

# ***The Opportunities and Challenges Brought by COVID-19 to China's Tourism Industry***

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**Abstract:** From the end of 2019 to the first half of 2023, the world is experiencing a coronavirus pandemic. During this period, the world's tourism industry has been greatly impacted and faced with many challenges. COVID-19 has not only affected the national economy but also affected people's mental health and Consumer behavior. The research on their behavior helps to analyze the current situation of the tourism industry and the development trend of the tourism industry after the pandemic. This article uses the research method of literature review. This paper conducts research from these aspects: the impact of the coronavirus pandemic on the tourism industry, especially changes in people's consumption behavior, and future development. The COVID-19 pandemic has had a huge impact on travel businesses, and other sectors within the travel industry, and has also spurred the development of emerging areas. The COVID-19 epidemic has had a great impact on all branches of the tourism industry, including but not limited to travel companies, the transportation industry and cloud tourism, etc. Through government support, the awakening and improvement of the tourism industry itself, and grasping the trend of social development, actively develop emerging fields to improve the impact of the epidemic on the tourism industry in the past three years.

**Keywords:** Covid-19, Tourism, Consuming behavior, China

## **1. Introduction**

Since the outbreak of the coronavirus pandemic at the end of 2019, China's domestic tourism industry has been hit hard. In 2020, the number of domestic tourists in China was 2.879 billion, a decrease of 3.127 billion or 52.1% compared with the same period in 2019. China's domestic tourism revenue was 2.23 trillion yuan, a decrease of 3.50 trillion yuan or 61.1% from the same period in 2019. The "China Domestic Tourism Development Report 2020" shows that tourists' willingness to travel in the third quarter of 2020 reached 80.22%. In 2021, the total number of Chinese tourists was 3.246 billion, an increase of 367 million or 12.8% over the same period in 2020. In 2022, the total number of Chinese tourists was 2.530 billion, a decrease of 716 million compared with the same period in 2021, a year-on-year decrease of 22.1%. Even though people's willingness to travel is increasing, the restrictions of China's epidemic prevention policy and the recurrence of epidemics still lead to instability in the development of China's tourism industry [1].

This article uses the research method of literature review to study the impact of the coronavirus pandemic on the tourism industry, changes in people's consumption behavior, and the recovery of the tourism industry.

A more comprehensive and intuitive summary of the impact of the coronavirus pandemic on the tourism industry, changes in people's consumption psychology, and suggestions for the future development of the tourism industry. This is of profound significance to the development of China's tourism industry.

## 2. The impact of the epidemic on China's tourism industry

Since the outbreak of the coronavirus pandemic at the end of 2019, the Chinese government has quickly taken anti-epidemic measures to prevent the further expansion of the epidemic, including the blockade of severely affected cities, and the closure of tourist attractions and public areas. All walks of life in the tourism industry have had a huge impact. Chen and Duan point out that the tourism industry and the COVID-19 epidemic are interactive. Tourism is a high-flow, large-scale activity. Tourism will expand the contact area of the crowd, increasing the speed and breadth of the epidemic. The public's fear of the epidemic will affect their willingness to travel, and the public still has doubts about the safety of tourist destinations [2].

### 2.1. Travel companies

During the COVID-19 pandemic, Chinese tourism companies are facing huge financial difficulties. Companies have adopted measures such as layoffs and shift work to reduce economic expenditures.

Table 1: Business Situation of China Travel Agency [1].

	Operating Income	Operating Cost	Operating Profit
Year 2020	238.969 billion yuan	228.086 billion yuan	-6.915 billion yuan
Year 2021	185.716 billion yuan	176.904 billion yuan	-5.534 billion yuan
Year 2022	160.156 billion yuan	158.802 billion yuan	-6.887 billion yuan

From the table above, it can be seen that the profit of China Travel Service during the three years of the epidemic was negative.

Nong's point of view pointed out that the first quarter of each year is the peak business season for tourism companies. The closure of tourist attractions and places has led to the shutdown of tourism companies. In the first half of 2020, the tourism industry lost 3,000 billion. Even if the tourism industry is closed due to the pandemic, some fixed expenses, house rent, and employee remuneration still need to be paid on time. During the pandemic, the company also needs to pay additional expenses related to epidemic prevention (masks, disinfection products) and skills training expenses for employees to work online [3]. Nong's statement is not entirely accurate. When analyzing the economic loss data during the Spring Festival in 2020, he expressed the data as "about 400 to 500 billion yuan". The word "left and right" is not accurate, the data is not accurate, and The range of data intervals is large, which makes this discussion seem imprecise.

Ren and Guo pointed out that the emergence of the epidemic has made it more difficult to develop in the context of an economic downturn. Since 2010, China's domestic GDP growth rate has continued to slow down. Due to the pandemic, the economy of all walks of life has been affected. Consumers have begun to worry about savings and consumption due to social reality, and people have greatly reduced consumption other than the necessities of life[4].

In the author's point of view, tourism companies have also exposed many problems during the pandemic. In the context of socio-economic recession, people hope that every expense is spent with

value, and they have a more diversified, and personalized demand for tourism. However, the tourism products of tourism companies have not achieved product diversification and improvement, resulting in a greater gap between customer needs and the services that tourism companies can provide. Further accelerated the decline of some tourism companies during the pandemic.

## 2.2. Transportation Industry

During the COVID-19 epidemic, due to policy restrictions, people traveled less frequently, and the demand for the transportation industry also decreased. Take overseas travel as an example. Since the beginning of 2020, the Civil Aviation Administration of China has implemented the strategy of "one company, one country, one line" for international flights. In addition, in order to prevent the passengers from sitting too densely during the flight, it is stipulated that the occupancy rate of each aircraft should not exceed 75%. These measures have greatly reduced the flow of people from abroad into China. The daily flow of people entering by air ranges from 25,000 to 5,000.

Ling pointed out that under the coronavirus pandemic, the resource burden of the transportation industry operation has increased. The epidemic has affected the safety of workers in the transportation industry. Due to the nature of their work, transportation workers need to come into contact with many different people and things every day. Especially during the special period of the coronavirus pandemic, people tend not to go out to work has led to a shortage of manpower in the transportation industry [5].

Zhou pointed out that during the COVID-19 epidemic, various parts of China have adopted lockdown measures, and some transportation lines have also been suspended, which has reduced the volume of freight and passenger traffic, and the economic income of the transportation industry has also decreased. When people choose to travel, they also choose "self-driving" with lower risks[6]. Self-driving travel has the characteristics of more private space, more freedom, and safety, and can prevent people from being infected with the coronavirus pandemic to a certain extent. According to statistics, the proportion of people traveling by car in 2021 was 70%.

Since the outbreak of the epidemic, toll booths and service areas on highways have been heavily closed, forcing many drivers to take detours. This has reduced the efficiency of logistics transportation, prolonged transportation time, and correspondingly increased transportation costs. In addition, the increase in driving hours has led to many drivers driving overtime, posing some safety hazards on the highway.

## 2.3. Cloud tourism industry

Ren's point of view points out that with the outbreak of the coronavirus pandemic, people have stopped traveling due to policy restrictions and fear of the epidemic, but people's yearning for freedom has not diminished but increased. In this case, cloud tourism, a tourism form that combines online and offline, has appeared. The birth of cloud tourism not only meets people's demand for tourism but also meets the needs of enterprises for their own exposure, laying a good foundation for the development of tourism in the post-epidemic era [7].

Ren and Guo pointed out Digital marketing is an important measure for tourism companies to deal with the coronavirus pandemic, and it is also an opportunity for tourism reform in the post-epidemic era. Cloud tourism is an effective market-oriented business model. Tourism companies implement online sightseeing of scenic spots with the help of network platforms and also open online stores with the help of network platforms. Cloud tourism has also promoted people's impulse to consume online [4].

Cloud tourism, which is in line with the future digital orientation, has not only been widely used during the pandemic but can also be retained and continued into the post-pandemic era, making

people more efficient and safe in sightseeing tourism. The time-saving of tourist attractions has always been a concern for people. The emergence of cloud tourism has improved this problem, greatly reduced people's travel concerns, and enhanced their willingness to travel.

### **3. How to further improve this issue**

#### **3.1. Government support**

The government's support has greatly helped the recovery of the tourism industry. During the pandemic, the capital flow of various industries has been affected to varying degrees. The government can provide appropriate financial assistance to troubled enterprises to help them survive this transition period. The government, as the leader in responding to public events, has a strong appeal and leadership. It can introduce relevant policies to encourage people to travel more, reduce the prices of many tourist attractions, hotels, transportation, etc., and stimulate people's demand for tourism. The government can stimulate the vitality of the tourism industry by rewarding and commending outstanding employees in the tourism industry [8].

People's biggest concern about travel is the consideration of the coronavirus pandemic. The government should manage and plan in a timely manner and take corresponding safeguard measures. It is also possible to reduce tourists' concerns by establishing the image of a 'safe tourist destination', so that tourists can relax more and have a better travel experience. Relevant government departments should formulate urban tourism development plans and tourism promotion and marketing strategies in a timely manner, so as to drive the development of urban tourism [9].

#### **3.2. Self-adjustment of tourism enterprises**

Enterprises need to improve their ability to resist risks in future development. Enterprises need to pay close attention to the trend of national policies, make timely strategic adjustments, and actively seek help from the government. Enterprises need to accelerate the speed of product updates to better cater to consumers' preferences. The enterprise needs to strengthen its internal management and operation mode to enhance the comprehensive strength of the enterprise [10].

During the pandemic, enterprises can organize employees to study, cultivate employees' recognition of corporate culture, strengthen employees' dependence and trust in the enterprise, and make employees more motivated to follow up work, thereby generating more benefits for the company. Enterprises can expand their business segments and industrial chains. The combination of tourism and digitalization during the epidemic is a good example. Enterprises can carry out more cross-field and cross-industry cooperation. Such cooperation can not only increase the diversification of the enterprise itself but also increase tourists' curiosity about new things and increase the exposure of the enterprise [2].

#### **3.3. Emphasis on emerging fields derived from the COVID-19**

Under the coronavirus pandemic, new technologies have been widely used and attracted a lot of attention. The application of new technologies has reduced the losses of enterprises during the epidemic. The in-depth development of this emerging field can not only promote the combination of China's traditional tourism industry and digitization, promote the rapid and diversified development of China's tourism industry, but also support the development of China's emerging technology industry [11].

## 4. Conclusion

The impact of the coronavirus pandemic on the tourism industry is huge. Both the tourism industry and other industries have learned a lot from this sudden change. The research finds that affected by the coronavirus pandemic, the profitability and operation of China's tourism companies and the transportation industry have not had a good development trend in the past three years. On the contrary, cloud tourism, a digital industry, is under the influence of the general environment. There is a positive development. However, the impact of the coronavirus pandemic is short-term and cannot change the overall continuous positive development trend of China's tourism industry. The recovery of the tourism industry is inseparable from the support of the future government and its own efforts, and the coronavirus pandemic has brought a new perspective to the recovery of the tourism industry. Tourism companies can develop in a more diversified direction through cross-field cooperation.

This study is not comprehensive in the analysis of the part of 'the impact of the coronavirus pandemic on China's tourism industry'. It can be a more comprehensive and specific analysis from more industries, such as the catering and accommodation industry, so that readers can have a deeper and more detailed understanding of the tourism industry under the coronavirus pandemic. At the same time, the study of consumer psychology in this paper lacks actual survey data, and the specific data needs further statistics and research.

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