impacts

The last few years have been a roller coaster for Australia's tourism industry. First, there were the bush fires that swept across the continent over the summer of 2019–2020, which cost the industry about US\$4.5 billion. Then, in March 2020, the Australian government responded to the pandemic by shutting its borders to international travel. By the end of the year, the tourism sector was estimated to have lost about US\$90 billion relative to 2019, with a decline in tourism jobs three times more severe than the economy as a whole according to Deloitte (2021).

In 2019, the travel and tourism industry was worth US\$149.7 billion to the Australian economy – equivalent to 10.7% of the country's GDP. The industry was responsible for 1.6 million jobs, 12.8% of total employment. International visitors spent US\$22 billion – 6.4% of total exports – with the largest markets being New Zealand (15%), China (15%), the United States (9%), UK (8%) and Singapore (5%) (Athanasopoulos et al., 2021). But tourism was one of the sectors hardest hit by the COVID-19 pandemic. Restrictions on domestic and international air travel, as well as domestic border closures, the “ring of steel” that separated regional Victoria from Melbourne, and outbreaks in Sydney and Brisbane resulted in a significant decline in business and leisure travel. “The emotions are unlike anything I have ever experienced before,” said Lisa Pagotto, the founder and director of adventure travel specialists Crooked Compass. “Watching what you have built effectively un-build itself and operate in reverse. It is incredibly challenging. There have been some dark days” (Groundwater, 2020).

The industry had become reliant on a growing Chinese market, so Australia's tourism sector felt the pinch early on in the pandemic. The Chief Executive of Destination Gold Coast, Annaliese Battista, said China was the Gold Coast's largest international market, injecting about half a billion dollars into the economy each year, with a peak around lunar new year. Battista said it would be the small mum-and-dad businesses that would suffer the most. “Of the 3,500 tourism operators we have on the Gold Coast, the vast majority are those small- to medium-size operators,” she added (Taylor, 2020).

The country's two major airlines, Qantas Airways Ltd and Virgin Australia, slashed flights and put planes into hibernation, while thousands of people across the industry became reliant on a federal government wage subsidy program. Adam Campbell, CFO of Flight Centre Travel Group Limited said:

The sheer enormity and speed of change was incredible. In February, Flight Centre had record sales. By March that had gone down to less than 25% of what we would expect for that

time of year, and by April it was under 10%. We've had to stand down a considerable portion of our workforce in Australia as well as overseas. We are grateful for the federal government's JobKeeper program which has helped those who have been stood down.

(Van Not, 2020)

Responses

Tourism Australia, the government agency responsible for promoting tourism in Australia, had to change strategy quickly. Early on in the pandemic, they launched an advertising campaign called *There's Still Nothing Like Australia* in an attempt to convince Americans and Britons that Australia was a safe alternative to Asia. Tourism minister at the time, Simon Birmingham, said the government was looking at targeting tourists still willing to travel and emphasizing that Australia was a safe location despite the threat of coronavirus elsewhere (Duke and Bagshaw, 2020). However, when the pandemic took a grip on travel, Tourism Australia changed tack, releasing a video called "With Love From Aus," emphasizing the fact that nature was getting some rest and relaxation while tourists were in isolation. The video combined webcam shots of people staying connected, with images of Australian landscapes and native animals like the quokka, koala and "roos running amok." Tourism Australia managing director Phillipa Harrison said that through times of global uncertainty, everyone could do with a bit of positivity and something to look forward to: "With Love From Aus is a heartfelt message to all Australians and the rest of the world that our beautiful country and its people will be ready to welcome visitors with open arms when the time is right" (Duke and Bagshaw, 2020).

With no international visitors, Tourism Australia looked to domestic tourism to keep the industry alive. "With international borders closed, we are prioritizing our recovery efforts towards industry support and stimulating domestic tourism," said Harrison. "Australians traveling domestically can deliver billions of much-needed revenue to our industry's operators. Importantly, we haven't gone dark in international markets, and once international borders begin to re-open we will ramp these efforts up" (Duke and Bagshaw, 2020). Tourism Australia's 'Holiday Here This Year' campaign encouraged Australians to support tourism operators and communities around the country by booking and planning a domestic holiday. The campaign featured two of Australia's most iconic homegrown personalities, Hamish Blake and Zoe Foster-Blake, and focused on Australia's city experiences as the cities were struggling from a lack of demand due to COVID-19.

Rural areas of Australia seemed to have more success attracting domestic tourists. Yale Norris, who manages Island Estate Vineyards on heavily bushfire-hit Kangaroo Island said when he opened up again after lockdown, he had thousands of people coming from Adelaide who had never been before. One silver lining from the bush fires in 2019 was the publicity, said Dana Mitchell, who runs Kangaroo Island Wildlife Park. "All the media coverage through the bush fires showed people who had not known about Kangaroo Island that it's here," she said. And "the regeneration is amazing to see" (Lin, 2021). Indigenous Australian tour operators said the bush fires helped raise awareness of Indigenous land-management practices and culture. Dwayne "Naja" Bannon-Harrison, who operates Ngaran Ngaran Culture Awareness, said, "The pandemic is definitely making people think inward and look inward" (Lin, 2021).

Operators did have to adapt to cater for the domestic market. Although domestic travelers as a group easily outspend international visitors in Australia, they have different travel and spending patterns (Lansbury, 2020). According to Tourism Research Australia, trips taken by Australians in Australia tend to be shorter, have lower yield and involve fewer activities than international visitors. Operators also found domestic tourists preferred different experiences to those of international visitors. For example, they were less likely to want to hold koalas and more likely to take home wine from the vineyards (KPMG, 2021).

Airlines also had to look internally for customers. Qantas was one of the first airlines to offer “flights to nowhere,” which take off and land at the same airport after low-level fly-bys of iconic landmarks. Its first flight of this kind, in October 2020, sold out within ten minutes, according to the airline. “It’s probably the fastest selling flight in Qantas history,” the airline’s CEO, Alan Joyce, said in a statement. “People clearly miss travel and the experience of flying. If the demand is there, we’ll definitely look at doing more of these scenic flights while we all wait for borders to open” (Street, 2020). The seven-hour scenic flight performed a giant loop taking in Queensland and the Gold Coast, New South Wales and the country’s remote outback heartlands.

Qantas later launched “mystery flights” in a further effort to boost domestic tourism across Australia and spark nostalgia. The day trips, where passengers don’t know the destination when boarding, were popular in the 1990s. The all-day packages included activities that ranged from wine-making and gourmet lunches to snorkeling on tropical islands. To keep the finances on course during the pandemic, Qantas raised US\$770,000 by selling bar carts that in-flight drinks were served from on its now-retired Boeing 747s, as well as wine in plastic bottles and a stock of the quintessentially Australian chocolate biscuit, Timtams. Alan Joyce said: “You just have to have that flexibility, that adaptability, to survive.” It’s the reason why Qantas survived for 100 years and is the oldest continuously operating airline in the world. That’s part of our DNA. That’s why we’re going to survive for at the least the next 100 years” (Josephs, 2021).

Several initiatives were launched by industry associations to support the tourism sector during the pandemic: Tourism Australia hosted a series of monthly webinars with different guest speakers; Australian Tourism Export Council (ATEC) ran a number of webinars for the tourism industry that were free of charge and open to everyone; and Tourism & Transport Forum Australia hosted “TTF Talks” – bringing together leaders to share thoughts around business survival, adaptation and the road to recovery. Australia’s six states also rolled out their own programs. In Queensland, tourism businesses could apply for funding to help them pivot to target domestic tourists or to hibernate until international markets reopened. The COVID-19 International Tourism Adaptation Grant program was a key element of the Queensland economic recovery strategy and offered a minimum of US\$2,000 to a maximum of US\$10,000 to tourism businesses in the state who could demonstrate they had suffered losses of income because of the international travel restrictions.

Many tourism operators in Australia were quick to adapt to the new environment, with or without financial assistance. Cairns-based expedition cruising company Coral Expeditions, for example, did not take long to pivot from international journeys to focus on Australia-based itineraries, taking in the Great Barrier Reef, Tasmania, Cape York and the Kimberley. Jeff Gillies, the commercial director said: “This has been the largest shock ever experienced to travel, and there will be a changed tourism landscape in the future. But tourism is one of the most resilient industry sectors, so we are confident of brighter days to come” (Groundwater, 2020).

Victoria-based adventure travel specialists Crooked Compass also adapted quickly. “For an incredibly organized person who plans for every possible situation in some of the world’s most challenging countries, 2020 was untrodden territory,” said Director Lisa Pagotto. “Still, we had our first domestic tour live by April. In the two months following that, we rolled out eight domestic small-group tours within Australia and New Zealand. The tours started to sell brilliantly.” She also developed a new product – Adventure by Air – that provides curated journeys through Australia by private plane or helicopter, taking travelers to some of the country’s most remote locations. “We knew people wanted to travel domestically, and that they were seeking high-end luxury tours,” Pagotto said. “I had also recently decided to start flying lessons to train to be a pilot, and since I had all this spare time with no travelers to look after, the idea of Adventure by Air was born” (Groundwater, 2020).

Sydney-based World Expeditions was another company forced to focus on domestic tourism, pivoting to cater to adventure tourists looking for excitement closer to home. “We have four domestic divisions now: Australian Walking Holidays, Tasmanian Expeditions, Blue Mountains

Adventures, and recently we launched Australian Cycle Tours, which has a focus on self-guided cycle touring,” said chief executive Sue Badyari. But the company did not ignore its associates in other countries. “We feel most for our colleagues in developing nations, where there are literally no subsidies or support,” said Badyari. “We’ve been able to raise around US\$40,000 through the World Expeditions Foundation, which has been distributed as food packages to our staff in Nepal, Peru, Kenya, India and Tanzania.” World Expeditions also created “Great Walks of NZ,” with adventure itineraries ready to go when the bubble arrived (Groundwater, 2020).

Ovolo Hotels made changes in response to the pandemic that had a focus on customer interaction. The family of contemporary boutique hotels across Australia and Hong Kong prides itself on interaction with its guests, so new COVID restrictions presented new challenges. “We haven’t made any major changes to our philosophies, but the pandemic got us thinking about how we could connect with our customers,” said Girish Jhunjhnuwala, the founder of Ovolo Group. “How can we respect the restrictions and give our guests a human touch?” One solution was to “reposition” the hotel’s drinks trolley that was previously employed to serve the evening social get together in the lobby. Instead, happy hour was shifted in-room in the form of a bartender who turned up at the door with the drinks trolley during social hour to offer drinks and snacks. Ovolo also hosted the world’s first COVID-safe music festival, “Remix Hotel,” with live sets beamed into Ovolo The Valley in Brisbane from around the world. “We are seeing such positive outcomes from our adaptations,” said Jhunjhnuwala, “and we are seeing an even greater connection with our guests” (Groundwater, 2020).

Pier One Sydney Harbour offered something entirely new – access to a hand sanitizer sommelier on arrival at The Gantry Restaurant (see Figure 3.1). In a creative twist on a traditional sommelier, a selection of hand sanitizers from some of Australia’s local alcohol brands were made available to guests and diners. “The world is a different place than it was this time last year and the health and well-being of our guests, associates and the community is our top priority. We wanted to bring a little bit of The Gantry personality to the wellness experience by supporting local producers” said the hotel General Manager.

For Rebecca Esterhuizen, Head of APAC for Traveltek, such adaptability was critical. “2020 has demonstrated that both large and small travel agencies; OTAs, wholesalers, tour operators and even suppliers, have needed to pivot, adapt and rearrange their businesses rapidly” (Bowerman, 2020). She said that due to COVID-19, and the impact consumer behavior, a previously successful business model was no longer suitable for 2021 and beyond.

Companies who had a successful niche product offering, let’s take a cruise travel agency as an example, are having to look at other products outside of cruise to stay afloat and relevant. Businesses are expanding their product offerings to take advantage of domestic demand, tapping into new revenue streams and new distribution channels (online and virtually) to meet the change in consumer behavior.

Outcomes

Australia moved into 2021 with cautious optimism. Having recorded about 29,000 cases and just over 900 deaths, and all but eliminated community transmission of the coronavirus, the country of 26 million people had become “a pandemic success story” according to the Washington Post (Patrick, 2020). However, by May 2021 there was growing unease in the country over the so-called Fortress Australia policy. Announcements declaring that Australia wouldn’t open up until mid-2022 – meaning a two-year-plus isolation – had amplified concerns, and Ernst and Young estimated that Australia’s economy was losing A\$7.6bn (US\$5.9bn) a month from the closed borders (Mao, 2021).



FIGURE 3.1 Hand sanitizer sommelier at Pier One Sydney Harbour (photo by Alex Zhou, courtesy of Pier One Sydney Harbour)

Tourism Australia though was busy advertising on British television in the hope that when people could travel again, Australia would benefit from a “halo effect” resulting from the positive media they had received in dealing with the crisis and for being perceived as relatively “COVID-free.” The tourism industry though was going to be slow to recover. Deloitte Access Economics predicted that under the best-case scenario, international travel would return to 2019 levels in 2023, but not until 2025 under the worst-case scenario (see Figure 3.2).

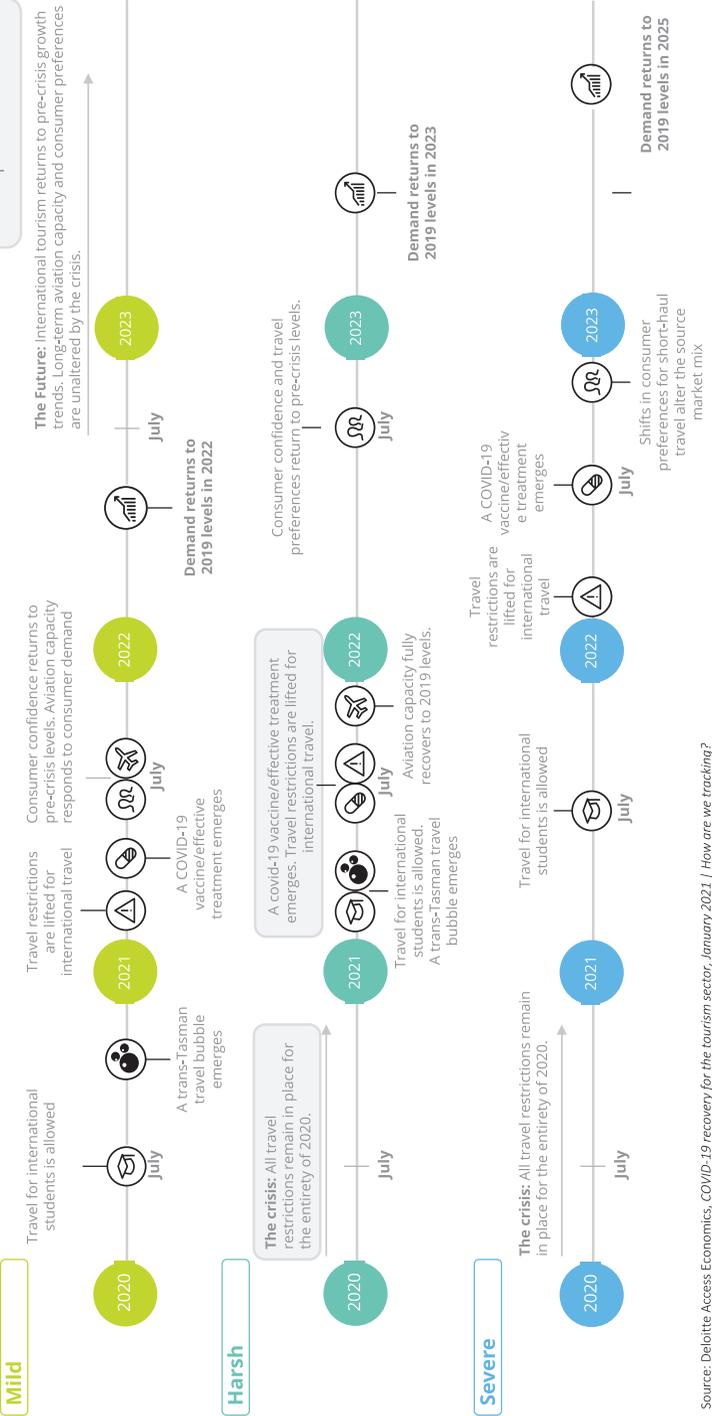
The Australian government continued to support the industry into 2021. In March, they unveiled a A\$1.2 billion (\$928 million) tourism support program, aimed at boosting local travel. The package of airline ticket subsidies for travelers, cheap loans to small tour companies and financial aid for the country’s two largest airlines was designed to keep the sector ticking over until foreign tourists could return. “This package will take more tourists to our hotels and cafes, taking tours and exploring our backyard,” said Prime Minister Scott Morrison. “That means more jobs and investment for the tourism and aviation sectors as Australia heads towards winning our fight against COVID-19 and the restrictions that have hurt so many businesses” (Packham and Freed, 2021).

However, the pandemic had further exacerbated a serious skills shortage in Australia’s hospitality sector. Many foreign workers swiftly returned to their home nations when parts of the Australian

How are we tracking? Deloitte's COVID-19 international tourism scenarios

The restart of international travel to and from Australia remains highly uncertain. While the vaccine roll-out both in Australia and globally brings hope of a recovery, a return of international travel in 2021 remains uncertain.

Has occurred / is likely or expected to occur



Source: Deloitte Access Economics, COVID-19 recovery for the tourism sector, January 2021 | How are we tracking?

FIGURE 3.2 Predictions for the future of international travel for Australia (courtesy of Deloitte, 2021)

economy retreated into a long and uncertain COVID hibernation. One company was so desperate for staff at the end of 2021 that they were offering to pay for flights to Australia for overseas recruits and, if needed, hotel quarantine fees, as well as a fortnight's rent plus a US\$1,000 food and drink voucher. For UK citizens, Australian Venue Co, one of Australia's largest pub groups, was also helping with visa costs. "We're expecting enormous demand from young Brits coming over," said the group's chief executive, Paul Waterson (Mercer, 2021).

A travel bubble between Australia and New Zealand had been in the works for over 12 months and finally began on 19 April 2021 with residents able to travel between the two nations without having to quarantine (BBC, 2021). However, the bubble was suspended three months later as outbreaks of COVID-19 Delta variant took hold in Australia. Such a corridor made sense, since Australia accounts for almost 40% of tourists and 25% of tourism spending in New Zealand, whereas Kiwi tourists in Australia make up 15% of visitors. In addition, around 60,000 people move permanently each year between the two countries. The travel bubble between the two countries resumed in November 2021.

Piecing back together the inbound economy will be a giant challenge for Australia. The country's top 15 unbound markets include six long-haul US and European markets and nine Asia Pacific markets – which range from short-haul (New Zealand and Indonesia) to mid-haul (China and India). Rebuilding air capacities will take time whenever the borders reopen. Adam Campbell, CFO of Flight Centre Travel Group Limited said they were looking at recovery occurring in three phases (Van Not, 2020).

In the short term, domestic travel is going to be a key area. People may do things that they've never done before, like staying at eco-resorts, hiking or self-drive trips. The second phase will involve Australia creating a travel bubble with New Zealand and possibly some regional neighbors, such as Pacific Island nations and even places like Vietnam, which have also done a great job of containing the virus. The third phase is resuming global travel in the 'new normal.'

Certainly, many Australians were eager to travel once more. In a survey conducted by KPMG at the beginning of 2021, 61% of Australian respondents said they were planning on booking a holiday between January and June 2021 and 72% said they would book a holiday between July and December 2021. KPMG said to tread water, the domestic tourism industry would need to convince Australians to spend 70% of what they spent overseas in 2019 on domestic trips instead. Although this was not an easy task for the industry, KPMG believed domestic travel would be fueled by three factors: Australians wanting to tick off their backyard bucket list, people experimenting with working holidays, and a desire for "the great Aussie road trip." KPMG also suggested three subsectors were in a strong position to capitalize on this pent-up demand – affordable accommodation, rural and regional businesses, and digitally savvy businesses (KPMG, 2021).

Discussion questions

1. The case study discusses how Tourism Australia, the government agency responsible for promoting tourism in Australia, had to change strategy quickly. After reading the case and watching the video next, critique their communications strategy.
2. Take a close look at Figure 3.2. How accurate have Deloitte's predictions been?
3. The case study gives several examples of how the tourism industry in Australia adapted to the pandemic. Are all the examples different? If not, what do they have in common?

Video link

'With Love from Aus' commercial
www.youtube.com/watch?v=kKma8WB4JyY

References

- Athanasopoulos, G., Hyndman, R.J. & O'Hara-Wild, M. (2021). The road to recovery from COVID-19 for Australian tourism. *Monash Business School*, 26 February. www.monash.edu/business/ebs/research/publications/ebs/wp01-2021.pdf
- BBC (2021). Australia and New Zealand to start quarantine-free travel. *BBC News*, 6 April. www.bbc.com/news/world-australia-56645990
- Bowerman, G. (2020). Asia travel Re: Set #20 – A torrid travel year in Australia. *Asia Travel Re: Set*, 13 December. <https://asiatravelreset.substack.com/p/asia-travel-reset-20-a-torrid-travel>
- Deloitte (2021). COVID-19 recovery for the tourism sector. How are we tracking? *Deloitte Access Economics*, January. <https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economics-covid-19-recovery-tourism-sector-090221.pdf>
- Duke, J. & Bagshaw, E. (2020). Ad campaign to woo 'safety-conscious' tourists away from Asia to Australia amid coronavirus fears. *The Sydney Morning Herald*, 21 February. www.smh.com.au/politics/federal/ad-campaign-to-woo-safety-conscious-tourists-away-from-asia-to-australia-amid-coronavirus-fears-20200220-p542n7.html
- Groundwater, B. (2020). Travel and COVID-19: How the Australian travel industry is adapting. *Traveller*, 2 October. www.traveller.com.au/travel-and-covid19-how-the-australian-travel-industry-is-adapting-h1r0nf
- Josephs, J. (2021). Qantas boss: Governments 'to insist' on vaccines for flying. *BBC News*, 12 March. www.bbc.com/news/business-56460329
- KPMG (2021). Beyond COVID-19: Rise of domestic travel and tourism in Australia. *KPMG*, 1 February. <https://home.kpmg/au/en/home/insights/2020/12/beyond-covid-19-rise-of-domestic-travel-tourism-australia.html>
- Lansbury, M. (2020). Australia's travel and tourism industry adapts to COVID-19. *Upstart*, 6 November. www.upstart.net.au/australias-travel-and-tourism-industry-adapts-to-covid-19/
- Lin, A. (2021). First came fires. Then a pandemic. Now, domestic tourism is fueling Australia's recovery. *Washington Post*, 5 March. www.washingtonpost.com/travel/2021/03/05/australia-fires-covid-tourism/
- Mao, F. (2021). 'Fortress Australia': Why calls to open up borders are meeting resistance. *BBC News*, 26 May. www.bbc.com/news/world-australia-57224635
- Mercer, P. (2021). Australia jobs: "The staffing issue is impossible." *BBC News*, 4 November. www.bbc.com/news/business-59093560
- Packham, C. & Freed, J. (2021). Australia unveils \$928 million COVID-19 stimulus package for tourism industry. *Reuters*, 11 March. www.reuters.com/article/us-health-coronavirus-australia-idUSKBN2B301G
- Patrick, O.A. (2020). Australia has almost eliminated the coronavirus – by putting faith in science. *Washington Post*, 5 November. www.washingtonpost.com/world/asia_pacific/australia-coronavirus-cases-melbourne-lockdown/2020/11/05/96c198b2-1cb7-11eb-ad53-4c1fda49907d_story.html
- Street, F. (2020). Qantas seven-hour flight to nowhere sells out in 10 minutes. *CNN Travel*, 18 September. <https://edition.cnn.com/travel/article/flights-to-nowhere-qantas/index.html>
- Taylor, J. (2020). 'Completely dropped off': Australia's tourism industry braces for coronavirus crisis. *The Guardian*, 11 February. www.theguardian.com/world/2020/feb/11/completely-dropped-o-australias-tourism-industry-braces-for-coronavirus-crisis
- Van Not, D. (2020). Travel and tourism. How will COVID-19 reshape key Australian industries? *The Economist Intelligence Unit Limited*, June. <https://eiuerspectives.economist.com/economic-development/travel-and-tourism-how-will-covid-19-reshape-key-australian-industries>

4

BARBADOS

Impacts

Before the pandemic, the Caribbean was the world's most tourism-reliant region, according to the World Travel & Tourism Council (2021). For Barbados, an eastern Caribbean island of 286,000 people, the total contribution of travel and tourism to GDP in 2019 was 29.6%, bringing in US\$1.57 billion of income, and employing 46,300 people, 37.2% of employment. International visitors (966,000 in 2019) were responsible for 91.4% of that income and accounted for 64.8% of total exports. Consequently, the pandemic had severe socioeconomic impacts in Barbados due to this heavy dependence on tourism. The economy as a whole contracted by an estimated 18% in 2020, and unemployment claims reached roughly one-third of the workforce. In the tourism sector, 26.1% of employees on the island lost their jobs.

A report published by UNCTAD (2021) during the pandemic suggested that small island developing states (SIDS) like Barbados faced an uphill battle fighting the impact of the COVID-19 crisis. SIDS, they said, are highly vulnerable to external economic and financial shocks, at least 35% more than other developing countries. In the wake of the pandemic, SIDS experienced an estimated fall in GDP of 9% in 2020, compared with a 3.3% decline in other developing countries based on IMF projections data.

Prime Minister of Barbados Mia Mottley described the effects of the pandemic on Barbados as “the most destabilizing event,” probably since World War II. In an interview with CNN in April 2020, she said that the nations of the Caribbean occupied a unique position and were subject to a number of risks, since they could be seen as the most highly indebted, travel and trade-dependent nations in the world, with almost half of GDP coming directly and indirectly from tourism. She stressed that global leadership was needed now more than ever if recovery and economic stability were to be realized. During the interview, she spoke about female leaders using head and heart which became a much needed strategy during the pandemic. “Moral leadership is important in the world today,” she said.

Fortunately, Barbados had gone into the crisis with good economic fundamentals, as a result of an IMF-supported economic reform program that helped stabilize debt, build reserves and consolidate its fiscal position just before the crisis struck. But the pandemic was threatening to rip apart those fundamentals. “The longer this lasts, the more difficult it gets to maintain,” said Kevin



FIGURE 4.1 Bridgetown, the capital of Barbados (courtesy of Barbados Tourism Marketing Inc.)

Greenidge, senior technical advisor to the Prime Minister (Behsudi, 2020). Minister of Tourism and International Transport Kerrie Symmonds said:

There's the inequality that we are powerless in the global supply chain. We cannot make our own medicine and ventilators, and we are in the back of the line to get those essential things. The people in Barbados, and all of the small economies in the Caribbean, are subject to what they call the haunting refrain of inequality.

(Montevago, 2020)

Responses

During the initial lockdown period, Minister of Tourism and International Transport Kerrie Symmonds said Barbados would focus on “coming back bigger and better than we were before, and it means using the downtime constructively.” Kerry said that some hotels would have the opportunity for refurbishment, and smaller properties could use government relief to “put themselves in position for when they can bounce back.” Hotel workers, meanwhile, could begin a process of training, overseen by a special task force for recovery. “We can use this period of time very constructively in terms of our staff so they are more efficient and operate at a higher level, and take this opportunity to build our standards,” Symmonds said, adding that “we can open the door for access in terms of disabilities to make sure we can accommodate everyone” (Montevago, 2020).

The pandemic would also require new standards of hygiene, and the task force would make sure all attractions and hotels will have to rise to those standards. Symmonds said he had his eye on major source markets, including the UK and the United States, to determine when tourism could rebound. The reemergence is going to have to be subdued, but “the international market is going to reopen and we have to be ready,” Symmonds said,

part of the message that has to go forward is that the global community needs to step up and recognize smaller economies like ours that are tourism dependent. We are resilient, we have dealt with hurricanes, but for things of this nature, we need the global community.

(Montevago, 2020)

Meanwhile, the pandemic was having an impact on the hospitality sector in Barbados. Before COVID hit, all-inclusive resorts were the fastest-growing market in the accommodation sector, not just in the Caribbean but also in Barbados where Marriott International finally entered the segment in 2019, purchasing a chain of seven luxury resorts on the island after years of steering clear from the model. However, the pandemic put a spanner in the works for Marriott and other players in this sector, and they were forced to reinvent the way they run and market their properties to a changed consumer. Sandals, for example, were having to make changes to operations. “We are cleaning our air conditioning systems after every visit at Sandals Resorts which is unprecedented,” said Sandals’ Executive Chairman Adam Stewart. “We have wardens to ensure that social distancing is being coordinated; you have more staffing because we have more transportation and more moving parts to keep the social distancing” (Girma, 2021).

But the sector’s major players remained bullish on the all-inclusive model long term. “While the pandemic has shifted the timeline for our expansion plans, we’re still moving full speed ahead and are continuing to grow and adapt to each market,” said Carlyne Doyon, president and CEO of Club Med North America. Sandals founder Gordon “Butch” Stewart was just as confident about the future. “We will continue specializing in our Caribbean sandbox. We have specialized in taking good assets that failed and making them great assets” (Girma, 2021).

In September 2020, the Government of Barbados announced a tourism recovery plan under the theme “Adapting to the Changing Tourism Landscape.” Minister of Tourism and International Transport Lisa Cummins said part of the forward planning was for the establishment of private hanger services and an overall new business strategy at the Grantley Adams International Airport (GAIA) to attract new business, increase air traffic and “benefit from the high-end luxury segment” (Caribbean Journal, 2021). The tourism minister also said the island was on its way to becoming a cruise hub and that local authorities were in negotiation with cruise line partners to make Barbados a homeport for traffic in Southern Caribbean.

The recovery plan included US\$150 million to support the tourism sector. A stimulus package called the Barbados Economic, Sustainability and Transformation (BEST) program was introduced that included wage support, greening, digitization and renewable energy project support. This was coupled with the National Training Initiative (NTI), which provided free employee and management training programs online, for tourism businesses during the shutdown. Dame Sandra Mason, the governor general, explained that the plan was intended to protect jobs, to support the balance sheets of companies in the tourism sector and those of direct tourism services, and to ensure that Barbados’ physical infrastructure remained fit for when some level of normalcy returned.

Government support continued into 2021, when in June, the World Bank Board of Executive Directors approved a US\$100 million COVID-19 Response and Recovery Development Policy Loan for Barbados. “The COVID-19 pandemic has severely affected Barbados, which had been successfully implementing its economic reform program,” said Tahseen Sayed, World Bank Country Director for the Caribbean. “There have been serious impacts on key sectors such as tourism, leading to an increase in unemployment, with disproportionate effects on women. The World Bank’s assistance will contribute to the country’s efforts for a resilient and inclusive socioeconomic recovery” (The World Bank, 2021).

Then in December 2021, United Nations Development Program (UNDP) Barbados and the Eastern Caribbean announced a partnership with the Caribbean Development Bank (CDB) which would support micro, small and medium enterprises (MSMEs) in the tourism sector “to recover and build forward faster from the devastating effects of the COVID-19 pandemic on the fragile regional industry” (UNDP, 2021). The support was in the form of capacity-building assistance in digitization comprising open training, mentorship, one-to-one technical assistance and training of trainers. This was in line with the UNDP Future Tourism Project, which had begun earlier that year and had seen 187 delegates fully complete the first round of training. “As we continue the process of retooling MSMEs, digitization becomes a necessary next step in a more contactless world,” Valerie Cliff,

resident representative for UNDP Barbados and the Eastern Caribbean noted. “We need to leverage the various resources of the region and work together to build forward better as we rethink the way businesses operate in the Caribbean. For lasting change, regional collaboration is key” (UNDP, 2021). She added, highlighting the importance of regional development agencies to collaborate on projects for the region’s collective good.

In another proactive initiative to counter the effects of the pandemic, Barbados was one of the first tourism destinations to diversify by targeting long-stay digital nomads to replace tourists (DCI, 2021). In July 2020, the island launched the 12-month Barbados Welcome Stamp, promoted as the world’s first remote work visa program in an aggressive earned media campaign. Working with public relations firm DCI, the campaign secured more than 1,796 stories in top-tier media outlets, such as CBC News, Conde Nast Traveler, CNN, CTV News, Good Morning America, National Post, NY Times and Travel + Leisure. More than 2,500 people – mostly from the United States, Britain, Canada and Nigeria – had applied by May 2021 (Palmer, 2021). Terra Caribbean, a real estate group with properties across the region, found that about three-quarters of visa holders they surveyed had never even visited Barbados before they applied for the program. “From a Barbados brand perspective, this initiative will pay dividends for many years to come,” the group concluded (DCI, 2021). The remote-work concept was adopted by other nations across the Caribbean, including Anguilla, Aruba, Antigua & Barbuda, the Bahamas, Bermuda, the Cayman Islands, Curaçao, Dominica and Montserrat.

Open to all remote workers who earned at least US\$50,000 annually, the visa scheme had a fee of US\$2,000 for individuals or US\$3,000 for families, which was payable after applications had been approved. COVID-19 has changed the global business landscape as a larger number of people continue to work from home,” Barbados prime minister Mia Amor Mottley said when the scheme was launched. “With this new visa, we can provide workers with an opportunity to spend the next 12 months working remotely from paradise, here in Barbados” (DCI, 2021).



FIGURE 4.2 The Independence Arch, Barbados, which as part of Historic Bridgetown and its Garrison has been on the UNESCO World Heritage List since 2011 (courtesy of Barbados Tourism Marketing Inc.)

Danita Becker, a senior product owner for a start-up in Dallas, moved to Barbados with the visa in September 2020. “Coming to the island accelerated a lot of growth for me, putting into perspective some of my career goals,” she said, adding that it provided a break from the mental stress of social isolation and racial tensions in the United States.

Outcomes

Opening up for tourism was stop-start for Barbados, as it was for many tourism destinations. The island instituted tests and quarantines for travelers early in the pandemic and was able to keep COVID-19 cases low in 2020. However, cases skyrocketed on the island in January 2021, according to Barbados Government Information Service, and the country returned to a strict lockdown in early February. Bad publicity in the form of visitors breaking rules also didn’t help. For example, according to local media reports, Zara Holland (a former Miss Great Britain and contestant on reality show *Love Island*) and partner Elliott Love removed the red warning bracelets they received after Love tested positive for COVID-19 and were arrested boarding a return flight to London. Holland was eventually fined US\$12,000 for breaching quarantine rules.

By the summer of 2021, tourism was beginning to rebound in Barbados. The island recorded more than 10,000 air arrivals in July, the highest total of any month that year. That also represented a significant increase from the 6,745 visitors that came to the island in July 2020. Officials said the trend suggested a “positive turn for the industry” ahead of the 2021/2022 winter season. “Barbados has, and continues to weather this COVID-19 storm, but while this period has been difficult for the industry, the BTMI is so pleased to see the recent sprouts of positive growth,” said Craig Hinds, interim CEO of Barbados Tourism Marketing Inc (Caribbean Journal, 2021). (BTMI). The United States was the strongest market for the island in July, accounting for 43.3% of the market, while the UK contributed 34.4% of business. However, in September 2021, just as tourism was beginning to show signs of recovery, the Caribbean was hit by a new wave of coronavirus infections that resulted in further restrictions and more flight cancellations.

On 1 November, Jens Thraenhart was appointed as the new Chief Executive Officer of the island’s destination marketing agency BTMI. Thraenhart, a tourism veteran of 26 years, emerged as the top candidate from an initial pool of 178 candidates of qualified professionals from around the world. Chairman of the BTMI, Mrs. Roseanne Myers, said: “We believe that coupled with Jens’ international tourism experience, proven track record in strategy execution and entrepreneurial perspectives, the BTMI will emerge from this period of the pandemic, a much stronger, high-performing destination marketing company that brings increased benefit to our industry and the wider economy” (Noakes, 2021). Thraenhart (2022) himself was relishing his new role at BTMI. He said:

In order to strive for a balanced tourism economy leading to increased sustainability and resilience, stakeholder involvement at all levels and inclusive public private partnerships are critical for an accelerated tourism recovery. Barbados has tremendous potential to inspire the world beyond its beaches by via engaging storytelling of its people and experiences.

At the end of November, in the wake of Barbados becoming a republic, tourism minister said Barbados was going to “shake up its tourism model” hoping to attract travelers all year round. Renewing the Welcome Stamp program, Senator Lisa Cummins said that the country did not want to only welcome “snowbirds” – such as tourists from the UK – who flock to the island for some sun during the winter months at home. She said:

Why would we want to cram two million visitors to a country of 166 square miles over a six-month period when we can spread that out over the course of a year? We don’t want it to get into conversations around things like over-tourism. We want to make sure that longer stays,

more sustainable stays . . . a longer extended tourism season rather than a truncated tourism season lends itself to the question of sustainability in our industry and of course, diversification, within it.

(Sandhu, 2021)

As Barbados moved into 2022, the Caribbean Tourism Organization (CTO) said that it remained positive about the continued rebound of the tourism industry in the region. The group said that over the previous 18 months, Caribbean destinations had shown resilience in creating strategies for recovery, incorporating frequently updated travel protocols, and collaborating with regional and international partners in the areas of health and economic support and development. During the third quarter of 2021, there were 5.4 million tourist arrivals to the region, almost three times the arrivals for the same period in 2020, though still 23% below 2019 levels. It was estimated that tourist arrivals for 2021 would exceed 2020 levels by 60% to 70%. “As we begin 2022, once again grappling with the effects of a new variant which is also affecting international travel adversely, we are heartened by the recovery experiences and the lessons learnt in 2021,” the CTO said in a statement.

These experiences and lessons have taught us that travel and hospitality can coexist with the pandemic affecting both our destinations and markets. While the results to date have not indicated a return to 2019 levels, the exceptional results recorded in the summer to year-end period of 2021 show that a scaled or gradual rebound is likely and very possible by the end of 2022.

(Parkinson, 2022)

Discussion questions

1. What are the advantages and disadvantages of the Welcome Stamp program for Barbados? Is the program sustainable post-pandemic?
2. If you had just been appointed as the new Chief Executive Officer of the island’s destination marketing agency BTMI, what would be your priorities for the next 12 months?
3. Watch the video next and summarize the key insights from the interview with Prime Minister Mia Amor Mottley.

Video link

CNN journalist and host of “Amanpour,” Christiane Amanpour, interviews Prime Minister Mia Amor Mottley about the effects of COVID-19 on the region. April 2020.
www.youtube.com/watch?v=WTY9kARrC_M

References

- Behsudi, A. (2020). Wish you were here. *International Monetary Fund*, December. www.imf.org/external/pubs/ft/fandd/2020/12/impact-of-the-pandemic-on-tourism-behsudi.htm
- Caribbean Journal (2021). Barbados tourism is rebounding. *Caribbean Journal*, 23 August. www.caribjournal.com/2021/08/23/barbados-tourism-rebounding-2021/
- DCI (2021). Barbados remote work campaign forges a path to COVID-19 tourism recovery. <https://aboutdci.com/case-studies/barbados-remote-work-campaign-forges-a-path-to-covid-19-tourism-recovery/>
- Girma, L.L. (2021). Why the business of all-inclusive resorts will never be the same. *Skift*, 3 March. <https://skift.com/2021/03/03/why-the-business-of-all-inclusive-resorts-will-never-be-the-same/>

- Montevago, J. (2020). Barbados looks to life after COVID-19. *Travel Market Report*, 29 April. www.travelmarketreport.com/articles/Barbados-Looks-to-Life-After-COVID-19
- Noakes, G. (2021). Barbados appoints new tourism marketing chief. *Travel Trade Gazette*, 26 October. <https://www.ttgmedia.com/news/news/barbados-appoints-new-tourism-marketing-chief-31104>
- Palmer, E. (2021). The Caribbean conundrum: United by tourists, divided by covid. *New York Times*, 25 May. www.nytimes.com/2021/05/25/travel/caribbean-vacation-coronavirus.html
- Parkinson, B. (2022). Despite omicron variant, Caribbean tourism hopeful for gradual rebound. *Travel Pulse Canada*, 14 January. <https://ca.travelpulse.com/news/destinations/despite-omicron-variant-caribbean-tourism-hopeful-for-gradual-rebound.html>
- Sandhu, S. (2021). Barbados republic: Island plans to shake up tourism and attract visitors all year round. *i News*, 30 November. <https://inews.co.uk/news/world/barbados-republic-island-plans-to-shake-up-tourism-and-attract-visitors-all-year-round-1326580>
- Thraenhart, J. (2022). Personal communication, February.
- UNCTAD (2021). Small island developing states face uphill battle in COVID-19 recovery. *UNCTAD*, 10 June. <https://unctad.org/news/small-island-developing-states-face-uphill-battle-covid-19-recovery>
- UNDP (2021). Regional collaboration key to recovery of fragile tourism industry say UNDP and CDB. *UNDP*, 1 December. www.bb.undp.org/content/barbados/en/home/presscenter/pressreleases/20192/regional-collaboration-key-to-recovery-of-fragile-tourism-indust.html
- The World Bank (2021). World Bank approves US\$100 million for Barbados' COVID-19 response and recovery. *The World Bank*, 24 June. www.worldbank.org/en/news/press-release/2021/06/24/world-bank-approves-us-100-million-for-barbados-covid-19-response-and-recovery
- World Travel & Tourism Council (2021). Economic impact reports: Barbados. <https://wttc.org/Research/Economic-Impact>

5

BHUTAN

Impacts

“The Unlikeliest Pandemic Success Story” was a headline in *The Atlantic* in February 2021 (Drexler, 2021). The article was referring to the Himalayan Kingdom of Bhutan, a landlocked country in South Asia settled between two powerful neighbors, China and India. The subtitle of the article then asked: “How did a tiny, poor nation manage to suffer only one death from the coronavirus?” Smart leadership, preparedness and a swift response were some of the reasons given in the article, but Bhutan’s approach as a Buddhist country, a country that values Gross National Happiness (GNH), seemed to be the key. The country after all is probably best-known for being the happiest in the world. All policies in Bhutan seek to enhance the GNH, which is based upon principles of Mahayana Buddhism. GNH focuses on the advancement of social harmony, preservation of national identity and sustainability of natural environments. This is not a Western definition of happiness but a definition that is very much rooted in the Buddhist understanding of deep-seated contentment.

The enshrinement of happiness as a policy goal can be traced back to Bhutan’s 1729 legal code, which stated that “if the Government cannot create happiness (*dekid*) for its people, there is no purpose for the Government to exist” (Meier and Chakrabarti, 2016). The GNH has influenced Bhutan’s approach to tourism whereby it follows a policy of “High Value, Low Volume” that promotes sustainable tourism based on the carrying capacity of the country (Jesionka, 2021). Under this unique policy, Bhutan does not limit how many people are allowed in annually (approximately 315,000 tourists arrived in 2019), but there is an extensive application process. The majority of visitors reportedly come for leisure purposes, while the next greatest group comes for a religious or spiritual pilgrimage.

The economy of Bhutan was severely impacted by the pandemic, despite being relatively successful in containing the virus, and the tourism sector was the hardest hit (Nayak, 2020). Inbound tourism was banned from March 2020 onward, which resulted in about an 88% fall in tourist arrivals in 2020. The temporary restriction on tourism affected the livelihoods of some 50,000 Bhutanese working in the sector. At the height of the pandemic, two-thirds of tour companies were completely closed and 92% of tour guides working as casual employees for tour firms were laid off. “Prior to the pandemic, we were very optimistic about tourism in Bhutan for 2020,” said Dorji Dhradhul, Bhutan’s director general of tourism. “The same year I became the Director General of the Tourism Council in 2019, Lonely Planet had announced that Bhutan as ‘the’ place to visit in 2020 – but then COVID came along.”



FIGURE 5.1 The Lonely Planet officially declared Bhutan as number one country to travel for 2020 (courtesy of Bhutan’s Tourism Council)

Responses

The government developed an economic contingency plan (ECP), detailing both immediate and longer-term response actions to support economic recovery in key sectors, including tourism (Alvarenga and Soares, 2020). As part of the ECP, the government recognized the potential of addressing long-term policy issues and enhancing tourism infrastructure to diversify its product base by engaging those displaced and affected by tourism. The main social assistance measure adopted by the government was the Druk Gyalpo’s Relief Kidu (His Majesty the King’s Welfare Scheme providing monthly income support), and most of the applicants to the Relief Kidu were from the tourism sector, followed by transport, communications and other services sectors. An employment support scheme for the tourism and hospitality sector was also provided by the Tourism Council of Bhutan. Additionally, working capital credit at a 5% interest rate was available to tourism-related firms to finance operational costs, especially payroll. The tourism council also supported out-of-work guides with jobs in infrastructure construction projects and by giving them language lessons. Much of this support came from a daily US\$250 tariff that tourists must pay. It includes housing and guides, but US\$65 is also put toward a sustainable development fund that is usually used to support free healthcare and education (Schneiderman, 2020).

Some hospitality employees managed to keep their jobs as some hotels were re-positioned as “quarantine hotels” since the quarantine period for people returning to the country was 21 days during the pandemic. The government also ensured that business from meetings or events was evenly distributed among hotels so that the majority didn’t have to close. But other tourism workers suffered, despite the support schemes. “In 2019, we had 1,500 tourists come to the resort, but in 2020 we didn’t even get to 100 people,” said Sangay Wangchuk, owner of Dhumra Farm Resort, a luxury agricultural farm hotel in western Bhutan (Jesionka, 2021). Wangchuk was able to avoid layoffs because of the working farm on the property and a small grant from the royal COVID relief fund. His staff cultivated new crops such as bananas and used the time to make repairs around the property.

Many out-of-work tourism workers returned to their home communities during the pandemic. Chunjur Dozi, a former tour guide, returned to his village of Tekizampa in May of 2020. “The most difficult for me was coping with losing a job that I thought was secure,” he said, “However, I was not without any alternatives. I was able to go back to my village and return to the earth, farming and selling produce.” He has since used his experience as a tour guide to engage his peers in finding ways to promote local culture to tourists now that the Kingdom has reopened its borders. “I encouraged people to elaborate our homegrown recipes with red rice to make it as authentic as possible so people can learn about our local cuisine,” he said (Zubiri, 2021).

From the beginning of the pandemic, the King implemented a COVID strategy that used the complex metrics of the happiness index, including psychological well-being, time use, community vitality, good governance and living standards while working to mitigate spread of the virus by closing borders, waiving loan interest and providing a basic income for Bhutan’s jobless workers (Schneiderman, 2020). The King also rented apartments for the diaspora community affected by COVID in New York City and ordered the government airline Druk Air to fly to different countries to pick up Bhutanese living abroad and bring them home. “Strong leadership has been crucial,” said Dorji Dhradhul. “The King’s focus on health and safety was fully supported by the government and then by the people” (Dhradhul, 2021).

Outcomes

The country was banking on its unique happiness index to help guide restoration of its biggest source of employment. Dorji Dhradhul said in June 2021 that Bhutan was preparing for tourism to resume later in the year, although he felt recovery would be slow. Dhradhul expected to see a shift in global tourism with individual travel, less crowding and avoidance of over-tourism as priorities. “There will be a so-called new normal post-COVID for many destinations,” he said.

But it won’t be new to Bhutan. We have been practicing this for the last 50 years, and it could be a model for tourism in other countries post COVID-19. When Bhutan opened to foreign tourists in the 1970s, our leadership resisted the temptations to harness the quick fortunes from mass tourism and instead was prescient to formulate a visionary policy of ‘High Value, Low Volume’ tourism. The wisdom of our tourism policy has led to the emergence of a strong Brand Bhutan – an exclusive destination.

(Dhradhul, 2021)

Dhradhul was planning to restart tourism in Bhutan by positioning the country as a wellness and well-being destination.

Joining our well-known tagline, ‘Happiness is a place’ we now are also using the new tagline ‘Happiness is a space’, referring to the ease of physical distancing in Bhutan, and as such, allowing for everyone’s safety and also the combination of body, mind, and spirit experiences that create a sense of well-being for all those visiting Bhutan. Up until now, Bhutan has mainly promoted itself as a destination with a unique culture and a pristine nature. While this still remains true today, Bhutan has even much more to offer. In the last decade, a worldwide growing trend of wellness/well-being travel could be seen. Especially in the wake of COVID-19, this travel trend will grow only more, as people worldwide will reflect on their lives, what truly matters to them, and most likely seek ways to improve their mental and physical well-being.

(Dobson, 2020)



FIGURE 5.2 The Tiger's Nest Monastery, or Paro Taktsang, Bhutan (courtesy of Bhutan's Tourism Council)

The Tourism Council of Bhutan was also using the opportunity to improve efficiency in the tourism sector by making entry procedures easier. According to Dhradhul, this is one of the major complaints from tourists who in the past had to book through a local operator and pay in advance. In the future, bookings will be made easier by adding online booking options and credit cards rather than complex wire transfers.

For many travelers, Bhutan is a destination they have always wanted to visit, and to encourage them, we are now in the process of improving and updating the services, systems, and procedures including the travel booking to a 21st-century standard.

(Dhradhul, 2021)

Bhutan was hoping to fully reopen its borders to international tourists in 2022, and this accordingly would drive increased activity for services, particularly hotels and restaurants, transport and retail trade. These three categories account for a combined 23% of GDP. But in order to restart the tourism sector, Dhradhul acknowledged that Bhutan was overly dependent on surrounding countries.

Of course, we have no real influence on when other countries once again open their borders for leisure travelers. And as Bhutan has limited international gateways (Thailand, India, Singapore, Nepal, and Bangladesh), this is something that concerns us. Already before COVID-19 stopped the world in its tracks, we were exploring additional direct connections, for example, by adding a Middle Eastern and Far East country to the mix.

(Dosbon, 2020)

Early in 2021, a “21st Century Economic Roadmap” task force finalized a draft report, which sets an ambitious target of a high-income economy by 2030 in Bhutan, with a per capita income of US\$12,375. The report recognizes that the COVID-19 pandemic means the country can only achieve meaningful growth from 2022, but it highlights the need to make use of the current standstill to focus on initiating critical policy reforms (Rinzin, 2021). The economic roadmap articulates the overarching vision of “a dynamic, prosperous, inclusive and sustainable economy.” In the report, tourism is identified as a driver of economy but that adjustments are needed to the traditional business model of minimum fixed tariffs, rigid booking, connectivity to the market, and visa and route permit requirements. The report also recognized the need to create a National Tourism Promotion and Marketing Board that would comprise private sector representatives. “It is recommended to separate the regulatory and policy functions from the commercial functions, to ensure efficiency and accountability in tourism.” Online booking and digital payment, enabling businesses to accept card payment, and collection of tourism data to understand visitor profiles, preferences and feedback are also recommended (Rinzin, 2021).

Dorji Dhradhul meanwhile saw the pandemic as an opportunity to strengthen Bhutan’s tourism industry. “We have this ‘time-out’ to rethink our tourism practices, and have an opportunity to improve our infrastructure and services,” he said. The Tourism Council was introducing training programs that focused on skills required post-pandemic.

We have rolled out specific training on alternative (traditional) medicines since we have this new focus on wellness and well-being. Additionally, in the hotel sector we have a reskilling focus on food. Feedback from our customers pre-COVID was that our culinary offerings could be improved, so we are encouraging hospitality providers to diversify their menus.

Dhradhul was of the opinion that Bhutan’s policy in dealing with the pandemic would benefit the country’s tourism sector in the long run. “We have always sacrificed immediate need for future benefits. We hope therefore that tourists in the future will chose to come to Bhutan because of our focus on health, happiness and well-being.”

Discussion questions

1. One of the articles next (Zubiri, 2021) argues that good governance, one of the cornerstones of GNH, has been crucial to Bhutan’s survival throughout the pandemic. What evidence of this did you see in the case study?
2. What do you think about Bhutan’s “High Value, Low Volume” approach to tourism. Is it sustainable? Should other countries follow this approach?

3. The case study indicates that Bhutan was planning to position itself as a wellness destination post-pandemic. What are the advantages and disadvantages of such a strategy?

Video link

Interview with Director General of Tourism Council of Bhutan, September 2021
www.youtube.com/watch?v=vybT8CmTFFE

References

- Alvarenga, K.J. & Soares, F.V. (2020). COVID-19 and social protection in South Asia: Bhutan. *International Policy Centre for Inclusive Growth*, September. www.unicef.org/rosa/media/10071/file/Bhutan.pdf
- Dhradhul, D. (2021). Personal communication, June.
- Dobson, J. (2020). Bhutan ready to welcome back tourism following zero COVID-19 deaths. *Forbes*, 21 May. www.forbes.com/sites/jimdobson/2020/05/21/bhutan-ready-to-welcome-back-tourism-following-zero-covid-19-deaths/?sh=1da526b12e6e
- Drexler, M. (2021). The unlikely pandemic success story. *The Atlantic*, 10 February. www.theatlantic.com/international/archive/2021/02/coronavirus-pandemic-bhutan/617976/
- Jesionka, N. (2021). Trying to keep out COVID, tiny Bhutan relies on its gross national happiness index, and hopes tourists will return. *GlobeAware*, 23 January. <https://globeaware.org/component/k2/item/117463-covid-bhutan-and-its-gross-national-happiness-index>
- Meier, B.M. & Chakrabarti, A. (2016). The paradox of happiness in the Kingdom of Bhutan. *Health and Human Rights*, 18(1), 193–208.
- Nayak, S. (2020). Bhutan: Role for tourism in post-pandemic economic travel. *Observer Research Foundation*, 16 December. www.orfonline.org/expert-speak/bhutan-role-tourism-post-pandemic-economic-revival/
- Rinzin, Y.C. (2021). Tourism identified as a key driver to realise USD 10B GDP target. *Kuensel*, 25 January. <https://kuenselonline.com/tourism-identified-as-a-key-driver-to-realise-usd-10b-gdp-target/>
- Schneiderman, N. (2020). Tourism in Bhutan and COVID-19's lasting impacts. *Borgen Magazine*, 19 November. www.borgenmagazine.com/tourism-in-bhutan/
- Zubiri, S. (2021). The key to Bhutan's happiness. *BBC Travel*, 21 September. www.bbc.com/travel/article/20210920-the-key-to-bhutan-happiness

6

CAMBODIA

Impacts

With the exception of Thailand, the five countries of mainland Southeast Asia are some of the poorest in the Asia-Pacific region. Yet they all largely suppressed COVID-19, proving far more effective in addressing the pandemic than most developed countries. Cambodia, with a per capita GDP of around US\$1,600, is one of those countries. But despite seeing relative success in preventing the spread of the virus (around 3,000 deaths by the end of 2021), the crisis abruptly interrupted the country's celebrated growth story. Cambodia had averaged 7.7% real growth rate over the previous two decades, but in 2020 contracted 2%, plunging the economy into a recession for the first time in three decades (World Bank, 2020). Tourism was Cambodia's hardest-hit sector. Pre-pandemic, tourism was the country's second-largest growth driver, contributing 25.9% of GDP to the economy in 2019 according to the World Travel & Tourism Council. Cambodia welcomed 6.6 million visitors in 2019, earning a total revenue of US\$5.3 billion. About 2.2 million of these tourists visited the Angkor Wat, which is a UNESCO World Heritage Site. For a long time, the centuries-old temple complex has remained the country's most important tourist attraction (DW, 2020).

However, starting in late 2019, the number of international tourists began to decline, and tourist arrivals came to a complete halt in April 2020. International arrivals ended up falling over 75% in 2020, and the country lost over US\$4 billion in tourism receipts. According to Tourism Minister Thong Khon, some 2,956 tourism-related establishments such as hotels, guesthouses, restaurants, massage parlors, karaoke clubs, nightclubs and tour and travel companies were either suspended or closed during the pandemic, directly affecting 45,405 workers (Asia Foundation, 2020).

Responses

As the country slowly opened up for domestic travelers, the government introduced a series of tourism safety measures for tourism providers, whereby businesses were advised to screen customers' body temperatures, to prepare alcohol or antibacterial gel for handwashing, to spray alcohol on the soles of customers' shoes and to keep a distance from each other of at least 1.5 meters. The measures also encouraged both tourism service providers and guests to wear face masks and customers to use electronic payment services for their transactions.

UNESCO provided technical assistance at cultural and tourism sites for the implementation of these protective measures against COVID-19 (UNESCO, 2020). UNESCO also launched a global



FIGURE 6.1 Angkor Wat, Cambodia (courtesy of Laurentiu Morariu on Unsplash)

social media campaign #ShareOurHeritage to promote access to culture and education around cultural heritage during the pandemic. It provided up-to-date information through an online map on its website and social media on the impact of, and responses to, COVID-19 on World Heritage sites, which were partly or fully closed to visitors due to the pandemic.

Beginning in April 2020, the government supported the economy by introducing a broad package of fiscal stimulus measures designed to aid recovery as the pandemic recedes. This support – accounting for 4% of GDP in 2020 – included US\$1.16 billion in equity injections and loan guarantees, development spending, tax relief for hard-hit businesses and more (Pacific Asia Travel Association, 2020).

Measures to support the tourism industry included paying around 20% of the wages for workers who had been suspended from their jobs at hotels, guesthouses, restaurants and travel agencies. Wage subsidies provided US\$40 each month to unemployed workers across the tourism sector, and these subsidies stayed in place into 2021. However, according to a survey of tourism businesses by the Asia Foundation, the number of businesses and laid-off employees who received the support was comparatively low. The foundation also found that government interventions provided little support to non-registered businesses, which were severely impacted by the pandemic.

The government also provided tax exemptions to businesses in the tourism sector in the cities of Phnom Penh, Siem Reap, Sihanoukville, Kep, Kampot, Bavet and Poipet. Chenda Clais, president of the Cambodian Hotel Association, said about 650,000 people were employed as hotel staffers, cooks, drivers, tour guides and travel agents, but the number had dwindled after some businesses suspended operations. “Some owners had no money to pay wages because they had no income from the hotels,” Clais said. “Others are trying hard to make payroll and provide food to employees” (David, 2020).

Cambodia received additional support from external sources. For example, to support the Cambodian economy, the United Nations Development Program (UNDP) delivered a comprehensive package of immediate support to the Royal Government and people of Cambodia (UNDP, 2020). The six pillars of UNDP’s response can be seen in Figure 6.2 and included accelerating the transition to e-commerce platforms through engaging youth in some of the most impacted industries, such as tourism and hospitality, and reskilling start-ups to survive and thrive in the new normal of COVID-19 and beyond.

In June 2020, a very low COVID-19 case infection rate encouraged the Cambodian government to promote the country as a “COVID-safe” destination. However, Cambodia miscalculated on two fronts. First, virtually all of its key Asian source markets prevented residents from leaving the country, so there was no demand to tap. Second, it announced a US\$3,000 deposit would be required by all inbound visitors upon arrival. The Cambodian Ministry for Economy and Finance published a detailed list of potential expenses to justify the deposit. These included quarantine fees, COVID-19 tests, medical treatment, security services – and funeral costs. Furthermore, Cambodia’s travel sector had not been consulted. Tour companies subsequently made clear their views. Subtly, the US\$3,000 deposit figure was reduced, but the mishap was reported as being one of 2020’s most clumsily handled attempts to restart tourism.

The tourism industry in Cambodia did see an increase in domestic tourists in the second half of 2020. The number was much less than the 113 million domestic tourists recorded in 2019, but some regions like the Kampot province actually saw an increase in travelers in 2020, compared to 2019 (Sela, 2021b). The Kampot area offers several attractions including pre-Angkorian ruins and caves, jungle trekking, bicycling tours, river cruises, island trips, fishing trips, isolated beaches, pepper plantations, bamboo train rides and some beautiful rural countryside. Cambodia found that demand for adventure travel among the young population sharply increased during the pandemic, amplified by social media.

In January 2021, Cambodia was ranked by the World Health Organization (WHO) as among the top nations in the world with the best COVID-19 containment and impact management. At that time, the country had recorded a total of 364 COVID-19 cases and no fatalities. Ministry of Tourism spokesman Top Sopheak said that it was a sign that the nation was a safe destination for foreign tourists to visit. “The ministry has already prepared a roadmap and plans to rehabilitate and promote Cambodia’s tourism sector in and after the COVID-19 crisis,” he added. In a press release issued the previous month, the ministry had already stated that Cambodia was one of the safest countries to visit amid COVID-19 pandemic. It said: “This ranking is another national pride of Cambodia and this is a great opportunity on promoting ‘Cambodia – Kingdom of Wonder, Feel the Warmth’ at both local and international stages in all circumstances” (Sela, 2021a).



FIGURE 6.2 The six pillars of UNDP’s package of support to Cambodia (courtesy of UNDP, 2020)

However, Thoun Sinan, president of the Pacific Asia Travel Association was not optimistic that international tourists would return to Cambodia in a hurry. “In order for all in the tourism industry to survive, we have to adapt to the current situation according to our skills and using our wits respectively,” he said (Bangkok Post, 2020). Advisor to the Cambodia Tourism Association Ho Vandy was just as pessimistic. “We have little hope for tourism recovering in our country in 2021,” he said. His company, World Express Tour and Travel, had lost 95% of its business in 2020, laying off 27 employees. Pheng Bunkea, the director of CS-Tour, a local tour agency based in Sihanoukville that specializes in cruise ship tours, also said there was no hope for his company in 2021. “Our company’s clients are mostly from the cruise ships that normally dock at the port between December and March. No one has booked yet,” he said (Bangkok Post, 2020). For sustainability of the tourism industry, Vandy called on all stakeholders in the tourism sector to be patient, motivated, smart and hard-working, while calling on the public sector, especially the government, to continue helping the private sector.

Outcomes

Early in 2021, the government published a roadmap for recovery of Cambodia tourism during and post COVID-19 (Kingdom of Cambodia, 2021). The report envisions a reformed tourism sector that emphasizes quality, safety, and sustainability, while also planning to bring back 7 million international tourists each year by 2025 and 11 million domestic tourists by 2023. However, the World Bank suggested that successfully implementing the roadmap would require resources, and financing by the private sector is unlikely to be forthcoming due to the collapse of the tourism sector. They said unless the public sector is willing to boost public investment in the tourism sector, the roadmap to jumpstart the sector would likely face resource constraints.

Recovery in 2021 was certainly slow. Cambodia welcomed just 108,000 international tourists in the first half of 2021, down 90.8% from 1.18 million in the same period of 2020, according to the National Bank of Cambodia (NBC). With China in lockdown, Cambodia was missing its largest market. The surge in the number of Chinese visitors, which accounted for over 35% of all international arrivals in 2019, had led local authorities to implement the “China-Ready” strategy that aimed to attract 2 million tourists from China annually. This decision, in turn, pushed the Kingdom to create more tourism attractions – such as more casinos – catered toward the Chinese market. However, many of these attractions remained empty for most of 2021 (Darlin, 2021).

In November 2021, the government removed the quarantine requirement for vaccinated travelers in an effort to boost tourism. Prime Minister Hun Sen said: “This is a quick way to reopen the country and facilitate travel for our people. I know some of our citizens want to go abroad but are worried about coming back with quarantine required” (CNN Travel, 2021). The move was welcomed by the tourism sector. “I rejoice at and fully support the news of reopening the country to vaccinated tourists without quarantine,” said Chhay Sivlin, the president of the Cambodia Association of Travel Agents (CNN Travel, 2021). At that time, Cambodia had vaccinated nearly 90% of its more than 16 million people, one of Asia’s highest inoculation rates.

But experts say it will take years for Cambodia’s tourism industry to get back on its feet. David Goodger, a tourism analyst for Oxford Economics, said that it will be a gradual process. “Domestic travel should surpass 2019 levels by 2022, but domestic demand accounts for under one-quarter of demand in Cambodia and Thailand. International travel could regain 2019 levels by 2023 or 2024 with demand from short-haul markets returning first,” Goodger said (DW, 2020). Goodger is of the view that the Cambodian government needs to implement policies to revive the tourism industry, but such policies can also be expensive. “Recovery process can be aided by increasing market support for domestic and short-haul travel, which will return soon. This will not enable a full recovery, but should accelerate some growth,” he said, adding that marketing messages to promote safe and hygienic travel will be helpful (DW, 2020).

Discussion questions

1. What was wrong with Cambodia's efforts to position the country as a 'COVID-safe' destination? Do you know of any other tourism destinations that have followed the same positioning strategy?
2. In order for tourism industry in Cambodia to fully recover from the effects of the pandemic, what (according to the experts in the case study) needs to be done?
3. Do some background research on the #ShareOurHeritage global social media campaign launched by UNESCO to promote access to culture and education during the pandemic. How successful was the campaign?

Video link

Cambodia's tourism sector hit hard by coronavirus fears. South China Morning Post, May 2020
www.youtube.com/watch?v=KuAZf1UxyKM

References

- Asia Foundation (2020). *Enduring the Pandemic: Rapid Survey on the Impact of COVID-19 on MSMEs in the Tourism Sector and Households in Cambodia*. The Asia Foundation, October. <https://asiafoundation.org/publication/enduring-the-pandemic-rapid-survey-on-the-impact-of-covid-19-on-msmes-in-the-tourism-sector-and-households-in-cambodia/>
- Bangkok Post (2020). Cambodia tour operators hold little hope for 2021 tourism revival. *Bangkok Post*, 23 November. www.bangkokpost.com/business/2024115/cambodia-tour-operators-hold-little-hope-for-2021-tourism-revival
- CNN Travel (2021). Cambodia ends quarantine for vaccinated travelers. *CNN Travel*, 14 November. www.cnn.com/travel/article/cambodia-quarantine-vaccinated-travelers/index.html
- David, S. (2020). Measure to offset tourism sector wages amid virus: Government. *Khmer Times*, 2 April. <https://www.khmertimeskh.com/708509/measure-to-offset-tourism-sector-wages-amid-virus-government/>
- Darlin, N. (2021). Doubling down on tourism today will constrain Cambodia's policy options tomorrow. *The Diplomat*, 13 October. <https://thediplomat.com/2021/10/doubling-down-on-tourism-today-will-constrain-cambodias-policy-options-tomorrow/>
- DW (2020). Coronavirus wreaks havoc on Cambodia's tourism industry. *dw.com*, 1 June. www.dw.com/en/coronavirus-wreaks-havoc-on-cambodias-tourism-industry/a-53649498
- Kingdom of Cambodia (2021). Roadmap for recovery of Cambodian tourism during and post COVID-19. <https://thediplomat.com/2021/10/doubling-down-on-tourism-today-will-constrain-cambodias-policy-options-tomorrow/>
- Pacific Asia Travel Association (2020). *COVID-19 and the Tourism Sector: A Comparison of Policy Responses in Asia Pacific*. PATA Crisis Resource Center, Thailand, November.
- Sela, B. (2021a). Cambodia a safe tourist destination as WHO praises C-19 pandemic impact management. *Khmer Times*, 15 January. www.khmertimeskh.com/50803895/cambodia-a-safe-tourist-destination-as-who-praises-c-19-pandemic-impact-management/
- Sela, B. (2021b). Kampot tourism sees increase from 2019. *Khmer Times*, 29 January. www.khmertimeskh.com/50808342/kampot-tourism-sees-increase-from-2019/
- UNDP (2020). *Beyond Recovery: Towards 2030*. UNDP Cambodia. www.kh.undp.org/content/cambodia/en/home/coronavirus/support-to-national-response.html
- UNESCO (2020). *UNESCO's COVID-19 Response in Cambodia*. UNESCO. https://en.unesco.org/sites/default/files/unesco_covid-19_response_in_cambodia.pdf
- World Bank (2020). *Cambodia Economic Update*. The World Bank, November. <https://openknowledge.worldbank.org/bitstream/handle/10986/34932/Cambodia-Economic-Update-Restrained-Recovery-Special-Focus-Adapting-to-COVID-19-in-an-Uncertain-World.pdf?sequence=1&isAllowed=y>

7

CANADA

Impacts

COVID-19 hit the Canadian tourism sector harder than any other; its contraction in the second quarter of 2020 was six times larger than the economy's as a whole. The tourism sector employed around half a million fewer Canadians in 2020 than in 2019, an employment decrease of about 22%. Comparatively, overall employment in Canada was down 5.2%. The accommodation industry was the hardest hit, with employment down 30%, a loss of 56,000 employed workers.

The food and beverage services industry lost the greatest number of workers (212,000), with employment falling from 972,500 in 2019 to 760,200 in 2020, a loss of 21.8% (see Figure 7.1). The transportation industry group suffered the smallest loss of employment, which was still down over 18%, compared to the previous year. The events sector in Canada also took a hit. In western Canada, the Calgary Stampede was canceled for the first time in almost a century, due to pandemic. The event normally draws more than 1 million visitors each year, and according to the Conference Board of Canada, it pumps US\$540 million into the provincial economy annually. On average over previous five years, the summer event had brought in US\$79.2 million in gross revenue and turned a profit of US\$21.4 million after expenses (Gibson and Dryden, 2020).

By the end of 2020, the total contribution of travel and tourism to Canada's GDP had fallen from US\$111.6 billion in 2019 to US\$52.4 billion – a drop of 53%. International visitor spending was down 71.1% from US\$24.3 billion in 2019 to US\$7 billion in 2020. Domestic spending on the other hand fell 51% from US\$61.6 billion in 2019 to US\$30.2 billion in 2020. Over four-fifths (84.3%) of businesses in the tourism sector experienced a decrease in revenue in 2020 compared with three-fifths (60.5%) of all businesses. The impact on tourism has been greater than that experienced after 9/11, SARS and the 2008 economic crisis combined (Victor, 2021). Canada's tourism industry continued to suffer well into 2021, with borders remaining closed until August, although Destination Canada was forecasting modest growth in domestic tourism year on year as Canadians tempered their expectations of traveling abroad.

Responses

In an effort to encourage domestic travel and offer much-needed support to the tourism sector, the Canadian government committed over US\$70 million for Canadian tourism in 2020. The funding included US\$30 million toward domestic marketing through Destination Canada, and a little over

22% Fewer Tourism Workers in 2020

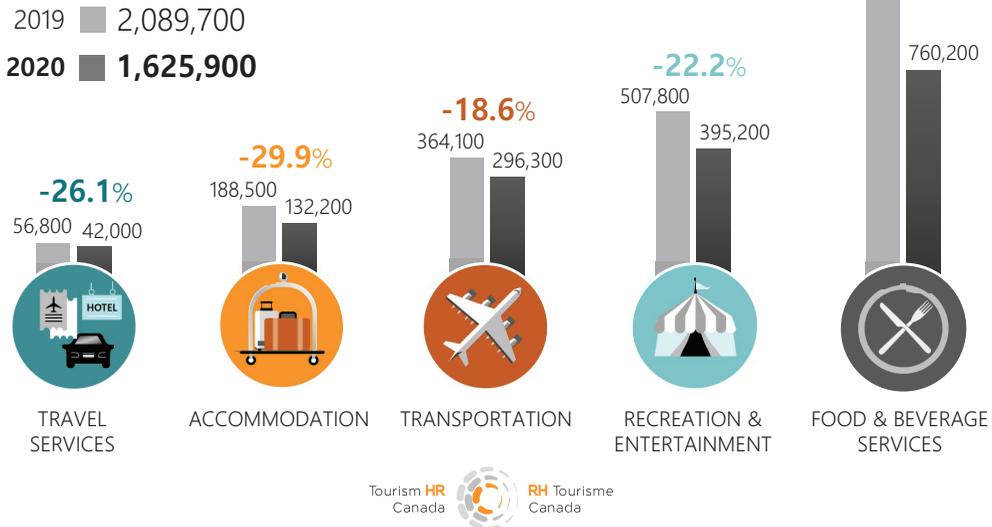


FIGURE 7.1 The overall impact of COVID-19 on each tourism industry group in Canada in 2020 (courtesy of Tourism HR Canada, 2021)

US\$40 million toward destination marketing organizations (local tourism groups like Tourism Toronto) and select tourism-related projects in Southern Ontario, Northern Ontario and the West. “Our tourism sector and the 1.8 million people it employs across Canada have been hit hard by COVID-19, and we’re here for them,” said Mélanie Joly, minister of Economic Development and Official Languages.

During National Tourism Week, our message to the sector and those whose livelihoods depend on it is clear: we’re working with you to mitigate the impact of COVID-19. We’re working with you as our economy reopens so we can come back strong.

(MacGregor, 2020)

Government funding of over US\$10 billion also flowed to businesses in the tourism sectors through the Canada Emergency Wage Subsidy, Canada Emergency Business Account and the Canada Emergency Commercial Rent Assistance program. Then in July 2021, the government announced further support for the tourism industry in the form of a Tourism Relief Fund, which provided CDN\$500 million to the tourism sector over a two-year period. The majority of the funding, US\$485 million, was to be delivered by regional development agencies (RDAs) directly to tourism businesses and organizations to help aid in the creation of new tourism experiences or enhance existing ones. Of this US\$485 million, a minimum of 10% would be invested in Indigenous tourism projects. Additionally, US\$15 million was to be delivered by Innovation, Science and Economic Development Canada (ISED) to support destination development, seasonal and local attractions, human resources and skills development.

One entrepreneur to take advantage of this funding was Terry Jensen, owner of The Sensory Restaurant in Canmore. Prior to the COVID-19 outbreak, Jensen’s two-level upscale restaurant with sweeping views of the surrounding Rocky Mountains had been gathering momentum. But in early June, at the start of the 2020 summer season, Jensen was in survival mode as he discussed



FIGURE 7.2 The Sensory Restaurant in Canmore (courtesy of Terry Jensen)

adapting to the “new normal.” Jensen is one of 22,000 tourism-related small businesses in Alberta that between them make up a very large percentage of the tourism sector – a sector that generated over US\$8 billion for the province in 2019. But the COVID-19 crisis knocked the wind out of most of those businesses, including Jensen’s. “It’s been stressful for sure but I’ve been used to change from my old job – with McDonald’s. That really teaches you how to adapt and change” (Jensen, 2020). At the start of the lockdown, Jensen thought about doing takeout but was reluctant as he had not done it before and would be starting with no market share whatsoever. “But then it got to the point that both my wife and I were getting emails saying ‘we hear you’re closing down’. So we started doing takeout from Monday to Saturday 5–8 pm to show people that we were still here.” Jensen didn’t make any money from this sideline but felt that it was important to be visible.

When Canadian restaurants were allowed to open up again after lockdown, Jensen said it was just like starting from scratch.

It’s tough being our first year, opening up and everyone gradually getting to know your name. At Christmas we started to see momentum and we thought if only we can get to Spring Break, we’ll feel good. Now it feels like I’m back to opening up again, but the good thing is that I’m not going to make any of the same mistakes as I did back in April 2019.

Jensen had to make changes to meet new regulations as he opened back up, but he also realized he would need to adapt his business concept.

Like everyone else we had to get rid of tables, get masks, hand sanitizer and abide by government cleaning regulations. But the biggest change was that we had two concepts: a fine dining

restaurant, The Sensory, upstairs and a bar, The Wit, downstairs with cocktails, fun food, which was just taking off with trivia nights, and live music on Friday nights. Now we don't know if and when the bar element will come back. Also, upstairs our fine dining included three, five and seven course tasting menus which catered to every dietary restriction. But with the new seating limitations we have had to disappoint our chef and go back to just a three course and a la carte menu. It is now 'burn and turn' or we will not survive.

In order to adapt to the new "low-touch" environment, Jensen was planning to get rid of paper menus. "We are going digital over the next two weeks – customers, for example, will access menus via QR codes."

Jensen opened up for evening service only to begin with, offering a hybrid menu served both up and downstairs to make it easier for the kitchen and to be more economical. "We now need a host or hostess every night because of the new regulations – so I have to budget that in". This is one of the new costs of running a restaurant in the new world. Jensen has been fortunate in being able to retain his staff.

Except for my manager, 100% of my staff have stayed on which is great as elsewhere I know it has not always been the same. Even if they are getting government support, they are allowed to make \$1,000 per month so some are getting both.

While social distancing regulations are still in place, Jensen planned to take advantage of the private room he has.

We have a small event space upstairs – it was for 40 people and that is now 25. So I am advertising that on radio, local newspaper, and social media. It has its own private entrance and its own servers who only take care of that party. We are promoting weddings, graduations, parties, rehearsal parties, anniversaries, birthdays. With only 25 guests, a party can be socially distanced with people feeling comfortable but still able to enjoy it. We've been open again for 10 days and in that time I've already booked 10 weddings. This is good, because, for us to survive we are going to have to have a great summer.

Jensen did receive some financial support from the Canadian government during the crisis, which really helped.

We had a \$40,000 loan from the government which, if we pay it back by the end of 2021, we get to keep \$10,000 of it. Also a waste subsidy of 75% off – we qualified for June and I'm hoping we will for July and August too. There's also a program for landlords from which we've benefited. The landlord gives up 25% of rent, then I pay 25% and the government pays the remaining 50%. I've done this for April, May and June so far. My landlord loves this because, by giving up just 25% for three months, he is assured that his tenants are going to stay. Other landlords around Canmore are not so agreeable which may lead to their tenants leaving.

Despite the government support, Jensen was concerned about the economy, and for him the second half of 2020 would be all about survival: "November is when I see businesses closing down. If I can't build events and have a great summer, I don't think I'll be around at Christmas." However, like all entrepreneurs, Jensen was moving forward with reserved optimism. "Luckily, our landlord wants to do lots of creative things to get this place on the Canmore map. He's planning an amphitheater so I could do events there – for example live music, a show – things I can't do inside" (Jensen, 2020).

Outcomes

For Canadian tourism destinations, the impact of the COVID-19 pandemic was felt differently depending on the location (Rajaonson and Tanguay, 2021). The largest Canadian cities, which are usually major tourist destinations and gateways for international visitors, experienced the most drastic declines in tourists and tourism spending. For example, Toronto lost US\$8.35 billion in 2020 due to the cancellations of many tourism activities related to events, festivals, conventions and business conferences. The number of international visitors to Montréal in 2020 decreased by 94% over 2019, and the city experienced its lowest hotel occupancy rate ever of around 15%. In Ottawa, hotel occupancy rates fell by 70% during the pandemic, and the tourism sector lost almost half of the revenue generated in 2019. In contrast, some regional destinations in Canada were overwhelmed by too many visitors and struggled to accommodate them without affecting the environment and the quality of life of local residents. Destinations like Bromont in Québec and Rouge National Urban Park in Ontario had to implement specific measures to cope with a high increase in demand from domestic tourists.

Destination Canada, a Crown corporation whose mandate is to promote domestic tourism, said in a report in March 2021 that the depth of the crisis means it will be a long recovery for the tourist industry with potential shock waves for other areas of the economy. “Tourism has a ripple effect into so many other parts of our quality of life as Canadians,” said Marsha Walden, president and chief executive officer of Destination Canada. “It’s one of those very few industries, maybe the only one, that can be found in every corner of this country.” Without any major change in consumer spending habits, it would take five years for the industry to reach pre-pandemic levels, the report said. But re-allocating two-thirds of the dollars spent on international travel in 2019 to domestic travel would replace the estimated US\$19.4 billion shortfall in the industry in 2020 and sustain more than 150,000 jobs, the report said. “Canadians have been sitting at home, saving a lot of money this year, which is great for individuals and not so great for the economy,” Walden said. “We really need them to get out there and travel the country and spend money across the country once it is safe to do so” (Victor, 2021).

In May 2021, as more and more Canadians were receiving vaccines for COVID-19, the government was exploring the possibility of safely reopening the borders for international travel. Health Minister Patty Hajdu said that they were looking to come up with a form of certification that would allow vaccinated Canadians to travel abroad. Hajdu said:

Canadians are going to want to travel and just like there have been changes in other kinds of travel requirements over the years as a result of a number of events, Canadians need to be prepared to be able to travel internationally. And we’ll make sure that they are.

(Zimonjic and Hall, 2021)

However, the government was continuing to take an evidence-based, cautious and gradual approach to easing travel restrictions for foreign visitors. Travelers to Canada were still having to abide by COVID-19 testing requirements as well as a three-day hotel quarantine period as part of a 14-day quarantine requirement.

In August 2021, Canada’s border reopened to fully vaccinated travelers from the United States with pre-arrival testing requirements still in place, and the following month borders opened to vaccinated international travelers. “TIAC has been tirelessly advocating for a science-based plan for reopening our borders and restarting our visitor economy,” said Beth Potter, president & CEO of the Travel Industry Association of Canada (TIAC). “While it is important for Canadians to travel in Canada first as restrictions ease to support our domestic industry, international tourism is crucial to stimulating international trade and foreign investment. The tourism economy is ready to welcome visitors back. We look to our governments to shift to this message as things evolve,” said Potter (Ghania, 2021).

However, like in many other destinations, it was “stop-start” for the Canadian tourism and hospitality industry in 2021. As soon as international visitors started to trickle into the country, more restrictions were put in place due to the Omicron variant. In December, the federal government temporarily expanded the eligibility of several support programs to help businesses and workers impacted by new public health restrictions driven by the Omicron surge. The new legislation included wage and rent subsidies through the Tourism and Hospitality Recovery Program and the Hardest-Hit Business Recovery Program. Beth Potter, president and CEO of the Tourism Industry Association of Canada, said that about 30% of holiday trips had been canceled in December. “We’re very concerned, because if the message is going out to Canadians to stay home or to not gather, and certainly if additional restrictions come down, it’s going to have another impact on the tourism and hospitality industry,” she said (Ghania, 2021).

Discussion questions

1. The case study profiles the efforts of one entrepreneur in Canada during the pandemic – Terry Jensen. List the different ways that Jensen adapted his business in order to survive. Which of these changes are likely to be short-term and which might be long-term?
2. Figure 7.1 shows the overall impact of COVID-19 on each tourism industry group in Canada in 2020. Write a paragraph explaining the key findings in this graph, and make suggestions as to which sectors will recover quicker than others.
3. The video next discusses the plight of travel agencies in Canada during the pandemic. How do you see the future of travel agencies around the world post-pandemic?

Video link

Canada’s travel agencies plead for aid after suffering through the COVID-19 pandemic.
Global News, 2 August.
www.youtube.com/watch?v=AzyYiqCpZUY

References

- Ghania, Y. (2021). As omicron variant spreads, some Sask. residents cancel, reconsider holiday travel plans. *CBC News*, 14 December. www.cbc.ca/news/canada/saskatchewan/omicron-variant-saskatchewan-residents-cancel-travel-1.6285112
- Gibson, J. & Dryden, J. (2020). ‘It was mandatory’: Calgary stampede cancelled for 1st time in almost a century due to pandemic. *CBC*, 23 April. www.cbc.ca/news/canada/calgary/calgary-stampede-covid-19-2020-announcement-1.5542680
- Jensen, T. (2020). Personal communication.
- MacGregor, S. (2020). Canadian government pledges \$70 million to encourage domestic summer travel. *Forbes*, 24 June. www.forbes.com/sites/sandramacgregor/2020/06/24/canadian-government-pledges-70-million-to-encourage-domestic-summer-travel/?sh=6b0953a87523
- Rajaonson, J. & Tanguay, G.A. (2021). The COVID-19 pandemic has created regional tourism hotspots as big cities suffer. *The Conversation*, 9 May. <https://theconversation.com/the-covid-19-pandemic-has-created-regional-tourism-hotspots-as-big-cities-suffer-159892>
- Tourism HR Canada (2021). Tourism unemployment hits unprecedented levels in 2020. *Tourism HR Canada*, 21 January. <https://tourismhr.ca/tourism-unemployment-hits-unprecedented-levels-in-2020/>
- Victor, J. (2021). COVID-19 worse for tourism industry than SARS, 9/11 and financial crisis combined: Report. *Global News*, 7 March. <https://globalnews.ca/news/7682257/covid-19-tourism-industry-report/>
- Simonjic, P. & Hall, C. (2021). Hajdu says Canada will come up with ‘certification’ to allow COVID-clear Canadians to travel again. *CBC News*, 1 May. <https://www.cbc.ca/news/politics/covid-passports-vaccination-international-travel-1.6009840>

8

CANARY ISLANDS

Impacts

The coronavirus pandemic took a toll on all of Spain's tourism industry (Bohorquez et al., 2021). The country received a historic low of just 18.96 million foreign visitors in 2020. This represents a fall of 77% on figures from 2019, when the country welcomed 83.5 million international tourists, setting a new record high for the seventh year in a row. Tourist expenditure also fell dramatically. Visitors spent €19.7 billion in 2020, down from €91.9 billion in 2019, a drop of 78.5%. This had a significant effect on the Spanish economy. In 2019, the tourism industry accounted for 12.4% of Spain's gross domestic product (GDP); in 2020, it accounted for just 4%. Following the Balearic Islands, the regions hardest hit by the fall in international visitors were Catalonia (a drop of 80%), Madrid (77.7%), Andalusia (77.5%) and the Valencia region (73.2%). Nine out of every ten jobs listed in 2020 were in hospitality and leisure activities, and nearly 345,000 Spanish workers in these industries were laid off as a result of the crisis. However, one region specifically affected by this crisis was Canary Islands.

Located around 60 miles off African's Atlantic coast, the Canary Islands of Spain make up an archipelago of eight islands, highly dependent on international tourism and air connectivity, and popular among sun-seeking northern Europeans, especially during the winter, when half its tourism revenues are generated. In 2019 more than 15 million tourists visited the region, generating around 35% of its GDP and some 40% of its jobs. But in late January 2020, the archipelago recorded Spain's first coronavirus case, a German tourist who tested positive on the island of La Gomera. Weeks later, one of the large establishments in Tenerife, the H10 Costa Adeje Palace, became the first European resort to lock down after the virus was detected among Italian guests.

As the virus rampaged across mainland Spain, the Canary Islands quickly brought their own outbreaks under control, but by the end of 2020, due to travel restrictions, the number of international tourists to the archipelago had fallen 71%. Even when visitors were allowed to come in the summer of 2020, property owners in the Canary Islands opened only about 20% of the tourism beds in the archipelago, according to Jorge Marichal, a Tenerife hotelier who is president of CEHAT the Spanish hotel confederation. "We are doing our best to highlight the fact that we now have almost no virus problem – but of course we cannot transport the tourists here ourselves," Marichal said (Minder, 2020). In spite of the difficult travel conditions throughout nearly all of 2020, the United Kingdom, Germany and the rest of Spain remained the three most important tourism source markets for the Canary Islands.



FIGURE 8.1 Lanzarote, one of the eight islands making up the Canary Islands of Spain (courtesy of Zina Insignia on Unsplash)

Unfortunately for the region, the winter of 20/21 coincided with the peak of the third coronavirus wave in Spain and Europe – and winter is normally high season for the islands. “January 2021 has been worse than what happened in 2020,” said José María Mañaricúa, the president of Las Palmas hotel association. “All our main markets are closed and have toughened restrictions, and the new strain detected in Britain has been the final blow.” The vice minister of tourism of the Canary Islands, Teresa Berastegui, admitted at the beginning of 2021 that the winter high season was a lost cause as Spain and the main markets in Europe were experiencing “one of the worst moments of the pandemic.” Berastegui also claimed to the Spanish Tourism Ministry, which announced a special plan for the archipelago in October. Despite this, Berastegui said, “No aid has come” (Bohorquez et al., 2021). Following nine months of business restrictions related to the pandemic, the number of jobless people in the archipelago rose 29% from December 2019.

Responses

Following the outbreak of the pandemic, the Spanish government approved an aid package that revolved around four main guidelines: easing the conditions of the temporary collective layoffs (known as ERTes), supporting workers and businesses affected by the slump in activity, guaranteeing liquidity for businesses and supporting research to find a coronavirus vaccine. The aid packages included a liquidity injection of €14 billion to boost the economy, €3.8 billion to reinforce public health, €400 million for most affected sectors, tourism and transport. The ERTE job retention scheme allowed companies suffering losses from the crisis to temporarily send home workers or reduce their working hours and offered loans guaranteed by Spain’s Official Credit Institute (ICO).

These support measures were designed on the basis that the impact of the crisis would be short term, but as the pandemic dragged on, they were no longer enough to help struggling businesses. So in February 2021, Spanish prime minister Pedro Sánchez announced an €11-billion support package

aimed at helping “companies, small and medium-sized enterprises [SMEs] and self-employed workers” in the tourism and hospitality sectors recover from the fallout of COVID-19. Sánchez said the goal was to help these sectors that “were competitive before the pandemic” but were now “in a difficult situation” (Hermida, 2021).

Recovery for the islands began in the summer of 2020 (Kassam, 2020a). In June, King Felipe and Queen Letizia of Spain visited the Canary Islands at the beginning of a tour promoting tourism. The following month, the Spanish Government announced that international tourists would again be able to travel to the islands, when no quarantine would be required. As officials in the Canaries geared up to receive tourists, every aspect of travel was recast against the backdrop of COVID-19. “We call it a global laboratory for innovation and safe tourism,” said Berastegui of the region’s tourism ministry. “We’re analyzing every link in the chain – everything that has anything to do with the tourist experience, we want to make it safe from a health perspective, and develop a memorable experience.” Starting at the beginning of May, Canary Islands put in place a team of more than 200 people, including health and industry professionals, to hammer out protocols for everything from hotels to restaurants and museums. The aim was to rebrand the islands as tourist destinations that offered safety along with the usual sun, sand and sea.

One of the first hotels to open was Lopesan Baobab Resort in Gran Canaria, part of the Lopesan Hotel Group. The resort was reopened with a meticulous COVID-19 prevention protocol, verified and endorsed by international consulting firm HS Consulting. “The safety of our guests, partners and staff is our priority and, therefore, the reopening of all our hotels will come with the Lopesan Health and Safety seal of quality,” said the group.

This is backed by IMS Medical Group as well as doctors from the Quirón Hospital Group and the Hospital Clinic of Barcelona. Lopesan Baobab Resort will display this safety quality seal and it will include a QR code so that guests can at all times access the main information about LHG’s hotel reopening protocol.

The comprehensive COVID-19 health and safety program focused on three main areas: ensuring social distancing; cleaning and disinfection protocols; and taking measures to identify vulnerable people.

In August, the Canary Islands became the first Spanish autonomous community in which tourists had COVID-19 travel assistance coverage (Davis, 2020). The agreement with insurance provider AXA Spain guaranteed cover for all related medical expenses, health repatriation and extension of stays due to quarantine-related regulations. Regional tourism minister Yaiza Castilla said, “With the introduction of this policy, the Canary Islands further extend their commitment to reinforce and increase the safety and peace of mind of tourists” (Ireland, 2021).

Then in September 2020, in an effort to diversify revenue and promote longer stays, the Canary Islands launched a €500,000 campaign aimed at attracting remote workers from across the European Union (Kassam, 2020b). Berastegui said, “The coronavirus brought this market into sharp relief. It could be a huge opportunity for us to recoup tourism.” Those who came for longer stays were less vulnerable to flight cancellations and delays caused by the pandemic, and they came with their own jobs – a key factor in a region where unemployment hovered at around 21% before the pandemic. Most crucially, these travelers often spend more widely across the islands. “They don’t just go to a certain restaurant, but to the supermarket,” said Castilla. “They go to opera festivals or they’ll book a flight and a hotel to spend the weekend visiting other islands.” A number of informal communities have grown up in Gran Canaria and Tenerife in recent years, said Nacho Rodríguez, the founder of Nomad City, an annual event in the Canary Islands that focuses on remote work. “What has changed is that now they understand what remote work really is, as they’ve been forced to work remotely themselves for months,” he said. “We’re no longer the crazy guys talking about remote

work.” Rodríguez was pushing the regional government to broaden the appeal of its pitch by lobbying Madrid to create special visas for nationals of non-EU countries (Kassam, 2020b).

The program to attract digital nomads was a success, and by April 2021, the number of remote workers in the region had risen 10% a month since launching the campaign, and the archipelago had become home to around 8,000 remote workers from a wide range of countries such as Germany, France, the UK and increasingly from the United States, according to the Canary Association of Coworking Spaces. Some like hotel chain Grupo Mur capitalized on this trend by creating co-working spaces for digital nomads. “You have to go follow the trends,” said Mario Romero Mur, the managing director of the company that manages four hotels in Gran Canaria and Fuerteventura (Vega, 2021).

Some hotels in the Canary Islands had a very different type of visitor during the pandemic. In 2020, some 23,000 African men, women and children arrived on rudimentary boats, and to avoid a humanitarian crisis the Spanish government contracted hundreds of hotel rooms left empty due to the coronavirus travel restrictions (Brito, 2021). The deal not only helped migrants and asylum-seekers have a place to sleep, it also allowed some hotels to keep their staff employed. “It was a financial decision,” said Calvin Lucock, managing director for the hotel company Holiday Club who decided to join the other hotel businesspeople who had decided to offer accommodation to the growing number of migrant arrivals (Martin, 2021). “I had to reactivate the business.” Lucock’s alternative was to put more than 100 workers on the government’s ERTE furlough scheme. Even when these government contracts ended, Holiday Club stepped up to provide free accommodation to migrants who fell out of the official migrant reception and integration system for one reason or another. “If we can play a small part in making them feel safe and secure while they are here, then I feel like we’ve achieved something,” said Lucock.

In December 2020, Spain’s national tourism agency Turespaña launched a new “Travel Safe” campaign, aiming to contribute to a recovery of confidence in tourism, providing information about conditions for safe travel and encouraging tourist travel to Spain. Also, for the first time ever, Spain launched a domestic tourism campaign with the #DescubreLoIncreible (Discover the Unbelievable) promoted via social media. The Canary Islands themselves made efforts to attract domestic tourists, with the local tourism board in Gran Canaria launching a #muchoporvivir campaign aimed at local tourism. However, although research suggested that the promotion of domestic tourism for some regions of Spain was a fruitful strategy to help the tourism sector survive the crisis, domestic tourism tends to account for no more than 10% of overnight stays for the Canary Islands (Arbulu et al., 2021).

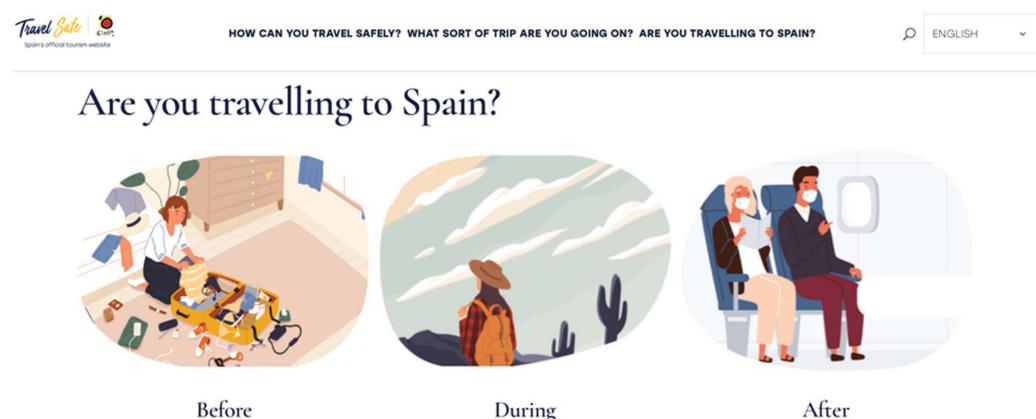


FIGURE 8.2 Turespaña’s “Travel Safe” campaign (courtesy of Turespaña: <https://travelsafe.spain.info/en/>)

Outcomes

In March 2021, as the Canary Islands prepared for what they hoped would be a busy summer for tourism, a new sustainable tourism strategy for the islands was unveiled (Moreno-Luna et al., 2021). Over the next three years, the Canary Islands was planning to “redefine” its tourism offering for a post-COVID world. The public-private initiative called “Canarias Destino” aims to “build a new ecosystem” and deliver a “digital transformation” of tourism in the Canaries. Plans include “the consumption of local supply” and utilizing an “internet of things” on the islands to make them more self-sufficient. The Vice Minister is developing different plans and projects to reduce the islands’ carbon footprint and build toward a circular economy. The strategy was part of the “Spain can” Recovery, Transformation and Resilience Plan (Dombey, 2021). The Canarias strategy aims to achieve three basic and main objectives for the transformation of the Canary Islands tourism model: improving resilience, increasing its commitment to climate neutrality and enhancing its capacity to generate value for the economy and citizens of the Canary Islands. To support the planned digital transformation, the Canary Islands has designed a neuromarketing lab (Emotur lab) in a joining initiative between the Vice Ministry of tourism and the University of Las Palmas de Gran Canaria.

The unveiling of the new tourism strategy came just a few months after the Canary Islands joined the growing International Network of Sustainable Tourism Observatories (INSTO), overseeing the responsible development of tourism worldwide. The Tourism Observatory of the Canary Islands joined the other 30 INSTO members in monitoring and measuring tourism and providing clear, objective data to guide evidence-based decision-making. UNWTO secretary-general Zurab Pololikashvili said:

UNWTO warmly welcomes the Canary Islands into our global network of observatories. This demonstrates the Islands’ strong commitment to tourism as a force for sustainability and development. It will facilitate the generation of more and better evidence of the economic, environmental and social impacts that tourism has on the Canary Islands.

(UNWTO, 2020)

Ms. Teresa Berastegui Guigou, vice-minister of Tourism for the Canary Islands, added:

The incorporation of the Canary Islands into the UNWTO International Network of Sustainable Observatories takes place at a crucial and decisive moment for the global tourism sector, due to the health crisis and the growing importance of working both on the sustainability of destinations, and on the generation of tourism knowledge for decision-making.

(UNWTO, 2020)

In a further recovery effort, in April 2021 Promotur Turismo de Islas Canarias, the Canary Islands tourist public body, introduced a sponsorship program for in-person events on the islands, for which it allocated €760,000. Private entities that organized events could apply to the program, and the events could be cultural (activities related to theatre, dance, music, plastic and visual arts, cinema or audiovisuals, and literature), sports, business, scientific, academic, cuisine and tourist activities. “The Canary Islands tourism industry needs measures to mitigate the impact caused by the health crisis that also allow restarting activity and employment, which is achieved by supporting the creation and maintenance of an agenda of activities that attracts tourist arrivals,” said Berastegui (Slate, 2021). The in-person events had to be held between 1 April and 30 June and be in person, not virtual. In addition, for planning and execution, the event had to adhere to some form of social work, like hiring a greater number of companies or personnel, or hiring people with disabilities or any other impairment to help them access employment.

Meanwhile, as the Canary Islands hosted the PGA European golf tour for the first time since 2002 (an event sponsored by Lopesan), the Spanish tourism industry was hoping that the easing of travel restrictions around Europe would lead to a busy summer. Gabriel Escarrer, chief executive of Meliá Hotels International, the 326-hotel, €1.4bn-valued group said another poor summer season would be disastrous for the industry. “If we lose this summer, we would be talking about practically zero activity from October 2019, when Thomas Cook collapsed, to June of 2022,” he said, noting that about half of Spanish tourism revenues normally come between June and September. “It would be devastating for the fabric of the tourist industry.” However, Escarrer thought that foreign tourists would return by July and expected healthy demand for his beach hotels, particularly from the UK, traditionally the biggest source of tourists for Spain. He said:

In summer, if we begin to see group immunity [because of vaccinations], which we expect in the third quarter, we will see a change based on reservations: Europeans will be travelling in Europe, Americans in the Americas and Asians in Asia . . . although I don't anticipate much long-haul tourism.

By October 2021, international tourist arrivals in the Canary Islands had almost recovered to 2019 levels, with the region attracting 994,249 visitors compared to 1,143,663 in the same month in 2019. The majority of visitors were from the UK and Germany. However, as the Omicron variant spread across Europe in December, recovery was halted and reservations slowed down in all markets, according to the president of the Federation of Hospitality and Tourism Entrepreneurs (FEHT) of Las Palmas, José María Mañaricúa.

Discussion questions

1. How did Spain, and the Canary Islands in particular, try to restore confidence in tourism during the pandemic?
2. Like many other tourism destinations, the Canary Islands tried to diversify revenue by promoting longer stays. How was this done, and what are the advantages of such a strategy?
3. Take a look at the video next about the new Omicron wave that was threatening tourism on the Canary Islands at the end of 2021. Summarize the challenges facing those interviewed in the video.

Video link

New COVID wave threatens tourism on Canary Islands. dw.com, 23 December 2021
www.dw.com/en/new-covid-wave-threatens-tourism-on-canary-islands/av-60240669

References

- Arbulu, I., Razumova, M., Rey-Maqueira, J. & Sastre, F. (2021). Can domestic tourism relieve the COVID-19 tourist industry crisis? The case of Spain. *Journal of Destination Marketing and Management*, 20(1).
- Bohorquez, L., Vega, G. & Gutierrez, H. (2021). Spain's tourism industry feeling the loss of British visitors. *El País*, 4 February. https://english.elpais.com/economy_and_business/2021-02-04/spains-tourism-industry-feeling-the-loss-of-british-visitors.html
- Brito, R. (2021). Canary Islands hotel offers shelter to migrants in need. *AP News*, 13 April. <https://apnews.com/article/travel-canary-islands-coronavirus-pandemic-africa-migration-9abce961ee50ef83dbd5a72577c0ec20>

- Davis, P. (2020). Canary Islands introduces Covid-19 travel assistance. *Travel Weekly*, 7 August. <https://travelweekly.co.uk/articles/382082/canary-islands-introduces-covid-19-travel-assistance>
- Dombey, D. (2021). Can Spanish tourism survive a second covid summer? *Financial Times*, 9 February. www.ft.com/content/db3f8536-a6be-456e-816e-5879b5916ca2
- Hermida, X. (2021). Spanish government announces €11bn support package for hospitality, tourism sectors. *El País*, 24 February. https://english.elpais.com/economy_and_business/2021-02-24/spanish-government-announces-11bn-support-package-for-hotelry-tourism-sectors.html
- Ireland, B. (2021). Canary Islands 'ready' for return of British tourists. *Travel Weekly*, 8 March. <https://travelweekly.co.uk/news/air/canary-islands-ready-for-return-of-british-tourists>
- Kassam, A. (2020a). Canary Islands reopen to tourists—offeringsun, sea, sandandsafety. *The Guardian*, 23 May. www.theguardian.com/world/2020/may/23/canary-islands-reopen-to-tourists-offering-sun-sea-sand-and-safety
- Kassam, A. (2020b). Log on, chill out: Holiday resorts lure remote workers to fill gap left by tourists. *The Guardian*, 5 September. www.theguardian.com/money/2020/sep/05/log-on-chill-out-holiday-resorts-lure-remote-workers-to-fill-gap-left-by-tourists
- Martin, M. (2021). Opening our hotel to migrants revolutionized our lives. *El País*, 16 February. https://english.elpais.com/spanish_news/2021-02-16/opening-our-hotel-to-migrants-revolutionized-our-lives.html
- Minder, R. (2020). Southern Europe opens its doors to tourists. Not many are coming. *New York Times*, 19 July. www.nytimes.com/2020/07/19/world/europe/tourism-virus-europe.html
- Moreno-Luna, L., Robina-Ramírez, R., Sánchez, M.S.-O. & Castro-Serrano, J. (2021). Tourism and sustainability in times of COVID-19: The case of Spain. *International Journal of Environmental Research and Public Health*, 18, 1859.
- Slate, T. (2021). Canary Islands to subsidize in-person events on the islands. *Tourism Review*, 1 March. www.tourism-review.com/in-person-events-to-be-subsidized-by-canary-islands-news11904
- UNWTO (2020). Canary Islands joins observatory network as members unite to provide data for tourism's recovery. *UNWTO Press Release*, 23 October. www.hospitalitynet.org/news/4101291.html
- Vega, G. (2021). Remote workers flock to Spain's Canary Islands: 'It's a dream come true.' *El País*, 19 April. https://english.elpais.com/economy_and_business/2021-04-19/remote-workers-flock-to-spains-canary-islands-its-a-dream-come-true.html

9

CHINA

Impacts

China was the first country in the world to experience the pandemic, and it was also among the earliest countries to control the spread and enter what would be considered normal life. However, as was the case for many other countries, the Chinese tourism and hospitality sector was hard hit by the pandemic. In 2019, the industry had been responsible for 11.3% of GDP, employing 10.3% of the working population, and international visitors spent US\$131 billion in China that year. But as early as mid-January 2020, hotel occupancy had declined about 75% on Mainland China, and the Chinese New Year holiday period at the end of January was significantly impacted by the outbreak. By mid-February, the travel setback caused by the coronavirus had spread beyond China, with other parts of the Asia Pacific region experiencing a slowdown in outbound travel bookings. By the end of that month, travel in Asia was almost at a standstill. Macau, for example, fell from 96% occupancy to just 3% in a matter of weeks (HVS, 2020).

The airline sector was also affected at this time, and as airlines restricted flights in and out of China and large areas were placed into quarantine, Chinese travelers started to cancel trips abroad. In 2019, Chinese travelers had racked up an unprecedented 169 million trips overseas and spent more than US\$254 billion on international travel, so these cancelations did not go unnoticed. The Asian countries closest to China felt the brunt of the crisis. Vietnam, Thailand, Cambodia, Malaysia and Singapore lost billions in tourism-related revenues with the absence of Chinese visitors. China still managed to reclaim its position as the largest source market for international travel in 2020 with 18 million Chinese making international trips, but most of this travel occurred in January.

Although domestic travel did pick up – domestic trips surged from 295 million in the first quarter to 946 million in the fourth quarter – China saw just 2.88 billion domestic trips made by tourists in 2020, a slump of 52.1% year-on-year, according to the Ministry of Culture and Tourism. China saw its domestic tourism revenue hit 2.23 trillion yuan (about US\$345 billion) in 2020, a year-on-year decrease of 61%, according to the ministry (Xinhua, 2021). Macau, Asia's gambling hub, became a ghost town after coronavirus lockdowns saw a severe downturn in visitors (BBC, 2020a). Visitor numbers for the first half of 2020 were down 84% compared to 2019. Casino operators were losing US\$15m daily in expenses, according to estimates. Their revenues are typically five times that of the Las Vegas Strip, driven largely by Chinese demand. Visitors from mainland China make up more than 90% of Macau's tourists, which is home to major casino operators, including Sands, Wynn, Galaxy and MGM.



FIGURE 9.1 The Venetian in Macau sits empty after closing early February (courtesy of Macau Photo Agency on Unsplash)

Responses

The Chinese government adopted rigorous quarantine and prevention measures to control the outbreak's spread, and as a result performed the best in terms of COVID-19 epidemic prevention measures, economic recovery and international cooperation out of 108 countries surveyed by the Yicai Research Institute (Shumin, 2020). After a peak in new cases in mid-February 2020, the number of confirmed cases of COVID-19 nationwide steadily declined and the number of new cases was reduced to single digits by mid-March. The Chinese lockdown was more intense than almost anywhere else in the world. Neighborhood committees, the most grassroots level of Communist Party organization, enforced the rules, and in many places they limited households to sending one individual outside every two or three days to buy necessities. But the strict Chinese shutdown, in combination with border closings and contact tracing, eliminated the spread of the virus in most communities within a few months.

To support the economy, the Chinese government asked banks to extend the terms of business loans and commercial landlords to reduce rents, and for the tourism sector specifically, the Ministry of Culture and Tourism (MCT) allocated funds to support discounted loans for local projects and instructed local administrations to assist medium, small and micro-enterprises. A special column on epidemic control was set up on MCT's website so that enterprises were well informed of and had proper access to relative policies. To support travel agencies, MCT asked local authorities to give travel service quality deposits back to travel agencies, which greatly relieved pressures of cash flow. "Our government has rapidly issued supportive policies during the outbreak. Some key supportive policies are issued for the tourism industry, which will effectively help Chinese tourism industry recover," said Li Baochun, Executive Vice General Secretary of World Tourism Cities Federation (UNDP, 2020). MCT also issued a notice on maintaining jobs for tour guides in order to reserve

necessary human resources for tourism recovery. The notice encouraged free online training courses with incentives and provided preferential policies for tour guides, including waiving of annual fees for 2020 and extended deadlines for renewing certificates.

Local governments of all provinces, municipalities and autonomous regions carried out their own policies and measures in support of enterprises in tourism sector in terms of funding, financial assistance, tax deduction, social security, employment, etc. However, in economic terms, individuals seemed to be largely on their own. The Party had never allowed the protections of independent unions, and across China salaries were cut and workers were laid off. In April, the country recorded the first economic contraction since the end of the Cultural Revolution, in 1976. Stimulus policies remained modest and American-style cash payments to citizens were not made in China (Hessler, 2020).

But the tourism industry in China bounced back rapidly, and domestically China was the most active tourism region in the world in 2020, with the industry quickly adapting to the needs and wants of Chinese travelers. Danielle Bailey, MVP APAC at Gartner for Marketers, said:

While in the US the focus has remained on reassuring safety and providing cancellation flexibility, China's airlines and hoteliers have adapted to traveler desires to stay close to home and turned to innovative platforms and packages to incentivize travel, charting the course to pre-COVID levels.

(Song, 2020)

Due to the restrictions on international and cross-province traveling, staycation and weekend trips became popular in China. There was a higher preference for remote destinations and more isolated adventures to minimize the risk of exposure to the virus, and traveling on wheels, especially recreational vehicles (RV), saw a surge in demand among Chinese tourists. According to navigation app Amap, users making short road trips increased 50% from June to August 2020 (Sneider and Sternfels, 2020).

Airlines in China offered heavy promotions, contributing to the recovery of domestic air travel. Beyond discounts and coupons, major airlines all rolled out unlimited flight packages to get their customers back flying. On 18 June, the annual mid-year shopping festival, China Eastern Airlines became the first to launch its “fly at will on weekends” product (Song, 2020). Customers paid about US\$550 to fly an unlimited number of times on weekends for the remainder of 2020. China Eastern Airlines sold more than 100,000 packages by the end of June and more than 65,000 tickets were redeemed on the first weekend. The airline also launched a “fly at will on mornings and evenings” product to target business traveling. Such packages not only helped airlines with cash flow but also encouraged app downloads and loyalty acquisition since most promotions required consumers to join loyalty programs.

Travel recovery in China first happened with millennial and Gen Z consumers. According to local travel booking platform Trip.com, the post-90 group (those who were born between 1990 and 1999) accounted for 57% of travel during the May Labor Day holiday in 2020, a significant increase from 21% during the same holiday period in 2019. To target young consumers, the travel industry shifted its marketing focus to emerging social platforms and experimented with new content formats such as livestream and short video (Song, 2020). For example, Trip.com's chairman James Liang launched his series of “Boss Livestreams” on WeChat, during which he wore cosplays while introducing hotels and travel destinations. The entertaining content and heavy promotions drew a huge following, which grew from 9.8 million in April to 16 million in June. In the four months since its launch, Trip.com gained 1.1 billion RMB (about US\$170 million) in gross merchandise value (GMV) from livestreams, driving a strong recovery (Song, 2020).

The industry pivoted its content and offerings to meet the changing demand for shorter trips and weekend stays (Kim et al., 2021). Airbnb launched a series of “48 Hour” livestreams on WeChat each weekend to provide travelers with short trip inspiration. From May to August, a quarter of Marriott’s WeChat posts promoted restaurants and food deliveries. Marriott announced its partnership with ele.me in May and all 130 of its hotel restaurants were available for delivery on the platform. Hotels also offered discounts and deals for weekend stays and for dining: IHG offered a 30% discount for its loyalty members on weekend bookings; Acor offered a “stay at will on weekends” package and a US\$14 package that could be redeemed for breakfast, lunch or high tea; and Marriott offered a US\$57 package for 31 days of breakfast at hotels.

During the outbreak, hotel operators began utilizing AI-powered service robots to reduce face-to-face interactions between guests and staff. Smart hotels had been on the rise in China since Alibaba piloted its robot hotel Flyzoo in 2018. During the pandemic, hotels accelerated their focus on technology to meet consumers’ higher standards for health and safety. Huazhu Hotels Group required 5,700 hotels to provide contactless services whereby consumers could check in and check out via app or kiosk to avoid human contact. One thousand two hundred of Huazhu Hotels used robots to deliver room services and outside deliveries to consumers.

Some hotels recognized the need to re-train employees for the post-pandemic world. Thomas Willms, CEO of Deutsche Hospitality, owners of hotels in China, said that during the crisis his company was offering training webinars to employees while they were in lockdown. Deutsche Hospitality operates five hotel brands on three continents, and the group’s “Staff Training Staff” project won an eLearning Award in 2020. Employees prepare brief training videos on selected topics relating to their daily work, and they are then made available to their co-workers. Videos can be accessed via mobile devices at any time and in any location. “Morale is key,” Willms said in an interview during the crisis. “And we are committed to maintaining jobs. We do video messaging, we have online training seminars, and we communicate reopening schedules to keep their morale up” (QUO, 2020).

By September 2020, most of the country had eased most or all travel restrictions. About 90% of hotels had reopened but major tourist attractions were still limiting capacity to 30% to 50%. Jiang Hong, chairman of China Travel International Investment Hong Kong, said:

The psychological effect of the virus is still lingering, so the traditional long-distance tour group has not recovered much. But family-oriented attraction complexes that include theme parks and hotels, and are located around big city clusters, have matched or surpassed the level in the same period last year.

(Montgomery, 2020)

Domestic tourism continued to grow in 2021, and by the end of year, 3.43 billion domestic travel trips were made, up 19% on 2020, according to China Tourism Academy.

Outcomes

After being battered by COVID-19 at the start of 2020, China’s travel industry had been – slowly but steadily – on the mend. That was until an uptick in virus cases at the turn of 2021 set off a fresh wave of restrictions and precautionary measures. In January 2021, China’s government urged people to abandon travel plans following fresh COVID-19 outbreaks, leading local governments to impose strict quarantine measures. The number of people who traveled in China ahead of Lunar New Year plummeted as coronavirus restrictions curbed the world’s largest annual domestic migration. The seven-day celebration is China’s most important national holiday and is usually marked by big family

reunions. Millions of workers traditionally travel – sometimes thousands of miles from Beijing and other major cities – to their hometowns in remote regions.

McKinsey & Company had been tracking traveler sentiment in China from the beginning of the pandemic, and they suggested that the travel sector's path to recovery was not going to be a straightforward one (Chen et al., 2020). China's nonlinear recovery can be seen in the divergence of the trajectories in domestic and international travel (see Figure 9.2). In the Spring of 2021, while overall confidence in domestic travel was generally high, people continued to be wary of crossing international borders. Even though 43% of respondents were eager to go overseas for vacation, most people felt that international travel, be it for business or leisure, remained unsafe. Most took a dim view of other countries' management of the pandemic and were concerned about the dangers of infection from overseas travel. In addition to the risks of contracting COVID-19 abroad, the long, mandatory quarantines required after returning to China were also a major deterrent (Pan, 2021).

More so than traveler confidence, restrictions imposed by the government, companies, and other institutions of authority are what will ultimately determine how fast China's travel sector bounces back. McKinsey expects that continued restrictions will cause outbound travel to take more time to return to pre-COVID-19 levels in China than domestic travel (Chen et al., 2021). Because of its large population of nearly 1.4 billion, the country was expected to take longer to roll out widespread vaccinations; projections indicated that it would take until the third quarter of 2022 to vaccinate more than 60% of Chinese residents. The Economist Intelligence Unit (2021) expects outbound tourism from China to return to pre-pandemic levels in early 2024.

China continued with its zero-COVID strategy in 2021, which in turn impacted the tourism and hospitality sector. According to the BBC, one person walked into a five-star hotel to ask briefly for

Mainland China tourism, year-over-year % change

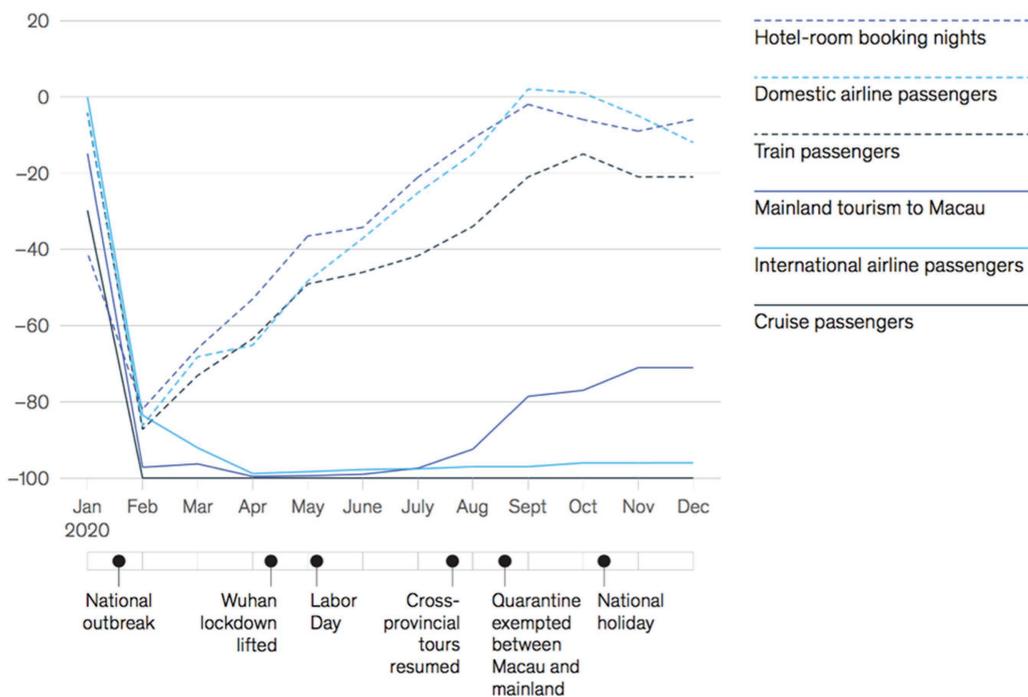


FIGURE 9.2 The two-sided recovery in China (courtesy of ©McKinsey & Company)

directions and ended up in two week's quarantine because a guest had contact with COVID-19. One crew member on a high-speed train had close contact with an infected person, and every passenger on the train was sent to quarantine for mass testing. In Shanghai Disneyland, the park was closed for two days early in November and 33,863 visitors had to undergo mass testing because one visitor tested positive for COVID-19. Interestingly, the incident was a PR coup for Disney, as the subsequent mass testing process became the center of attention in the Chinese media, spun by a government narrative into a potent symbol of hope, China's strong collective response to the pandemic, and the triumphant efficiency of Shanghai's governance. On social media, there were posts abound from users lauding that the testing evening in the park was "the most romantic COVID-19 test experience in China" and "a scene that should be included in the annals of Disney history" (Davis, 2021).

Toward the end of 2021, as borders elsewhere opened to international travel, China remained a fortress, with visas for foreigners remaining hard to come by, and Chinese people not having their passports renewed after they expired. The 2022 Winter Games, to be held in Beijing and towns in neighboring Hebei province on 4–20 February, were still going ahead, although tickets were only available to "invited spectators" residing in China's mainland. In the lead up to the Games, the event attracted unwanted attention with several countries led by the United States announcing a diplomatic boycott in protest of Chinese treatment of minority groups. The emergence of the new omicron variant toward the end of 2021 presented yet another challenge to the Games, although organizers said they were fully prepared for possible COVID-19 infections inside the Games bubble. According to Beijing's bid committee, the budget for the winter games was projected at US\$1.56 billion, with a further US\$1.51 billion used on infrastructure renovation.

Meanwhile, the tourism industry in China was preparing itself for a new normal, and one heavily influenced by technology (Jingwei, 2021). The development of China's digital economy accelerated during the pandemic. The WeBank AI Moonshot Team developed a public opinion index about online applications and found that public opinion had significantly grown toward online working, online education and online gaming by 537%, 169%, and 124%, respectively. Macau was betting that technology would help the gambling hub recover from its COVID-19 induced economic slump. In December 2021, the city hosted "Beyond," a technology event loosely modeled on the massive CES trade show in Las Vegas. The event signaled the region's long-term plan to diversify its casino-focused economy for its population of 600,000. The event would showcase Macau as an alternative to Hong Kong as a gateway to China, said its organizer. "Macau has very good infrastructure, with the entertainment and hotels suitable for doing an event," said Jason Ho, the son of Macau chief executive Ho Iat-Seng. As the BBC pointed out, the hosting of this event was yet another example of how businesses and even economies pivoted during the pandemic to stay profitable (BBC, 2020b).

Discussion questions

1. What examples did you see in the case study of Chinese tourism and hospitality organizations adapting to the pandemic?
2. Now the 2022 Winter Olympics are over, would you say they were a success for China?
3. It has been said that technology adoption in the travel sector rapidly accelerated during the COVID-19 pandemic. What examples of this did you see in the case study?

Video link

COVID-19 resurgence dashes hopes of recovery for China's tourism sector. CAN, 17 August, 2021
www.youtube.com/watch?v=885m4GUowdI

References

- BBC (2020a). Coronavirus: World's biggest gambling hub reopens for business. *BBC News*, 12 August. www.bbc.com/news/business-53732645
- BBC (2020b). Macau gambles on tech for its COVID-19 recovery. *BBC News*, 23 December. www.bbc.com/news/business-55420447
- Chen, G., Enger, W., Saxon, S. & Yu, J. (2020). What countries can learn from China's travel and tourism recovery during the COVID-19 crisis? *McKinsey & Company*, 15 October. www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/what-can-other-countries-learn-from-chinas-travel-recovery-path
- Chen, G., Enger, W., Saxon, S., & Yu, J. (2021). China's travel sector is undergoing a nonlinear recovery: What should companies do? *McKinsey & Company*, March. www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/chinas-travel-sector-is-undergoing-a-nonlinear-recovery-what-should-companies-do
- Davis, R. (2021). Shanghai Disneyland turns COVID-19 shutdown nightmare into 'romantic' PR coup. *Variety.com*, 5 November. <https://variety.com/2021/biz/news/shanghai-disneyland-covid-trapped-nightmare-pr-1235106117/>
- Economist Intelligence Unit (2021). The road to recovery for Chinese outbound tourism. *Economist Intelligence Unit*, 12 May. www.eiu.com/n/the-road-to-recovery-for-chinese-outbound-tourism/
- Hessler, P. (2020). How China controlled the coronavirus. *The New Yorker*, 10 August. www.newyorker.com/magazine/2020/08/17/how-china-controlled-the-coronavirus
- HVS (2020). Impact of COVID-19 on Chinese hotel industry. www.hospitalitynet.org/file/152008810.pdf
- Jingwei, S. (2021). China's domestic tourism in speedy recovery as spring arrives. *CGTN*, 13 March. <https://news.cgtn.com/news/2021-03-13/China-s-domestic-tourism-in-speedy-recovery-as-spring-arrives-YARxDu1ssg/index.html>
- Kim, J., Kim, J. & Wang, Y. (2021). Uncertainty risks and strategic reaction of restaurant firms amid COVID-19: Evidence from China. *International Journal of Hospitality Management*, 92(102752).
- Montgomery, R. (2020). Chinese to take more than three billion domestic trips in 2020. *Travel Mole*, 17 September. www.travelmole.com/news_feature.php?news_id=2044340
- Pan, Y. (2021). Chinese travelers: Back on the road? *Vogue Business*, 31 March. www.voguebusiness.com/consumers/chinese-travellers-back-on-the-road
- QUO (2020). Podcasts on the future of travel. <https://www.quo-global.com/podcasts/>
- Shumin, L. (2020). China tops world survey on epidemic control work, economic recovery, Yicai report shows. *Yicai*, 24 September. www.yicaiglobal.com/news/china-tops-world-survey-on-epidemic-control-work-economic-recovery-yicai-report-shows
- Sneider, K. & Sternfels, B. (2020). From surviving to thriving: Business after coronavirus. *McKinsey & Company*, 1 May. www.mckinsey.com/featured-insights/future-of-work/from-surviving-to-thriving-reimagining-the-post-covid-19-return
- Song, A. (2020). The recovery of China's travel industry. *Gartner*, 25 September. www.gartner.com/en/marketing/insights/daily-insights/the-recovery-of-chinas-travel-industry
- UNDP (2020). Assessment report on impact of COVID-19 pandemic on Chinese enterprises. *United Nations Development Program*, April. www.cn.undp.org/content/china/en/home/library/crisis_prevention_and_recovery/assessment-report-on-impact-of-covid-19-pandemic-on-chinese-ente.html
- Xinhua (2021). China to see increased domestic tourism in 2021: Report. *Xinhuanet.com*, 22 February. www.xinhuanet.com/english/2021-02/22/c_139759112.htm

10

COSTA RICA

Impacts

Costa Rica is known for its stunning natural landscape and wildlife, features that pre-pandemic were bringing in over 3 million tourists each year. The country is home to more than 5% of the world's known biodiversity and more than 27 national parks and wildlife sanctuaries. In recent decades, Costa Rica has grown its ecotourism sector, an approach that has enabled the country to become a leader in conservation by supporting livelihoods and businesses in the tourism industry in parallel to protecting the environment. In 2019, according to the WTTC, Costa Rica's US\$7.4 billion tourism industry represented 12% of GDP and 11.7% of employment in the country of 5 million people. The sector rose 4% in 2019, and projections for 2020 were expected to surpass that.

So on 18 March 2020 when the government decreed a total closure of the air and seaports and its land borders, from an economic, fiscal and labor point of view, the most affected segment was tourism. "It was like someone had flipped a switch. Costa Rica had been in the middle of a booming "high season" as they call it here, then suddenly there were zero tourists and no money coming in," said Jennifer Turnbull-Houde and Matthew Houde, who offer itineraries to travelers in Costa Rica. "This is nothing like low season," said David Rodriguez, a wildlife guide and biologist who was leading a bird-watching tour when Costa Rica closed its borders. All his future bookings were canceled. "During low season, you know high season is coming. This is a complete stop with no end in sight" (Two Weeks in Costa Rica, 2020).

By the end of 2020, Costa Rica had welcomed just over 1 million international arrivals, representing a 70% drop compared to 2019. "This translates to human drama," said Gustavo J. Segura, Costa Rica's minister of tourism. "We're talking about hundreds of thousands of people whose jobs were lost." The crisis was a double-edged sword for locals, including Laura Mora, the cook at La Cuchara de la Abuela, a popular diner in Monteverde, a popular eco-tourism destination. "I'm scared of the tourists not returning, and I'm also scared of them coming back and bringing the virus here," she said (Wallin, 2020). An outbreak in Monteverde would have been disastrous for the community's basic healthcare facilities, which for the majority of citizens who can't afford private doctors consists of a small state-run clinic with no intensive care unit.

Responses

Soon after borders were closed, the government announced a three-month moratorium on the payment of VAT, business income and customs duties, as well as a significant reduction in the monetary



FIGURE 10.1 Monteverde, a popular eco-tourism destination in Costa Rica (courtesy of Nelson Aclan on Unsplash)

policy rate to lower credits. Then, on 10 April, the government launched “Bono Proteger,” a program that provided up to US\$220 each month (for three months) to people who had lost income due to the pandemic; the funding equated to roughly a third to a half of average salaries in a tourism destination like Monteverde (Shah, 2020). The program was consequently extended beyond the three months, and by December 2020, about 700,000 people in Costa Rica had benefited from Bono Proteger after seeing their income diminished due to suspension of their employment contract, modification of their working hours or unemployment. To support tourism businesses, Costa Rica’s government announced in August an economic benefit program called “Pyme Proteger” that provided monetary aid and resources in the way of a US\$15 million fund for six months to vulnerable micro, small and medium-sized tourism businesses registered with the Costa Rican Tourism Institute. Approximately 5,000 businesses (around 30,000 jobs) were expected to benefit from the program.

The government also developed and implemented a strategy called “Costa Rica trabaja y se cuida” (Costa Rica works and takes care of itself). Costa Rica’s president, Carlos Alvarado Quesada, said:

Rather than strict lockdowns, we imposed restrictions on vehicle mobility and limited business hours and capacity. Data and evidence have shown that these measures, accompanied by a strict face mask policy and sanitary protocols, have been very effective in reducing contagion with a lower impact on economic activity.

(IMF, 2021)

To reopen in a safer way for both travelers and citizens, the government proceeded cautiously, first resuming domestic tourism in July 2020 and allowing a limited number of Europeans beginning in August. The country promoted local tourism through its *Vamos a Turistear* (“Let’s go touring”) advertising campaign (Hidalgo, 2020). To encourage citizens to explore their home country, a new law was signed establishing the transfer of weekday holidays to Mondays, in order to create long weekends and thus stimulate domestic travel. “Domestic travel will continue and will remain a priority for the tourism sector, which previously relied heavily on international tourism,” said Tourism Minister Gustavo Segura, who has an MBA in sustainable development (Costa Rica Tourism Board, 2020).

The Costa Rican Tourism Institute, with the support of the private sector, designed a set of 16 protocols, which outlined specific processes and guidelines for tour operators, cruises, airlines, hotels and other tourism companies to resume their operations safely. “This was the first step we took to address our economy’s reactivation,” said Segura (Costa Rica Tourism Board, 2020). Costa Rica consequently received a “*Safe Travels*” certification from the World Travel and Tourism Council (WTTC), which recognized nations that had implemented safe health protocols for travel in response to the COVID-19.

In September 2020, Costa Rica opened to the United States, the source of the majority of its international tourists. “At first, residents of 20 US states reporting lower infection levels than Costa Rica were allowed to visit; by November 1 the country opened to all Americans,” said Segura (Wallin, 2020). The following month, to speed up entry, the country eliminated the requirement for a negative COVID-19 test, and on November 1, it opened its borders without restrictions, removing the last impositions on the countries most affected by the pandemic. Segura said:

Each tourist who visits Costa Rica contributes to recovering tourism in Costa Rica, a process that, as we have repeatedly pointed out, will be gradual. Tourist visitation also activates a series of productive chains in the culture, agriculture, fishing, and commerce sectors, among others.

(Wein, 2021)

Costa Rica required all visitors to have travel insurance to cover COVID 19-related hospitalizations and quarantines.

Leaders in the Costa Rican tourism industry recognized the importance of adapting in order to survive the pandemic. Hans Pfister, president and co-founder of the Cayuga Collection, told his staff that it was not about the strongest or biggest players surviving. Instead, he said the ones who make it through the crisis “will be the ones who are the fastest to adapt to their new changing environment.” He said the message of evolution and adaptation resonated especially well with his naturalist guides. Although Pfister had to lay off some employees, he left a centralized reservations team in place, maintained “core teams” at the hotels and kept some nature guides, massage therapists, specialized culinary staff and guest service specialists on the payroll. “With those teams still in place, we can go



FIGURE 10.2 Playa Ocotal, Costa Rica (courtesy of Essential Costa Rica)

back to the same or better guest experience that our guests enjoyed fast and efficiently,” he said. The Cayuga Collection is made up of seven independently owned hotels in different regions of Central America. The collection represents sales of more than US\$20 million and pre-COVID offered year-round employment to more than 450 local staff (The Cayuga Collection, 2020).

At the Belmar Hotel, a 35-year-old family-run hotel in Monteverde, the management had to lay off many of the hotel’s 75 employees and generated a little income by expanding its organic garden to sell produce to the community. “We have a few months of reserve to pay for essential employees like maintenance and security, which makes us fortunate. But we have never before found ourselves at zero income,” said Pedro Belmar, the hotel’s general manager (Shah, 2020).

Outcomes

Looking to the future, Tourism Minister Gustavo Segura said Costa Rica would in 2021 probably receive about one-third of the 3,139,000 international tourists it had in 2019, on a par with 2020. “Though the figures are better than those of some competitor nations, many companies can’t get going again,” Segura said, noting that the extent of recovery would depend on how the pandemic developed and how vaccination efforts progressed. Segura said that future communications would emphasize health and safety.

At the onset of the virus, the government’s quick actions and the country’s universal health-care system were successful in reducing the spread of the virus, and our prioritization of health management has prepared us for Costa Rica’s border reopening to several markets. I am confident that international tourism will bounce back, and that Costa Rica will continue to provide once-in-a-lifetime experiences that move travelers and invite them to consider what’s essential in life. This is the message we hope to communicate to travelers through our domestic and international travel marketing.

(Murillo, 2021)

There were some though that said that the pandemic had highlighted an excessive dependence on tourism in some Costa Rican destinations. “Thirty years ago, Monteverde was mostly dairy farms started by the Quakers,” explained José Luis Vargas, a Monteverde native and co-founder of

Life Monteverde, a sustainable coffee cooperative. “Back then, a group of us worked on a project called Monteverde 2020 to diversify the economy with a focus on conservation and ecotourism” (Shah, 2020). The idea was for tourism to offer an alternative to dairy farming. Now a collapse of the industry is forcing another reinvention. Like many other countries, Costa Rica was looking at ways to attract long-term visitors, or “digital nomads” as a way of diversifying. In February 2021, National Assembly deputy Carlos Ricardo Benavides presented a bill that would offer a digital nomad visa, called the Rentista, that would allow visitors to work legally in the country for two years, as long as they did so remotely and independently. Workers would have to provide private health insurance coverage for themselves and family members for the duration of their stay but would not be required to pay Costa Rica income tax or make contributions to the country’s social security program.

In March 2021, Costa Rica received US\$1.77 billion in financial assistance from the International Monetary Fund to support the country’s recovery and stabilization from the economic damage caused by the COVID-19 pandemic. “The COVID-19 shock was of such magnitude, not just on lives and livelihoods but also on the public finances, that fiscal consolidation is unfortunately inevitable,” said Costa Rica’s president, Carlos Alvarado Quesada. “Having the IMF’s support helps us to smoothen this process and strengthen our public finances in a way that ultimately benefits all Costa Ricans” (IMF, 2020).

Meanwhile, Tourism Minister Gustavo Segura said his biggest challenge in 2021 was rebuilding the country’s tourism sector

in a manner that alleviates the financial burden on the tourism sector and promotes economic recovery, while prioritizing health management. It is my goal to balance the short-term emotional, physical and financial needs of stakeholders in the tourism industry without losing sight of the long-term task of ensuring that Costa Rica remains a key player in international tourism.

(Costa Rica Tourism Board, 2020)

Segura was confident that Costa Rica’s tourism sector would thrive in a post-pandemic world.

So much of our country’s tourism offerings are found in nature, which makes a socially distanced and enjoyable experience in the country possible. Of course, some experiences will – and have already – changed. Capacity numbers in national parks, at beaches and on guided tours have been reduced, and waiting times may increase, however, there are also many positives to consider. For example, Costa Rica is seeing a surge in wildlife tourism, and travelers are becoming more aware of ecotourism travel options and experiences.

(Costa Rica Tourism Board, 2020)

Discussion questions

1. Do you agree with Tourism Minister Gustavo Segura who says that Costa Rica’s tourism sector will thrive in a post-pandemic world? Give reasons for your answer.
2. It appears that Costa Rica opened up to tourists earlier than many other tourism destinations. Was this the correct strategy to follow?
3. Some of the people quoted in the case say that the pandemic has highlighted an excessive dependence on tourism in some Costa Rican destinations. How can these destinations avoid such over-dependency?

Video link

Costa Rica Vaccine Passport – The impact on the tourism industry, 26 November 2021
www.youtube.com/watch?v=8SFU6sfokTQ

References

- The Cayuga Collection (2020). Believe with us in a future for travel. www.cayugacollection.com/believe-with-us-in-a-future-of-extraordinary-travel/
- Costa Rica Tourism Board (2020). What Costa Rica can teach us about post-pandemic tourism. *Skift*, 2 November. <https://skift.com/2020/11/02/costa-rica-teach-post-pandemic-tourism-mice-industry/>
- Hidalgo, H.R. (2020). Costa Rica: Five-month report on Covid-19. *UNED*. www.uned.ac.cr/ocex/index.php/124-boletines-articulos/594-costa-rica-five-month-report-on-covid-19
- IMF (2021). Costa Rica's President: "No growth and poverty reduction without economic stability." *International Monetary Fund*, 1 March. www.imf.org/en/News/Articles/2021/03/01/na030121-costa-ricas-president-no-growth-and-poverty-reduction-without-economic-stability
- Murillo, A. (2021). Costa Rica sees ailing tourist trade stagnant in 2021 after COVID-19 blow. *Reuters*, 30 January. www.reuters.com/article/us-costarica-tourism-idUSKBN29Z0SV
- Shah, R. (2020). A town in Costa Rica faces an eco-tourism crisis. *National Geographic*, 5 May. www.nationalgeographic.com/travel/article/costa-rica-tourism-struggles-to-survive-during-coronavirus
- Two Weeks in Costa Rica (2020). Covid-19 in Costa Rica: Living here through the pandemic. www.twoweeksincostarica.com/covid-19-costa-rica-living-here-through-pandemic/
- Wallin, B. (2020). Why some countries are opening back up to tourists during a pandemic. *National Geographic*, 30 November. www.nationalgeographic.com/travel/article/are-economics-driving-countries-to-reopen-to-tourists-coronavirus
- Wein, A.J. (2021). Tourism in Costa Rica fell by almost 70% in 2020 due to the pandemic. *Tourism Review*, 17 January. www.tourism-review.com/tourism-in-costa-rica-benefited-from-north-american-visitors-news-11840

11

DOMINICAN REPUBLIC

Impacts

The Dominican Republic is the most popular tourism destination in the Caribbean, welcoming over 6.4 million tourists in 2019. Its terrain comprises rainforest, savannah and highlands, including Pico Duarte, the Caribbean's tallest mountain. Capital city Santo Domingo has Spanish landmarks like the Gothic Cathedral Primada de America in its Zona Colonial district, dating back five centuries. But it is the beaches, luxury resorts and a solid tourism infrastructure that draws the majority of tourists to the Dominican Republic.

According to the World Travel & Tourism Council (2021), tourism in the Dominican Republic was responsible for 15.9% of the country's GDP in 2019, bringing in nearly US\$13 billion. The main tourism markets that year were the United States (more than 2 million tourists), Canada (almost 900,000), France and Russia (more than 200,000), as well as Argentina, Germany and Spain (close to 200,000). However, the COVID-19 pandemic negatively impacted the tourism expenditures in the Dominican in 2020 by more than US\$6 billion, with the largest share of the losses registered in the country that year corresponding to accommodation and food services. Travel and tourism's contribution to GDP slipped to 7.5%, with international visitor spending down 63.1%.

The crisis put at risk the improvements the country had made in previous years in terms of the human development index and the poverty rate. More than half of the workers in the Dominican Republic – the informality rate was 55% in 2019 – were in a vulnerable situation, not only because they did not have social security protection but also because their income level was far below the remaining 45% of workers (Barinas and Viollaz, 2020). In the initial stages of the pandemic, more than 150,000 jobs were lost, with the young population, aged between 20 and 39, being the most affected, representing 39% of the jobs that stopped contributing to the social security system. Tourism is one of the main economic activities due to its contribution to GDP and employment and because of its important linkages with other sectors. Tourism demands 18% of services, 9.3% of industrial products, 7.3% of energy and water, and 2.1% of agricultural inputs. The fall in tourism receipts therefore had severe consequences for other sectors of the country's economy.

During the pandemic, the hotels that suffered the most were the hotels that work with European clients (Melia, Palladium, Iberostar, Barcelo . . .) and with TUI (Riu Hotel). Hotels that work with US clients recovered much faster such as the Hard Rock Hotel, and all AM Resorts hotels,



FIGURE 11.1 Catedral Primada de America in Santo Domingo (courtesy of Dominican Republic Ministry of Tourism)

said Fabio La Rosa, whose business Noval Properties is involved in the development, construction, sale and rental of condo-hotels and villas, mostly in Bavaro/Punta Cana. “Condos and villas rentals did really good in Punta Cana during the pandemic, apart from the first few months of course. Local tourism was very strong, because life was much better in Punta Cana than in Santo Domingo” (La Rosa, 2021).

Responses

In response to the economic contraction due to the demand and supply shocks associated with the pandemic, the government announced measures for income compensation through cash and in-kind transfers to households, individuals and firms, and temporary tax and financial relief and economic stimulus measures. The revenues the government received to pay for these programs included two loans from the World Bank agreed in April and May of 2020 and a loan of US\$650 million from the International Monetary Fund (IMF). According to the IMF, the government's policy support helped cushion the impact. "Sound fundamentals and a decisive policy response – including increased social transfers and health spending, tax deferrals and targeted tax relief, monetary policy easing, liquidity support and prudential flexibility – helped the economy rebound gradually," said an IMF report published in 2021 (IMF, 2021).

The government support measures included a targeted program to help tourism workers, although support was limited. "During the first 3 months of the pandemic, I suspended around 50% of my employees and the other 50% was home-working. The suspended employees only receive a government support of around US\$100–110 a month. I reincorporated all employees between June and September 2020" said Fabio La Rosa.

At the end of August 2020, as the country slowly opened to tourists once more, Luis Abinader Corona, the president of the Dominican Republic, announced a plan for the Responsible Recovery of Tourism to address the tourism industry's challenges during the pandemic and to ensure that the country was a safe travel destination. A new Tourism Cabinet, led by the president of the Republic, and under the executive direction of the Minister of Tourism, was set up to manage the plan. "Our goal is to minimize the effects of the pandemic and facilitate a responsible recovery that prioritizes health, maximizes the potential for job creation and economic growth, and promotes the further sustainable development of the sector," said President Abinader. David Collado, minister of Tourism, said at the time:

We are focused on driving continuous growth for the sector, along with our country's image. We are confident that together we will overcome the challenges of the pandemic and ensure that the Dominican Republic remains the number one destination in the region for international travelers, who visit either for vacation, business, investment opportunities or returning to their preferred second home.

(Dominican Republic Ministry of Tourism, 2020)

As part of the new plan, all tourists visiting a hotel were granted, on a temporary basis, a travel assistance plan that included coverage for emergencies, telemedicine, lodging for prolonged stays and costs for changing flights in the event of an infection. This insurance was provided at no cost to the visitor until December 2020. Properties had to implement effective health management with suppliers, contractors and employees, and staff had to be regularly tested and follow a specific protocol to go in and out of facilities. A communication campaign followed the rollout of the recovery plan to promote the fact that the Dominican Republic was a safe travel destination. To support the country's reopening, new health spending also focused on the rollout of vaccines. The government set a target of immunizing 7.8 million people – over 70% of the population – and around 52% of the population had received two vaccine doses as of December 2021.

In another initiative designed to help the island's tourism sector recover from the pandemic, professional training was offered to young people in the Dominican Republic by the TUI Care Foundation. The TUI Academy in the country, one of six running worldwide, provided a combination of vocational and life skills training equipping students for a career in the tourism sector. Courses covered English lessons, leadership skills, sustainability, and instruction on how to manage personal

finances and how to build up self-confidence and create a life plan. Training and lessons were complemented by internships at international hotels. Successful students received a TUI Academy certificate, which qualified them to work in the tourism sector. TUI Care Foundation executive director Alexander Panczuk said, “We strongly believe in the transformative power of tourism to benefit local communities and promote economic development. The key to development is education and therefore we’re creating training opportunities for young people in the tourism sector” (Davies, 2021).

Outcomes

As a result of the pandemic, GDP contracted by 6.7% in 2020 weighed down by services, but other sectors started to recover faster. After reopening, tourism was initially weak, given travel restrictions, while growth in other services was curtailed by domestic containment measures. However, strong foreign investment and US demand supported agriculture, construction and manufacturing, which surpassed pre-pandemic levels by the end of 2020. Both employment and labor participation fell in 2020 – particularly in services and for women – but manufacturing employment fully recovered by early 2021.

The pandemic interrupted a prolonged growth spell that made the Dominican Republic one of the most dynamic economies in the region. The economy – which outperformed regional growth in the last two decades – had grown by more than 6% on average in the five years before the pandemic amid low inflation, a sound external position and improved social outcomes. This dynamism built resilience to the shock despite the impact of COVID on tourism and the heavy toll of the lockdown.

By June 2021, The Dominican Republic had recovered 80% of the visitors it received before the pandemic, according to the Tourism Ministry. 468,367 non-residents arrived in the Caribbean country that month, about 80% of the June 2019 total. Tourism “is in full recovery,” tweeted Minister David Collado. “June was the best month for tourism in 14 months.” Recovery was driven by strong demand from US travelers. The Bahia Principe hotel chain, for example, had 25% more tourists from the United States in the year up to June than in the same period of 2019 (Gutierrez, 2021).

To support recovery in 2021, the Dominican government announced a raft of measures to improve tourism, including beach facilities (\$10 million), measures to combat algae (\$12 million with the private sector), beach regeneration (\$70 million with the Inter-American Investment Bank) and revamping cultural sites (\$90 million). Further measures included eliminating taxes on domestic flights in order to promote domestic tourism, which went from accounting for 3% to 35% of the sector in 2020 – a rise largely explained by the 68% drop in international tourism. A new route between Madrid and Samaná opened in July 2021, operated by Air Europa.

“All hotel workers have been vaccinated to guarantee the safety of the [tourism] sector. If tourism takes a step forward, we all do, because many families survive from the industry,” Luis Abinar told media on a trip in the summer of 2021 organized by Spanish tourism consortium Grupo Piñero. Abinader also emphasized that the recovery was underway (Gutierrez, 2021). “By the end of 2021 we will have similar numbers (in arrivals and spending) as before the COVID crisis,” he said. The country’s tourism minister, David Collado said, “For us, tourism is not a luxury, it spearheads our economy. It is good news that for July reservations are already at record levels, especially from the United States market.” “International reservations for the Punta Cana-Bavaro area are already 37% higher than last year’s figures,” added Samuel Pereyra, general manager of state bank Banreservas (Gutierrez, 2021).

In September 2021, authorities announced plans to ease COVID-19 restrictive measures and proposed to reopen all provinces that registered a vaccination rate of 70%. Bars, restaurants and the



FIGURE 11.2 API Beach, Marina Cap Cana, Punta Cana (courtesy of Dominican Republic Ministry of Tourism)

entertainment sector saw respite with the country's de-escalation plan, and the authorities raised the minimum wage by 24%. Many experts were suggesting that tourism would not fully recover until 2023, but Fabio La Rosa from Noval Properties, speaking in October 2021, was more optimistic:

I honestly think that tourism will recover 100% starting from the next high season in two months. All hotels are already booked. 2020 closed at almost 50% less than the previous year, especially because of the four months with no sales, because the other months were not too bad. But sales in 2021 are 150% up in comparison to the pre-pandemic, mostly from US, Russian and Dominican market. In the near future, I think that the Dominican Republic will benefit from the lack of competition. It is the best option in the Caribbean to have a safe COVID-free vacation with no restrictions.

(La Rosa, 2021)

Discussion questions

1. After reading the case study and watching the video next, what measures did the tourism industry in the Dominican Republic put in place to reassure travelers that they were safe?
2. It appears that the Dominican Republic is another destination that recovered quicker than other tourism destinations from the pandemic. How would you explain this?

3. The case study highlights the efforts of the TUI Care Foundation in the Dominican Republic (www.tuicarefoundation.com/en). Do some research and find out what else the foundation has done for tourism destinations impacted by the pandemic.

Video link

Is it safe to travel to the Dominican Republic right now? Travelers share their experience.
 Travel Pulse, November 2020
www.youtube.com/watch?v=g9RYOMYifdk

References

- Barinas, S. & Viollaz, M. (2020). *Social and Economic Impacts of the COVID-19 and Policy Option in the Dominican Republic*, July. www.latinamerica.undp.org/content/rblac/en/home/library/crisis_prevention_and_recovery/impacto-economico-y-social-del-covid-19-y-opciones-de-politica-e.html
- Davies, P. (2021). TUI delivers youth training to help Dominican Republic tourism recovery. *Travel Weekly*, 8 September. <https://travelweekly.co.uk/news/tourism/tui-delivers-youth-training-to-help-dominican-republic-tourism-recovery>
- Dominican Republic Ministry of Tourism (2020). The Dominican Republic announces tourism recovery plan centered on health safety. *DRMT*, 26 August. <https://apnews.com/press-release/globenewswire-mobile/b83d20989a2f81870f2e31a6c2924e3c>
- Gutierrez, H. (2021). Dominican Republic: A tourism success story. *El Pais*, 3 July. <https://english.elpais.com/usa/2021-07-03/dominican-republic-a-tourism-success-story.html>
- IMF (2021). Dominican Republic. Staff report for the 2021 article IV consultation. *International Monetary Fund*, 14 June. www.imf.org/en/Publications/CR/Issues/2021/07/28/Dominican-Republic-2021-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-462906
- La Rosa, F. (2021). Personal communication, October.
- World Travel & Tourism Council (2021). Economic impact reports: Dominican Republic. <https://wtcc.org/Research/Economic-Impact>

12

DUBAI

Impacts

From the Roman columns of the Palazzo Versace to the Ottoman domes of Zabeel Saray, to one of the largest ski slopes in the world, Dubai, the financial and business hub of the United Arab Emirates (UAE), has built a collection of monuments and attractions to draw tourists. Almost 17 million people visited the city in 2019, spending US\$27.9 billion and contributing about 12% to economic output. Many of these visitors came for events and meetings: UAE's MICE industry (Meetings, Incentives, Conferences & Exhibitions) was among the global leaders before the COVID-19 pandemic occurred. In 2019, Dubai World Trade Center (DWTC) welcomed a record 3.57 million delegates, a growth of up to 4% from the previous year. Such an increase was driven by 349 MICE and business events, 97 of which were large scale with over 2,000 attendees (Aburumman, 2020).

But Dubai's economy was hit hard by the coronavirus outbreak, which hurt its key tourism, real estate and trade sectors. Dubai Statistic Centre said the economy declined by 10.8% in the first six months of 2020. Passenger numbers at Dubai International Airport slid 70% in 2020 and UAE airlines was projected to face a loss of US\$6.8bn. "COVID-19 has systematically and absolutely battered travel across the GCC (Gulf Cooperation Council). The region was still arguably amidst its growth phase and now, it's all come to a crashing halt," said Saj Ahmad, chief analyst at StrategicAero Research. Dubai's population also fell 8.4% in 2020 – the steepest decline in the Gulf region – as many expatriate workers exited the country due to the pandemic's negative impact on key employment sectors of tourism, aviation, hospitality and retail. More than a third of the city's 120,000 hotel rooms remained closed through the typically slow summer months as most owners channeled reservations into fewer properties to save on operating costs (Fattah, 2020).

Another major blow for Dubai was the cancellation of Expo 2020 Dubai. The emirate had already invested about US\$7 billion toward construction costs for the six-month, multibillion-dollar global innovation fair, which was set to be the largest such event ever staged in the Arab world. Expo 2020 was expected to attract some 24 million visitors from more than 200 countries starting from October 2020. Like the Tokyo Olympics, the event was postponed to 2021. "Even if the event is partially successful it has the potential of reviving the economy and taking it back to the pre-pandemic levels," said Scott Livermore, chief economist for the Middle East at Oxford Economics (Hashmi and Rose, 2021). More than 190 countries were expected to participate in the Expo – showcasing innovations around the themes of sustainability, mobility and opportunity.

Responses

Dubai and the UAE were initially recognized for setting a global model for dealing with the COVID-19 pandemic. The UAE government introduced several policies to boost the economy and moderate the impact of COVID-19, with stimulus measures worth about 18% of GDP. Dubai launched its own 6.8 billion dirhams (\$1.85 billion) stimulus to compensate for job losses or disruptions to businesses, and Abu Dhabi and Emirates announced similar fiscal packages. In total, the combined size of all of UAE's encouragement programs in 2020 exceeded US\$32 billion.

After an aggressive testing campaign that seemed to have the virus in check, Dubai lifted movement restrictions in June 2020, and economic activity started to resume. Initially, Dubai Tourism focused on attracting domestic tourists. "I believe one of the positive effects of an otherwise very tragic 2020 situation is that citizens and residents across the world have discovered or rediscovered their own home country as a tourist destination," said Nicolas Mayer global industry leader for Tourism & Hospitality at PwC (2021).

This has happened globally, and in the GCC this development was particularly strong in UAE and KSA. Tourism providers have done an excellent job at creating new offers, targeted towards local resident visitors, and I believe that staycations will remain an important, larger segment of overall tourism, even once the situation goes back to a totally normal one.

On 7 July 2020, the emirate opened itself to international tourists – relatively early compared to other international tourist destinations – implementing robust safety and hygiene protocols that enabled the reopening of most sectors and destination offerings across the city, including hotels, restaurants, attractions, water and theme parks, beaches, shopping malls and schools and universities. The World Travel & Tourism Council (WTTC) awarded Dubai the Safe Travels Stamp in acknowledgment of its efforts to ensure the highest standards of hygiene and COVID-19 precautionary measures. The emirate also introduced the "Dubai Assured" stamp to certify that establishments had implemented all public health protocols for the prevention and management of COVID-19.

In September, the UAE signed the Abraham Accords with Israel, allowing for full normalization for the first time between the two nations. The move was seen as strategic since Israel is a competitor for the UAE in many ways – particularly when it comes to tourism, travel, and research and development (R&D). Israel then became the world's most unlikely country to keep tourism going in Dubai. On November 26, the first commercial flight took Israelis officially for the first time to Dubai, and within eight weeks, more than 50,000 Israelis had made the three-and-a-half-hour flight, taking advantage of 15 direct flights a day (DW.com, 2021). Israel was under strict lockdown for most of 2020, which prompted financially well-off secular and religious Jews alike to enthusiastically embrace the Gulf state for its open restaurants, tourist attractions and shopping malls.

Dubai's tourism industry had to adapt to this growing number of new tourists and business-oriented visitors from Israel. A number of hotels in Dubai began to offer kosher meals; Habtoor Hospitality, for example, became the first hotel group to introduce Kosher food and beverage services to its UAE properties, partnering with local kosher caterer, Elli Kriel. The Jewish community center also signed a contract with Abu Dhabi tourism officials to train and certify hotel kitchens as kosher-compliant. Hundreds of tour guides signed on to Hebrew language courses, and Israelis were also given instructions on how to behave in Dubai, as kissing in public, cutting lines or shouting in the city is considered not only impolite but inappropriate. Swearing, insulting or harassing anyone in Dubai is punished with jail or deportation. Still, these regulations are part of what makes Israelis feel safe in Dubai, along with one of the world's highest number of CCTV cameras and the world's lowest crime rates.

Airlines in the region were proactive in persuading travelers to fly once more. Emirates was the first airline to conduct on-site rapid COVID-19 tests for passengers; the quick blood test was conducted by the Dubai Health Authority (DHA) and results were available within ten minutes. Etihad included the cost of a COVID-19 PCR test in its airfare for passengers departing from Abu Dhabi. Emirates also poured millions of dollars into an ad campaign over the winter season to promote “Destination Dubai” in a bid to get travelers on its planes. Partnering with Dubai Tourism, the promotion offered a complimentary night or two at the JW Marriott Marquis to all Emirates customers visiting Dubai from December 6 through February 28 of 2021. Adnan Kazim, Emirates’ chief commercial officer, said:

Dubai remains one of the most attractive global destinations, and we see strong interest and steady growth in bookings to Dubai from across our network and particularly from Europe. With our latest campaign, we aim to reignite the magic of travel and put Dubai foremost in the minds of people around the world seeking a winter getaway.

(Singh, 2020)

In another strategic move to boost the tourism economy, Dubai launched a one-year remote working visa for tourists in October 2020. Introducing the program, Sami Al Qamzi, director general of Dubai Economy, said:

The virtual working program further strengthens Dubai’s status as a global business hub and demonstrates its progressive thinking and sustained competitiveness in today’s rapidly changing global landscape. Dubai was recently listed as the second best among 60 global cities for remote working jobs by the CEOWORLD magazine. With its advanced infrastructure, global



FIGURE 12.1 Dubai’s virtual working program (courtesy of Dubai Tourism)

connectivity and pro-business ecosystem, the virtual working program gives Dubai a significant opportunity to enhance business practices and maximize growth.

(Dubai Tourism, 2020)

Hamad Buamim, president & CEO of Dubai Chamber of Commerce and Industry, said the launch of the virtual working program strengthened Dubai's position as a world-class business hub that attracts top talent, companies and investors from around the world.

The new initiative is a testament to the emirate's ability to quickly adapt to changing market conditions and introduce new measures that improve ease of doing business and enhance its economic competitiveness. The move also reflects Dubai's ability to create new opportunities for entrepreneurs and professionals to benefit from the city's advanced digital infrastructure and realize their ambitions in a vibrant innovation-driven business environment.

(Dubai Tourism, 2020)

Outcomes

As Dubai moved into 2021, the images projected of the city – particularly from the Instagram feeds of influencers or celebrities – painted an image of a wide-open winter sun paradise (France24, 2021). However, coronavirus cases began to climb once more, forcing countries to shut travel corridors with Dubai. British and Israeli tourists largely disappeared from the city's sandy beaches after the UK and Israel demanded those coming from the Gulf state to quarantine. Denmark – then Britain – suspended flights from the UAE. The city received criticism for welcoming international visitors too soon, being accused by the global community of being a “super-spreader” of the virus abroad. About 300,000 people traveled between the UAE and the UK in November and December



FIGURE 12.2 Dubai open for shopping early 2021 (courtesy of Dubai Tourism)

alone. “Brits make up such an important proportion of tourists and investors in Dubai,” said David Tarsh, spokesman for ForwardKeys, a travel data-analysis company. “Cutting that pipeline . . . is a complete disaster for the city” (Debre, 2021).

On 1 February 2021, the city took action to close all bars and pubs for the entire month and limit other activities amid rising coronavirus cases and an ongoing crash in oil prices. It also limited hotel and shopping center capacity and reinstated a requirement for all incoming passengers to take a test to prove they are virus free. However, the city did not close borders to international travel. Sheikh Mohammed bin Rashid Al Maktoum, Dubai’s ruler, declared that widespread vaccination, not movement restrictions, would “accelerate the full recovery of our country.” The emirate was determined to keep its tourism-reliant economy in business, and officials were confident that levels of compliance with COVID-19 precautions had so far been in keeping with expectations. “We approach things in a very measured fashion, but it’s our philosophy that we should work through this pandemic,” said Helal Saeed Al Marri, director general of Dubai Department of Tourism and Commerce Marketing. “If we ask everybody to change their behavior 100%, it’s very unlikely to get full compliance. In our case, we’ve asked people to tweak their behavior, to learn to live in the new normal, and people have embraced that” (Saifi et al., 2021).

Some experts were predicting that moving forward Dubai might think twice about putting so much emphasis on tourism as a key economic engine. “The COVID shock will affect the leadership’s thinking and spur Dubai’s leaders to look towards building up other sectors that might (to the extent possible) be more pandemic-proof,” said Varsha Koduvayur, a senior research analyst for Washington DC-based Foundation for Defense of Democracies (Abdellatif, 2021).

However, in the Spring of 2021, Dubai seemed to be moving full-steam ahead in positioning itself as a world-class tourism destination. In March, the city launched its 2040 Urban Master Plan, focusing on “reinforcing Dubai’s competitiveness as a global destination by providing a wide diversity of lifestyle and investment opportunities for citizens, residents and visitors over the next 20 years.” The plan entailed increasing the land area used for hotels and tourist activities by 134% and the length of public beaches by as much as 400% over the next two decades. “The plan sets specific development objectives that will also address qualitative measures to improve the experience of tourists in Dubai,” said Shady Elborno from Emirates NBD Research. “This is important in giving direction to a sector looking for a clear exit from this pandemic, and planning for the years and decades ahead” (Benny, 2021).

Meanwhile, another creative initiative launched in April 2021 solidified the newly found relationship with Israel. The governments of both countries organized a visit to Dubai of young Israeli social media influencers in various fields to meet their Emirati counterparts. The group met under the slogan of “Cousins Meetup” with a clever logo that incorporated the word “cousins” in Hebrew and Arabic. Often, Israelis use the word “cousins” as a pejorative term for their Arab neighbors. Using it in this context was not ironic, and the young people on both sides seemed truly excited to get to know one another. Together, the young Israelis had 15 million followers, almost twice the population of Israel. Virtually every minute of the trip was documented and shared on various social media platforms. One of the influencers, Stephane Legar, an Israeli singer and rapper, made a YouTube clip about being in Dubai. “The idea is that people really talk and get to know each other here in Dubai and not only from afar,” Legar said. “I am happy to represent Israel and to give a different angle on things” (Gradstein, 2021).

EXPO 2020 finally took place in Dubai from 1 October 2021 to 31 March 2022, and by the end of 2021 had already attracted over 8 million visitors to its 192 pavilions, myriad exhibitions, hundreds of restaurants and non-stop activities. Stringent COVID-19 safety measures were put in place to protect everyone on site and included mandatory mask-wearing – indoors and outdoors – for visitors, as well as all staff and participants. “Expo 2020 Dubai has leveraged the UAE’s position as a global nexus point to convene more than 200 participants and millions of visitors, to inspire meaningful change and create a brighter future for us all,” said Sumathi Ramanathan, VP-Market

Strategy and Sales, Expo 2020. “Leveraging Dubai’s world-class infrastructure and business-friendly regulatory frameworks, it has acted as a catalyst – opening up new markets and opportunities – with an extensive business programming calendar that is purpose-built to attract investment, forge new partnerships and promote international cooperation” (Bhatia, 2021).

Discussion questions

1. Many destinations had to change their target markets during the pandemic. What was Dubai’s strategy in this regard?
2. Dubai opened itself to international tourists relatively early compared to other international tourist destinations. Do you think this was wise?
3. After reading the case study and watching the interview with Sumathi Ramanathan (see link next), explain the role that EXPO 2020 has played to help Dubai’s tourism sector recover from the pandemic.

Video link

Interview with Sumathi Ramanathan, vice president, market strategy and sales, Expo 2020 Dubai
www.youtube.com/watch?v=CNqKACKyLM8

References

- Abdellatif, R. (2021). Dubai faces festering tourism challenges beyond pandemic. *Skift*, 5 March. <https://skift.com/2021/03/05/dubai-faces-festering-tourism-challenges-beyond-pandemic/>
- Aburumman, A.A. (2020). COVID-19 impact and survival strategy in business tourism market: The example of the UAE MICE industry. *Humanities & Social Sciences Communications*, 7(141).
- Benny, J. (2021). Dubai sets sights on May rebound for travel and tourism as COVID-19 vaccines take effect. *Gulf News*, 26 March. [https://gulfnews.com/business/tourism/dubai-sets-sights-on-may-rebou . . . travel-and-tourism-as-covid-19-vaccines-take-effect-1.1616730015682](https://gulfnews.com/business/tourism/dubai-sets-sights-on-may-rebou...travel-and-tourism-as-covid-19-vaccines-take-effect-1.1616730015682)
- Bhatia, V. (2021). Expo 2020 Dubai: Pulling out all stops. *Hotelier India*, 11 November. www.hotelierindia.com/uncategorized/18254-expo-2020-dubai-pulling-out-all-stops
- Debre, I. (2021). Dubai, party haven amid pandemic, faces its biggest surge. *CTV News*, 19 January. www.ctvnews.ca/health/coronavirus/dubai-party-haven-amid-pandemic-faces-its-biggest-surge-1.5272854
- Dubai Tourism (2020). Dubai launches unique virtual working program for overseas professionals. *Dubai Tourism Press Release*, 14 October. www.dubaitourism.gov.ae/en/newsroom/press-releases/virtual-working-programme
- DW.com (2021). UAE’s tourism sector gets a shot in the arm as Israelis flock to Dubai. *DW.com*, 14 January. www.dw.com/en/uaes-tourism-sector-gets-a-shot-in-the-arm-as-israelis-flock-to-dubai/a-56217968
- Fattah, Z. (2020). Dubai hotels may cut 30% of jobs until demand recovers: STR. *Bloomberg*, 20 May. www.bloomber.com/news/articles/2020-05-20/dubai-may-lose-a-third-of-hotel-jobs-as-virus-devastates-tourism
- France24 (2021). Covid-19: Dubai is open to tourists, despite the risks. *France 24*, 9 February. www.france24.com/en/tv-shows/focus/20210209-covid-19-dubai-is-open-to-tourists-despite-the-risks
- Gradstein, L. (2021). Cousins meetup: Bringing young Israelis, Emiratis together. *The Jerusalem Post*, 8 April. www.jpost.com/middle-east/cousins-meetup-bringing-young-israelis-emiratis-together-664605
- Hashmi, S. & Rose, I. (2021). Rescheduled Dubai Expo hopes to attract 25 million visits. *BBC News*, 11 April. <https://finance.yahoo.com/news/rescheduled-dubai-expo-hopes-attract-235647205.html>
- PwC (2021). UAE hospitality sector to set record recovery in 2021. *PwC Middle East*, 3 January. www.pwc.com/m1/en/media-centre/articles/uae-hospitality-sector-set-record-recovery-2021.html
- Saifi, Z., Deferio, J. & Swan, M. (2021). How Dubai is paying the price for letting in tourists. *CNN Travel*, 6 February. <https://edition.cnn.com/travel/article/dubai-tourism-crackdown-covid-19/index.html>
- Singh, J. (2020). Emirates is spending millions to tell people Dubai is open. *Simple Flying*, 10 December. <https://simpleflying.com/emirates-dubai-open-campaign/>

13

INDIA

Impacts

India, with its geographically and culturally vast landscape, has become a popular tourism destination. In 2019, the industry contributed US\$268 billion to India's GDP (6.8%), supporting 87.5 million jobs, 12.75% of total employment in 2018–2019. Over the past few decades, the government has played an important role in developing such a strong visitor economy. The Ministry of Tourism has undertaken a slew of initiatives, such as the Incredible India 2.0 campaign focusing on niche tourism products including wellness and adventure tourism, as well as investing in the industry through schemes such as PRASHAD and Swadesh Darshan, which have proven to be successful in increasing the number of foreign and domestic visitors in India. The country welcomed 10.8 million foreign arrivals into the country in 2019, but it is domestic travelers that drive the travel and tourism sector in India, responsible for 83% of visits. This share is expected to reach 89% by 2028, driven by an increase in disposable incomes and more leisure time at hand (Grant Thornton, 2020).

The tourism sector was expected to grow strongly during 2020, but the outbreak of the pandemic and its aftermath had a crippling effect on the industry. The nationwide lockdown announced in late March 2020 coincided with the peak tourism season, which usually begins from early April onward. By the end of 2020, tourism revenue was down about 40%, and up to 50 million jobs (both direct and indirect) were impacted. The aviation sector alone was looking at an estimated loss of US\$11.2 billion with up to 2.9 million jobs at risk, and estimated losses for the Indian hotel industry was at least US\$6 billion (Grant Thornton, 2020).

“COVID-19 has hit us really hard, we are finding it really difficult to survive,” said BS Ranawat, owner of a tour agency in Jaipur. “I had three branch offices in Jaipur but had to shut down two of them, release a majority of the staff and take credit from the family for payment of loans. I have lost 80% of my business” (Shrivastava, 2021). Agra, a well-known heritage tourism city, faced the same fate as Jaipur, with tourist footfalls dipping by 60% in 2020. The Taj Mahal, a major tourist attraction, was shut down on 17 March 2020, and although it reopened on 21 September, the numbers did not return (see Figure 13.1). “Taj Mahal has been opened but we are hardly getting any tourists,” said Rajeev Upadhyay, a city-based antique and jewelry shop owner, who also used to help tourists to get guides, cab services and more.

Most of those visiting are locals and from nearby places. Several hotels, restaurants and emporiums in the city are still closed. Agra has been largely dependent on foreign tourists and we



FIGURE 13.1 The Taj Mahal, a major tourist attraction in India, was shut down in March 2020 (courtesy of Jovyn Chambon Unsplash)

have zero foreign tourists coming in. Since March we have been sitting at home but continue to pay our installments and other bills. In Agra, almost 50% of the households are directly or indirectly related to the tourism business and everyone is struggling to revamp the sector. There is no government support.

(Shrivastava, 2021)

Responses

The Ministry of Tourism constituted a National Tourism Taskforce, headed by the Minister of State (I/C) for Tourism, to meet the challenges posed by COVID-19 and included state tourism ministers, joint secretary-level officers of the concerned central ministries and heads of tourism and hospitality associations (WASD, 2020). The Government of India announced special fiscal support packages for sectors that were badly affected by COVID-19, and different states of India introduced their own measures to support the tourism and hospitality sectors. For example, the Government of Maharashtra offered rebates on electricity charges and property taxes and also decreased number of permissions required to start a new hotel or a restaurant to 10 from 70. In Kerala, the government introduced the Chief Minister's Tourism Loan Assistance Scheme (CMT-LAS) in a bid to support the state's travel and tourism sector. While establishments in the travel and tourism sector could opt for the Tourism Working Capital Support Scheme (TWCSS) to stay afloat, employees engaged in the industry could apply for short-term personal loans under the Tourism Employment Support Scheme (TESS). Houseboats owners could make use of Tourism Houseboats Support Scheme (THSS) to get financial assistance for executing urgent repairs and maintenance to the assets.

However, industry groups in India were generally critical of government support during the pandemic. Chairman of the Federation of Associations in Indian Tourism and Hospitality (FAITH), Nakul Anand, for example, said: “FAITH has been urging the government that till vaccine-based confidence comes, a targeted tourism support fund be made available for tourism players to meet their operating costs and retain jobs” (Chaturvedi, 2020). The Federation of Hotel & Restaurant Associations of India (FHRAI) reiterated the demand for support from the government to help the sector and bring back jobs. FHRAI vice president Gurbaxish Singh Kohli said for the industry, 2021 would be all about survival and recovery and everything else would revolve around this (Tyagi, 2020). “Hospitality and tourism are a very important component of the economy and we need to ensure it bounces back and thrives,” he asserted. Claiming that tourism and hospitality are the worst affected in 2020, which “has been a total write off for the industry,” Kohli said: “We were the first to fall and the last to rise. Unfortunately, the government has not been as forthcoming (with support) as one would’ve hoped” (Chaturvedi, 2020).

Vijay Dewan, managing director for Apeejay Surrendra Park Hotels, said that the hotel industry in India had to adapt to survive.

Considering the evolving nature of business environment owing to the current situation, the industry has adopted and embraced technological innovations to keep things afloat. While COVID-19 had just hit the country, we quickly created a revenue stream for take-away and food delivery, and further upskilled our employees during the lockdown with online and e-learning modules.

(Archana, 2020)

Many in the hotel industry in India stepped up to answer the call of public health to support the pandemic by providing overflow capacity for hospitals or by offering people a facility to self-isolate and protect their families. In Mumbai, the Indian Hotels Company Limited (IHCL), the hospitality brand of the Tata Group, provided free rooms to medical personnel who were treating coronavirus patients. “We deeply value the contribution from the medical community and will continue to work with them as well as the local authorities as we navigate through this crisis,” an IHCL spokesperson said. Other hotel chains in India followed suit. The Lalit, Lemon Tree, Radisson Hotels, InterContinental Hotels Group (IHG) and many others set aside rooms for quarantining patients or for medical staff battling the COVID-19 outbreak. Some Indian hotels also provided meals for those at the frontline. “Going by estimates and inputs received from members in different parts of India, in total around 45,000 rooms have been offered to the local authorities and NGOs,” said Gurbaxish Singh Kohli, vice president of The Federation of Hotel and Restaurant Associations of India. “The hospitality industry and its entrepreneurs have opened their doors to support the people and the central, state and local authorities to combat the COVID-19 pandemic” (Chaturvedi, 2020).

To prop up the tourism sector, India’s Ministry of Tourism (MoT) put all its efforts behind a domestic tourism campaign titled “Dekho Apna Desh,” calling on Indians to travel to at least 15 destinations in the country (Nandwani, 2021). The campaign sought to focus attention on India’s latent travel potential and encourage Indians to explore their backyard by rewarding those who travel to all 15 places within a year. The program was successful beyond expectation, said Meenakshi Sharma, Director General, Ministry of Tourism, Government of India, “because it was charted by the industry partners.” Rupinder Brar from the Ministry of Tourism said:

We thought about curating and showcasing the beautiful destinations that people can travel to from home. India is diverse and there are so many places Indians have not travelled to. We are trying to build a narrative around the various experiences of India and make the country accessible to everyone.

(Nandwani, 2021)

In 2019, almost 27 million Indian nationals departed on outbound travels from India, spending about US\$24 billion. Encouraging these travelers to enjoy their own backyard was a smart move by the government (Kale, 2020).

Travel companies in India jumped on the domestic tourism bandwagon. MakeMyTrip launched a “My India” campaign, encouraging travelers to explore the lesser-known destinations across the country. Sunil Suresh, group chief marketing officer at MakeMyTrip, said:

When we travel within India, we don’t just return with memories but often with awe, pride and a sense of gratitude for the diverse and incredible travel experiences that India as a travel wonderland has to offer. That’s the emotion we hope to bring alive through #MyIndia, where we will create conversations on the best that India has to offer.

(Tewari, 2021)

The online travel agent also brought celebrities such as Ajinkya Rahane (Maharashtra), Pankaj Tripathi (Bihar), Guru Randhawa (Punjab), Mary Kom (Manipur), and Sunil Chetri (Karnataka) among the influencers who promoted their respective home states on social media.

Tour operator Thomas Cook, meanwhile, ran an “India Holiday Festival” using digital video content across YouTube, Instagram and Facebook along with print campaigns to promote domestic travel. “We wanted to create curiosity and help showcase that some popular Indian destinations offer a similar, if not better experience, as compared to the most sought-after international counterparts,” said Rajeev Kale, president of Holidays, MICE, Visa, Thomas Cook (India) Ltd. “In the face of limited international border reopening, we wanted to showcase the spectacular beauty available in our own country, as great alternatives to choose from while highlighting its diversity” (Tewari, 2021).

SOTC Travel and Thomas Cook’s Second Holiday Readiness Report released in December 2020 said that 52% of respondents were likely to take a domestic holiday. Preferred destinations



FIGURE 13.2 Goa, a popular destination for Indian tourists during the pandemic (courtesy of Sumit Sourav on Unsplash)

in India included Goa (38%), Himachal Pradesh (29%), Ladakh & Kerala (20%), North East (19%), and Kashmir and Andamans (15%). Daniel D'souza, president and country head, Leisure, SOTC Travel, said:

There is an expected rise of local tourism, offbeat places, wildlife tours. Demand has similarly increased for 'drivevacations' and rural getaways to experience the local culture. Millennials wish to explore the unknown and are keen to escape the city life for more 'glocal' experiences.

(Tewari, 2021)

Outcomes

Experts feel that recovery of the tourism sector in India may take some time. Pronab Sarkar, president, Indian Association of Tour Operators, said:

Travel and tourism was the first industry to be brought to a halt to contain the spread of the coronavirus, and will possibly take longer to recover given that holiday plans have been put on hold, as the health situation remains a priority, coupled with economic and business uncertainties. We have to project a COVID-free environment with proper sanitization of our vehicles, hotels, monuments and airlines and so on to project that we are safe to travel. A positive and innovative approach, creative marketing and optimistic thinking will help the industry to revive at a faster pace.

(Archana, 2020)

Some felt that medical tourism had a bright future for India post-pandemic. Medical tourism in India had been steadily growing – government data for 2019 and 2018 showed at least 6% of the overall tourist flow to India was of people arriving for treatment. Foreign tourist arrivals for medical reasons in 2019 were 697,453–6.4% of the total; for 2018, the number was 644,036, 6.1% of the total tourist inflow. However, Culture and Tourism Minister Prahlad Patel said domestic tourism would be the mainstay of the tourism industry in post-COVID times. He said:

We need to look at what our role will be after the COVID pandemic is over and it is our responsibility that we meet our pre-COVID level position. The government is working on initiatives like a medical and wellness tourism board, guide training, skilling and Dekho Apna Desh. Domestic tourism is the future. Unexplored, unexploited destinations have to be identified and promoted.

(Kale, 2020)

Meanwhile, the tourism industry hoping for a wave of what has become known as “revenge traveling” – people going on extra trips or splurging after the COVID crisis because they were deprived of that possibility for so long (Sharma, 2021).

Deep Kalra, MakeMyTrip founder & executive Chairman, was optimistic about the future for tourism in India.

Travelling is innate to humans and having spent time indoors people are yearning to connect, explore and travel more than ever before. While COVID-19 had a crippling impact on the entire travel & tourism industry, the promise of effective vaccine rollout is good news as the year comes to a close. Revenge travel is going to gain further momentum as we enter 2021. The massive pent-up demand is going to fuel that need to travel further with a lot of people yet to take their first flight or first real holiday.

(Tewari, 2021)

To seize the day, the government as well as the industry will need to rise to the challenge of transforming top Indian destinations as world-class tourist attractions, he added. “This requires an integrated, inter-sectoral approach and investment from the government to build supporting infrastructure while the industry should focus on innovation, stellar service and customer experience that will propel domestic tourism in India like never before,” Kalra said (Tewari, 2021).

An academic study of the challenges facing the tourism and hospitality industry in India during the pandemic found that the number one challenge as perceived by executives related to the skills of employees. “This was visible in the way experts felt about the vital learnings from the ongoing crisis, where multiskilling was considered as a latent solution to the issue of reduced redundancy and retaining employees in the long run,” said the authors (Kaushal and Srivastava, 2021). “This reflects that going forward managers must take cognizance of the evolving practices related to the employees’ engagement in multiple job roles, which is expected to become a norm in hospitality and tourism.” The study also highlighted a need for better crisis preparedness in the future.

As for the future of corporate travel in India, a survey of executives from travel-intensive sectors conducted in September 2020 found that although the majority had been adversely impacted by the pandemic, they expected recovery in their businesses by the end of 2022 (Ernst & Young, 2020). However, most respondents were of the opinion that corporate travel policies would be revised to limit strategically important business development and revenue enhancement activities. This, the majority believe, would be a result of the proven effectiveness of video conferencing tools. Others felt that reduced business activity and budget limitations would also impact corporate travel.

In November 2021, as coronavirus infections across the country remained low and vaccination rates increased, India reopened its borders to vaccinated tourists, ending a 20-month clampdown. “The vaccination campaign has been prioritized for the states associated with the tourism sector, which further strengthens the preparedness of these states . . . the industry is making sure to adhere to all protocol and norms relating to covid-19 as notified by the government,” said Rikant Pittie, co-founder of travel portal EaseMyTrip. “Being one of the most impacted sectors, there is an increased focus on safety and hygiene among all stakeholders in the tourism sector” (Sharma, 2021).

India’s easing of restrictions on foreign tourists arriving on commercial flights seemed to be well-timed with the holiday season. In 2019, nearly 50% of all such arrivals were between October and January, and mostly for leisure, according to government data. However, toward the end of 2021, the Omicron variant was threatening to jeopardize another season for those Indian destinations dependent on international visitors. In Goa, for example, international charter flights were canceled in December – a month into the traditional start of Goa’s high season, which runs from the end of October until March. “We have been badly hit,” said Menino D’Souza, director of tourism for Goa’s state government (Shivji, 2021). Figures gathered by his department show a more than 80% decline in international tourists visiting Goa during the pandemic, with some 937,000 foreigners arriving in 2019 compared to just 17,431 from January to September of 2021.

Discussion questions

1. Summarize the efforts of marketers in India to promote domestic tourism during the pandemic.
2. The case discusses how hotels in India stepped up to answer the call of public health. How did they do this? Do you think these hotels will be more competitive in the future because of these efforts?
3. What more could be done in India – according to stakeholders in the case study – to attract more international visitors, given that they represent just 17% of the tourist market?

Video link

Indian tourist hot spot Goa struggles with COVID-19 restrictions. CBC News, December 2021
www.youtube.com/watch?v=YegjimZuoXo

References

- Archana, L. (2020). Coronavirus hurts tourism sector in India. *Good Returns*, 15 December. www.goodreturns.in/news/coronavirus-hurts-tourism-sector-in-india-1192201.html
- Chaturvedi, A. (2020). Hotels open doors in fight against Coronavirus. *Economic Times*, 4 April. https://economictimes.indiatimes.com/industry/services/hotels/-restaurants/hotels-open-doors-in-fight-against-virus/articleshow/74974062.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst
- Ernst & Young (2020). *The Impact of COVID-19 Pandemic on Corporate Travel in India*. Ernst & Young, Kolkata, India, November.
- Grant Thornton (2020). *Travel and Tourism. Survive, Revive and Thrive in Times of COVID-19*. Grant Thornton, June. www.grantthornton.in/globalassets/1.-member-firms/india/assets/pdfs/travel-and-tourism-in-times-of-covid-19.pdf
- Kale, S. (2020). Domestic tourism to be mainstay of tourism industry in post-Covid times: Patel. *Hindustan Times*, 17 December. www.hindustantimes.com/travel/domestic-tourism-to-be-mainstay-of-tourism-industry-in-post-covid-times-patel/story-avvjx27O7RYUwwknavO5FN.html
- Kaushal, V. & Srivastava, S. (2021). Hospitality and tourism industry amid COVID-19 pandemic: Perspectives on challenges and learnings from India. *International Journal of Hospitality Management*, 92. www.sciencedirect.com/science/article/pii/S0278431920302590
- Nandwani, D. (2021). The success of Dekho Apna Desh is apparent from the number of tourists flocking Indian destinations such as Goa, Jaipur and Uttarakhand. *Travelgram*, 21 January. www.travelgram.in/branding/dekho-apna-desh-campaign-promoted-domestic-tourism-successfully/
- Sharma, N. (2021). India has reopened for foreign tourists but its hotels and airports may be unprepared. *Quartz India*, 16 November. <https://qz.com/india/2090132/is-india-ready-for-arrival-of-foreign-tourists-amid-covid-19/>
- Shivji, S. (2021). Omicron variant threatens to jeopardize another season in India's tourist-dependent Goa. *CBC News*, 21 December. www.cbc.ca/news/world/covid-omicron-tourism-go-1.6288447
- Shrivastava, R. (2021). COVID has changed tourism. Will it also make it more responsible? *Citizen Matters*, 6 January. <https://citizenmatters.in/indian-tourism-sector-jaipur-agra-covid-impact-23021>
- Tewari, S. (2021). Travel firms launch ad campaigns to promote domestic tourism. *Mint*, 29 January. www.livemint.com/industry/advertising/travel-firms-launch-ad-campaigns-to-promote-domestic-tourism-11611928126189.html
- Tyagi, A. (2020). For hospitality and tourism sector, 2021 is all about survival, recovery. *Mint*, 21 December. www.livemint.com/industry/human-resource/for-hospitality-and-tourism-sector-2021-is-all-about-survival-recovery-11608544204065.html
- WASD (2020). *Effect and Impact of the Coronavirus Pandemic on Tourism Industry in India*. World Association for Sustainable Development. www.wasd.org.uk/download/covid-india/

14

INDONESIA

Impacts

Indonesia is the world's fourth-most populous country (after China, India and the United States), with more than 270 million people spread over five main islands and about 6,000 smaller islands. While agriculture is a major component of its economy, the country relies heavily on tourist dollars, with the tourism industry representing about 6% of GDP. Home to 4 million people, Bali is Indonesia's tourist center, contributing 50% of the country's income from the tourism industry or US\$10bn annually. About 6 million travelers visited the island in 2019. Bali has been hit by severer economic crises before, from the Bali bombings that killed 202 people in 2002, to the eruption of Mount Agung in 2017.

But the COVID-19 pandemic has rocked the tourism industry in Indonesia more profoundly than previous crises. With international borders closed for most of 2020, thousands of tourism workers have lost jobs, and Indonesia fell into its first recession in 22 years. "The situation is much worse today than 18 years ago," said I Nyoman Depu, who runs a scuba dive business in Denpasar.

In the aftermath of the terrorist attack, tourists still came here, both domestic and international visitors, albeit in a much lower number. But the impact from the pandemic is much worse. Only a few people have come to my place since June. Sometimes many weeks passed by without a single guest so I depend on charity from my friends to support the family.

(Andriyanto, 2020)

The crisis has also caused challenges in other sectors such as fishing, which was dependent on restaurants and hotels for business. Facing the pandemic, locals looked for new ways to make a living. Some started seaweed farming at the very location they used to give diving lessons, and many returned to their agricultural roots. I Gede Tinaya is a tour guide whose business collapsed due to the pandemic. He was left some land in Kintamani, North Bali, by his parents, so he moved back to the village and started farming. He now grows red onions.

In the past, we thought that tourism is our basic income. But I have learned that Bali is not only about tourism. The agricultural business also can provide life support only if we want to work hard and explore the real potential in our island.

(Firdaus, 2020)



FIGURE 14.1 Kintamani, Indonesia, where agriculture was an important source of income during the pandemic (courtesy of Andre Gunawan on Unsplash)

Responses

The government introduced various policies to help tourism operators affected by the pandemic. Among other things, they helped business liquidity through facilitation of fiscal relaxation, used the National Economic Recovery (PEN) program to support access to capital, provided electricity incentives in the form of relaxation of minimum electricity rates, and provided hotel rooms as independent isolation locations or for health workers. Angela Tanoesoedibjo, the deputy minister of Tourism and Creative Economy, said:

We have facilitated social assistance for tourism workers with the Ministry of Social Affairs, facilitating pre-employment cards with the Coordinating Ministry for the Economy, and

reduced payments of BPJS Ketenagakerjaan (social security) contributions. Additionally, the Ministry of Tourism is distributing emergency food assistance directly to tourism actors.

(Bali Plus Magazine, 2020)

The Ministry distributed over US\$200 million worth of tourism grants for hotel and restaurant tourism businesses and local governments (Lath et al., 2020). Thirty percent of funds were intended to assist local governments in dealing with the impact of the COVID-19 pandemic on the tourism sector and the creative economy. Meanwhile, 70% was allocated to assist hotel and restaurant businesses in carrying out their daily operations and in implementing health protocols. “We will aid the industry to realize cleanliness, health, safety, and environmental sustainability (CHSE) for free. This step is expected to build the trust of tourists to travel again,” said Hari Sentosa Sungkari from the Ministry.

Funds were also allocated by the Transport Ministry to revive a struggling aviation industry. In 2020, passenger movement fell by 72% and cargo movement dropped by 50% compared to the previous year, and in November 2020 national flag carrier Garuda Indonesia terminated the contracts of over 700 employees. “We are forced to take the difficult decision in order to ensure our company’s survival during these challenging times,” said Garuda president director Irfan Setiাপutra (The Star, 2020). Garuda took other measures to maintain cash flow amid plummeting demand for air travel, including cutting employee and executive salaries, lowering production costs for efficiency, and renegotiating obligations to partners and aircraft lessors.

Meanwhile, to revive the country’s tourism sector, Angela Tanoesoedibjo said that her party would empower domestic tourists through a tourism discount program. She said,

Indonesia is a country with a large population – we have opportunities in domestic tourism that can still be maximized. The tourism discount is used to encourage domestic tour packages. Because during this pandemic, in addition to the factor of public confidence in the cleanliness of tourist destinations, people’s purchasing power is also decreasing.

(Bali Plus Magazine, 2020).

The aim of the initiative was to attract domestic tourists to 12 locations across Indonesia. Fifty thousand vouchers were available for staycations, tours and attractions, meals and shopping.

The importance of domestic travel to Bali is often overlooked. In 2019, Indonesia’s Central Statistics Agency estimates there were 282.9 million domestic trips in the country – considerably more than those made by the 16.1 million foreigners who visited the country that year (Guild, 2020). That same year, Bali Airport handled 4.97 million domestic passengers, its two primary domestic source markets being Jakarta and Surabaya. But the attempt to pivot toward domestic tourism has offered little respite for Bali. An occupancy rate above 40% is said to be the minimum threshold for hotels to turn a profit, but the rate only hovered between 5% and 10% after Bali opened to domestic travelers in late July 2020.

Speaking at the end of 2020, Tanoesoedibjo said the focus of the Ministry of Tourism and Creative Economy was to improve the quality of destinations and prepare the industry in adapting to new norms as well as post-pandemic. She said:

For example, we provide free training through webinars to increase the productivity and quality of tourism actors. Second is the revitalization of facilities and infrastructure such as a tourism destination cleaning program which aims to improve the quality of the tourism destination itself. We have also implemented health protocols with stakeholders and the Ministry of Health for the tourism sector.

Survival and getting prepared for a post-COVID era were also a priority for I Putu Astawa, the head of Bali’s provincial tourism department. “The COVID pandemic allows us to reshape and rethink our tourism industry in the future, how to enhance our competitiveness and make Bali a more respected destination,” Astawa said. “We must do this because Bali doesn’t have other resources. We don’t have coal, we don’t have gas,” he said (Andriyanto, 2020). According to Dr Luh Putu Mahyuni, a sustainable business consultant and economist at Undiknas University, the pandemic has provided a wake-up call for Bali to foster new types of tourism such as gastronomic tourism. “The tourism sector needs to develop products with other sectors so as to create a more resilient and sustainable economy” (Saad, 2020).

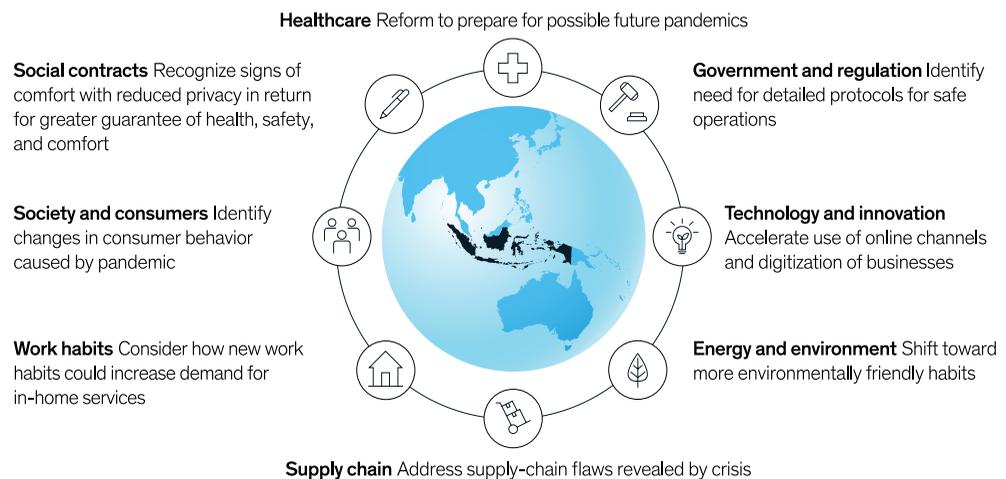
Outcomes

McKinsey argues that now is the time for Indonesia to consider the various trends that will define the next normal (see Figure 14.2). They suggest the country needs to create strategies to advance its economy and prepare for a strong post-crisis emergence (Lath et al., 2020). Rebuilding the tourism sector is a key part of this and, according to McKinsey, should include expanding domestic tourism and developing niche and nature-based tourism to capture the shift in traveler behavior. They also recommend Indonesia could use the unintended lull in international travel to improve its tourism infrastructure, such as airports, and standards within the hospitality industry.

By the beginning of 2021, the Indonesian government had established travel corridor arrangements with the United Arab Emirates, China, South Korea, and Singapore for those traveling with diplomatic or fundamental business objectives. In March 2021, the government announced that Indonesia would reopen Bali to foreign tourists in July. Coordinating Minister for Maritime Affairs and Investment Luhut Binsar Pandjaitan said the government would prepare a travel corridor, or travel bubble, with other countries to boost tourism arrivals. “We have to set up the same

Now is the time for Indonesia to consider the various trends that will define the next normal.

Themes for next normal



McKinsey & Company

FIGURE 14.2 Trends that will define the next normal in Indonesia (courtesy of ©McKinsey & Company)

parameters to establish reciprocal travel bubbles with other countries,” Luhut said at a virtual news conference for the 2021 Bali Investment Forum (Widadio, 2021).

Deputy Minister of Tourism and Creative Economy Angela Tanoesoedibjo said there would be requirements for countries that wanted to establish a travel corridor with Indonesia. The countries must be able to keep infection rates under control and maintain significant vaccination progress. Indonesia was also considering the availability of direct flights that connected Bali to those countries to reduce the risk of transmission. “We will prioritize the quality of tourists in terms of longer duration of stay and higher expenditure,” she said (Widadio, 2021). Countries that were being considered at the time include the Netherlands, China, United Arab Emirates (UAE), and Singapore.

In October 2021, Indonesia authorized the arrival of fully vaccinated tourists from China and 18 other countries, and Bali reopened its international airport. However, only a handful of international tourists visited the island in 2021. “Our hotels haven’t received any bookings from international tourists,” the head of Bali Tourism Board Ida Bagus Agung Partha Adnyana said. “I think that so far we’ve been targeting the wrong markets for Bali’s tourism reopening.” But it was quarantine regulations and over-zealous screening that seemed to be deterring visitors. In order to come to Bali, foreign tourists were having to deal with strict COVID-related entry requirements. They had to obtain a business visa at a cost of US\$300 (there were no tourist visas at the time), take multiple PCR tests, and buy special health insurance. In addition, airfare costs were higher than usual due to the lack of direct flights. “With all those barriers, it’s difficult for us to expect foreign tourists to come to Bali,” said Ray Suryawijaya, head of the Indonesian Hotels and Restaurants Association of Bali’s Badung District (Jamaluddin and Marcus, 2021).

Discussion questions

1. After reading the case study, and watching the video next, what more do you think Indonesia needs to do in order to tempt back international travelers?
2. Take a closer look at Figure 14.2. For you, what are the top three trends that will define the next normal? Why did you choose these three?
3. The case study says that the COVID-19 pandemic has rocked the tourism industry in Indonesia more profoundly than previous crises. Do you think this time it will recover? Is the country doing enough to get the industry back on its feet?

Video link

Bali tourism industry struggling with COVID-19. Dw.com, December 2021.
www.dw.com/en/bali-tourism-industry-struggling-with-covid-19/av-59984174

References

- Andriyanto, H. (2020). Pandemic hits Bali’s tourism harder than the 2002 attacks. *Jakarta Globe*, 12 October. <https://jakartaglobe.id/lifestyle/pandemic-hits-balis-tourism-harder-than-the-2002-attacks>
- Bali Plus Magazine (2020). The COVID-19 pandemic has crushed Indonesia tourism sectors. *Bali Plus Magazine*, 19 October. www.balipus.com/2020/10/19/breaking-news-the-COVID-19-pandemic-has-crushed-indonesia-tourism-sectors/
- Firdaus, F. (2020). Bali is not only about tourism: COVID-19 prompts rethink for island’s residents. *The Guardian*, 1 August. www.theguardian.com/global-development/2020/aug/01/bali-is-not-only-about-tourism-COVID-19-prompts-rethink-for-islands-residents

- Guild, J. (2020). COVID-19 and the perils of international tourism. *The Diplomat*, 27 October. <https://thediplomat.com/2020/10/COVID-19-and-the-perils-of-international-tourism/>
- Jamaluddin, M. & Marcus, L. (2021). Bali only received 45 international tourists in 2021 despite reopening. *CTV News*, 16 December. www.ctvnews.ca/lifestyle/bali-only-received-45-international-tourists-in-2021-despite-reopening-1.5709835
- Lath, V., Lee, T., Tan, K.T. & Wibowo, P. (2020). How Indonesia can emerge stronger from the COVID-19 crisis. *McKinsey*, September. www.mckinsey.com/featured-insights/asia-pacific/with-effort-indonesia-can-emerge-from-the-COVID-19-crisis-stronger
- Saad, F.A. (2020). How Bali could build a better kind of tourism after the pandemic. *The Conversation*, 2 July. <https://theconversation.com/how-bali-could-build-a-better-kind-of-tourism-after-the-pandemic-140030>
- The Star (2020). Indonesia: Garuda terminates contracts of 700 workers amid low demand. *The Star*, 27 October. www.thestar.com.my/aseanplus/aseanplus-news/2020/10/27/indonesia-garuda-terminates-contracts-of-700-workers-amid-low-demand-COVID-19-cases-urges-almost-400000
- Widadio, N.A. (2021). Indonesia: Bali set to welcome tourists in July. *Anadolu Agency*, 27 March. www.aa.com.tr/en/asia-pacific/indonesia-bali-set-to-welcome-tourists-in-july/2189701

15

IRAN

Impacts

Tourism has been a source of much-needed foreign exchange for Iran's sanctions-ravaged economy, the US\$11.8 billion industry representing 3% of the country's total economic output. Prior to the pandemic, the Iranian government was investing heavily in hundreds of projects in the tourism sector, which was enjoying an annual growth rate of roughly 28%, the third fastest-growing tourism destination in the world in 2019, according to the United Nations World Tourism Organization (United Nations, 2020). Cultural tourism is the draw, with the country boasting over 24 UNESCO world heritage sites, and despite the West shunning Iran since the 1979 Islamic Revolution, the country's landscapes, ancient ruins, mosques and holy cities have enriched Iran's tourism industry (Olsen, 2020).

The significance of these sites, beyond their clear symbolic importance to Iran's national identity, is reflected not just in media representations of the country but in the fact that tourism and cultural heritage have been coupled administratively in Iran since their merger into a single government agency in 1982. This agency has overseen the development of a network of museums and foundations, academic departments and research centers, contractors and traditional craft producers, as well as charitable trusts and religious endowments. In 2019, the former Organization for Cultural Heritage, Handicrafts and Tourism (ICHHTO) was upgraded to the status of an official government ministry (the Ministry of Cultural Heritage, Tourism and Handicrafts or MCTH).

After the United States unilaterally withdrew from the Joint Comprehensive Plan of Action (JCPOA) in May 2018 and imposed stringent sanctions on Tehran's oil industry and auto manufacturing, tourism became a lifeline for the country's economy. Although sanctions have resulted in a decrease in foreign tourists from Europe and China, there has been a rise in visitors from neighboring countries. Iraq, Azerbaijan and Afghanistan were the top countries of origin in 2018–2019, with Iraqi pilgrims to Iranian holy shrines accounting for 24% of all visitors alone. Iran is also a popular destination for Iraqi nationals seeking health and medical services (Cafiero, 2020).

But 2020 did not start well for Iran's tourism sector. The country's attractiveness as a tourist destination suffered a big setback after the United States assassinated Iran's Quds Force commander general Qassem Soleimani in Baghdad. Iran retaliated days later by firing missiles at military bases in Iraq that hosted US troops. In the fog of escalating tensions, Iran's military mistakenly shot down a Ukrainian passenger plane over the skies of Tehran. Foreign travelers canceled bookings amid fears of a possible war brewing. The following month, coronavirus was officially diagnosed in Iran – just a

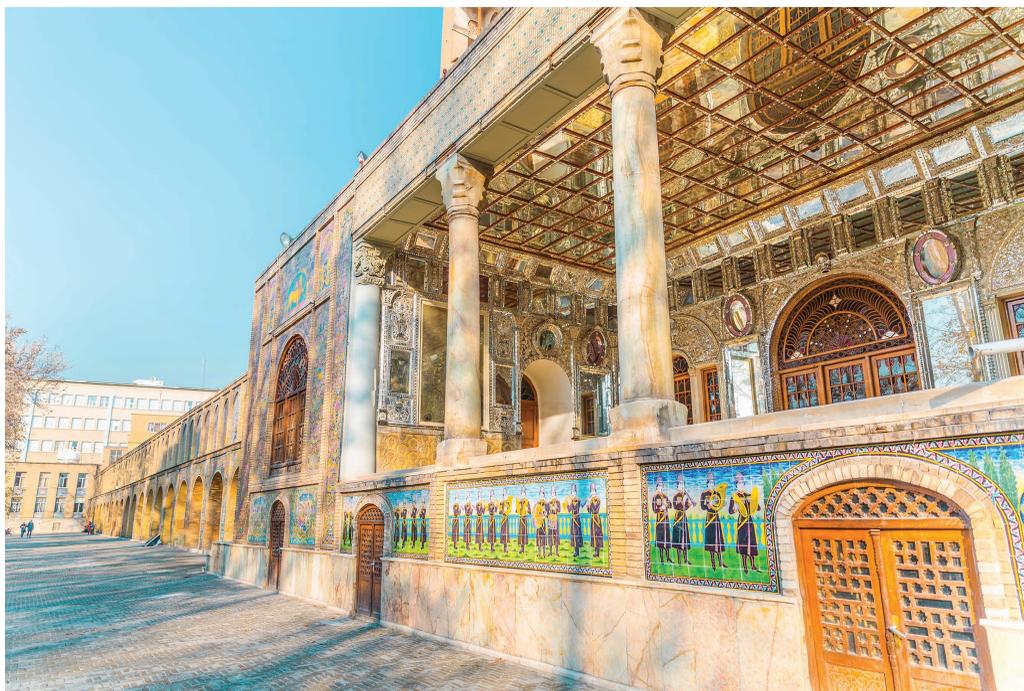


FIGURE 15.1 Golestan Palace in Tehran, one of Iran's UNESCO tourism attractions (courtesy of Sina HN Yazdi on Unsplash)

month ahead of the start of a two-week national holiday that marks the ancient Nowruz festivities – a peak time for tourism. For the government, as well as individuals and businesses whose livelihoods were tied to tourism, the timing was devastating Bizaer, 2020; Blandenier et al., 2020).

The country saw a 70% decrease in international tourists in 2020, and based on available data, Iran's tourism suffered a loss of 140 trillion rials (some US\$3.3 billion at the official rate of 42,000 rials) from the outbreak of the pandemic until the end of Shahrivar (21 September). Hotel closures resulted in more than US\$190 million damages to the hospitality sector in 2020 according to the Iranian Hoteliers Associations, and more than a million jobs within the travel sector were lost, according to Tourism Minister Ali-Asghar Mounesan (Financial Tribune, 2020).

Banafsheh Tehrani was one of some 13,000 Iranian tour guides and tour leaders who lost their jobs to the pandemic and subsequent global economic slump. She told Asia Times,

It was almost two weeks after the outbreak in Iran that I was told I had lost my job. The travel agency I worked with was also closed down temporarily. The agency was shut down because it didn't have the means to afford the rental and the wages of the staff. It was a small company, lacking the resources to continue operating without income for several months, so its closure was inevitable.

(Ziabrari, 2020)

Responses

Iran's Ministry of Cultural Heritage, Tourism and Handicrafts asked the government for a total of US\$245 million in emergency funds to revive the tourism-related businesses and ventures that were blighted by the coronavirus pandemic (Tehran Times, 2020a). The government turned down

the proposal, instead offering to give out loans of 160 million rials (\$1,032) to the tourism sector employees and practitioners impacted. The interest rate for this loan was set at 12%, repayable in two years. The loans were allocated to tourist guides, travel agencies, tourism transport companies, tourism educational institutions, eco-lodges and traditional accommodations, hotels, apartment hotels, motels and guesthouses, as well as traditional accommodation centers, tourism complexes and recreational centers, the official explained.

However, some tourism sector workers said this loan would only add to their financial liabilities and was not much help (Zamani, 2020). Others, like the tour guide Tehrani, say they were excluded from the program because they lacked full contracts. “It was announced that tourism workers could request a loan to make up for their damages, but this doesn’t apply to tour guides, because they are not insured and their job is considered semi-official,” she said. Others complained that government support was not sufficient. “The bailout is not helpful, given the fact that the pandemic has brought tourism to a standstill,” Amir-Pouya Rafiei-Shad, the head of Tehran Province Tour and Travel Agencies Association, said

Last year was a bumpy ride for tourism industry: spring flooding events, November protests, and the Ukraine International Airlines plane crash. The outbreak of the coronavirus may be the last straw for the industry not only in Iran but in the whole world.

(Financial Tribune, 2020).

Mahdiyeh Jahangir, a tour guide, told the Persian-language daily *Iran* that no one accepts responsibility for the unemployment of tour guides. “There are 10,000 tour guides in Iran and as they don’t have an employer, they usually don’t hold insurance coverage and consequently can’t receive unemployment benefits at this time,” she said.

(Financial Tribune, 2020)

As Iran moved into 2021, the economy entered a third consecutive year of recession following the triple-shock of sanctions, oil market collapse and COVID-19. In the absence of a widely adopted vaccine in the country, recovery in 2021–2022 was projected to be weak and be primarily driven by the non-oil sector. In preparation for restarting the tourism sector, Iran’s tourism ministry in cooperation with the health ministry announced a series of guidelines and instructions to improve the safety of travel across the country. “A smart travel protocol, which is aimed to reassure healthy travelers, has been developed to be implemented across the country,” said Deputy Tourism Minister Vali Teymouri when he introduced the protocols. “Smart travel means traveling along with strict observance of health and wellness protocols . . . the smart travel protocol states what considerations a hotel, agency, or tour guide should follow” (Tehran Times, 2020b).

In February 2021, a new directive was issued by the deputy minister of health for incoming tourists, whereby all the passengers arriving in Iran by air were required to hold a valid health certificate, issued by the health authorities of the country of departure. The health certificate had to contain a COVID-19 negative test result performed by an approved center of the departure country, carried out within 96 hours before entry into Iran. But it was not until 23 October 2021 that the country did finally open again to international tourists, and the Omicron variant resulted in a number of countries being banned from Iran later that year.

Tour guide Banafsheh Tehrani believes for Iran’s tourism to regain its vibrancy, the sociopolitical climate of the post-JCPOA period must be replicated.

Something like the rejuvenation of the Iran deal spirit is needed, and the revocation of restrictions on tourists, which appears impossible, such as less strict hijab rules, issuing visas to the nationals of Britain, the United States and Canada more smoothly and the initiation of direct

flights to European capitals which were all in operation after the JCPOA, but were rescinded because of the sanctions.

(Ziabrari, 2020)

Iran suffered some 30% to 40% drop in the number of incoming passengers since the United States withdrew from the JCPOA and restored tough sanctions in 2018. However, a large number of tourists were expected to visit the country if the JCPOA can be revived. “It can be stated that the outbreak of coronavirus has not affected the country’s tourism industry as much as the JCPOA has,” said Iranian Tour Operators Director Ebrahim Pourfaraj (Ziabrari, 2020).

Outcomes

Looking toward the future of tourism in Iran, Mohammad Ali Vaqefi, the vice president of the Iranian Tour Operators Association, felt that tours would be turned into a luxury realm as observing health protocols increased the costs of travel.

We expect that demand for nature tourism will grow, and traveling in a group will be less frequent. Our tourism partners in other countries are already asking for a price of groups of one to eight people. As a result, with regard to the health protocol, the cost of travel services, including plane tickets will increase and travel will become a luxury service.

(Fehrest, 2020)

Cultural Heritage, Tourism, and Handicrafts Minister Ali-Asghar Mounesan said the pandemic had been a learning opportunity. “For us, the coronavirus is a new experience in dealing with crises that teaches tourism experts around the world how to deal with such a disaster, and thankfully governments are turning this into an opportunity for better planning” (Majlesi, 2021).

Most travel agencies and tour operators in Iran believed that the flow of tourists would not get back to normal until the second half of 2022 (Tehran Times, 2021). Those in the hotel sector were more optimistic. “Recent events were unanticipated constraints that had negative impact on the performance of the tourism industry. As the situation evolves into normality, we expect to resume and are focused on resuming previous and even higher performance levels,” said Mario Candeias, GM and managing director of Tehran’s 400-room Espinas Palace Hotel. Candeias said he was hopeful an eventual resurgence in global tourism dynamics and Iran’s unique cultural attractions would help the country’s hospitality industry bounce back. However, he said, the government’s target of 20 million arrivals by 2025 was not realistic. He said:

The 20-million target is ambitious when compared to the past performance of Iran but rather unambitious when compared to benchmarks, and we will need to deliver on those higher numbers to grow the tourism industry into one of the key economic levers of Iran’s development. It is not an option; it is an obligation and a necessity.

(Vorotnikov, 2020)

Government resources, legislation and marketing would be essential to making that happen, he said.

Iran was planning to use the 2022 Qatar World Cup – the first FIFA World Cup to be organized in the Middle East and the Arab World – to promote its sports and tourism capacities. The Iranian tourism authorities identified the country’s free zones, especially the Kish Free Zone on the coral island of Kish in the strategic Persian Gulf region (see Figure 15.2), to attract the 2022 Qatar World Cup tourists and participants (Sharma, 2021). The Iranian Government operates six free trade zones and 16 special economic zones in the country. These zones have been specifically set up to support economic activities and facilitate international trade relations and offer attractive guarantees and

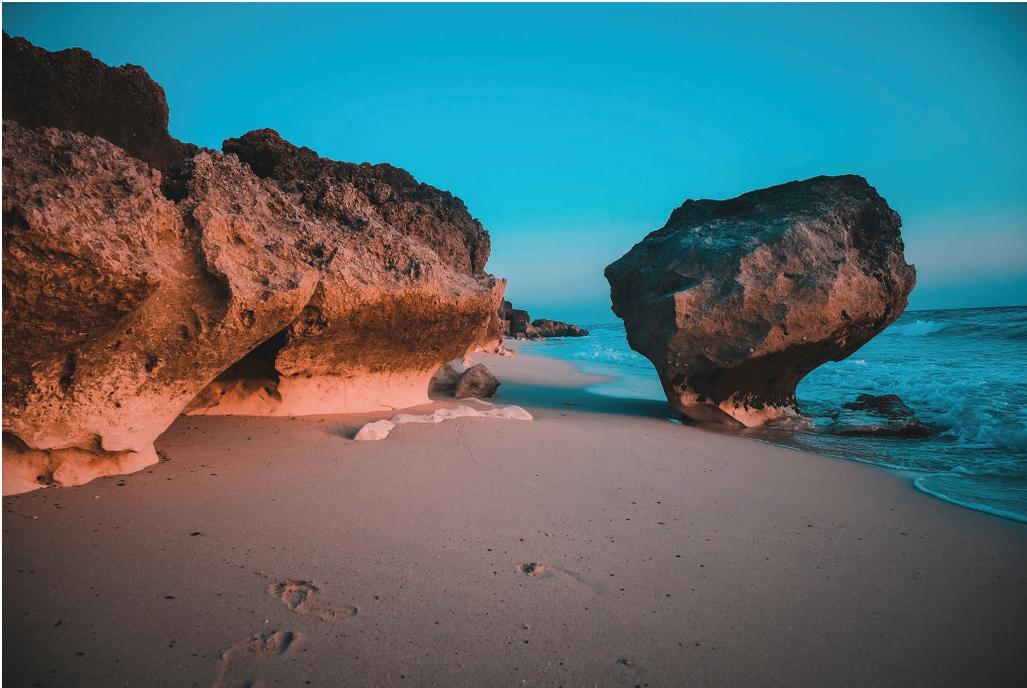


FIGURE 15.2 Kish in Iran, which has become one of the most popular tourist attractions in Iran, hosting over a million visitors each year (courtesy of Sam Moqadam on Unsplash)

protections to foreign investors. Iranian authorities were mulling over the possibility of creating a flight hub or distribution center for flights through the Kish Free Zone before the start of the tournament in November 2022. “Proximity to the country’s borders has made it possible for the country’s free zones to focus on tourism target markets and can lead to integrated movement and purposeful use of international relations,” said Iran’s deputy tourism minister Ali Asghar Shalbafian (Sharma, 2021).

Discussion questions

1. The success of Iran’s tourism industry is closely tied to politics. Explain how.
2. What are the risks involved in Iran planning to leverage the 2022 Qatar World Cup in order to promote its sports and tourism capacities?
3. Do some research on the 24 UNESCO world heritage sites in Iran. Is it enough to inspire you to visit? Should the country diversify its tourism offering?

Video link

After 19-month halt, Iran resumes issuing tourist visas. TRT, 23 November 2021.
www.youtube.com/watch?v=lvA6kX0YmNA

References

- Bizaer, M. (2020). Coronavirus outbreak eclipses last bright spot in Iran’s economy. Business and economy news. *Al Jazeera*, 19 March. www.aljazeera.com/economy/2020/3/19/coronavirus-outbreak-eclipses-last-bright-spot-in-irans-economy

- Blandenier, E., Habibi, Z., Kousi, T., Sestito, P., Flahault, A. & Rozanova, L. (2020). Initial COVID 19 outbreak: An epidemiological and socioeconomic case review of Iran. *International Journal of Environmental Research and Public Health*, 20, 9593.
- Cafiero, G. (2020). COVID-19: The last nail in the coffin of Iran's tourism industry? *Atlantic Council*, 15 April. www.atlanticcouncil.org/blogs/iransource/covid-19-the-last-nail-in-the-coffin-of-irans-tourism-industry/
- Fehrest, F. (2020). Coronavirus and the threats to the future of tourism in Iran. *Iran Doostan Tours*, 23 June. <https://irandoostan.com/coronavirus-and-the-threats-to-the-future-of-tourism-in-iran/>
- Financial Tribune (2020). Iran tourism losses hit \$490m. *Financial Tribune*, 5 September. <https://financialtribune.com/articles/domestic-economy/105132/i...9bZ36oPg9pqYnT6wgrLuvnpdAAN4xm6rrz2xOFp5P4TVoDO1ascIMsrLP3PZszM>
- Majlesi, A. (2021). Emerging niches, changing tendencies: Travel prospects and beyond. *Tehran Times*, 3 January. www.tehrantimes.com/news/456496/Emerging-niches-changing-tendencies-travel-prospects-in-2021
- Olsen, K. (2020). For tourism in Iran, it wasn't supposed to be like this. *Bourse & Bazaar*, 5 November. www.bourseandbazaar.com/articles/2020/11/5/for-tourism-in-iran-it-wasnt-supposed-to-be-like-this
- Sharma, A. (2021). 2022 FIFA world cup in Qatar can trigger rise of Iran's tourism industry. *India Narrative*, 28 December. www.indianarrative.com/world-news/fifa-world-cup-in-qatar-can-trigger-rise-of-iran-s-tourism-industry-138379.html
- Tehran Times (2020a). COVID-19 in Iran: Government's support brings travel insiders back to work. *Tehran Times*, 27 December. www.tehrantimes.com/news/456247/COVID-19-in-Iran-government-s-support-brings-travel-insiders
- Tehran Times (2020b). Iran 'has earned plaudits' to ease COVID-19 impact on tourism, UNWTO says. *Tehran Times*, 23 June. www.tehrantimes.com/news/449165/Iran-has-earned-plaudits-to-ease-COVID-19-impact-on-tourism
- Tehran Times (2021). Iran tourism boom tied to nuclear talks, expert says. *Tehran Times*, 5 December. www.tehrantimes.com/news/467728/Iran-tourism-boom-tied-to-nuclear-talks-expert-says
- United Nations (2020). *Building Back Better After the COVID-19 Outbreak*. Joint UNCT Programmatic Offer for I.R. Iran.
- Vorotnikov, V. (2020). Dark clouds ahead for Iran amid economy, coronavirus. *CoStar*, 13 March. www.costar.com/article/49894641
- Zamani, Z. (2020). *The Impact of COVID-19 on Iran's SMEs: Policy Implications for Current and Post Pandemic*. www.kiep.go.kr/galleryExtraDownload.es?bid=0026&list_no=9312&seq=5
- Ziabrari, K. (2020). Iran's tourism lung choked by Covid-19. *Asia Times*, 6 May. <https://asiatimes.com/2020/05/irans-tourism-lung-choked-by-covid-19/>

16

ITALY

Impacts

For many years, Italy has been one of the most popular tourist destinations in the world. In 2019, the country welcomed over 216 million tourists – a very high number for its 60 million population. That year, international tourism spending in Italy totaled US\$46.6 billion (versus US\$38.7 billion in 2014) – about 13% of GDP – and showed no signs of slowing down. A country with diverse offerings including 55 UNESCO World heritage sites, fabulous beaches and high-quality ski resorts, Italy depends on its visitors with approximately 4.2 million people employed in the tourism sector.

But as the COVID-19 lockdowns triggered massive unemployment and economic hardship for millions of people across the world, Italy was one of the worst-affected nations. The country was the first to declare a nationwide lockdown, and the tourism and hospitality sector felt the impact immediately. Venice, which was nearing recovery in the Carnival season following a tourist lull after record flooding in November, saw bookings drop immediately after regional officials canceled the final two days of celebrations, unprecedented in modern times. “The shock of canceling Carnival really woke everyone up,” said Matteo Secchi, head of the tourist group Venessia, referring to the city’s overreliance on tourism. “It was like having the rug pulled out” (Nadeau, 2020).

For Fulvio De Bonis, CEO of Rome-based luxury tour operator Imago Artis, the impact of the lockdown was just as shocking.

In January and February, we’d basically doubled our number of visitors compared with the same period in 2019. And we had a stellar 2020 ahead of us – or so we thought. Then, within three days of the onset of the coronavirus epidemic here, our bookings had fallen by some 80%. Virtually everyone who was booked from March onwards started canceling or postponing. It was literally a nightmare come to life. We’ve worked so hard to build this brand, and then suddenly: ‘Is this real? Can this be?’

(Kirkman, 2020)

Responses

As a consequence of the pandemic, international tourism arrivals in Italy fell by 68.6% in 2020 compared to the previous year according to Italy’s national statistics agency, ISTAT (Dorsi, 2020). This equated to a loss of over 50 billion euros. The government provided incentive programs to



FIGURE 16.1 Italy was the first European country to lockdown (courtesy of Victor He on Unsplash)

lighten the burden of those who earn their lives from tourism, but many argued that these measures were not enough. President of hotel federation Federalberghi, Bernabo Bocca, called the incentives insufficient and asked all levels of government to adopt urgent measures to guarantee cash flow to tourism operators to protect jobs and avoid “the collapse of an industry.”

Efforts were made to rescue the summer tourist season. In May 2020, Italy’s tourism minister, Dario Franceschini, said the country was working hard to strike a balance between safety concerns and the reopening of tourism facilities. “It won’t be easy, but we’ll see it through,” he said (Henley, 2020). Popular Italian tourism destinations were looking at measures they could adopt to find this balance. The regional government of Sardinia, for example, was working on a scheme that would

require tourists coming to the island to have a document showing that they have tested negative for COVID-19. The laboratory test would have to have been conducted within a week prior to the tourist's arrival. "This way we hope to relaunch our tourism sector in June," said the island's governor, Christian Solinas.

Whoever boards a plane or a ferry will have to show a health passport along with their boarding pass and their identity document. I am sure that it will work fine: we will preserve health and save our economy at the same time. Now everything has to be done to boost tourism – it is the biggest source of income for Sardinia.

(Bongarra, 2020)

Other islands in Italy, including Capri, Ischia and Panarea – all popular high-end tourist destinations – were considering similar measures. The Mayor of Ischia also suggested installing multiple floating platforms off beaches that would allow couples or families to enjoy the sun and sea but remain at a distance from other tourists. The 6 feet-wide platforms would be equipped with loungers and an umbrella.

In Venice (see Figure 16.2), a victim of overtourism in the past few decades, some suggested this was a chance to rethink the future of tourism in the city. Venice's deputy mayor Simone Venturini said it could be time to consider a softer model of tourism, even if it meant physically limiting the number of visitors. "This will be an opportunity to move towards intelligent tourism. With tourists who take the time to understand and get away from the frenetic tours of other times," he said. Every year, as many as 30 million tourists from all over the world descend on Venice, pumping up to US\$2.5 billion into the local economy, according to the Italian Tourism Ministry (Armstrong, 2020).



FIGURE 16.2 Venice, Italy, where some said the pandemic was an opportunity to rethink tourism in the city (courtesy of Henrique Ferreira on Unsplash)

Jane da Mosto, who heads non-profit group We Are Here Venice, saw the pandemic as a turning point for the city and envisioned a new Venice emerging in the post-pandemic world.

“The new Venice I dream of after this is like it is now, just with more residents,” she said.

The problem for Venice isn't the lack of tourists, it's the lack of permanent residents. And with more residents, the city will reflect more the Venetian culture and the wonderful lifestyle that this extraordinary city offers and future visitors to the city will be able to enjoy Venice more.

(Armstrong, 2020)

The population of Venice has dropped from 175,000 after World War II to just over 52,000 today. In the Spring of 2021, after increasing pressure from UNESCO, the Italian government announced that cruise ships would be banned from the historic center of Venice (BBC, 2021). The government said that it wanted to “reconcile the needs to protect the artistic, cultural and environmental heritage of Venice and its lagoon with those related to cruise activity and goods traffic.”

Asked if there were other positives for Italy that had emerged from the crisis, Fulvio De Bonis from Imago Artis said.

The unity – it's inspiring – that's the only one. You've seen the videos of Italians singing with each other from their balconies in the evening. The coronavirus is bringing us together – making us move forward in the same direction, something we haven't always done before.

For Angelo Presenza, a professor of tourism at the University of Molise, this patriotism may translate into an increase in domestic tourism, which will help the industry get back on its feet. “It seems to be the only possible scenario at the moment for several reasons such as the restrictive measures imposed for traveling abroad, the sense of fear that still exists, and a renewed patriotism” (Presenza, 2020).

Outcomes

As international borders slowly opened in 2021, Dario Franceschini was optimistic about the future. “After the health emergency, Italian tourism will return very quickly, it will return impetuously and with those enormous growth rates that we have known in recent years.” He highlighted that an underlying strategy would be necessary for a successful recovery.

When international tourism returns, we will suddenly find ourselves facing excessive growth, having to deal with the issue of crowds and entry tickets. With the help of the Recovery Fund and with shared strategies we have to distribute tourism throughout the country.

(The Local, 2021)

Franceschini also noted the importance of changing the promotion of the Italian tourism sector after the crisis. “It should no longer be ‘Come and See Italy’ because it is already the most popular travel destination in the world, but we must make it attractive from the point of view of hospitality and safety,” the Minister noted. “In the future, people will go to a country if they know it is safe, if it has good welfare and good healthcare. We must therefore use this time to govern the impetuous growth that will take place as soon as the pandemic is over,” Franceschini concluded.

Despite Franceschini's optimism, the European Commission was warning that tourism flows in the country were going to be slow to recover. “In Italy, tourism will lag behind the broader economic recovery as visitors only gradually return as uncertainty diminishes,” the commission said. For those in the industry, that was already apparent less than two months into 2021. Paolo Manca, who

runs the Felix Hotels chain in Sardinia, said he would normally see summer reservations at 30% by February as people grow weary of long winter nights. Instead, he was looking at near-empty books. In March, restrictions on domestic and international travel were still in place, and bars, restaurants and non-essential shops were closed in many parts of the country, as were museums and other attractions. In order to facilitate travel in the summer, Italy's National Federation of Travel and Tourism Industry was urging the country's government to follow the example of many European countries and launch a digital vaccination passport, which would ease the traveling process for all people who had been vaccinated.

As vaccines became available to the Italian population, many tourism destinations in Italy started gearing up for tourists with complete vaccination rollouts for their residents. Procida, in the Bay of Naples, became the first Italian island to administer shots to all its residents in May 2021. Mass vaccinations also began at other islands close by, including Ischia and Capri, and at various islands off the coast of the country, such as the Pontine Islands in Lazio, the Tremiti in Puglia, Capraia and Giglio in Tuscany, and the Maddalena archipelago off Sardinia. It wasn't just a move to encourage tourists to visit. Procida's mayor Dino Ambrosino said, "Small islands in Italy are fragile territories that often have limited health services" (The Local, 2021).

In June 2021, the Italian government introduced a vaccine certificate called the "Green Pass," or *certificazione verde*, which was required by all workers as well as for cultural and sporting events, long-distance travel, nightlife and indoor dining in restaurants. Domestic tourism then hit an all-time high during July and August since the beginning of the pandemic, attributed to the implementation of this pass. Twenty-three million Italian nationals decided to spend their summer vacations in the country, as opposed to 18 million in 2019. "And with them, six million foreign vacationers have also vacationed in Italy, much less than in the pre-pandemic summers but in turn in a consistently larger number than expected, a fact favored by the positive effects of the green pass," said the Italian Confederation of Craft Trades and Small and Medium-Sized Enterprises (CNA) (Schengenvisainfo, 2021).

As 2021 came to an end, the Omicron variant was threatening to disrupt yet another tourism winter season for Italy, although there was something to cheer about at the end of 2021, as over 2,000 downhill skiing supporters attended the World Cup downhill races in Val Gardena. "For us, the organizers, it was of course good news," said Hannes Kröss, a spokesman for the FIS Val Gardena Ski World Cup organization. "But it was also a big challenge to coordinate the fans and to meet all the COVID protocols." The previous year, there were no spectators for the same event as COVID wiped out the 2020–2021 ski season in the Italian Alps. "All the pistes are open. The hotel reservations seem optimal. People are back in the town squares. Everything looks, at the moment, pretty good," said Christina Demetz, marketing and communications manager for the Dolomites Val Gardena region (Walt and Warner, 2021).

Discussion questions

1. The case suggested that this was an opportunity for Venice to rethink the future of tourism in the city. What might this future look like according to those interviewed in the case study? Do you think this might happen, or will Venice once again become a victim of overtourism?
2. The vaccine certificate introduced by the Italian government called the "Green Pass" seemed to have a very positive influence on tourism in Italy. Why do you think this was?
3. It was mentioned in the case that Italy should change the promotion of the country after the crisis away from "Come and See Italy." Do you agree? If so, what should the new message be to attract international tourists?

Video link

Italy reopens to American tourists as it recovers from pandemic. *NBC News*, 26 May
www.youtube.com/watch?v=RLbv9N0pJrI

References

- Armstrong, M. (2020). Venice considers a new tourism model after COVID-19 lockdown. *Euronews*, 21 April. www.euronews.com/2020/04/19/venice-considers-a-new-tourism-model-after-covid-19-lockdown
- BBC (2021). Venice bans cruise ships from historic center. *BBC News*, 2 April. www.bbc.com/news/world-europe-56592109
- Bongarra, F. (2020). Italy mulls 'health passport' to help tourism recover from COVID-19 pandemic. *Arab News*, 30 April. www.arabnews.com/node/1667576/world
- Dorsi, S. (2020). Italian tourism to decline in the first quarter of 2021. *Tourism Review*, 20 December. www.tourism-review.com/italian-tourism-minister-more-optimistic-than-the-others-news11816
- Henley, J. (2020). Covid 19 throws Europe's tourism industry into chaos. *The Guardian*, 2 May. www.theguardian.com/world/2020/may/02/covid-19-throws-europes-tourism-industry-into-chaos
- Kirkman, A. (2020). The coronavirus economy: How my job as chief of one of Italy's top tourism companies has changed. *Fortune*, 5 April. <https://fortune.com/2020/04/05/coronavirus-italy-tourism-jobs-covid-19-business-impact/>
- The Local (2021). How Italy's tourist hotspots are preparing for summer 2021. *The Local*, 21 May. www.thelocal.it/20210521/how-italys-tourist-hotspots-are-preparing-for-summer-2021/
- Nadeau, B.L. (2020). Deserted Venice contemplates a future without tourist hordes after Covid-19. *CNN News*, 16 May. www.cnn.com/travel/article/venice-future-covid-19/index.html
- Presenza, A. (2020). Personal communication, October.
- Schengenvisainfo (2021). Italy's domestic tourism reaches its peak for this summer despite COVID-19 pandemic. *Schengenvisainfo News*, 13 September. www.schengenvisainfo.com/news/italys-domestic-tourism-reaches-its-peak-for-this-summer-despite-covid-19-pandemic/
- Walt, V. & Warner, B. (2021). Europe's ski industry braces for another winter of pain as Omicron threatens the Alps. *Fortune*, 22 December. <https://fortune.com/2021/12/22/europe-ski-alps-france-italy-switzerland-covid-omicron-travel-impact/>

17

JAPAN

Impacts

2020 was to be a landmark year for Japan's tourism industry. Buoyed by a record 31.9 million inbound visitors in 2019, the country was set to shine as host of the Olympic and Paralympic Games. Tokyo 2020 was expected to help Japan reach the government's target of 40 million tourists annually and inject US\$300 billion of domestic and international tourism revenue into the economy. But the coronavirus outbreak in China at the beginning of the year had an immediate impact on tourism in Japan. The country welcomed about 9.6 million Chinese visitors in 2019 – a third of foreign tourist expenditure in the country – but as the pandemic took a grip on Asia, the Chinese began to cancel their trips to Japan. Shizuoka, for example, home to Mt. Fuji, had about 90,000 hotel cancellations, mostly Chinese tourists, in the first three months of 2020 (Nault, 2021).

As the coronavirus outbreak deepened, the Tokyo Olympics Games were postponed until 2021, an unprecedented move in the 124-year history of the modern Olympics. It was estimated that the postponement would cost Japan US\$6 billion in lost revenue, on top of the US\$12 billion Japan spent in the run-up (Nussey and Tajitsu, 2020). Around 4.5 million tickets had been sold for the Olympics and another 970,000 for the Paralympic Games. The games were rescheduled to be held the following year from July 23 to August 8.

In 2020, the pandemic's effects were much less severe in Japan than in other countries, and Japan controlled the virus without strict restrictions or mass testing – the main weapons in the battle against COVID-19 elsewhere. Some attributed this to good health. While Japan's population of 126 million is disproportionately old, and therefore potentially more vulnerable to COVID-19, they are also in very good health. Only 4.2% of Japanese adults are obese, a condition known to make the disease deadlier. This percentage is much lower than in other countries like the United States (42%) and the UK (28%). Japan also has a good healthcare system, with universal coverage and many well-equipped hospitals. And the Japanese have always been concerned about hygiene. As other countries argued over whether face covers were an attack on personal freedom, the Japanese lined up for hours in front of clothing retailer Uniqlo for the release of its new line of masks (The Economist, 2020).

However, by May 2021 total deaths had reached 12,000, and with a surge in cases, the United States issued a travel warning for Japan, damaging the tourism industry's recovery efforts. The US Center for Disease Control (CDC) said, "Travelers should avoid all travel" to the country, warning that in the "current situation in Japan even fully vaccinated travelers may be at risk for getting and

spreading” COVID variants. Large parts of the country were put under a state of emergency to give regional authorities more power to enforce measures against the pandemic.

Responses

Early on in the pandemic, the Japanese government initiated a nationwide campaign to fight COVID-19 focused on avoiding the *san-mitsu* or the so-called three Cs (3Cs): closed spaces with poor ventilation, crowded spaces where many people are closely gathered, and close contact points leading to droplet infection. The government was applying the lessons it had learned from the *Diamond Princess*, a cruise ship suffering from the epidemic that had arrived in Japan in February 2020. After studying the spread of the virus on the ship, virologists concluded that it was spreading through the air rather than via droplets (The Economist, 2020).

Thanks in large part to the country’s efforts to keep the pandemic under control, Japan avoided the worst of the economic damage that savaged the United States and much of Europe. The economy as a whole, the world’s third largest after the United States and China, was expected to shrink by just 5.6% for its full fiscal year, and huge government stimulus efforts helped keep people in jobs and companies in business. Japan’s unemployment rate stood at just 2.9% by the end of December 2020 versus 2.1% at the same time the year before (Inoue and Dooley, 2021).

But the loss of tourist income was significant for a country that had seen its international arrivals increase significantly over the last decade (The Star, 2020). Japan’s total tourism revenue loss for the first ten months of 2020 was US\$26 billion, and an estimated 2,800 tourism workers lost their jobs (Nguyen, 2020). To prop up the economy, Japan unveiled two stimulus packages in 2020 worth a combined US\$2.2 trillion, including cash payments to households and small business loans. The first “Emergency Economic Package” was introduced in April, and then in December Japan’s prime minister Yoshihide Suga announced a fresh round of stimulus. The packages included subsidy programs aimed at promoting domestic travel and spurring consumption, and employment adjustment subsidy programs that allowed employers to support their workers through the pandemic. The second stimulus also included a US\$19.2 billion fund to promote carbon neutrality by 2050, US\$9.6 billion to accelerate digital transformation and US\$14.4 billion in subsidies to support restaurants hurt by shortened trading hours during the pandemic (Siripala, 2021).

To help the tourism industry weather the storm, the Japanese government also launched a domestic travel promotion campaign. The campaign called “Go To Travel” subsidized domestic travel in Japan, with the government providing up to half of the costs of a holiday up to a limit of ¥20,000 (\$186) per person per day. Of the subsidy, 70% came as a discount on travel costs, with the other 30% as coupons redeemable at regional businesses. Hotel participation in the scheme was dependent on the introduction of a number of measures to improve cleanliness standards, such as clear partitions at front desks. Japanese people spent about ¥23.2 trillion (\$216.7 billion) on domestic travel in 2019, accounting for more than 80% of the country’s tourism market.

But the promotion campaign attracted wide criticism, with many fearing that the mass movement of people would lead to a widespread of the coronavirus (Jozuka, 2020). A number of officials, including Tokyo Governor Yuriko Koike and Osaka Governor Hirofumi Yoshimura, objected to the promotion, and as a result, the Japanese government was forced to adjust its plan and exclude Tokyo. The campaign was also suspended nationwide from December 28 – a drastic policy shift amid heavy government spending aimed at simultaneously rebooting the economy and containing the virus.

The tourism and hospitality sector in Japan was quick to adapt to the pandemic. Hotel chain Hoshino Resorts, for example, announced new standards focusing on avoiding the 3Cs by maintaining high-standard hygiene practices, reducing congestion, setting up see-through partitions,



FIGURE 17.1 The “New Normal Buffet” at Hoshino Resorts (courtesy of Hoshino Resorts)

thoroughly disinfecting facilities and the provision of hand sanitizer. In addition, guests could check how crowded the *onsen* and swimming pools were in real-time using their smartphones. “With regards to the buffet that we had discontinued, we have restarted with a ‘New Normal Buffet,’” a spokesperson said. “Tables, seats, and tongs, which many people touch, are now nano-coated, each dish is covered, and we distribute masks and gloves to our guests” (JNTO, 2020).

Other accommodation providers that were used to welcoming international visitors adapted their services to cater for the Japanese. Miyajima Guest House Mikuniya, for example, in the city of Hatsukaichi, took advantage of the demand for “workations” – a term coined from “work” and “vacation,” in which employees telework from wherever they are traveling for enjoyment. The inn registered itself with a website specializing in such travel, opening itself up to attention from the site’s subscribers, who could stay at as many member hotels as they wanted to during a certain period of time for a fixed monthly fee (Japan Times, 2021).

Patrick Basset, Chief Operating Officer of Accor Hotels Upper Southeast & Northeast Asia, said he had seen more people renting hotel rooms in order to work away from home. “We have one hotel in Tokyo, the Pullman Tamachi, that has seen huge success with people coming to work in the hotel and renting space in the hotel.” Basset was looking at how the Accor group could change hotels to adapt to other new needs.

Perhaps we don’t need to restart with full kitchens in our hotels – we might want to out-source food-delivery to guests who want to eat in their rooms. We need to be relevant – for the next six months the main markets will be domestic and they want different services than international visitors.

(QUO, 2020)

In May 2020, the Japanese government installed high-speed Internet and bolstered other infrastructure at certain tourist areas to make them into “workation” destinations. As part of the plan, they converted structures like abandoned school buildings and traditional *kominka* homes into workstations and offices.

COVID-19 restrictions also led many restaurants and bars in Japan to come up with creative ideas to serve customers. Japanese *izakaya*, the usually boisterous pubs offering a variety of food and drink and often catering to large groups of people, had to tone down their services due to the pandemic. In response, an “*Ikitsuke* virtual bar service” was set up by app developer iTAN and Sibire, a startup in the regional revitalization business. The virtual bar allowed customers to meet online instead of in-person. Customers could video-call each other while ordering appetizers from a local *izakaya* in advance that would be delivered to their homes so that they could share the same food with friends and relatives anywhere in the country. Shunsuke Kurata, a 30-year-old representative for iTAN, came up with the app in late March. His favorite *izakaya* was suffering from declining customer traffic due to the spread of the coronavirus. He launched it to help them out. “Online *izakaya* services have some advantages,” Kurata said. “For example, you can get acquainted with people who live far away from where you are” (Horisawa and Kubota, 2020).

The events sector also adapted to the pandemic and new government directives. PACIFICO Yokohama, one of Japan’s premier business event venues, introduced a number of new precautions including seating arrangements that were mindful of social distancing, disinfection of high-traffic areas, the provision of alcohol sprays at entrances, stringent precautions relating to food and beverages, as well the provision of thermal imaging cameras to event organizers. These measures were supplemented by new training sessions for staff and safety briefings with event organizers. PACIFICO Yokohama also started hosting online and hybrid events, which featured a mix of physically and virtually present participants (JNTO, 2020).

To help restore the business event industry, the Japan National Tourism Organization (JNTO) launched a “Meet Japan” educational program online in January 2021. This virtual program for event professionals consisted of an educational seminar, an “online familiarization trip,” and an online “Japan Convention Trade Mart,” which gave buyers the opportunity to meet with potential partners from other cities. “This fiscal year, many of the prospective buyers may not be able to physically visit convention cities and venues on the study tour because of COVID-19,” JNTO said (JNTO, 2020).

Some entrepreneurs tapped into the growing virtual reality travel market to entertain Japanese holidaymakers grounded by coronavirus restrictions (CNA, 2020). Tokyo entertainment company First Airlines, for example, offered the opportunity for “would-be” travelers to sit in a mock airline cabin where they were served in-flight meals and drinks, with flat panel screens displaying aircraft exterior views including passing clouds. Virtual reality goggles provided immersive tours at various destinations like Paris, New York, Rome and Hawaii. “We get some customers who normally travel to Hawaii every year and they can experience some of that here,” said First Airline’s President, Hiroaki Abe (Reuters, 2020).

One Japanese short-term rental firm marketed its empty apartments as a way for stressed couples to get some time apart during the virus lockdown. “Please consult with us before thinking about ‘coronavirus divorce,’” Tokyo-based Kasoku urges customers, offering its Airbnb-like fully furnished units as “temporary shelters” for people to escape the family, whether to work or just get some peace and quiet. The service also came with the offer of a free 30-minute divorce consultation with a legal official. While the promotion was done in a tongue-in-cheek fashion, it did attract users. The company has about 500 units around the country, mainly in central Tokyo, and a fall in tourism meant many were empty, though demand for remote offices for telework was helping offset the impact (Japan Times, 2020).

Outcomes

To woo back international travelers, an IMF working paper suggested that further relaxation of visa requirements should be considered in order to attract more tourists and diversify tourism source markets (Nguyen, 2020). Targeting a broader set of Asian emerging markets would help reduce risks from idiosyncratic shocks in dominant tourism source markets. The working paper also recommended greater orientation toward unique Japan-specific tourism experiences in order to reduce the price and exchange rate sensitivity of inbound tourism. Bringing more tourists into non-urban regions could be one important way to foster the transition to experience-oriented tourism and away from a shopping-oriented tourism, which is currently particularly prevalent among Asian tourists.

Stakeholders in the Japanese tourism industry seemed optimistic about the future. Ruth Jarman, CEO of Jarman International, a group of Japan Inbound Tourism consultants, said that the pandemic had driven some positive change in approaches and attitudes to work. “A lot of very traditional-thinking firms and localities are being forced to do something new: having online meetings and leveraging technology to host online events,” she explained, citing Earth Celebration as an example (Content, 2020). The taiko drum and music festival on Sado Island, Niigata, was held online in 2020, generating interest from overseas.

Naohiro Fukawa, director of Tourism Shizuoka, said the pandemic presented an opportunity for the tourism industry “to reset the old normal and find better ways to be more co-creative.” His destination marketing organization was embracing a strategic, long-term approach to marketing that focuses on sustainable, responsible and community-based tourism, which he says will become “the new normal” (Content, 2020).

Jun Otani, representative director of Travelex, suggested that mass tourism may not exist post-pandemic. “Inbound tourism to Japan in the coming years will be more personalized and tailored to small groups,” he said, adding that Travelex needs to evolve with this trend. “Before the pandemic, we focused on transactions. Now we need to focus on long-term relationships with customers and to reach out to communities and partners in the regions, not just those in Tokyo and Osaka” (Content, 2020).

As for the postponed Tokyo Olympics Games, Prime Minister Yoshihide Suga told parliament in January 2021 that he was determined to make the games happen that year, despite low public support for hosting the event. The organizing committee was looking at various scenarios and running simulations to understand how the Games could play out under different circumstances, and in March it was announced that there would be no international spectators (BBC, 2020). Thomas Bach, president of the International Olympic Committee, said the move was a great sacrifice for everybody. “We share the disappointment of all enthusiastic Olympic fans from around the world, and of course the families and friends of the athletes, who were planning to come to the Games,” he said. “For this I am truly sorry” (Road, 2021). Costs for the Games at that point had already increased by US\$2.8 billion because of measures needed to prevent the spread of COVID-19.

Despite the challenges, the Olympic Games went ahead at a cost of about US\$15 billion. Organizers said the event would serve as a symbol of world triumph over the pandemic, but with strict pandemic countermeasures, the Olympics fell short of the financial windfall Japan had wanted, with the country seeing little tourism income to offset the costs. As one BBC correspondent said at the end of the games:

Regardless of the undoubted sporting drama that has unfolded here over the last 17 days, it will always be the COVID Olympics. The first such event to be staged since the start of the pandemic, the first to take place amid a state of emergency, and the only one to be stripped of spectators (Road, 2021).

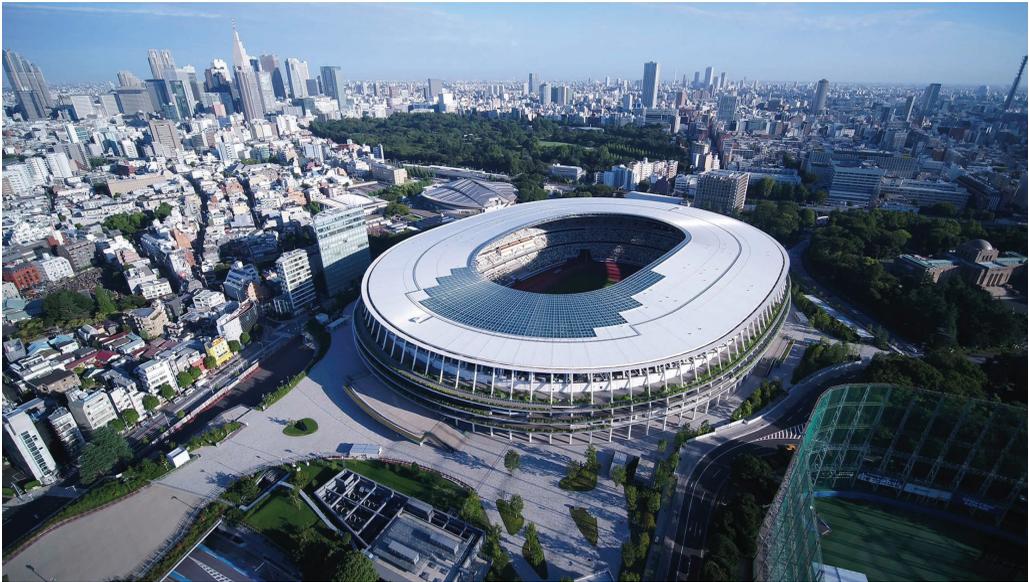


FIGURE 17.2 Japan's national stadium, the main venue for the Olympic Games (courtesy of JNTO)

In November 2021, Japan's new prime minister Kishida Fumio unveiled a record-breaking economic stimulus package to rebuild Japan's COVID-19 battered economy (Siripala, 2021). But shortly after, Japan once again closed its borders to new arrivals in response to the spread of Omicron, signaling (according to *The Diplomat*) that COVID-19 countermeasures were taking priority over economic normalization. However, stakeholders in the tourism industry remained optimistic. Some were suggesting that when international leisure travel resumed, Japan could be in a very marketable position, thanks to its high hygiene standards, commonplace mask use and culture of respecting personal space, which had been reported globally during the pandemic. Noting that safety and security are in Japan's DNA, Hans Heijligers, CEO of the IHG/ANA Hotels Group said the country had "an opportunity to accelerate leisure tourism faster than most countries because we have such a good offer." Meanwhile, he said there was potential within Japan's large and strong domestic market, particularly the 22 million Japanese who pre-pandemic were outbound travelers, often to luxury destinations. There was a need, he said, to accommodate demand for traditional offerings like seclusion and intimacy, as well as new interest in the lifestyle and luxury lifestyle parts of accommodation that included spaces to interact with other guests. "We need to try and make the domestic pie as big as we can," he added (Content, 2020).

Discussion questions

1. In the absence of international visitors, what steps did the Japanese take to adapt to the domestic market?
2. After reading the case study and watching the video next, do you think the Tokyo Olympics were worth it for Japan?
3. Why do you think stakeholders interviewed in the case study are optimistic about the future for tourism in Japan?

Video link

Were the Tokyo Olympics 2020 worth it in the end? Telegraph reporters in Japan have their say. The Telegraph, August 2021. www.youtube.com/watch?v=AxJHfPUL1sk

References

- BBC (2020). Tokyo 2020: No international fans at Olympics and Paralympics. *BBC News*, 20 March. www.bbc.com/sport/olympics/56461152
- CNA (2020). Japan's tourism-linked businesses explore new ideas to survive COVID-19 travel. www.channelnewsasia.com/news/asia/japan-s-tourism-linked-businesses-explore-new-ideas-to-survive-12878408
- Content, S. (2020). Resilience and adaptation for Japan's travel and tourism industry. *BCC Japan*, 25 September. <https://bccjapan.com/news/travel-and-tourism-think-tank-ii-travel-and-resilience/>
- TheEconomist(2020). TheJapaneseauthoritiesunderstoodcovid-19betterthanmost. *TheEconomist*, 10December. www.economist.com/asia/2020/12/12/the-japanese-authorities-understood-covid-19-better-than-most
- Horisawa, R. & Kubota, K. (2020). Japan's 'izakaya' pubs seek ways to survive in the COVID-19 era. *Nikkei Asia*, 15 August. <https://asia.nikkei.com/Business/Food-Beverage/Japan-s-izakaya-pubs-seek-ways-to-survive-in-the-COVID-19-era>
- Inoue, M. & Dooley, B. (2021). Japan's growth rebounds, but virus-related weakness looms. *New York Times*, 14 February. www.nytimes.com/2021/02/14/business/japan-gdp-economy-coronavirus.html
- Japan Times (2020). Worried about 'coronavirus divorce'? Japan firm offers stressed couples room to breathe. *Japan Times*, 16 April. www.japantimes.co.jp/news/2020/04/16/national/social-issues/worried-coronavirus-divorce-japanese-company-offers-couples-separate-apartments-quarantine-apart/
- Japan Times (2021). Small hotels diversify to stay afloat as pandemic crushes tourism. *Japan Times*, 19 February. www.japantimes.co.jp/news/2021/02/19/business/hiroshima-hotel-ideas/
- JNTO (2020). HowisJapan'sbusinesseventindustryadaptingtoCOVID-19? *BBC.com*. www.bbc.com/storyworks/capital/planning-your-next-business-event-in-japan/japans-business-event-industry-during-COVID-19
- Jozuka, E. (2020). Kyoto launches an 'empty tourism' campaign amid coronavirus outbreak. *CNN*, 17 February. www.cnn.com/travel/article/coronavirus-japan-kyoto-empty-tourism-campaign-hnk-intl/index.html
- Nault, A. (2021). Tourism in Japan. Coronavirus causing long-lasting effects. *Tourism Review*, 11 January. www.tourism-review.com/tourism-in-japan-lost-97-of-visitors-news11831
- Nguyen, A.T.N. (2020). Japan's inbound tourism boom: Lessons for its post-COVID revival. *International Monetary Fund Working Paper*. www.imf.org/en/Publications/WP/Issues/2020/08/21/Japans-Inbound-Tourism-Boom-Lessons-for-its-Post-COVID-19-Revival-49618
- Nussey, S., & Tajitsu, N. (2020). Japan's Olympics delay could cost \$6 billion including hit to tourism. *Skift*, 30 March. <https://skift.com/2020/03/30/japans-olympics-delay-could-cost-6-billion-including-hit-to-tourism/>
- QUO (2020). Podcasts on the future of travel. www.quo-global.com/podcasts/
- Reuters (2020). People in Japan are boarding fake planes to take virtual vacations around the world. *New York Post*, 12 August. <https://nypost.com/2020/08/12/grounded-japanese-try-foreign-holidays-with-a-difference/>
- Road, D. (2021). Tokyo Olympics: Sporting drama amid a state of emergency but how will Games be remembered? *BBC News*, 7 August. www.bbc.com/sport/olympics/58131750
- Siripala, T. (2021). Kishida's new Japan in the COVID-19 era. *The Diplomat*, 13 December. <https://the-diplomat.com/2021/12/kishidas-new-japan-in-the-covid-19-era/>
- The Star (2020). Japan's tourism market to suffer 4 trillion yen loss in COVID-19 pandemic. *The Star*, 5 October. www.thestar.com.my/aseanplus/aseanplus-news/2020/10/05/japan039s-tourism-market-to-suffer-4-trillion-yen-loss-in-COVID-19-pandemic

18

KENYA

Impacts

Kenya is one of the largest travel and tourism destinations in Africa, contributing 4.4% to the country's GDP. Prior to the pandemic, Kenya received more than 2 million annual visitors, mainly from the United States, the UK, India, China, Germany, France and Italy, who are attracted to Kenya's coastal region, the world-renowned game parks and other tourist destinations (Monnier, 2021).

But the pandemic resulted in a sharp drop in visitors, and Kenya's tourism ministry estimated that foreign tourist numbers fell by two-thirds in 2020, with income from tourism falling by 80%, costing the country about US\$1 billion in lost revenue. "We are on our knees," declared Tourism Minister Najib Balala in June 2020 (Warah, 2021). A survey done by SafariBookings.com, an online marketplace on 443 safari tour operators, revealed that 93% of safari companies had lost at least three-quarters of their bookings due to the coronavirus outbreak.

Before the pandemic, the tourism and related sectors employed more than 2 million people, many of whom lost their jobs or earn reduced salaries during the pandemic (Deloitte, 2021). People working in the hospitality industry – including housekeepers, chefs, travel agents, tour operators, and event organizers – were most affected. A survey of key stakeholders in Kenya's tourism sector at the start of the pandemic found that more than 80% of companies engaged in tourism had reduced their number of employees, and 31.9% reported reducing the pay of the remaining employees by over 70% (Hudson, 2020).

The decline in international tourism arrivals led to an abrupt and unprecedented drop in hotel demand that led to the closure of most hotels. The total loss in hotel room revenue for 2020 was over US\$500 million, and the situation for hotels was compounded in June 2021 when new containment measures were introduced, which included a suspension of public gatherings just before the beginning of the peak season for hotels. Meetings that had been scheduled to take place in August and September were abruptly canceled, leaving hotels empty. "It's sad. The ban has come at a very bad time, many meetings have been cancelled. We had many MICE bookings. These were government conferences that were scheduled to be conducted between August and September. Things were looking up," said Sam Ikwaye, Executive Officer for the Kenya Association of Hotel-keepers and Caterers (KAHC) (Africa News, 2021).

COVID restrictions directly impacted not only the tourism industry but a whole range of inter-linked services as well, such as fishing, catering and airlines (Deloitte, 2021). With reduced demand for supplies and services in tourism, these sectors scaled down their operations significantly. Accommodation and food service activity crashed 57.9% in 2020, a sharp deterioration from 9.9% growth



FIGURE 18.1 Masai Mara National Reserve in Kenya where safari companies saw a huge number of cancellations at the beginning of the pandemic (courtesy of Craig Stevenson on Unsplash)

in third quarter of 2019, Kenya's statistics office said. "This led to either complete closure of businesses in this sector or significantly scaled down operations," the office said. The economic impact of the crisis also left the wildlife and conservation sector in a vulnerable state. A combination of reduced funding from tourists and lower management capacity from budget cuts and restrictions have created a "perfect storm" to harm conservation efforts. As a result, the East Africa region saw steady trafficking rates.

Responses

The Kenyan government initially responded to the COVID-19 outbreak by restricting public gatherings and canceling major festivals and events. All institutions including the transportation industry were required to follow strict public health measures such as sanitizing, disinfecting regularly and practicing social distancing to contain the spread. The government also announced a raft of measures to cushion the most vulnerable as well as industries from the impact of the pandemic.

As part of the tourism sector COVID-19 recovery plan, the government set aside US\$5 million to support the industry, and a small amount was provided to restore destination confidence that Kenya gained over the years as a preferred travel destination globally (Deloitte, 2021). The Government proposed a reduction of the PAYE rate from 30% to 25%, as a recovery plan for businesses, and reduced entry fees to all Kenyan Wildlife Services parks and reserves for both domestic and international tourists by 50% as a recovery strategy for tourism activities.

On 6 June 2020, the government allowed the reopening of tourism and hospitality establishments, travel and tour companies, hotels, entertainment and recreation facilities, provided they complied with the Government of Kenya public health protocols. The Ministry of Health stated that all employees working in restaurants should first be tested before reopening, observe social distancing

and always wear a mask while operating. Additionally, hotels and restaurants were required to measure their customers' temperatures and deny entry to any customer with fever symptoms. Kenya Airports Authority (KAA) implemented major control measures at its airports to restore confidence in travelers. These measures included the provision of sanitization facilities, installation of screening yards, terminal building demarcation, disinfecting of the equipment within the airport as well as physical distancing rules within the premises of the airports.

In terms of marketing communications, during the early stages of the pandemic, Kenya maintained a continuous online destination visibility aligned to "Stay Home, Travel Tomorrow" messaging. Then as international travel began to open up in the summer of 2021, Kenya's Tourism Board employed various strategies to boost tourist footfall. First, in order to position Kenya as a luxury destination in several key markets, it received 15 guests from the United States on a US\$125,000 per person, 12-day luxury tour. Kenya's Tourism and Wildlife cabinet secretary Najib Balala, who welcomed the tourists on the inaugural Roar Africa and Emirates Executive Private Jet Safari, said a focus on luxury tourism was crucial for a sustained recovery following COVID-19 related setbacks in the travel industry. Balala said in a statement:

The visit by this high-level delegation is testament to the fact that Kenya is a consideration to the niche luxury traveler who is attracted to specific experiences and offerings. Our goal is to build on this as we work towards expanding into different market segments in the short and long term.

(Onyango, 2021)

The Tourism Board also turned to a global youth audience to showcase the eighth natural wonder of the world – the great wildebeest migration – by partnering with the short-form video platform TikTok (see Figure 18.2). "Together with TikTok, we can engage the world with content and experiences from any part of the country and drive more awareness of our country and wildlife, especially during this time when travel is limited with the aim of curbing the spread of the virus," said Betty Radier, Chief Executive Officer of the Kenya Tourism Board (Onyango, 2021).

Finally, Kenya looked toward conference tourism as a way of helping the country reduce its dependence on beach and safari tourism. Jacinta Nzioka, CEO of state-owned Kenya National Convention Bureau (KNCB), said that Kenya would position itself as the ideal destination for regional and international meetings. Nzioka said that Kenya's strategic location and regional aviation hub status should help drive the meeting, incentives, conferences and exhibitions segment to play a more prominent role in the tourism sector. According to KNCB, conference tourism has the potential for generating huge returns to the country because of its high impact on local host communities.

With the loss of international tourism, the government and various travel bodies looked to the domestic tourism market as the first stage in the industry's recovery. Jambojet, for example, launched a domestic travel campaign under the "Now Travel Ready" banner in September 2020 aimed at highlighting holiday destinations within Kenya (Fitch Solutions, 2021). Local hoteliers and travel agents also targeted the growing number of middle-class Kenyans. Even before COVID-19, Kenya had enjoyed a 55% rise in bed night occupancies by domestic tourists between 2014 and 2018, according to official data. The growth has been credited to digital campaigns, growing disposable income among Kenyans and efforts to promote affordable alternatives to five-star resorts.

In addition to catering to more domestic tourists, individual operators had to adapt operations in many other ways in order to survive during the pandemic. As international travel came to a standstill, Micato Safaris, for example, focused its attention on customer service, reaching out to

Have you ‘Herd’ yet? Kenya’s Great Migration is LIVE on TikTok!

Wilbeest, zebras and gazelles, oh my! Experience all the excitement of this year’s Great Migration season in Kenya virtually, on TikTok, no matter where you are in the world. Together with the [Kenya Tourism Board](#) (KTB), the [International Fund for Animal Welfare](#) (IFAW), and [Conservation International](#), we are bringing this spectacular wildlife event LIVE to our users around the world, and aim to raise awareness around biodiversity conservation and inspire action towards wildlife protection worldwide.

Event details: Users can catch all the LIVE action of The Great Migration directly from the Maasai Mara National Park in Kenya as well as educational videos about the event and Maasai community, as per details below:

- **Where:** tune into the official [TikTok Africa page](#)
 - **When:** 25 to 29 August
 - **Timings:** 5:30 AM to 7:00 AM and 9:30 AM to 1:00 PM ZA time (3:30–5:00 and 7:30–11:00 UTC)
-

FIGURE 18.2 TikTok promoting the Great Migration in Kenya (courtesy of TikTok, 2021)

all customers individually, processing refunds quickly or re-booking vacations. The company also continued with its marketing. “The first thing we did (compared to many of our competitors) was to maintain our marketing budget. We learned after 9/11 that if you kept your foot on the gas you were stronger coming out of a crisis,” said Marty von Neudegg, Executive Director, International for Micato. “In fact, we started paid social media campaigning for the first time during COVID in March – and had fantastic results – I think part of reason was that competitors had disappeared” (Hudson, 2020).

Micato was also keen to continue with its philanthropic efforts. For example, it partnered with Huru International in Kenya to supply masks to those in need. Huru, which produces menstrual pads for African women, repurposed some of its production lines and fabric to making face masks for the vulnerable residents of Mukru. Micato, which has always been a major donor and supporter of Huru, partnered with the nonprofit organization to distribute the masks. When Micato opened up operations after lockdown, it – like all other operators – had to implement new safety protocols for guests. “Every safari we operate is escorted by one of our “Safari Directors,” and they will ensure that the camps and lodges are providing the safest possible experience for our guests. Since we have full-time staff on the ground, we’ll ensure Micato’s safety and sanitation protocols, as well as those of the camps and lodges, are enforced as strictly as possible,” said Dennis Pinto, Managing Director of Micato.

Our staff wear masks at all times and will limit their interactions with hotel and camp staff. The “Safari Director” will gauge guests’ comfort level and adjust accordingly. For example, in terms of housekeeping, guests may opt to forego daily service if they wish.

Asked if the popular safari tradition of “sundowners” would continue post-pandemic, Pinto said:

Yes, absolutely. One of the great experiences of safari life is enjoying your drink of choice while watching the sun set over the savanna. Snacks are now individually wrapped and presented (rather than buffet-style), and there will be plenty of hand sanitizer. As they say, the show must go on.

(Qubein, 2021)

Outcomes

By the summer of 2021, even though travel in Europe was returning to some kind of normality, the tourism sector in East Africa was still struggling. Governments across Europe had enforced strict travel restrictions, with the entire region featuring on the UK’s “red list,” meaning tourists returning from East Africa had to undertake a mandatory hotel quarantine for ten days. The UK is a significant market for the region’s tourism industry. “We need Kenya to be removed from those red lists because people are scared there is a serious outbreak,” said Mike Macharia, the chairman of the Kenya Association of Hotelkeepers and Caterers. “We vaccinated all our key staff. We have created safe zones within the tourism industry. Tourists are telling us they want to come but their countries are telling them not to” (Sippy, 2021). Kenya was not removed from this red list until November 2021.

However, some operators did see an improvement in business in 2021. “Two months ago, things looked bad, but bookings are coming in fast for August and September. Some hotels are full,” said Glen Rawlings, director of Southern Cross Safaris in Kenya. “In 2020, we had to reduce our staff numbers by half but now we are starting to call them back.” Simon Kabu, manager of Bonfire Adventure tours and travel company also saw business starting to pick up in the summer of 2021, he was doing everything he could to mitigate the risks. He said:

We have made sure most of our crew are vaccinated, secondly, at least we regularly and periodically test the crew and our staff, thirdly we make sure that we have reduced the capacity of the vehicle carrying capacity from 8 to maximum of 7 so that we maintain the social distance, we provide sanitizers on board, and we are able to keep track of our cars so that we are able to know where they are from, all that, and we are able to liaise with the Ministry of Tourism to make sure that all MOH (Ministry of Health) protocols are observed.

(Sippy, 2021)

In October 2021, the Kenyan government said it was developing a post-COVID-19 pandemic mitigation strategy to spur the recovery of the tourism sector. Najib Balala, cabinet secretary of Ministry of Tourism and Wildlife said the safety of travelers all over the world as a result of the COVID-19 pandemic had become a priority. “To keep pace with the fast-changing needs of visitors and challenges faced by the tourism industry, the industry has to act swiftly and adjust its strategies for tourism development from time to time,” he said. Balala said the ongoing vaccination in the country would enhance the level of confidence in safe travels among visitors into the country. “As we move forward, we must take into consideration the fact that we now have a changed traveler, a traveler who is more health conscious and make decisions with this consideration,” Balala said (Xinhuanet, 2021).

A recent academic paper on the prospects for Kenya’s tourism industry following the pandemic suggested that a combination of good marketing strategies and unique products could go a long way in supporting the recovery of the tourism sector in Kenya. “The country’s strategic geographical location, international networks that saw it elected as a non-member state of the UN security council as well as the East African collective advantage as a tourist destination offer good chances for the country to quickly regain its footing after the pandemic,” said the paper (Muragu et al., 2021).

As 2021 came to a close, there were signs of recovery in the tourism sector despite the emergence of the Omicron variant and increased travel restrictions around the world. In the first ten months of 2021, Kenya's tourist arrivals increased by 40.8% to 663,036, compared to 470,971 arrivals in the same period in 2020.

Discussion questions

1. After reading the case study and watching the video next, what do you think about the partnership between the Kenya Tourism Board and TikTok? What was the goal of this initiative?
2. One of the companies profiled in the case study – Micato Safaris – said it was important to maintain its marketing budget during the pandemic. However, most organizations tend to cut their marketing during a crisis. Why would Micato follow such a strategy?
3. List the different target markets that Kenya seems to be targeting as it recovers from the pandemic. Marketing theory suggests that target markets should be well-defined, identifiable and accessible. Is this the case for the target markets identified on your list?

Video link

Wildebeest Migration live streaming on TikTok Africa. Wakerly Entertainment, August 2021.

www.youtube.com/watch?v=iAzagRTv2j8

References

- Africa News (2021). Kenya's tourism sees trickle of post-pandemic recovery. *Africa News*, 18 August. www.africanews.com/2021/08/17/kenya-s-tourism-sees-trickle-of-post-pandemic-recovery/
- Deloitte (2021). Economic impact of the COVID-19 pandemic on East African economies. *Deloitte*, July. <https://www2.deloitte.com/content/dam/Deloitte/ke/Documents/finance/Economic%20Impact%20of%20the%20Covid-19%20Pandemic%20on%20East%20African%20Economies-Volume%202.pdf>
- Fitch Solutions (2021). Kenya tourism forecast. *Fitch Solutions*, 12 July. www.fitchsolutions.com/tourism/kenya-tourism-forecast
- Hudson, S. (2020). *Covid-19 & Travel: Impacts, Responses and Outcomes*. Oxford: Goodfellow Publishers Limited.
- Monnier, O. (2021). A ticket to recovery: Reinventing Africa's tourism industry. *IFC*. www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/reinventing-africa-tourism
- Muragu, M.M., Nyadera, I.N. & Mbugua, C.W. (2021). Gearing up for the new normal: Kenya's tourism sector before and after the COVID-19 pandemic. *Journal of Policy Research in Tourism, Leisure and Events*. DOI: 10.1080/19407963.2021.1903020
- Onyango, C. (2021). Kenya's tourism board is launching a partnership with TikTok. *Quartz*, 7 September. www.weforum.org/agenda/2021/09/eighth-natural-wonder-tourism-partnership-tiktok/
- Qubein, R. (2021). Safaris adapt to Covid-19 as Kenya and Tanzania open to Americans. *Forbes*, 30 August. www.forbes.com/sites/ramseyqubein/2020/08/30/kenya-and-tanzania-open-to-americans-as-sa-faris-adapt-to-covid-19/
- Sippy, P. (2021). Covid-19's third wave dashes hope of tourism revival in east Africa. *Quartz Africa*, 26 July. <https://qz.com/africa/2037944/east-africas-tourism-sector-struggles-during-covid-19-third-wave/>
- TikTok (2021). Have you 'herd' yet? Kenya's great migration is LIVE on TikTok! *TikTok News*, 24 August. <https://newsroom.tiktok.com/en-africa/kenya-great-migration-is-live-on-tiktok>
- Warah, R. (2021). 'We are on our knees': COVID's impact on Kenya's tourism. *ONE*, 12 August. www.one.org/africa/blog/kenya-tourism-sector-covid/
- Xinhuanet (2021). Kenya to develop post-COVID-19 strategy to hasten tourism recovery. *Xinhuanet*, 6 October. www.news.cn/english/2021-10/06/c_1310227979.htm

19

LAOS

Impacts

Laos is a landlocked country in Southeast Asia bordered to the north by China, to the northeast and east by Vietnam, to the south by Cambodia, to the west by Thailand, and to the northwest by Myanmar. The country extends over a total land area of 236,000 square kilometers, of which rivers and mountains cover roughly 70%. The country opened its doors to international tourists in 1989 and, since then, the tourism industry has developed rapidly to become one of the country's largest earners of foreign currency. More than 21.7 million foreign visitors came to Laos between 2016 and 2020, an increase of 17.7% compared to the previous five years (The Star, 2021). In 2019, international tourist arrivals to the country reached an all-time peak of 4.79 million, a 14% increase from the previous year. This generated US\$934 million in international tourism receipts, trailing only mineral exports (\$1.43 billion) and electricity exports (\$1.32 billion). That year, tourism was responsible for about 4.6% of GDP and employed 54,000 workers, with about 63% of them being women.

Laos has over 2,000 tourist attractions, including the world heritage sites of Luang Prabang, Wat-phou Champassak and the Plain of Jars (see Figure 19.1). Another symbol of Laos is the music of the khaen, which has been listed by UNESCO as a form of Intangible Cultural Heritage of Humanity. A report from the Ministry of Information, Culture and Tourism, however, suggested that there were insufficient land and air routes linking targeted markets and that investment was needed to improve infrastructure, notably road access to tourist attractions in remote communities (Ministry of Information, Culture and Tourism, Tourism Development Department, 2020).

In response to the pandemic, Laos implemented a nationwide lockdown on 30 March 2020, closing all international ports of entry, suspending issuance of tourist visas and banning interprovincial travel. On 18 May, tourist sites re-opened and interprovincial travel was permitted, including domestic flights. The Asian Development Bank (ADB, 2020) said that about half of tourism businesses were temporarily closed due to the pandemic. About 70% of enterprises they surveyed had reduced their workforce, with total employment falling by 38%. Businesses that primarily served international guests suffered more than those that catering to domestic visitors. By the end of 2020, Laos had recorded an 81.5% fall in international tourists over 2019, with just 886,447 people visiting the country (Ministry of Information, Culture and Tourism, Tourism Development Department, 2020).



FIGURE 19.1 Plain of Jars, Laos (courtesy of Molydar Souama on Unsplash)

Responses

The ADB said that to survive the crisis and prepare for recovery, the tourism sector in Laos needed assistance, starting with initiatives that could stimulate local travel. Other recommendations for Laos made by the ADB included joining “COVID-safe travel zones” or travel bubbles, offering tax relief and cash transfers to support cash flow of enterprises in the short and medium terms, improving COVID-19 screening at borders and expanding testing nationwide to reduce risk of infections from domestic and foreign tourists (Asian Development Bank, 2020). The government’s fiscal response to the crisis meanwhile was concentrated on deferrals and postponements of tax obligations. Income tax exemptions were put in place for some public and private sector workers, some microenterprises were exempted from income taxes, tax collection for businesses in the tourism sector were deferred, and mandatory contributions to social security were postponed. However, the income tax exemption was only applicable to those who were still employed by registered enterprises and earning less than about US\$500 a month. The measures were therefore not really helpful to those in need and/or those that had lost their jobs. Likewise, the tax exemption for microenterprises was introduced only temporarily from April to June 2020, and again was fairly ineffective since the majority of the affected businesses did not have any profits, to begin with.

Tourism industry players in Laos – like elsewhere – had to adapt to the pandemic in order to survive. “The buzz phrase in Laos tourism and hospitality is now, ‘You must adapt,’” said Bernie Rosenbloom, a tourism expert in the region. “My personal favorite is watching Asia One Resort Supply shift from selling kitchen equipment to selling tents,” he said. Rosenbloom said that camping had emerged as a new COVID travel trend in Laos. “Another example of adapting is a travel agent who now delivers food. Many hotels are also focusing on their F&B and started delivering.

Luxembourg Development Cooperation Agency's Skills for Tourism Projects also adapted their project document to fit the circumstances" (Rosenbloom, 2021).

Outcomes

With international borders still closed, in December 2020 the Lao PDR Tourism Recovery Roadmap Draft was published, prepared for UNDP Laos by Synergy Insights Consulting. The Roadmap's strategic priorities were as follows: intensify the collaboration between the private sector and the government, provide businesses with liquidity to avoid mass closures and deploy tourism loan packages, support tourism SME marketing campaigns, facilitate infrastructure investments to attract investors to specific tourism products, and strengthen brand and boost marketing to reignite travel. The report also acknowledged that businesses in Laos didn't see domestic tourism as a viable recovery strategy in the short to mid-term, due to the low population and low-buying capacity. "It is unrealistic to assume that domestic tourism, in the short term, will provide the cash flow to tourism businesses in Lao PDR to survive the immediate crisis," said the report (Synergy Insights Consulting, 2020). The government had planned to officially launch the recovery roadmap in April 2021, but a surge in cases delayed the roll-out.

Meanwhile, with borders closed to international tourism, the government and industry moved ahead with campaigns to promote domestic tourism. In September 2020, a marketing campaign called "Lao Thiao Lao" kicked off at a launch event in Vientiane (Rosenbloom, 2020a). The public-private partnership bought together the Ministry of Education and Sports, the Ministry of Information, Culture and Tourism (MICT), the Lao National Chamber of Commerce and Industry (LNCCI), and leading tourism and hospitality businesses to support the promotion of domestic tourism, with the LNCCI taking the lead with its implementation. "This is a unique way in which the public and private sectors have joined together to co-finance a tourism marketing campaign," said LNCCI board member Inthy Deuansavanh, who spearheaded the Lao Thiao Lao campaign for the LNCCI (Laotian Times, 2020).

Then in October 2020, an inaugural two-day "Let's Travel" show resulted in about US\$11,000 worth of sales in package tours, flights, room nights and activities, while providing Lao destination information to about a 1,000 visitors. This was followed by a second "Let's Travel" expo in February 2021, organized by Lao Airlines, EXO Travel Laos and Vientiane Center, to once again promote domestic travel in Laos during the pandemic. Inthy Deuansavanh said:

The objective of the Let's Travel event is to create a platform to communicate about Lao attractions, accommodation, restaurants and other tourism-related businesses to be more known by local people, and to (encourage) them to travel more in their own country, which has many beautiful sites to offer.

(Rosenbloom, 2020b)

Most stakeholders in the tourism industry in Laos suggested that the actions of other countries would dictate when the country could fully open to international tourists. Damian Killer, the general manager of the Belle Rive Hotel, Luang Prabang, said Laos liked to wait for Thailand to move. "Realistically, this might happen in Spring sometime." Stanislas Frandelizi, the Inthira group managing director said:

To re-open Laos means that border countries such as Thailand and Vietnam must also be reopened. . . . We are hoping for borders to open by April, and international travel (will come) back by the beginning of the 2021 high season in October.

(Strangio, 2021)



FIGURE 19.2 Luang Prabang, Laos (courtesy of Molydar Souama on Unsplash)

Pullman Luang Prabang general manager Denis Dupart was more conservative and saw border openings in the third quarter of 2021. “The Inter-Asia market will only reflect smaller demand bubbles towards the end of Q4, mostly for leisure destinations.”

Certainly, cooperation with neighboring countries was going to be critical moving forward. In February 2021, Deputy Minister of Information, Culture and Tourism Mr Ounthuang Khaophanh announced that Laos would actively partner with other ASEAN nations to implement the ASEAN tourism cooperation plan in a bid to revive tourism following the pandemic. Laos had already launched a fast-track immigration service for travelers from China at the end of 2020, relaxing controls at the country’s main border crossing, which was previously sealed to prevent the spread of COVID-19. The easing of border restrictions was designed not just to encourage the revival of Laos’s tourism sector but also to allow Chinese business owners to re-enter the country (Strangio, 2020). In 2019, 1 million tourists from China visited Laos, making up nearly 20% of the total for that year. Over the last decade, as infrastructure links with China have improved, Laos has become a magnet for Chinese investment and immigration, which has transformed the physical landscape of the capital Vientiane and the northern provinces (Strangio, 2021).

The Tourism Recovery Roadmap suggested that adaptation to tourism in the COVID-19 era was vital for the tourism sector’s survival, and some organizations in Laos recognized the need for upskilling in response to the pandemic. For example, the Institute of Mass Media, Culture and Tourism (IMCT) launched COVID-awareness training for 100 micro and small tourism and hospitality businesses. Kicking off in Vientiane, the half-day program trained businesses in establishing practical health and safety measures, providing them with a COVID prevention kit consisting of posters to educate staff and customers, thermometers and an initial inventory of facemasks, cleaning gloves, hand gel and cleaning disinfectant. Upon completion of the training, businesses signed

a commitment to implement these practices and received a certificate that could be used for promotional purposes.

Toward the end of 2021, borders around Laos slowly began to open to tourists. On 1 November 2021, a Test & Go program was introduced to allow air travel between Laos and Thailand, eliminating the need for quarantine in Thailand, and was used by 200,000 international travelers until the program was suspended in December in order to prevent spread of the Omicron variant. Then in mid-December, state media reported that fully vaccinated visitors on pre-booked tours would be able to enter the country from 1 January 2022, and visit three destinations: the capital Vientiane, the eco-tourism gateway Vang Vieng, and Luang Prabang, the picturesque former royal capital in the north of the country. Further destinations would be opened up in April and July as vaccination rates in Laos increased.

The country's prolonged shutdown was having deleterious economic effects for the Lao government, draining its small pool of foreign reserves and pushing it to the brink of default. A significant portion of the country's debt was incurred by the US\$5.9 billion Chinese-made Laos-China Railway, a feat of engineering that was inaugurated on 3 December after six years of construction. The tourism sector in both countries had high hopes for the new railway, which slices northward from the capital Vientiane to the border with China and then on to Kunming, the capital of China's Yunnan province. The Chinese press was promoting the rail line, which offered direct access to all three of the tourism destinations in Laos that featured in the country's first phase of opening, as a way of kick-starting Laos' tourism. An article in the *China Daily* quoted a Singapore-born hotelier who was pinning his hopes on the railway. "The train will be a gigantic boost as many tourists consider convenience and safety as key factors," the hotel owner said. Those in Laos were harboring similar hopes. Duangmala Phommavong, the managing director of Exo Travel Laos, who sits on the board of the Laos Chamber of Commerce and Industry, said the railway "presents visitors with a fast, inexpensive transportation option for exploring northern Laos. The tourism industry eagerly awaits its opening" (Strangio, 2021).

Discussion questions

1. What initiatives did Laos put in place to stimulate domestic tourism in the country?
2. The case suggests that the actions of other countries would dictate when Laos could fully open to international tourists. What are these "other countries" and what needs to happen to facilitate tourism flows?
3. The Institute of Mass Media, Culture and Tourism (IMCT) launched a COVID-awareness training program in Laos for small tourism and hospitality businesses. What should such a training program look like? What new skills will tourism businesses need post-pandemic?

Video link

Greener Economic Growth through Nature-Based Tourism in Laos. World Bank, September, 2020
www.youtube.com/watch?v=ANPEqwQ2Kaw

References

Asian Development Bank (2020). Helping tourism enterprises in the Lao PDR recover from COVID-19. *ADB*, 13 October. <https://development.asia/insight/helping-tourism-enterprises-lao-pdr-recover-covid-19>

- Laotian Times (2020). Lao Thiao Lao Campaign launched to boost domestic tourism. *Laotian Times*, 13 September. <https://laotiantimes.com/2020/09/13/lao-thiao-lao-campaign-launched-to-boost-domestic-tourism/>
- Ministry of Information, Culture and Tourism, Tourism Development Department (2020). *2020 Statistical Report on Tourism in Laos*. Ministry of Information, Culture and Tourism, Tourism Development Department, Vientiane, Laos.
- Rosenbloom, B. (2020a). Laos' rocky road to recovery. *WeAreLao*, 24 December. <https://wearelao.com/blog/edit-blog-entry-laos'-rocky-road-recovery>
- Rosenbloom, B. (2020b). "Let's travel" expo encore keeps promoting Lao domestic tourism. *WeAreLao*, 9 February. <https://wearelao.com/blog/edit-blog-entry-'let's-travel'-expo-encore-keeps-promoting-lao-domestic-tourism>
- Rosenbloom, B. (2021). Personal communication, February.
- The Star (2021). Laos records over 21 million foreign visitors in past five years. *The Star*, 3 February. www.thestar.com.my/aseanplus/aseanplus-news/2021/02/03/laos-records-over-21-million-foreign-visitors-in-past-five-years
- Strangio, S. (2020). Laos opens fast-track service for Chinese travelers. *The Diplomat*, 30 October. <https://thediplomat.com/2020/10/laos-opens-fast-track-service-for-chinese-travelers/>
- Strangio, S. (2021). Laos prepares to welcome foreign tourists from January 1. *The Diplomat*, 20 December. <https://thediplomat.com/2021/12/laos-prepares-to-welcome-foreign-tourists-from-january-1/>
- Synergy Insights Consulting (2020). *Tourism Recovery Roadmap Lao PDR*. Synergy Insights Consulting, December.

20

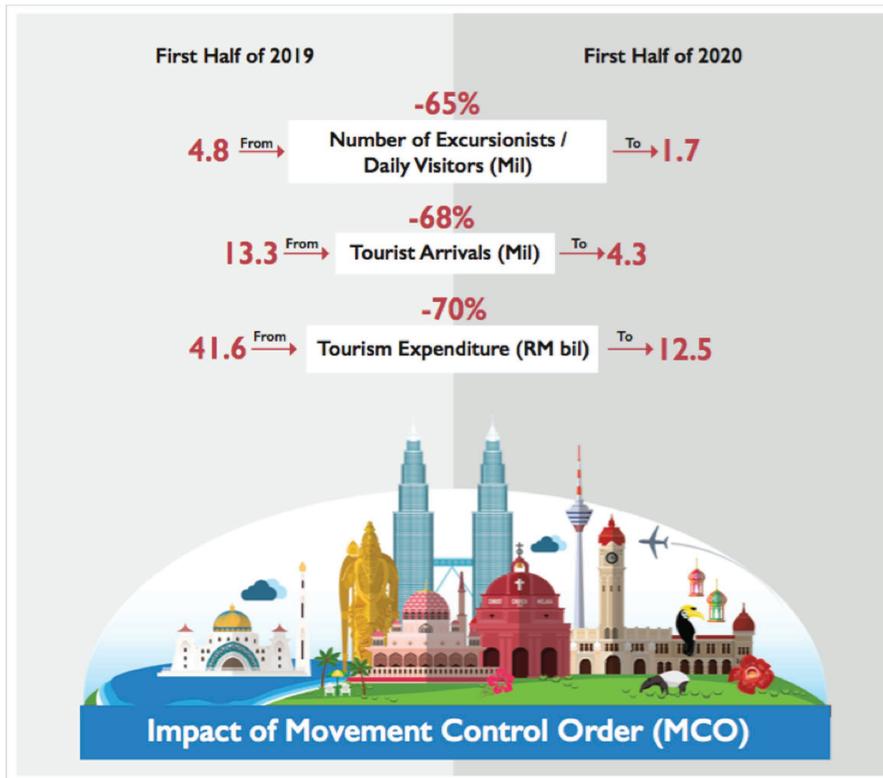
MALAYSIA

Impacts

Prior to the pandemic, Malaysia was one of south-east Asia's most vibrant economies, the fruit of decades of industrial growth and political stability. But COVID-19 significantly impacted the Malaysian economy – particularly the tourism and hospitality sector. The imposition of a nationwide Movement Control Order (MCO) in March 2020 to curb the pandemic brought tourism to a standstill, and Malaysia lost more than RM100 billion (\$248 billion) in tourism income in 2020 due to the coronavirus pandemic (The Straits Times, 2020). In 2019, the country welcomed 28 million visitors, and the tourism industry had contributed RM240.2 billion, or 15.9% of Malaysia's GDP. The Southeast Asian country had initially targeted 30 million tourist arrivals in 2020 through its "Visit Malaysia 2020" program. Instead, the country welcomed less than 5 million visitors, and borders remained closed well into 2021, impacting the lives of 3.5 million employees working in the sector (Khan and Hashim, 2020). A survey in August 2020 found that 63% of workers in the tourism and travel agency sector, 62% in hospitality and catering, 50% in food and beverage (F&B), 47% in mass transportation and 42% in retail were permanently retrenched or temporarily not working (The Straits Times, 2020).

According to data released by the Companies Commission of Malaysia, by the end of October 2020, 204 tourism-related companies had closed down since travel restrictions were imposed (Som and Harun, 2020). About 109 hotels and other short-term lodging operators folded, unable to sustain themselves amid the health and travel restrictions. Of the total, 77 companies volunteered to shut down, while 32 folded on court orders or self-imposed wind-up. The hospitality sector aside, 95 travel companies shuttered, with 57 doing so voluntarily. Others were ordered by the courts.

The aviation industry in Malaysia was projected to lose RM13 billion in 2020, which included a RM10.9 billion loss from the three airlines and another RM2.1 billion from airport operators, including Malaysia Airports Holdings Bhd and Senai Airport Terminal Services Sdn Bhd. The country's three major airlines – Malaysia Airlines Bhd, AirAsia Group Bhd and Malindo Airways Sdn Bhd – scaled down operations, implemented salary cuts and offered unpaid leave to staff and retrenchment to stay afloat. The Malaysia Aviation Group offered an early retirement scheme to 50% of its employees from all its subsidiaries, including Malaysia Airlines Bhd, MASwings and FireNy. Malindo Air laid off 2,200 employees, which is more than half its 3,200-strong workforce, while AirAsia Group slashed 10% of its 24,000 employees (Foo et al., 2020).



Source: Tourism Malaysia with the cooperation of Immigration Department

FIGURE 20.1 Impact of Movement Control Order (MCO) (courtesy of Tourism Malaysia)

Responses

The Malaysian government provided a stimulus package to provide some respite for those who were severely affected by the outbreak (The Straits Times, 2020). Tax incentives, restructuring of loans, and postponement of repayments to banks were offered to tourism businesses, and a wage-subsidy program was introduced and subsidized RM600 per month for each retained employee. In addition, tourism front-liners were offered a one-off payment of RM600 and RM500, respectively, to offset the significant decline in their daily incomes (Foo et al., 2020). The revised stimulus package also acknowledged the potential loss of employment and underemployment issues by providing financial assistance of RM600 each month, for a maximum period of six months, for those who were forced to take unpaid leave. On top of that, unemployed workers, with salaries under RM4,000 a month, were allowed to claim from the Employee Insurance System (EIS) under Social Security Organization (SOCSO).

The industry got a much-needed break when the interstate travel ban was lifted on 10 June 2020, which breathed life into domestic tourism, even with strict health restrictions and standard operating procedures. The government focused on domestic tourism, supported by initiatives and assistance, including the Economic Recovery Plan (Penjana) and other stimulus packages such as Prihatin. Among other things, these packages provided an extension of the tourism tax and service tax exemptions for hotels until June 2021, and a RM1 billion allocation under the Penjana Tourism Financing scheme for transformation initiatives by small and medium-sized enterprises. Under Prihatin, special individual tax relief of up to RM1,000 for tourism expenditure was given

to encourage the public to travel domestically, while more than 7,000 ministry-licensed tour guides received a RM600 one-off assistance totaling more than RM4 million (Som and Harun, 2020).

The Malaysian Tourist Board encouraged locals, under the hashtag #TravelLater, to travel in their own country. “It may take months for the tourism industry to recover from the effects of COVID-19 and we need all the help we can get to rebuild,” said Datuk Musa Yusof, director general of Tourism Malaysia. Industry players, from hotels and resorts to airlines and travel companies, started offering deals and promotions, and state tourism jumped on the bandwagon. Penang Tourism, for example, introduced the “Jom! Experience Penang” campaign featuring 23 tour packages, while Kelantan launched the “Jom Maghi Dderak Di Kelate” campaign that highlighted the Kota Baru, Tumpat and Bachok districts. A “Clean and Safe Malaysia” campaign was also introduced to reassure travelers and bring confidence back to the market. The idea was to award certification to hotels that meet the requirements of the relevant authorities.

In addition to new safe and healthy requirements, hotels were having to adapt operations in order to survive. “Hotel operators need to do other business activities related to hospitality in an effort to minimize losses and generate alternative revenue,” said Shaharuddin M Saaid from the Malaysian Association of Hotel Owners (MAHO). He said,

Hotels should offer special packages and highlight what is being done to ensure hygiene, cleanliness and safety for guests’ health. Hotels can also work with event managers to promote the trend of virtual meetings, as well as ‘work from hotel’ packages which will encourage people to have a change of scenery.

(Nathan, 2021)

The Malaysian Association of Hotels CEO Yap Lip Seng said 2021 was expected to be highly dependent on domestic tourism, which would also be the lifeline of the industry. According to Yap, it will boil down to the survival of the fittest. “2021 will see fierce competition among ASEAN countries, so Malaysia needs to step up its game now,” he said.

(Nathan, 2021)

In the tour operating sector, Datuk Tan Kok Liang, president of the Malaysia Association of Tour and Travel Agents (MATTA), said the emphasis post-COVID should be on new business models and for tour and travel agents to diversify their offerings instead of relying on traditional sightseeing tours and mass tourism. MATTA wanted to see operators offer more experiential travel and implement changes to travel packages without compromising on health and safety protocols. Tan said the tourism industry should take a fresh approach to destination marketing based on the new travel patterns, with emphasis on digitalization and product and infrastructure development. “This could be significant to all stakeholders as it can be an opportunity for reflection and reinvention – towards a better and more sustainable tourism future” (Ganesan, 2020).

The amusement theme park and family attractions industry in Malaysia was also making plans to adapt to the new normal, after a really tough 2020. Apart from the required operational and safety and hygiene measures, technology was expected to play a crucial role in the sector’s future – from ticket purchasing and queuing for rides to ordering meals. “Technology will be more seamlessly integrated into theme park operations. Fewer people will use cash, and ticketing and ride reservations will be digitized,” said Tan Sri Richard Koh, president of the Malaysian Association of Amusement Theme Park and Family Attractions (MAATFA). Manual counting of people standing in queues was expected to be replaced by automatic counters, and reliance on cashiers for food services would be reduced as the use of mobile phones for ordering became the norm. “Parks will have to get creative on how to maintain throughput and guest experience,” said Koh (Ganesan, 2020).



FIGURE 20.2 Malaysia's interactive digital brochures (courtesy of Tourism Malaysia)

In April 2021, Tourism Malaysia rolled out five new interactive brochures and travel guides, in a rebranding of the agency's digital travel brochures. The brochures could be accessed via Tourism Malaysia's revamped microsite – <http://ebrochures.malaysia.travel/>. Tourism, Arts and Culture Minister Nancy Shukri said that the interactive brochures “give new life to digital brochures in pdf format, which previously could only be downloaded and printed.” The all-new digital versions incorporate interactive multimedia elements such as text, audio, graphics, animation and video. “The launch of Interactive Digital Brochures is in line with efforts to intensify the digitization of tourism to revitalize the tourism industry, as outlined under the National Tourism Policy (DPN) 2020–2030,” said Shukri (Koswaraputra, 2020).

Outcomes

Prior to the pandemic, concerns had been voiced about the negative impacts of tourism in Malaysia. For example, Datuk Tan Kok Liang from MATTA said in 2019 that increasing numbers of tourists were putting pressures on the tourism ecosystem in the country, and a report from WTTC that year suggested that Kuala Lumpur was at risk of facing over-tourism due to a lack of ethical and responsible tourism practices (Wong, 2020). Unethical labor practices in the industry were also common, and there were criticisms that Malaysia's tourism industry was operating on a high volume/low-profit margin business model and an increasing dependence on a few lucrative niche customer segments such as the Chinese outbound market.

It was proposed therefore by some that the pandemic was an opportunity for the industry to reset and rectify its defective system by focusing on sustainability (Khan and Hashim, 2020). In Sabah, for example, some operators were arguing for fewer, but higher-paying, visitors post-COVID. In any other year, European tourists, up to 1,000 a day, would flock to the wildlife-rich Kinabatangan region in Sabah, and the area was increasingly attracting the interest of Chinese visitors. The Bornean state has one of the most developed ecotourism sectors in Malaysia, earning it the moniker of the “golden goose of ecotourism” (Wong, 2020). In 2019, tourism was the third-largest contributor to Sabah's GDP and supported over 80,000 jobs. 2019 also saw a record 4.2 million tourist arrivals, with earnings breaching RM9 billion, an increase of over 8% from the previous year.

But for some, these numbers were unsustainable. “Sabah should reconsider its strategy to attract mass tourists,” said Alexander Yee, president of the Kinabatangan Corridor of Life Tourism Operators Association (KiTA). “It is pertinent that we don’t lose sight of our positioning as a unique environmental hotspot destination.” Naturalist and photographer Cede Prudente agreed. “The government has to come in to control the numbers coming to Kinabatangan,” he said. Prudente was among the area’s tourism pioneers in the early 1990s. He now runs wildlife photography tours and handles groundwork for mainly foreign video production companies. “Everyone visits the same tributaries, which are small, crisscrossing each other; it disturbs the animals and distracts the wildlife watching experience” (Wong, 2020).

Others were suggesting that this was a time for Malaysia to put in measures to increase its competitiveness as a tourism destination. A policy report from the Institute for Democracy and Economic Affairs (IDEAS) published in September 2020 said that prior to the pandemic, the international tourism sector in Malaysia had been growing more slowly than regional peers (Arulthevan and Amirullah, 2020). Whereas international tourist arrivals and tourist expenditure had grown significantly in Thailand, Singapore, the Philippines, and Singapore between 2010 and 2018, the growth for Malaysia had been relatively sluggish. While the average growth of international tourist arrivals and tourism receipts across these five nations between 2010 and 2018 was 65% and 93% respectively, Malaysia only recorded a growth of 5% and 8%.

On the positive side, the report pointed out that domestic tourism had been growing faster than international tourism in Malaysia, and this may help the tourism sector recover relatively faster than in other countries. According to a survey on domestic travel in Malaysia during the pandemic, almost 75% of respondents said they would prefer to travel domestically than overseas, and over 50% believed that traveling within Malaysia was safe. However, the IDEAS report suggests that the industry has been slow to adapt to consumer preferences, particularly in the area of technology. For example, regional disparities in access to fast, affordable Internet are undermining efforts to capitalize on Malaysia’s domestic tourism market (Arulthevan and Amirullah, 2020).

At the beginning of 2021, Malaysia launched a plan to restart its battered tourism sector. “Clearly, we have been impacted by the outbreak of the COVID-19 epidemic, and economic activities related to the tourism industry . . . are being forced to face their most difficult moments,” Prime Minister Muhyiddin Yassin said during a virtual unveiling of the national tourism policy for 2020–2030 (Koswaraputra, 2020). The policy was focused on strengthening competitiveness, encouraging sustainable and inclusive tourism, as well as planning for future disasters, he said. It also sought to brand Malaysia as an ecotourism destination, with a commitment toward balancing the development and conservation of its natural environment and heritage. The country’s National Economic Action Plan estimated that Malaysia would need at least four years to revive its tourism industry. “Nevertheless, I believe that, at this stage, we can revive our tourism industry by boosting the domestic tourism activities and enhancing the confidence of the people to travel domestically while the borders are still closed,” added Muhyiddin (Koswaraputra, 2020).

Unfortunately for the Malaysian tourism industry, recovery in 2021 was slow. Business activity did pick up in the first few months of the year, but then another national lockdown (MCO) in May – just ahead of the Hari Raya Aidilfitri public holiday – added more burden on an industry that was “facing collapse” according to the nation’s former deputy tourism minister Balik Pulau MP. “The tourism industry that has been suffering and struggling to survive since the first MCO might just close down entirely if the government does not take steps to help the industry,” he said. Pulau said recovery measures, other than Strategic Program to Empower the People and Economy (PEMERKASA) should be introduced to help the tourism industry survive. The PEMERKASA had been launched by the government in March and comprised 20 strategic

initiatives to help spur the country's economic growth, support businesses and continuously provide targeted assistance to the people and sectors that were still affected by the COVID-19 pandemic.

In November 2021, the Malaysian government opened the popular vacation island of Langkawi to fully vaccinated international tourists without the need to quarantine. It was the first destination in Malaysia to do so, and the plan was to open all borders to visitors early in 2022. The government also announced limited quarantine-free air travel between Malaysia and Singapore. Meanwhile, Tourism Malaysia was working with international airlines to restore Malaysia's long-dormant connections. Malaysia Airlines started flying twice weekly from London to Kuala Lumpur, with the frequency scheduled to increase to five times weekly between January and March 2022 (GGRAsia, 2021). While the country had gradually reopened its economy in the face of declining COVID-19 cases, the tourism industry was simply recovering too slowly without foreign visitors, according to National Recovery Council Chairman Muhyiddin Yassin, who was chairing a council tasked with spearheading Malaysia's economic recovery program (Mok, 2021).

Discussion questions

1. Take a look at Tourism Malaysia's revamped microsite – (<http://ebrochures.malaysia.travel/>). Does anything you see inspire you to travel to Malaysia?
2. It was suggested in the case study that the pandemic was an opportunity for the Malaysian tourism industry to focus on sustainability. Why was this being proposed, and what would sustainable tourism look like in Malaysia?
3. The policy report from the Institute for Democracy and Economic Affairs (IDEAS) said Malaysia needed to increase its competitiveness as a tourism destination. Who are Malaysia's main competitors, and how could Malaysia take a greater share of international tourists from them?

Video link

COVID-19: A look at Malaysia's efforts to revive tourism after protracted lockdowns.
CNA, 30 September 2021
www.youtube.com/watch?v=UdtsJcr4_UI

References

- Arulthevan, Y.N. & Amirullah, A. (2020). Tourism recovery plan: An opportunity for change post COVID-19. www.ideas.org.my/brief-ideas-no-28-tourism-recovery-plan-an-opportunity-for-change-post-covid-19/
- Foo, L.P., Chin, M-Y., Tan, K-L. & Phuah, K-T. (2020). The impact of COVID-19 on tourism industry in Malaysia. *Current Issues in Tourism*. DOI: 10.1080/13683500.2020.1777951
- Ganesan, V. (2020). Surviving the impact of COVID-19: Tourism industry waits to cruise out of the doldrums. *Edge Weekly*, 11 January. www.theedgemarkets.com/article/surviving-impact-covid19-tourism-industry-waits-cruise-out-doldrums
- GGRAsia (2021). Malaysia reopening to foreign tourists by Jan 1. *GGRAsia*, 12 November. www.ggrasia.com/malaysia-reopening-to-foreign-tourists-by-jan-1/
- Khan, A.A. & Hashim, H. (2020). The effect of COVID-19 on tourism and hospitality industry in Malaysia. *International Journal of Tourism & Hospitality Review*, 7(2), 54–62.
- Koswaraputra, D. (2020). Malaysia rolls out 2020–2030 tourism policy plan. *Asia-Pacific*, 23 December. www.aa.com.tr/en/asia-pacific/malaysia-rolls-out-2020-2030-tourism-policy-plan/2086207

- Mok, O. (2021). Tourism industry faces collapse as govt continues to neglect whole industry, says Balik Pulau MP. *Malay Mail*, 11 May. www.malaymail.com/news/malaysia/2021/05/11/tourism-industry-faces-collapse-as-govt-continues-to-neglect-whole-industry/1973370
- Nathan, L. (2021). Covid-19: A wake-up call for the hotel industry. *The Malaysian Reserve*, 18 February. <https://themalaysianreserve.com/2021/01/01/covid-19-a-wake-up-call-for-the-hotel-industry/>
- Som, Z.M. & Harun, H.N. (2020). 2020: Tourism's darkest year. *New Straits Times*, 27 December. www.nst.com.my/news/nation/2020/12/652424/2020-tourisms-darkest-year
- The Straits Times (2020). Coronavirus: Malaysia launches 10-year tourism plan after \$32 billion loss in 2020. *The Straits Times*, 23 December. www.straitstimes.com/asia/se-asia/coronavirus-malaysia-launches-10-year-tourism-plan-after-32-billion-loss-in-2020
- Wong, S.L. (2020). When COVID resets ecotourism. *Southeast Asia Globe*, 10 September. <https://southeastasiaglobe.com/when-covid-resets-ecotourism/>

21

MALDIVES

Impacts

The Maldives, a remote archipelago of 1,000 tiny islands in the Indian Ocean, is heavily reliant on tourism and the industries that support it. In 2019, Maldives welcomed 1.7 million inbound arrivals, an increase of 14.7% from the previous year, and tourism revenues accounted for 56.6% of the Maldives' GDP (Borgen, 2020). The pandemic therefore had a devastating effect on the economy. Soon after the COVID-19 outbreak in January 2020, the Maldives experienced a wave of cancellations after its largest visitor source market, China, suspended group and package vacations. In March, when a lockdown was imposed to control the spread of the coronavirus, tourist arrivals fell to almost zero.

The shutdown naturally had a negative impact on jobs in the Maldives, where one-third of adult males and a quarter of women work in tourism jobs. At the beginning of the tourism shutdown, 90% of resorts sent their workers home without pay or cut their salaries by 15% to 20%. An initial assessment by the government suggested that 45,000 employees in resorts alone were affected by the lockdown, and Mauroof Zakir, secretary-general of the Tourism Employees Association of Maldives, estimated that 11,000 workers were on no-pay leave (Borgen, 2020).

Ruth Franklin, co-founder of Secret Paradise Maldives said she took the decision in March 2020 to cancel all remaining tours, and her team of guides were given a 14-day self-isolation period at home.

We then moved into a working from home format with the guide team pivoting their skills from an in the field role to a supporting and developing the business role, with each of them working on tasks as an individual and as small groups. This continued until September, even though some of the team had moved out of the capital and back to their home islands.

(The South East Asia Travel Show, 2021)

Responses

In response to lay-offs, the Government of Maldives stepped in to protect jobs and livelihoods. In April, the Ministry of Finance announced details of a COVID-19 Economic Relief Package (Government of Maldives, 2020). The package included a moratorium on interest and repayments for loans issued by the Bank of Maldives, working capital loans to tourist resorts of up to US\$500,000,



FIGURE 21.1 A guide from Secret Paradise Maldives welcoming visitors (courtesy of Ruth Franklin)

subsidies for electricity and water bills, and unemployment allowance for employees who had lost their jobs due to COVID-19. Then in May, the government announced that lease payments for resorts would be deferred for the upcoming six months, as part of the relief measure to fight COVID-19.

The World Bank also responded to the COVID-19 pandemic in the Maldives in April 2020 with a US\$7.3 million COVID-19 Emergency Response and Health Systems Preparedness Project to help the country prevent, detect and strengthen its public health preparedness (The World Bank, 2020a). In addition, US\$10 million in contingency financing, under Disaster Risk Management Development Policy Financing with a Catastrophe Deferred Drawdown Option, and Pandemic Emergency Facility of US\$952,000 were made available to support the Maldives. Further, to mitigate the economic impact of the COVID-19 crisis on workers and their families, and to increase the capacity of social protection programs to respond to future emergencies, a COVID-19 Emergency Income Support Project of US\$12.8 million was approved in June 2020. “The Maldives story has always been one of resilience. Time and again, we have seen the Maldives confront its vulnerabilities and external shocks, only to emerge stronger,” said Faris. H. Hadad-Zervos, the World Bank country director for Maldives, Sri Lanka and Nepal (The World Bank, 2020b).

The Maldives Marketing & Public Relations Corporation (MMPRC), which promotes travel to the Maldives, continued to advertise, but with toned down messages. “We kept up our visibility in

key markets with empathetic, stay safe messages,” said Thooyib Mohamed, managing director at the Maldives Marketing & PR Corporation.

I think more or less everyone is willing to travel – dreaming to travel, wanting to travel – these days. After so many days of lockdown, everyone wants to get out. They want to be in that dream destination, and I’m sure that the Maldives is one of those places that people are dreaming about.

(City Nation Place, 2020)

As restrictions eased, MMPRC promoted travel to the Maldives via marketing campaigns such as Facebook Live event, “Maldives, The Sun Will Shine Again,” and an online event “Dream to Travel Festival.” “We started on the 8 June with ‘The Sun Will Shine Again’ campaign on Facebook and a four-hour live program,” said Mohamed.

Most of our industry partners joined together from each resort to give assurance that in the Maldives, the sun will shine again. It was really great – but the biggest question at the time was ‘When are you opening up?’ and we couldn’t answer them at the time! It was fun, and really interactive – people really enjoyed it.

(City Nation Place, 2020)

Like many other DMOs during the pandemic, MMPRC also used virtual reality to showcase various experiences on island properties, such as morning yoga by the beach, snorkeling, or cooking lessons. Mohamed said while VR would indeed help boost tourism, the direct correlation may be hard to measure. “An increase in investment in VR does not directly translate to an increase in visitors in the future,” he said. “However, the amount of times . . . VR is utilized, either on websites, in print or even during [travel] fairs, can translate to potential conversion” (Debusmann, 2020).

The Maldives gradually reopened to inbound visitors from 15 July 2020, and in September the islands were granted the “Safe Travels Stamp” by the World Travel and Tourism Council, while Velana International Airport received Airport Health Accreditation by the Airports Council International. By 15 October, guest houses as well as resorts were permitted to welcome guests subject to stringent health protocols. On arrival in the Maldives, all tourists had to present a negative PCR test for COVID-19, taken no more than 96 hours prior to the scheduled time of departure from the first port of embarkation to the Maldives. Cruise ships and yachts were not allowed to embark or disembark passengers on or off inhabited islands. “The most important thing is the safety of travelers when they’re here. We’ve created guidelines together with the Health Protection Agency that adhere to all the WHO standards,” said Mohamed (City Nation Place, 2020).

“With the vast majority of the population dependent on tourism, opening up in July was a matter of survival,” said Ruth Franklin from Secret Paradise Maldives. Franklin said the decision to ask for mandatory tests was an important one.

We were one of the first countries to ask for a PCR test and at the time the decision was a controversial one. But now this is common for most tourism destinations, and testing has been critical for us in minimizing risk.

Franklin also said that the phased opening was also a wise strategy. “Properties had to have approval before they could open and processes had to be in place to welcome tourists in a safe way” (Franklin, 2021).

Hotels and resorts had to make operational changes to comply with new standards and to reassure potential guests. At Anantara Veli Resort, for example, a “Guest Guardian” was appointed to ensure health and safety compliance was adhered to at all touchpoints, and employees received enhanced COVID-19-related health and safety training. The resort also offered a downloadable “Anantara app” that could be used for making room reservations, requesting in-room services, discovering resort activities, reading restaurant menus and paying bills.

Upon reopening, MMPRC launched a string of marketing activities targeted at India to draw more visitors from this growing inbound market. These included wedding and honeymoon promotions. India and Maldives also began an Air Bubble agreement on 25 August. On 28 December 2020, Maldives recorded its highest daily arrivals total, 6,037, since reopening its borders. Overall, the country greeted over 140,000 visitors from 15 July to 30 December, and just over 550,000 in the 2020 calendar year. The top five inbound markets were Russia, Italy, India, UK and China. “It was bold, daring to open up the Maldives with all the risks attached to it,” said Dirk De Cuyper, chief executive officer of S Hotels & Resorts Pcl, whose December occupancy rate at Maldives properties was 70% (Thanthong-Knight, 2021). De Cuyper and other resorts in the Maldives found that the Indian market was driving recovery more than tourists from China. India overtook China as Maldives’ top international source in 2020 with almost 63,000 visitors. China ranked sixth, with 34,245 arrivals, the majority of whom traveled in January/February before borders closed.



FIGURE 21.2 Anantara Maldives Resort (courtesy of Ishan on Unsplash)

Analysts suggested that Indians were the top international source for the Maldives in 2020 because of safety confidence, ease of entry, availability of commercial flights, never-seen-before deals and smart tactics by travel agencies to get them going. SOTC and Thomas Cook, for instance, introduced an Assured-Insured-Secured program that covered physical, mental and financial security. Aspects of this included a 24/7 Doctor-On-Call and India's first Safe Holiday Helpline, a free service offering travel planning, country-specific updates, visa assistance, on-ground health and safety measures, and coronavirus-negative certification services via tie-up with accredited labs. "Longer stays in one resort/location that is less crowded, with accommodation that offers hygiene and security and family-based activities, are most preferred," said SOTC's D'Souza (Hamdi, 2021).

Outcomes

As for making the Maldives more resilient and sustainable in the future, Thooyib Mohamed, from the MMPRC believes that the pandemic may actually accelerate environmental innovations on the islands.

When we reopen our borders and commence operations, resorts and other tourist facilities will have to make several changes in order to make their properties safe for tourists. Some of these changes will help environmental conservation. Post-pandemic, cleanliness and hygiene will be the number one priority. Guarantees of cleanliness will be more important than reviews or amenities.

(City Nation Place, 2020)

He believes that hotels and resorts will have to reduce in-room amenities in order to reduce the number of items that have to be sanitized. "These changes would bring about a massive reduction in the amount of waste generated by resorts."

But Mohamed says that additional emphasis will also have to be placed on financial sustainability going forward.

The other lesson we have learnt with the COVID-19 crisis is also related to preparedness. But in a different way. What we have seen is that, some in the industry lack operational sustainability when it comes to a crisis of this nature. Some resorts and hotels which had been operating for more than 20 or 30 years were not able to sustain even for month when the crisis hit us. They had to lay off workers and were not able to pay their salaries for even a month after they were temporarily closed

(City Nation Place, 2020)

COVID-19 inoculations in the Maldives began in February 2021. The initial focus was on front-line workers and high-risk categories, but tourism was prioritized among the "frontline workers" category. Once the population of Maldives had been vaccinated, Minister of Tourism Dr. Abdulla Mausoom said that vaccine tourism would be explored – an avenue that other countries like UAE and Cuba were considering. The minister said that plans were being developed to initiate "3V tourism" in the Maldives, with the "3V" standing for "Visit, Vaccinate and Vacation." Minister Mausoom expressed hope that this would further promote the Maldives as a safe destination for tourists traveling despite the threat of the COVID-19 pandemic. Mausoom said that as tourists would also need to get two doses of the COVID-19 vaccine, it would be highly advantageous for the tourism sector as they would need to stay in the Maldives for several weeks to be successfully immunized against COVID-19 (Rasheed, 2021).

In July 2021, Maldives was celebrating its first year reopening anniversary and had received 715,600 visitors over the 12 months, and at that time 72% of tourism workers had been fully vaccinated. However, 2021 was not without its hiccups. On 13 May, tourist visas were suspended for residents of India – at the time, Maldives’ number one source market.

Ruth Franklin from Secret Paradise Maldives believes it won’t be until the fourth quarter of 2021 before she sees any significant signs of recovery for her business. “However, I believe our continued focus and efforts to promote sustainable and responsible tourism, together with private tours will play a large part in our future business,” she said (Franklin, 2021).

By the end of 2021, tourist arrivals in the Maldives had increased 138% compared with 2020, with the islands recording 1.3 million tourist arrivals in 2021 compared to 555,494 tourist arrivals in 2020. India was the largest tourist market, accounting for 22.1% of all arrivals. Russia and Britain accounted for 16.8% and 7.2% of arrivals, respectively. Meanwhile, Senior Executive Director of the Ministry of Tourism Ali Razzan said that the fifth Tourism Master Plan for the country would be drafted in the Spring of 2022. The plan would reportedly focus on continuing recovery from the impacts of the COVID-19 pandemic.

Discussion questions

1. According to the case study, and the video next, how did the Maldives manage to open for tourism so early compared to many other tourism destinations?
2. As a tour operator in the Maldives, how did Secret Paradise Maldives adapt and survive the pandemic?
3. The “3V tourism” initiative in the Maldives is an interesting one. Do some research to see if the Maldives – or any other country – actually launched such a program. Do you think it would appeal to tourists?

Video link

How the Maldives safely brought tourists back during the pandemic. Holiday Central, 15 December, 2020.
www.youtube.com/watch?v=bsBrmTnpXoc

References

- Borgen (2020). Six facts about the impact of COVID-19 in the Maldives. *Borgen Magazine*, 19 October. www.borgenmagazine.com/COVID-19-in-the-maldives/
- City Nation Place (2020). Restarting tourism in the Maldives: Interview with Thoyyib Mohamed. *City Nation Place*, 4 August. www.citynationplace.com/restarting-tourism-in-the-maldives
- Debusmann, B. (2020). Coronavirus: Is virtual reality tourism about to take off? *BBC News*, 30 October. www.bbc.com/news/business-54658147
- Franklin, R. (2021). Personal communication, January.
- Government of Maldives (2020). *Impact of the COVID-19 crisis in the Maldives*. The Ministry of Economic Development, Government of Maldives with support from the United Nations Development Program, Malé, Republic of the Maldives, May.
- Hamdi, R. (2021). Asia destinations look to Indian tourists as Chinese remain home. *Skift*, 25 January. <https://skift.com/2021/01/25/asia-destinations-look-to-indian-tourists-as-chinese-remain-home/>
- Rasheed, A.H.H. (2021). Maldives will be one of the first to initiate vaccine tourism: Minister. *Raajje.mv*, 11 February. <https://raajje.mv/95213>

- The South East Asia Travel Show (2021). *Podcast: Interview with Ruth Franklin, Co-founder of Secret Paradise Maldives*. The South East Travel Show, Kuala Lumpur, Malaysia.
- Thanthong-Knight, R. (2021). Thailand sold itself as a paradise COVID retreat. No one came. *Bloomberg*, 15 January. www.bloomberg.com/news/articles/2021-01-15/thailand-sold-itself-as-a-paradise-COVID-retreat-no-one-came
- The World Bank (2020a). Supporting vulnerable workers in Maldives amid the COVID-19 crisis. *The World Bank*, 7 August. www.worldbank.org/en/news/feature/2020/08/07/supporting-vulnerable-workers-in-maldives-amid-the-COVID-19-crisis
- The World Bank (2020b). World Bank discusses opportunities for Maldives to build back better from COVID-19. *The World Bank*, 9 December. <https://www.worldbank.org/en/news/press-release/2020/12/09/world-bank-discusses-opportunities-for-maldives-to-build-back-better-from-covid19>
- www.asiatravelreset.com/podcast/
- www.maldivestourism.net/photos/anantara-resort-maldives/

22

MEXICO

Impacts

COVID-19 pulled the rug out from under Latin America's tourism industry, which was growing at 10% annually pre-pandemic. The World Travel & Tourism Council (WTTC) estimates that the pandemic cost Latin America's tourism industry US\$230 billion in losses in 2020. Tourism workers in Latin America are often low-skill, informal, and seasonal, and these were all workers who were disproportionately affected by the pandemic and whose jobs by definition could not be done from home. The industry also features a notable gender disparity: women make up 60% of the tourism workforce in Latin America.

Mexico has the largest tourism sector in Latin America, and as the world's seventh-most popular tourist destination, Mexico's economy has grown to depend on what amounted in 2019 to about US\$195 billion – 15.5% of the total economy. In addition to a large domestic travel segment, Mexico catered to 45 million international visitors in 2019 who spent around US\$25 billion. However, the industry as a whole in Mexico experienced a US\$129 billion loss in 2020 and a 69% reduction in the tourism workforce – close to 5 million people (Harrison, 2021). Quintana Roo state, where tourism accounts for 87% of GDP, is the country's tourism crown jewel, home to Cancun, the Riviera Maya and Tulum. But the state lost about 90,000 tourism jobs in 2020, only 10,000 of which had come back by the start of 2021 (Gilbertson, 2021). Roberto Zapata, the tourism vice president of Mexico's National Chamber of Commerce, said the tourism sector was losing around US\$180 million each day from when the pandemic started in March. "We have 10 million people that are employees of the tourism in the different areas," he said. Zapata said some local authorities have been supportive of business owners, but he's critical of the Mexican government. "So, yeah, we're just doing everything by ourselves – that's a fact," he said (Cervantes, 2020).

Pablo Garcia, who has worked for years in Cancun as a driver shuttling tourists back and forth between the airport and a local five-star hotel, spent six months out of work, his family barely managing to get by. "There were days when there was nothing to eat," said Garcia, who lives in a slum on the outskirts of Cancún. "It was really sad and awful to not have [money] for the water bill, for tortillas." In October 2020, with tourists returning to Cancún, Garcia was called back to work. Driving tourists around in the close quarters of an airport shuttle might be risky, he admitted, but like most workers in Cancún, he had little choice. "I don't have the luxury of feeling afraid," he said. "If we don't work, we don't eat" (Lopez, 2021).



FIGURE 22.1 Mexico City, where the impact of COVID-19 was particularly painful for small operators in the tourism sector (courtesy of Daniel Lerman on Unsplash)

The drop in tourism also impacted businesses not directly tied to tourism. “We’ve survived, but it’s been very hard,” said Liliana Alejandra Ortiz, owner of Xiguela Café in the southern state of Oaxaca. The restaurant is known for using locally grown ingredients and the drop in sales has meant less demand for local produce, which has impacted her suppliers. In adapting to the scarcity of the “new normal,” Ortiz said she found support in regular customers and her landlady. “Our priority was to keep our staff employed and we’ve been able to accomplish that,” Ortiz said (Young, 2020). The government could only provide nominal aid that helped cover a few basic expenses when the restaurant completely shut down in May.

Responses

Mexico and its federal government came under criticism for its handling of the pandemic (the country had logged more than 300,000 COVID-19 deaths by the end of 2021). President Andres Manuel Lopez Obrador ruled out lockdowns, instead putting the economy first. His government was condemned for refusing to provide much-needed economic assistance during this crisis period to businesses, including those in the tourism industry, whether in the form of bailouts, financing programs or even tax breaks. One study found that more than 1 million small businesses in Mexico permanently closed because of the pandemic and 94% said they hadn’t received any form of direct government aid. “It’s like we’re turning over rocks looking for a way to survive,” said Sandra Martínez López, who helps to run the Las Golondrinas Hotel in Oaxaca (Young, 2020). The plant-filled complex of historic homes and interlinked patios has been around for 30 years but was on the verge of bankruptcy. “Despite having available space and beautiful gardens and good ventilation, we just don’t have any guests right now. . . . People aren’t traveling and the economy is at a standstill.” She added that government aid programs to hotels have certain thresholds that simply don’t allow smaller operations like the Las Golondrinas Hotel to qualify. A United Nations analysis found Mexico was

the only country in Latin America and the Caribbean that hadn't set up a cash stimulus program in response to the pandemic.

But there were those in favor of keeping the economy running. Enrique de la Madrid, former Mexican tourism secretary, said, "Poverty also kills, not just coronavirus. We have to help the sectors that move the economy, if not, the economy will not move and it is a social tragedy of terrible dimensions." "I guess Mexico has been doing what it can do," said birdwatching guide Alex Martínez Rodríguez. Rodríguez typically guides at least five tours per week in and around Puerto Vallarta, but during the pandemic he was guiding two or three per month. Many people in Mexico "make their money on a daily basis," he said, so to eat that day, they must work that day. Much of the country's population is part of the informal economy, without much government oversight or labor protection. "We in Mexico know that we cannot rely on the government; we have to do things for ourselves," he said (Frye, 2021).

Rodríguez said he had never witnessed such economic devastation in his 20 years in the tourism business. "Not the world recession, not H1N1, nothing compares," he says. "It will take three or four years for us to come out of this" (Frye, 2021). Involved in conservation efforts to protect wild macaws in the region, he said another concern is that along Mexico's coastline where development has been rampant, the majority of financial backing for conservation efforts comes from the entrance fees paid by tourists. As those fees dried up, so too did conservation. This was a pattern in other parts of Mexico. The country is one of the most biodiverse countries in the world, home to vast swaths of forest ecosystems ranging from tropical to deciduous to cloud to evergreen. In addition to protecting forests and generating income in places where jobs are scarce, ecotourism can also preserve local culture, and protect wildlife.

Forest communities in Mexico did find ways to adapt their ecotourism offerings during the pandemic, targeting more domestic visitors, and offering smaller, socially distanced visitor experiences. "It's going to imply a much more hands-on approach to connection between tourists and microenterprises," said Laura Pérez-Arce from Sierra Gorda Ecotours who designed tours of very small groups in the Sierra Gorda Biosphere Reserve that visited artisans and restaurants in a staggered approach, spending long periods of time at fewer sites. "These sites are the sites where we can combine economic recovery, personal recreation, improvement of people's lives, and forest conservation," said Julia Carabias Lillo, an ecologist, and cofounder of *Natura Mexicana*. She was anticipating a rising interest in ecotourism due to the pandemic, as people looked for destinations that allowed for social distancing and limited risk of contagion (Jolley, 2020).

Some tour operators in Mexico turned to technology to engage with customers during the pandemic. Ana Moreno is co-founder of *Butterflies and Their People*, a nonprofit that employs six full-time forest guardians to their monarch sanctuary in the Sierra Madres, Mexico, from illegal logging. To keep their six forest guardians on the mountain, they designed virtual tour packages during the pandemic. Would-be tourists could "adopt a colony" and receive bimonthly updates from November to early March – the entire butterfly season. The virtual tours offered visitors up-close observation of the colonies on an ongoing basis. "When you are here, you only have one or two days," Ana Moreno says. "With the virtual tours you are going to have a totally different experience because you will have the opportunity to see the butterfly colony in different ways – not just one" (Jolley, 2020).

Sierra Gorda Ecotours also turned to digital engagement in the absence of in-person visits. "We've had to take a really big leap into social media," said Laura Pérez-Arce. "Fortunately we were accepted by a program that has been helping to train us and really get us thinking about how we can get people to understand where we are and what's happening here." The team brought on a communications assistant to help with storytelling efforts. They also participated in webinars to share best practices with international partners in the ecotourism industry (Jolley, 2020).

With restrictions easing in June 2020, Mexico strategically pivoted to its domestic market, which represents about 75% of its annual tourism demand, especially for drive-to business. However, local economic weakness, rising unemployment, purchasing power constraints and ongoing security concerns represented lingering hurdles to overcome. In preparation for the reopening of tourism, state health officials in Quintana Roo launched a “Mexican Caribbean Clean & Safe Check Certification.” The program’s aim was to encourage tourism service providers to adopt the highest-level sanitation standards for the containment and prevention of COVID-19; restore confidence among visitors, partners and the local community, thereby increasing tourism arrivals; and bolster the Mexican Caribbean’s competitiveness as an international destination.

The Mexican Caribbean Clean & Safe Check Certification was available to hospitality and tourism operators, including travel agencies, tour operators, transportation companies, hotels and resorts, spas, water parks, golf courses, food and beverage establishments, and others. A technical committee, comprised of tourism officials and health authorities, was responsible for evaluating the applications and conducting random inspections of registered establishments to verify that their facilities and operations fulfilled the criteria. Applicants who passed inspection were accredited and issued a digital certificate, as well as a listing online at the Secretary of Tourism and Quintana Roo Tourism Board’s website.

Hotels, like Grupo Posadas, Mexico’s largest hotel company, which encompasses 180 properties throughout Mexico and the Caribbean, adapted quickly to the pandemic. “We worked with the World Travel & Tourism Council to establish protocols for the “new normal” for hotels, and we also worked with governmental authorities and worldwide health institutions to come up with a set of protocols that needed to be implemented,” said Enrique Calderon, COO. During lockdown, small teams of employees took care of the hotels while they were closed. “These employees lived in the hotels for two weeks, and every two weeks we would change the staff task force.” Grupo also offered accommodation to health workers.

Since April, we’ve also decided to donate accommodations to doctors; we have had more than 500 medics and nurses staying in our hotels since then. We wanted to help, and it was a good time to put our protocols on display and see if they were working. A number of employees volunteered to attend to the doctors, and since then, there haven’t been any employees contaminated with COVID-19.

(Weissmann, 2020)

All-inclusive resorts in Mexico also had to adapt. “The pandemic has forced all of us to change the way we do business, and for AMResorts it was no different,” said Fernando Fernandez, vice president of development at Apple Leisure Group, which through its AMResorts division operates brands including Secrets Resorts & Spas and Dreams Resorts & Spas. “We had to redefine the all-inclusive resort experience with even higher safety and hygiene standards as a commitment to guests’ well-being.” Marriott International also revamped its all-inclusive approach, noted Alex Fiz, area vice president, Caribbean, and managing director of all-inclusive at Marriott. “We have enhanced our cleaning standards and are carrying out a higher frequency of disinfecting protocols throughout the hotel,” he said (Chesnut, 2020).

In addition, we’ve made numerous operational adjustments, such as adding signage and barriers, spacing out furniture, and removing shared-use items, as well as the use of new mobile technology options including mobile key, mobile dinner and full use of the Marriott Bonvoy app.



FIGURE 22.2 Cancun coast, Mexico (courtesy of Gerson Repreza on Unsplash)

Outcomes

As the country moved into 2021, new home-country restrictions created more travel hurdles for Mexico's biggest groups of international visitors – COVID-19 testing requirements for travelers returning to the United States and Mexico flight suspensions for Canadians – making the light at the end of the tunnel for tourism recovery seem even dimmer. Across Mexico, tourist destinations were witnessing the slowest high season in memory while having to operate on limited capacity per COVID-19 regulations, with limited government help for many workers and businesses struggling to make ends meet. The administration's elimination of the Mexico Tourism Promotion Council (CPTM) in 2019, which not only promoted tourism but also combatted negative news, was already a concern, and Mexican tourism challenges were only exacerbated during the pandemic.

However, Mexico was one of the few international vacation spots open to Americans in the first half of 2021, and unlike other tropical destinations, including Hawaii and several Caribbean islands, had no entry restrictions such as quarantines or proof of a negative coronavirus test. The land border between the United States and Mexico was still closed to nonessential travel, but flights were allowed. The increase in American tourists helped compensate for the Europeans, whose numbers were sharply down. More US tourists came to Quintana Roo during the pandemic-stricken holiday season than a year earlier, when the world was just beginning to learn of the coronavirus. They accounted for 9 out of 10 foreign tourists, according to state Tourism Secretary Marisol Vanegas Pérez. Officials were striving to “create a tourist bubble that generates confidence in everything a tourist does,” Vanegas said, describing how the visitors move from the airport to a van to a hotel, and then to tours of sun-splashed archaeological sites certified by state health authorities. “Where there could be risk is when they leave that bubble,” she said (NBC News, 2021).

Travelers flying to the United States had to provide a negative test taken no more than three days before their flight home, a constraint that hurt bookings before hotels started offering on-site testing, often free, to lure visitors (Sherman, 2021). All Palace Resorts and Le Blanc Spa Resorts throughout Mexico, for example, began to offer departure antigen testing on-site at no cost to guests traveling to the United States, for up to two guests per room. Testing was administered by in-house lab teams and results were delivered within 30 minutes. Likewise, Meliá Hotels International offered free, on-site antigen tests to all guests with reservations of at least three nights who were

required to present documentation of a negative result prior to re-entering their home country. Meliá also introduced Travel Safe with Meliá, a travel insurance policy that covered a wide range of medical and travel expenses, including a complimentary extension of the guest's hotel stay for up to 15 days and assistance for travel companions. The insurance was included with all reservations.

The risks of COVID-19 did not deter more than 2 million Americans from visiting Mexico in the first four months of 2021. "Mexico has made it not very complicated for us to travel to their country, as far as testing," said Christen Perry, the owner of Classic Travel Connection, a travel agency in Birmingham, Alabama. Amy Lytle, the owner of the travel agency House of Travel in Baton Rouge, Louisiana was sending about 100 clients to Mexico in the summer of 2021. "Most destinations are taking it probably even more seriously than they are here, but it's also their livelihood and the last thing they want is for someone to get sick at a resort," she said (Glusac, 2021).

Looking toward the future, Michael Hallé, co-founder of the 10Gates Matrix Inc. consulting firm, which specializes in travel data, said that the pandemic was a chance for Mexico to offer more sustainable tourism. Mass check-ins and city trips were out of the question in the medium term, he said – and he thought countries like Mexico, with its vast countryside and natural beauty, may very well benefit in a post-COVID world. Meinolf Koessmeier runs the Mexico Adventures agency in Cuernavaca that organizes motorcycle tours for Mexicans in Europe. In 2020, his business survived because he offered local tours. He was hoping business would return to normal in 2022. "There's a lot of interest in nature-based vacations," he said, adding that motorcycle manufacturers all over the world enjoyed record sales in 2020, and buyers were now just waiting for an opportunity to hit the road (DW, 2021).

In April 2021, the WTTC's 20th Global Summit was held in Cancun. Under the theme of "Uniting the World for Recovery," tourism ministers from around the world and senior travel and tourism business leaders agreed on the need for greater public and private collaboration. Leaders debated how the sector could tackle the pressing issues of protecting jobs, saving businesses, and supporting the global economy through the safe revival of international travel. The growing importance of using digital technology, such as biometrics, a major force in the post-COVID-19 world, was recognized as being critical to creating a contactless, safe and seamless traveler journey.

Meanwhile, the Mexican tourism sector continued to show signs of recovery in the second half of 2021. "Everyone is looking forward to 2022 being a very positive year," said, Rodrigo Esponda, managing director of the Los Cabos Tourism Board. "The pace of bookings for leisure travelers from the United States for Mexico is great, so I believe we're going to have a great winter," he said.

We have seen numbers above 2018, which was the best year in modern history, even though the Canadians and Europeans have barely started traveling, so I think it's going to be even better next year. The only thing that I'm not so happy about is the big cities like Mexico City, where it's going to take time to recover. But the other cities in Mexico are doing well.

(Chesnut, 2021)

Discussion questions

1. After reading the case study and watching the video next, critique the Mexican government's response to the pandemic.
2. The case points out that the majority of financial backing for conservation efforts came from the entrance fees paid by tourists, and so as those fees dried up, so too did conservation. Do some research and find out where else in the world conservation efforts suffered due to a lack of tourists during the pandemic.
3. How did the Mexican tourist sector entice Americans to visit during the pandemic?

Video link

Tourism makes a comeback in Cancun, but many residents still struggle from COVID-19 pandemic. CGTN America, 12 December.
www.youtube.com/watch?v=CwTJLcy0BpI

References

- Cervantes, R. (2020). Mexico's tourist industry struggles as the pandemic continues. *Marketplace*, 27 November. www.marketplace.org/2020/11/27/mexicos-tourism-industry-struggles-pandemic-continues/
- Chesnut, M. (2020). How COVID-19 has changed the all-inclusive hotel concept. *TravelAge West*, 17 November. www.travelagewest.com/Travel/Hotels/How-COVID-19-Has-Changed-the-All-Inclusive-Hotel-Concept
- Chesnut, M. (2021). Tourism officials predict Mexico travel trends for 2022. *TravelAge West*, 1 December. www.travelagewest.com/Travel/Mexico/Mexico-Travel-Trends-2022
- DW (2021). Coronavirus: Tourism thrives in Mexico against the odds. *DW.com*, 13 February. www.dw.com/en/coronavirus-tourism-thrives-in-mexico-against-the-odds/a-56593041
- Frye, M. (2021). Risky business? Balancing Mexico's pandemic response with tourism. *CNN Travel*, 23 February. <https://edition.cnn.com/travel/article/mexico-pandemic-tourism-health-balance/index.html>
- Gilbertson, D. (2021). 'We got bored and wanted to go on a trip': Tales from a pandemic spring break in Cancun, Mexico. *USA Today*, 21 March. <https://eu.usatoday.com/in-depth/travel/destinations/2021/03/21/cancun-spring-break-tourists-in-mexico-covid-explain-why-traveled/4669009001/>
- Glusac, E. (2021). Americans are flocking to Mexico. Should they be? *The New York Times*, 16 July. www.nytimes.com/2021/07/16/travel/mexico-covid.html?action=click&module=In%20Other%20News&pgtype=Homepage
- Harrison, C. (2021). Covid check-in: Latin America's tourism sector looks toward a long recovery. *AS/COA*, 11 March. www.as-coa.org/articles/covid-check-latin-americas-tourism-sector-looks-toward-long-recovery
- Jolley, A. (2020). In Mexico's vibrant forests, locals adapt to a year without tourists. *National Geographic Travel*, 7 December. www.nationalgeographic.com/travel/article/mexico-forests-adapts-to-a-coronavirus-year-without-tourists
- Lopez, O. (2021). Tourists are returning to Cancún. But workers' fears about COVID-19 never went away. *Time*, 11 January. <https://time.com/5921756/mexico-tourism-coronavirus/>
- NBC News (2021). Mexico sees U.S. Tourist bump amid COVID pandemic surge. *The Associated Press*, 12 January. www.nbcnews.com/news/latino/mexico-sees-u-s-tourist-bump-amid-covid-pandemic-surge-n1253952
- Sherman, S. (2021). These international hotels offer on-site COVID testing to help American travelers comply with new rules. *Travel + Leisure*, 22 January. www.travelandleisure.com/hotels-resorts/hotels-on-site-covid-testing
- Weissmann, E. (2020). How Mexico's largest hotel group envisions its return to tourism. *TravelAge West*, 16 June. www.travelagewest.com/Travel/Mexico/How-Mexico-s-Largest-Hotel-Group-Envisions-Its-Return-to-Tourism
- Young, S. (2020). Mexico's battered tourism sector teeters fine line between economy and public health. *Pri.com*, 17 December. www.pri.org/stories/2020-12-17/mexicos-battered-tourism-sector-teeters-fine-line-between-economy-and-public

23

MOROCCO

Impacts

A few decades ago, the Kingdom of Morocco had made the strategic decision to take advantage of its culture, favorable weather and location by developing its tourism sector. After creating a Ministry of Tourism in 1985, the revenues attained from tourism gradually grew, and by 2019 represented 12.1% of Morocco's gross domestic product, generating around US\$14 billion in receipts. With 13 million international arrivals in 2019, the country was one of Africa's busiest destinations. Moroccans from the diaspora made up nearly half of annual visitors to the country, with France and Spain the country's primary markets. The North African country is home to over 2,000 hotels with a total of 400,000 beds, of which Morocco's most visited city Marrakesh alone has 15,000 beds. The COVID-19 pandemic, however, hindered the expected growth of the industry (Cherkaoui et al., 2020). In 2020, tourism income from international visitors fell 60.7%, and income from both domestic and international tourists fell to US\$6.4 billion – just 6.2% of GDP.

Morocco initially successfully controlled the outbreak between March and May 2020 after declaring a national health emergency, closing its borders and calling for mandatory confinement. However, the country's macroeconomic balances were predictably negatively impacted by the containment measures and reduced global demand resulting from the pandemic, as well as by a harsh drought and a drop in major exports (Serrano, 2020). The trade deficit widened by 23.8% in the first quarter of 2020, while economic growth receded by 1.1% in the first quarter of 2020, and 1.8% in the second quarter. Because of a breakdown in their supply chains and the disruption of tourism, most major export sectors were impacted (automotive, aeronautics, textile, etc.). In fact, exports dropped by 19.7% between January and April 2020. The kingdom concluded 2020 with an economic contraction of 6.6%.

Furthermore, the pandemic, and associated lockdown measures, led to a significant increase in unemployment and underemployment (Abouzzohour, 2020). National unemployment rates increased from 9.1% in 2019 to 13% in 2020. In urban areas, the unemployment rate reached 15.6% in the second quarter of 2020 (compared to 13.1% in 2019). In rural areas, it increased from 3.4% in 2019 to 7.2% in 2020. For young people aged 24 to 35 years specifically, this number reached a record-high of 22.6%. Companies were also harshly affected by the pandemic; 142,000 companies (57% of those registered) declared suspending operations (135,000 temporarily and 6,300 altogether); 72% of these were micro-sized (Abouzzohour, 2020).

Without its regular influx of tourists or traveling diaspora, the tourism sector was projected to see up to US\$14 billion in losses between 2020 and 2022. During lockdown, the percentage of



FIGURE 23.1 Ouarzazate – a primary tourist destination in Morocco, as well as a starting point for excursions into and across the Draa Valley and the desert (courtesy of Visit Morocco)

companies that suspended activities in the closely related hospitality sector reached 89%. In terms of numbers of jobs lost, this translated to an estimated 581,000 jobs lost year-on-year during the third quarter of 2020, most of which were in rural areas. In the informal sector, which accounted for an estimated 20% of Gross Domestic Product (GDP), around 5 million workers became unemployed during the pandemic (Abouzzohour, 2020). In addition, working hours decreased on average from 46 to 22 hours per week (i.e., 265 million fewer weekly working hours in the second quarter of 2020 compared to the same timeframe in 2019).

The lack of tourism income also had a negative impact on wildlife and conservation efforts in Morocco (Cherkaoui et al., 2020). For example, in the Argan *Arganaspinoso* woodland steppes of Amzi in Tiznit and in the Blue Cedar *Cedrusatlantica* forests of Middle Atlas, conservation work to protect some of Morocco's most important ecosystems and flagship species was facing a crisis following a collapse in ecotourism during the pandemic. Conservation authorities were expressing concerns about the increasing death toll and trafficking of endangered species in Morocco.

Jeff Wilson, CEO of Experience It Tours in Morocco, said his business shut down for almost a year. "We went from \$3.5 million in sales in 2019 to a couple of hundred thousand dollars in 2020" (Mammen, 2021). The company normally employs around 20–25 drivers who work on a sub-contracting basis, and prior to the pandemic the drivers were assisting 350 tour groups per year. Wilson decided to put his team in hibernation mode for a while. "We asked them to sit at home for a few months as the government paid US\$200/ month to employees." Wilson also started a "gofundme," which raised roughly US\$25,000 from generous donors, and this was given to the drivers, so they could pay for their insurance, their car, debt, and interest on their vehicles.

Looking back, we had a thriving tourism business, \$3.5–4 million a year, and we had \$200K in reserve. Overnight the pandemic came in and crushed our business. The only reason we survived is because we had the reserve money and we were able to scale people back, and all of our team was not solely dependent on the tourism – they had other forms of income.

(Mammen, 2021)

Responses

The government worked hard to ensure that Morocco's economy could recover from the pandemic. Figure 23.2 shows the timeline of Government's COVID-19 response in Morocco in 2020 (Abouzzohour, 2020). The regime created an emergency fund in mid-March to help with COVID-related

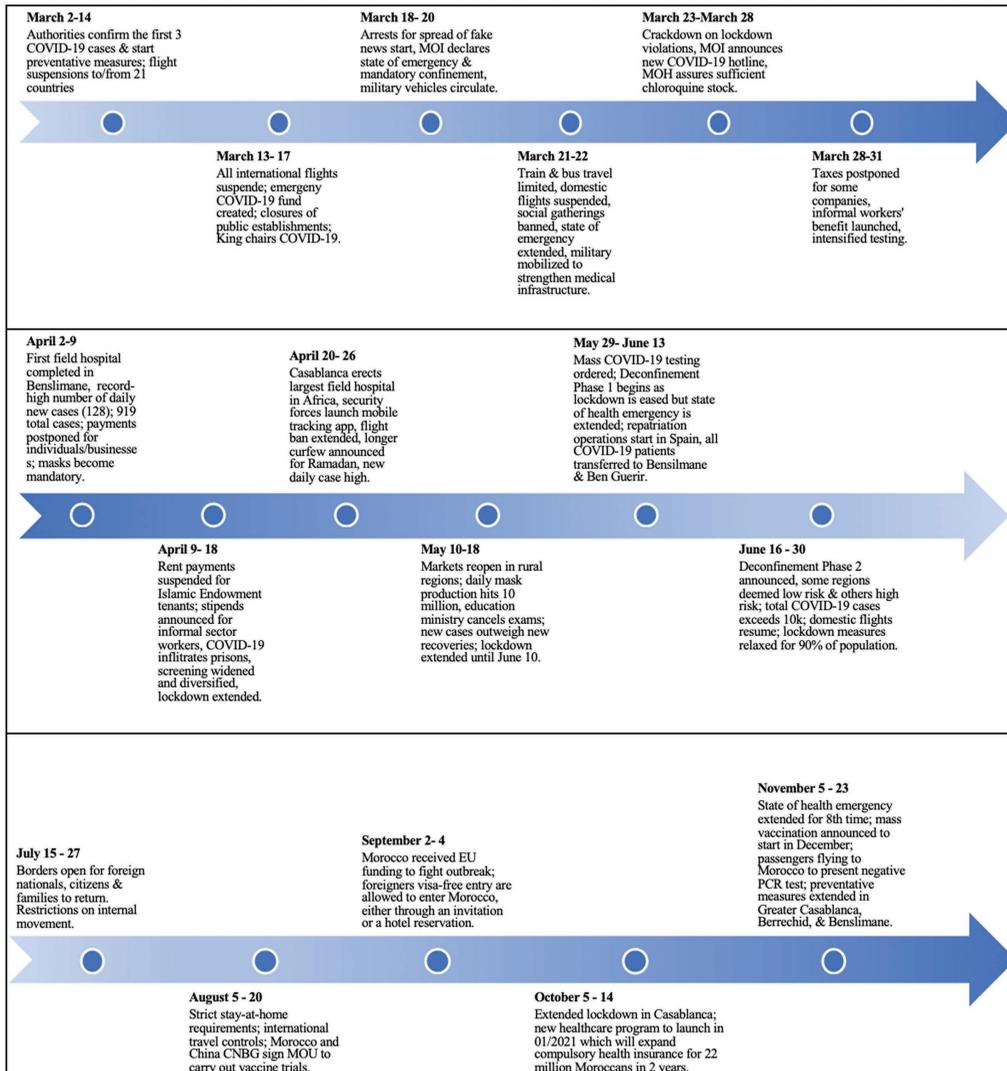


FIGURE 23.2 Timeline of government COVID-19 response in Morocco in 2020 (courtesy of Yasmin Abouzzohour).

expenses; this fund raised the equivalent of US\$3.2 billion as of end of April 2020. Furthermore, after a national lockdown was implemented in March, the government pledged stipends for all workers who lost jobs or working hours due to the pandemic. Businesses also received help; the central bank reduced the benchmark lending rate, increased refinancing operations for small businesses and expanded the range of collateral to include public and private debt instruments. Furthermore, small businesses received tax deferrals, while both small and medium businesses were entitled to three-month loan repayment suspensions and interest-free loans. In November 2020, King Mohammed VI established a US\$1.6 billion economic plan to revive Morocco's economy. Shortly afterward, the International Finance Corporation, as part of the World Bank Group, officially announced its support for the Moroccan Ministry of Economy and Finance's efforts to boost the country's economy (Abouzzohour, 2020).

For the tourism industry in Morocco, the pandemic created an unprecedented crisis and compelled the government to announce that it would continue to compensate and support the sector's operators, business owners and other investors until they recovered from the severe damages they suffered. "Everyone acknowledges that the two sectors of tourism and air transport will need a bigger support than other sectors, because the crisis is global, and we cannot advance the sector independently," said Nadia Fettah Alaoui, the Moroccan Minister of tourism, early in the pandemic (Mehtoul, 2020). Alaoui indicated that the tourism ministry's plan to weather the crisis would be "cautious and progressive" by "encouraging short holidays," launching campaigns to promote domestic tourism, and diversifying touristic products. "Unfortunately, the sector of tourism in Morocco will not recover as fast as other sectors that are expected to re-adapt within a few weeks," she continued (Mehtoul, 2020). At the end of April 2020, the government adopted Draft Bill 30.20 in support of the industry. Alaoui presented the bill, which laid out specific provisions relating to travel contracts, tourism residences and air passenger transport.

Special attention was given to promoting domestic tourism as an alternative during the pandemic. At the end of April 2020, the Moroccan National Tourism Office (ONMT) announced the launch of the "Ala Mantlakau" campaign, meaning "Until We Meet." "We have succeeded in executing projects that we can be proud of on both the national and international levels. Today has been the launch of one of these projects, which is the campaign 'Ala Mantlakau,'" said Adel El Fakir, general director of the Tourism Office. "This campaign is an honest invitation to accompany all Moroccans during the lockdown period and to remind us all of the extent of the country's wealth and its unity, that our country is our most valuable resource," he said (Dardar, 2020).

Outcomes

Morocco reopened in June 2021 for vaccinated tourists without testing restrictions from 80 plus countries. All inbound travelers had to bring a vaccine certificate or a negative PCR COVID-19 test result. Similar to other countries, Morocco opted for a sanitation and hygiene certificate, which was granted when tourism companies reached a certain quality of hygiene and sanitation that met international standards. At the time of reopening, King Mohammed VI announced that all transportation companies must make tickets more affordable for Moroccans living abroad (Zaim-Sassi, 2021). The policy targeted airlines such as Royal Air Maroc, which dropped flight ticket prices by more than 50% globally. During the first week of discounted airline ticket prices, 195,547 people traveled to Morocco. Other forms of transportation in Morocco, from car rentals to train and bus tickets, also decreased in price.

According to Brookings, Morocco's experience in addressing the fallout from the coronavirus pandemic illustrates many of the economic challenges that emerging countries faced, and the fiscal limitations they confronted that wealthier countries did not have to bear (Abouzzohour, 2020). Social security systems in Morocco, such as health or unemployment insurance, were not particularly efficient or robust before the pandemic, and employees in the informal sector in particular quickly found themselves in existential difficulties. Around 4.3 out of 8.8 million households in Morocco depend on income from the informal sector. According to a study by the Ministry of Tourism, Moroccan handicraft enterprises lost around 95 % of their income during the hard lockdown (ReliefWeb, 2020).

The crisis also hit Morocco at a time when a rethink of the country's economic development strategy was already underway. Lackluster growth prospects, persistent unemployment and excessive dependence on year-to-year agricultural performance had prompted King Mohammed VI to establish a special commission to design a new growth model, as well as potential new investment and taxation laws. The pandemic, however, re-focused priorities on the management of the health crisis and the preservation of employment and firms. The Central Bank concluded therefore that the outlook for Morocco's economic development in 2022 was uncertain.

Morocco's tourism sector was starting to show signs of recovery in 2021, with the first eight months of the year seeing 5.6 million overnight stays in classified accommodation. However, on November 29 Morocco banned inbound passenger flights for two months to shield the country from new COVID variants, so international arrivals once more came to a standstill. The government approved a 2,000 dirham (\$216) payment to tourism workers registered with social security who had been hit by the crisis. But businesses working in Morocco's key tourism sector said the country's tough COVID-19 restrictions were undermining its competitiveness compared to rival destinations. "These restrictions are unjustified and they have made Morocco lose tourists to Mediterranean competitors such as Egypt and Turkey," said Lahcen Zelmat, head of Morocco's hotel federation. At the end of the year, hotels in Marrakech, the main tourist hub, had only 14% occupancy at what was normally peak season, Zelmat said. "We fear that by the time borders reopen we will find it hard to sell Morocco due to the sudden border closures," said Emmanuelle Barat, a tour operator (Arab News, 2022).

Discussion questions

1. After reading the case study and watching the video next, critique the Moroccan government's support for the tourism sector during the pandemic.
2. Prior to the pandemic, Morocco was one of Africa's most popular tourism destinations. Why do you think this was the case?
3. What efforts did the government make to stimulate both domestic tourism and tourism visits from Moroccans abroad?

Video link

Morocco's Marrakesh suffocates without tourists amid COVID-19 pandemic. World News, 16 September, 2020. www.youtube.com/watch?v=Df1O4zbiFVw

References

- Abouzzohour, Y. (2020). Coping with COVID-19's cost: The example of Morocco. *Moroccan Institute for Policy Analysis*, 23 December. <https://mipa.institute/8305>
- Arab News (2022). Morocco's tough COVID-19 restrictions hammer tourism sector. *Arab News*, 1 January. www.arabnews.com/node/1996251/middle-east
- Cherkaoui, S., Boukherouk, M., Lakhali, T., Aghzar, A. & Youssfi, L.E. (2020). Conservation amid COVID-19 pandemic: Ecotourism collapse threatens communities and wildlife in Morocco. *E3S Web of Conferences*, 183, 01003.
- Dardar, J. (2020). Morocco tourism office launches 'Ala Mantlakau' campaign. *Morocco World News*, 27 April. www.morocoworldnews.com/2020/04/300861/morocco-tourism-office-launches-ala-mantlakau-campaign
- Mammen, R. (2021). Pandemic impact severe on Moroccan's hotel industry. *Hospitalitynet*, 2 July. www.hospitalitynet.org/opinion/4105269.html
- Mebtoul, T. (2020). Tourism minister: COVID-19 crisis shuttered 87% of Moroccan hotels. *Morocco World News*, 7 May. www.morocoworldnews.com/2020/05/301809/tourism-minister-covid-19-crisis-shuttered-87-of-moroccan-hotels
- ReliefWeb (2020). Support for Morocco in the COVID-19 pandemic – Morocco. *ReliefWeb*, 20 December. <https://reliefweb.int/report/morocco/support-morocco-covid-19-pandemic>
- Serrano, F. (2020). Surviving the cure: Morocco adapts to COVID-19. *Castlereagh*, 12 May. <https://castlereagh.net/surviving-the-cure-morocco-adapts-to-covid-19/>
- Zaim-Sassi, N. (2021). 5 ways Morocco's economy is recovering. *The Borgen Project*, 14 July. <https://borgenproject.org/moroccos-economy/>
- www.brookings.edu/research/coping-with-covid-19s-cost-the-example-of-morocco/

24

MYANMAR

Impacts

Situated in the northwest of Southeast Asia and sharing borders with India, Bangladesh, Thailand, Laos and China, Myanmar is one of the last frontiers of Asian tourism. Culture and heritage are the country's major tourism attractions, with Myanmar offering an abundance of temples, monasteries, palaces, stupas and ruins. In July 2019, the ancient city of Bagan – home to over 3500 religious structures – was recognized as a UNESCO World Heritage site. Myanmar's diverse natural features also give it a significant advantage. Combining snow-capped Himalayas in the north, tropical waters and coral reef in the Myeik Archipelago to the south, and sprawling river and delta systems throughout much of the country, Myanmar has considerable potential as a destination for adventure and nature tourism. "Myanmar's cultural and natural diversity means that undeveloped regions contain their own unique heritage, attractions and activities," said Daw Su Su Tin, managing director for Myanmar of regional tourism group EXO Travel. "With much of Myanmar yet to be opened to tourism, it still has much more to offer visitors, but regional authorities must be involved to maximize potential" (Oxford Business Group, 2020).

Historically, the country has faced many challenges to tourism growth, the latest being the army-led coup at the beginning of February 2021. Attempts to launch mass tourism have failed before, blockaded in particular by politics. About 30 years ago, new laws, including the 1990 Tourism Law – which ended state monopolies on hotels, transportation and tour guiding – began the process of opening up Myanmar's tourism offerings. But the resulting reports of mass upheaval, human rights' violations, conscripted labor and population displacement while developing facilities led many groups to originally oppose tourism. As well as groups outside Myanmar, the naysayers included Aung San Suu Kyi, the recently deposed leader of the Democratic Party, and winner of the Nobel Peace Prize in 1991. At one point, she and her party urged travelers to refrain from visiting Myanmar until there was a political transition to democracy. Her anti-tourism campaign proved to be successful, with travelers and their dollars staying away. Whilst tourism expanded rapidly in neighboring Asian countries, Myanmar continued to receive relatively few tourists (Hudson, 2007).

However, in 2011, political changes facilitated growth in tourism. The Government of the Republic of the Union of Myanmar (GOM) began to transform its political and socio-economic system to enhance inclusive economic growth, accelerate poverty reduction and increase living standards for Myanmar's multi-ethnic population. Led by President Thein Sein, the new regime completely revamped the investment law, covering more than 20 sectors, opening up the "Golden



FIGURE 24.1 Bagan, Myanmar (courtesy of Sebastien Goldberg on Unsplash)

Land” for new investment opportunities. Aung San Suu Kyi became a member of parliament, sitting alongside members of the party that once imprisoned her. The reform process opened significant opportunities for business, investment and human capital (Hudson, 2016).

Reforms in Myanmar resulted in an initial surge of curious international travelers. Between 2011 and 2012 visitor arrivals increased by 29.7%, and, for the first time in its history, Myanmar received over 1 million visitors. In 2012, the Ministry of Hotels and Tourism (MOHT) – the agency mandated by GOM to oversee the systematic development of tourism – prepared the Myanmar Tourism Master Plan. It set out strategic programs, priority projects and activities in a long-term implementation framework covering 2013–2020 and a short-term action plan for 2013–2015. The Master Plan set a high target of 3.01 million international visitors in 2015 and 7.48 million in 2020 (Hudson, 2016).

Unrest in Rakhine State in 2017 and the international media coverage that followed negatively impacted the sector, diminishing the flow of visitors from Western countries. Visitor demographics have since changed and the growth in tourism numbers has stemmed from Asian source markets. The number of Chinese travelers rose to 460,000 in the first eight months of 2019, a 161% year-on-year expansion, with China overtaking Thailand as the primary source market. South Korean arrivals also grew during the same period, up 77%, while the number of Japanese visitors rose by 24%. However, by 2019, visitor arrivals had grown to just 4.3 million, considerably less than predicted in the Master Plan (Oxford Business Group, 2020).

When the pandemic hit the country in 2020, Myanmar’s tourism sector saw a 75% drop in foreign tourist arrivals compared to 2020 (Linn, 2021). Deputy Minister of Hotels and Tourism U Tin Latt said Myanmar received less than 1 million tourists in 2020, with revenue generated from the tourism and related sectors US\$543 million compared to US\$2.8 billion in 2019. Prior to the pandemic, the total contribution of travel and tourism to GDP was 5.9%, but this slipped by 62% in

2020 to 2.2% of GDP. In the same period, international spending went down 83.8% and domestic travel spending fell by 35% (World Travel & Tourism Council, 2021).

Responses

U Ohn Maung, minister for Hotels and Tourism, was hoping the country would start receiving visitors again in the fourth quarter of 2020. “Tourism will resume under the Myanmar Tourism Strategic Recovery Roadmap, which was drafted at the national level with the help of international experts,” he said. He added that the Enchanting Myanmar Health and Safety Protocols for Safe Tourism will ensure that the sector follows all health protocols. “Training will be provided on following health guidelines,” he said (Hein, 2020). Fiscal support for the tourism industry came from the government in the form of tax relief, special COVID-19 business loans and no license fees for hotel and tour businesses for a year.

The first draft of the Recovery Roadmap published in September 2020 planned for the long-term effects of COVID-19 by

building a resilient sector, based on clear communications, a compassionate approach to health and COVID-19 safe travel, and a strong domestic and regionally-focused tourism first, working on understanding changes in the tourism sector globally, and repositioning the country for the international market.

(Myanmar Ministry of Hotels and Tourism, 2020)

Outcomes

But the military coup early in 2021 will put a huge dent in these plans. Tourism stakeholders in the destination feared that the military take-over would have a devastating long-term impact on the tourism industry. They were urging international players not to boycott the country as a whole but to join the nationwide civil disobedience movement and sanction military-owned and backed businesses. The local general manager of a leading cruise operator said: “International tour operators should blacklist all these (government) businesses and not support them. This is very sad because we will have to work very hard to rebuild the image of the country; tourism is always relative to politics.” Sammy Samuels, founder of Myanmar Shalom Travels, added: “One of the biggest concerns for anyone travelling to Myanmar is whether their money is in any way funding the military operation.” He said the hundreds of thousands of locals who relied on tourism to survive had already been badly hit by COVID-19. “Being a responsible traveler (or) responsible tour operator can be part of a strategy to reassure visitors their visit will support the local economy and its people,” he added (Carruthers, 2021).

A few days after the coup, Myanmar Tourism Marketing (MTM) was calling for overseas partners to continue to support and stand with the people of Myanmar. “A flourishing tourism industry depends upon the image of a country and the image displayed on Monday was bad. MTM recognizes that this will have a serious impact on the future livelihoods of all those working in tourism in Myanmar,” they said. In view of the severe hardship the COVID-19 crisis had already brought to tourism workers in Myanmar, MTM stressed, “It is vital for the people at the grassroots of the industry to be able to earn a living through tourism in the future.” In the face of this challenge, MTM said it would continue to keep to its aim of promoting Myanmar as a safe and attractive place to visit, which would generate income for the people not only working in the industry but also those from indirectly linked industries. “We ardently hope that our overseas partners continue to support us in developing a sustainable tourism industry that holds so much potential for the people of Myanmar,” said MTM (Travel Weekly Asia, 2021).



FIGURE 24.2 Inle Lake, Myanmar (courtesy of Julien-de-Salaberry on Unsplash)

In June 2021, Myanmar Airways International announced that it would reintroduce some international flights in July, mostly semi-commercial repatriation or relief flights to Kuala Lumpur, Seoul-Incheon, Bangkok and Dubai. There had been no international flights to Myanmar following the military coup in February. The airline said all passengers leaving Myanmar had to make their booking 60 days upfront to meet the military government's requirements. Passengers would also have to present a COVID-19 RT-PCR negative test result within 72 hours of their planned departure.

In November 2021, the government announced Myanmar would begin welcoming international tourists in early 2022. "We are planning to reopen tourism for vaccinated tourists if plans are well-prepared for safe and convenient travel," said Zeyar Htun, deputy director of the Public Relations and Information Department at the military-run Ministry of Hotels & Tourism (Marcus, 2021).

Meanwhile, some international travelers were being warned by their own governments to stay away, due to both COVID concerns and instability in the wake of the coup. At the beginning of 2022, the US State Department, for example, had two-level four "do not visit" alerts for Myanmar, one for its high number of coronavirus cases and one for the ongoing political situation.

According to a report by CNN, when Myanmar's doors do open, travelers returning to the country will notice major changes since their last visit (Marcus, 2021). Infrastructure has been significantly weakened, many businesses have closed due to economic pressure or owners leaving the country, and the tourism industry is now being run by military generals. International brands are among those affected. The Kempinski Hotel Nay Pyi Taw Myanmar, a luxury five-star facility in the country's capital, is, according to its website, closed for "the foreseeable future" from mid-October. Pandaw, a Southeast Asia river cruising company specializing in Mekong River tours, announced it was permanently closing operations in

Myanmar and the wider region after more than 25 years of operation, blaming both COVID and “the critical political situation in Myanmar.”

(Marcus, 2021)

Others were slightly more optimistic about the future of tourism in Myanmar. Andrea Valentin, a former adviser on responsible tourism in Myanmar, says visitors can travel to Myanmar in a way that doesn't help fund the military regime.

Yes, it is still possible to travel responsibly in Myanmar at the minute. There are quite a few places that are even now quite safe and ethical. Before the coup, staying in accommodation that's not owned by the military was definitely possible.

(Marcus, 2021)

Tyler Dillon is a travel planner for high-end company Trufflepig and a longtime leader of tours in the region. Although he is not leading any Myanmar trips for the foreseeable future, he refuses to write the country off entirely. “Tourism is backdoor diplomacy,” he says. “There's still a lot of hope for people on the ground there that things can change.”

(Marcus, 2021)

Discussion questions

1. Deciding to visit Myanmar at the moment is an ethical decision. What are the arguments for and against visiting the country?
2. Why is that Myanmar's tourism success has always been closely tied to politics?
3. One of the quotes in the case says that a flourishing tourism industry depends upon the image of a country. Do you agree? Can you think of other countries where tourism is impacted by a tarnished image?

Video link

Tourism at Myanmar's scenic Inle Lake battered by COVID-19, military coup. Radio Free Asia, 15 November, 2021.

www.youtube.com/watch?v=5Z1RQwRjbBs

References

- Carruthers, M. (2021). Myanmar's tourism players call for solidarity after military coup. *TTG Asia*, 1 March. www.ttgasia.com/2021/03/01/myanmars-tourism-players-call-for-solidarity-after-military-coup/
- Hein, Z. (2020). Tourism revenue in Myanmar dips 80% during COVID-19. *Myanmar Times*, 3 December. www.mmmtimes.com/news/tourism-revenue-myanmar-dips-80-during-covid-19.html
- Hudson, S. (2007). To go or not to go? Ethical perspectives on tourism in an 'outpost of tyranny'. *Journal of Business Ethics*, 76(4), 385–396.
- Hudson, S. (2016). Let the journey begin (again). The branding of Myanmar. *Journal of Destination Marketing & Management*, 5(4), 305–313.
- Linn, Z. (2021). Week in review: Tourist arrivals fall 75% in 2020. *Myanmar Times*, 21 January. www.mmmtimes.com/news/week-review-tourist-arrivals-fall-75-2020.html
- Marcus, L. (2021). Myanmar is planning to reopen to tourism in early 2022. But who will go? *CNN Travel*, 9 November. www.cnn.com/travel/article/myanmar-tourism-reopening-coup-cmd-intl-hnk/index.html

- Myanmar Ministry of Hotels and Tourism (2020). *Myanmar Tourism Strategic Recovery Roadmap 2021–2025*. <https://chintravel.com.mm/wp-content/uploads/2020/12/MYANMAR%20TOURISM%20STRATEGIC%20RECOVERY%20ROADMAP%2023.10.20.pdf>
- Oxford Business Group (2020). *Increased Visitor Numbers from Asia Support a Revival in Myanmar Tourism*. Oxford Business Group. <https://oxfordbusinessgroup.com/overview/government-reforms-and-increased-visitor-numbers-asian-markets-support-industry-revival>
- Travel Weekly Asia (2021). 'Stand with us', Myanmar tourism urges world. 5 February. www.travelweekly-asia.com/Travel-News/Government/Stand-with-us-Myanmar-tourism-urges-world
- World Travel & Tourism Council (2021). Economic impact reports: Myanmar. <https://wttc.org/Research/Economic-Impact>

25

NEPAL

Impacts

“Congestion on Everest leads to backlog of climbers in ‘death zone’,” was a newspaper headline in the UK newspaper *The Guardian* back in May 2019, a time when Nepal attracted so many mountain climbers that a traffic jam of hundreds of mountaineers snarled a trail to the top of Mount Everest (Rawlinson, 2019). It was a good example of “overtourism” and an industry spinning out of control – but one that had become a lifeline for the country. In 2019, tourism brought in more than US\$2 billion to Nepal, one of Asia’s poorest countries, employing over a million people in restaurants, trekking, mountaineering, airlines and other tourism subsectors (Sharma and Gettleman, 2020). No other country had benefited more from the commodification of adventure tourism than Nepal (Beedie and Hudson, 2003).

How times have changed. The impact of the global pandemic has been seen on all sectors of Nepal’s economy but none more so than in the adventure tourism sector (UNDP, 2020). The impact on Everest expeditions alone is estimated to have cost 20,000 job losses among trekking agencies and tour guides. Nepal stopped issuing arrival visas to tourists on 12 March 2020, and the suspension of travel dealt a blow to the government’s “Visit Nepal 2020” campaign, which had a set target of welcoming 2 million tourists that year (Ulak, 2020). The number of tourists visiting Nepal actually slumped from over 1.1 million in 2019 to fewer than 230,000 in 2020. In the same period, the total contribution of travel and tourism to Nepal’s GDP fell nearly 50% from 6.7% to 3.6%.

In a report published in July 2020, UNDP acknowledged that the COVID-19 pandemic had disrupted supply chains, shut or threatened the survival of small and informal enterprises, and made people highly vulnerable to falling back into poverty through widespread loss of income and jobs (UNDP, 2020). The World Bank concurred, saying that the economic consequences of the pandemic and impact on livelihoods across Nepal were expected to be the most acute for informal workers or those without social security or assistance, who are more at risk of falling into extreme poverty. Informal businesses make up around 50% of enterprises in Nepal and are the main source of income for most of the labor force. The majority of the businesses in Nepal’s tourism industry (airlines, hotels, restaurants, tours) tend to be small companies with limited retained earnings to weather economic shocks (World Bank, 2020).



FIGURE 25.1 Basecamp at Everest (courtesy of Mike Bodnarchuk)

Responses

The Nepali government announced a stimulus package of US\$420 million (4% of its GDP) as part of its response to the pandemic, and it also introduced policy measures to aid economic recovery (Sinclair and Russell, 2020). Some of these measures included reductions and deferrals of tax, fees and interest for travel and hospitality companies. However, a report published by PATA later in 2020 suggested that many companies in the tourism industry had not received stimulus benefits promised by the government (Pacific Asia Travel Association, 2020). “Tourism is largely run by the private sector in Nepal with very little help from the government,” said Sarita Lama of the Trekking

Agencies Association of Nepal. “This year our revenue is zero. Many trekking and travel agencies have closed indefinitely, as they were unable to pay rents and their employees.” Others in the business were forced to adapt to the new environment and create new opportunities in domestic tourism or invest in advanced online promotion for a time when visitors could return to Nepal. Manish Shrestha of Enroute Nepal said, “Most of the travel agents have shifted online and have made us rethink our business model. That’s how we are now adapting and adjusting to the new normal” (Sijapati, 2021).

The four-month nationwide 2020 lockdown in Nepal was lifted on 21 July, with easing of measures either immediately or by mid-August. Restaurants and hotels were allowed to reopen, and trekking and mountaineering were also permitted, with international and domestic flights and long-distance public transport within Nepal resuming in the autumn (Sinclair and Russell, 2020). The Nepal Tourism Board (NTB) prepared guidelines on safety measures to be implemented for the tourism sector once the nationwide lockdown was lifted for international tourists. They encouraged those in the industry to work on adapting the “New Normal” into their daily operations in a bid to resume tourism, putting forward safety protocols and guidelines for the tourism sectors to provide visitors, safe and a COVID-free visit to Nepal (Ulak, 2020).

However, Nepal’s reopening came with restrictions and was mainly limited to those seeking to climb or trek its famous peaks. Rudra Singh Tamang, director general of Nepal’s Department of Tourism said:

We are not opening the country for all visitors and only mountaineers and trekkers who have already had a permit taken prior permit will be allowed to come to Nepal. We are opening to a sector of visitors who we know we can handle and manage.

(Sanders, 2020)

Rather than obtaining a visa on arrival, visitors needed to get prior approval, give details of their itinerary, hire a local outfitting company and have health insurance that covered COVID-19 treatment. Tourists were also required to take a coronavirus test before leaving their home country, stay for a week in quarantine at a hotel in Kathmandu (Nepal’s capital city) and then take another coronavirus test before being allowed to travel onward. Local guides, porters, cooks and helpers who were part of any mountaineering support team were also required to take coronavirus tests and prove they had been living in areas with no infections for the past two weeks. “We are trying to revive the tourism industry that was badly hit by the pandemic, but we are not taking any chances or any risks,” said Tamang. “We did a test run just recently with a foreign expedition team and now have a good idea of how to manage the adventure tourists” (Sanders, 2020). In March 2021, entry restrictions were relaxed a little for what is normally considered the peak tourism season (March to the end of May is the window to climb Everest), but testing requirements stayed in place – even for visitors who had been vaccinated.

Canadian Mike Bodnarchuk was producing a documentary on Everest in the spring of 2021 and found it quite the experience. “Producing a feature documentary film on location in Nepal during a global pandemic was a challenge, to say the least,” he said.

The restrictions put in place by airlines and governments certainly added to our budget. But by strictly adhering to these restrictions, we were able to dodge the virus right up to the final days of production so we completed our project. However, half of our crew tested positive once we returned from basecamp to Kathmandu, so all had to quarantine for an extra 10 days. The Nepal government banned all schedule flights but eventually allowed a couple of weekly charter flights. It cost us an extra \$50,000 for the quarantine hotels and charter flights. But everyone returned home safely.

(Bodnarchuk, 2021)

The working title of Bodnarchuk’s film is “Everest Dark.”



FIGURE 25.2 Mike Bodnarchuk at Everest basecamp in March 2021 (courtesy of Mike Bodnarchuk)

Outcomes

How quickly the tourism sector in Nepal will recover from the COVID-19 crisis is a function of domestic policies, promotional activities and the global health and economic situation, most notably in China, India, the United States and Europe – Nepal’s top sources for tourists. This was evident in May 2021, when China canceled attempts to climb Mount Everest from its side of the peak because of fears of importing COVID-19 cases from Nepal – a move that reflected the abundance of caution China was taking in dealing with the pandemic.

However, tourism experts say the pandemic has given the industry in Nepal time to rethink the whole business model. Hans Timmer, World Bank chief economist for the South Asia Region, said:

COVID-19 will profoundly transform Nepal and the rest of South Asia for years to come and leave lasting scars in its economies. But there is a silver lining toward resilient recovery: the pandemic could spur innovations that improve South Asia’s future participation in global value chains, as its comparative advantage in tech services and niche tourism will likely be in higher demand as the global economy becomes more digital.

(World Bank, 2020)

Sujeev Shakya, CEO of Kathmandu-based consulting firm Beed Management, agreed that Nepal was swiftly adapting to the new digital world. He said the lockdown drove much-needed adoption

of and innovation in local digital technologies – e-commerce, digital payments and content management, and that 2020 was a year when global social media platforms further entered Nepali households, providing opportunities for Nepalis to globally showcase the nation’s beautiful nature, living heritage and culinary diversity. “A Nepali chef making it to the final rounds of MasterChef UK provided an international outlet for globalizing Nepali cuisine,” he said. “The announcement of Mount Everest’s increased height also provided the country some positive publicity” (Shakya, 2021).

The former CEO of Nepal Tourism Board Deepak Raj Joshi suggested that the COVID-19 crisis had given Nepal some breathing space to look for ways to make tourism more sustainable, and for its benefits to be more equitably distributed within the country. “We should use this pandemic as an opportunity to work towards improvement of facilities along trekking trails and upgrading skills of porters and guides so they can earn more when trekking resumes,” he said. A World Bank report in April 2021 suggested that concerns over health were likely to increase demand in Nepal for solo and small group travel and crowd avoidance. “More tourists might prefer opportunities to connect with nature and engage in activities to improve wellbeing. To compete internationally, Nepal’s tourism will need to adapt to this new reality,” the report noted (World Bank, 2021).

In May of 2021, Nepal suffered a devastating wave of COVID-19 infections fueled in part by the B.1.617.2 variant first found in India, and as a result, hospitals were overwhelmed and cases were reported as high as Everest Base Camp. A National Geographic article published the following month suggested this could be the final straw for Nepal’s trekking industry. For Deepak Raj Joshi, the only option for Nepal in 2021 was to hunker down, consolidate, cut costs and plan for the future. “Sooner or later, the pandemic will be controlled, and we have to plan so that in 2020 we survive, in 2021 we revive, and in 2022 we thrive” (Weissenbach, 2021).

By the end of 2021, international arrivals in Nepal had fallen by nearly 35% on 2020’s numbers, according to the Nepal Tourism Board, with the country welcoming just 150,962 foreign tourists. A decline in tourist arrivals from China turned out to be the major factor behind the overall slump; only 6,196 Chinese tourists landed in Nepal in 2021, as regular passenger flights between the two neighbors had remained suspended over COVID-19. Nepal however saw a healthy number of travelers coming for mountaineering and trekking. “In 2021, as many as 34,000 foreigners visited Nepal for trekking purpose, far higher than 2020,” said Khum Bahadur Subedi, president of Trekking Agencies’ Association of Nepal. “But the tourism industry as a whole continued to suffer in 2021 and the government needs to continue its policy of welcoming vaccinated foreign tourists to ensure the survival of the industry,” said Subedi (Xinhua, 2021).

Discussion questions

1. After reading the case study and watching the video next, summarize the impact that COVID-19 has had on Nepal’s tourism sector and the people that depend on it for survival.
2. Why do you think Nepal saw a healthy number of travelers coming for mountaineering and trekking in 2021, whereas other types of tourism continued to slump?
3. It was suggested in the case study that the COVID-19 crisis had given Nepal some breathing space to look for ways to make tourism “more sustainable.” What needs to be done in Nepal to make tourism more sustainable?

Video link

COVID-19: Nepal reopens to climbers and trekkers. CAN, 13 November, 2020. www.youtube.com/watch?v=FFb_TiEpdKM

References

- Beedie, P. & Hudson, S. (2003). Emergence of mountain-based adventure tourism. *Annals of Tourism Research*, 30(3), 625–643.
- Bodnarchuk, M. (2021). Personal communication, July.
- Pacific Asia Travel Association (2020). *COVID-19 and the Tourism Sector: A Comparison of Policy Responses in Asia Pacific*. PATA Crisis Resource Center, Bangkok, Thailand, November.
- Rawlinson, K. (2019). Congestion on Everest leads to backlog of climbers in ‘death zone’. *The Guardian*, 23 May. www.theguardian.com/world/2019/may/23/congestion-mount-everest-backlog-climbers-death-zone
- Sanders, L. (2020). Nepal reopens to mountaineers after seven-month lockdown. *Euronews.com*, 4 November. www.euronews.com/travel/2020/11/04/nepal-reopens-to-mountaineers-after-seven-month-lockdown
- Shakya, S. (2021). High hopes for Nepal derailed by 2020. *East Asia Forum*, 8 January. www.eastasiaforum.org/2021/01/08/high-hopes-for-nepal-derailed-by-2020/
- Sharma, B. & Gettleman, J. (2020). Mount Everest empties as Covid-19 strikes tourism in Nepal. *New York Times*, 2 November. www.nytimes.com/2020/11/02/world/mount-everest-empties-as-covid-19-strikes-tourism-in-nepal.html?searchResultPosition=1
- Sijapati, A. (2021). Where have all the guides gone? *Nepali Times*, 10 January. www.nepalitimes.com/latest/where-have-all-the-guides-gone/
- Sinclair, J. & Russell, E. (2020). A Roadmap to post-COVID recovery for Nepal’s Agri and tourism SMEs. *Ecorys.com*. www.nathaninc.com/wp-content/uploads/2020/09/Roadmap-to-Post-Covid-Recovery-for-Nepals-SMEs.pdf
- Ulak, M. (2020). COVID-19 pandemic and its impact on tourism industry in Nepal. *Journal of Tourism & Adventure*, 3(1), 50–75.
- UNDP (2020). *Rapid Assessment of Socio Economic Impact of COVID-19 in Nepal*. United Nations Development Programme. www.np.undp.org/content/nepal/en/home/library/rapid-assessment-of-socio-economic-impact.html
- Weissenbach, B. (2021). Will the pandemic crush Nepal’s trekking industry? *National Geographic*, 9 June. www.nationalgeographic.com/travel/article/will-the-pandemic-crush-nepals-trekking-industry
- World Bank (2020). COVID-19 impact on Nepal’s economy hits hardest informal sector. *World Bank Press Release*, 8 October. www.worldbank.org/en/news/press-release/2020/10/08/covid-19-impact-on-nepals-economy-hits-hardest-informal-sector
- World Bank (2021). *Nepal Development Update, April: Harnessing Export Potential for a Green, Inclusive, and Resilient Recovery*. Kathmandu: World Bank. <https://openknowledge.worldbank.org/handle/10986/35420>
- Xinhua (2021). Foreign arrivals in Nepal down nearly 35 percent in 2021. *Xinhua*, 3 January. www.xinhuanet.com/english/20220103/4ee935e2b56d4ffc3baa666fdc0035ec/c.html

26

NEW ZEALAND

Impacts

In January 2021, New Zealand was ranked number one in a COVID Performance Index of almost 100 countries for its successful handling of the coronavirus pandemic in 2020 (Lowy Institute, 2021). A year earlier, when the World Health Organization declared the coronavirus outbreak a public health emergency of international concern, New Zealand immediately began introducing disease prevention measures and continued strengthening them in the weeks that followed. By the end of the year, the country had reported just 25 deaths and around 2,000 cases. Prime Minister Janes Arden was applauded for her empathetic and transparent approach to the crisis, with due consideration given to looking after the social and economic welfare of the country's citizens.

But just like many other countries, the pandemic had a devastating impact on the tourism industry in New Zealand. Prior to COVID-19, US\$29.6 billion a year was spent by domestic and international visitors in the country, and tourism generated 14% of GDP, employing 15.7% of New Zealanders (World Travel & Tourism Council, 2021). But international tourism ground to a halt after the country's border closed on March 19. "It was like turning off the key in the ignition of a car, it just stopped," said Queenstown Lakes District Mayor Jim Boulton. "The effect on local business, employment, the local economy has been horrific." Managing Director for local air charter company Glenorchy Air, James Stokes, said that at least 85% of customers on his scenic flights to local beauty spots were international tourists. In their absence, he had to slash prices to attract domestic travelers when the nationwide lockdown lifted in May. "Straight out of lockdown, prices reduced by 50%" (Withers, 2020).

By the end of 2020, annual income from tourism had fallen 37.6% to US\$18.4 billion, with spending from international travelers down 53.4%. The tourism industry lost more than 72,000 workers, or about third, in that year according to Tourism Industry Aotearoa (TIA). "While the numbers come as little surprise, they reinforce the catastrophic impact on people's lives and livelihoods," said TIA chief executive Chris Roberts (Thornber, 2021). With borders closed for the whole of 2021, income from tourism fell even further, although an uptick in domestic spending provided some relief. As of 2020, Kiwis tended to prefer drive-based itineraries, which enabled them to travel independently and steer clear of crowds, said Brad Olsen senior economist for Info-metrics. "Tourism activity does seem to have a strong focus on entertainment and food and beverage discovery, as well as adventure activities," he said. "More people have been exploring New Zealand, but moving forward there will need to be a renewed effort to attract travelers back as repeat tourists"

(Thornber, 2021). But while the domestic spend figures were encouraging, most regions continued to do far worse than they were before the pandemic hit, particularly those which were heavily reliant upon international tourists.

Responses

The New Zealand government made every effort to support the beleaguered tourism sector. Go With Tourism – a government-funded initiative established to support the tourism workforce – launched a free service to support industry workers and businesses affected by COVID-19, through redeployment, guidance, advice and educational pathways. Also, the Regional Business Partner Network had resources and support available to help businesses moving into recovery mode and looking for guidance. The network also managed the Tourism Transitions Fund to support tourism businesses with advice and support such as HR, health and wellbeing, business continuity and hibernation, cash flow and finance management, strategy and digital capability. Meanwhile, the New Zealand Tourism Futures Taskforce was set up to lead the thinking on the future of tourism in New Zealand and create a more sustainable, productive and inclusive tourism system post-COVID-19.

Regional organizations also stepped up to support their local partners in the tourism sector. Auckland Tourism, Events and Economic Development (ATEED), for example, hit the headlines after producing an inspirational video. Called *Papatūānuku is breathing*, the video was narrated by 11-year-old Manawanui Makiapoto Mills and began by panning across Kariotahi Beach on Auckland's west coast. "Stop. Listen. Papatūānuku, the earth mother, is breathing. Tāmaki Makaurau, Auckland. Still," Mills says. The video ends with: "And when the time is right, we welcome you. But for now, listen. Papatūānuku is breathing." The video went viral around the world and within three weeks, it had been viewed more than a million times on Visit Auckland's social media channels alone. "We are proud of the positive feedback that we have received about our video. That will provide us with inspiration as we move more purposefully alongside our tourism industry towards recovery," said Steve Armitage, ATEED's General Manager (Doyle, 2020).

Producing this video was only one part of ATEED's communications strategy during the COVID-19 outbreak. For up-to-date information on COVID-19 related subjects, ATEED posted a temporary page banner on its homepage called "Tāmaki Makaurau Auckland – COVID-19 updates" and provided up-to-date news articles on its "Latest News" link. The organization was also very active on social media, posting regularly on Facebook, YouTube, LinkedIn and Instagram. Weekly email updates to thousands of Auckland businesses alerted them to practical support available from regional and national sources, highlighting updates to the resources page.

ATEED also reached out to small and medium-sized businesses offering a free online tool to help them boost their digital know-how, including guidance on remote working, e-commerce, and increasing their online presence to make it easier for customers to find them. The tool was developed in partnership with social enterprise Digital Journey. "Our small to medium enterprises are a key part of the region's economy and employment," said Mayor Phil Goff. "This online tool will provide practical assistance to businesses looking to adapt to the new realities of working under the COVID-19 alert system, which in many cases will require rapid adoption of digital and online technologies" (Hudson, 2020).

Tourism New Zealand – the country's DMO – adapted to the challenges of COVID-19, refocusing industry webinars to provide updates on the current COVID-19 situation, while continuing with external communication. A global campaign "Messages from New Zealand" was launched to build preference and desire for New Zealand overseas and help drive economic recovery when borders reopened. The partnership with New Zealand Trade and Enterprise, Ministry for Primary Industries, and Education New Zealand was designed to build New Zealand's reputation offshore



FIGURE 26.1 Auckland’s “Papatūānuku is breathing” campaign (courtesy of ATEED)

as a great place to live, study in, buy products from, invest in and visit again when the time is right. “It’s incredibly important we continue to build preference and desire for New Zealand while our borders are closed,” said Stephen England-Hall, chief executive for Tourism New Zealand (2020). He also said:

Even though the world can’t visit us right now, there are many ways consumers can choose to experience New Zealand, through our export products including New Zealand’s world-class food and beverage as well as digital content and experiences. We’re working hard to encourage Kiwis to get out and try something new to support domestic travel and our tourism sector.

While a “Do Something New” campaign encouraged locals to find new ways to look at what was right in front of their noses, tourism operators dependent on international visitors had to adapt their offering. Nadine Toe Toe and her family run Kohutapu Lodge and Tribal Tours in Murupara, a northeastern village of about 2,000 people, of whom about 90% are Maori. Before the pandemic, about 98% of the company’s customers came from overseas. “When COVID struck and we lost all our business overnight, we were suddenly faced with the reality that the domestic market does not do “cultural products” – it’s not on the priority list.” To draw local visitors, the business had to adapt, she said. “Before COVID, it was always our culture that was at the forefront – that we can proudly stand there and tell the world who we are, where we’re from, why it’s important to be Maori,” she said. “We are no longer a cultural tourism experience. We are now a lakeside accommodation” (Frost, 2021).

Outcomes

As for the future, Mayor Boulton from Queenstown Lakes District sees potential for alternative sources of revenue, such as film production or education. But establishing those will take time. “We are well down track of thinking of ways to diversify income, but you don’t do that overnight. Looking at models around the world, it can take 10 years to turn the ship only a few degrees.” In the meantime,

he is preparing for a new reality with fewer people traveling long distances. “There was a lot of talk of over-tourism, but now how keen are people going to be to get on long-haul aircraft?” he said. “If we see fewer folk flying, will we reach the nirvana of more higher-value tourists but less of them?” (Withers, 2020).

The film industry actually recovered very quickly in New Zealand and provided a well-needed boost to the tourism and hospitality sector. “International production can spend 60% of its budget on transport, accommodation and catering, so it all helps the wider economy,” said New Zealand Film Commission’s chief executive, Annabelle Sheehan (Jones, 2020). New Zealand opened its borders early to international filmmakers, including *Avatar* director James Cameron. “We’re very lucky in that we chose this as our production site years ago,” he said. “We made the first film here in New Zealand and it turns out to be ranking first or second-best country in the world for its COVID response” (Jones, 2020). In the long-term, productions like *Avatar* will be good for New Zealand’s tourism. Ever since branding New Zealand as “Home of Middle-earth” after *The Lord of the Rings* trilogy, New Zealand has embraced the film tourism phenomenon. *Hobbiton*, for example, was one of the most popular tourist attractions in New Zealand in 2019, drawing in more than 650,000 visitors. Although 2020 only saw about 70,000 visitors, Deputy Chief Executive Shayne Forrest was pleased to see so many domestic visitors. “If you look at it year-on-year, you’d cry. But we’re thrilled with that number of people, it’s more than what we were expecting” (Blommerde, 2021).

One research study that looked at how the New Zealand hospitality industry survived the pandemic found that COVID-19 provided an opportunity to engage in strategic innovation through two basic approaches; one mediated by technology, the other by direct personal contact (Hemmington and Neill, 2021). These innovations were mediated by two government COVID-19 related initiatives – the wage subsidy scheme, and government business loans. The researchers also found that the social implications of this were significant and included a renewed sense of ‘self’ reflecting



FIGURE 26.2 The Hobbiton Movie Set in the lush countryside setting of Matamata in the Hamilton – Waikato region of New Zealand (courtesy of Hobbiton Movie Set Tours)

the need for business survival. That change was expressed within realizations of promoting their businesses as Kiwi businesses in order to attract new and supportive customers.

A fully functional travel bubble between Australia and New Zealand finally began on 19 April 2021, with residents able to travel between the two nations without having to quarantine. “I cannot see or point to any countries in the world that are maintaining a strategy of keeping their countries completely COVID-free, whilst opening up to international travel between each other,” said New Zealand prime minister Jacinda Ardern (BBC, 2021). In 2019, Australia accounted for almost 40% of tourists and 25% of tourism spending in New Zealand, whereas Kiwi tourists in Australia make up 15% of visitors. In addition, around 60,000 people move permanently each year between the two countries. However, Delta variant outbreaks in New South Wales, Queensland and Victoria saw New Zealand close the corridor on 23 July, and then in August Janice Arden announced that the country’s borders would remain closed until at least the end of the year.

Toward the end of 2021, New Zealand unveiled plans to reopen borders to international travelers from 30 April 2022. Visitors would have to be fully vaccinated and would still have to self-isolate for seven days. For some in the tourism sector, this was just too long to wait. After the reopening plans were announced, the Youth Hostel Association said it would permanently close all 11 of its hostels, citing the vanishing prospects of a revival of summer travel and a pandemic that had gone on “too long for us to be able to ride it out.” Brian Westwood, the former CEO of the Youth Hostel Association, said the border announcements were a disappointment to a sector that had been “mostly abandoned” throughout the pandemic. “It is impossible to forecast the impact as so many businesses are privately held and being propped up with personal financial, remortgaged homes and family loans,” Westwood said.

Six more months with no international visitors and fewer domestic visitors is an intolerable position for many. Our industry is innovative, our operators are industrious and sought many ways to keep their heads above water, but the rising tide of debt will simply be too much for some.

(Power, 2021)

Discussion questions

1. What do you think about New Zealand’s strict border policies? If you were part of the country’s tourism sector would you feel the same as Brian Westwood?
2. After reading the case study and watching the video next, critique the communications strategy of Auckland Tourism, Events and Economic Development (ATEED).
3. The Mayor of Queenstown Lakes District was preparing for a new reality with fewer people traveling long distances. If this is the case, what is the future for New Zealand’s tourism industry?

Video link

Papatūānuku (our earth mother) is Breathing. ATEED, November 2020. www.youtube.com/watch?v=YKyeqQ1njNQ

References

BBC (2021). Australia and New Zealand to start quarantine-free travel. *BBC News*, 6 April. www.bbc.com/news/world-australia-56645990

- Blommerde, C. (2021). Hobbiton's unexpected journey: How a business built on tourism tackled Covid-19. *Stuff*, 19 January. www.stuff.co.nz/travel/news/123677549/hobbitons-unexpected-journey-how-a-business-built-on-tourism-tackled-covid19
- Doyle, A. (2020). Video brings Auckland to the world during lockdown. *Recommend Magazine*, 20 April. www.recommend.com/amazingdaysahead/video-brings-auckland-world-lockdown/
- Frost, N. (2021). Its borders shut, New Zealand prods local tourists to 'do something new.' *The New York Times*, 4 February. www.nytimes.com/2021/02/05/world/asia/new-zealand-ad-tourists-photos.html
- Hemmington, N. & Neill, L. (2021). Hospitality business longevity under COVID-19: The impact of COVID-19 on New Zealand's hospitality industry. *Tourism and Hospitality Research*. <https://doi.org/10.1177/1467358421993875>
- Hudson, S. (2020). *COVID-19 & Travel: Impacts, Responses and Outcomes*. Oxford: Goodfellow Publishers Limited.
- Jones, E. (2020). How New Zealand's film industry boomed during the pandemic. *RNZ*, 12 December. www.rnz.co.nz/news/national/432711/how-new-zealand-s-film-industry-boomed-during-the-pandemic
- Lowy Institute (2021). COVID performance index. Deconstructing pandemic responses. <https://interactives.lowyinstitute.org/features/covid-performance/>
- Power, J. (2021). In New Zealand, deepening despair for 'abandoned' tourism sector. *Aljazeera*, 26 November. www.aljazeera.com/economy/2021/11/26/in-new-zealand-deepening-despair-for-abandoned-tourism-sector
- Thorner, S. (2021). Domestic tourism: The biggest winners in the second year since the Covid-19 pandemic struck NZ. *Stuff*, 4 January. www.stuff.co.nz/travel/news/300484440/domestic-tourism-the-biggest-winners-in-the-second-year-since-the-covid19-pandemic-struck-nz
- Tourism New Zealand (2020). Agencies join forces to build brand New Zealand on the world stage. *Tourism New Zealand*, 20 July. www.tourismnewzealand.com/news/agencies-join-forces-to-build-brand-new-zealand-on-the-world-stage/
- Withers, T. (2020). Covid-19: A town in New Zealand adjusts to life without foreign tourists. *Business Standard*, 20 September. www.business-standard.com/article/international/covid-19-a-town-in-new-zealand-adjusts-to-life-without-foreign-tourists-120092000079_1.html
- World Travel & Tourism Council (2021). Economic impact reports: New Zealand. <https://wttc.org/Research/Economic-Impact>

27

PHILIPPINES

Impacts

The Philippines is an archipelagic country composed of 7,641 islands with 81 provinces divided into 17 regions. Tourism is an important sector for the Philippine economy, although the industry has lagged behind its Southeast Asian competitors like Thailand, Vietnam, Malaysia, Singapore and Indonesia, due to political and social problems. In 2019, the country welcomed 8 million visitors, who provided US\$12.1 billion in international tourism receipts. The total contribution of travel and tourism to the country's GDP was 22.5% and was responsible for employing 22.8% of the labor force (World Travel & Tourism Council, 2021). The country is known for having its rich biodiversity as its main tourist attraction. Its beaches, heritage towns and monuments, mountains, rainforests, islands and diving spots are among the country's most popular tourist destinations. The rich historical and cultural heritage, including festivals and indigenous traditions, is also a key attraction for the Philippines. Popular destinations among tourists are Cebu, Boracay, Palawan and Siargo.

The Philippines was hit hard by the pandemic. Already one of the most disaster-prone countries in the world, the country experienced the highest number of coronavirus infections and COVID-19 deaths in Southeast Asia after Indonesia and suffered its first recession in nearly 30 years in the second quarter of 2020. Despite a 4.4% year-on-year increase in government spending, GDP shrank 9.5% in 2020, the biggest contraction on record. The World Bank predicts that the pandemic will reverse the trend of a steady decline in poverty in recent years, resulting in an additional 2.7 million poor people (The World Bank, 2020).

The tourism sector in the Philippines was impacted early on in 2020 due to the pandemic. Although the government closed airports in March, in other countries, travel restrictions and measures started as early as January, and impacted the Philippine international tourist arrivals. In a May 2020 survey by PwC Philippines, 97% of tourist operators admitted that COVID-19 had significantly affected their business operations (PwC, 2020). Many hotels, restaurants, spas and bars were hit hard by the pandemic. Because of the low demand and restrictions, the majority of respondents said they temporarily stopped offering a service/product, reduced their level of operations and reduced the employee headcount. To help recover from the pandemic, respondents said they needed funding to help normalize their operations, particularly for working capital requirements, marketing and refinancing. Concluding the report, PwC suggested the country take the opportunity to rebuild the tourism sector by helping players upskill and digitalize, rethink the way they do business and ensure compliance with safety and health standards.



FIGURE 27.1 Boracay is a popular tourist destination in the Philippines (courtesy of Laurentiu Morariu on Unsplash)

Another survey conducted by the Department of Tourism – again in May 2020 – suggested that domestic travel would lead to the recovery of the country’s tourism industry with Filipino travelers expecting to go to destinations closer to home and spending less amid lingering health concerns caused by the COVID-19 pandemic (Asian Institute of Management, 2021). The survey indicated that the pandemic had raised traveler expectations on health and safety, with more than 80% of the respondents expecting tourism establishments to follow best practices in sanitation and health. The majority expressed willingness to comply with existing health and safety protocols, such as undergoing rapid COVID-19 tests prior to departure and submitting a medical certificate before traveling. Travelers said they would prefer reduced-contact activities once leisure travel restrictions were lifted (Philippines Department of Tourism, 2020).

Responses

In its response to COVID-19, the Philippines mounted a two-pronged relief effort on the economic front. The central bank lowered its benchmark interest rate to 2% and expected to keep rates low through 2022 in order to increase liquidity in the financial system. On the fiscal side, the legislature passed two bills known as Bayanihan 1 and 2 designed to prop up the healthcare system, provide cash to low-income households and extend credit to small businesses and hard-hit sectors. Although a higher percentage of funds went to agriculture and fishing, sectors that support about 23% of the workforce, money was directed specifically to Department of Tourism (DOT)-accredited tourism enterprises for the following programs: interest-free loans or loan guarantees for maintenance and operating expenses, credit facilities for upgrading, and rehabilitation or modernizing current facilities (Guild, 2021).

Enhanced health and safety measures were implemented to align hotels, tourism sites and other services with the demands of the new normal (Gutierrez et al., 2020). “These events have caused a major shift in the landscapes of the travel industry,” said DOT Secretary Bernadette Romulo-Puyat. “Before, food, culture and immersions have been the main influence on a traveler’s choice. Today, safety will be the paramount concern of most, if not all, of our visitors,” she added. Romulo-Puyat encouraged the digitalization of tourism-related services and functions. She said travelers in the future would expect additional safety precautions such as self-service processes, electronic booking, payment, and contactless check-ins. “The recommended protocols of the “new normal” encourage contactless transactions, hence, the shift to e-commerce is absolutely necessary for business continuance in the post-COVID world,” she said (KMC, 2020).

During the pandemic, the Philippines DOT staged various educational webinars focused on innovation, entrepreneurship, culture and heritage, sanitation and hygiene, and e-commerce, among others. “We are entering a new world, one that demands a different approach to business as usual if we hope to revive our tourism industry in a safe and sustainable manner. Together we will recover as one,” said Romulo-Puyat (Rocamora, 2020).

In an effort to encourage domestic tourism, the government introduced subsidized testing for travelers from December 2020. Filipinos and foreigners residing in the Philippines could apply for a 50% subsidy for a COVID test with confirmed transportation and accommodation bookings. “We want people to be able to travel, especially this Christmas season,” said Romulo-Puyat (Tacio, 2020). Travelers to Boracay and other tourism destinations in the country had to have taken, within 72 hours of starting their trip, a COVID-19 PCR test, regardless of nationality. This was proving to be a barrier for domestic tourists. In Boracay for example, visitor numbers were down by a wide margin year on year (Chan, 2020). According to the local tourism office, just 3,703 people arrived there between December 1 and 12 – fewer than the island would have received in a single day before the pandemic. Many tourism businesses remained closed, unable to justify opening up. “Unfortunately, we feel that visitor traffic in Boracay isn’t enough to sustain us at this time,” said Spicebird restaurant owner Nowie Potenciano. Others were open but losing money. The Diniview Villa Resort, for example, did welcome guests in December, but could not charge the normal room rates. “All reservations have been made on a 40% to 50% discounted rate, so we are barely breaking even,” says owner Julia Lervik (Chan, 2020).

It wasn’t just the testing requirements deterring domestic tourists. In a study commissioned by the Department of Tourism (DOT) that was published in February 2021, the majority of respondents cited the “varying LGU (local government unit) safety protocols” as the top source of travel inconvenience. The study suggested the standardization of protocols at least province wide. “The presence of a unified system that outlines the set of standard protocols in various travel destinations will help ease travel arrangements,” the report said. “This is especially important in catering to spontaneous day trip travelers” (San Juan, 2021).

Some destinations were testing tourism workers as well as tourists, in an attempt to reassure potential travelers. Ilocos Norte, for example, secured government funding to test at least 2,000 DOT-accredited tourism workers composed of tour guides, driver guides, hotel and restaurant workers, among others. Xavier Ruiz, tourism operations officer of the Ilocos Norte Tourism Office, said:

The free RT-PCR tests of tourism workers is meant to lessen the burden of tourism employers and their workers as they resume operations again under the new normal. This works parallel with our tourists who are also required to submit themselves to COVID-19 tests before they can be permitted entry here.

(Adriano, 2021)



FIGURE 27.2 Kapurpurawan rock formation, Burgos, Ilocos Norte, Philippines (courtesy of Brett Andrei Martin on Unsplash)

Outcomes

Of all the major Southeast Asian destinations, the Philippines appeared to be the worst-hit by the pandemic. By the end of 2020, total income from tourism had fallen 41.4% to US\$52 billion from the US\$90 billion in 2019. Over 2 million in the industry had lost jobs, and international visitor spending had reduced 78.8% from the previous year to US\$2.6 billion. Stephan Roemer,

CEO of Diethelm Travel Group, which operates Blue Horizons Travel & Tours in the Philippines, said:

The Philippines is suffering. Tourism is a solid foreign exchange earner and increasing numbers of the population are directly or indirectly dependent on tourism. With strict border closures and other measures taken by the government, this source of income has run dry.

(Hamdi, 2021)

The closure of two prominent hotels, the Marco Polo Davao in June 2020 and the 700-room Makati Shangri-La Manila in February 2021, although temporary, spooked many tourism players. John Rice, vice president operations Philippines, Shangri-La Group, said:

Makati Shangri-La had been offering staycation packages for residents and we had also enhanced our F&B offerings to adapt to the new business environment. Despite our best efforts however, the prolonged recovery timeline resulted in continued low business volumes. Coupled with the hotels' dependence on the international corporate, leisure and MICE (meetings, incentives, conventions, exhibitions) markets, there was a need to (temporarily close).

(Hamdi, 2021)

By April 2021, lockdown restrictions were gradually easing, while domestic travel was allowed to most destinations including the top three, Boracay, Palawan and Bohol. The private sector was finalizing "a position paper" on reopening international borders safely, which it was planning to present to the Philippine Department of Tourism, according to Aileen Clemente, chairman and president, Rajah Travel Corp. "Just like any other country, there is a struggle between the ministry of health and the tourism ministry," she said.

We can't have a zero-risk management. Instead, take some risks but make sure we know how to respond to those risks. We're echoing the WTTC (World Travel & Tourism Council), which has called for governments to abandon the concept of 'high-risk countries' and instead focus on how individual 'high-risk travelers' are treated at borders.

(Hamdi, 2021)

As of June 2021, the Philippines' borders remained closed for tourism and an interstate travel ban was in place. However, tourism secretary Bernadette Romulo Puyat was pressuring the Inter-Agency Task Force on Emerging Infectious Diseases (IATF) to allow the setting up of "green lanes" to permit fully vaccinated foreign visitors to enter the country. The Philippines Bureau of Immigration (BI) added its backing to this idea. BI commissioner Jaime Morente said in a statement:

The bureau supports this initiative by the Department of Tourism (DOT) as it will not only resuscitate our tourism industry, but also generate employment for millions of Filipinos who lost their jobs due to the pandemic. Opening the country's borders to international leisure travelers will also hasten the revival of the commercial aviation and shipping industries severely affected by the pandemic.

As 2021 came to a close, the emerging threat of the Omicron variant of the coronavirus resulted in the Philippine government deferring plans to ease border restrictions. Relatively low vaccination coverage in the Philippines was one of the largest impediments to the easing of border measures. With only about 50% of its population fully vaccinated, the country was still far from its target

vaccination coverage of 70% by the end of 2021. The Philippine government had introduced some flexibility to facilitate business entries into the country; foreign nationals wanting to work in the country had the option to apply for certain long-term work visas. But with no set date yet as to when the country would open its borders for foreign leisure travelers, the DOT was relying on domestic tourists to be the main tourism growth driver in 2022. “The current tourism scenario is looking generally optimistic as we end 2021,” said DOT Secretary Romulo-Puyat. “As Alert Levels have gone down, local travel requirements have also eased. Many of our destinations now accept local tourists who are fully vaccinated, with no need to present a negative RT-PCR test” (Rocamora, 2021). Meanwhile, the DOT was working on a “rehabilitation and recovery” plan following the devastation of Super Typhoon Odette, which affected several tourist destinations, including Bohol, Camiguin, Cebu, Negros Oriental and Occidental, Palawan, Siargao, and Southern Leyte.

Discussion questions

1. DOT Secretary Bernadette Romulo-Puyat suggested that safety will be the paramount concern of most visitors post-pandemic. Do you agree, and do you think the Philippines are doing enough to reassure visitors that the country is a safe place to visit?
2. Of all the major Southeast Asian destinations, the Philippines’ tourism sector appeared to be one of the worst-hit by the pandemic. Why do you think this was the case?
3. After watching the following video, provide a summary of the Philippines Tourism Recovery Plan for 2022.

Video link

Philippines Tourism Recovery Plan for 2022. September 2021. www.youtube.com/watch?v=EPZ5Fjx1Lug

References

- Adriano, L. (2021). Free coronavirus tests for Ilocos Norte tourism workers. *Philippine News Agency*, 18 January. www.pna.gov.ph/articles/1127676
- Asian Institute of Management (2021). The evolving landscape of domestic travel in the Philippines: A study of travelers and tourism enterprises amidst the pandemic. *Asian Institute of Management*, June. <https://corp.cms.philippines.travel/sites/default/files/publications-2021-06/2PTS-The%20Evolving%20Landscape%20of%20Domestic%20Travel%20in%20the%20Philippines%20-%20%20February%202021.pdf>
- Chan, D. (2020). Boracay update: How the Philippine tourist island is coping as Covid-19 disruption drags on. *South China Morning Post*, 22 December. www.scmp.com/print/lifestyle/travel-leisure/article/3114773/boracay-update-how-philippine-tourist-island-coping-covid
- Guild, J. (2021). The Philippines’ COVID-19 economic rescue plan: Bayanihan 1 and 2. *The Diplomat*, 3 February. <https://thediplomat.com/2021/02/the-philippines-covid-19-economic-rescue-plan-bayanihan-1-and-2/>
- Gutierrez, E.L.M., Rivera, J.P.R., Roxas, F.M.Y. & Zamora, M.L. (2020). Rebooting Philippine tourism from the COVID-19 pandemic. *The World Financial Review*, 29 October. <https://worldfinancialreview.com/rebooting-philippine-tourism-from-the-covid-19-pandemic/>
- Hamdi, R. (2021). Philippines faces staggering road to recovery as Southeast Asia’s most tourism-dependent destination. *Skift*, 3 March. <https://skift.com/2021/03/03/philippines-faces-staggering-road-to-recovery-as-southeast-asias-most-tourism-dependent-destination/>
- KMC (2020). Tourism bubbles and digital tools to aid Philippine tourism amid COVID-19. *KMC*, 1 September. <https://kmcgroup.com/research-insights/2020/tourism-bubbles-and-digital-tools-to-aid-philippine-tourism-amid-covid-19/>

- Philippines Department of Tourism (2020). Domestic travel to drive recovery of tourism industry, says survey. *DOT Media Release*, 29 June. www.tourism.gov.ph/news_features/DomesticTravelToDriveRecovery.aspx
- PwC (2020). Impact of COVID-19 on the Philippine tourism industry. *PwC*, July. www.pwc.com/ph/en/publications/tourism-pwc-philippines/tourism-covid-19.html
- Rocamora, J.A.L. (2020). Towards tourism recovery: Staying afloat amid Covid-19. *Philippine News Agency*, 25 July. www.pna.gov.ph/articles/1110048
- Rocamora, J.A.L. (2021). 2021: Renewed hope towards 'steady' tourism recovery. *Philippine News Agency*, 28 December. www.pna.gov.ph/articles/1163894
- San Juan, A.D. (2021). New normal' tourism demands it: DOT chief underscores need for uniform travel protocols. *Manila Bulletin*, 17 February. https://mb.com.ph/2021/02/17/new-normal-tourism-demands-it-dot-chief-underscores-need-for-uniform-travel-protocols/?utm_source=rss&utm_medium=rss&utm_campaign=new-normal-tourism-demands-it-dot-chief-underscores-need-for-uniform-travel-protocols
- Tacio, H.D. (2020). Philippines: Tourism challenges in Covid-19 landscape. *Gaiadiscovery.com*, 9 December. www.gaiadiscovery.com/planet/tourism-covid-19-landscape
- The World Bank (2020). Building a resilient recovery. Philippines economic update. December. <https://openknowledge.worldbank.org/bitstream/handle/10986/34899/Philippines-Economic-Update-Building-a-Resilient-Recovery.pdf?sequence=1&isAllowed=y>
- World Travel & Tourism Council (2021). Economic impact reports: Philippines. <https://wttc.org/Research/Economic-Impact>

28

PORTUGAL

Impacts

Until the pandemic hit, Portugal's tourism sector had been riding a wave. Between 2010 and 2012, Portugal received an average of 14 million international visitors per year, and this number had reached 27 million people in 2019. This almost doubling of tourist arrivals in less than a decade meant that tourism and related industries accounted for 17% of the GDP, 19% of employment and 20% of total exports. In 2020, however, impacted by the pandemic, Portugal registered only 10.6 million tourists and, although domestic tourism allowed some recovery in the summer months, the lack of foreign visitors contributed significantly to the 7.6% economic contraction registered that year for the country (Silva, 2020). In 2020, there was a decrease of around 70% in passenger movement at Portuguese airports. The Algarve airport of Faro recorded the largest decrease in the number of passengers handled, with a drop of 75.5%.

According to the World Travel & Tourism Council, Portugal's travel and tourism sector's contribution to GDP dropped 56% in 2020 wiping out US\$24 billion from the nation's economy. Its economic contribution fell from US\$42.8 billion (17.1%) in 2019, to US\$18.7 billion (8.1%) in 2020. The year of damaging travel restrictions, which brought much of international travel to a grinding halt, resulted in the loss of thousands of travel jobs across the country. Gloria Guevara, president & CEO WTTC, said:

The loss of 160,000 travel and tourism jobs in Portugal has had a terrible socio-economic impact, leaving huge numbers of people fearing for their future. However, the situation could have been far worse if it were not for the government's job retention scheme that saved thousands of jobs under threat, and helped to halt the total collapse of the sector.

(Portugal News, 2021a)

The events market in Portugal also recorded a disastrous year, with nearly 90% of events canceled in 2020. Toward the end of the year, the Portuguese Association of Music Festivals (Aporfest) called on the Government to come up with a "strategy" for the sector, which they claimed was at risk of collapse. "It is time for the festival, events and culture sector to finally be looked at with a strategy for guardianship and to prevent the entire sector and its professionals from no longer existing," Aporfest said in a statement. Aporfest argued that music festivals could be forgotten and they criticized the lack of an "effective and efficient strategy of the Ministry of Culture." The association stated that

“more than 300 annual festivals bring wealth to Portugal, coming from the flow of national and international audiences, something that becomes more important when festivals are held outside of main cities” (Portugal Resident, 2020c).

Responses

The response to the pandemic cost the Portuguese government around US\$5.2 billion in 2020, according to the Directorate-General for the Budget (DGO). This was due to the loss of US\$1.6 billion in revenue and an increase of US\$3.6 billion in expenditure. The “lay-off” scheme was the measure with the greatest impact on expenditure (\$930 million), followed by expenditure associated with Health (\$622 million), namely Personal Protective Equipment (PPE) and medicines. The lay-off scheme was a temporary measure aimed at maintaining jobs in companies that were forced to close or put employees on reduced hours. The scheme continued well into 2021 due to the prolonged impact of the pandemic, although some in the industry said it was inadequate. The Algarve hotelier association (AHETA), for example, said the measures lacked “ambition” and would do little to help the region’s struggling companies (Bruxo, 2021).

Three specific lines of loans were also allocated to support the tourism and hospitality sector: US\$225 million for restaurants or other similar food service operations; US\$1 billion for tourism operations; and US\$225 million for travel agents, tourist operators, event organizers and similar operations. The Government, with various partners, also launched programs to help the Portuguese entrepreneurial ecosystem regain its footing in the wake of the COVID-19 pandemic. One program – with a total of US\$11 million to invest – was referred to as “Mezzanine funding for Start-ups” and provided investment of between US\$56,000 and US\$112,000 for science and technology-based projects. Another incubator program was launched in partnership with Turismo de Portugal, and invested in innovative tourism-based projects. Applicants could apply for up to US\$112,000 per project which had to have the potential to contribute to the development of the tourist offering in Portugal and to improve the competitiveness of the sector. The government also developed online training programs, workshops, webinars and networking meet-ups online, addressed to help businesses navigate the effects of COVID-19 and provide advice for employers impacted by the crisis, with special attention to the digital transformation and the need to upgrade digital skills (Portugal Resident, 2021).

The Portuguese government implemented other measures to support the tourism sector during the pandemic. In May 2020, secretary of state for Tourism in Portugal, Rita Marques announced that they would give vouchers to tourists forced to cancel their holiday plans because of the pandemic, allowing them to reschedule trips through to the end of 2021. “We are being absolute pioneers in the European context. Our priority is to safeguard consumer rights and the interests of economic operators, according to the principle of ‘don’t cancel, postpone’,” said Marques. Turismo de Portugal also launched a travel insurance program for international tourists visiting the country. Coverage included medical, surgical, pharmaceutical and hospital expenses associated with COVID-19, as well as expenses that might occur for cancellation, interruption or extension of trips. “The objective is to guarantee that everyone who visits Portugal can travel around the country safely and with confidence,” said Marques (Goncalves, 2020).

In the summer of 2020, as the industry tentatively started back up again after lockdown, changes in the service delivery process had to be communicated to stakeholders and employees in a timely fashion. Turismo de Portugal created a new “Clean & Safe” certification for the country’s hotels, tourism enterprises, entertainment companies and travel agencies. Tourism organizations could apply for this stamp of approval to show that they were compliant with hygiene and cleaning requirements for the prevention and control of COVID-19 and other possible infections. The idea was to reinforce visitors’ confidence in the safety of the destination. Companies could use the *Clean & Safe* seal, either physically on their premises or on digital platforms (Abel, 2020).



FIGURE 28.1 The Pestana Group in Portugal promoting the *Clean & Safe* seal (courtesy of the Pestana group)

Portugal's directorate general for Health (DGS, the national health authority) also created online training programs for employees in the industry, including providing information to guests and offering protective equipment like masks. "We realized from the beginning of this crisis that we needed to support three communities: travel companies, tourists and citizens," said Luís Araújo, president of Turismo de Portugal, when asked about the reasons for Clean & Safe. He said the lockdown period "gave us time to build trust and prepare for the new normal." To help businesses cope with the sanitary demands of reopening, the government provided US\$5,600 per company through its "Adaptar" program to cover the purchase of disinfecting materials, masks, signs and acrylic screens. The program was introduced to offer support for micro, small and medium-sized companies in adjusting to new regulations.

Many businesses in the tourism sector in Portugal recognized the need to adapt. A Fado club, for example, adapted to the pandemic and to COVID-19 lockdown restrictions, by launching Brunch Fado mornings. The Fado brunch started at 6.30 am at the Clube de Fado in the Alfama neighborhood of the Portuguese capital Lisbon, and ended at 12.30 pm, just in time for the lockdown at 1 pm. Money from the tickets went to União Audiovisual, an informal collective helping workers from the audiovisual industry affected by the pandemic. "The idea arose from the need to say that we are alive, to show that Fado is alive but that, like other cultural activities, it needs everyone's help," said Nuno Fernandes, director of the Fado & Food Group (Portugal Resident, 2020b).

Portugal, like many countries, used social media to keep its destination top of mind during the crisis. Turismo de Portugal transformed the award-winning tourism destination communication campaign known as "Can't Skip Portugal," launched in 2007 to "Can't Skip Hope," as an adjustment to the pandemic. The idea was to give travel lovers the inspiration to explore Portugal once travel restrictions had lifted and people could travel safely. An emotional video stressed the need for social isolation at the time of the pandemic, while portraying breathtaking images from across the country. The two-minute video tackled the issue of travel bans head-on in its first few words: "It's time to stop."

Once travel restrictions started to ease, promotions could be more of a call to action. In October 2020, The Algarve, famous for its 40 plus golf courses, announced a "Golf clubs are on us"



FIGURE 28.2 “Golf clubs are on us” campaign (courtesy of Visit Algarve)

campaign. The idea was to incentivize golf tourists to visit the Algarve, with savings of about US\$100 on a direct international flight to Faro. The free golf bag offer was applied to bookings made with a licensed golf tour operator for a minimum five-night stay between November and the end of April 2021. A spokesperson for Algarve Tourism said:

We know our friends across Europe see their opportunities to play golf a little more limited in the autumn and winter months, but in the Algarve, we are open all year round. We all know it’s been a difficult time for everyone with so many travel plans postponed or cancelled this year. But we hope this gesture will be appreciated and may allow some more of our guests to rearrange their visit to our golf courses during the next few months.

(Portugal Resident, 2020a)

Outcomes

As for the future, a report published in 2021 by the financial rating agency DBRS expected the tourism sector in Portugal to recover, but slowly. “Although this crisis will inevitably have serious consequences for many workers and companies, particularly those most exposed to this specific activity, tourism demand in Portugal is expected to return to pre-pandemic levels,” said the report (DBRS, 2021). According to the agency, “the characteristics that, before the crisis, made Portugal attractive to visitors globally will remain for a long time after the pandemic.” However, as tourism started to recover, the industry was facing workforce challenges. A report from the World Travel and Tourism Council (WTTC) said Portugal’s travel and tourism sector was lacking 85,000 workers. “Portugal’s economic recovery could be at risk if we do not have enough people to fill those jobs when tourists return,” said the president of the WTTC, Julia Simpson (EU/Schengen, 2021).

Some were suggesting that recovery of the tourism sector in Portugal should take into account sustainability. According to Eduardo Abreu, partner of Neoturis, a national consultancy firm that focuses on tourism, “the issue of excessive crowding in some tourist destinations in Portugal was already on the agenda before the pandemic, which may have accelerated reflection on the subject.” Some destinations were already implementing sustainability measures as they looked forward to

a post-COVID world. Lisbon, for example, said it would only receive cruise ships moored with land-based electricity from the end of 2021 in order to reduce sulfur oxide pollution, and Porto was moving forward with policies to encourage the use of public transport and was introducing more cycle lanes in the city to disperse traffic (Idealista, 2020).

By the summer of 2021, Portugal had achieved a vaccination rate of 85%, placing it among the highest in the world. Its government was continuing to receive praise for its handling of the crisis (Ro, 2022). This, along with swiftly embracing the EU Digital COVID Certificate, allowed the Portuguese government to continue lifting travel restrictions. As a result, total tourism revenue for 2021 reached about US\$10 billion, certainly not back to pre-pandemic levels, but respectable (Portugal News, 2021b). “We’re very positive on the sector because the vaccination rollout is going very smoothly,” said Rita Marques in September. “This gives us the extra boost needed to continue to alleviate restrictions.” Recovery was boosted by a strong domestic travel market; in August 2021 for example, the domestic “staycation” market was responsible for 4.2 million overnight stays, the highest monthly value on record, increasing 24.2% on 2020 levels (Almeida, 2021).

Secretary of State for Tourism in Portugal, Rita Marques said that it could take until 2023 for international visits to return to pre-pandemic levels, and acknowledged that some regions of Portugal were relying too heavily on tourism. Singling out the Algarve as an example, where the tourism industry suffered not just with the economic impact of the pandemic but also from concerns about the implications of Brexit, she said: “We need to diversify . . . but we will work to guarantee the Algarve continues to welcome all British people – no matter what happens with Brexit” (Demony, 2020). President of Tourism for the Algarve, Joao Fernandes, recognized the need to attract different markets post-pandemic. “We continue to try to diversify our markets, like Belgium, Brazil, USA and Canada” admitting, however, that the transatlantic markets would take longer to cultivate (Martins, 2021).

Meanwhile, Portugal was continuing to see success luring international retirees to its beautiful Algarve coastline, rugged west coast surf beaches, rural interior and major cities. Always attractive to migrating British ex-pats, the net was cast wider in 2011 by means of irresistible tax rebates packaged into the government’s new “Non-Habitual Residents Regime.” “Our tax policies have been very successful at catching the attention of high net worth individuals, independent professionals, and retirees,” said Pedro Fontainhas, managing director of the Portuguese Association of Resorts (APR). “At the same time there has been a lot of investment in new property, infrastructure etc. with everything converging to make Portugal the wonderful destination it is” (Hudson, 2020).

Discussion questions

1. It has been suggested that some destinations may benefit from a “halo effect” resulting from the positive media they have received in dealing with the crisis and for being perceived as relatively safe. After reading the case study and watching the video next, do you think this will be the case for Portugal?
2. There were many examples in the case study of the tourism sector in Portugal trying to attract tourists during the pandemic. Which do you think was the most creative and why?
3. What efforts are being made in Portugal to both diversify its target markets, and diversify its economy so as not to be so reliant on tourism?

Video link

Joy for British tourists heading on holiday to Portugal as COVID lockdown eases. ITV News, 17 May.
www.youtube.com/watch?v=RxsxHMCntcA

References

- Abel, A. (2020). Hotels and travel in Portugal are getting safer from the coronavirus. *Forbes*, 6 May. www.forbes.com/sites/annabel/2020/05/06/heres-how-hotels-and-travel-in-portugal-are-getting-safer-from-covid-19/#2e3dad092bb2
- Almeida, H. (2021). Portugal sees tourism revenue at pre-pandemic level by 2023. *Bloomberg*, 16 September. www.bloomberg.com/news/articles/2021-09-16/portugal-sees-tourism-revenue-at-pre-pandemic-level-by-2023-ktn53lkz
- Bruxo, M. (2021). Government support measures “lack ambition” and do not cater to Algarve’s needs, say hoteliers. *Portugal Resident*, 18 March. www.portugalresident.com/government-support-measures-lack-ambition-and-do-not-cater-to-algarves-needs-say-hoteliers/
- Demony, C. (2020). Portugal must diversify tourism- dependent economy after pandemic, government official says. *Reuters*, 23 November. www.reuters.com/article/us-health-coronavirus-portugal-tourism-idUSKBN2831TC
- DBRS (2021). Portugal’s tourist sector will fully recover, eventually. *DBRS Morningstar*, 8 February. www.dbrsmorningstar.com/research/373367/portugals-tourist-sector-will-fully-recover-eventually
- EU/Schengen (2021). Increase in travel demand in Portugal unveils tourism sector needs 85,000 more workers. *EU/Schengen*, 29 December. www.schengenvisainfo.com/news/increase-in-travel-demand-in-portugal-unveils-tourism-sector-needs-85000-more-workers/
- Goncalves, C. (2020). “Don’t cancel, postpone,” Portugal urges tourists in voucher scheme. *Reuters*, 23 April. www.reuters.com/article/us-health-coronavirus-portugal-tourists-in-voucher-scheme-idUSKCN2252OT
- Hudson, S. (2020). *COVID-19 & Travel: Impacts, Responses and Outcomes*. Oxford: Goodfellow Publishers Limited.
- Idealista (2020). The future of tourism in Portugal after COVID-19. *Idealista*, 30 December. www.idealista.pt/en/news/lifestyle-in-portugal/2020/12/30/833-the-future-of-tourism-in-portugal-after-covid-19
- Martins, P. (2021). The Algarve will continue on its path. *Portugal News*, 12 June, 10.
- Portugal News (2021a). Travel & tourism sector’s contribution to Portugal’s GDP dropped by €21 billion in 2020. *Portugal News*, 11 April. www.theportugalnews.com/news/2021-04-11/travel-tourism-sectors-contribution-to-portugals-gdp-dropped-by-21-billion-in-2020/59277
- Portugal News (2021b). Staycations at historic high. *Portugal News*, 15 October. www.theportugalnews.com/news/2021-10-15/staycations-at-historic-high/62972
- Portugal Resident (2020a). “Golf clubs are on us”: Algarve shoulders the burden of travel costs. *Portugal Resident*, 21 October. www.portugalresident.com/golf-clubs-are-on-us-algarve-shoulders-the-burden-of-travel-costs/
- Portugal Resident (2020b). Fado club launches morning brunch, adapts to pandemic lockdown. *Portugal Resident*, 12 December. www.portugalresident.com/fado-club-launches-morning-brunch-adapts-to-pandemic-lockdown/
- Portugal Resident (2020c). Music and festival industry on the brink. *Portugal Resident*, 20 November. www.theportugalnews.com/news/2020-11-20/music-and-festival-industry-on-the-brink/56767
- Portugal Resident (2021). Pandemic response measures cost €4.591 million in 2020. *Portugal Resident*, 31 January. www.theportugalnews.com/news/2021-01-31/pandemic-response-measures-cost-4591-million-in-2020/58007
- Ro, C. (2022). Why Portugal is so compliant with Covid-19 restrictions. *Forbes*, 3 January. www.forbes.com/sites/christinero/2022/01/03/why-portugal-is-so-compliant-with-covid-19-restrictions/?sh=181732c843c0
- Silva, M.L. (2020). Tourism outlook. December 2020 (with tourism receipts). *Travelbi*, 17 December. <https://travelbi.turismodeportugal.pt/en-us/Pages/tourism-outlook-2020.aspx>

29

SINGAPORE

Impacts

Singapore's tourism industry was flying high before the pandemic. According to the Singapore Tourism Board (STB), international visitor arrivals had increased in the country for four consecutive years to reach a record of 19.1 million in 2019 before decreasing by 85.7% to 2.7 million in 2020 due to the travel restrictions brought about by COVID-19 (see Figure 29.1). By the end of the year, hotel occupancy had declined by 29.6% and average room rate (ARR) had decreased by 30.2%. Overall, RevPAR fell by 53.9%, the largest decline in four years. "We don't have a big domestic tourism market unlike, say, China or Hong Kong or Australia, and so the impact has been tremendous on our tourism industry," said Keith Tan, chief executive of the STB. In 2019, international tourists who came to Singapore spent US\$20.4 billion (Elegant, 2020).

In 2020, however, all international source markets recorded double-digit decline in arrivals, and 2021 saw little improvement, with tourism numbers for Singapore hitting new lows plunging from 2.7 million in 2020 to just below 330,000 – less than 2% of the 19 million who arrived pre-COVID-19 in 2019 (Lee et al., 2021). "Travel, hospitality and leisure businesses have been hit especially hard by the COVID-19 pandemic, because of the simple fact that such businesses are untenable without the physical presence of their consumers," said James Walton, Travel, Hospitality & Leisure Sector Leader, Deloitte Southeast Asia (Deloitte, 2020).

Responses

After the initial COVID-19 outbreak, Singapore introduced a slate of COVID19 responsiveness measures that were perhaps the most rigorous in the world. The city-state's comparatively small population of 5.7 million people and experience of SARS in 2003 gave it the upper hand against the encroaching virus. The goal, said Keith Tan, was to address COVID19's "disruptive and lasting impact on travel behavior. These responses are intended to help Singapore rebound as quickly as possible" (Phoon, 2020). At the center of these measures was the 'SG Clean' program that encouraged companies to meet specific hygiene and safety standards by certifying compliant venues. It included a seven-point system of mandates like keeping spaces tidy and temperature checks, in addition to creating the new role of SG Clean Ambassador at all businesses. Once a business was certified, it could display a white and green SG Clean sticker. "If we don't take COVID19 seriously and something happens, business will become unsustainable and the livelihood of our employees will be

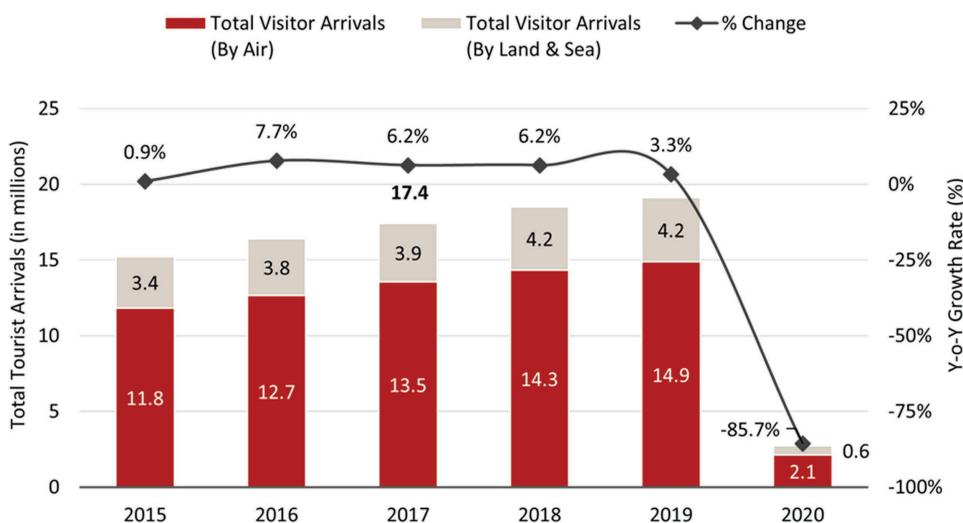


FIGURE 29.1 International arrivals in Singapore, 2015–2020 (courtesy of Singapore Tourism Board)

at risk,” said Frank Shen, the coowner of modern Southeast Asian restaurant Laut, in the Central Business District. “Getting certified is extra work on our part, but it helps us protect our employees’ rice bowl and creates a safe space for customers” (Phoon, 2020).

Many companies were shielded from the worst impact of the pandemic-induced recession by the Government’s aggressive fiscal measures as well as reprieves on loan repayments and other contractual obligations (Khanna, 2021). In February 2020, the Minister for Finance unveiled a US\$2.95 billion Stabilization and Support Package that contained a range of measures to cushion the blow of COVID-19 on local businesses and workers. A second stimulus package (known as the Resilience Budget), worth US\$35.7 billion was announced in March, and this introduced measures to help specific sectors that were directly impacted by the COVID-19 outbreak such as the Aviation, Tourism, Food Services, Land Transport and Arts & Culture sectors. In April 2020, a third package worth US\$3.76 billion (known as the Solidarity Budget), was targeted at cushioning the impact of the “circuit breaker” (a stay-at-home order) on the local workforce and livelihoods of workers. With the circuit breaker measures progressively lifted from 2 June 2020, the Government announced a fourth stimulus package worth US\$24 billion (known as the Fortitude Budget), with focus on (1) creating jobs and building skills for workers; (2) boosting transformation for enterprises and (3) strengthening resilience for community. Tourism workers and businesses benefited from these economic-wide measures to support jobs and livelihoods impacted by COVID-19. In 2020, over 7,000 tourism businesses received support through the Job Support Scheme (JSS) to retain local employees.

The STB also employed various measures to support the industry including funding training courses for employees in the sector (Sagar, 2020). A Tourism Recovery Action Taskforce was formed in February 2020, comprised of industry and government representatives who worked to map out recovery strategies and plans for tourism in Singapore. The STB also developed various tools and platforms to help tourism businesses accelerate their digital transformation. Keith Tan said:

Businesses must act now and seize the chance to train workers in emerging skills and new capabilities that will be sought in the new COVID-19 environment. By adapting to the new realities and accelerating their transformation, they will be better-positioned to capitalize on opportunities when recovery comes.

(Singapore Tourism Board, 2020)

STB worked with technology company Adobe to help businesses and attractions create virtual experiences and activities (Peeris, 2021). The STB called it the One Singapore Experience, and the virtual trips were led by passionate locals, with themes ranging from sustainability to *Crazy Rich Asians*. “While there’s simply nothing like visiting these places in person, the virtual experience does provide a platform for a more detailed understanding, and helps keep interest in Singapore alive and relevant,” said Jerome Lim, a local heritage expert (Jebara, 2021). One attraction that took advantage of the initiative was Wildlife Reserves Singapore, which manages Jurong Bird Park, Night Safari, River Safari and Singapore Zoo. During the “circuit breaker,” they launched a customized virtual experience called *Hello From The Wild Side*. The virtual outing included exclusive behind-the-scenes look at an animal of their choice, and the opportunity to chat with the animal’s keeper. According to Wildlife Reserves Singapore’s deputy CEO Cheng Wen Haur, the response from the public was so positive that the zoo continued with the virtual program after reopening.

Technological innovations were also implemented at Singapore’s Jewel Changi Airport. The airport, which welcomed over 65 million visitors pre-COVID-19, was the world’s first to upgrade its check-in systems with fully automated, touch-free kiosks. A new biometric system was also installed in immigration lanes for contactless identity verification that used face- and iris-recognition technology in place of fingerprint scanning. And a partnership with local tech startup Delight Labs brought AI voice assistants on board with the ultimate goal of offering voice-activated ticketing for Jewel Changi’s attractions (Jebara, 2021).

In another initiative to help the rejuvenation of businesses in the tourism sector, the STB and Visa jointly produced a report to provide insights to help businesses better curate their consumer product offerings and navigate through the pandemic. The report highlighted four key thrusts to help spur local business recovery. These included empowering merchant partners through a suite of digital productivity tools and resources, leveraging online commerce to drive spend and creating engaging content to ensure that Singapore continued to be top-of-mind for both locals and potential international travelers (Singapore Tourism Board, 2020).

The report also recommended driving domestic spend to affected tourism-related businesses, and authorities did attempt to make up some of the shortfall in tourism revenue by enticing



FIGURE 29.2 Singapore’s Jewel Changi Airport (courtesy of Kenneth Koh on Unsplash)

Singaporeans to visit attractions in their own country. The STB launched a SingapoRediscovered campaign in July 2020 to encourage Singapore residents to spend on hotels, dining and attractions. The government also announced that it would distribute US\$236 million in “tourism credits” to residents to drive local spending on domestic travel. “What we are trying to do now is to encourage Singaporeans to visit some of our local tourist attractions,” said Chaly Mah, Chairman of the STB (Tan, 2020). Singapore travelers generated about US\$25 billion in tourism-related spending overseas in 2018, so the goal was to capture about 10% of that amount from domestic travelers.

The domestic tourism campaign saw some success. Toh Thiam Wei, the founder of walking tour company Indie Singapore Tours, said the SingapoRediscovered campaign helped to pique curiosity among Singaporeans who previously would not search for local tours. However, Robin Loh, the founder of Let’s Go Tour Singapore, said that there was little interest in the company’s mainstay of bicycle tours. Instead, he pivoted and offered tours which appealed to locals such as kelong boat tours and kampung walking tours. Mr Loh said that the company had been “rewarded with a good take-up rate” for its new products. Nevertheless, he was unsure how long he could sustain the company based on the domestic market alone. Other tour operators reiterated that wooing locals was not easy. Stanley Foo, the owner of Oriental Travel and Tours, said that Singaporeans were price-sensitive and needed to be enticed with attractive and cheap tours. Hence, he offered a 30% discount on his “Creepy Tales of Singapore” tour, which typically retails for US\$150. The tour takes visitors to a cemetery and World War II sites (Tan, 2020).

Felix Loh, CEO of Gardens by the Bay – a nature park spanning 101 hectares in the Central Region of Singapore – said that while many attractions needed to shift their focus to the domestic market during the downturn, doing so was “not a radical shift in approach” for the Gardens, which started out as a public venue for Singaporeans to gather. The Gardens saw a steady increase in visitors in the second half of 2020

yet the financial pressures are still very real, given that tourists used to constitute half of our visitorship pre-pandemic. As such, we have taken decisive steps to reduce our costs and expenses, for example reducing reliance on external contractors and casual staff, and tapping on our core staff strength to keep Gardens by the Bay functioning.

(Elangovan, 2020)

Hotels also looked for ways to tap the domestic market. Accor, the largest hotel operator in Singapore, said it was looking to create “amazing experiences” to give people reasons to take repeated staycations. For example, Fairmont Hotel, which is part of its chain, offered a staycation featuring a spa session targeted at mothers in partnership with cosmetics company Lush and clothing company Uniqlo. Similarly, Pan Pacific Hotels Group sought to attract local residents with experiences offering “more than a good night’s sleep.” For instance, the group’s Parkroyal Collection Marina Bay, which opened in December 2020, provided packages that allowed guests to do urban farming at the hotel. The group also offered “work from hotel” packages, which allowed people to work on its premises, and rolled out a virtual meeting service, where firms could hold virtual meetings with clients at hotels with meeting amenities and coffee breaks included (Elangovan, 2020).

Like the other players in the tourism sector, food and beverage outlets that were dependent on tourists also turned inward in order to sustain business. Bhandari Rajender Kumar, the director of Saffronfoods and Consultants which manages an Indian restaurant at the Singapore Flyer, said that business revenue dropped by 80% when the pandemic struck. While his restaurant pre-pandemic was a popular spot for corporate dinners hosted by international companies, he promoted it in 2020 as a dinner and party space to locals instead. STB’s Keith Tan acknowledged the limits of the

domestic tourism campaign. “This year, we do not expect domestic consumption to fill the hole left by the diminution of international travel,” he said. “But what we hope to do is to create cushions . . . buy as much time as we can (for) businesses” (Elangovan, 2020).

In addition to adapting to domestic travelers, tourism businesses also played a key role in Singapore’s battle against COVID-19. Hotels offered their properties for various accommodation purposes, including Government Quarantine Facilities, Swab Isolation Facilities and Stay-Home Notice Dedicated Facilities (SDFs). As of 31 December 2020, SDFs had accommodated more than 80,000 Persons on Stay-Home Notice, with the support of over 2,300 frontline workers in the hotel industry. Singapore’s integrated resorts also contributed in other ways. More than 2,000 Resorts World Sentosa staff served at the Community Care Facility at Singapore EXPO and MAX Atria, and the Big Box warehouse mall. They managed operations, provided meals and packed care kits. The cruise sector also stepped up to help contain the outbreak in migrant worker dormitories earlier in 2020, by providing the world’s first migrant worker dormitory on the ships as accommodation for more than 8,200 workers who had recovered from COVID-19. Around 600 cruise industry workers and business partners, including Genting Cruise Lines and SATS-Creuers Cruise Services, were involved in the operation between April 2020 and September 2020. Finally, many tourist guides stepped up as Safe Distancing Ambassadors (SDAs), capitalizing on their people and language skills to urge compliance with safe management measures (SMMs).

As Singapore’s economy gradually re-opened in the second half of 2020, the tourism sector faced a new challenge: working out how to resume operations safely. In the cruise sector, for example, Singapore piloted cruises with enhanced safety protocols and no ports of call for two of Singapore’s homeported cruise lines – Genting Cruise Lines and Royal Caribbean International. To rebuild consumer confidence and demand for cruise, STB established the world’s first CruiseSafe Certification – a mandatory audit and certification program for cruise lines before they commence sailing. As of 31 December 2020, 33 cruises carrying over 42,000 passengers had been completed with no reported incidents of COVID-19 transmission on board.

A number of hotels in Singapore, including the sophisticated Grand Park City Hall and the Amara group’s Singapore accommodations, transformed the guest experience to make it not only contactless but also more efficient (Phoon, 2020). The new checkin process required just a few taps on a mobile phone which could also be used to perform tasks that usually involve touching, like turning on the lights or ordering room service. Restaurants in Singapore also had to make adjustments in order to ensure the safety of diners and staff in the face of COVID-19. Contemporary eatery Kausmo, for example, reduced seating capacity to comply with physical distancing measures. But owners Lisa Tang and Kuah Chew Shian did see some positive outcomes of the crisis. “Throughout the pandemic, we’ve seen more restaurants looking inwards to discover what our land has to offer, thus utilizing more local ingredients. That is a change we’re thrilled to see,” they said (Jebara, 2021). Restaurants and cafes were also ready to operate in the new touch-free environment. Ratio, for example, a café and lounge in Singapore, has been utilizing robotic baristas for two years. The robots brew coffee and shake up cocktails with zero human intervention.

Like other players in the aviation industry, Singapore Airlines had had to make drastic changes to its business under the enormous strain of the COVID-19 pandemic. In May 2020, an internal task force was established to reassess the company’s operations and map out how it could emerge from the outbreak. In September, the holding company SIA said it would cut around 4,300 positions across its three airlines, though this figure was likely to be reduced by measures such as a recruitment freeze, early retirement scheme and voluntary release scheme. That same month, SIA launched a limited plane dining service, home food delivery and public tours of its training grounds. Since the earlier days of the pandemic, the company had also redeployed some of its cabin crew to hospitals and nursing homes to work as Care Ambassadors.

Then in November 2020, Singapore Airlines established a new arm offering training programs for external businesses and organizations in the broad areas of service excellence, operational excellence, organizational innovation and digital transformation. The Singapore Airlines Academy would leverage the “wide range of globally recognized skills and competencies that exists within SIA, which have enabled the airline to establish a pre-eminent position in a highly competitive industry,” the national carrier said in a media release. Among the programs offered were Service Mindfulness and Awareness, Effective Communication and Professional Image, which targeted frontline staff and covered topics such as practicing appropriate self-grooming techniques. There was also an Innovation Program and Playbook, a two-day program that covers how to build an innovation culture for an organization and design a leadership practice for supporting staff in innovation work (Channel News Asia, 2020).

Outcomes

In February 2021, Singapore started taking applications for a program that allowed people to enter the island for business and official purposes without having to quarantine for 14 days. Visitors under the so-called Connect@Changi program had to stay in a bubble-like facility near Changi Airport. “The economy was hurting, the aviation industry was hurting, the food and beverage and hospitality industry was hurting – we needed something to kickstart the economy,” said Alan Thompson, joint head of strategic development at Temasek International (Park, 2021). The facility initially had 150 guestrooms and 40 meeting rooms, rising to 660 and 170, respectively, when the first phase was completed in May. Visitors had to undergo testing upon arrival and throughout their stay and had to observe all safety measures. They were able to conduct meetings with local guests and other segregated travel lane groups at the facility, but these meetings were conducted behind floor-to-ceiling dividers.

Singapore was among a handful of destinations around the globe that prioritized the inoculation of frontline aviation workers in larger vaccination efforts. In January 2021, Changi Airport began a major vaccination push for aircrew and airport workers with a new vaccination center in Terminal 4 that could inoculate up to 2,000 people at a time. The following month, Singapore Airlines began operating its first-ever flights with fully vaccinated onboard crew. “We are very encouraged by the strong take-up rate for the vaccine from our colleagues,” Singapore Airlines’ CEO Goh Choon Phong said in a statement. “Vaccinations will be key to the reopening of borders and to enhancing travel confidence, in tandem with robust testing regimes and the wide-ranging safe management measures that are in place on the ground and in the air” (Puckett, 2021).

In February 2021, STB’s Keith Tan said the tourism board was confident that Singapore was still one of the world’s safest and most attractive leisure and business destinations. “STB will continue standing together with our industry partners to prepare for recovery and to start building a better and more sustainable future for tourism,” he said. Other experts were just as confident about the future. James Walton, Travel, Hospitality & Leisure Sector Leader, Deloitte Southeast Asia said:

In the long run, we expect Singapore to bounce back to recovery, given its strong track record of hosting major international events and effective implementation of safety measures to curb the spread of the virus – which would assure travelers, event organizers, and investors on their decision to host potential marquee sports, business and leisure events here.

(Singapore Business Review, 2021)

At a tourism industry conference in April 2021, Singapore’s tourism leaders discussed the long-term future of the sector, citing sustainable tourism and wellness tourism as avenues for growth. Minister for Trade and Industry Chan Chun Sing said the Government would pump US\$50 million into

the Tourism Development Fund, which businesses could tap if they wanted to explore new areas including sustainability. “In terms of the abundance of land and natural landscapes, Singapore might not be able to compete directly with other eco-destinations,” Mr Chan acknowledged. Keith Tan said Singapore could find another niche in being a leading urban wellness haven, where wellness and beauty offerings and experiences are easily available in a busy modern city. “COVID-19 has made wellness a top priority for all of us,” he said, adding that a growing middle class, especially in Asia, will pay a premium for offerings that enhance their sense of well-being (Tan, 2021).

In August 2021, the government issued a four-step charter toward a “COVID Resilient Nation” and was planning to transition to an “Endemic COVID” framework which included quarantine-free travel for vaccinated travelers. By mid-December, Singapore had extended “Vaccinated Travel Lanes” (VTLs) to over 20 countries, resulting in an additional 120,000 international arrivals in November and December. Although new bookings and ticket sales for all VTL flights were suspended from 23 December through to 20 January 2022 due to concerns over the Omicron variant, those in the tourism sector were still optimistic that the industry would bounce back in 2022. Jeremiah Wong, senior communications manager at travel agency Chan Brothers, said the Omicron threat had not had a significant impact on confirmed VTL bookings. “We are seeing positive reception from our customers overall thus far despite a couple of bumps along the way such as the Omicron variant causing governments around the world to impose new testing requirements and border restrictions temporarily” (Woon, 2022).

Discussion questions

1. How successful were tourism organizations in Singapore in attracting domestic tourists during the pandemic? What did they do to adapt to the local market?
2. Describe the various virtual experiences and activities that were created in Singapore while tourists could not visit in person. Do you think these types of experiences are a good substitute for the real thing?
3. The case study (and the video next) highlights a number of innovations made by Singapore’s tourism and hospitality sector during the pandemic. Which of these do you think are here to stay?

Video link

COVID-19: Singapore Tourism Board plans to use technology to help industry build resilience. CNA, 5 May. www.youtube.com/watch?v=AQNf6SebQFs

References

- Channel News Asia (2020). Singapore airlines launches academy offering service and operations training to external firms. *Channel News Asia*, 3 November. www.channelnewsasia.com/news/business/singapore-airlines-academy-training-programmes-covid-19-13448216
- Deloitte (2020). *The Impact of COVID-19 and Readiness for the New Normal*. Deloitte Singapore, July. <https://www2.deloitte.com/content/dam/Deloitte/sg/Documents/finance/sg-fa-local-industry-the-impact-of-covid-19-final.pdf>
- Elangovan, N. (2020). The big read: A vital economic pillar, S’pore’s tourism sector faces a brutal test of mettle amid COVID-19 fallout. *Channel News Asia*, 26 October. www.channelnewsasia.com/news/singapore/big-read-singapore-tourism-sector-covid-19-fallout-13358184
- Elegant, N.X. (2020). Singapore is desperate to revive tourism and business travel. Here are all the ways it has tried. *Fortune*, 15 December. <https://fortune.com/2020/12/15/singapore-tourism-business-travel-bubble/>

- Jebara, P. (2021). How Singapore is reimagining the future of travel. *Condé Nast Traveler*. www.cntraveler.com/sponsored/story/how-singapore-is-reimagining-the-future-of-travel
- Khanna, V. (2021). Covid-19's impact to still weigh on Singapore's economy in 2021. *The Straits Times*, 2 January. www.straitstimes.com/opinion/virus-impact-to-still-weigh-on-economy-0
- Lee, P., Xin, C.K., & Chess, H.Y. (2021). In focus: Singapore. *HVS*, 15 April. www.hvs.com/article/9011-in-focus-singapore
- Park, K. (2021). Singapore opens bubble for business travelers at Changi Airport. *Bloomberg*, 18 February. www.bloomberg.com/news/articles/2021-02-18/singapore-opens-bubble-for-business-travelers-at-changi-airport?sref=ztyN13id
- Peeris, J. (2021). Going virtual: COVID-19 pushes tourism players, visitors to adapt to a new reality. *Channel News Asia*, 4 February. www.channelnewsasia.com/news/business/covid-19-singapore-tourism-adapt-innovate-virtual-visitors-13120664
- Phoon, A. (2020). How Singapore's COVID-19 response has been a model for others. *Condé Nast Traveler*, 8 September. www.cntraveler.com/story/how-singapores-covid-19-response-has-been-a-model-for-others
- Puckett, J. (2021). Singapore Airlines is operating flights with completely vaccinated crews. *Condé Nast Traveler*, 11 February. www.cntraveler.com/story/singapore-airlines-is-operating-flights-with-completely-vaccinated-crews
- Sagar, M. (2020). Singapore tourism board launches digital initiatives to support businesses during COVID-19 outbreak. *OpenGov*, 27 April. <https://opengovasia.com/singapore-tourism-board-launches-digital-initiatives-to-support-businesses-during-covid-19-outbreak/>
- Singapore Business Review (2021). Looking ahead to the future of Singapore's tourism industry. *Singapore Business Review*, 3 February. <https://sbr.com.sg/hotels-tourism/news/looking-ahead-future-singapores-tourism-industry>
- Singapore Tourism Board (2020). *Impact of COVID-19 on Tourism in Singapore*. A co-publication with Visa. www.visa.com.sg/dam/VCOM/regional/ap/singapore/newsroom/documents/impact-of-covid-19-on-tourism-in-singapore.pdf
- Tan, A. (2021). Singapore's tourism industry to tap sustainability, wellness and tech trends for growth. *The Straits Times*, 11 April. www.straitstimes.com/singapore/consumer/singapores-tourism-to-tap-sustainability-wellness-and-tech-trends-for-growth
- Tan, H. (2020). Singapore turns to domestic tourism as travel sector reels from coronavirus. *CNBC*, 15 September. www.cNBC.com/2020/09/16/singapore-turns-to-domestic-tourism-as-travel-sector-reels-from-coronavirus.html
- Woon, W. (2022). Singapore's tourism sector hopeful of recovery despite new lows. *The Straits Times*, 8 January. www.straitstimes.com/singapore/number-of-singapore-passports-issued-in-2021-lowest-in-15-years

30

SOUTH AFRICA

Impacts

South Africa boasts varied landscapes, diverse wildlife and rich cultural resources, and these assets corroborate the country's growing global competitiveness as a tourist destination. According to the World Travel & Tourism Council (WTTC, 2020), in 2019 the country received 10.4 million international visitors, and tourism saw a total injection of US\$24.6 billion into the economy – equivalent to 7% of the country's GDP. The sector is the lifeblood for many micro and small enterprises, often the only economic activity in rural and remote areas, and creates employment opportunities for men, women and youth across the country. Before the pandemic, it is estimated that tourism accounted for about 1.5 million jobs in South Africa, contributing more employment opportunities than the individual efforts of agriculture, automotive and chemical manufacturing and mining. In recognition of its potential as driver for economic growth, the South African government has identified tourism as priority area in the Industrial Policy Action Plan, the New Growth Path, and the National Development Plan.

However, for most tourism businesses in South Africa – from hotels and lodges to guides and transport firms – the global tourism shutdown in 2020 completely dried up revenues. From April to June, the number of international tourists arriving in Africa fell by 98%, compared to that same period the year before. Lepogo Lodges (see Figure 30.1) was among many safari companies that completely shut doors for about six months. Kate Hughes, operations director, said:

While the lodge was closed (March – August 2020) we took up the government UIF scheme which paid our staff 50% of their wages, we paid the other 50% so our staff had full pay while they were at home waiting for the restrictions to be lifted.

(Hughes, 2021)

A survey published in April 2020 by South Africa's Department of Tourism, the Tourism Business Council of SA and International Financial Council revealed the anguish of South Africa's tourism sector. Of the survey's 1,600 respondents, 58% said they couldn't make their loan repayments in March, while 54% said they couldn't cover their fixed costs. Half said they were forced to slash wages for more than half of their staff. The most commonly applied mitigation measures by businesses were temporary closure at 69%, supporting deferment instead of cancellation at 60%, and significant downscaling at 58%. In the survey, the support facilities with the most respondent awareness were



FIGURE 30.1 Lepogo Lapalala (courtesy of Lepogo Lodges)

the UIF scheme and the Tourism Relief Fund of the Department of Tourism. “The sector must consider a long-term roadmap to move through recovery, and a sector re-boot that sets it back on a path to growth – and not just back on the pre-COVID-19 path,” said IFC country manager for South Africa, Adamou Labara, at the time. “There is an opportunity here to re-position South Africa in a new global economy – as a resilient destination” (South Africa Department of Tourism, 2020).

Another study during the pandemic found that the local governments in South Africa that were most at risk were those where tourism contributed up to 20% of local GDP. The list of those tourism-dependent localities was headed by the three Western Cape coastal areas of Bitou (Plettenberg Bay), Knysna and Overstrand (Hermanus), the leisure node of Bela-Bela (Warmbaths) in Limpopo and Okhahlamba in KwaZulu-Natal, which is the resort area for the Drakensberg mountains. Nature reserves were particularly vulnerable. About 80% of the income in many rural South African communities comes from game reserves. The funds go toward supporting the worker’s families and communities as well as the workers. Without tourists visiting the reserves and conservations, organizations could not afford to keep all of their employees working (Rogerson and Rogerson, 2020).

One research paper published during the pandemic in *Nature, Ecology & Evolution* argued that the net environmental impact of the COVID-19 crisis in Africa would be strongly negative because the crisis created a “perfect storm” of reduced funding, lower conservation capacity and increased threats to wildlife and ecosystems (see Figure 30.2). Without international revenue being directly injected into South Africa’s conservation sectors through ecotourism and even hunting, the biodiversity of the country’s wildlife and the protection of their habitats was at serious risk. “The COVID-19 pandemic is putting conservation under enormous pressure,” said Luke Bailes, founder

and executive chairman of Singita, a collection of luxury reserves and lodges across the continent. “Africa’s wildlife is gravely at risk if eco-tourism stops funding conservation work. If tourism collapses, the ripple effect could threaten to wipe out decades of proactive conservation work on the continent” (Lindsey et al., 2020).

Dr. Jennifer Lalley, conservation director and co-founder of Natural Selection, a portfolio of owner-operated safari lodges, was just as pessimistic. “Remove tourism, and I shudder to think of the habitat destruction and decimation of wildlife populations that would ensue alongside extreme poverty. It’s the very reason we got into this game” (Holland, 2020). Natural Selections lodges in Botswana, Namibia and South Africa were all closed during the pandemic. Kate Hughes, operations director for Lepogo Lodges, was in agreement.

We really need our international guests to return. Even though we are non for profit, our South African rates don’t cover all our costs – but it keeps the staff employed and the lodge used. Our conservation and community projects have really suffered as our international guests were the main contributors to them.

(Hughes, 2021)

The pandemic had a knock-on effect for other businesses connected to tourism. “The other industries and sectors we impact are going to suffer, this includes agriculture and the manufacturing of vehicles. We buy 12% of locally manufactured vehicles for car rentals,” said Tshifhiwa Tshivhengwa, CEO for Tourism Business Council of South Africa (TBCSA). Tshivhengwa said:

Retail is going to be impacted. If you look at Sandton mall and the high-end retail stores, there are a lot of people who come from other African countries to buy [luxury goods]. They aren’t coming. Those who manufacture furniture and those who are in construction are going to be impacted. We are not doing renovations. We are not building new hotels.

(Phillip, 2020)

South Africa’s wineries also had a difficult time. South Africa was one of just a handful of countries to introduce a total ban on alcohol sales in response to coronavirus, so with a fall in domestic wine sales, and no wine tourism, the financial and personal cost to South Africa’s more than 500 wineries was substantial (Schutz, 2021).

Responses

To support the tourism industry at the outbreak of the pandemic, South Africa’s Department of Tourism applied and received approval from National Treasury for funds and focused its efforts on protecting the supply side of tourism (OECD, 2020). It did this through the Unemployment Insurance Fund-Temporary Employee Relief Scheme (UIF-TERS) intervention and the Tourism Relief Fund. Then in January 2021, South Africa’s government started a 1.2 billion rand (\$79.4 million) fund aimed at reviving the ailing tourism industry. The Tourism Equity Fund was to be used in particular to help black entrepreneurs start businesses and projects in the sector. The cash came from government, lenders and the Pretoria-based Small Enterprise Finance Agency. “This is a sector that is labor-intensive, and therefore has immense job creation potential,” said President Cyril Ramaphosa said at the launch. “It generates foreign-direct investment and significant export earnings. It stimulates and supports the development of small businesses” (Cele, 2021).

But for some in the tourism industry, government support for the sector was inadequate. “The UIF-TERS program is going to come to an end,” said Tshifhiwa Tshivhengwa, CEO for TBCSA. “And for some people, the UIF-TERS is not enough and does not cover their salaries, and they are

pinning their hopes on a re-opening to earn a full income.” In Mpumalanga, where South Africa’s Kruger National Park is situated and home to other popular tourist attractions, the devastation was palpable, said Tshivhengwa (Phillip, 2020).

For many tourism businesses in South Africa, the pandemic was all about adapting in order to survive. “COVID-19 is estimated to be with us for a while. One must adjust or adapt to the new normal. So, we have to work together and win the confidence again of our clients that South Africa is open for business when the time is right,” said Jabu Matsilele, who runs Johannesburg-based Buja Tours and Safaris with his wife and cousin (Maylie, 2020). Matsilele negotiated a postponement of some pre-booked trips to avoid cancellations. A credit holiday with some of the business financiers has also helped. Matsilele felt it was important to continue to communicate with clients, sending regular WhatsApp messages to customers in key markets in the Middle East, Turkey and India, reminding them of the beauty of South Africa and encouraging everyone during the pandemic to look to the future.

Liesl Matthews, one of the owners at the Southern Destinations travel agency in Cape Town, spent the first four months of the lockdown period working on moving reservations from 2020 to 2021 and trying to convince clients that this was the best course of action.

Trying to explain to our staff that they need to go on a reduced salary was probably one of the most difficult conversations we have ever had. We know that they all need to feed their families, too. Sadly, we laid off two of our staff, but I do know that many other companies had to reduce their staff more radically.

The freelance tour guides literally went from working one day to absolutely nothing the next, which continues all the way through to today. And there was very little help from the government, if any.

(DW.com, 2021)

Karien de Villiers, a chef working at the luxurious Phelwana game lodge in the northeast of the country, said her company was looking to the domestic market to make up numbers. She said:

We had so many guests canceling their bookings in 2020. A few of them, we could encourage to move it to a later date, but with the uncertainty of this virus and what is going to happen down the line, most of them still canceled, and refunds had to be done.

To keep the cash flow going, Phelwana focused on the local market instead, offering discounts and special packages for South Africans.

Under normal circumstances, South African guests make up a very small percentage of our clientele, as we mostly have foreign guests staying with us. That being said, South African travelers have really stepped up and thrown their support behind the tourism industry by booking weekends away and exploring their own country.

(DW.com, 2021).

Lepogo Lodges also looked to the domestic market until international travelers came back. Kate Hughes, Operations Director, said:

As soon as domestic travel was permitted in South Africa, we reopened our lodge with a SA Resident Offer and with our COVID protocols in place. As a luxury wilderness lodge, we were in quite a good position to offer a great experience in almost isolation

(Hughes, 2021)

These protocols included foot pedal sanitizers at the entrance to lodge and main area, and hand sanitizers and masks with the Lepogo logo for every guest and staff. Housekeeping and kitchen procedures were changed to minimize contact, and there was a gap of 24 hours between bookings when villas were sanitized. One villa was left unsold in case anyone needed to self-isolate, and guests were asked to record their temperatures prior to arrival and every morning during their stay.

Some safari companies looked at virtual tours as a way to maintain interest in business. &Beyond, for example, created a variety of different virtual options for its customers who were not capable of making it to their reserves. They offered private safari experiences, where guests could chat with guides while on virtual, live safari rides. The organization put the money made through these virtual experiences toward conservation needs and local communities. Another program sponsored by Virgin Limited Edition provided eager virtual travelers with live game drives every Wednesday on Facebook. Viewers were able to make comments during the tour, ask questions, converse with other participants and see the African wildlife. Unlike the &Beyond tours, these virtual safaris were free. However, viewers could make donations to the organization if they wanted.

Outcomes

To ensure that the sector continued to play a key role in the economy following the COVID-19 pandemic, a Tourism Sector Recovery Plan was presented by the Department of Tourism to the cabinet in the Spring of 2021. The plan outlined a set of interventions to ignite the recovery anchored on three strategic themes, namely protecting and rejuvenating supply, reigniting demand and strengthening capacity for long-term sustainability. Sisa Ntshona, COE of South African Tourism, said that the tourism sector had good reason to be upbeat about recovery. He pointed to President Cyril Ramaphosa's commitment to the use of information and communication technologies to improve the visa process for international travelers. South Africa was planning to introduce e-visas for travelers coming from China, India, Nigeria, Kenya and ten other countries. The visas would allow the management of the visa application process to take place entirely online, from the submission of applications and supporting documents, payments and the decision on the application. "This is a critical development for our industry, and addresses one of the major barriers to entry into our country," said Ntshona.

Ntshona also said there was hope for the tourism sector in the form of the extension of the Temporary Employer/Employee Relief Scheme.

With many businesses closed or operating under challenging conditions, we hope the scheme will be extended to continue supporting workers in the tourism sector. This support would ensure that we are able to welcome international travelers the moment they wish to travel, otherwise we will lose them to competing country destinations.

Meanwhile, Ntshona said domestic tourism was a priority for his department. "As part of our recovery, in 2021 and the foreseeable future, we will continue to focus most of our efforts and resources on domestic tourism," he said (Ntshona, 2021).

Some operators in South Africa felt that they may be in a good position to cater for new demands once the pandemic was over. Kate Hughes (2021) from Lepogo Lodges said:

I think people will stay for longer in one place rather than the traditional 2/3 nights per lodge, and there already is a fairly big interest in ethical travel. That suits us very well as we have plenty to offer guests for 5+ days and we offset their carbon journey.

Toward the end of 2021, just as South Africa's tourism sector was showing promising signs of recovery, it was dealt another blow when scientists in the country first identified the Omicron variant (Kapela, 2022). As a result, on 26 November, the World Health Organization labeled Omicron

a variant of concern, and immediately the European Union agreed to ban air travel from South Africa, and the United States announced it would begin a similar travel ban the following week. The travel bans drew criticism from the WHO, tourism associations and politicians, and many were lifted within a month, but the damage was done. “Fifty percent of our bookings were cancelled for December alone, and 40% for January,” said Rushdi Harper from Harper’s Wow Travel & Tours in Cape Town. A snap survey conducted by associations representing hospitality and inbound tourism companies in South Africa assessed the impact of these travel bans at US\$63 million in lost bookings (Moos and Dlodla, 2021).

Discussion questions

1. Figure 30.2 shows the cascading impacts of COVID-19 on conservation in Africa. Are there ways of preventing this from happening in the future?
2. The case study said that the pandemic had a knock-on effect for other businesses connected to tourism. Which businesses were they? What others businesses not mentioned in the case may have been impacted by a reduction in tourism?
3. The case study, and the video next, show how the Omicron variant put a dent in South Africa’s hopes of tourism recovery. If you were a tour operator in South Africa, how would you prepare for more uncertainties like this in the future?

Video link

Omicron hits South Africa tourism hopes. Reuters, 9 December, 2021. www.youtube.com/watch?v=BaTWOsE96z4

References

- Cele, S. (2021). South Africa starts \$79 million fund to help tourism industry. *Bloomberg*, 26 January. www.bloomberg.com/news/articles/2021-01-26/south-africa-starts-79-million-fund-to-help-tourism-industry
- DW.com (2021). Tourism in South Africa: An industry under lockdown fights for its own survival. *DW.com*, 11 January. www.dw.com/en/tourism-in-south-africa-an-industry-under-lockdown-fights-for-its-own-survival/a-56138147
- Holland, M. (2020). With safari tourism on hold, locals and animals are at risk. *Conde Nast Traveler*, 29 April. www.cntraveler.com/story/with-safari-tourism-on-hold-locals-and-animals-are-at-risk
- Hughes, K. (2021). Personal communication, April.
- Kapela, N. (2022). South Africa tourism was just starting to rebound. Then omicron arrived. *Washington Post*, 6 January. www.washingtonpost.com/travel/2022/01/06/south-africa-omicron-tourism-travel-bans/
- Lindsey, P., Allan, J., Brehony, P. *et al.* (2020). Conserving Africa’s wildlife and wildlands through the COVID-19 crisis and beyond. *Nature, Ecology & Evolution*, 4, 1300–1310.
- Maylie, D. (2020). South Africa’s tourism industry: Next stop recovery? *International Finance Corporation*, June. www.ifc.org/wps/wcm/connect/region_ext_content/ifc_external_corporate_site/sub-saharan+africa/news/south+africas+tourism+industry+next+stop+recovery
- Moos, S. & Dlodla, N. (2021). New COVID strain hits revival of S. Africa’s international tourist trade. *Reuters*, 9 December. www.reuters.com/world/africa/new-covid-strain-hits-revival-safricas-international-tourist-trade-2021-12-09/
- Ntshona, S. (2021). SA tourism sector has good reason to be upbeat about recovery. *Business Day*, 15 February. www.businesslive.co.za/bd/opinion/2021-02-15-sa-tourism-sector-has-good-reason-to-be-upbeat-about-recovery/
- OECD (2020). Leveraging tourism development for sustainable and inclusive growth. *OECD Economic Surveys: South Africa 2020*. www.oecd-ilibrary.org/sites/7ed82767-en/index.html?itemId=/content/component/7ed82767-en

- Phillip, X. (2020). South Africa VS Coronavirus: Billions already lost in tourism. *The Africa Report*, 24 June. www.theafricareport.com/30653/south-africa-vs-coronavirus-billions-already-lost-in-tourism/
- Rogerson, C.M & Rogerson J.M. (2020). COVID-19 and tourism spaces of vulnerability in South Africa. *African Journal of Hospitality, Tourism and Leisure*, 9(4), 382–401.
- Schutz, E. (2021). I have put everything into my winery. *BBC News*, 1 April. www.bbc.com/news/business-56574715
- South Africa Department of Tourism (2020). *Tourism Industry Survey of South Africa: COVID-19*. April. <http://documents1.worldbank.org/curated/en/648261588959603840/pdf/Tourism-Industry-Survey-of-South-Africa-COVID-19-Impact-Mitigation-and-the-Future-Survey-1.pdf>
- WTTC (2020). South Africa 2020 annual research: Key highlights. <https://wttc.org/Research/Economic-Impact>

31

SRI LANKA

Impacts

Tourism is a vital economic sector for Sri Lanka, accounting for 10.3% of its GDP in 2019 according to the World Travel & Tourism Council. The sector employs 903,000 people – about 11% of employment – and the total income from tourism in 2019 was US\$8.92 billion, 34% of this being domestic spending, and 66% international. In 2019, the number of international tourist arrivals was 1.9 million – a 17% decline compared to 2018 (2.3 million tourist arrivals) due to the Easter Sunday terrorist attacks that year (World Travel & Tourism Council, 2020). India was the number one tourism generating country (18%), followed by China (13%), the UK (10%), Germany (6%) and France (5%). Rajeev Kale from Thomas Cook India said:

Sri Lanka is a year-round holiday destination for Indian travelers, given the proximity. It offers a diversity of experiences and stunning landscapes and has religious significance, with our Ramayana Trails a very popular offering. It fits every customer price point while visa-on-arrival has ranked it high on the Indian leader board.

(Hamdi, 2020)

Before the pandemic struck, Sri Lanka's tourism industry was experiencing a steady recovery from the 2019 terrorist attacks. "By January this year (2020), we were back to pre-Easter Sunday arrival figures," said Hiran Cooray, Chairman of Jetwing Hotels, the largest chain in Sri Lanka with 30 hotels and villas in 16 destinations. "This was due to the tremendous support we received from international media and tour operators" (Hamdi, 2020). But COVID-19 was a much greater challenge. Suren Ratwatte (2020), CEO of SriLankan Airlines, said:

Nothing the industry has faced in the 100 years that it has been in existence was as bad as this. We faced many crises in my forty years in the business, including the 9/11 attacks, the SARS epidemic, two or three recessions, but nothing of this magnitude.

The Central Bank of Sri Lanka (CBSL) said the country experienced an economic contraction of 3.9% for the financial year 2020 due to the COVID-19 pandemic (World Bank, 2021). With jobs lost and earnings reduced, poverty increased significantly in Sri Lanka in 2020. Over 500,000 people were expected to have fallen into poverty as a result of the crisis, which led to an increase

in the poverty rate from 9.2% in 2019 to 11.7% in 2020 (Arachchi and Gnanapala, 2020). Informal workers, many of whom were low-income earners working in the service sector, did not benefit from social protection (United Nations Sri Lanka, 2020).

For tourism, the pandemic had a “crippling effect on the industry,” according to A. M. Jauffer, president of the Chamber of Tourism and Industry, and estimates were that tourism receipts fell around US\$3 billion in 2020 with just over half a million international visitors coming to the country in the few months the border was open. “We were only beginning to get our usual bookings in November and December (of 2019) after the Easter attacks,” said Dinesh Perera, owner of two hotels in Colombo, Mahasen by Foozoo and Mahasen Terrace by Foozoo. “We had bookings during the first lockdown. Most foreigners stranded in the country decided to make Foozoo their long-staying home,” Perera said. When Sri Lanka closed its borders to international tourists Perera continued to receive domestic tourists. “It was just enough to keep our business afloat,” he said. However, the second wave in October was the final straw for the hotel owner. After closing both hotels in December 2020, Perera said:

I remember we had bookings for October, but with the news of the second wave, all of them got canceled. We didn't receive any guests after that. It wasn't sustainable to keep running on losses. So we had to take the hard decision to close.

(Rathnayake, 2021)

Perera and his team were pinning their hopes on Foozoo Kitchen, their vegan food delivery business.

Responses

Sri Lanka won high praise in the initial months of the pandemic for its swift and strict action to contain the virus (World Bank, 2020). To mitigate the impact of the economic hardship on the poor and vulnerable, the government implemented several livelihood support programs, which helped to soften the labor market shock and the impact on poverty. Various tax relief measures were also taken to support businesses. The payment deadlines for income tax, VAT and certain other taxes were extended, income tax arrears of SMEs were partially forgiven, payment terms were relaxed and legal actions against non-payers were frozen.

The Sri Lanka Tourism Development Authority (SLTDA) also put in place a number of initiatives to support the tourism sector during the pandemic. SLTDA was established with core functions of product and related infrastructure development of tourism businesses, regulation, facilitation, and promotion of Sri Lanka as a tourist destination. However, for 50 years, only 4,237 businesses have been registered due to complicated procedures, accessibility issues and various malpractices. During 2020, the SLTDA registration process was streamlined and the process was moved online, increasing registration by 26% to 5,336 (Ministry of Tourism, 2020).

Until 2020, the support given to the industry by SLTDA was focused on larger entities representing a few associations. Accordingly, the moratorium and other support extended after the Easter Sunday attacks were mostly beneficial for larger stakeholders. However, in 2020 SLTDA took the initiative to broaden the support to other stakeholders such as tour guides and tourist drivers who are trained and registered with SLTDA but in the past had been overlooked. This segment has no permanent employment, therefore little government support, so efforts were underway to increase their minimum wage and upgrade their training to be in line with global best practices

SLTDA was also one of the first DMOs in the Asian region to prepare and issue detailed COVID-19 health protocols for the industry (see Figure 32.1). The guidelines covered all areas relating to the tourism industry including airports, other transportation, accommodation, tour guides and attractions. This was prepared with the support of the Ministry of Health, the World Health Organization



FIGURE 31.1 Safety protocols published by Sri Lanka Tourism (courtesy of SLTDA)

and the input of the industry (Ministry of Tourism, 2020). The first Sri Lanka Tourism travel app was developed to meet these protocols and was linked to the Electronic Travel Authorization (ETA) web portal of the Department of Immigration and Emigration. The app – created with the support of the Information and Communication Technology Agency (ICTA) and United Nations Development Program (UNDP) – shared tourist booking data (including flight details and accommodation) with Ministry of Health regional and district offices. As a result of these health protocols, Sri Lanka received the *Safe Travel Stamp* from the World Travel & Tourism Council (WTTC). The protocols were put in place to safely unlock the country to international leisure tourists in August 2020.

However, that reopening had to be shelved due to a spike in cases in July and a second wave in early October that was traced to a garment factory near Colombo.

The Sri Lanka Tourism Alliance was another organization that offered support to the tourism industry in response to the pandemic. The Alliance was born in the wake of the Easter Sunday Attacks by a group of private sector leaders that came together to launch lovesrilanka.org and has since rallied the support of over 400 tourism businesses. As COVID-19 tightened its grip on the tourism sector early in 2020, the Alliance provided communication and updates about COVID-19 across social channels, the Love Sri Lanka consumer website, and the Alliance industry website. The Alliance also launched several new initiatives to support the industry with insights, tips and global best practice on surviving the crisis, and planning next steps as an industry. These initiatives included an educational webinar series focusing on global and local industry leaders in tourism, media, research and economics discussing how to survive the crisis (Sri Lanka Tourism Alliance, 2020).

It was mentioned earlier that 34% of tourism spending was due to domestic travel in 2019, so with borders closed in 2020, the industry had to focus on this market. For some – like for the two hotels in Colombo discussed previously – domestic tourism was not enough to justify staying open. “In a good year, domestic business forms only 20% of hotel business, not enough to sustain the industry,” said Dileep Mudadeniya, vice president, marketing and events at Cinnamon Hotels & Resorts (Hamdi, 2020).

However, some stakeholders in the tourism sector managed to stay afloat due to domestic tourism. Dhanula Jayasinghe, who works as a ranger at Leopard Trails, a bespoke wildlife experience provider, said that his company was thankful for domestic travelers. “It wasn’t profitable, but it kept us afloat,” he said. “We offered a discounted rate during the pandemic, and our program became successful.” Unlike traditional jeep safaris, Leopard Trails provides a luxury glamping experience with local cuisine, bonfires and a guided safari with information on wildlife behavior, habitats and identification of individual leopards in the national parks (see Figure 31.2). “We also organized junior ranger programs for children. Families with young kids loved it,” said Jayasinghe (Rathnayake, 2020).

For those outside of Sri Lanka, Jayasinghe created a virtual safari on Airbnb with the support of his industry colleagues in April 2020 as a response to the pandemic. His leopard safari was the only virtual experience on Airbnb from Sri Lanka and was a combination of pictures, videos and stories from the wild, one that soon gained popularity with over 250 five-star reviews. “We got a mix of requests,” Jayasinghe said.

Sometimes it was families from across the world. They can’t travel to meet each other. Sometimes we had work-from-home force buddies who needed something fun and interactive. We also had university groups. Our tour was their classroom lesson for the day.

(Rathnayake, 2020)

Jayasinghe was happy that the virtual tour also promoted Sri Lanka as a tourist destination while creating a new market for Leopard Trails. “I bring the wildlife experience to people who have never visited Sri Lanka before, and who live thousands of miles from the country. They are an inspiration to visit us when restrictions are eased.”

Outcomes

Sri Lanka reopened to foreign tourists in January 2021 after a nearly 10-month pandemic closure (Rasooldeen, 2021). Under new protocols, tourists had to be tested for the virus three times, first in their country of origin 72 hours prior to their flight, then on arrival at their hotel in Sri Lanka, and lastly seven days later. Each tourist had to pay US\$12 for mandatory health insurance. “Every



FIGURE 31.2 Accommodation at Leopard Trails, a Sri Lankan wildlife experience operator (courtesy of Leopard Trails)

precautionary measure has been set in place to make the island getaway as safe, secure and serene as possible for visitors,” the Sri Lanka Tourism Promotion Bureau said in a statement. Travelers had to stay in a “travel bubble” designated in 14 tourism zones without mixing with the local population (Pitrelli, 2021). About 180 hotels were earmarked for tourist accommodations. The resumption of tourism followed a pilot project that began in December 26 when 1,500 tourists from Ukraine visited Sri Lanka in such a travel bubble.

Sri Lanka Tourism Chairperson Kimarli Fernando referred to the travel bubble idea as a “new concept” developed by the tourism authority – which allowed tourists to travel the country in semi-isolated groups without mixing with the local population. “All certified hotels have a medical doctor,” said Fernando. “These doctors monitor hotel staff and guests for COVID-19 symptoms and send daily reports to government authorities.” A few months later, these restrictions were relaxed, with mandatory quarantine time reduced to just once a day for vaccinated tourists, and the need to abide by the nation’s “bio-bubble” reduced to seven days (Pitrelli, 2021).

Despite the gradual opening, recovery of the tourism sector in 2021 was slow, with just 194,495 tourist arrivals in total – only 10% of pre-pandemic levels. A large percentage (42%) of these visitors were from India, followed by Russia, the UK and Germany (Srinivasan, 2022). However, the year finished strongly (for December, Sri Lanka recorded 89,506 tourist arrivals), and enthused by this SLTDA stepped up international promotions hoping to further boost the sector. Kimarli Fernando said:

Sri Lanka is back, and we are open for tourists. Our country has everything a post-COVID traveler is looking for. We have created a relaxed, bubble-free travelling for fully vaccinated travelers. Sri Lanka is ready to welcome you with the warmth of our hospitality (Pitrelli, 2021).

Fernando was confident the country would record an average 100,000 arrivals per month in 2022, amounting to 1.2 million arrivals for the year.

Despite this optimism, some experts were suggesting that the pandemic had highlighted an over-dependent on certain international markets and that Sri Lanka needed to look elsewhere for tourism business. “Australia and New Zealand can be potentially big, along with Asian countries such as Vietnam, Singapore, Thailand, Taiwan and South Korea. It’s about time we get into those markets,” said Hiran Cooray from Jetwing Hotels. Aitken Spence Hotels, which gets a lot of business from TUI (Aitken Spence Travels is 50% owned by TUI), said it had looked toward different Asian and Middle Eastern markets in recent years. “We have also diversified our offering to include adventure, medical, sports and eco-tourism,” said Jayawardena (Hamdi, 2020).

Kimarli Fernando from Sri Lanka Tourism also recognized a need to target different demographics – particularly millennials. “In the past, a lot of effort was in trade shows. With COVID-19, it’s more online. We will continue to work with tour operators and agents who have supported us through the years, but we will also go to the digital side,” she said.

Going forward, we are looking at promoting experiences, whether it is wellness, adventure, food or culture, rather than promoting to countries/nationalities such as India, China or UK. Older people, not just millennials, are looking for experiences. We noted this trend even before COVID-19. We’ve got to change the way we do things. We have a strategy and road map.

(Hamdi, 2020).

Apart from wellness, Fernando also singled out adventure/wildlife, and film tourism as other focus areas. “Lots of producers of films and documentaries have come in the last two years and Sri Lanka will create a ‘one-stop shop’ platform for them,” she said.

Meanwhile, tourism development continued, as investors moved forward with projects such as John Keells’ mixed-use waterfront integrated resort, Cinnamon Life, and Escape Sri Lanka, the country’s first theme park, located between Colombo and the beach resort city of Galle. The theme park was a joint venture between Singapore-based Sim Leisure Group and Elpitiya Plantations, an associate company of Aitken Spence. Sim Leisure’s founder and CEO cited Sri Lanka’s highly educated population, relatively low cost of doing business, a domestic market of 21 million people, and a first-mover advantage on theme parks, as factors for his expansion into Sri Lanka (Hamdi, 2020).

Discussion questions

1. Summarize the efforts made in the case study to diversify both the tourism offerings in Sri Lanka, as well as the target market.
2. It was mentioned in the case study that the Sri Lanka Tourism Alliance supported tourism businesses in Sri Lanka by offering tips on surviving the crisis. If you were in charge of this initiative, what tips would you offer the industry?
3. Watch the video next and provide a 500-word summary of its contents.

Video link

Can Sri Lanka revive tourism during the coronavirus pandemic? DW News, November 2021. www.youtube.com/watch?v=8NcLubK0Emg

References

- Arachchi R.S.S.W. & Gnanapala W.K.A.C. (2020). Impact of COVID 19 and the future of tourism employments in Sri Lanka: A route to recovery and resilience. *Journal of Management and Tourism Research*, Special Issue, 15–26.
- Hamdi, R. (2020). Sri Lanka looks beyond pandemic to carve out a new tourism future. *Skift*, 16 December. <https://skift.com/2020/12/16/sri-lanka-looks-beyond-pandemic-to-carve-out-a-new-tourism-future/>
- Ministry of Tourism (2020). *Sri Lanka Tourism. A Year in Review*. December. https://slda.gov.lk/storage/common_media/AYearinReview20201270034088.pdf
- Pitrelli, M.B. (2021). Sri Lanka is now open to travelers – no quarantine, but no mingling with locals too. *Global Traveler*, 17 February. www.cnbc.com/2021/02/17/where-can-i-travel-in-asia-without-quarantining-sri-lanka-is-now-open.html
- Rasooldeen, M. (2021). Sri Lanka reopens to tourists after 10-month pandemic closure. *Arab News*, 21 January. www.arabnews.com/node/1796286/world
- Rathnayake, Z. (2021). Reinventing Sri Lanka: As the country reopens to international travelers, the tourism industry ponders its future. *CNN Travel*, 9 February. <https://edition.cnn.com/travel/article/sri-lanka-tourism-crisis-solutions/index.html>
- Ratwatte, S. (2020). SriLankan Airlines post-COVID. Does it have a future? *Surenratwatte.com*, 2 November. <https://surenratwatte.com/srilankan-airlines-post-covid-does-it-have-a-future/>
- Sri Lanka Tourism Alliance (2020). *COVID-19 Crisis Response Update*. Sri Lanka Tourism Alliance, Colombo, Sri Lanka, 17 April.
- Srinivasan, N. (2022). India tops Sri Lanka's tourism charts 2021. *The Hindu*, 8 January. www.thehindu.com/news/national/india-tops-sri-lankas-tourism-charts-2021/article38196048.ece
- United Nations Sri Lanka (2020). *UN Advisory Paper: Immediate Socio-Economic Response to COVID-19 in Sri Lanka*. United Nations, June. https://unsdg.un.org/sites/default/files/2020-07/LKA_Socioeconomic-Response-Plan_2020.pdf
- World Bank (2020). *COVID-19 and Tourism in South Asia. Opportunities for Sustainable Regional Outcomes*. Washington, DC: The World Bank. <https://openknowledge.worldbank.org/handle/10986/34050>
- World Bank (2021). *Economic and Poverty. Impact of COVID-19. Sri Lanka Development Update 2021*. The World Bank, Washington DC, April.
- World Travel & Tourism Council (2020). Sri Lanka. 2020 annual research highlights. <https://wttc.org/Research/Economic-Impact>

32

THAILAND

Impacts

Thailand is a leading global tourist destination, ranking eighth in the world for tourist arrivals and fourth for tourism receipts in 2019. The main tourist centers are Bangkok (with large retail centers and cultural sites), the beach resort areas (Phuket and Samui for example), and more recently, mountainous areas. At the outbreak of COVID-19, Thailand confronted the pandemic head on by shutting its borders, but prioritizing health over wealth was disastrous for the tourism industry, which represented about a fifth of the country's GDP (20.1%) pre-pandemic, bringing in US\$106.5 billion to the economy (World Travel & Tourism Council, 2021). In 2019, when foreign tourist arrival numbers nearly hit 40 million in Thailand, major revenue sources came from short-haul markets in Asia, with almost 10 million arriving from China. But Thailand's Tourism Council estimated that Thailand would only have about 7 million international tourists in total in 2020, contributing US\$15 billion, a dip of 76.5% in revenue. 2021 was even worse, with just 70,000 visitors coming into the country in the first eight months of the year. Many tourism businesses did not reopen in 2020 after closing, and over half a million workers lost their jobs (Sullivan, 2020).

It was not just the tourism economy that suffered (Deloitte, 2020). There were also negative environmental consequences of the COVID-19 crisis. Conservationists in Thailand were saying that more than 1,000 elephants faced starvation in the country because the crisis had slashed revenue from tourism. The absence of visitors meant that many caretakers were struggling to afford food for Thailand's 4,000 captive elephants. Lek Chailert, founder of the Save Elephant Foundation, said, "If there is no support forthcoming to keep them safe, these elephants, some of whom are pregnant, will either starve to death or may be put on to the streets to beg" (Hatton, 2020).

Responses

In response to the pandemic, Thailand allocated 2.2 trillion-baht (12.9% of its GDP) to COVID-19 relief and recovery efforts. The Bank of Thailand, the central bank, introduced soft loan schemes and a six-month debt holiday for the private sector, and the government distributed cash handouts to the Thais who were severely affected by the sudden disruptions to their livelihoods during lockdown, as well as those in vulnerable segments, such as farmers and the poor. All in all, more than 30 million people (out of the population of 68 million) received some direct financial support from the government (Pacific Asia Travel Association, 2020).

The fiscal stimulus measures include various schemes to boost consumption, investment and domestic tourism. One of these schemes was the “We Travel Together” campaign, subsidizing hotels by paying for 40% of the overnight fees of Thai guests who paid taxes. The Intercontinental Hotel Resort, on Koh Samui, one of Thailand’s 1,400-odd islands, was one beneficiary of this policy. Manager Tibor Horvath said that while the economic situation remained harsh, they were attracting Thai and expatriate weekend visitors. “This is enabling me to keep my remaining team, which is important,” he explained (Giradet, 2020). Offering major discounts, sometimes slashing rates by over half, the resort was operating with over 45% capacity on most weekends in major contrast to the earlier shutdown months.

Another hotel company that pivoted to cater to domestic customers was Dusit International. “The pandemic has only served to push us to realign our strategies to suit domestic travelers who now seek exclusive escapes with a component of exclusive, valued-added and heightened wellness experiences,” said CEO Suphajeer Suthumpun. She said:

We partner with travel platforms, such as travel agencies and local communities, to jointly explore some niche routes, the hidden gems that could be hardly discovered in mass tourism. We offer guests bespoke itineraries and value-added packages. We try to reinvent ourselves to stay attractive to domestic travelers.

(Jiambao, 2020)

Hotels in the Dusit group were attracting consumers with bundle deals, such as a flower field trip package, including accommodation, meals, transportation and personal photographer. Others were offering personal coaching sessions with experts or celebrity trainers. “The hotel industry needs to diversify its services to survive. Hotels should no longer be the mere place to stay and eat, but a second home for guests to experience different life,” said Suphajeer. Other hotels in Thailand focused on health and safety to tempt wary consumers. The Pimalai Resort and Spa, for example, located at the southern end of Koh Lanta island, implemented a Pimalai Care initiative that includes 24-hour vacancy periods between bookings, three disinfection tunnels, ozone sanitization in the guest rooms and heat cleaning in the kitchens (Jiambao, 2020).

Most hotels in Thailand however, particularly the more modest ones, found it difficult to adapt to the pandemic. They did not have the resources to pay staff and remain open during the “dry” periods. In southern Thailand’s resort island of Phuket for example, hotel occupancy rates still hovered at less than 20% toward the end of 2020. “Cheaper flights, public holidays added by the government and drastic drop of hotel rates are still far less likely to win domestic tourists,” said a receptionist at a local hotel in Phuket (Jiambao, 2020).

As part of the initiative to boost domestic tourism, Thai Airways built on the “flights to nowhere” craze by launching special flights that flew over 99 holy sites in Thailand. Led by celebrity fortune teller and religion history expert Dr Khata Chinbunchon, the “Thai Magical Flying Experience Campaign” gave Buddhists the chance to see 99 sacred sights from the air, complete with chanting. Passengers on the flight from Bangkok received Buddhist prayer books and a special in-flight meal while flying over temples in 31 provinces before returning home. The initiative came hot on the heels of similar offerings from the likes of Qantas and China Airlines, who launched their own series of scenic and themed flights in 2020.

Toward end of 2020, Thailand gradually opened up to a limited number of visitors, recording 1,201 foreign visitors in October, all on special 90-day visas requiring a 14-day quarantine period. “We rather hope this will signal the opening up of the country,” said Tourism Authority of Thailand (TAT) governor, Yuthasak Supasorn (Thanthong-Knight, 2021). Under the program dubbed “Safe and Sealed,” visitors committed to at least two weeks in one resort and would not be allowed to travel elsewhere, in effect turning resorts into manageable “quarantine” areas. Six golf resorts were



FIGURE 32.1 Big Buddha, Phuket (courtesy of Miltiadis Fragkidis on Unsplash)

included in the program. According to the Ministry of Health, those who wished to visit other parts of Thailand would have to remain for a minimum of three weeks to ensure that they were not infected. Similarly, hotel staff wishing to leave would first have to go into quarantine, and then be tracked and tested for COVID-19. But many Thais were opposed to reopening for international tourists, partly because local residents lived close to the resorts. “If I had to choose between health and income, I’d choose health,” said Wiparad Noiphao, a fruit and vegetable vendor at Banzan fresh market in Patong. “We have to prioritize safety” (Thanthong-Knight, 2021).

This initial program to attract international visitors, however, saw limited success. By January 2021, just 346 overseas visitors had entered the country on average each month following the launch of the initiative according to the Thailand Longstay Company, which helped facilitate the program. That was well below the government’s target of about 1,200. Thailand had hoped to lure retirees escaping the European winter and others who could stay for an extended period. “I’ve been in Phuket for 20 years and have never seen it this quiet,” said Jessada Srivichian, financial manager at the Hotel Clover Patong in Phuket. “We need international visitors. We’re not thinking of making a profit but instead focusing on minimizing losses, because as long as there’s a quarantine requirement, people won’t come” (Thanthong-Knight, 2021). The hotel had slashed its prices by as much as 75% to attract domestic travelers instead of its usual clientele of American, Russian and Chinese tourists. Still, it ran at about 10% occupancy in December, a period that used to be overbooked.

In March 2021, Thailand made another effort to attract visitors – this time, launching a yacht quarantine program that would allow visitors with a negative coronavirus test to spend their time on board a yacht or small cruise ship in Phuket. Around 100 yachts took part in the program. Travelers were required to wear a smart wristband that monitors vital signs including temperature and blood

pressure, as well as tracking the wearer’s location via GPS. Then, after months of negotiations, Phuket reopened for tourism on 1 July. Under the “Sandbox” scheme, vaccinated tourists from 66 countries were able to visit Phuket without undertaking a formal quarantine. However, they had to stay on the island for 14 days if they wished to subsequently travel elsewhere in Thailand (BBC, 2021a).

Before the island reopened, 70% of Phuket’s residents were vaccinated to create a herd immunity. Seven COVID-19 test centers were set up across the island to facilitate tourists, with a cost of about US\$85 per test. Visitors had to sign a consent form in advance, allowing the lab to send results to the Phuket Sandbox Command Center. If tourists tested positive upon arrival at the airport, they received a full refund from the hotels and were escorted to an alternative local quarantine (ALQ) facility. The first 15 days of the program brought in 5,710 visitors, although more than 50% of arrivals were media, “influencers” and businesspeople seeking a route back into Phuket/Thailand.

Outcomes

Bhumikitti Ruktaengam, president of the Phuket Tourist Association, said Thailand’s cautious reopening plan was the correct option, and the embattled tourism industry had little choice but to wait for vaccines to take hold. “We can’t close our borders forever, and we can’t let people in without strict measures in place,” he said. “So this controlled, gradual reopening is the best approach.” In November 2021, vaccinated tourists from more than 60 “low-risk” nations were allowed to enter the country and avoid hotel quarantine. Airports serving Bangkok and Phuket were among those opening to countries including China, Japan, the United States and most of Europe. “It’s like seeing a very dim light at the end of the tunnel – we haven’t been able to work in two years,” said tour guide Chaiyagorn Boonyapak (BBC, 2021b). However, on December 21, a day after the first case of community transmission of the Omicron variant, the Thai government suspended the scheme and reinstated its quarantine requirement for foreign visitors indefinitely. Thailand’s virus

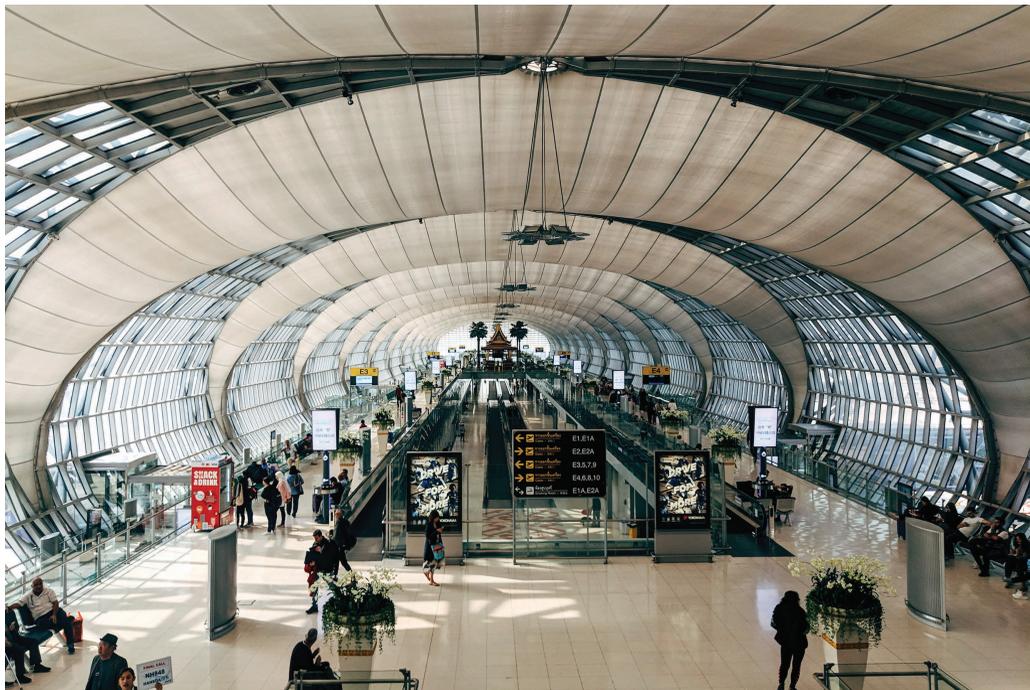


FIGURE 32.2 Suvarnabhumi (Bangkok) Airport, which finally opened to vaccinated tourists in November 2021 (courtesy of Markus Winkler on Unsplash)

task force also appealed to people to avoid domestic travel and to work from home until the end of January.

Despite these setbacks, the Thai government was predicting tourism revenues to rebound to their pre-pandemic levels by 2023, with international tourism arrivals expected to slowly rebound to around 15 million in 2022. In the meantime, the government planned to focus on domestic tourism and a more diverse economy whilst carefully re-opening to foreign visitors in a slow process that would stretch well into 2022 and beyond. “The main challenge now is how to revitalize the economy without placing such an emphasis on foreign visitors,” said Edward Giradet, editor of *Global Insights Magazine*. “The COVID-19 pandemic has exposed the overreliance of the Thai economy on international tourist arrivals,” said Burin Adulwattana, Chief Economist at Bangkok Bank. “Over the next couple of years, with its success in battling COVID-19, Thailand should use this opportunity to become a medical and wellness hub, as well as promoting Thailand as a place to live and work” (Adulwattana, 2020).

Discussion questions

1. Do some research on the “flights to nowhere” craze mentioned in the case study. Which airlines in which countries offered this service during the pandemic, and how successful were they?
2. After reading the case study and watching the video next, could the Thai government have approached re-opening borders to international tourists differently?
3. What efforts did the tourism industry make in Thailand to attract domestic tourists during the pandemic? Were these efforts successful?

Video link

Thailand COVID-19 restrictions: New measures for tourists due to Omicron. Aljazeera, 22 December 2021. www.youtube.com/watch?v=jhegDatNpaQ

References

- Adulwattana, B. (2020). What's next for the Thai economy after the COVID-19 pandemic? *International Banker*, 30 November. <https://internationalbanker.com/finance/whats-next-for-the-thai-economy-after-the-covid-19-pandemic/>
- BBC (2021a). Thailand launches yacht quarantine for tourists. *BBC News*, 9 March. www.bbc.com/news/business-56329806
- BBC (2021b). Thailand reopens to vaccinated tourists from over 60 nations. *BBC News*, 1 November. www.bbc.com/news/business-59115395
- Deloitte (2020). Respond, recover, thrive. The impact of COVID-19 on the economy. A view from Thailand. <https://www2.deloitte.com/content/dam/Deloitte/th/Documents/about-deloitte/th-about-economic-outlook-2020-covid-19-impact.pdf>
- Giradet, E. (2020). Letter from Thailand: Tourism and the pandemic – until we're back. *Global Geneva*, 7 October. www.global-geneva.com/letter-from-thailand-tourism-and-the-pandemic-until-were-back/
- Hatton, C. (2020). Coronavirus: Thai elephants face starvation as tourism collapses. *BBC News*, 31 March. www.bbc.com/news/world-asia-52110551
- Jiambao, C. (2020). Yearender: Tourism suffers in Thailand due to COVID-19 pandemic. *Xinhua*, 23 December. www.xinhuanet.com/english/2020-12/23/c_139612853.htm
- Pacific Asia Travel Association (2020). *COVID-19 and the Tourism Sector: A Comparison of Policy Responses in Asia Pacific*. PATA Crisis Resource Center, Bangkok, Thailand, November.

- Sullivan, B. (2020). How to measure COVID-19 impact on Thai tourism? *Thailand Business News*, 19 October. www.thailand-business-news.com/tourism/81247-how-to-measure-covid-19-impact-on-thai-tourism.html
- Thanthong-Knight, R. (2021). Thailand sold itself as a paradise COVID retreat. No one came. *Bloomberg*, 15 January. www.bloomberg.com/news/articles/2021-01-15/thailand-sold-itself-as-a-paradise-covid-retreat-no-one-came
- World Travel & Tourism Council (2021). Economic impact reports: Thailand. <https://wttc.org/Research/Economic-Impact>

33

UNITED KINGDOM

Impacts

There was widespread optimism that 2020 would be a bonanza for British tourism, an industry worth £127 billion annually to the UK economy. About 40 million people were expected to flood into the UK to take advantage of attractions in hundreds of historic towns and cities – the highest figure ever. Then came the pandemic, and the UK's DMO, VisitBritain said there was a 76% drop in international visits for the year, leading to an 80% fall in overseas' visitor spending.

VisitBritain chief executive Patricia Yates said:

This year has seen domestic and global travel brought to a standstill. While assessments of the impact of this global crisis on tourism are quickly surpassed by the fast-changing reality, there is no doubt the industry has been one of the earliest and hardest hit of all economic sectors.

(Hudson, 2020)

The pandemic impacted every sector of tourism and hospitality. Some 20% of hospitality's 3.2 million jobs were lost in 2020, and data collected by the Office for National Statistics (ONS) at the end of that year suggested that more than a third of hospitality firms in the UK had little or no confidence of surviving the next three months (BBC News, 2021a). The government's Coronavirus Job Retention scheme did lessen the burden of keeping staff on the payroll during lockdown periods. The scheme enabled businesses to register employees who could no longer work as "furloughed workers" through an online portal, which then required the Government to reimburse up to 80% of these wages (which was capped at £2,500 per month). The government also announced that all hospitality, retail and leisure businesses across the UK would not have to pay business rates for the 2020/21 tax year.

The BBC reported on the impact of the pandemic on Stratford-upon-Avon businesses during the crisis (BBC News, 2020). The birthplace of William Shakespeare attracts millions of visitors annually, but the town's reliance on tourism meant it was "badly hit by a perfect storm," said Councillor Daren Pemberton, deputy leader of Stratford-upon-Avon District Council. Almost overnight at the beginning of the pandemic, the majority of Stratford's businesses closed. When Prime Minister Boris Johnson announced on March 16 that people "should avoid pubs, clubs, theatres and other such social venues," the Royal Shakespeare Company closed the Swan Theatre, and many other attractions and venues followed suit. The Shakespeare Birthplace Trust cares for

William Shakespeare’s family homes, and the trust was expected to bring in US\$12 million in 2020. It said its income was now predicted to fall by US\$9–10 million. “The impact of COVID-19 on Stratford-upon-Avon has been immediate and plain to see,” said its CEO, Tim Cooke. “It is home to the world’s richest Shakespearian heritage, which the trust cares for, a jewel in the crown of ‘Brand Britain’ and the economy of the West Midlands, attracting six million visitors a year. Now it lies empty” (BBC News, 2020).

Airlines in the UK were crippled by the pandemic (BBC News, 2022). British Airways owner IAG posted a record loss of €7.4bn (£6.5bn) for 2020 due to COVID disruption, operating at a capacity of just 33.5% of the levels seen in 2019. BA had received £300 million in 2020 from a Bank of England loan program for the UK’s biggest companies, and also claimed support from the taxpayer-funded furlough scheme. The company then received a £2 billion new year funding boost in January 2021 through a state-backed loan. Richard Branson’s Virgin Atlantic also struggled to stay afloat. Branson was critical of the UK government’s support, and received a lot of negative press in the UK, with an ongoing debate in the media as to whether British taxpayers should be bailing out a man who once sued the National Health Service, and who had not paid income tax in the UK for 14 years. Branson had already attacked the Australian government for refusing to bail out Virgin Australia, who went into voluntary administration due to impact of COVID-19. When Virgin feared it would run out of cash in the fall of 2020, it worked out an intricate US\$1.6 billion private rescue deal. It included about US\$226 million from a hedge fund, capital raised in share sales from Virgin Galactic, and agreements to defer debt payments. By the end of 2020, the airline had laid off 4,700 employees, nearly half of its staff (Hudson, 2020).



FIGURE 33.1 Stratford-upon-Avon – “badly hit by a perfect storm” (courtesy of Bobbie M on Unsplash)

Meanwhile, low-cost carrier Ryanair saw passenger levels fall by two-thirds in 2020, to 52.1 million, down from 152.4 million in 2019. The airline, often in the media for the wrong reason, caused some controversy with its “jab and go” holiday advertising campaign launched on Boxing Day 2020. The ads featured a small bottle labeled “vaccine” and a syringe, and encouraged the public to snap up bargain deals to sunny European destinations such as Spain and Greece because “you could jab and go.” The ads showed groups in their 20s and 30s engaged in activities such as jumping in a pool and being served at a restaurant, with no social distancing or use of face coverings. UK’s advertising watchdog banned the campaign saying it encouraged the public to act irresponsibly once they had received a coronavirus vaccination shot.

The events and festivals sector in the UK also came to a standstill in 2020. In fact, the Glastonbury Festival was canceled in both 2020 and 2021, a loss to the local economy of at least £70 million. Some smaller events moved online during the pandemic. For example, Dorset’s annual knob-eating competition was held online for the first time (Hall, 2020). The event – in which contestants vie to eat more of the county’s traditional biscuits than their rivals – usually draws huge crowds. But instead, the 100 competitive eaters live-streamed their attempts to swallow the savory spheres. The winner was local Kate Scott who ate eight and a half of the biscuits in one minute. The dry savory biscuits have been made by Moores of Morecombelake for more than 150 years. Their name comes from the hand-sewn Dorset knob buttons that were also made locally. The knobs are baked three times and due to their hardness, eaten after first being soaked in sweet tea. They are traditionally accompanied by Dorset Blue Vinney cheese and were said to have been a favorite food of local author Thomas Hardy.

Responses

Some organizations in the UK’s tourism and hospitality sector were quick to adapt to the pandemic. With London’s famous theatres all closed, two entrepreneurs created a service that would bring a slice of the West End to the public. Naming the company “Doorstep Productions,” actors Maria Friedman and Adrian Der Gregorian put together a group of West End and Broadway actors, singers, dancers and musicians, who performed on people’s doorsteps, drives and gardens, throughout the UK, dressed in the costumes and characters from people’s favorite moments from their favorite shows. Maria Friedman explained:

Doorstep Productions started as an idea to go and spread some joy at Christmas. We were to be dressed head to toe in beautiful, Dickensian costumes, holding lanterns and singing carols outside hospice windows, care home gardens and some other socially isolated folk. Everything would be COVID safe. It then suddenly struck me, ‘Why not do what we do best, but on the street where you live . . .?’ Everything seems to be ‘deliverable’ these days, so why not the West End.

(Underwood, 2020)

Another entrepreneur in the events sector who had to pivot immediately during lockdown was Jonathan Worsley, chairman of Bench Events. Worsley, one of the founders and co-organizers of leading conferences for the hotel investment industry, launched *Hospitality Tomorrow*, a virtual conference platform to support the hard-hit international hospitality community during COVID-19. The first episode took place on 7 April 2020 and attracted 5,323 virtual attendees from 128 countries. The immersive conference experience featured industry insights by global speakers on the main “live” stage and in break-out sessions and roundtables, as well as live face-to-face networking and a virtual Expo hosted by the event sponsors. “This was going to be a big year for us – we have had to put 10 events on hold – but as they say, crisis creates creativity,” he said.

We put a small team together to look at the future and try and resolve the needs of our clients. We looked at what other industries were doing – and found we are very traditional – other sectors are far ahead of us using technology to host events. As an outcome we created *Hospitality Tomorrow* within 17 days of the UK going into lockdown.

(Quo, 2020)

With no international visitors, domestic tourism did provide some respite for those in the tourism sector, but VisitBritain said there was still a fall of 48% in domestic tourism in 2020 compared to 2019's figures. Overall domestic tourism fell to £30bn in 2020, down from £91bn in 2019, and was only expected to be £51.4 billion in 2021. After the first lockdown, both travelers and tourist destinations were cautious. When Boris Johnson announced an easing of the UK's lockdown rules in May 2020, there was evidence of resident anxiety in destinations that started welcoming tourists once again. Such anxiety or irritation toward tourists is not new and has been well-documented in the tourism literature. But the pandemic created a dilemma for destinations as they sought to kick start their tourism economies and at the same time had to reassure their residents that it was safe to invite visitors into their communities once more. Residents at many beauty spots across the country, including Cornwall and Snowdonia, made it clear that they did not want visitors while the coronavirus was still a risk. Many even put up homemade signs urging non-locals to go home. Patricia Yates, acting CEO of Visit Britain, said they were looking at promoting areas outside the honeypots to avoid such conflicts. "What is needed is destination management to rebuild tourism more slowly and keep residents, visitors and businesses that depend on tourists happy – it's quite a balancing act" (Hudson, 2020).

In the light of COVID-19, the UK's DMO, VisitBritain, completely refocused its international marketing activities. Unable to promote travel to Britain during lockdown, the DMO decided to maintain a dialogue with consumers to ensure Britain remained top of mind when international travel started back up. The plan was to bring a little bit of Britain to international visitors facing coronavirus travel bans. One campaign, *Showing love for Great Britain*, promoted popular British culture from literature, film and music to heritage, gardens and food and drink across social channels, with the sharing of inspirational content such as recipes, playlists and even pub quizzes for visitors to enjoy from home.

As an example, followers were invited to explore "virtually" the filming locations featured in the Harry Potter films. Tweets from @VisitBritain provided information about a dozen Potter film locations, from the Glenfinnan Viaduct in Scotland where the Hogwarts Express traveled on the route to Hogwarts School of Witchcraft and Wizardry, to Alnwick Castle in Northumberland, scene of Madame Hooch's broomstick flying lesson in the first film. The phenomenon of Harry Potter – or "Pottermania" – was leveraged previously by VisitBritain to rescue the country's ailing tourism industry hit by the terrorist attacks of 2001. At that time, in an integrated marketing strategy, VisitBritain utilized the books and the films for their promotional potential, increasing tourist visits throughout Britain and, in particular, to destinations featured in the books and movies (Hudson, 2020).

VisitBritain also capitalized on the UK's rich musical heritage by creating dedicated Spotify playlists for followers and by promoting famous music locations in the country. They sent out tweets, for example, offering a playlist of music that came out of Liverpool, and a link to more information about the city's musical locations, such as the Cavern Club, the birthplace of Britain's most iconic band, the Beatles. The campaign also featured musical locations in Manchester and London. Bands like The Smiths, Oasis and Take That have their roots in Manchester, and the "London's Calling" Spotify playlist featured artists like David Bowie, The Clash, Elton John and Queen.

Media around the world picked up on VisitBritain's *Showing love for Great Britain* campaign. An article in the *Toronto Sun* in Canada, for example, featured a number of traditional British recipes



FIGURE 33.2 A Facebook post from VisitBritain explains the showing love campaign (courtesy of VisitBritain)

that had been part of the social media campaign. Presenting the recipe for the British scene, the author said:

What everyone loves to celebrate is the typically British moment in the afternoon – afternoon tea! It's a beloved ritual enjoyed around the world, but when you celebrate in its traditional home, it's beyond wonderful. Originating in the southwest of England, in Cornwall and

Devon, the tradition has spread throughout Great Britain. All you need in addition to a hot kettle of tea is some clotted cream or curd (a very thick cream), some tasty preserves . . . and, of course, scones!

(Hudson, 2020).

Some businesses in the events sector were able to take advantage of a £1.57 billion rescue package announced by the government in October 2020, to support the arts, culture and heritage industries. Organizations across a range of sectors including the performing arts and theatres, heritage, historic palaces, museums, galleries, live music and independent cinema were able to access emergency grants and loans. Prime Minister Boris Johnson said:

From iconic theatre and musicals, mesmerizing exhibitions at our world-class galleries to gigs performed in local basement venues, the UK's cultural industry is the beating heart of this country. This money will help safeguard the sector for future generations, ensuring arts groups and venues across the UK can stay afloat and support their staff whilst their doors remain closed and curtains remain down.

(Gov.uk, 2020)

Outcomes

As for a recovery, by March 2021, with a third of the UK population vaccinated, the tourism and hospitality sector was looking forward to getting back on its feet. The government had just announced sector-specific policies in their latest budget, which included a six-month extension to the reduced 5% VAT rate, and “restart” grants of up to £18,000, worth £400m to the pubs sector. A moratorium on payment of business rates was also extended until the end of June. Meanwhile, with travel restrictions to many other countries expected to continue into 2022, the UK was anticipating a boom in domestic tourism. To reassure nervous travelers, hospitality providers could sign up for the “We’re Good To Go” scheme, launched the previous year by VisitEngland in partnership with the tourism boards of Northern Ireland, Scotland and Wales. The scheme was a free industry standard and consumer mark to reassure customers that businesses were adhering to Government and public health guidance (Dunford, 2020).

Small businesses in the tourism and hospitality sector could also take advantage of online training provided by the government as part of its COVID-19 recovery strategy. The Small Business Leadership Program aimed to show companies and managers how to adapt and thrive post-COVID. Bristol nightclub, Lakota, was closed during most of 2020 making it hard for it to stay financially stable. After attending the 10-week online course, managing director, James Haggart, said they would now focus on a broader age range to bring in the money they need. Mr Haggart said:

It has helped us take a step back and look at the overall business and now we can see where we can improve. Our nightclub is very much directed at 18 to 25-year-olds, so we’ve organized our outside events to cater for people who are aged 18 to 60 instead.

(BBC News, 2021b)

Executive director of the Small Business Charter, Anne Kiem, who helped to deliver the program, said: “We have suffered from an economic shock and some businesses have been able to adapt and others haven’t. So we have helped businesses that have been affected come back out boldly after being pushed into a corner during the current climate.”

One outcome of the pandemic for hospitality businesses as they opened up once more was a challenge in recruiting staff. In May 2021 UK Hospitality said there was a shortfall of about 188,000

workers, with the shortage of front-of-house staff and chefs being “particularly acute.” UK Hospitality said that uncertainty was one factor in people not going for restaurant jobs. “The government must restore confidence in the hospitality sector so that it is again seen as a stable employer and provider of fulfilling careers,” said chief executive Kate Nicholls (BBC News, 2021a). Brexit had also contributed to staff shortages, especially in city center venues, as EU workers returned to their home countries. Overseas workers also returned home at the beginning of the pandemic, and many had not returned due to travel restrictions. The government said it was working with the sector to understand the impact on job shortages due to Brexit and the COVID pandemic, a government spokesperson said.

We are doing everything we can to support hospitality to recover following the reopening of indoor venues in England earlier this month. Our dedicated work coaches are supporting people into work, including in hospitality, and through the Kickstart Scheme we’re offering generous incentives to employers to recruit, with hundreds of young people starting work every day.

(BBC News, 2021a)

As tourism and hospitality businesses reopened their doors in the summer of 2021, the author of this case study was particularly pleased to see the pubs back in business. Not for want of a pint – but because once more, Marmite would be readily available. One of the casualties of the pandemic had been the supply of this very British spread. Production was dramatically affected during lockdown due to a shortage of brewer’s yeast – a key ingredient in the product. Approved Food managing director Andy Needham said the Marmite shortages were a prime example of the knock-on effect that COVID-19 restrictions have had on manufacturers around the world. “The limited re-opening of pubs this week is fantastic news,” he said.

It means that not only will the hospitality sector be able to start recovering but production of by-products, such as brewer’s yeast, will receive a much-needed boost, allowing firms to ramp up production levels and get their products back on our shelves.

(Ridler, 2021)

Like for many other tourism destinations around the world, the Omicron variant put a spanner in the works for the UK’s tourism recovery plans toward the end of 2021. To help those impacted by more coronavirus restrictions, the government announced a £1 billion support package that included one-off grants for hospitality businesses of up to £6,000 per premise in England. Meanwhile, the boss of the UK’s busiest airport, John Holland-Kaye, said a return to normal “could be years away.” Just 19.4 million passengers passed through Heathrow in 2021–12.3% below 2020, the year the pandemic began. The number of arrivals in 2021, the lowest for Heathrow for 50 years, was less than a quarter of the pre-pandemic levels seen in 2019. Travel to and from the Asia-Pacific region was particularly badly hit, down 40.3% from a year earlier. Prior to the Omicron variant raising its ugly head, VisitBritain was forecasting inbound visits to increase to 24.0 million in 2022, and spending to £19.2 billion. These are 59% and 67% respectively of the visits and spend levels seen in 2019.

Discussion questions

1. The case mentions that the Glastonbury music festival was canceled in both 2020 and 2021. In the future, how different do you think will music festivals be from those staged before the pandemic?

2. The case says that one outcome of the pandemic for hospitality businesses as they opened up once more was a challenge in recruiting staff. This seemed to be the case in many parts of the world. Why is this? And what more can the sector do to recruit people?
3. In the case study, Patricia Yates from Visit Britain said what is needed is destination management to rebuild tourism more slowly and keep residents, visitors and businesses that depend on tourists happy. After reading the case study and watching the short video next, how do you think this can be accomplished?

Video link

Worry and opportunity: UK tourism adapts to coronavirus. AFP, July 2020. www.youtube.com/watch?v=euTVfsou1w

References

- BBC News (2020). Coronavirus: Stratford-upon-Avon's tourism trade hit hard by lockdown. *BBC News*, 3 May. www.bbc.com/news/uk-england-coventry-warwickshire-52446679?intlink_from_url=https://www.bbc.com/news/business&link_location=live-reporting-story
- BBC News (2021a). Hospitality 'struggling to fill thousands of jobs'. *BBC News*, 29 May. www.bbc.com/news/business-57285428
- BBC News (2021b). Small business leadership program gives hope for 'survival'. *BBC News*, 29 March. www.bbc.com/news/uk-england-bristol-56501194
- BBC News (2022). Heathrow Airport warns return to normal travel years away. *BBC News*, 12 January. www.bbc.com/news/business-59950633
- Dunford, J. (2020). 'Things have to change': Tourism businesses look to a greener future. *The Guardian*, 28 May. www.theguardian.com/travel/2020/may/28/things-had-to-change-tourism-businesses-look-to-a-greener-future
- Gov.uk (2020). £1.57 billion investment to protect Britain's world-class cultural, arts and heritage institutions. *Press Release*, 5 July. www.gov.uk/government/news/157-billion-investment-to-protect-britains-world-class-cultural-arts-and-heritage-institutions
- Hall, S. (2020). Dorset crowns winner of its 2020 knob eating contest online. *inews.com*, 10 May. <https://inews.co.uk/culture/dorsets-latest-champion-knob-nosher-online-2848514>
- Hudson, S. (2020). *COVID-19 & Travel: Impacts, Responses and Outcomes*. Oxford: Goodfellow Publishers Limited.
- Quo (2020). Podcasts on the future of travel. www.quo-global.com/podcasts/
- Ridler, J. (2021). Production of Marmite is set to bounce back as pubs reopen. *Food Manufacture*, 13 April. www.foodmanufacture.co.uk/Article/2021/04/13/Production-of-Marmite-is-set-to-bounce-back-as-pubs-reopen#
- Underwood, K. (2020). Doorstep productions brings the west end to your front door this winter. *Official London Theatre*, 27 November. <https://officiallondontheatre.com/news/doorstep-productions-brings-the-west-end-to-your-front-door-this-winter/>

34

UNITED STATES

Impacts

The United States was relatively slow to close its borders to international travelers, but when the World Health Organization declared on 11 March 2020 that COVID-19 was a pandemic, the government immediately suspended arrivals from 26 European countries, sending shockwaves through the travel sector. Tourism providers in the United States began to shut down. Disney announced on March 12 that it was closing Walt Disney World in Orlando, Florida, as well as its Disneyland resort in Los Angeles. The same day, Broadway shows were suspended (Romine, 2020). Then on the morning of Saturday, March 14 – one of the busiest days of the season for many ski areas in the United States – Governor Jared Polis from Colorado was looking at data on coronavirus infection rates in Colorado’s ski towns, noting they were 20 to 30 times higher than average. He decided to shut down the state’s ski areas immediately, and others quickly followed suit (Blevins, 2020).

By the end of 2020, overseas arrivals for the United States had fallen around 80% (from 40.4 million to 7.2 million), and travel spending totaled a mere US\$679 billion, a 42% annual decline (nearly US\$500 billion) from 2019 (Kwok, 2021). International travel spending fell 76% (compared to 34% for domestic travel) while business travel spending fell 70% (compared to 27% for leisure travel). In total, 18 states and territories experienced a greater than 40% downturn in travel spending. Hawaii suffered the most of any state (down 60% year-on-year) and Mississippi suffered the least (down 26%). Hotel occupancy averaged just 44% in 2020 (33% lower than in 2019), and over 7 million jobs in the United States were impacted (STR, 2020). The decline in direct travel expenditures due to the pandemic, translated into a US\$1.2 trillion loss in economic output – a financial impact nine times worse than 9/11 (Hudson, 2020).

After President Trump suspended travel from Europe, stock markets around the world crashed. The steep sell-off, the worst in the United States since 1987, was led by the travel industry as airlines, cruise operators and online booking agencies suffered much deeper losses than the overall market. The three largest cruise operators lost more than 30% in one day, with airlines close behind. Walt Disney Co’s value also dropped about 30% suffering a US\$1.4bn hit to profits in the first three months of the year. The firm shut its parks in Shanghai and Hong Kong in January, in Tokyo in February, and in the United States and France in March. Its cruise lines also suspended operations during the pandemic. In April, Disney stopped paying nearly half of its workforce, furloughing more than 100,000 employees, many of them park and hotel workers. Disney, incidentally, was one of very few organizations in the tourism sector to have a crisis management team in place (Hudson, 2020).



FIGURE 34.1 Many aircraft were stored at desert boneyards during the lockdown (courtesy of Jim Bigham)

In the airline sector, some grounded their entire fleets, while others kept a few key aircraft ready to perform repatriation flights, or fly critical medical supplies and other cargo around the world. But most planes that would ordinarily be in the air were on tarmac, and on top of the multitude of economic and logistical problems this posed for airlines, employees and passengers, storage of these planes became a challenge. There wasn't enough space at most global hub airports to park all the planes that are notionally based there. Some, therefore, used dedicated storage facilities. Southwest and Delta Air Lines, for example, stored aircraft at Victorville, a former US airbase in California that now serves as a logistics hub for business, military and freight aviation. Victorville is also a "desert boneyard" famous for its rows and rows of mothballed aircraft, as is Roswell, in the US state of New Mexico, which also became a temporary home for Boeing's 737, 757, 767 and 777 models. The airport used to be a major US Air Force base during the Cold War and had space to spare after the base's closure (Hudson, 2020).

Responses

At the end of March 2020, President Trump signed the CARES Act (Coronavirus Aid, Relief and Economic Security Act), a US\$2 trillion stimulus meant to keep the US economic engine running. Certain sectors of the travel industry benefited more from this act than others. Airlines, for example, had access to roughly US\$50 billion, half in grants and half in loans. After accepting federal money, the Act barred them from laying off or furloughing frontline employees – typically flight attendants, pilots, gate and airport agents – through to September. In addition, the Act limited airlines from buying back shares or increasing executive compensation. Airports, which were seeing a collapse in airport revenues – with far less money coming in from landing fees, parking and concessions than expected – also received US\$10 billion from the government.

Individual hotel owners and big chains got a boost from the CARES Act (Sumers, 2020). Hotel operators were included in the group eligible to tap into federal small business loans set aside for businesses negatively impacted by coronavirus. A provision was added to enable many one-off hotel operators to qualify for small business benefits even if they operated under the flag of a larger brand like Marriott or Hilton. However, there was some backlash over the distribution of the funds. Several media outlets revealed how large chunks of the package were taken up by chain restaurants, hoteliers and publicly traded corporations, rather than small, local businesses. This prompted some chains to return the loans to the government. Burger chain Shake Shack, for example, returned a US\$10 million loan it received from the US government. CEO Randy Garutti and chairman Danny Meyer revealed their decision to give back the funding in an open letter, saying that the NYSE-listed company no longer needed the money because they were “fortunate to have access to capital that others do not” (Toh, 2020).

Interestingly, the cruise industry was excluded from the stimulus package. The bill stated that a business eligible for the allocated US\$500 billion in government loans and loan guarantees must have been “created or organized in the US or under the laws of the US” and have “significant operations in and a majority of its employees based in the US.” None of the big three cruise lines – Carnival Corp, Royal Caribbean and Norwegian Cruise Lines – could make that claim. Each has physical headquarters in Miami, but all are incorporated and flag their ships in other nations. A large proportion of their workforce comes from other countries, and they pay comparatively little federal income tax. They also do not have to abide by US labor laws (Hudson, 2020).

After approximately nine months without further economic stimulus, Congress agreed to the Consolidated Appropriations Act, 2021, which included approximately US\$900 billion in economic stimulus. Key provisions of the December stimulus act include additional US\$600 payments to some Americans, US\$15 billion in funding for shuttered venue operators (the Save Our Stages component), US\$325 billion in funding for small businesses (including US\$284 billion in Paycheck Protection Program funds, now available to non-profits) and US\$15 billion for air carriers to restore service and return employees to work. This second round of economic stimulus provided more targeted relief to key industry partners in the tourism sector. Then in March 2021, Congress approved a US\$1.2 trillion relief bill, which was generally applauded by the travel industry in the United States. “We are encouraged by the measures to provide additional grants and loans to small businesses in the hardest-hit industries, which include travel,” said US travel president and CEO Roger Dow (Clarke, 2021).

As the pandemic took a grip on America, the travel industry was forced to adapt and look for alternative revenue streams. Before COVID-19, casinos in Las Vegas would have laughed at the prospect of an esports-centric betting operation. But a month after traditional sports across the United States shut down due to the virus, the Nevada Gaming Control Board (GCB) approved bets on four different esports series, adding to the slowly growing betting options for competitive gaming (Reames, 2020).

Casinos also had to adapt. In Las Vegas, dice were disinfected between shooters, chips were cleaned periodically and card decks were changed frequently. At some resorts, guests were encouraged to use cell phones for touchless check-in, as room keys and to read restaurant menus. Wynn Resorts properties and The Venetian, owned by Las Vegas Sands, used thermal imaging cameras at every entrance to intercept people with fevers. At the Bellagio, where new hand-washing stations replaced banks of slot machines, casinos were limited to 50% of capacity. “You’re going to see less people, by control and by design,” said Bill Hornbuckle, acting chief executive and president of casino giant MGM Resorts International. His company lost almost US\$10 million a day during the shutdown, he said (Hudson, 2020).

As the hospitality sector restarted operations after lockdown, hotels introduced their own cleaning programs for their properties worldwide (Chaturvedi, 2020). Such programs included Wyndham’s “Count on Us,” Best Western’s “We Care Clean,” Hilton’s “Hilton CleanStay,” Choice Hotel’s

“Commitment to Clean,” Marriott’s “Global Cleanliness Council” and Accor’s “ALL Stay Well.” In order to fund new cleaning programs, many hotels – including franchise-run chains – cut amenities such as daily housekeeping visits, hot breakfast buffets and even complimentary soaps and lotions. Technology played an important role in the rollout of new operations. Irish hotelier John Fitzpatrick, for example, was planning a series of changes for his two hotels in New York which included an electronic thermometer at the front door that took the temperature of workers, guests and other visitors to his hotels, and a robot that helped sterilize bedrooms.

In the restaurant sector, while most establishments were not allowed to offer dine-in services during lockdown, some made extra efforts to promote their takeout or delivery service (Kwok, 2020). For many, this was the only way to prevent them from closing down. Even before lockdown, the delivery business had been increasing, with restaurants partnering with one or more of the four dominant food delivery companies, namely UberEats, Grubhub, Postmates and DoorDash, for food delivery. Ghost kitchens were also a feature of the pandemic, with more than 1,500 of them in the United States by January 2021. Branden McRill, a restaurateur who owns Fine-Drawn Hospitality, a restaurant group in Philadelphia, defines a ghost kitchen as a place where restaurants or people producing food make their product to distribute or sell at satellite locations. “In the ghost kitchen world, you can pivot on a dime,” explained McRill. “Whenever you want to, shut it down, anytime, turn it back on. Pivot, make a slight adjustment, tweak it, push it back out. It’s very agile, which is what this moment calls for” (McMahan, 2021).

Resorts were also having to adapt to the new environment. Club Med, a pioneer of the all-inclusive resort concept, introduced a program called *Safe Together* that was implemented in all of the brand’s international resorts. Club Med worked with an International Scientific Committee comprised of a specialized team of doctors and professors, and closely monitored guest sentiment around the world. “We understand expectations on health and safety have shifted, and after a long period of social distancing travelers will want to revisit places they are familiar with and trust,” said Carolyne Doyon, president and CEO of Club Med North America (Rokou, 2021). The main measures in the *Safe Together* program were protective face coverings, gloves for restaurant staff, resort capacity at 65%, deep cleaning procedures, floor markings for physical distancing, temperature checks, and a doctor or nurse available 24 hours a day, seven days a week. To facilitate a touchless vacation, the My Club Med app allowed guests to enjoy a seamless experience from the start of their trip to the end, with options to create a personalized itinerary, preview the daily activity schedules and, at select resorts, book spa appointments and order room service.

The travel industry also had to adapt its communications due to the pandemic. One of the first travel advertisers to pivot away from its usual message strategy was Hotels.com. Rather than focus on vacations or travel rewards, the company quickly launched its “COVID-19 Social Distancing” ad as soon as the pandemic broke out. It depicted Captain Obvious (the company’s mascot) washing his hands and telling viewers “Just Stay Home.” “We didn’t feel the tone of our usual advertising was right for the current environment,” said Hotels.com spokesperson Jennifer Dohm. “For the airtime we had remaining, we opted for a message that reinforces the guidance to stay home.” Interestingly, Hotels.com spent more on US national TV in March than it did during March 2019 (Schaal, 2020).

Visit Las Vegas, with its #OnlyYou campaign showcased an empty Las Vegas Strip, reminding people that the city would be there when they started to travel again. “After coming off a successful launch of ‘What Happens Here, Only Happens Here’ campaign which first aired on 26 January, 2020, we quickly had to pivot messaging and create a spot to fill our national TV buy in the US and Canada,” said Colleen Yoshida, senior director of Advertising at the Las Vegas Convention and Visitors Authority (LVCVA). The #OnlyYou spot was created over a weekend and, in addition to running on broadcast TV, the ad ran on Connected TV, pre-roll and YouTube. In addition, LVCVA received donated space from media partners because of the relevant message. “We also translated the subtitles and shared it with international partners in six different languages,” said Yoshida (Hudson, 2020).



FIGURE 34.2 The Las Vegas #OnlyYou campaign (courtesy of LVCVA)

Many US states put marketing funds into promoting domestic tourism. Visit California, for example, the nonprofit that promotes state tourism, marketed exclusively to residents for the first time since after the 11 September 2001, terror attacks. It developed a “responsible travel code” that asked visitors to educate themselves and promote safety while traveling (Thomas, 2020). California saw travel revenues plummet nearly 60% in 2020, costing the state upward of 613,000 industry jobs – more than half of the 1.2 million tallied in 2019. In the early days of the pandemic, California tourists were opting for national parks, campgrounds and other outdoor destinations. However, toward the end of 2020, people were increasingly returning to the urban areas that power the hospitality and leisure economy – Los Angeles, San Francisco and San Diego. One lingering concern about California’s proactive and conservative approach to managing the pandemic relative to other states was the convention market, worth about US\$65 billion a year to the state. It was clear this sector would take a lot longer to recover than others.

Outcomes

The United States eventually opened its borders to fully vaccinated travelers from 33 countries on 8 November 2021, although the Boston Consulting Group (BCG) predicted that travel would not fully rebound until 2023 or 2024. Head of travel and tourism for BCG, Jason Guggenheim, predicted a continued reliance on domestic travel in the short term and an increase in demand for short-haul destinations like Costa Rica (Ekstein, 2020). In the hotel sector, the American Hotel & Lodging Association (AHLA), were also suggesting domestic leisure would fuel recovery, although they were predicting business travel revenue would not return to 2019 levels until 2024. Experts were not particularly optimistic about the future of the restaurant sector (Barry, 2020; Bort, 2020; Rao, 2021). Well-known American restaurateur David Chang, who has opened more than a dozen restaurants around the world, said the restaurant industry may never be the same after the pandemic.

My fear is the restaurants that survive are going to be the big chains, and we’re going to eradicate the very eclectic mix that makes America and going out to eat so vibrant

and great. I see the complete destruction of the midmarket restaurant, the mom-and-pop restaurants.

(Marchese, 2020)

The pandemic prompted some states in the United States to diversify so as not to be so over-dependent on tourism. It was mentioned earlier that Hawaii's US\$18 billion tourism industry suffered more than any other state as a result of the pandemic, and in an effort to diversify the economy and replace tourists with residents, Hawaii launched a unique relocation program at the end of 2020. Called *Movers and Shakas*, the new temporary residency program was formed by a group of local nonprofits, alumni associations and business leaders in partnership with the state government. The initiative aimed to attract working professionals from around the United States to move to and work remotely from Hawaii, contribute to the local economy and get involved in community-building efforts severely impacted by the coronavirus pandemic. Richard Matsui, a volunteer spearheading Movers & Shakas efforts, said: "Ever since I was little, every single politician has said they'd work to diversify our economy. And here we are in 2020 still very much reliant on tourism, which fell by 90%. What else do we have? It's a tight spot." The 50 members of the first *Movers and Shakas* cohort were chosen in February 2021 from an application process that drew 90,000 applicants (Liu, 2020).

By the end of 2021, the US tourism sector had grown about 35% over 2020, representing an increase of US\$393 billion. This growth was largely attributed to a rise in domestic travel, with spending from Americans increasing 40.4% (\$261 billion) in 2021, with a further year-over-year rise of 22.9% expected in 2022, according to the World Travel & Tourism Council. However, international spending by travelers in the United States was stagnant in 2021 due to prolonged travel restrictions throughout the year. After the US travel sector's loss of more than 5.5 million jobs in 2020, employment rose about 26% in 2021, representing an increase of 2.9 million jobs and total contribution of nearly 14 million jobs. "Our research shows that while the global travel and tourism sector is slowly beginning to recover, the US is recovering faster than many other regions," said Julia Simpson, WTTC President & CEO (Hospitality Net, 2021).

Discussion questions

1. Why is it that (according to the WTTC) the US tourism sector recovered faster from the pandemic than many other parts of the world?
2. Explain how organizations in the US travel industry adapted their marketing communications during the pandemic.
3. After reading the case study and watching the video next, what sectors of the tourism industry in the United States are recovering slower than others? Explain why.

Video link

America's rebound: Orlando's tourism comeback amid the pandemic. NBC News, May, 2021. www.youtube.com/watch?v=oXgC5KpD2Q8

References

Barry, S. (2020). The future of dining out. *Gensler*, 14 May. www.gensler.com/research-insight/blog/the-future-of-dining-out

- Blevins, J. (2020). Coronavirus forced Colorado's ski industry to shutter. *The Colorado Sun*, 15 April. <https://coloradosun.com/2020/04/15/colorado-ski-resorts-shutdown-backstory/>
- Bort, R. (2020). Can the restaurant industry be saved? *Rolling Stone*, 11 May. www.rollingstone.com/culture/culture-features/can-the-restaurant-industry-be-saved-995037/
- Chaturvedi, A. (2020). Hotels open doors in fight against Coronavirus. *Economic Times*, 4 April. https://economictimes.indiatimes.com/industry/services/hotels-/restaurants/hotels-open-doors-in-fight-against-virus/articleshow/74974062.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst
- Clarke, P. (2021). Travel industry applauds Biden's proposed \$1.9 trillion stimulus. *Travel Pulse*, 15 January. www.travelpulse.com/news/impacting-travel/travel-industry-applauds-bidens-proposed-19-trillion-stimulus.html
- Ekstein, N. (2020). The travel industry is up against a psychological make-or-break. *Bloomberg*, 1 December. www.bloomberg.com/news/articles/2020-12-01/travel-industry-recovery-predictions-from-boston-consulting-group
- Hospitality Net (2021). US travel & tourism rebounds in 2021, may surpass pre-pandemic levels in 2022. *Hospitality Net*, 12 November. www.hospitalitynet.org/news/4107530.html
- Hudson, S. (2020). *COVID-19 & Travel: Impacts, Responses and Outcomes*. Oxford: Goodfellow Publishers Limited.
- Kwok, L. (2020). Delivery services are getting a boost during the COVID-19 recession. *Hospitality Net*, 26 March. www.hospitalitynet.org/opinion/4097747.html
- Kwok, L. (2021). Will the hospitality and travel industry recover in 2021? *Hospitality Net*, 18 February. www.hospitalitynet.org/opinion/4103064.html
- Liu, J. (2020). This Hawaii program will pay your airfare to live and work remotely from the islands. *CNBC*, 10 December. www.cbc.com/2020/12/08/hawaii-program-will-pay-your-airfare-to-work-remotely-from-the-islands.html
- Marchese, D. (2020). David Chang isn't sure the restaurant industry will survive Covid-19. *New York Times*, 27 March. www.nytimes.com/interactive/2020/03/27/magazine/david-chang-restaurants-covid19.html
- McMahan, D. (2021). Are ghost kitchens the future of the restaurant industry? *Today*, 22 January. www.today.com/food/are-ghost-kitchens-future-restaurant-industry-t202678
- Rao, T. (2021). What is hospitality? The current answer doesn't work. *New York Times*, 13 April. www.nytimes.com/2021/04/13/dining/restaurant-hospitality.html?searchResultPosition=2
- Reames, M. (2020). Sportsbooks struggling, Vegas embraces esports betting despite match fixing concerns. *The Washington Post*, 17 April. www.washingtonpost.com/video-games/esports/2020/04/17/vegas-esports-betting/
- Rokou, T. (2021). Club med ushers in 2021 by embracing a new era of travel. *Travel Daily News*, 9 February. www.traveldailynews.com/post/club-med-ushers-in-2021-by-embracing-a-new-era-of-travel
- Romine, T., Levenson, E. & Morgado, J. (2020). Broadway theaters to suspend all performances because of coronavirus. *CNN*, 12 March. <https://edition.cnn.com/2020/03/12/health/broadway-coronavirus-update/index.html>
- Schaal, D. (2020). How travel brands are approaching TV advertising now. *Skift*, 27 March. <https://skift.com/2020/03/27/how-travel-brands-are-approaching-tv-advertising-now/>
- STR (2020). STR: US hotel results for week ending 28 March. *Smith Travel Research*. <https://str.com/press-release/str-us-hotel-results-week-ending-28-march>
- Sumers, B. (2020). What the \$2 billion stimulus means for travel businesses. *Skift*, 30 March. <https://skift.com/2020/03/30/what-the-2-trillion-u-s-stimulus-package-means-for-travel-businesses/>
- Thomas, G. (2020). Coronavirus will have cut California's tourism industry nearly in half by end of 2020. *San Francisco Chronicle*, 9 February. www.sfchronicle.com/travel/article/Coronavirus-will-have-cut-California-s-tourism-15755022.php
- Toh, M. (2020). Shake Shack returns \$10 million emergency loan to the US government. *CNN*, 20 April. www.cnn.com/2020/04/20/business/shake-shack-ppp-loan-sba/index.html

Impacts

Vietnam's tourism industry was significantly affected by the pandemic, with practically no international arrivals for most of 2020. Prior to the crisis, the industry – employing roughly 800,000 people – had been booming. Vietnam welcomed 18 million overseas visitors in 2019, topping 2018's record, while domestic tourism was also growing substantially on the back of sustained economic growth (Constantin et al., 2021). Tourism was responsible for 8.8% of the GDP in 2019 and 9.1% of total employment. Top international markets were China (28%), South Korea (20%) and Japan (5%).

But in 2020 only 3.7 million international visitors came to Vietnam, and 2021 saw even less – just 157,000. The sharp decline in the number of tourists coming as a result of COVID-19 had a spillover effect seriously affecting the revenue and potential of the tourism industry and related industries. Although the government issued policies to support the affected sectors, the reach of these policies was limited; an estimated 98% of workers in Vietnam's tourism industry had to leave work in the initial stages of the pandemic (Quang et al., 2020).

However, in the spring of 2020, as countries around the world debated how quickly they could reopen their economies amid the pandemic, Vietnam was ahead of the curve (Lowy Institute, 2021; Nguyen and Malesky, 2020). A national social distancing campaign that shut down non-essential businesses ended on April 22, and life in the country returned to almost normalcy – albeit without international visitors. Restaurants, bars, cinemas, barbers and other shops reopened, and sporting events and festivals were allowed to resume. Almost immediately, the Ministry of Transport started to increase domestic flights and operate trains to major destinations albeit with limited passenger capacity. By June 2020 the domestic airline traffic had surpassed that of 2019.

All of this was possible, thanks to a number of proactive, aggressive steps that Vietnam's government took shortly after the coronavirus emerged in Wuhan, China (CBC News, 2020). On 23 January 2020, the Vietnamese Ministry of Health announced the country's first two cases of COVID-19: a Chinese father and son who were visiting Ho Chi Minh City, the country's largest urban area and its economic hub. That same day, the government canceled all pending flights between Vietnam and Wuhan, and a week later, it suspended air travel to and from mainland China. The land border was also closed to travelers (Tatarski, 2020).

At the same time, the government created a Steering Committee on COVID-19 Prevention and Control, headed by Deputy Prime Minister Vu Duc Dam, to coordinate the national response. It disseminated information to the public in an uncharacteristically transparent way, through daily



FIGURE 35.1 Ninh Binh, Vietnam (courtesy of Vietnam Travel, photo by Aaron Joel Santos)

text messages sent to all mobile network subscribers, frequent articles in state media outlets, banners hung on city streets, and a dedicated COVID-19 website built by the Ministry of Health (Pacific Asia Travel Association, 2020).

Travel writer Katie Lockhart arrived in Vietnam in January for three months, and watched the government carefully isolate at-risk communities, contact-trace citizens and quarantine anyone coming into the country. “Like clockwork, both morning and evening, we would hear updates blasted from loudspeakers on vehicles making their way through the streets. It seemed that at any one time, everyone knew where the most recent cases were, in full detail,” she said. This was despite the media not publishing information about cases (Lockhart, 2020).

However, the partial recovery due to domestic tourism was significantly constrained by the second wave of cases in Danang and surrounding provinces between July and Sept 2020. As a result, the government moved to more localized lockdowns from July 2020 onward, rather than nationwide lockdowns. This was generally effective in controlling the spread of COVID-19 while minimizing economic impacts.

Responses

Vietnam allocated US\$29.5 billion or nearly 9% of its GDP to a stimulus package to combat the pandemic – the largest response, by proportion, in the region. A high-level national committee set up to manage and respond to the crisis recommended a series of fiscal policy decisions to support the economy, including tax deferrals and fee reductions. The Central Bank also issued directives for salary support and cash transfers for affected workers and households, which were given to almost 10% of the population. The government also supported SMEs with deferrals, concessions, tax incentives and wage support during the crisis (Quang et al., 2020).

While some observers attributed Vietnam's success to the country's authoritarian nature and past experience with SARS, Vietnam's effective response was also enabled by the country's ongoing efforts to improve governance and central-local government policy coordination (Singh Maini, 2020). The government's policy to provide mass quarantine largely free of charge meant that Vietnamese citizens (of whom 90% have health insurance) did not have to worry about costs from COVID-19 tests, associated hospitalization and centralized quarantine, thereby increasing their willingness to comply with extensive contact tracing and strict quarantine measures. A UNDP study at the end of 2020 found a high consensus of strong support amongst citizens of Vietnam for government policy and actions to contain the pandemic (UNDP, 2020). Politico, a US-based news organization, said that out of 30 leading countries, Vietnam had responded best to the COVID-19 pandemic in terms of health and economic impacts. In another analysis by the Lowy Institute in January 2021, Vietnam was ranked number two (behind New Zealand) in a COVID Performance Index of almost 100 countries for its successful handling of the coronavirus pandemic (Heath and Jin, 2020).

Before opening international borders, Vietnam had to stimulate domestic tourism (Quang et al., 2020). In mid-May, 2020, they launched the "Vietnamese people travel to Vietnam destinations" program, aimed at developing specific tourism products and tours catered to the needs of local travelers during the pandemic (Hudson, 2020). Meanwhile, airlines, travel agencies, resorts and hotels were offering discounts of up to 50% to encourage internal travel while incoming flights were still banned. Efforts were needed not only to encourage more domestic trips but also to entice domestic tourists into spending more when they visited local destinations – not an easy task considering the pressures on household finances. Many hotels and resorts repositioned in order to host Vietnamese citizens who were returning from abroad and needed to quarantine for several weeks. "We have had to re-invent ourselves to focus directly on the local domestic market as well as regional Asian markets," said William Haandrikman, general manager of the Sofitel Legend Metropole Hanoi. That included room deals with US\$100 credits for food. Ronan Le Bihan, general manager of the Mango Bay resort in Phu Quoc, also said his resort needed to adapt to local tastes. "Tourist businesses targeting foreign tourists will be in trouble for a long time," said Bihan. "We can now focus on the Vietnamese market. But not all Vietnamese are interested in what we offer" (Hudson, 2020).

Vietnam was also working with bordering countries to promote inter-regional travel. Headed up at the time by Executive Director Jens Thraenhart, the Mekong Tourism Coordinating Office (MTCO) is an inter-governmental body that promotes the Mekong region as a single tourism destination. Thraenhart pointed out that in Vietnam, like in other countries of the Greater Mekong Subregion, tourism is an important tool for poverty alleviation. "It pains me to see small businesses struggling to survive these challenging times," he said. However, MTCO was aggressively promoting the region to bring back tourists.

We are planning various innovative programs and initiatives, including our upcoming social media campaign 'Mekong Memories' to create a content cloud of past experiences to inspire people to 'Travel Tomorrow', and the new Mekong Deals platform to feature non-refundable vouchers and offers sold by travel operators to help businesses survive this crisis during this challenging time.

(Hudson, 2020)

Outcomes

In March 2021, McKinsey published a report proposing how Vietnam could accelerate tourism recovery. The authors suggested that Vietnam's strong economic ties with the Asian countries of China, Japan, South Korea, and Taiwan (who account for around 80% of Vietnam's foreign

tourism spending) could lead to a relatively fast tourism industry recovery compared with other key tourist destinations in Europe and North America. But the report said travel companies would need to be flexible and nimble to capture early international travel demand – and should be prepared to implement strict health and safety protocols. McKinsey also recommended Vietnam reinvents the traveler’s experience beyond accommodation by redistributing tourism investments toward unconventional and more diverse destinations. “Tourism companies could shift



FIGURE 35.2 Part of the “Live fully in Vietnam” campaign: Arrival information for visitors (courtesy of VNAT)

their efforts away from building resorts and selling sightseeing tickets to design exceptional activities, and leverage these platforms to take advantage of travel-experience trends,” the report said (Constantin et al., 2021).

Toward the end of 2021, Vietnam started to make plans for opening its borders to international tourists. Vu The Binh, vice president of the Vietnam Tourism Association, said Vietnam could not close its borders forever and localities had to safely adapt to COVID-19. In his opinion, vaccination was the most important factor in COVID-19 prevention, and safe tourism development must go hand in hand with economic development. “Travel businesses understand this best, therefore they must ensure safety for their employees and customers. We have to trust businesses. Businesses are allowed to operate as soon as they meet conditions,” said Binh (Daily Hot News, 2021).

Vietnam did begin the gradual reopening of its borders in November 2021, welcoming vaccinated travelers from 72 countries to five selected destinations (Thanh and Tuan, 2021). The five destinations were the northern province of Quang Ninh, the three central localities – Quang Nam province, Da Nang city, and Khanh Hoa province’s Nha Trang city, and Phu Quoc island in the Mekong Delta province of Kien Giang. Kick-starting the reopening was a group of 200 South Korean tourists, who arrived on Vietnam’s largest island Phu Quoc on 20 November, via VietJet. “Besides receiving domestic holidaymakers, Vietnam is reopening the door to international visitors to some localities, and moving towards fully reopening international tourism market,” said Nguyen Trung Khanh, director general of the Vietnam National Administration of Tourism (VNAT) (Daily Hot News, 2021).

To promote the reopening, VNAT launched an integrated communications campaign called “Live fully in Vietnam.” The campaign was heavily linked with the national tourism brand identity of Vietnam Timeless Charm and aimed to invite international tourists back to the country, marketing it as a safe and attractive destination (Henry, 2021). Tourism experts in the country expected the industry to rebound faster and stronger than competitors. Matt Crate, managing director of WeSwap, the UK’s largest travel money provider, said that Vietnam could lead the way in reopening the tourism sector in Asia. “There are countries across the world that have dealt incredibly well with the infection rate of the disease and should be commended, including Vietnam. These countries can lead the charge to help the world travel in safety” (Quy, 2020).

Discussion questions

1. As the case suggests, Vietnam was originally applauded by experts for responding better than others to the COVID-19 pandemic in terms of health and economic impacts. Would the Vietnamese tourism industry agree with these experts?
2. What specific challenges did the Vietnamese tourism industry face in attracting domestic tourists?
3. After reading the case study and watching the video next, what did you think about the way Vietnam reopened its borders in November 2021?

Video link

“Live fully in Vietnam” campaign welcomes back int’l visitors. Vietnam News Agency, November 2021. www.youtube.com/watch?v=MhFBjagBUTk

References

- CBC News (2020). Vietnam, with no recorded coronavirus deaths, craves tourist dollars again. *CBC News*, 19 May. www.cbc.ca/news/world/vietnam-coronavirus-tourism-1.5574957

- Constantin, M., Francois, M. & Le, T. (2021). While domestic travel has kept the Vietnamese travel sector afloat, the industry needs to reinvent itself until international tourism resumes. *McKinsey*, 19 March. www.mckinsey.com/featured-insights/asia-pacific/reimagining-tourism-how-vietnam-can-accelerate-travel-recovery
- Daily Hot News (2021). Vietnam to expand inbound tourism in early 2022. *Daily Hot News*, 16 November. <https://en.dangcongsan.vn/daily-hot-news/vietnam-to-expand-inbound-tourism-in-early-2022-587086.html>
- Heath, R. & Jin, B. (2020). Ranking the global impact of the coronavirus pandemic, country by country. *Politico*, 21 May. www.politico.com/interactives/2020/ranking-countries-coronavirus-impact/
- Henry, H. (2021). Vietnam ready to welcome back international tourists – launches ‘live fully in Vietnam’ campaign. *Branding in Asia*, 16 November. www.brandingasia.com/vietnam-ready-to-welcome-back-international-tourists-launches-live-fully-in-vietnam-campaign/
- Hudson, S. (2020). *COVID-19 & Travel: Impacts, Responses and Outcomes*. Oxford: Goodfellow Publishers Limited.
- Lockhart, K. (2020). Life after lockdown in Vietnam: This is what it’s like when an entire country reopens. *CNN Travel*, 15 May. www.cnn.com/travel/article/life-after-lockdown-vietnam-domestic-travel/index.html
- Lowy Institute (2021). COVID performance index. Deconstructing pandemic responses. <https://interactives.lowyinstitute.org/features/covid-performance/>
- Nguyen T.M. & Malesky, E. (2020). Reopening Vietnam: How the country’s improving governance helped it weather the COVID-19 pandemic. *Brookings*, 20 May. www.brookings.edu/blog/order-from-chaos/2020/05/20/reopening-vietnam-how-the-countrys-improving-governance-helped-it-weather-the-covid-19-pandemic/
- Pacific Asia Travel Association (2020). *COVID-19 and the Tourism Sector: A Comparison of Policy Responses in Asia Pacific*. PATA Crisis Resource Center, Bangkok, Thailand, November.
- Quang, T.D., Tran, T.C. Tran, V.H., Nguyen, T.T. & Nguyen, T.T. (2020). Is Vietnam ready to welcome tourists back? Assessing COVID-19’s economic impact and the Vietnamese tourism industry’s response to the pandemic. *Current Issues in Tourism*. DOI:10.1080/13683500.2020.1860916
- Quy, N. (2020). Vietnam among the first economies likely to restart international tourism after the pandemic. *Vietnam Insider*, 27 May. <https://vietnaminsider.vn/vietnam-among-the-first-economies-likely-to-restart-international-tourism-after-the-pandemic/>
- Singh Maini, T. (2020). Vietnam’s success in dealing with the Covid-19 pandemic. *Modern Diplomacy*, 16 May. <https://modern diplomacy.eu/2020/05/16/vietnams-success-in-dealing-with-the-covid-19-pandemic/>
- Tatarski, M. (2020). Vietnam halted its COVID-19 outbreak. Now comes the economic fallout. *World Politics Review*, 18 May. www.worldpoliticsreview.com/articles/28770/in-vietnam-economy-could-be-hit-hard-despite-an-effective-covid-19-response
- Thanh, D. & Tuan, V. (2021). Tourism experts divided over proposed ‘vaccine passport’ arrivals in Quang Nam. *VNExpress*, 22 April. <https://e.vnexpress.net/news/travel/places/tourism-experts-divided-over-proposed-vaccine-passport-arrivals-in-quang-nam-4266512.html>
- UNDP (2020). *Citizens’ Opinions of and Experiences with Government Responses to COVID-19 Pandemic in Vietnam: Findings from a Phone-Based Survey*. UNDP, December. https://papi.org.vn/wp-content/uploads/2020/12/VietNam_COVID-19Governance_FinalReport_ENG-1.pdf

INDEX

- Abraham Accords 81
adaptation 2, 7, 24, 70, 127, 199, 226
adventure tourism 162
Anantara Veli Resort, Maldives 140
Angkor Wat 42
Aruba 4, 15–20
Aruba Tourism Authority 17
Asian Development Bank 124
Auckland Tourism, Events and Economic
Development (ATEED) 169
Australia 7, 8, 9, 21–28, 172
- Bali, Indonesia 5, 93, 96, 97
Barbados 5, 29–35
Barbados Tourism Marketing Inc. 33
Barbados Welcome Stamp 32
Basset, Patrick 113
Beijing Winter Olympic Games 66
Bhutan 12, 36–41
Boracay, Philippines 174–175
Boston Consulting Group (BCG) 228
Branson, Richard 217
British Airways 217
Bucuti & Tara Beach Resort 17
- Calgary Stampede 48
Cambodia 5, 8, 42–47
Cambodia Tourism Association 46
Canada 6, 48–53
Canary Islands 12, 54–60
Cancun, Mexico 144, 148
CARES Act 226
Caribbean 29, 74, 147
Caribbean Tourism Organization 33
casinos 15, 46, 226
Cayuga Collection, Costa Rica 70–71
China 9, 12, 61–67
China Eastern Airlines 63
Clean & Safe certification, Portugal 182–183
- Club Med 10, 31, 227
collaboration 12–13, 32, 126, 149
conservation 5, 10, 68, 72, 122, 134, 141, 146, 152,
196–197, 200, 210
Coral Expeditions, Australia 23
Costa Rica 3, 5, 6, 12, 68–73
Costa Rican Tourism Institute 70
Crazy Rich Asians 189
Crooked Compass, Australia 23
cruise industry 70, 108, 191, 224, 226
- Dekho Apna Desh 88
Delta Air Lines 224
Destination Canada 48, 52
Deutsche Hospitality 64
Dhradhul, Dorji 36–38
digital nomads 5, 32, 56–57, 72, 83, 229
domestic travel 6–8, 22–23, 27, 48, 52, 57, 61,
63–65, 70, 77, 89, 90–91, 95, 109, 112, 116, 120,
126, 132, 134, 147, 158, 164, 168, 170, 175–176,
179, 185, 189–191, 199–200, 206, 211, 214, 219,
228–229, 231, 233, 235
Dominican Republic 74–79
Doorstep Productions 219
Dubai 3, 9, 12, 80–85
- ecotourism 12, 72, 133–134, 146, 152, 168,
193, 196
Expo 2020 Dubai 70, 84–85
- fiscal policies 7, 31, 49, 55, 62, 69, 76–77, 87,
94, 101, 112, 116, 119, 125, 131, 137, 145,
153, 163, 169, 175, 182, 188, 198, 210–211,
225–226
Franklin, Ruth 137, 139
- Garuda Indonesia 95
Glastonbury Festival 218
Goa, India 89–91

- ‘Go To Travel’ campaign 112
 Gross National Happiness (GNH) 36
- halo effect 4, 25, 185
 Harari, Yuval Noah 12
 Hawaii 5, 114, 224, 229
 Hobbiton, New Zealand 171
 Holiday Club, Canary Islands 57
 Hoshino Resorts 112–113
Hospitality Tomorrow 10, 218–219
 Hotels.com 227
 hygiene standards and policies 30, 58, 70, 76, 95,
 101, 107, 112, 119, 127, 140, 147, 158, 164, 175,
 182, 187, 200, 205, 226–227
- India 7, 86–92
 India Ministry of Tourism (MoT) 88
 Indian Hotels Company Limited (IHCL) 88
 Indonesia 5, 10, 13, 93–98
 informal economy 7, 56, 74, 144, 146, 152, 154,
 162, 204
 International Monetary Fund 72, 76, 115
 Iran 4, 7, 99–104
 Island Estate Vineyards, Australia 22
 Israel 8, 81, 84
 Italy 13, 105–110, 118, 140
 izakaya 114
- Japan 7, 8, 12, 111–117
 Japan National Tourism Organization (JNTO) 114
 Jensen, Terry 49–51
 Jewel Changi Airport, Singapore 189, 192
- Kenya 24, 118–123
 Kenya Tourism Board 120
- Laos 4, 8, 124–129
 Laos–China Railway 128
 La Rosa, Fabio 75, 78
 Las Vegas 9, 61, 66, 227–228
 Latin America 144
 Leopard Trails, Sri Lanka 206–207
 Lepogo Lodges, South Africa 195–196, 199
 Let’s Travel, Laos 126
 ‘Live Fully in Vietnam’ campaign 235
 Lopesan Baobab Resort, Gran Canaria 58
- Macau 5, 61–62, 66
 MakeMyTrip, India 89
 Malaysia 8, 13, 61, 130–136
 Malaysian Association of Hotel Owners
 (MAHO) 132
 Malaysian Tourist Board 132
 Maldives 3, 4, 9, 10, 11, 137–143
 Maldives Marketing & Public Relations Corporation
 (MMPRC) 138–141
 Marriott International 31, 64, 147
 McKinsey & Company 65, 96, 233–234
 Meliá Hotels International 148–149
 Mexico 5, 13, 144–150
- Micato Safaris 120–122
 Montage Hotels 8
 Monteverde, Costa Rica 68–69, 71–72
 Moroccan National Tourism Office (ONMT)
 154
 Morocco 151–155
 Mount Everest 162
 Movement Control Order (MCO) 130–131
 Myanmar 124, 156–161
 Myanmar Shalom Travels 158
 Myanmar Tourism Marketing (MTM) 158
 mystery flights 23
- Nepal 4, 13, 162–167
 Nepal Department of Tourism 164, 166
 New Zealand 6, 9, 168–173
- overtourism 107, 162
 Ovolo Hotels 24
- Pacific Asia Travel Association 46, 163
 PACIFICO Yokohama 114
 Philippines 3, 5, 8, 174–180
 Phuket Tourist Association 213
 Pier One Sydney Harbour 24, 25
 Portugal 7, 10, 181–186
 Portuguese Association of Music Festivals
 (Aporfest) 181
- Qantas Airways 21, 23
 Qatar World Cup 102
 Queenstown, New Zealand 168, 170
 Quintana Roo, Mexico 144, 148
- Recovery Roadmap, Myanmar 158
 restaurants 5, 8, 50, 56, 61, 81, 109, 114, 119, 164,
 182, 191, 226–228
 revenge traveling 90
 Ryanair 218
- Sabah, Borneo 133–134
 Safe Travels Stamp 81, 139
 Sandals Resorts 31
 Sandbox scheme, Thailand 213
 Secret Paradise Maldives 137–138
 Sensory Restaurant, Canmore 49–51
 Shanghai Disneyland 66
 Simplifying 11
 Singapore 8, 10, 12, 187–194
 Singapore Airlines 191–192
 Singapore Tourism Board 187–190
 South Africa 5, 195–202
 South Africa Department of Tourism 195,
 198, 200
 Spain 54
 Sri Lanka 5, 7, 10, 203–209
 Sri Lanka Tourism Alliance 11, 206
 Sri Lanka Tourism Development Authority
 (SLTDA) 204–205, 208
 Stratford-upon-Avon 216–217

- sustainability 11, 12, 17, 34, 36, 46, 58, 95, 133, 141, 166, 169, 184–185, 189, 193, 200
- Suvarnabhumi (Bangkok) Airport 213
- Taj Mahal 86–87
- technology 9, 10, 64, 66, 115, 132, 134, 147, 149, 166, 169, 171, 182, 189, 214, 227
- Thai Airways 8, 211
- Thailand 3, 8, 210–215
- Thomas Cook 89
- Thraenhart, Jens 33, 233
- TikTok 120
- Tokyo Olympic Games 111, 115–116
- Tourism Australia 21, 25
- Tourism Authority of Thailand (TAT) 211
- Tourism Council of Bhutan 36–39
- Trafalgar 11
- training 10, 11, 31, 40, 64, 76–77, 90, 95, 114, 127, 140, 158, 169, 176, 183, 188, 192, 206, 221
- travel bubbles and corridors 13, 27, 96–97, 125, 172, 192, 207, 235
- Travel Industry Association of Canada (TIAC) 52–53
- TUI Care Foundation 76–77
- Turespaña 57
- Turismo de Portugal 182–183
- UNESCO 32, 42–43, 99, 105, 108, 124, 156
- United Arab Emirates (UAE) 3
- United Kingdom 6, 216–223
- United Nations Development Program (UNDP) 31, 44, 162, 233
- United States 5, 224–230
- vaccinations 76, 97, 109, 128, 135, 141, 154, 185, 192, 213
- Venice, Italy 12, 107
- Vietnam 3, 8, 231–236
- Vietnam National Administration of Tourism (VNAT) 234–235
- Virgin Atlantic 217
- Virgin Australia 21
- virtual reality 10, 114, 139, 189, 200, 219–220
- VisitBritain 216, 219–222
- Visit California 227
- Walt Disney Co 224
- workations 8, 113–114
- World Bank 5, 31, 76, 138, 153, 162, 166, 174
- World Expeditions, Sydney 23
- World Health Organization (WHO) 44, 168, 224
- zero-COVID strategy 65
- Zoom 11