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THE HOSPITALITY ECONOMY IN A PANDEMIC

Conducted research on the impact of the COVID-19 pandemic on hospitality industry participants in response to the emergence of comments from scientists and analysts in countries.

The level of risk exposure to dependence on a country's GDP shows that there is a high dependence on the pandemic for countries where the level exceeds 20 percent. In this case, the economy of such countries was reorganized into domestic tourism.

World practice has shown that cases of disappearance of tourists, re-treatment and dissemination of IT technologies have been identified due to the occurrence of cases of loss of the probability of distribution.

Using the given statistical data on the development of the tourism and hospitality industry of the Republic of Kazakhstan, the authors analyzed the influence of some factors influencing the development of the tourism industry.

Conclusions and practical recommendations can contribute to the development of measures to improve the process of tourism infrastructure facilities, effective management of innovative activities in the tourism and hospitality industry.

Keywords: *tourism, tourism industry, tourism market, digitalization, infrastructure, hospitality industry, domestic hospitality economy, regional hospitality industry, risk sensitivity, economic recovery.*

Кілт сөздер: *туризм, туризм индустриясы, туризм нарығы, цифрландыру, инфрақұрылым, қонақжайлылық индустриясы, отандық қонақжайлылық экономикасы, аймақтық қонақжайлылық индустриясы, тәуекелге сезімталдық, экономиканы қалпына келтіру.*

Ключевые слова: *туризм, туристическая отрасль, туристский рынок, цифровизация, инфраструктура, индустрия гостеприимства, отечественная экономика гостеприимства, региональная индустрия гостеприимства, чувствительность к риску, восстановление экономики.*

Introduction. The World Tourism Organization's (UNWTO) latest update in December 2020 states: «The decline in the first ten months of 2020 represents 900 million fewer international tourist arrivals compared to the same period in 2019 and results in an annual loss of \$935 billion» [1].

Although UNWTO's extended scenarios for 2021-2024 indicate a recovery in international tourism by the second half of 2021, a return to 2019 levels in terms of international arrivals could take 2.5 to 4 years [1]. Given the impact of the pandemic on countries' economic losses, this shift is not surprising, but what exactly are scholars in the hospitality industry writing about the pandemic and its implications for tourism? What new insights can the COVID-19 literature provide into the sustainability of the hospitality industry?

Before answering these two questions, it is essential to say something about the views on what

sustainable tourism is. Here we take Saarinen's typology of sustainable tourism as our starting point, in which he identifies three perspectives.

Firstly, the view that sustainable tourism is about sustaining the tourism business, meaning giving priority to the financial viability of the industry [2].

The second view prioritises environmental concerns such as carrying capacity in order to limit tourism. Even if concepts such as carrying capacity seem attractive, they are difficult to implement.

A third perspective goes beyond the hospitality industry when considering sustainability and rather focuses on places and in people where tourism, travel and tourism and hospitality related industries take place, i.e. at the local level.

Research methods. In the process of research, the following methods were used: abstract-logical, economic-statistical, monographic, as well as methods of system analysis, economic comparison, expert assessments.

Literature Review. More than 40 per cent of countries relied on travel and tourism for more than 10 per cent of their GDP and employment in 2019 according to WTTC

1. 76 countries rely on travel and tourism for more than 10 per cent of their GDP; 19 of these are low- and lower-middle-income countries.

2. Globally, the countries that rely most on travel and tourism are small island countries (by GDP in 2019). A total of 16 small island countries with more than 30 per cent of GDP in travel and tourism.

3. In terms of employment, the picture is similar. In 79 countries, more than 10 per cent of employment is in tourism; 17 of these are low- or low-income countries.

The influence of the hospitality industry has been growing steadily, occupying a certain part of the world economy. Many countries have only turned to the hospitality industry in tourism to achieve their country's economic growth in recent decades (since the 1970s). Globally, travel and tourism directly contributed an estimated 2.9 trillion USD [2,3] to GDP in 2019. The WTTC produces policy reviews, studies and research reports on issues and publishes a globally acceptable overview of the economic impact of travel and tourism, covering 185 countries and 25 regions. Lately, a significant number of researchers have focused on tourism and economic growth [3].

The problems of the development of the hotel

industry are given great attention by such scientists as: Saarinen J. [2], Risso W.A. [4] Kubis K. and Schroeder A. [5] and others.

Main part. The tourism industry has a major role in the economic growth of many countries. In most developing countries, the tourism sector contributes significantly to their GDP or economy. Thus, good management of the tourism sector can improve government revenues, foreign exchange earnings and local employment, with a positive impact on the economy as a whole. The impact of the tourism industry on economic growth has already been addressed in many studies prior to COVID-19. Many scholars have found a link between tourism and economic growth [4]. Durbarry has identified the counteracting and causal relationship between tourism and economic growth in Mauritius, and tourism has contributed to economic growth. The table presented below shows all 177 countries in the WTTC GDP dataset grouped according to their economic dependence on tourism. The results are divided into four categories of dependence: heavy, high, medium and low. Regionally, Latin America and particularly, the Caribbean, Europe and Central Asia, East Asia and the Pacific have the highest number of countries heavily dependent on tourism. Although COVID-19 will affect these economies the most, the economic impact on small islands in all regions is likely to remain heaviest due to the low economic diversification of their economies.

Table 1

Dependence of a country's economy on tourism's contribution to GDP, WTTC 2019 (country names)*

Region	Heavy = ≥20% of GDP in tourism	High = 10-20% of GDP in tourism	Medium = 5-9% of GDP in tourism	Low = ≤5% of GDP in tourism
1	2	3	4	5
East Asia and the Pacific	Cambodia, Fiji, Macao SAR, Philippines, Vanuatu	Australia, China, Hong Kong, Malaysia, New Zealand, Singapore, Solomon Islands, Tonga, Thailand, Kiribati	Brunei Darussalam, Indonesia, Japan, Vietnam, Lao PDR, Mongolia	Republic of Korea, Papua New Guinea, Myanmar
Europe and Central Asia	Albania, Croatia, Georgia, Greece, Iceland, Montenegro	Armenia, Austria, Bulgaria, Cyprus, Estonia, Italy, Portugal, Slovenia, Spain, Turkey	Azerbaijan, Belarus, Bosnia and Herzegovina, Czech Republic, Denmark, Finland, France, Germany, Hungary, Kyrgyz Republic, Ireland, Kazakhstan, Latvia, Lithuania, Luxembourg, Moldova, North Macedonia, Netherlands, Norway, Romania, Serbia, Slovak Republic, Sweden, Switzerland, Tajikistan, Ukraine, United Kingdom	Belgium, Ireland, Poland, Russia, Uzbekistan

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1	2	3	4	5
Latin America and the Caribbean	Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Pietersberg, Vincent and the Grenadines	Chile, Costa Rica, Cuba, Dominican Republic, El Salvador, Honduras, Mexico, Nicaragua, Panama, Uruguay	Argentina, Bolivia, Brazil, Ecuador, Guatemala, Haiti, Peru, Trinidad and Tobago, Venezuela	Colombia, Guyana, Paraguay, Puerto Rico, Suriname
Countries in the Middle East and North Africa		Bahrain, Jordan, Malta, Lebanon, Morocco, Tunisia, United Arab Emirates	Algeria, Egypt, Arab Republic, Iranian Islamic Republic, Iraq, Israel, Kuwait, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, Republic of Yemen	Libya
North America		Bermuda	Canada, USA	
South Asia	Maldives	Sri Lanka	India, Nepal, Pakistan	Bangladesh
Sub-Saharan Africa	Cape Verde, Sao Tome and Principe, Seychelles	Botswana, Comoros, Côte d'Ivoire, Gambia, Lesotho, Madagascar, Mauritius, Namibia, Rwanda, Tanzania	Benin, Cameroon, Central African Republic, Republic, Ethiopia, Ghana, Kenya, Malawi, Mali, Mozambique, Niger, Senegal, South Africa, Sudan, Eswatini, Togo, Uganda, Zambia, Zimbabwe	Angola, Burkina Faso, Burundi, Chad, Congo-Dem. Rep. of Congo, Congo Rep. of Gabon, Guinea, Nigeria, Sierra Leone

Notes: Shaded are the countries most dependent on tourism.

* *Rebuilding Tourism Competitiveness: Tourism Response, Recovery and Resilience to the COVID-19 Crisis*
<https://openknowledge.worldbank.org/handle/10986/34348>

While, in general, tourism's contribution to GDP and total employment is correlated, there are some countries that rely heavily on tourism for job creation, despite tourism's lower contribution to GDP. In these cases, the overall impact of reduced travel and tourism may not be immediately obvious, but will be felt later, when those employed in this sector are left virtually jobless and permanently employed.

Restoring the domestic and regional potential of the hospitality industry. When planning their next trip, travellers look first to places in close proximity to home [4]. This trend was evident, for example, in China, one of the first countries to reopen: 77% of Chinese travellers prioritised domestic travel [4] in the three months following the peak of the crisis. A similar perception can be heard around the world: 71% of Americans are turning to their homes, up from 58% last year [5]. According to Keith Barr, chief executive officer (CEO) of InterContinental Hotels Group (IHG), it could be a «renaissance of the great American road trip» in the near future, with 47% of Americans considering road trips to the state as their next holiday, a trend that is sweeping across the globe given current concerns about crowded places. The desire to stay close to home and travel within the country or region is also driven by the

comfort of familiarity and the fear of becoming infected or quarantined at a distant destination [5], with 86% of recent air travellers stating that they were somewhat or very worried about being quarantined when travelling. To promote local research, NYC & Company launched its «NYC-Cation» initiative, which encourages locals and visitors to the region to stay and support the rebirth of New York City through research in these challenging times.

Unemployment is rising in OECD countries, and middle-class consumption is declining, with more people falling into poverty [6]. Unemployment is rising in OECD countries and middle-class consumption is declining, with more people falling into poverty. Citizens are also increasingly concerned about losing their jobs to the pandemic, with 60% of Americans fearing job loss. In this context, cost will have a major impact on travel decisions in the short and medium term [6].

Sensitivity to risk. Being substantially more likely to travel alone, the younger generation has the most flexibility to travel without the risk and fear of exposing a loved one at home to a virus [7]. A survey of travellers found that «fear of exposing others» was a major concern for 39% of travellers in the UK and 31% in France [8]. In this context, risk

tolerance will remain low or close to zero for those whose family members are immunocompromised or have family members over the age of 65 [8].

The journey is likely to be initiated by less risk-averse travellers and pioneers, from adventure travellers and hikers to surfers and mountain climbers. Apart from being more fearless, these types of travellers are typically niche verticals associated with immersing themselves in nature, staying active and visiting remote communities, and as such, they do not generate the same fear of crowds. For example, after the 2015 Nepal earthquake, adventure travel was the segment that recovered faster [7]. Variations in risk aversion can be seen across cultures, with some nationalities demanding greater confidence in the safety of travel destinations. While 12% of Chinese travellers would go abroad on their next vacation trip, 54% of Britons and 52% of German travellers would do so. While Scandinavians are more comfortable with ambiguous situations, travellers from Japan and South Korea are more risk-sensitive and are likely to rely more on traveller feedback than marketing campaigns. Young families with parents aged 25-40 have also shown a propensity to travel abroad in the near future. This family trend, dubbed 'cohesion', emerged after 9/11 and the 2008 financial crisis, which some attribute to a desire to use any time together, despite everything [8].

Off-the-grid experiences To avoid the crowds, travellers will increasingly likely look «out in the wilderness» for nature and outdoor destinations. In fact, nearly 40% of US travellers said COVID-19 has caused them to rethink the types of destinations they will choose, with beach destinations (38.2%) and small towns/rural areas (30%) heading the list [9]. These intentions are already translating into more future bookings for remote destinations, such as Alaska, and chartered rafting trips.

There is still scepticism about virtual reality as a substitute for travel, as people want to experience something new and real more than ever before. Steve Armitage, director general of Auckland Tourism, Events and Economic Development (ATEED), explained that «digitisation is a lure for people to experience what it would be like to visit», but travellers will be looking for - hands-on experiences. More and more travellers are expecting an unforgettable individual experience: 79% of people say they are more likely to visit their dream

destination after the restrictions are lifted [9].

Gaining comfort in planning. With all the uncertainty, more than 75% of U.S. travelers said they will make a somewhat elaborate or very well thought-out plan for their next travel trip [10]. Pinterest, the visual discovery engine, has become a popular form of travel escapism during home orders; a survey conducted in early May found that 56.1% of US travellers missed out on planning a trip.

In this new context, travellers will want to optimise their limited travel options, favouring longer and more meaningful holidays over shorter trips. Short-term rentals, which used to be booked on average for 3.5-5 days, are now 8.5-9 days [10]. Among North American travellers, nearly 70% said the flexibility to change dates without penalty would persuade them to book a future holiday during the COVID-19 outbreak - more than any other factor, including assurances of disinfection. The private sector is listening: companies such as Emirates are extending their fee waiver scheme, while Royal Caribbean offers a highly flexible 'cruise with confidence' booking policy.

Mechanisms for restoring trust. In response to COVID-19, changing regulatory and customer requirements, businesses will need to reassess their operating models in the short term and, in some cases, their business models as a whole. To gain the trust of customers and employees, many travel companies have implemented protocols on areas such as screening guests and crew members, physical distancing, the need to walk around wearing medical face masks, establishing hand sanitisation stations, extending meal times and limiting the capacity of establishments. In Las Vegas [11], for example, casinos have installed Plexiglas screens or require masks at tables and are introducing mobile food ordering. In hospitality, the franchise model may become more attractive, partly because it may be easier to follow protocols issued by corporations.

Given the need for consistency and coordination at a global level to rebuild traveler confidence, the WTTC brought together private sector representatives from ten industry verticals to develop effective SafeTravels protocols to optimise recovery across the sector [3,12]. To demonstrate compliance with SafeTravels protocols and recognise destinations that have implemented like-minded protocols, WTTC launched its SafeTravels stamp of approval. It is very important to build on the experience of the key or-

organisations. Thus, WTTC recommends that the aviation and airport industries refer to International Civil Aviation Organization guidelines and frameworks.

While dynamic pricing has been used in the sector for many years, measures relating to physical distancing could further aggravate this effect. Paul Griffiths, CEO of Dubai Airports, noted that «physical distancing in aircraft significantly undermines the economic model of airlines, which will have to raise fares to stay in business at a time when customers have less disposable income», which in turn makes tickets more expensive. While theme parks, such as Six Flags and Walt Disney World, now require advance reservations to meet local security and crowd management requirements.

Economic recovery. In the broader macroeconomic context, the industry will face a slowdown in economic growth at best, and a full-blown recession at worst. According to the latest current WTTC scenario [3], a total of 121.1 million jobs in the global travel and tourism sector will be affected, resulting in a global GDP loss of \$3.4 trillion. Meanwhile, the number of visitors worldwide would drop by 53% for international arrivals and 34% for domestic arrivals. Paul Abbott, CEO of American Express Global Business Travel (GBT), said the economic impact would surely lead to reduced spending on business and leisure travel. As a result, many businesses, especially SMEs, which account for 80% of the sector, will face severe revenue shortfalls and liquidity problems; with a significant proportion going underwater. Matthew Upchurch, chairman and CEO of Virtuoso, said that «if the recovery is too long, the nature of agencies as small businesses means that a significant number of them may not survive. This will have

devastating consequences that are disproportionate to women, minorities and small businesses».

Conclusion. More broadly, COVID-19 has fundamentally changed the way we live. Our social interaction, our professional dynamics and our whole relationship using internet technology is being transformed. The hospitality industry as part of the economic system is certainly no exception and is not immune to this transition either.

Seemingly overnight, hundreds of countries have suspended flights or stopped international travel. Even domestically, national and regional bodies have been ordering more restrictive measures in their operations than in providing financial support and assistance. Many businesses were forced to close down temporarily, unfortunately often to the point of final closure (without finding any way out of the situation).

As research data and journalist observations show, the business environment is reshaping itself and helping the community cope with the challenges that have arisen. Moreover, hospitality businesses are seizing the moment to come together and use their experiences to improve their situation. To recover faster, experience has shown the importance of a globally coordinated approach with public-private cooperation, the need to improve the current seamless travel experience, the adoption of global protocols for health and hygiene such as the WTTC Safe Travel Protocols to restore traveler confidence and welcome accelerated technological change. At the same time, it will be important for governments to continue to support throughout the recovery period by gradually lifting previously established restrictions (on travel, restaurant visits, etc.).

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ПАНДЕМИЯ КЕЗІНДЕГІ ҚОНАҚЖАЙЛЫЛЫҚ ЭКОНОМИКАСЫ**Андатпа**

Зерттеу Covid-19 пандемиясының қонақжайлылық индустриясының қатысушыларына әсерін көрсетеді, мысалы, жекелеген елдердің ғалымдарымен талдаушыларының пікірлері көрсетілген.

Елдің ЖІӨ-дегі қонақжайлылық үлесінің ұсынылған көрсеткіштері пандемия деңгейі 20 пайыздан асқан елдер үшін жоғары тәуелділікті көрсетеді. Бұл жағдайда мұндай елдердің бүкіл экономикасы ішкі туризмге қайта құрылды.

Әлемдік тәжірибе көрсеткендей, кейбір елдер туристер болмаған кезде, салағадеген сенімнің жоғалуы салдарынан қонақжайлылық экономикасына ИТ технологияларын қайта құруға және енгізуге тырысады.

Қазақстан Республикасының туризм және қонақжайлылық индустриясының дамуы туралы берілген статистикалық мәліметтерді пайдалана отырып, авторлар туризм индустриясының дамуына әсер ететін кейбір факторлардың әсерін талдады.

Қорытындылар мен практикалық ұсыныстар туризм инфрақұрылымы объектілерінің үдерісін жақсарту, туризм және қонақжайлылық индустриясындағы инновациялық қызметті тиімді басқару бойынша шараларды әзірлеуге ықпал ете алады.

ЭКОНОМИКА ГОСТЕПРИИМСТВА В УСЛОВИЯХ ПАНДЕМИИ

Аннотация

Проведенное исследование отражает влияние пандемии Covid-19 на участников индустрии гостеприимства на примере комментариев ученых и аналитиков отдельных стран.

Представленные показатели доли гостеприимства в ВВП страны показывает, что высока зависимость от наличия пандемии для стран, где уровень превышал 20 процентов. В этом случае вся экономика таких стран перестроилась на внутренний туризм.

Мировая практика свидетельствует о том, что отдельные страны в отсутствии туристов, пытаются реорганизовать и внести ИТ технологии в экономику гостеприимства по причине потери доверия к отрасли.

Используя, приведенные статистические данные развития индустрии туризма и гостеприимства Республики Казахстан, авторами проведен анализ влияния некоторых факторов, влияющих на развитие индустрии туризма.

Выводы и практические рекомендации могут способствовать разработке мероприятий по совершенствованию процесса деятельности объектов туристской инфраструктуры, эффективного управления инновационной деятельностью индустрии туризма и гостеприимства.

