

Restructuring Tourism Economies to face the ‘New Normal’: COVID19 and Alternative Tourism

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Abstract

COVID19 has made a detrimental impact on tourism resources, tourism markets, and tourism economies. Thus, the purpose of this working paper is to make a realistic assessment of impacts of COVID19 on Sri Lanka tourism and to propose strategies to face the ‘new normal’ through alternative tourism. Government policy documents, industry reports, newspaper reports, opinions of industry stakeholders were primarily employed as inputs of this study. The analysis is based on pragmatic reasoning that delivers realistic implications to recover the tourism industry in Sri Lanka during the post-pandemic period.

Keywords: alternative tourism, COVID19 and tourism, new normal, tourism economics

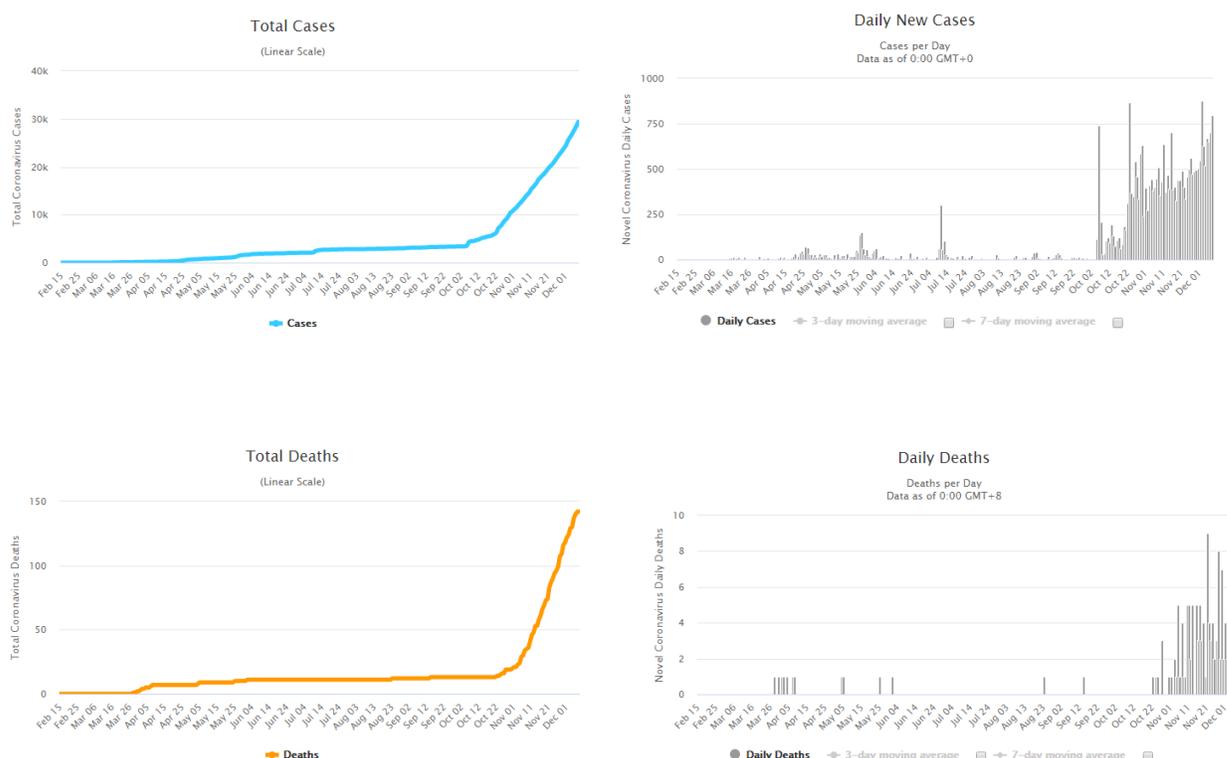
Introduction

The world did not anticipate the impact of COVID19 to be this magnitude. It has been around a year since the first COVID19 patient had been reported from Wuhan, P.R. China. The novel pandemic has brought the entire world to its knees. The industrial and service sectors have come to a screeching halt and the agriculture sector is still surviving despite of many challenges. Both public and private sector institutions are searching for alternative strategies to resume and run their operations and the government’s hands are tight with many financial constraints. The schools and universities are turning in to online, with poor or no 3G, 4G coverage in the peripherals. The food and beverages, vegetables, medicine and other orders are placed online and the supply channel is still half the mile. The opening times of the shops are getting limited, so as the items to be sold. The flights are grounded and the ships are anchored. The share market, the back born of nation’s economic infrastructure, was shut down for a few months for the first time in its history. The importations are controlled to save the foreign currency and the limelight is on local economies. At this onset, COVID19 has exhibited much things that were realistic only in fictions and the show is yet to continue. Thus, the purpose of this working

paper is to make an assessment of impact of COVID19 on Sri Lanka tourism and to propose strategies to face the ‘new normal’ through alternative tourism.

The latest statistics issued from World Health Organization (WHO) indicates that COVID19 is still at a growing phase. The daily record of COVID19 cases has doubled from 300,000 in early September to 600,000 in early December 2020. To date (December, 11), 70 million COVID cases have been reported globally including approximately 1.6 million deaths. The growth curve is still upward trending and the virus lives well with the winter. The situation in Sri Lanka is also alarming since Sri Lanka exceeded the land mark of 30,000 cases on 9th December 2020 with 144 deaths (see Figure 1).

Figure 1: Spread of COVID19 in Sri Lanka



Source: Worldometer (2020)

According to United Nation World Tourism Organization (UNWTO) statistics international tourist arrivals has declined by 70% in January-August 2020 over the same period in 2019 due to various reasons (UNWTO, 2020). They include: travel bans, suspension of flights, curfew regulations, high cost of travel, safety concerns of the potential travelers, and change of attitude of hosts towards the guests

(Samarathunga, 2020). The UNWTO further estimates 75 million job losses worldwide and a plunge of US\$ 1 trillion in international tourism receipt. The airlines industry, in particular, has suffered a loss of US\$ 390 billion and aviation-supported jobs has fallen by 43% (IATA, 2020). International tourism could recover the levels of 2019 in a period of 2.5 to 4 years based on a variety of factors including: 1) travel restrictions; 2) slow virus containment; 3) Low consumer confidence; 4) prevailing economic conditions; 5) lack of coordinated response among countries; 6) slow flight resumption according to UNWTO (2020). This is by far the worst result in the historical series of international tourism since 1950 and puts an abrupt end to a 10-year period of sustained growth since the 2009 financial crisis.

Sri Lanka economy and tourism

Since the end of the terrorist struggle, Sri Lanka kept much faith on the tourism industry by introducing conducive tourism policies to uplift Sri Lankan economy. As a result two mid-term tourism plans were produced by Sri Lanka Tourism Development Authority namely: Tourism Development Strategy (2011 – 2016), Sri Lanka Tourism Strategic Plan (2017 – 2020). Both plans aimed at increasing the employment opportunities for local residents, earning foreign exchange, attracting Foreign Direct Investments (FDI's), increasing the number of hotel rooms in Sri Lanka and thereby to contribute to the Sri Lankan economy. Table 1 summarizes the growth of Sri Lanka tourism since 2009.

Sri Lanka tourism industry is the third biggest Foreign Exchange (FE) earner with a total earning of \$ 4.4 billion in 2018 and \$ 3.7 billion in 2019 (SLTDA, 2020) that has got the worst hit among other top FE earners: foreign remittances, textile and apparel, and tea. The apparel and tea sectors will also continue to record a declined FE earnings due to the impact of COVID-19 on source markets. Although Sri Lanka has formulate strategies to attract six million tourists by 2025 and earn \$ 10 billion income, it is highly unlikely that those goals will turn into realistic figures. Additionally, the target of achieving 3.5-4 million tourists and earning US\$ 5 billion in 2020 has already turned to a day dream.

Table 1: Value & volume of Sri Lanka tourism

Year	Tourist Arrivals	Foreign exchange earnings (US\$ mil.)	Employment opportunities created (direct and indirect)	Hotel Rooms (SLTDA registered and unregistered)
2009	447,890	349.3	124,970	14,461

2010	654,476	575.9	132,055	14,710
2011	855,975	838.9	138,685	14,653
2012	1,005,605	1,038.3	162,869	15,510
2013	1,274,593	1,715.5	270,150	16,223
2014	1,527,153	2,431.1	299,890	18,510
2015	1,798,380	2,980.6	319,436	19,376
2016	2,050,832	3,518.5	335,659	22,336
2017	2,116,407	3,924.9	359,215	35,986
2018	2,329,294	4,380.6	388,487	38,214
2019	1,913,702	3,606.9	402,607	40,365
2020 (Q1)	507,311	-	-	-

Source: SLTDA Annual Reports (2009 – 2019)

According to SLTDA statistics in 2018, 173,592 and 229,015 people were employed as direct and indirect employees respectively by the tourism industry (SLTDA, 2020). As of now, a vast majority of these workers are temporarily unemployed due to the closure of hotels and restaurants, airlines, travel agencies, tourist shops etc. This has made a significance impact on the families who were totally depending on tourism. On the other hand, tourism investors are facing a financial crisis without being able to maintain a sufficient cash flow to pay back the debts, to pay the salaries and for other essential maintenance works at the properties. At this back drop issuing a debt moratoriums, stop charging hotel and tour guide's renewal fee, and exemption of VAT and TDL from the industry for a shorter period can be identified as an attempt to protect the industry.

The tourism industry is an integrated industry networked with many other sectors in the economy including hotel, community level operations, education, financial, agriculture, medical, travel and transportation, construction, real estate, retail etc. There are number of service providers such as accommodation Suppliers, Travel Agencies, Event Coordinators, and Transportation service providers etc. The current situation has halt all the income sources to those service providers. Therefore, it is important to protect these sectors and make them cater future tourism demand of the country. Otherwise this may lead to reallocation of resources to other industries leaving the tourism industry unattended.

Cruises are particularly susceptible to epidemics that put the cruise passengers at a great risk. The case of Diamond Princess Cruise has exhibited the vulnerability of cruises to pandemics. Thus, 'cruise calls' have been called-off. The impact to Sri Lankan tour guides are eye opening. Tour guides, that include National Tour

Guides, Chauffeur Tour Guides, Area Guides, Site Guides and Informal (unlicensed) Guides are totally unemployed, who make a total of 5,424 (SLTDA, 2019). It is further important to note that currently there are no bookings for 2020 winter season and the green light for Summer 2020 is yet to come.

Sri Lanka's popular national parks have been closed since March, 2020 in response to the COVID-19 pandemic. It has made a huge impact on tour guides, jeep drivers, guesthouse owners, and many others dependent on the tourism industry. While some are eligible for government programs, including a stay on jeep repayments, others such as campsite owners and whale-watching boat operators have little recourse for a return on their investments. There are calls for affected workers to be temporarily employed as maintenance workers in the closed parks, pending the eventual reopening of the tourism industry. The employees and owners of small guesthouses, bungalows and camping sites closer to the national parks are few other groups affected by the current situation. Although combatting COVID19 become successful, it is not sure how fast the airlines, cruise lines, hotels and restaurants, destinations and other tourism related service establishments can prepare themselves to run their operations due to the post-COVID19 challenges.

When analyzing the impact of COVID19 on Sri Lanka tourism, it is vital to assess the impact to Sri Lankan source markets (see Table 2). Recording 355,002 tourist traffic to Sri Lanka in year 2019 India was the highest tourist generator to Sri Lanka. As of 9th December, 2020, India reports 9,762,326 COVID-19 cases which is currently increasing by around 26,351 new cases per day. United Kingdom, the second major source of tourist traffic to Sri Lanka, which recorded 198,776 arrivals in 2019 (SLTDA, 2020) hit badly by the coronavirus recording 1,766,819 cases as on 10th December 2020. The outbreak is not controlled yet as recorded numbers daily increase by around 16,578 new cases per day in UK. The fourth main source market, Germany, records average 23,873 new COVID-19 cases with a total of 1,242,198 cases in the country. China, surprisingly, stood tall despite of global COVID-19 blow with their own controlling mechanisms and experimental vaccines.

Most of the countries listed in Table 2 have imposed international travel restrictions against their residents as explained earlier in this article. As supply side factors: 1) closure of Sri Lankan international airports; 2) mandatory Polymerase Chain Reaction (PCR) for international travelers; 3) mandatory 14 days quarantine period; 4) poor attitude among the general public towards foreigners; 5) standardizing the tourist hotels according to new health guidelines; 6) closure or suspension of operations of hotels and travel agencies discourage international travelers to visit

Sri Lanka. At this backdrop it is important to understand alternative measures to protect Sri Lanka tourism industry.

Table 2: Top 10 source markets to Sri Lanka tourism and the impact of COVID19

#	Source Market	% share of total traffic	Impact of COVID19 (as on 10 DEC 2020)		
			Total No. of cases	Total No. of Deaths	Mortality Rate (%)
1	India	18.6	9,762,326	141,735	1.451857
2	England	10.4	1,766,819	62,566	3.541166
3	China	8.8	86,661	4,634	5.347273
4	German	7.0	1,242,198	20,704	1.666723
5	France	4.6	2,324,216	56,648	2.437295
6	Australia	4.8	27,993	908	3.243668
7	Russia	4.5	2,541,199	44,718	1.759721
8	United States	3.6	15,784,967	296,072	1.875658
9	Maldives	3.1	13,274	47	0.354076
10	Canada	2.5	433,242	12,954	2.990015
	Total	68.0	33,982,895	640,986	1.886202

Source: SLTDA (2020) and Worldometer (2020)

Restructuring the Tourism Economies

Alternative tourism potentials in Sri Lanka

Sri Lanka has around 22 national parks, 36 lagoons around the island, and around 240,000 of plants, out of which 3368 species are flowering plants. Sri Lanka is also home for 512 species of birds, 245 species of butterflies, 5 out of 8 species of turtles in the world, 93 species of fish, 116 species of Amphibians, 65 species of dragon flies (Gurusinghe, 2020). Sri Lanka is also blessed with 33% of forest cover and about 50% of green cover (UN, 2020). As a result International Union for Conservation of Nature declared Sri Lanka as one of the 36 bio-diversity hotspots in the world (IUCN, 2020). Apart from that, Sri Lanka is blessed with incomparable tangible and intangible attractions (Ministry of Tourism and Christian Religious Affairs, 2017; Samarathunga, 2019; Weerathunga *et al.*, 2020). However, both natural and cultural attractions in Sri Lanka are highly underutilized (Liyanage and Jayawardena, 2013). Even to date, there is no comprehensive document to analyze the value of alternative tourism in Sri Lanka and the annual survey conducted by Sri

Lanka Tourism Development Authority also do not pay sufficient attention towards alternative tourism. However, few non-profit organizations including Sri Lanka Eco-tourism Foundation, continue to promote alternative tourism in Sri Lanka despite of many challenges. The subsequent sections will explain the importance of promoting alternative tourism in Sri Lanka and few alternative tourism concepts that can be easily implemented in Sri Lanka as an alternate to unsustainable mass tourism.

Promoting Alternative tourism

Mass tourism can be identified as the most famous form of tourism in the world that involves movement of large number of tourists (usually tens of thousands) to the same destination at the same time of year (Cooper *et al.*, 2005). Mass tourism is very popular due to low cost and standard services, especially on ‘All Inclusive’ packages. Due to constant and overwhelming demand, the tour operators, destination management companies (DMC’s), hotels, airlines, cruise lines and other service providers make large scale economies and provide tourism products and services at a cheaper price. Despite significant positive impacts of mass tourism, it simultaneously brings irreversible negative consequences to the destinations (Samarathunga and Gnanapala, 2016). However, the present social distance measures and travel restrictions has paused mass tourism with the fear of tourists visiting crowded places. This alarming situation has grabbed the attention of the national tourism organization, investors, employees and other stakeholders. Therefore, it is expected to develop ‘alternative tourism’ during the post-COVID19 revival phase. The importance of alternative tourism is that it can play a pivotal role to utilize underutilized tourism resources and to promote sustainable tourism in the long run (McGehee, 2002).

Alternative tourism takes the tourists away from their comfort zones and gives them an exotic experience which is close to the nature, culture, history or even the religion of the country that they visited. Different facets of alternative tourism are: ‘Health and Wellness Tourism’, ‘Rural Tourism’, ‘Agro-tourism’, ‘Eco-tourism’, ‘Back-packing Tourism’, ‘Community-based Tourism’, ‘Pro-poor Tourism’, ‘Volunteer Tourism’, ‘Spiritual Tourism’ etc. (Novelli, 2005). For the tourism investors and entrepreneurs this is a good market to earn big by serving to fewer and elite groups. Sri Lanka’s diverse landscapes, rich natural and cultural heritage, and traditional knowledge can lay a breeding ground for the promotion of alternative tourism within the country. Out of many, we propose following niche tourism concepts to introduce

by means of alternative tourism to promote Sri Lanka as a primeval destination to visit:

Health, Wellness, Ayurveda and Spiritual Tourism

Movements of three quarters of the world population is now limited to their own walls or fence. All these people will look at different ways of rejuvenating to get away from the stress and haunting experience of their lives. Many European countries have already established 24 hours help lines to attend to the grievances of such people. As a result, we can forecast an increased demand for health and wellness tourism, and spiritual tourism among the Western tourists in the months to come. Rest and recuperation, spiritual healing and understanding, physical and mental wellbeing, Ayurveda and Yoga, meditation, and understanding the reality of life will be key search terms among in the tourism search engines during the revival of tourism. Sri Lanka has a comparative advantage to grab this market associated with deep rooted Buddhism and Hinduism philosophies and Ayurveda in Sri Lanka. The Western institutions including hospitals, police, military, and other first respondents will select Eastern destinations like Sri Lanka to send their first line operational staff for distress and rejuvenation. The traditional Ayurveda herbal medicines and the medicinal process improve the immune system of the human body. A research based promotions will be able to get the attention of the potential clients towards Sri Lanka.

Rural Tourism and Agro Tourism

‘Rural tourism’ and ‘Agro tourism’ can be identified as one of most famous niche tourism trends in the world (Novelli, 2005). Lots of urban dwellers around the world are searching for rural and agricultural experiences during their vacations as a method of enhancing their knowledge and adding some life skills. The COVID19 made the people to think back about their lives and skills of survival during their time at condominiums. As a result, the parents will think of equipping their children with basic life skills that include agriculture and farming to survive during unprecedented challenges of life. As a result it is postulated an increased demand for agro-tourism in the future where people can learn simple ways of life, planting, gardening and understanding the environment around them. Therefore, we need to clearly identify what farms, what paddy fields and what *Chenas* are suitable to promote agro-tourism and make necessary developments to attract and retain the tourists.

Tea Tourism

Many research have proved the herbal value of tea to increase the immunity of the human body. Sri Lanka as one of the best tea producers in the world already has a reputation for its incomparable ‘Ceylon Tea’. Since some of our traditional international tea importers including Russia, Iran, and Turkey are badly affected by the virus, the demand for tea will be fluctuated in the short-run. However, to keep the tea estates running and to employ thousands of workers we can think of introducing experienced based tea tourism to the world. Tea tourism need to be developed around the entire process of tea production including tea planting, estate maintenance, tea plucking, tea processing, tea packing and most importantly tea tasting. However, if we are to promote tea tourism, tourists should be given unique and innovative experience in the tea estates that solely reflect the tea culture. The simple daily activities happening in tea estates can turn into tourism activities easily with proper planning and product development. The cost involved in this entire process is minimum. It is further important to narrated songs, play dramas about it and even to plan some cities with the ‘Tea’ theme to add a touristic value to tea tourism.

Eco-tourism and Community Based Tourism

Sri Lanka being a bio-diversity hot-spot in the world has a huge upside potential to promote eco-tourism. The 22 national parks, numerous rivers, tanks, and waterfalls, different weather zones and geographical zones, marine environment, endemic flora and fauna are not effectively touched by Sri Lanka tourism. A very low number of eco-tourists are visiting Sri Lanka get a real eco-tourism experience since most of tour eco-tourism products are largely concentrated to commercialized camping, jeep safaris chasing the animals and boat rides scaring the fish and other aquatic animals. Proper tourism product developments need to be done with the mediation of the eco-tourism experts either regionally or nationally. Trekking and tracking, bird-watching, whale and dolphin watching, turtle watching, nature photography in particular can be promoted as eco-tourism products in Sri Lanka while delivering benefits to the rural communities through community based tourism. However, without merely restricting the tourists’ visits to ‘gazing’ an active participation with ‘performing’ is recommended to promote these events among the tourists (Perkins and Thorns, 2001). Having said that, we should adhere to eco-tourism principles introduced by The International Ecotourism Society (TIES) when developing eco-tourism products.

Alternative markets

Due to increased health risks future travels will show signs of regional travels. As a result, the potential tourists will find it more comfortable to travel to short-haul destinations. Since the international traveling will be limited to particular regions of the world during the first recovery phase of COVID 19, it is important to pay the prime attention on regional markets at the beginning. Accordingly China, Australia, Maldives, Singapore, South Korea, Thailand, Taiwan, and Hong Kong should be our greatest concern since the COVID19 impact to such generating countries are relatively low compared to other top markets. Table 3 exhibits potential markets to Sri Lanka for destination promotion immediately after combatting COVID19.

Table 3: Potential alternative markets to Sri Lanka

Country	No. of COVID cases (2020.12.10)	No. of Deaths	Outbound Travel in 2018 (mil.)	Arrivals to Sri Lanka (2018)	Arrivals to Sri Lanka
China	86,661	4,634	150	265,965	0.17%
Australia	27,993	908	11.2	110,928	1.00%
Maldives	13,274	47	N/A	76,108	-
Singapore	58,291	29	8	19,861	0.24%
South Korea	39,432	556	28.7	15,748	0.05%
New Zealand	2,088	25	3	14,595	4..86%
Thailand	4,151	60	10	9,178	0.09%
Taiwan	720	7	16.6	8,187	0.04%
Cyprus	13,286	68	N/A	672	-
Hong Kong	7,180	113	7.4	25	0.0003%

Source: UNWTO (2020), SLTDA (2020)

Even though China believed to be the country where the virus first began spreading, they have successfully managed to control COVID19. On the other hand, China is one of the top source markets to Sri Lanka for a considerable time and one of the top tourist generating countries in the world as well. The unique outbound market in Hong Kong provides a perfect breeding ground to enrich the tourism industry in Sri Lanka. According to UNWTO, Hong Kong ranked 11th in the world in terms of international tourism expenditure. However, Sri Lanka has failed to grab this elegant market which is in the same region and only 0.0003% of Hong Kong tourists visit Sri Lanka. South Korea is another promising market for Sri Lanka tourism after the

COVID 19 epidemic. South Korea is highly urbanized country with the 12th biggest economies in the world. Sri Lanka and South Korea enjoy an abiding and friendly relationship which goes back to the 5th century AD. Currently South Korean investment has more than 75 companies based in Sri Lanka generating over 18,000 job opportunities in the country. Additionally, more than 28,000 Sri Lankan contractual employees are engaged in the manufacturing, construction and fishery sectors under the Employment Permit System (EPS) in the Republic of Korea. This situation lays a firm foundation for enhancing tourism in Sri Lanka under VFR and Business category. Therefore, a promising potential is there in Sri Lanka to attract South Korean tourists which is still not addressed effectively.

Conclusion

As mentioned earlier it is not possible to resume mass tourism in near future since mass gatherings are risky until a vaccine is developed to fight with COVID19. Now the challenge lies ahead is to re-brand Sri Lanka as a ‘Niche Tourism Destination’ after identification of correct alternative tourism products and concepts. The concept of ‘quantity’ is failing and the ‘quality’ is emerging during the post-pandemic tourism phase. Alternative tourism will protect the people, environment and economy while empowering the rural communities to increase their living standards. Further, it will support the industry to overcome the health barriers imposed by COVID19 virus. A learning based active experience will be a definite value addition for the promotion of alternative tourism development in Sri Lanka while using correct platforms to market our products. Research based innovative methods will give birth to ‘Creative Tourism’ that will position Sri Lanka as a pristine niche tourism destination in the world while securing the well-being of people, planet, and sustainable profit.

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