

COVID-19 Pandemic on Tourism in Developing City

Subjects: Hospitality, Leisure, Sport & Tourism

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Tourism generates huge revenue for destinations and contributes to overall economic development for a plethora of countries, especially tourism-dependent nations. In other words, there is a strong link between tourism development and economic growth, which also stimulates the development of other related businesses in a country (Haryanto 2020). However, tourism is a vulnerable industry which may crash due to potential risks such as global pandemics (Shakya 2009). The COVID-19 pandemic has inflicted serious and widespread impacts on a wide range of economic sectors, particularly the tourism industry. This is likely true for countries where the economy mainly depends on tourism, where businesses face much bigger challenges for economy resilience in both the short and long term. An abundance of consequences, including regional to national lockdowns, as well as the suspension or cancellation of tourism- and hospitality-related services, have increasingly occurred on the global scale.

Keywords: COVID-19 ; pandemic ; tourism ; impact

1. How Serious Is It?

The COVID-19 pandemic has generally damaged the tourism industry in Can Tho city. The sharp decline in the number of customers, especially international visitors, has made many tourist service establishments close or suspend their business operations (**Figure 1**). Through the interviews with the representatives of the Department of Culture, Sports and Tourism of Can Tho City, about 20% of the tourism service businesses in the city and many tourism- and hospitality-related enterprises have had to close their businesses, which has also meant a huge loss in revenue (business, government, employees), loss of jobs, confusion and burden on society (businesses, employees) and negative impacts on local socio-economic development in both the short and long term (**Figure 2**).



Figure 1. Tourist attractions that stopped doing business during the COVID-19 pandemic. (Source: Photos taken by the research team, 2020).

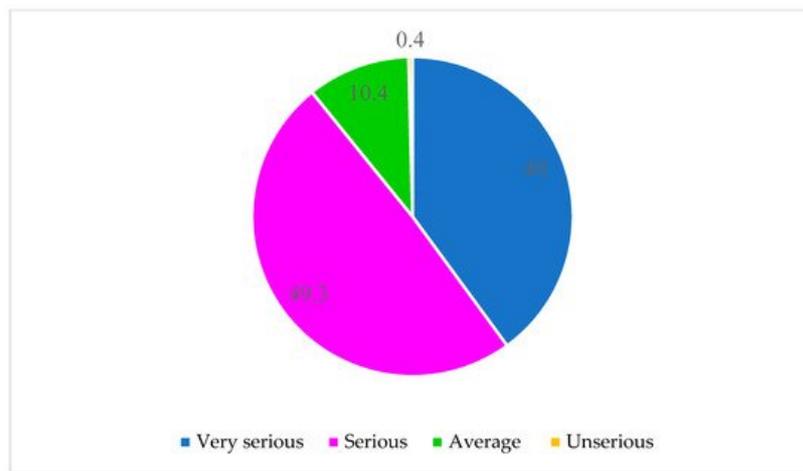


Figure 2. The perceived impact of the COVID-19 pandemic on tourism service businesses in Can Tho. (Source: Enterprise manager interview data in Can Tho city, 2020).

The majority of the managers of tourism service businesses in this study believed that the COVID-19 pandemic has impacted local business either at a serious or very serious level, at 49.3% and 40%, respectively. According to the statistics, very few enterprises admitted that the COVID-19 pandemic has had moderate or non-serious impacts on their business, at 10.4% and 0.4%, respectively. This finding affirmed the serious impact of the pandemic on the tourism and hospitality industry (Panzone et al. 2021).

According to the data provided directly from the Department of Culture, Sports and Tourism of Can Tho City, the revenue of businesses has decreased significantly compared to the same period in 2019. More specifically, the revenue of accommodation establishments decreased on average from 50% to 90%, whereas the revenues of travel agencies and dining establishments decreased by 90% and around 60–90%, respectively.

The results of qualitative interviews with many stakeholders involved in the tourism business in Can Tho generally reflected their impuissant responses to the COVID-19 pandemic. The respondents stressed that the pandemic has caused a crisis in the tourism industry of Can Tho city, with extremely heavy losses. A representative of Can Tho City Tourism Association said:

“The COVID-19 pandemic has had a great impact on the tourism industry of Can Tho city, especially the travel agencies, accommodations, and tourist destinations and transport services. Many tourism businesses were on the brink of bankruptcy, causing employees losing their jobs and creating a burden for the society”.

In order to overcome difficulties during and after the pandemic, the findings from the survey indicated that all local business owners were aware of the importance of self-adjustment rather than dependence on the limited financial support from the government. Some common measures to deal with the pandemic consequences associated with renting premises, paying staff salaries and operating costs have been initiated. In this sense, a lot of companies chose to reduce staff numbers or close a part of their business temporarily, whereas the others adjusted their target markets and re-structured their tourism products or services. These are supposed to be temporary solutions for local businesses:

“We could not just sit there and wait for the financial support from the local and central government. Although we were first passive at the first wave of pandemic, we are now proactive to prepare possible scenarios and have our own measures. Indeed, we are lucky not to close our business but not sure if lockdowns or another wave of COVID-19 occurs”.

(A representative of a tourism enterprise in Can Tho city)

According to a representative of the Can Tho City Tourism Development Center, the COVID-19 pandemic has caused a domino effect in the entire tourism economy. As a result, a few surviving tourism enterprises have been unable to operate their business as usual due to a lack of other important suppliers.

"A half of the businesses in the area were temporarily closed; some businesses operated moderately, over 70% of workers in the tourism industry were affected and unemployed. they had to change their jobs. It can be said that COVID-19 has been stifling the tourism industry, not only in Can Tho city but also nationwide."

According to the respondents, the domino effect of the pandemic crisis in Can Tho city almost froze its tourism economy, leading to devastating consequences. Evidently, around 63% of businesses in Can Tho city stopped operating; only 16% of businesses could remain open, but had to cut 14% of their operation scale and employees. On the other hand, with the consequences of the decline in customers and revenue, the remaining 7% of businesses had to dissolve when there was not enough funding to maintain operations. A representative of the local government of Cai Rang district projected a dark scenario for domestic tourism in the region:

"COVID-19 has been and will continue to be a huge challenge for the tourism industry in Can Tho in particular and the entire tourism industry in our country in general". This has caused a great pressure on the social economy when the laborers lost their jobs, the socioeconomic burden increased rapidly, and the job creation problem was under pressure. From that we can see the impact of the pandemic on the tourism industry and the economy. I think that the epidemic crisis is extremely serious."

2. COVID-19 Impact and the Vulnerability of Tourism Business Sectors

The research findings generally indicated differences in the impact of the COVID-19 pandemic on some tourism sectors and the types of tourism-related enterprises. Each type of tourism business with different business characteristics has been affected differently by the pandemic. The entry is to explore if there was any difference in the impact of the pandemic on business operations of the restaurants, accommodations, travel agencies, tourist destinations and family-owned tourist attractions. The results of data analysis by one-factor variance analysis showed that there was a statistically significant difference in the impact of the COVID-19 pandemic on some key business activities in terms of the percentage of customer decline, total decline, the proportion of revenue and the proportion of employee reduction (See **Table 1**).

Table 1. ANOVA results.

Item		df	F	p
Customer reduction	Between Groups	4	0.992	0.415
	Within Groups	102		
	Total	106		
Percentage of customer reduction	Between Groups	4	7.339	0.000
	Within Groups	274		
	Total	278		
Revenue reduction	Between Groups	4	2.466	0.052
	Within Groups	79		
	Total	83		
Percentage of revenue reduction	Between Groups	4	4.041	0.003
	Within Groups	257		
	Total	261		
Percentage of reduction in capacity of exploitation, property use and tourism services	Between Groups	4	1.665	0.158
	Within Groups	263		
	Total	267		

Item		df	F	p
Number of employees to be laid off	Between Groups	4	1.737	0.146
	Within Groups	127		
	Total	131		
Percentage of employees to be laid off	Between Groups	4	11.133	0.000
	Within Groups	127		
	Total	131		

(Source: Enterprise manager interview data in Can Tho city, 2020).

According to **Table 2**, the COVID-19 pandemic has caused a decrease in the percentage of customers and the percentage of employees being laid off, differing from business to business. In terms of the proportion of customer decline, tourist fruit orchard houses were the most affected (68.5%), followed by other tourist attractions (67.8%). The other types of tourism businesses with smaller decreases in the number of customers than travel agencies made up 65.8%, compared to accommodation establishments and dining establishments at 58.4% and 53.4%, respectively. Regarding the proportion of employees being laid off, large tourism sites and family owned-tourist attractions were the two organizations with the greatest proportion of employees being laid off at 74.3% and 63%, respectively. The other tourism-related businesses including accommodation, tour operators and dining establishment experienced similar impacts, at 46.4%, 39.5% and 39.2%, respectively.

Table 2. Differences of COVID-19 impacts on business performance of firms in Can Tho city.

Item		N	Mean
Percentage of customer reduction	Accommodation	80	58.4
	Travel agency	49	65.8
	Dining establishment	50	53.4
	Tourist attraction	70	67.8
	Tourism fruit orchard	30	68.5
Revenue reduction (VND millions)	Accommodation	20	2337.7
	Travel agency	13	11,336.9
	Dining establishment	9	1577.9
	Tourist attraction	30	263.2
	Tourism fruit orchard	12	240.5
Percentage of revenue reduction	Accommodation	80	58.3
	Travel agency	48	64.2
	Dining establishment	48	54.7
	Tourist attraction	63	66.5
	Tourism fruit orchard	23	65.3
Percentage of employees to be laid off	Accommodation	34	46.4
	Travel agency	20	39.5
	Dining establishment	40	39.2
	Tourist attraction	28	74.3
	Tourism fruit orchard	10	63.0

(Source: Data collected from interviewing tourism enterprises in Can Tho city, Vietnam, 2020).

The above findings generally indicate the decline in revenue for different types of businesses. Unexpectedly, tourist destinations and family-owned tourist attractions experienced the greatest decline in revenue at 66.5% and 65.3%, respectively. Meanwhile, 58.3% of accommodation establishments and 54.7% of food establishments witnessed a decrease in revenue. At 90% confidence, the revenue of different types of tourism business experienced different drops. The travel agencies, accommodation establishments, and food and beverage establishments were those with the greatest decrease in total revenue, at VND 11,336.9 million, VND 2337.9 million and VND 1577.9 million, respectively. Meanwhile, the tourist destinations and family-owned attractions saw relative declines in total revenue of VND 263.2 million and VND 240.5 million, respectively.

4. Overall Impact of the Pandemic on the Local Tourism Industry

The COVID-19 pandemic generally caused a standstill of tourism development in developing cities in Vietnam during the first wave. The findings indicated that this paralysis has resulted in a plethora of negative impacts on different sectors of the local tourism industry. The first wave of the pandemic placed local businesses under such intensive pressure. Nearly 90% of tourism-related businesses faced economic impacts at serious or very serious levels, with 20% of tourism-related enterprises having to temporarily close their business. This implies that a tourism-dependent city might be under much more pressure because of the huge tourism revenue losses. The evidence from this research revealed increasing concerns of the temporary closure or shutdown of many different genres of tourism enterprises and suppliers due to the sharp drop of tourism demand, which has directly caused supply chain disruption of the whole tourism system. This also means that even surviving enterprises during the waves of the pandemic might find it difficult to recover their financial capabilities due to the limitations of local tourism business activities.

Evidently, local enterprises were found to face the increasing revenue losses, fluctuating around 50% to 90% depending on the types of tourism-related businesses. Of which, tourism enterprises were found to suffer the hardest hits, with nearly a 90% economic downturn during the initial waves of the pandemic. However, it was estimated that the real impact of the COVID-19 pandemic on the local tourism industry in this examined case study was even worse (Mekong Delta Tourism Association 2020). Similar research findings by Kuqi et al. (2021) also reconfirmed the tourism business crisis in Kosovo and the huge decline in tourism revenue compared to previous years. Other studies also reported a significant drop in tourist arrivals during the pandemic and their intentions not to travel post-pandemic (Terziyska and Dogramadjieva 2021). This reveals the serious effects of the pandemic on tourism demand at the global scale (Deyshappriya et al. 2021). In general, the pandemic has caused a plethora of significant impacts on different aspects of the local tourism economy and may contribute to a long-lasting crisis for the national tourism system which will be further discussed in the next section.

5. Domino Effects of COVID-19 on the Local Tourism Industry

The impact of the COVID-19 crisis has led to a domino effect in different areas of the local tourism system. The findings in this research reflected the reality of the hardest hits to the local tourism enterprises, many of which were found to be on the edge of bankruptcy. This finding could be similar to that of the research by Wieprow and Gawlik (2021), which also confirmed that the pandemic crisis might entail the collapse of the tourism enterprises in Poland. The same is true for business bankruptcy on a large scale in Argentina due to lingering pandemic impacts (Korstanje 2021). This common phenomenon could be interpreted in many different ways. First of all, the long-lasting lockdowns during multiple waves of COVID-19 have affected all local businesses, especially small enterprises with limited financial capacity. As a result, the small business enterprises in this study were likely to face a possibility of real shutdown, and very few small-sized business enterprises were found to overcome the second wave of the pandemic. A study by Kalogiannidis (2020) also confirmed that small businesses might be at risk and face the practical possibility of bankruptcy due to long lockdowns. Moreover, even small businesses in European countries which benefited from their country's good financial schemes also faced financial crisis, and very few of them could survive repetitive and long-lasting lockdowns (García et al. 2020; Parikh 2020).

In addition, the domino effect also brought indirect consequences to other tourism-related business sectors when tourism demand experienced a free fall as a result of repetitive waves of the pandemic. The tourism managers in this study showed little optimism about post-crisis recovery because of supply chain disruption and the existing barriers. First of all, financial difficulty, which was found to be the most common concern among the tourism enterprises, necessitated better financial support from both local and central government. Evidently, Vietnam's tourism stimulus packages focused more on easing pandemic control restrictions and fostering the domestic demand marketing, whereas the financial measures were inefficiently addressed (Tri 2021). As such, the majority of the surviving tourism enterprises after multiple waves of the pandemic were likely unable to maintain temporary operation in the long run, whereas the medium- and small-sized enterprises had to face more challenges in coping with fiscal measure shortages during the ongoing pandemic. Bartik et

al. (2020) suggested that small enterprises had to take their own measures to overcome the challenges, although the researchers accepted the reality that financial policy responses from local levels might be limited to strengthen the survival ability of local businesses.

The other typical barrier to local business recovery is the governmental policy of quarantine. The tourism managers in this study claimed that any positive case of COVID-19 found at a local business might lead to a temporary shutdown of their business operation, and this influenced their recovery opportunities during the pandemic waves. According to Masondo (2021), the mass collapse of local businesses during the pandemic could be alleviated if the tourism businesses had effective preparation to be more resilient to the impacts and more flexible to adapt to the governmental policy of pandemic prevention and control. Similarly, the Vietnamese policy of pandemic prevention and control was found to have impacted the poor resilience of the local tourism industry in Can Tho, which will be discussed in-depth in the next section.

| 6. Poor Resilience to Pandemic Impacts

According to the majority of the research respondents, the governmental policy response to the pandemic might have strongly influenced local business operation and resilience. A lot of tourism enterprise managers explained that the slow and passive response to the pandemic from local and central governments might have contributed to the ineffective responses of the local businesses. This result reconfirmed the previous study by Van Nguyen et al. (2020), that Vietnam's central government had a slow response to the first wave of the COVID-19 pandemic, causing difficulties for the tourism industry to cope with the impacts of the pandemic. Moreover, most of tourism enterprises shared their increasing concern about the lack of more effective visions and measures from the government which could orient the local businesses, especially the small- and medium-sized enterprises, to better respond to the pandemic in the long term. According to the statistics, over 63% of the local businesses temporarily suspended operations, most of which were small- and medium-sized travel businesses. This finding reconfirmed the previous studies that the COVID-19 pandemic might have long-term impacts on all tourism-related businesses, and the recovery ability of medium- and small-sized companies is at serious risk (Wieprow and Gawlik 2021). Therefore, the governments at all levels should be more concerned about their leading role toward the goal of pandemic impact alleviation on the tourism industry and initiate prioritized tourism policies which could strengthen the recovery of all tourism-related businesses before it is too late.

Regarding the measures to reduce the impacts of the pandemic on the local tourism businesses, a collaborative approach was believed to better support the tourism enterprises in overcoming hits from the pandemic. The research findings in this study indicated that there have been different levels of suffering of different businesses and tourism enterprises against the pandemic crisis. Therefore, financial support from the government might consider a case-by-case basis (Ministry of Industry and Trade of Vietnam 2021). In addition, each enterprise should initiate their self-adjustment plan in a proactive way, enabling them to overcome waves of COVID-19 impacts. According to Rosli and Jamil (2020), the enterprises with efficient measures against pandemic might have a better chance to cope with difficulties during the crisis. This reconfirmed the significant role of tourism enterprises to revitalize their business capability rather than the dependence on the governmental support.

However, these findings do not mean that governments can underestimate their role towards addressing the most challenging difficulties related to the financial incapability of small enterprises, as discussed above. Therefore, the authority's timely policy responses could be a key factor that strengthen local business resilience. A good example of effective policy responses during the second wave of COVID-19 in Vietnam was that the governmental tourism stimulus package fostered the domestic tourism and saved local enterprises in Can Tho, recovering their destination capacity to around 60%. To some extent, this important evidence elicits a positive belief that the pandemic impacts on tourism businesses could be alleviated, and tourism-related enterprises could be saved if proper measures are taken (Atalan 2020).

| 7. Does the Size of Tourism Businesses Matter?

In response to the impact of the COVID-19 pandemic, tourism enterprises in Can Tho were likely to be the most vulnerable businesses. However, there were some key differences in the vulnerability related to the size of the local enterprises. There are many potential causes to explain this phenomenon. First of all, the tourism companies whose direct revenue mainly relies on tourists might have suffered more due to the matter of fact that tourist arrivals dropped significantly during the pandemic. Moreover, the findings in this study further explained that dependence on a specific tourism offering or target market might have led to financial crisis during lingering lockdowns in Vietnam. As a result, those big companies were likely to lose far more revenue than smaller enterprises.

However, the big company managers in this research supposed that the restructuring of their business model by diversifying tourism products and positioning the target market have enabled them to reduce the economic loss. A potential measure regarding the reduction in workforce was also found to be a temporary solution for all kinds of local businesses. This appears to be understandable, because downsizing the number of employees at tourist attractions has been a common measure for enterprises to alleviate finance pressure to survive during the pandemic (Hamilton 2020). Although big tourism enterprises could restructure their business in the short term, they were found to be more vulnerable in the long term. In general, the above-mentioned findings imply that the COVID-19 pandemic has severely affected the entire tourism industry of Can Tho city and the lingering crisis may lead to an entire collapse of the hospitality and tourism enterprises no matter what their size of business is. In order to prevent worse scenarios, governments at all levels may have offered special support to save different types of tourism enterprises which are almost on the brink of bankruptcy due to domino effects of the pandemic.

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