

Assessing the impact of Covid 19 on tourism businesses in Vietnam

Dong Duy Nguyen¹ and Trang Mai Tran²

¹Academy of Policy and Development, Ministry of Planning and Investment, Ha Noi 10000, Viet Nam
dongduynguyen@gmail.com

²Viet Nam Institute of Economics, Ha Noi 1000, Viet Nam
Tranmaitrang610@gmail.com

Abstract: *The Covid 19 pandemic has shaken many economies around the world. Tourism is one of the hardest-hit industries. Many tourism businesses have suffered heavy losses or even went bankrupt. This study will conduct a small survey on some tourism businesses to assess the impacts of the epidemic on tourism businesses. Based on the results of the assessment, the study will propose several scenarios for different impacts of Covid and according to the evolution of the disease and the response of the Government and the tourism industry. Finally, the article gives some suggestions for businesses to limit the impact of the pandemic and re-develop tourism shortly.*

Keywords: tourism, Vietnam, Covid -19 pandemic, impact

1. INTRODUCTION

Tourism is an important economic sector of Vietnam, accounting for nearly 10% of Vietnam's GDP in 2018 [1]. Tourism is also considered one of the most sensitive economic sectors to epidemics[2]. In 2020, Covid-19 began to become the world's pandemic with the most serious severity in the past 100 years on a global scale. Tourism businesses are forecast to suffer the heaviest losses. Many countries around the world have come up with urgent solutions to save the economy such as lowering interest rates and offering large bailout packages to support businesses and stimulate consumption. The Vietnamese government also quickly came up with solutions to provide specific policies and relief packages to help businesses, including those in the tourism industry, fight and survive the epidemic of Covid-19. However, by the end of 2021, when the epidemic situation continues to develop complicatedly on a global scale, the extent of the epidemic's impact on the tourism industry is increasingly large and long-lasting, requiring assessment and analysis. Updated analysis on the impact of the Covid-19 epidemic on Vietnam's tourism businesses. The development and impact scenarios of the Covid-19 epidemic also need to be analyzed specifically in the tourism industry to have a systematic, synchronous and strategic approach to a long-term problem. as long as the Covid-19 epidemic. This study conducts an assessment of tourism businesses to determine the impact of the epidemic and their response in the period 2020-2022. From the cases of the epidemic in Vietnam and around the world, the article presents scenarios and forecasts about the impact of the Covid-19 epidemic on Vietnamese tourism businesses. The article also proposes solutions to minimize the negative impacts of the Covid-19 epidemic on Vietnamese tourism businesses shortly.

2. LITERATURE REVIEW

In recent decades, tourism businesses have had strong growth in both quantity as well as quality. The number of tourists, as well as the revenue of tourism businesses, have always achieved a strong growth rate. In 2019, the number of international tourists reached 1.5 billion globally. Experts around the world have predicted that 2020 will be a successful year for tourism. However, the Covid 19 outbreak has negatively impacted tourism businesses. Bakar and Rosbi [3] analyzed the economic effects of Covid on the tourism industry and pointed out the effects of Covid in reducing tourism demand. Karim et al [4] also described the impact of Covid on the tourism industry in Malaysia and found that employees in the accommodation businesses were forced to take unpaid leave for many months. Tourist transport businesses also have a similar scenario. The impact of Covid on tourism businesses can be seen to be similar across most countries around the globe. Korinth and Ranasinghe [5] find that in Poland, the activity level of accommodation businesses is only about 40%, and the air traffic at Polish airports decreases by about 80-90% in early March compared to last year. This result shows the serious impact of Covid on tourism businesses.

Bakar and Rosi [3] analyzed the economic results of Covid 19 for the tourism industry and pointed out that it created fear globally due to a sharp drop in travel demand and a strong impact on the travel industry. Rachao [6] analyzed the cases of countries that are heavily dependent on foreign trade being negatively affected by the current crisis. Karim [4] describes the movement control sequence and its impact on the Malaysian tourism industry and finds that employees in the tourism industry take unpaid leave. Korinth and Ranasinghe (2020) find that in Poland, hotel occupancy decreased by about 40% and air traffic at Polish airports decreased by about 80-90% starting from March 2020 [5]. This result shows that the early impact of Covid is increasingly severe. Besides the

business and service industries, the people of the community also suffer a lot because the tourism industry suffers from this disaster. Wahyuningtyas et al. [7] conducted an overview of natural disasters and community preparedness and found that the community still has many shortcomings in responding to natural disasters and epidemics. Therefore, the study also provides policy suggestions for training as well as management to cope with the impacts of natural disasters and epidemics.

According to the UNWTO [8], the number of international visitors in the first six months of 2020 decreased by 65%, which is considered an unprecedented decline in the tourism industry. Which, the Asia and Pacific region decreased by 72% and suffered the most. Next is Europe with a decline of 66%, the Americas with 55%, Africa and the Middle East with 57%. With such a decline, the world's international tourist arrivals decreased by 440 million and total tourism revenue decreased by \$460 billion.

The occurrence of epidemics, especially those with the risk of global transmission, causes a rapid decrease in the number of visitors, leading to a decrease in revenue, profit, job cuts, etc. in the tourism industry. The 2003 SARS epidemic only took place in the peak of 3 months with the travel restriction recommendation of the World Health Organization (WHO) but caused a decrease in tourism revenue in Hong Kong by 41%, China by 25%, Singapore fell by 43%, Vietnam by 15% in 2003. The number of jobs in the tourism industry in these countries decreased by 27,000, 2.8 million, 17,500 and 62,000 jobs, respectively (WTTC, 2003). The impact of SARS in 2003 lasted for 1-2 years in the countries directly affected [9]. The impact of the epidemic on both supply and demand for tourism.

The impact on tourism demand occurs almost immediately when the epidemic occurs, increases with the severity of the epidemic and lasts long after the epidemic. The impact of the epidemic from both the perspective of tourists' psychological concerns about their safety as well as the travel restriction policies of sending and receiving countries [10]. The epidemic also negatively affects economic development in general, reducing people's incomes, and leading to a decrease in their ability to spend on tourism.

The impact of epidemics is different in different markets, depending on psychological characteristics, behavior, economic conditions, geographical location... The psychology of people's response to epidemics also tends to the direction of change towards more adapting to actual conditions. This suggests that tourist destinations need to have a clearer and more effective orientation for each suitable market segment during different times of the epidemic. Tourism supply may also be affected immediately when countries apply policies to limit or even suspend tourism business in response to the epidemic. With no revenue, tourism businesses must quickly implement measures such as cutting labour, marketing costs, etc [11]. This leads to long-term impacts on businesses and the tourism industry after the epidemic due to labour shortages, broken supply systems, disruptions to distribution systems, etc. Investment in the

tourism sector is also at risk. strong decline affects the long-term development of the tourism industry [1].

In general, the extent of the epidemic's impact on the tourism industry depends on the severity, scope and duration of the epidemic. The time it takes for the tourism industry to return to normal with global epidemics is years. Most recently, with the 2003 SARS epidemic, it took the most affected countries 2 years to recover the tourism industry [12]. Compared to the Covid-19 epidemic, the scope and impact of SARS 2003 were much smaller. The 2003 SARS epidemic occurred in a narrow range, mainly in Hong Kong, China, Taiwan, and Vietnam, and within a defined period of 3 months [13]. Meanwhile, the Covid-19 epidemic has spread globally with a completely new virus, with no vaccine yet. According to the US Centers for Disease Control, it is not until early 2021 that there is a possibility of a vaccine against this disease [8]. The Covid-19 virus is also considered more dangerous because of its ability to spread disease quickly. The characteristics of the Covid-19 epidemic not only limit the needs of tourists but also cause suspicion, even refusing to welcome tourists from locals. Tourism is a community-based economic sector. The impact of Covid-19 will be huge on both tourism supply and demand, especially when it lasts.

The experience of previous epidemic crises shows the importance of response policies of countries and businesses to the recovery of the tourism industry [14]. Facing the threat of epidemics to the tourism industry, countries have quite similar responses in steps from controlling the spread of the disease to gradually recovering the tourism industry, re-establishing confidence in tourists. international travel [8]. However, many other tactics were also applied, such as creating an image of the country controlling the epidemic right during and after the epidemic to create confidence for tourists, which Japan did during the SARS epidemic in 2003. Response solutions also need to be developed on a national scale due to the inclusive nature of the tourism industry.

3. FINDING

3.1.The impact of the epidemic on tourism businesses in Vietnam

It can be said that the direct impact of the Covid-19 epidemic on the Vietnamese economy in general and the tourism industry, in particular, is huge. Up to 98.3% of surveyed businesses said that the Covid-19 epidemic was affecting their business activities. The specific impact that can be seen immediately is the decrease in revenue and room occupancy, and the number of guests (business performance) in the first quarter of 2020 of businesses. The number of tourists to the surveyed businesses decreased sharply in the first quarter of 2020. If in January, the number of tourists in Vietnam has not been affected, the number of tourists in February and March will be seriously affected. However, in general, for 2020, the business results of Vietnamese tourism businesses still achieve certain results [15].

The year 2021 is the second year that tourism continues to suffer damage, tourism development indicators continue to

decline sharply. Statistics show that, in general, in 2021, international visitors to Vietnam are estimated at 157.3 thousand arrivals, down 95.9% over the previous year; the number of domestic tourists reached about 40 million; total revenue from tourists reached VND 180,000 billion. Travel businesses fell into crisis, 90-95% stopped operating; changed industries, changed business models, reducing staff.

In 2021, the number of tour operators applying to have their business licenses revoked accounted for over 35% of the total issued, while the rest ceased to operate. Businesses transporting tourists also stopped operating. Tourist accommodation is the hardest hit segment. In 2021, almost all hotels will have no guests, except for some isolation facilities. The average occupancy of the whole year is estimated at only 5%. Up to 80% of workers at accommodation establishments have to quit their jobs and change other occupations to earn a living, leading to the risk of a shortage of human resources when the tourism industry recovers. Most of the human resources in the tourism industry have lost their jobs, the remaining few works in moderation; forced to switch to another profession to earn a living.

In 2021, the number of employees still working full-time will account for only 25% of that in 2020, employees who quit their jobs or terminate their labour contracts account for about 30%, employees who are temporarily absent from work about 35%, employees who barely 10%. Due to the absence of tourists, many tourist service businesses, attractions, monuments, amusement parks... all suffered damage, many places have not yet fully reopened.

In many localities, tourism is no longer a driving force to promote the development of other industries and occupations. Tourism products that previously had a brand and high competitiveness have also decreased significantly in terms of image, competitiveness, and investment efficiency.

After 4 outbreaks of epidemics on a large scale since the beginning of 2020, the tourism industry is facing difficulties, next year is heavier than the previous year. 2021 is the second year affected by the pandemic, tourism activities are still almost completely stalled. According to statistics in 2021, the number of domestic tourists is estimated to receive 40 million arrivals (down 29% compared to 2020 and down 53% compared to 2019). International visitors to Vietnam are "absent" after 19 months. Total revenue from tourists in 2021 is estimated at VND 180,000 billion, down 42% compared to 2020 and down 76% compared to 2019. It is estimated that the GDP contribution of tourism in 2021 will only reach 1.97% (in 2019 reached 1.97%). 9.2%, reaching 3.58% in 2020 [16].

To quickly assess the impact of the Covid-19 epidemic on tourism businesses, a survey of tourism businesses was conducted through an online tool from March 23, 2020, to March 4. April 2022. Survey to determine the extent of the impact of the Covid-19 epidemic on tourism businesses in Vietnam in terms of revenue, market, business costs, capital, personnel, partners... This impact edge was developed from

the study of Pine & McKercher. The survey also clarifies the response of businesses, the requirements and expectations of enterprises about the State's support related to finance, taxes, fees, labour... After screening the data, there are 229 respondents from enterprises who answered most of the questionnaire questions included in the analysis. The structure of enterprises responding to the questionnaire is shown in Table 1.

Table 1: Descriptive statistics survey of tourism businesses

	Number of tourism business	Ratio (%)
Number of employees in the enterprise		
Less than 10 people	20	23.8
Less than 50 people	27	34.8
Under 200 people	25	31.2
Over 200 people	10	
Type of tourism business		
Inbound	37	42.5
Outbound	30	34.5
Combination	20	23.0
Turnover		
Under 3 billion VND	13	17.8
Under 100 billion VND	35	47.9
Under 300 billion VND	16	21.9
Over 300 billion VND	9	12.3
Number of years of operation		
Less than 3 years	7	10.1
From 3-5 years	15	21.7
From 5-10 years	20	29.0
Over 10 years	27	39.1
Number of survey business	229	100

Figure 1. represents the average score of businesses' responses when asked about the challenges businesses face during the pandemic. For business activities during the epidemic period, the average profit is 3.39. That means most businesses consider this target to be a huge challenge for businesses. The answer to loan maturity is only the average challenge.

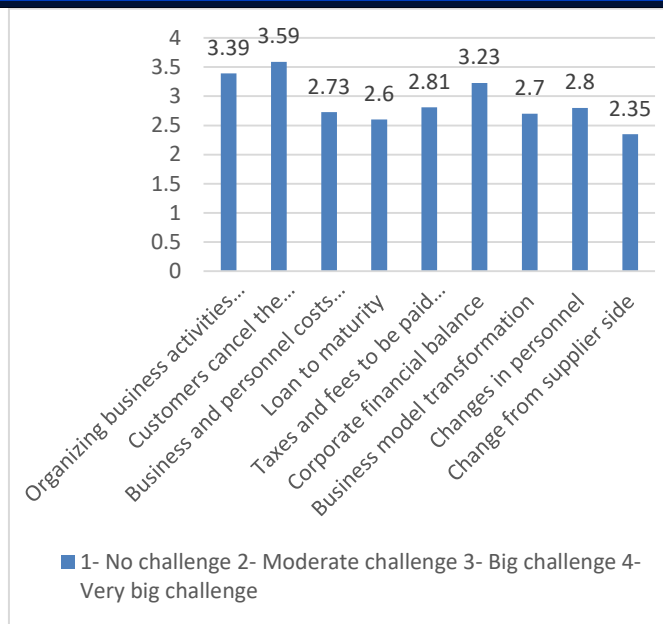


Fig 1: Challenges that tourism businesses are facing during the epidemic period

3.2 Businesses face short- and long-term challenges

According to the survey, most of the challenges faced by businesses are challenges ranging from "moderate" to "very large", especially challenges of customers cancelling contracts, order; organising business activities during the epidemic period; or the financial balance of the business. One of the direct consequences of the Covid-19 epidemic is that the customer cancels the contract, and changes the requirements. In fact, up to 90.5% of businesses answered that this is a big challenge for businesses, of which 70.5% of businesses affirmed that this is a very big challenge. Nearly 80% of enterprises reported facing challenges in organizing business activities during the epidemic period. With the financial balance in enterprises, 45.3% of enterprises think that this is a very big challenge, and 36.8% think that this is a big challenge. Only 4.2% of businesses answered that this was not a challenge. Meanwhile, 94.7% of enterprises agree that human resource is a challenge with 63.2% of enterprises considering it a very big and a big challenge. In terms of finance, 78.7% of enterprises consider mobilized capital to be paid as a challenge, and over 94% of enterprises consider financial obligations to the State a challenge (26.3% of enterprises). enterprises consider this to be a very big challenge and 31% consider this to be a big challenge). About 87.5% of enterprises answered that changes from suppliers were a challenge for businesses. Some businesses are at risk of having to change and choose business lines. There are 81.9% of enterprises answered that this is a challenge for businesses.

3.3. Corporate response policies

Faced with the serious impact of the Covid-19 epidemic, businesses have taken immediate action to respond. However, in the longer term, the solutions are not clear. In the short term, solutions focus on cutting costs. Solutions such as stopping the provision of some services, implementing reasonable human resource policies, cutting business costs in general, and restructuring debts are now being implemented by more than 50% of businesses. Offering discounts from suppliers is also chosen by nearly 50% of businesses. Closing businesses are chosen by many businesses, partly due to the mandatory requirements of state management agencies to control the disease.

In the coming time, the trend of enterprises is to gradually shift to adjusting business policies such as adjusting business plans and rearranging the market. Priority policies range from continuing to cut direct costs such as personnel and product costs in the 3.6 months to restructuring the supply system and loans in the 12 months.

Business support proposals: With the impact of the Covid-19 epidemic, the State's support for businesses is necessary. Direct cost reduction supports are prioritized for now while restructuring-related support is required in the next phase. In the immediate future, support such as relaxation and reduction of financial obligations to the State, capital and labour support as well as direct support for business costs of enterprises are prioritized. The percentage of businesses that think these supports are necessary right away is over 40%, even over 50% with many supporting contents.

3.4. Scenarios of the Covid-19 epidemic affecting Vietnam's tourism industry

By the beginning of April 2022, the epidemic situation had been controlled in many countries, the tourism industry had begun to open. Therefore, some scenarios can be proposed to forecast the situation of tourism businesses in Vietnam

The epidemic is under control (the epidemic is over) in Vietnam, but it is still slow to be controlled in other countries around the world. Vietnam's tourism industry can operate the business but must ensure anti-epidemic requirements. International arrivals may resume in certain markets, although travel advisories may remain and greatly impact visitor flows. For the domestic market, the fear of the disease has been gradually removed along with Vietnam's anti-epidemic effectiveness.

The epidemic is under basic control in the world. At that time, the tourism industry in Vietnam and the world was operating again. The recovery process of Vietnam's tourism industry needs a certain time, along with fierce competition with tourist destinations in the world and the region to rebuild the market.

Although the Covid-19 epidemic can be controlled in Vietnam and some countries around the world, the risk of a re-epidemic outbreak follows new "waves" as well as new strains of covid. Therefore, when the epidemic has not been controlled on a global scale, tourism activities can be restarted but there is always a risk of interruption and is closely tied to the requirements of disease control. The market will continue

to be strongly affected by the fear and quarantine requirements of countries.

With the above epidemic cases, it is possible to give a scenario of the impact of the epidemic on Vietnam's tourism industry in the coming year. Forecasts are identified in two cases as no solution by the Government and there are suitable solutions.

Specifically, the scenarios are as follows:

- The "optimistic" scenario: is determined when Vietnam soon ends the epidemic in April 2022. Most countries have been able to control the epidemic by the end of July 2022. Tourism activities in Vietnam will be restarted from May 2022, starting from the domestic market and gradually expanding to international tourism markets that have ended the epidemic. The number of tourists in Vietnam in May and June 2022 recovered by 30-50%. From July to December 2022, the number of tourists recovers 85-90%. In general, the number of tourists in 2022 will decrease by 30-35%.

The "positive" scenario: is determined when Vietnam ends the epidemic by the end of May 2022 and tourism activities are restarted in Vietnam from the beginning of June. Countries around the world have controlled the epidemic by the end of July 2022. International tourism activities are gradually reopened according to the disease control process. The number of Vietnamese tourists in June and July 2022 recovered by 30-50%. From August to December 2022, the number of tourists recovers by 75-85%. In general, the number of tourists in 2022 will decrease by about 40-45%.

4 SOME SUGGESTIONS FOR SOLUTIONS TO MINIMIZE THE NEGATIVE IMPACTS OF THE COVID-19 EPIDEMIC ON VIETNAM'S TOURISM INDUSTRY

4.1 Enterprise response strategy

In short, the urgent solution is to support the business to survive. Currently, the Government has come up with initial solutions, which are highly appreciated by businesses for their timeliness, and have a very positive impact on creating confidence for businesses. Enterprises need to continue to calculate specifically the losses, viability or "survival" of the business so that policies are more realistic according to the evolution of the epidemic. In the long term, it is necessary to have strategic solutions so that Vietnam's tourism can quickly recover in the face of stronger competitive pressure from other countries. Strategic and long-term solutions should be based on the following basic principles:

- Limiting the impact of the epidemic, affecting the supply of domestic tourism services
- Taking the domestic market as the initial basis for maintaining and recovering the tourism industry. Calling for patriotism for domestic consumption and inward tourism.
- Be sharp in market segmentation to have strategies to adapt to markets where the epidemic has been controlled, especially near markets (China, Korea...).

- Building the image of a safe Vietnamese tourist destination against the epidemic is the basis for the maintenance and recovery of the tourism industry.
- Ensuring the competitiveness of Vietnam's tourism industry in the context that other countries and tourist destinations also offer policies to attract tourists.
- The State should have investment policies and direct support for the tourism industry to implement the above orientations.

4.2 Restructuring Vietnam's tourism industry

- Restructuring the market: ensuring flexibility to respond to the epidemic control situation of countries around the world, proceeding to establish a new market structure in the direction of increasing value. Thanks to the experience and results of the anti-epidemic, markets like China and South Korea are likely to be the ones to be opened soon. It is necessary to prepare early policies to attract this market as well as other promising markets that will soon end the epidemic. In particular, the domestic tourist market will be the key market that needs to be restored after the epidemic. To do this, it is necessary to conduct market surveillance and research, develop programs, promote tourism right now, and quickly implement visa exemption for tourists with international visitor markets in epidemic-free countries.

- Restructuring the business system: improving the operational efficiency of the tourism industry through improving labour productivity in the industry, restructuring high-value products, selecting quality tourism businesses, having competitiveness and business potential, strengthening the ability to link between businesses, between localities. It is necessary to continue to focus on maintaining and developing human resources through training and retraining activities during the epidemic, supporting tourism businesses in the development orientation. Product development and planning, direct support for tourism programs associated with businesses and localities.

When the epidemic is completely controlled, policies focus on improving the competitiveness of Vietnam's tourism industry, namely:

- Expand the list of countries that are exempt from a tourist visa to Vietnam quickly.
- Continue to support cost reduction for Vietnam's tourism industry to create competitive advantages in price such as exemption and reduction of fees, charges and taxes in the tourism industry.
- Promote links between businesses in building promotional product packages to promote tourism demand. The State supports the advertising budget and some related charges (entrance tickets, airport fees, etc.), and even directly supports the promotional funds of businesses.
- Promote domestic and international tourism promotion programs to key and highly competitive markets.

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