

TOURISM SERVICES AND COVID-19

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ABSTRACT

The COVID-19 coronavirus pandemic is the defining global health crisis of our time and the biggest challenge we have faced since World War II. Since its appearance in Asia at the end of last year, the virus has spread to all continents. In this context, we want in our article to present and analyze the impact of COVID 19 on tourist services, an area very affected by the pandemic we are currently going through. In Romania, starting from the studies elaborated abroad, the specialists focused on the macroeconomic impact of the COVID 19 crisis on the tourist services in our country and analyzed two scenarios - S1 - quasi-blockage of tourism activities for three months and Scenario S2 - the extension of the blockade to four months. Presenting factual data on the evolution of specific indicators in the tourism industry recorded during the COVID pandemic compared to the same period last year in Romania, this paper is intended, if necessary, as an alarm signal for the need to systemically address the effects of this pandemic, as a starting point for substantiating viable strategies necessary to relaunch the world economy for the benefit of us all.

Keywords: COVID-19, tourism, services

The COVID-19 Impact Globally

COVID-19 is much more than a health crisis. Emphasizing each of the countries it touches, it has the potential to create devastating social, economic and political crises that will leave deep scars.

Many of our communities are now unrecognizable. Dozens of the world's largest cities are deserted because people remain inside, either by choice or by government order. All over the world, shops, theaters, restaurants and bars are closing. Every day, people lose jobs and income without knowing when normalcy will return. Small island nations, highly dependent on tourism, have empty hotels and deserted beaches. The International Labor Organization estimates that 195 million jobs could be lost.

In this context, we want in our article to present and analyze the impact of COVID 19 on tourist services, an area very affected by the pandemic we are currently going through.

In order to analyze the COVID impact on international tourism, globally, three scenarios have been developed - optimistic, intermediate and pessimistic regarding the evolution of the number of tourists during the pandemic. The intermediate scenario implies a decrease in the number of tourists at the international level in a percentage between 60-80%, respectively 66%. (Covid 19 and Tourism – Assessing the Economic Consequences, 2020, United Nations Conference on Trade and Development.)

The three scenarios and their effects are presented in Figure 1.

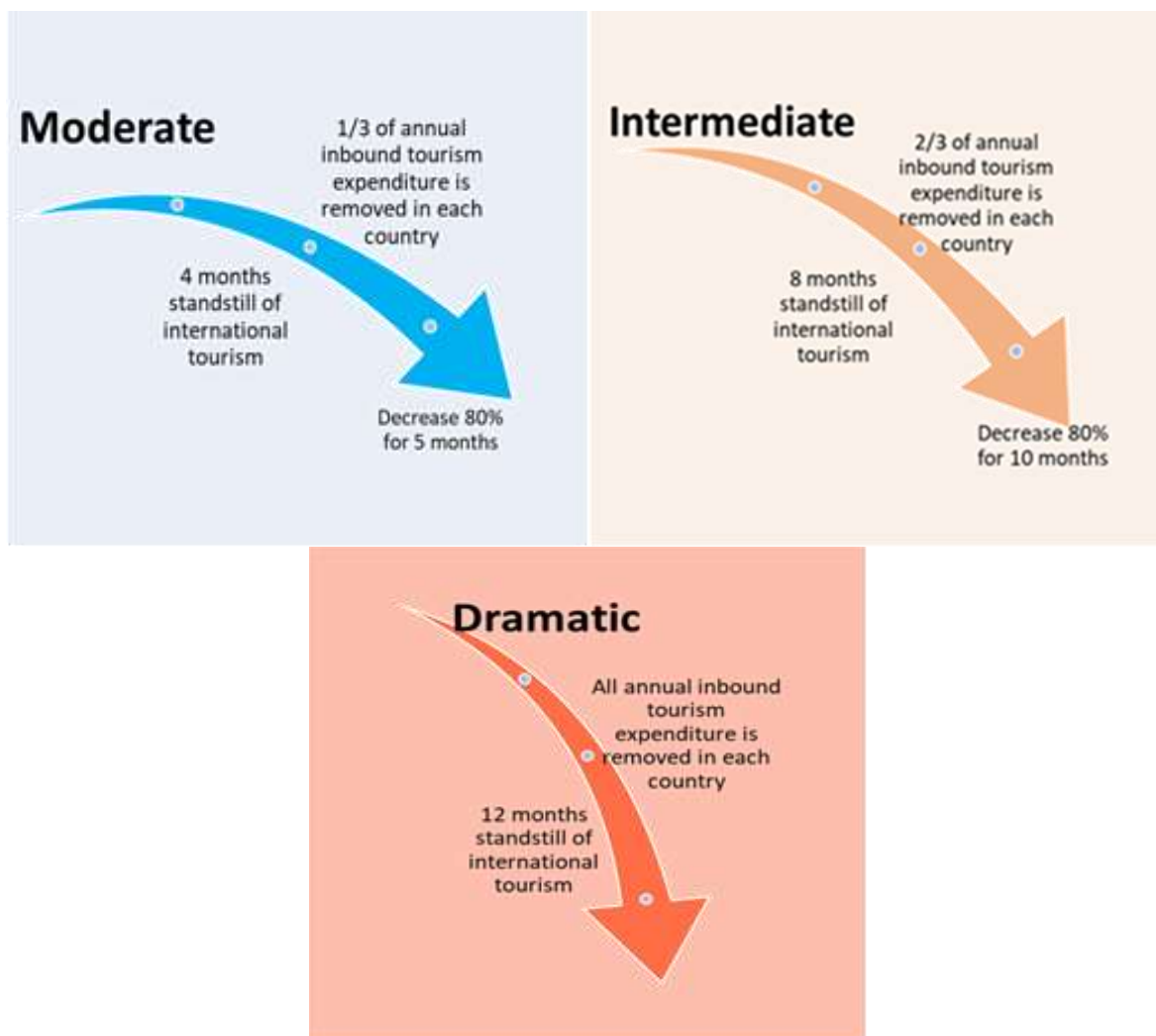


Figure 1. The 3 Globally Scenarios on COVID-19 Impact (UNCTAD, 2020)

The global losses at a microeconomic level, afferent to the three scenarios are important.

Table 1. Global Losses at a Microeconomic Level (UNCTAD, 2020)

Scenario type	Duration (months standstill)	Losses (\$ trillion)
Dramatic	12	-3.3
Intermediate	8	-2.2
Moderate	4	-1.2

According to the moderate scenario, Jamaica will record a drop in the GDP with 11%, Thailand with 9% and Croatia with 8%.

In absolute terms, the biggest losses will be registered in the US and China, followed by Thailand, France and Germany.

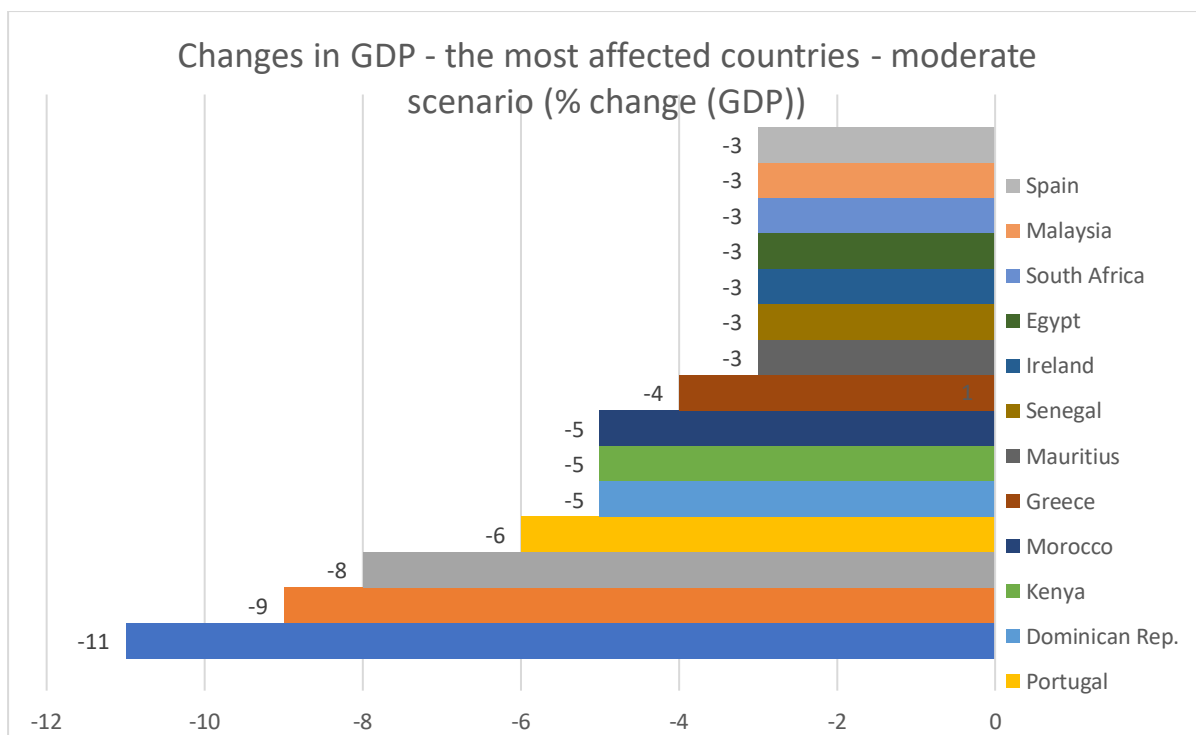


Figure 2. Changes in GDP (in %) (UNCTAD, 2020)

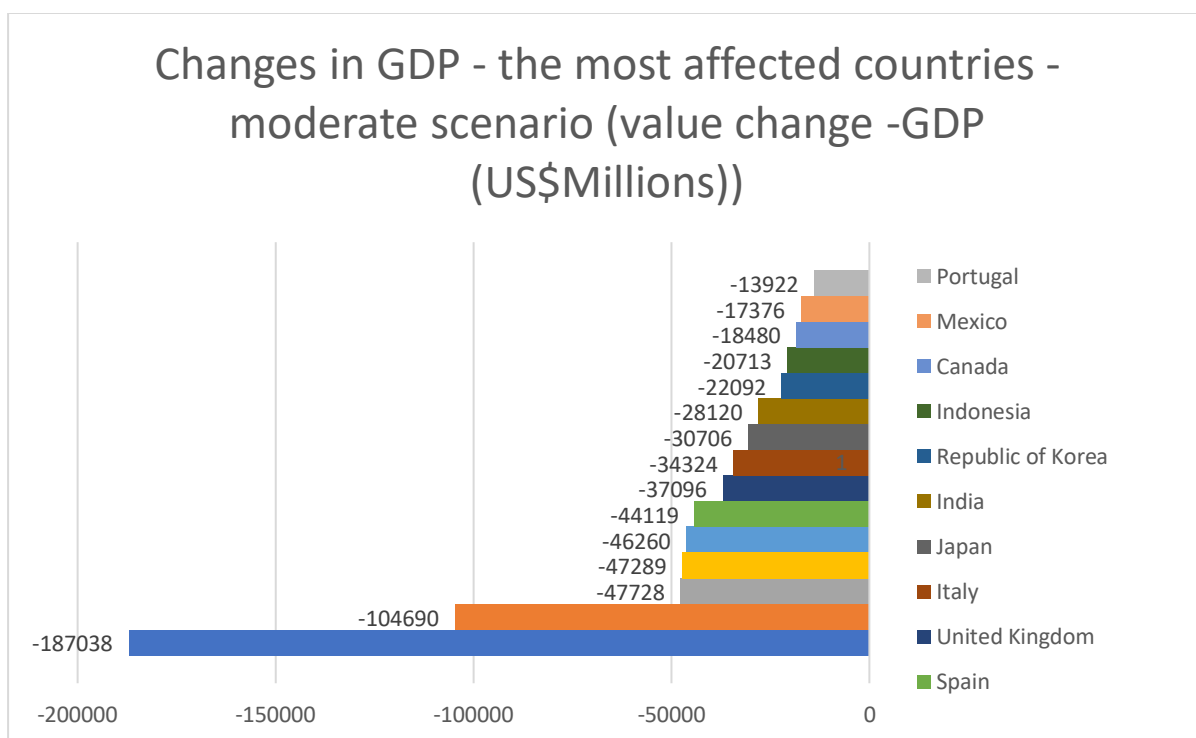


Figure 3. Changes in GDP (in US\$millions) (UNCTAD, 2020)

As the field of tourism is interconnected with other fields at the level of the national economy, the negative evolution of this sector will be reflected on these fields which depend and influence in their turn the tourist services.

The effects that the pandemic has upon all economic sectors is more than obvious.

For the medium and long term, governments should support economic diversification where possible. High dependence on one sector increases vulnerability. In some countries, this diversification is very difficult because tourism is the main activity. Ways of economic diversification may include increased regional integration, education and training programs in certain targeted economic sectors to increase resilience and mitigate the cost of shocks caused by the effects of the pandemic on the global economy.

In the EU it is estimated that the touristic industry will record losses of approximately 1 billion Euro per month (European Parliament, 2020). According to data provided by STR (Smith Travel Research), it is estimated that hotels in Europe will see a 37% drop in revenue per available room, mainly due to a 27% drop in occupancy rates. The recovery at the level of 2019 is expected to take place only in 2022 (STR, 2020).

The effects of the COVID in Romania

Overall, the coronavirus pandemic threatens up to 75 million jobs in the global tourism and travel sector, (Economic Impact from COVID-19, April 2020) and its global impact is more than five times the effects of the 2008 crisis.

The study - Scenarios for the evolution of gross value added in tourism activities (Jula, 2020) draws a preliminary estimation of the effects of the COVID-19 crisis on the dynamics of tourism activities in Romania in 2020, in the form of two scenarios: Scenario S1 - quasi-blockade of tourism activities for three months (starting with the second half of March) and Scenario S2 - the extension of the blockade to four months. The effects are monitored in terms of the index of use of tourist accommodation capacity and salary costs and then are summarized in the analysis of the dynamics of gross value added in tourism activities. In S1 the gross value added from tourism will decrease in 2020 by about 30%, compared to 2019, and in S2 by 37%. Salary income in scenario one will decrease by about 14% and in scenario two by about 16%.

As expected, the Romanian tourism industry was also severely affected by the COVID-19 pandemic and the measures that were taken to stop the spread of the coronavirus. Both hotels and travel agencies have seen massive drops in bookings and cancellations of events. Since the beginning of March, the occupancy rate of hotels has decreased by 40% in Bucharest and over 50% in resorts (Horeca, 2020).

In the case of travel agencies, the situation is dramatic, on the one hand due to the lack of incoming and drastic decrease in outgoing and on the other hand due to the cancellation of reservations by customers and the demand for a refund of their value, which risks leading to the bankruptcy and disappearance of many agencies from the market.

Finally, the economic impact will vary depending on the various branches of the tourism sector, companies and destinations, depending on some factors: the nature of the tourist offer, the impact of travel restrictions on visitor flows, the speed with which the economy will recover, size of the domestic tourism market and exposure to international markets.

Fear will be the biggest threat to the tourism industry in the near future. But this could also be an opportunity. Mass tourism is likely to disappear as a result of the social distance that will remain mentally impregnated for a long time. Also, all-inclusive packages will lose their popularity due to the congestion and insecurity they entail. Business tourism will recover much harder than leisure, and hotels will lose in this area and the MICE industry (Meetings, Incentives, Conventions, Events), most conferences and events migrating to online platforms.

According to the NSI data (NSI, 2020), in Romania, there have been significant changes in terms of tourist services, developments that we present in the following.

Arrivals registered in the tourist reception structures in August 2020 amounted to 1.301,4 thousand, down to 30.4% compared to August 2019.

Out of the total number of arrivals, in August 2020 the arrivals of Romanian tourists in the tourist reception structures with accommodation functions represented 97.5%, while the foreign tourists represented 2.5%.

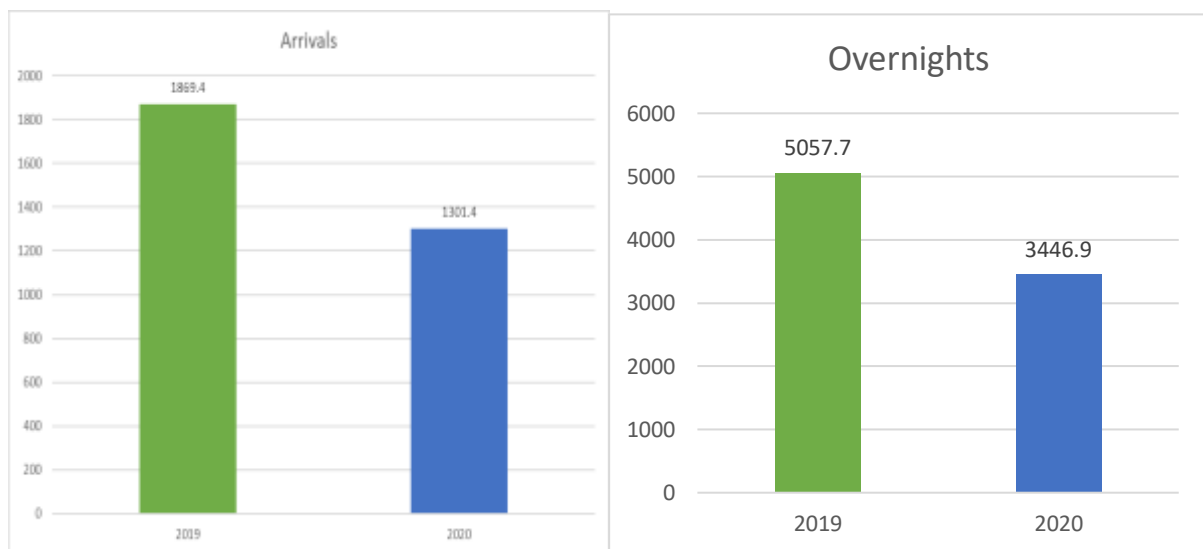


Figure 4. Arrivals and Overnights in Romania August 2019 and August 2020 (NSI, 2020).

The overnight stays registered in the tourist reception structures in August 2020 amounted to 3.446,9 thousand, decreasing by 31.8% compared to those of August 2019.

Out of the total number of overnight stays, in August 2020 the overnight stays of Romanian tourists in the structures of tourist reception with accommodation functions represented 98.0%, while the overnight stays of foreign tourists represented 2.0%.

The average length of stay in August 2020 was 2.7 days for Romanian tourists and 2.2 days for foreign tourists.

The index of net use of accommodation places in August 2020 was 39.1% on total tourist accommodation structures, decreasing by 13.0 percentage points compared to August 2019.

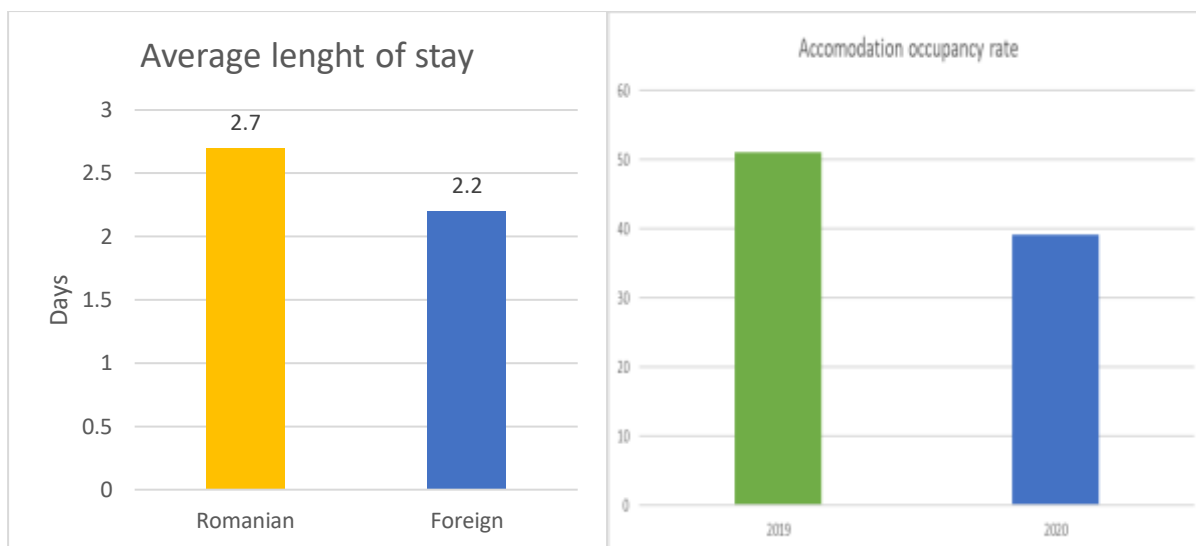


Figure 5. Average Length of Stay and Accommodation Occupancy Rate in Romania August 2019 and August 2020 (NSI, 2020)

Arrivals registered in the tourist reception structures in the period 1.01.-31.08.2020 amounted to 4.367,4 thousand, decreasing by 52.2% compared to the period 1.01.-31.08.2019.

Out of the total number of arrivals, between 1.01.-31.08.2020 the arrivals of Romanian tourists in the structures of tourist reception with accommodation functions represented 91.7%, while the foreign tourists represented 8.3%.

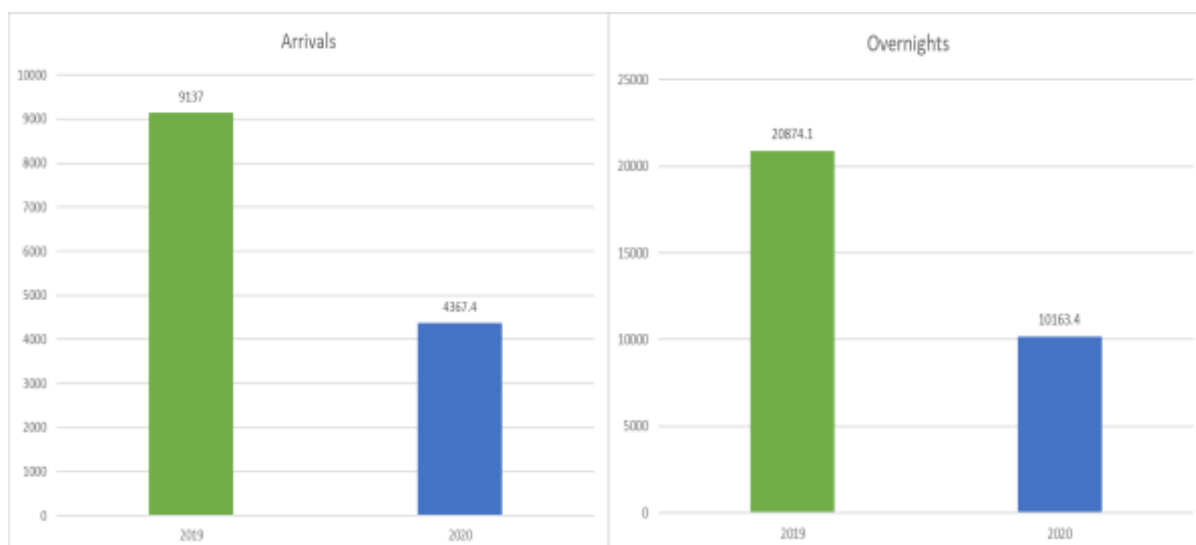


Figure 6. Arrivals and Overnights in Romania January-August 2019 and January-August 2020 (NSI, 2020).

The overnight stays registered in the tourist reception structures in the period 1.01.-31.08.2020 amounted to 10,163.4 thousand, decreasing by 51.3% compared to those in the period 1.01.-31.08.2019. Of the total number of overnight stays, between 1.01.-31.08.2020 the overnight stays of Romanian tourists in the tourist reception structures with accommodation functions represented 92.3%, while the overnight stays of foreign tourists represented 7.7%.

The average length of stay between 1.01.-31.08.2020 was 2.3 days for Romanian tourists and 2.2 days for foreign tourists.

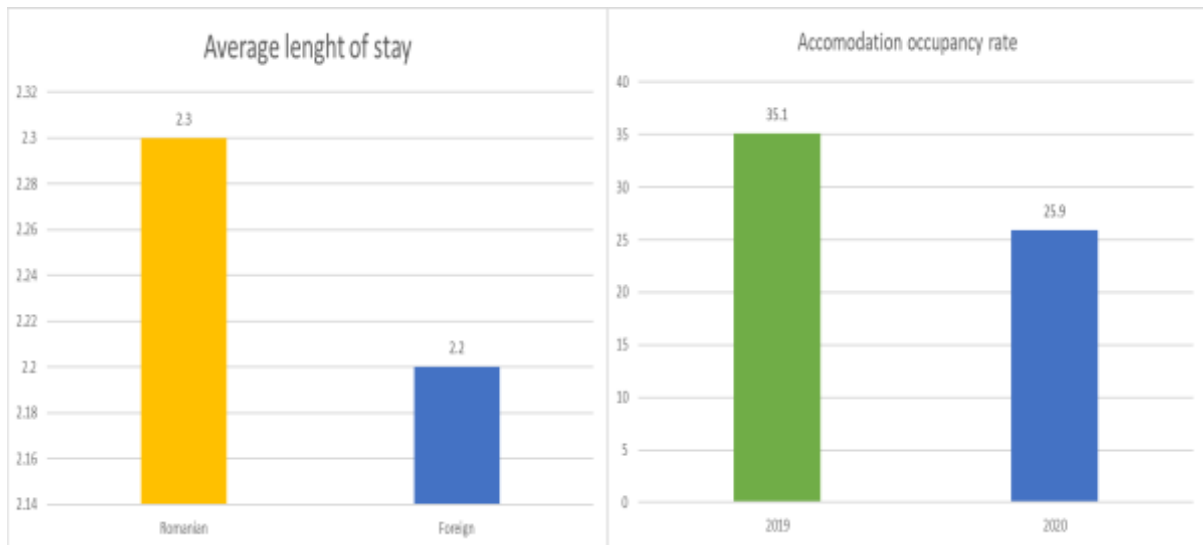


Figure 7. Average Length of Stay and Accommodation Occupancy Rate in Romania January-August 2019 and January-August 2020 (NSI, 2020).

The index of net use of accommodation places in the period 1.01.-31.08.2020 was of 25.9% on total tourist accommodation structures, decreasing by 9.2 percentage points compared to the period 1.01.-31.08.2019.

Conclusions

COVID-19 crisis response measures should be channelled in this way (Muscalu, 2020):

- Protecting people. Protecting tourists by establishing safety rules. Protecting workers by providing income support, extending financial support for technical unemployment or regulating short-term employment schemes
- Ensuring the survival of the industry throughout the chain and, in particular, supporting SMEs by providing liquidity, guaranteeing emergency loans, creating quick and easy access to short- and medium-term loans to overcome liquidity shortages, including funds made available by the EU through the Corona Response investment initiative, postponing the payment of contributions to the state.
- They are stimulating the demand for domestic tourism by expanding the holiday voucher program and promoting the country as a destination through all possible channels, especially now during the quarantine period of the population. Also, supporting Romanian destinations, by increasing their budgets for promotion, marketing and product development to encourage demand in alternative markets and to accelerate the recovery.

It will take a joint effort of all tourism stakeholders to keep the tourism industry afloat. There is a crucial need for an integrated government approach so that the measures taken to support the tourism industry are consistent and complementary to the overall economic stimulus packages. Comprehensive tourism recovery plans need to be put in place to strengthen tourism resilience over time, taking into account the long-term implications of the crisis on the tourism sector in the context of the digital transformation, climate change and structural transformation that will be needed to build a stronger, more sustainable and resilient tourism economy in the future.

The negative impact of COVID-19 does not only affect tourism. Negative consequences exist economically in all sectors of activity, socially and emotionally. From the simple man to world-

class companies, we have all been affected by this difficult period and the consequences will exist for a long time. It is necessary for the short term to stop the pandemic and in the long term a sustained systemic effort to relaunch all aspects of economic and social life.

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