

# China's tourism development strategy in the post-pandemic era

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**Abstract.** The COVID-19 pandemic has seriously affected China's tourism industry. The tourism industry is currently under difficult economic climate and the development policies also changed. However, the pandemic also provides opportunities for the transformation and upgrading of the tourism industry. It is crucial to understand timely and in detail how China's tourism environment has changed in the post-pandemic era, so that we can develop better scientific strategies accordingly. In this study, Chinese tourism market is used as an example to analyze its development status and difficulties, providing a reference for the rapid recovery of the world tourism industry during post-pandemic period.

## 1 Introduction

Tourism is a trans-regional activity. In general, any factor affecting travel safety will hinder the travel of tourists, thereby hindering the growth of tourism. Early in 2020, the COVID-19 outbreak hit the world tourism industry hard and slowed its recovery. Despite only a few cases of COVID-19 in China, the pandemic continues to spread around the globe. It is vital to accelerate the recovery of China's domestic tourism to promote overall growth in the tourism industry [1]. Not only did the COVID-19 pandemic affect travel safety, it also changed the structure of China's tourism market, its motivation of employees, and the support it received for development. China's tourism economy was lower than expected in 2021, due in part to the local multi-point sporadic outbreak of COVID-19, and there were noticeable fluctuations in the tourism economy's recovery process in the second half of the year. Tourism consumption intention beyond necessary travel and entrepreneurs' confidence contracted at the same time, increasing the operating pressure on tourism enterprises. Putting forward countermeasures after a thorough examination of the changes in the tourism market environment and their impact on tourism enterprises in the post-pandemic era will not only aid in accurately grasping the brand-new characteristics and mainstream trends of tourism development, but will also be critical in promoting the full recovery of China's tourism under new circumstances.

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## 2 Current development status of China's tourism industry in the post-pandemic era

There has been a significant decline in tourism consumption demand, and the expected long-term growth trend has been disrupted. The global economic impact of the pandemic has altered residents' expectations and attitudes toward consumption. Tourism consumption expenditure is a highly optional household expenditure with a high elasticity of income demand. Tourist accommodation, which is more sensitive to epidemic prevention and control, has the largest decline of 28.8 compared with the previous year; travel and tourist catering decreased by 12.1% and 10.8% respectively [2]. It can be seen that residents' consumption demand has greatly reduced. A major impact of the unprecedented pandemic has been on the public's psychology, and the buffer period is longer due to the public's fear of infectious diseases. According to data from China's sampling survey, the total number of domestic tourists in the first three quarters of 2021 was 2.689 billion, while recovered to 58.5% for the same period of 2019. It will take some time to recover the confidence in China's tourism consumption.

**Table 1.** Added value of China's tourism and its related industries in 2020.

Category	Added value (100 million yuan)	Growth (%)	Composition
<b>Tourism and its related industries</b>	40628	-9.7	100.0
<b>Tourism industry</b>	36429	-10.6	89.7
<b>Travelling</b>	10600	-12.1	26.1
<b>Accommodation</b>	2565	-28.8	6.3
<b>Catering</b>	5536	-10.8	13.6
<b>Sightseeing</b>	2091	-2.4	5.1
<b>Shopping</b>	13116	-6.8	32.3
<b>Entertainment</b>	1729	-8.1	4.3
<b>Integrated tourism services</b>	792	-0.4	2.0
<b>Tourism-related industries</b>	4199	-0.8	10.3
<b>Tourism auxiliary services</b>	4144	-0.8	10
<b>Government tourism management</b>	55	3.1	0.1

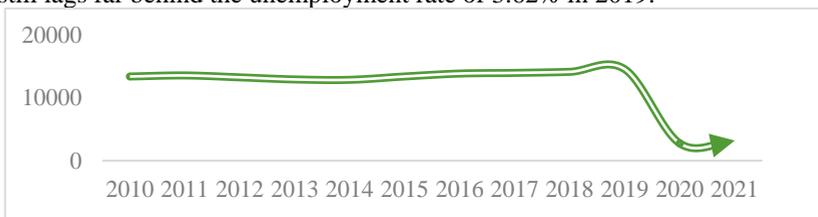
Source: National Bureau of Statistics.

The pandemic led to a reduction in market size, and the re-structuring of the market affected the pattern of original competition greatly. On the one hand, small and medium-sized enterprises in the traditional tourism sector are not well equipped to handle risks. As a result, they are facing tremendous pressure to survive. This has led some of them to withdraw from the market. The COVID-19 has, on the other hand, severely impacted the tourism industry in terms of supply and demand (particularly for inbound tourism and business travel), and led to a series of problems such as difficulty in rewarding investment in related industries. China Tourism Academy predicts that China will receive 31.98 million inbound tourists and gain an international tourism revenue of 20.8 billion US dollars, up 22% and 16% respectively from what was achieved in 2019.

Outbound travel agencies, which are directly affected by the demand, face serious challenges in developing and transforming domestic tour products due to their lack of business resources, talent allocation and the uncertainty of the pandemic. Meanwhile, with the wider application of digital technologies such as cloud conference and cloud contract-signing, and the controlled travel and conference expenses of enterprises, some business travel markets in the hotel industry have not tapped new potential markets to make up for it,

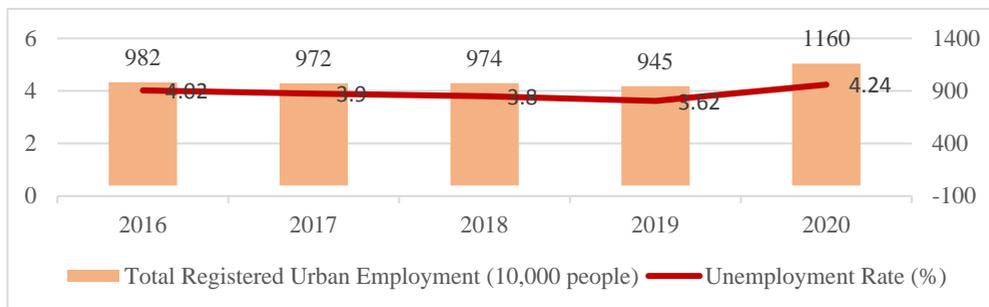
resulting in some international convention hotels also facing transformation difficulties and bankruptcy liquidation risks.

The employment status is grim, and the number of unemployed populations have increased dramatically. Tourism, as a more labor-intensive industry, has been affected greatly by COVID-19, which has reduced the number of workers and employment in tourism enterprises, with the most affected being the female group. This is because many industries undertaken by women have been severely affected by the epidemic, such as tourism, hotels, catering, entertainment, sales, manufacturing, etc., among which the unemployment rate for tourism has obviously increased. In 2020, 22.47% of workers in travel agencies changed jobs, and the situation in 2021 is even less optimistic. In February 2020, China’s urban unemployment rate reached 6.2%, the highest level in history [3]. As COVID-19 has been effectively controlled, China’s employment situation has improved. From January to September 2021, the average surveyed urban unemployment rate in China was 5.2% [4], which still lags far behind the unemployment rate of 3.62% in 2019.



**Fig. 1.** Number of China’s inbound tourists (2010-2021).

Source: National Bureau of Statistics and China Tourism Academy



**Fig. 2.** Registered urban unemployment rate in the past five years.

Source: National Bureau of Statistics

### 3 Conclusions and suggestions

#### 3.1 Conclusions

The COVID-19 pandemic, as a public health emergency, has had a dramatic impact on China’s tourism market. The pandemic has now been effectively controlled, and market recovery has become the main focus of industry development. By investigating the current supply and demand situation in the tourism market and the employment status, this paper draws the following main conclusions:

First, despite the impact of the epidemic on the domestic tourism market, tourism trips and tourism revenue have considerable recovery potential. With the improvement of the epidemic prevention and control, the number of domestic tourism trips is expected to be 3.431

billion and tourism revenue 3.02 trillion yuan for the year 2021, up 19% and 35% year-on-year, recovering to 57% and 53% of the same level in 2019, respectively; second, the domestic tourism market is the first to recover, and the demand for health-related tourism products and services has been stimulated and released. Enterprises should cater to the domestic tourism market, and meet the emerging needs with product development and business model innovation to turn the crisis into an opportunity; third, in major public health emergencies, precise and timely tourism support policies and the collaboration of tourism industry associations are important for the recovery in tourism, while the transformation and upgrading of tourism enterprises is an inevitable choice for tourism enterprises to survive.

### **3.2 Suggestions**

First, due to the unstable pandemic situation and its long-term impact on tourism, the state financial authorities should, on the one hand, give more financial support to the tourism industry for daily operations, establish special funds for emergency management, and provide interest-free or low-interest loans to tourism enterprises in a timely manner using tax, fiscal and financial means to ensure that a large number of tourism enterprises do not close down during the epidemic. The supporting policies provided during the pandemic were not enough. The government should update the policies and strategies based on the changing situation. On the other hand, the government should implement an active credit policy, and gradually release tourism consumption demand through tourism promotion, tourism pre-sale and improving the quality of tourism public services according to epidemic prevention and control measures. Besides, the government should enhance the ability of tourism industry associations to conduct research and think tank services, and provide new driving forces for the transformation and development of China's tourism industry. Second, regular epidemic prevention and control has increased the demand for contactless and weak-contact services. Tourism enterprises should accelerate the process of tourism digitalization, introduce new technologies such as 5G, holographic projection and VR/AR, etc., increase the interactivity, immersion and digitization of cultural tourism projects, and launch products and projects such as home VR travel products and online tour services of scenic spots. Meanwhile, tourism enterprises should also improve the digital and intelligent operation level of management, service and marketing. Third, the government should promote the innovation and development of tourism products. On the one hand, the tourism industry is recommended to be deeply integrated with industry, agriculture, sports, and finance to enrich and optimize "Tourism Plus" products. On the other hand, as the pandemic changes the tourists' life concept, tourism enterprises should actively develop medical, health preservation and ecological tourism products. The role of trade associations in information collection and release, policy coordination and behavior guidance during the pandemic should continue to be strengthened. At the same time, trade associations should also establish a response mechanism and safety assurance system for a regular crisis.

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