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ASSIGNMENT:

**THE COVID-19 PANDEMIC EXACERBATES GLOBAL ECONOMY: THE TOURISM
INDUSTRY**

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THE COVID-19 PANDEMIC EXACERBATES GLOBAL ECONOMY: THE TOURISM INDUSTRY

Abstract

This paper aims at issuing the COVID-19 situation and how it aggravates the global tourism industry that encompasses all the world continents. We use qualitative methods through a document analysis based on the available global reports, journal articles, official coronavirus websites, WHO official reports and UNWTO websites. The spread of the virus has caused such a significant decrease in the global tourism industry and affects other sectors such as the aviation sector, the food sector, the hospitality sector and sport sector. Hence, the tourism industry is greatly hit by the pandemic due to travel regulations and the closure of countries' borders in order to flatten the curve.

Introduction

Individuals become tourists when they leave their normal surroundings or places where they live to explore another destination for pleasure and interest. The tourists are also known as temporary travelers who stay at a certain location for at least 24 hours. According to Camilleri (2017), tourists can be classified into two categories such as those who are travelling for reason of business or for personal motives that are encompassed with study, sport, health etc. Business travel, on the other hand, is an important trip with work purposes that doesn't include the daily commuting between home and workplace. The travelers of this category have their own disposition of itinerary that has been set such as their prospective destination, and the timing of their trip. However, travel is indeed the most enjoyable way to meet new people and discover new things about the world. And it would be more intriguing if the journey is free from disease, crime and catastrophe. When a place or a country is struck by an epidemic, everyone all over the world will direct their attention to it as it is very concerning if the disease becomes a pandemic. This is such frightening news to the travelers too. They might come into contact with people who have the virus and carry the virus back to their home country. It may be difficult to avoid the

disease as everyone is at risk and possible to contract with it. Hollingsworth et al., (2006) said that tourists are one the major factors to spread epidemics or pandemics between locations. In recent months, the world is shocked with horrifying news of a new pandemic that broke out in Wuhan City, China.

Uğur and Akbıyık (2020) stated in their study that in late December 2019, the first unknown cases of lung disease were identified in Wuhan (Hubei province), China. It has appeared a new type of coronavirus has been detected in several patients with pneumonia which suggests a probable cause. This new type of virus is known as SARS-CoV-2. The WHO undertook a detailed investigation regarding the COVID-19 epidemiology and its original source. At the end of December 2019 and early January 2020, the results of large numbers pertaining to early cases were related directly to Huanan Seafood Wholesale Market in Wuhan City, where seafood and wild animals were sold. On top of that, most of the initial patients who had been admitted to hospital were among the stall owners, market workers, and regular customers to this market. The sampling that was confiscated from this market is proved positive for SARS-CoV-2 and it is officially a place of the virus first outbreak (WHO, 2020). Due to the widespread SARS-CoV-2 in the province of Hubei, all the flights and public transports in big cities had been cancelled and even the roads were closed in order to prevent people from mass gathering. However, the virus eventually occurred outside China and has reached many other continents like Americas, Western Pacific and South-East Asia. The number of confirmed Covid-19 cases significantly doubled every day. Figure 1 depicts the result of the number of positive cases in the world. On March 11, 2020 WHO made a declaration of SARS-CoV-2 is characterized as a pandemic.

Due to the pandemic state, many countries closed their borders to forbid citizens from leaving their respective country as well as the foreigners from entering any states. As a result, many economic activities had affected to a near-standstill when tight restrictions were imposed on movement in order to flatten the curve. Many people are absent at the workplace and forced to work from home since the Covid-19 pandemic lockdown was introduced. According to Gossling et al. (2020) report, in the absence of vaccines to stop this infection and insufficient medical interventions to treat it, many countries have implemented different types of

non-pharmaceutical interventions (NPIs), including social distancing (stay 2 meters at least from other people), lock-down (home confinement), schools, universities and non-essential industries are shut down, and many other events are cancelled and postponed. The global economics, especially the tourism sector, such as global tourism, domestic tourism, day trips, and other categories such as air transportation, cruises, lodging, conferences, public transport, restaurants, concerts, and sport activities are directly affected by international, regional and local travel restrictions. The international and domestic tourism have also deteriorated dramatically for many weeks, with international air traffic being slowed down regarding the pandemic and numerous countries enforcing restrictions on travel and keeping their borders shut.

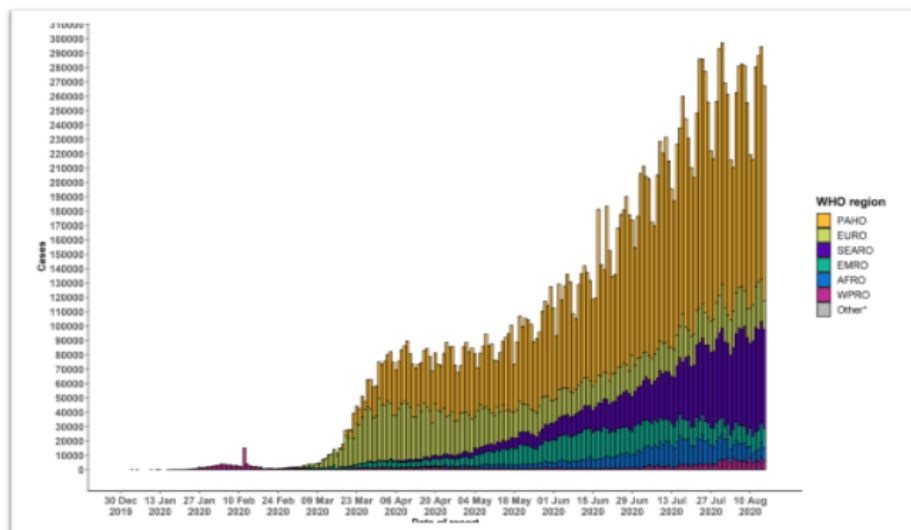


Figure 1 The number of COVID-19 cases, by WHO region, from December 30, 2019 to August 16, 2020

In many sectors, the crisis of COVID-19 has created numerous uncertainty and makes the structure of the economy disordered. The tourism industry has had dramatic decreases in sales and has been one of the most critically impacted industries by the pandemic. This shock impacts both the demand side (restrictions on mobility, border closures, the risk of illness for visitors) and the global market such as closing of lodging, food services, and tourist recreational facilities (Uğur and Akbıyık, 2020).

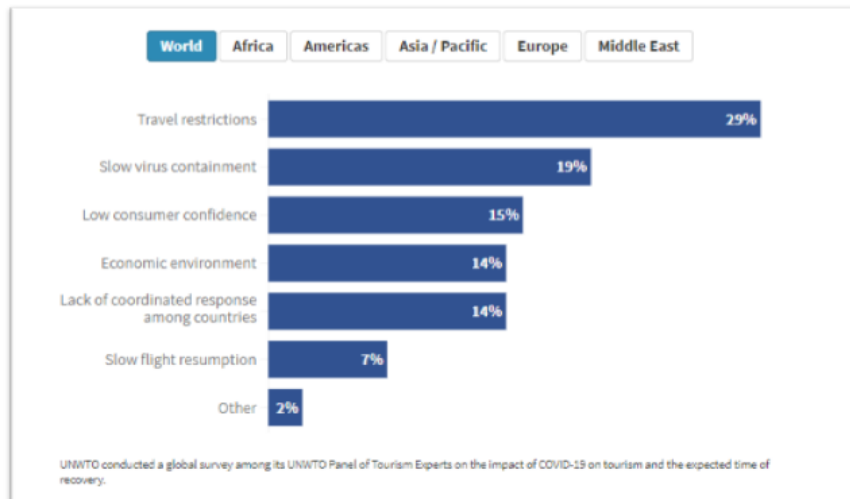


Figure 2 The main factors weighing on the recovery of global tourism Data <https://www.unwto.org/impact-assessment-of-the-covid-19-outbreak-on-international-tourism>

Literature Review

Initially, the Covid-19 was perceived to have occurred in China only but it later outspread across the globe by people's movement. The economic pain became acute as people were followed to stay at home order and the severity in the tourism industry has affected many other sectors namely the aviation sector, the food sector, hospitality sector and sport sector. Figure 2 indicates the countries with frontiers restricted to outsiders and non-residents by 31st of March 2020, partial border closures and peoples' limits from many of other countries, or where not all forms of borders (air, land, sea) are closed.

The Aviation sector

Ozili and Arun (2020) have stated the governments of many countries have tightened the rules on travelling to countries struck by SARS-CoV-2 and enforce a temporary suspension of immigration, work visas and tourism travel. Some countries also have set a whole embargo on domestic and foreign travel by shutting down their airports. The prohibitions by governments resulted in a decline of travel demand, causing some airlines, such as LOT Polish Airlines, Air Balktics, Scandinavian Airlines, La Compagnie and temporarily to suspend their operation. Tourism industry alone has lost more than \$200 billion in these travel bans worldwide, except for other

touristic travel revenue, and it has been estimated that the aviation sector will have a cumulative loss of \$113 billion according to IATA. The GTBA announced that due to the pandemic, the business travel sector will lose \$820 billion (Ozili and Arun, 2020).

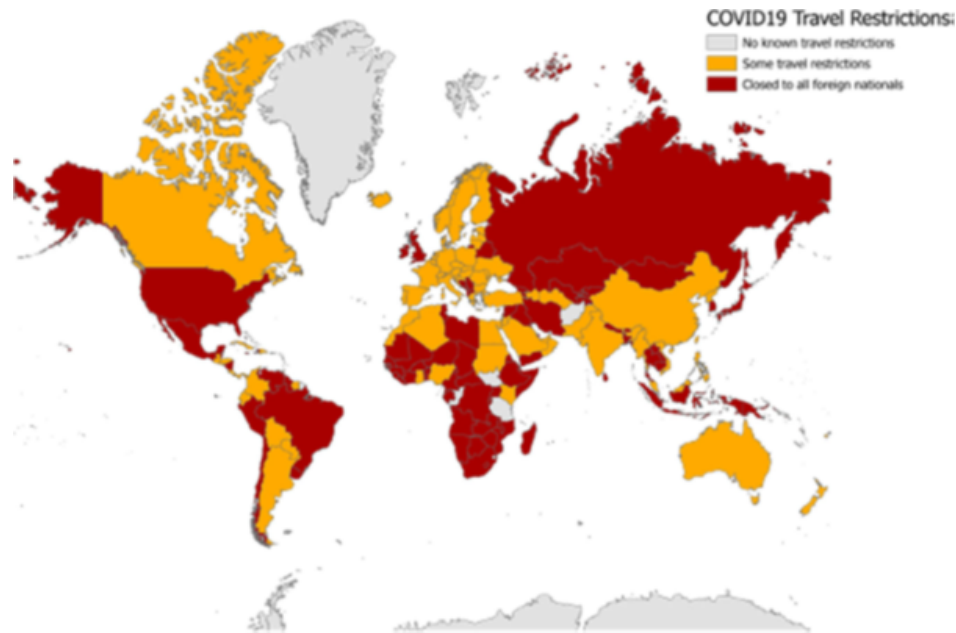


Figure 3 Global travel restrictions as of 31st March 2019. Retrieved from Gosling, P. et al, (2020)

Food Sector

During this challenging phase, the global economy has become concerning among the people. The pandemic breakout has significantly affected the food sectors. The impact of pandemic has affected food sectors in consumer behaviour and the process of transporting the food supply. Lots of food storage and business are forced to close temporarily following the new rules that have been designed by each country. A major concern has arisen as the government around the globe decided to enforce a restriction of transporting food supply, to avoid mass infection from happening. Food contamination would not happen however, workers are vulnerable (Nakat, Bou-Mitri et al; 2021 as cited in OSHA, 2020). Workers are bound to be exposed to viruses hence protecting them is crucial for the current situation (Nakat, Bou-Mitri et al; 2021 as cited in OSHA, 2020). Thus, it has been reported that there is a significant decline from 60% to 30% in transporting food supply in

France (Aday. S & Aday. M. S as cited in FAO & Bakalis, 2020). Consumer behaviour has changed ever since the corona breakout happened (Nakat, Bou-Mitri et al; 2021 as cited in Cranfield, 2020).

The whole pandemic impact has made a greater demand from consumers that lead to a food scarcity in which factories are requested to produce more food supply. For instance, in European countries the production of bread rose to 76% along with the packaging of frozen vegetables to 52% just after the announcement of the corona breakout (Aday & Aday, 2020). The request particularly happened after buyers experienced panic-buying that resulted in shortage of food. Now it is reported that the numbers of consumers purchasing groceries and going to the store has greatly declined, after the movement control has been enforced to flatten the curve (Aday & Aday, 2020). Prior to the critical situation, consumers are ordered to obey the social-distancing rules to avoid the risk of the infection. Therefore, the only way to combat it, consumers have the option to order or take away their food without gathering in one place. In a survey, 70% of buyers selected online-shopping as the option of purchasing resources during the pandemic in USA (Aday & Aday, 2020)

Hospitality sector

According to Ozili and Arun (2020) many restaurant businesses including cafes and other food outlets have been affected due to the pandemic. Mainly because of the government's new policy of imploring people to stay at home and avoiding mass gathering in public. To lower the cases, numerous restaurants across the globe were ordered to be shut down by their government. This bad news has thrown them into a sudden shock as it will destroy the hospitality sector. On top of that, the restaurant managers had to lay off workers while temporarily closing down their companies. Gosling et, al (2020) said with restaurants closures in many countries, it is predicted that food outlets will face significant problems recovering. However, some restaurants in the countries of the Asia-Pacific region are allowed to remain open for only takeaway and delivery service such as in Malaysia, South Korea, Singapore and Philippines.

As cited in Nhamo et, al (2020), Yu and Aviso (2020) and Dube et al. (2020) have stated COVID-19 has caused global business declines, which have had a dreadful effect on tourism industries like hotels and guesthouses like Airbnb. Initial studies in February 2020, China announced a 71% drop in hotel occupancy over a year (Yang et al. 2020). Based on the Ozili and Arun (2020) study, hotels worldwide have suffered trillion-dollar cancellations, and the hotel industry is hoping for a \$150 billion bailout. Many hotels in the US, the United Kingdom and in several European countries have reported that regular operations will temporarily be halted, and that has a potential loss of 24,3 million workers worldwide and an approximate 3,9 million alone in the USA. The figure 3 illustrates the impact of the crisis on the accommodation sector for the week of 21 March. Guest numbers have dropped by 50 percent or more in both regions. Countries were severely hit with huge numbers of cases that produced sensational headlines in journals (Italy) and even countries that implemented drastic steps to curb population movement (Greece, Germany). There may be significant numbers of tourists in March in the countries that seem worse (Sephells, Sweden and New Zealand), with tourists considering withdrawing from the turmoil in countries considered to be safer. However, many countries are always required to come back to their homes, particularly in those circumstances.

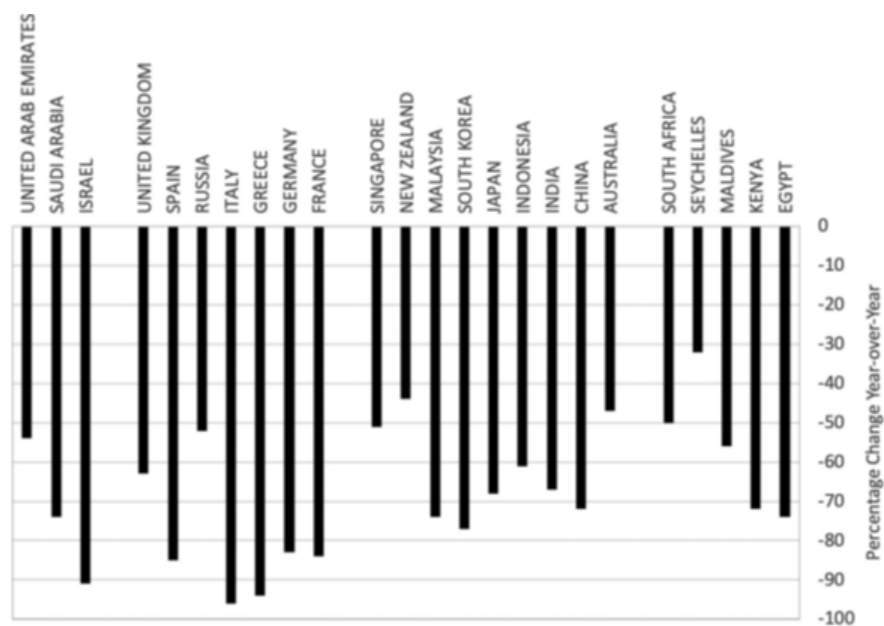


Figure 4 Accommodation occupancy rate change for the week of 21st March.

Data source: Gosling, P. et al, (2020)

Sport Sector

As indicated by Ozili and Arun (2020), the sport sector was very influenced during the Covid pandemic. For the football area, enormous size of European football groups in England and Scotland gave for football matches to halt its event for a while until the 30th April. Turkish super league was another match that was forced to stop a bit from European association. Next, Monaco Grand Prix event was also decided to stop as it is the wise decision to protect the public. The Paralympics games and the Tokyo Summer Olympic were likewise deferred. For the Hockey fragment, it was additionally deferred for the 2020 hockey games that will be held in England. Another Britain's FIH Pro League games that should occur in between second to third and sixteenth to seventeenth of May were additionally deferred. The Pro14 of the rugby match-ups that participated at the Cardiff City Stadium and was planned on the twentieth June was also declined. For the remainder of the 2020 season, the significant group rugby (MLR) was dropped.

Adjacent to that, for the baseball fragment, all significant season games were canceled in Mexico and Puerto Rico. The Portuguese government has announced a highly sensitive situation and suspended all occasions particularly in the game. This truly gave an extremely large effect for the Motorsport games that were held in Portugal as it was likewise deferred. For the snooker portion, the World snooker title that should be organized in Sheffield from April 18th to May 4th was likewise delayed. For the swimming portion, it was delayed until August for the 2020 European Aquatics Championship as it was planned from eleventh to 24th in Hungary. To wrap things up, for the golf section, the LPGA visit was changed to tenth to thirteenth September 2020. These games that have been planned were all dropped or delayed until the flare-up improves. Unfortunately the outcome has lepas ro misfortune in income to the patrons and coordinators of the dropped games which loses to billion dollars.

Methodology

This study employs a qualitative descriptive that focuses on a bounded concept to yield rich knowledge and offer insights into the issue. The case under consideration to investigate the effects of SARS-CoV-2 pandemic to the global tourism industry.

The data collection procedure was mainly through document analysis of “WHO Coronavirus disease (COVID-19) Situation Report – 209”, UNWTO reports, and research papers. Document analysis is an analytic approach of qualitative research, in which data are examined and interpreted for context, interpretation and scientific information (Stake, 1995). The analysis of records involves coding of patterns identical to the review of focus groups or interview transcripts (Bowen, 2009). It is cost - effective, since a pile of reports are either published or electronically accessible online (Bowen, 2009). This research included the iterative scanning, reading and comprehension process as well, which integrated content analysis and qualitative methods to analyse the materials (Bowen, 2009). Defining the keywords pertaining to COVID19 crisis and its frequency in the global tourism sector (coronavirus, global tourism, hospitality etc) has been used. The analysis of content examines the text and the numerical features in the paper. It also provided the systematic and objective identification of features and divisions in the text (Joffe & Yardley, 2004).

The document analysis is an effective and efficient way to obtain evidence, since reporting is manageable and realistic. Documents are popular and are available in a multitude of ways, making them a very open and accurate data base. Document acquisition and study is often more inexpensive and time-effective than testing or experimentation (Bowen, 2009). Documents are often stable and "no-reactive" data points, allowing them to be read and checked many times and are unaffected by the effect or method of the writer (Bowen, 2009, p. 31).

Before the process of document analysis is carried out, a few steps must be going through in order to receive reliable results. The outline of O’Leary is used as the reference of this case study to obtain information from the reports and papers Figure 5.

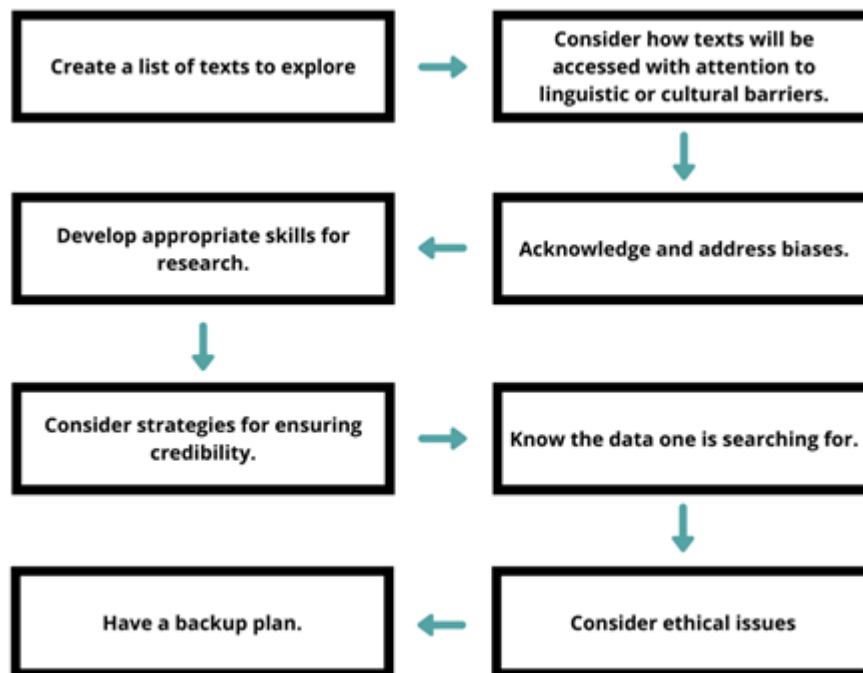


Figure 5 O’Leary outlines; the 8 steps of planning process

Solution

Tourism is indeed a massive component in economic systems, and the sudden and enormous shock to the tourism industry stemming from the coronavirus pandemic is damaging the broader economy sectors. The OECD’s latest COVID-19 impact forecasts indicate a fall of 60% in international tourism in 2020. The percentage can be increased to 80% if the recovery is prolonged (OECD, 2020). This crisis undoubtedly will damage the global tourism industry across the globe.

Therefore, in order to effectively revive the tourism economy and to get businesses up and running, more needs to be accomplished in a coordinated manner as the tourism system is extremely interdependent. We believe the Malaysian Ministry of Tourism should deliberately carry out a tourism campaign in promoting domestic tourism and encourage holiday-goers to visit local places across the country. To build a solid campaign and to sustain the campaign’s messages, we will submit a campaign proposal to the UTM Edutourism to work together with us as a partnership. Through partnering up with UTM Edutourism, we believe we are able

to enlarge the network to collaborate with Malaysian Associations of Tour and Travel Agents (MATTA) and Malaysian Associations of Hotels (MAH) in heightening the ongoing tourism campaign. These two associations are directly contributing to the Malaysian's Tourism Industry. MATTA is the national representative for the entire travel industry and MAH represents more than 900 hotels in Malaysia and is the official national network of the hospitality industry. Partnership campaign is one of the tactics to advertise our campaign as we can have access to a wide number of prospective audiences through the distribution partner and establish a strong relationship with these agencies.

In our tourism campaign, we focus on five goals with regard to recovery of the industry:

- Preparing strategies for tourism rehabilitation,
- Restoring tourism destinations for example islands, natural areas and cultural heritage spots,
- Supporting tourism businesses to adapt and survive,
- Developing new strategies to expand the tourism, and
- Refining the tourism market to attract foreign investments,

These five goals are deliberate strategies for an ongoing support for the local tourism ecosystem in Malaysia. However, being safe is everyone's top priority now since the Covid-19 has affected all aspects of our life, especially to be outside of our house. This anxiety should be taken into account to increase the travellers' confidence to continue supporting the domestic tourism industry. Through this campaign, we also promote safety and healthy protocols for everyone's well-being and to put their worries at rest.

The safety guidelines will be focused on four key areas namely,

- Enhancing cleaning and disinfection during hotels cleaning and between car rental bookings,
- Hotels reservation must be made online a week before check-in date to control guests' movement during meals hour and to use hotels' facilities,

- Providing free sanitizer and face masks to the visitors/guests at hotels, restaurants (food outlets) and tourism spots, and
- Practicing social distancing and mandatory mask wearing

This tourism campaign will take effect for three months because the medium length campaign is proven the best and most effective (Dallman, 2019). The perks of this length is to allow the marketing cycle to flow with the business cycle. In another way, we can gauge marketing and analyse the data to ensure the campaign is successfully running.

In addition to ensuring to get word out about the campaign, we plan to use the social media platform as an online marketing to pull off the consumers' attention to get the campaign spread. Social media is one of the most hassle-free and accessible digital marketing channels for raising awareness of the campaign. Reaching out and working with relevant social media influencers with sizable followings and creative content creators like Youtubers can potentially be a great strategy to promote the tourism campaign. Another strategy to draw youths' attention, a social platform like TikTok is very much effective as the youngsters nowadays frequently use it as a new entertainment platform. Keeping videos at short and concise with information is good for social media because they are generally scrolling quickly, and their time is at a premium.

From this campaign, we will be able to see the outcome of this campaign. We can do data analysis from this campaign and be able to find our strength and weakness from it. From the data collection, we can improve our weakness and create the next move. We strongly believe a cooperative collaboration with UTMEduTourism can certainly contribute to open many doors for new hopes and clear vision for this industry. To create a new policy requires a lot of hardships and determinations, but with the existing diplomacy of MATTA and MAH, we are able to table the invention ideas to them. We can work hand in hand with these associations to create a new policy and their expertise in this field, we may seek guidance and confer with regard to the policy. They also might be able to chip in by detailing and refining the policy, then introduce it to the Minister of Tourism. The procedures are indeed complicated, however with the cooperation from both sides it will help to create a brand new policy for our tourism industry.

Looking ahead, the campaign and initiatives placed in today will certainly give fruitful impacts in tomorrow's tourism. Governments must aware and recognise the longer-term implications of the crisis while keeping ahead of the Industrial Revolution 4.0 (IR 4.0), fostering a low-carbon transition and supporting systemic change to form a better, more competitive and stable tourism industry. The crisis offers an opportunity to reinvent the tourism plan for the future (OECD, 2020)

Conclusion

In conclusion, it has been proven that the pandemic issue significantly affects the global economy which is major in the tourism industry. The impact has certainly caused negative outcomes in the aviation sector, food sector hospitality sector and sport sector. With the immensity of the SARS-CoV-2 outbreak, there is an opportunity to reassess new transformation or modifications of the tourism system that are in line with the SDGs' objectives, especially the eighth goal; Decent Work and Economic Growth. As a blessing in disguise, COVID-19 also offers striking lessons from the impact of global change for the tourist industry, policymakers and tourism researchers. The least positive action is now to learn from this calamity to strengthen the tourism industry for the future. Therefore, it is vital for authorities to come up with effective solutions to combat the issues from worsening. Further major concern will appear more if no action is taken by the government, as this issue may expect to be a long-term concern in the future.

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