



# Coronavirus and tourism

Marina Y. Sheresheva<sup>1</sup>

<sup>1</sup> *Lomonosov Moscow State University, Moscow, 119991, Russia*

---

Received 8 April 2020 ♦ Accepted 22 April 2020 ♦ Published 30 April 2020

---

**Citation:** Sheresheva MY (2020) Coronavirus and tourism. *Population and Economics* 4(2): 72-76. <https://doi.org/10.3897/popecon.4.e53574>

---

## Abstract

In the previous decade, the Russian tourism industry has shown steady development. But in 2020, due to the consequences of the COVID-19 pandemic, the situation is close to disaster. It is necessary to provide not only urgent support for industry actors but also the conditions for the successful resumption of their activities in the long term. The pandemic raised the question of joint survival – both literally and figuratively. The tourism industry is a good example to understand that it is possible either to bring the situation to a complete catastrophe or to provide a relatively good start for recovery in the foreseeable future. It all depends on how market actors behave and what decisions will be made by the state. For market actors, it is important to understand that the successful development of business ecosystems involves not only competition but also mutual assistance, which is extremely important for the progressive development of any industry, especially in times of crisis. For the authorities, it is important to understand that tourism may turn out to be not a burden, but one of the engines of economic recovery if taxation is changed and the focus is on supporting domestic and inbound tourism.

## Keywords

COVID-19, tourism, pandemic, crisis, public policy, consumers

**JEL codes:** Z3; L83; L88; P2

In Russia, there is no specialized Ministry of tourism – unlike Greece, Israel, Brazil or South Africa. After the collapse of the USSR, tourism could for a long time not be sorted out in the country, being affiliated to sports management (Goskomспорт of the Russian Federation) then to culture (Ministry of Culture of the Russian Federation). Finally, in 2018 the Federal Agency for Tourism was affiliated to the Ministry of Economic Development of the Russian Federation – therefore, tourism was recognized not as a purely cultural phenomenon, but a branch of the economy. And right here came a storm named COVID-19.

Since tourism was mixed with sports for a long time, and I had long personal experience in sports throughout my student life, I remembered the often heard phrase that sports is a model of life compressed in time: for about 15-20 years an athlete goes through all stages of

career growth, with their benefits and costs, and much faster than others faces the search for new meaning of life after “retiring”.

It seems that now the tourism industry can be given laurels of a time-compressed model of the modern economy: the storm which is yet coming to all areas of economic activity collapsed tourism industry immediately, in February 2020, of course, if considering the tourism industry as the activities of a huge network of actors representing the system of related industries (Paget et al. 2010; Sheresheva and Bajo 2014). Tour operators and travel agencies, hotels, sanatoriums, holiday homes and boarding houses, guides, companies providing services for health, recreation and entertainment, booking systems, all types of tourist transportation, catering and souvenir producers – all participants in well-established, often cross-border value chains have found themselves in a dramatic situation of “an aggregate supply shock resulting from contagion containment measures with restrained demand and mobility” (Bénassy-Quéré et al. 2020).

The current pandemic is most interesting because it brightly and vividly highlighted all the accumulated challenges of the global economy (Jorda et al. 2020). The idea of the “global village”, firstly, was confirmed (all in one boat, and not China alone, as it first seemed to Western analysts), secondly, turned to be its opposite: the global economic system, which for some time has been impersonated as an ideal, in fact has long been a “closed community of the elite, not a global village” (Scott 2001) and is not sustainable at all. According to Jesse Colombo, who predicted the 2008 crisis, the pandemic is dangerous for the world economy not in itself, but as a trigger of a deep crisis, because “we are already very late in the cycle, and coronavirus is basically the one-two punch, but we were already hurtling towards recession before anyone ever heard of coronavirus” (Hall 2020). On the medium-term horizon, the signs of de-globalization, the transition to protectionism and protection of the national priorities by States are becoming increasingly clear.

Tourism has shown how fast this is happening: within two months, all tourist destinations were closed, both for organized and independent tourists. The industry has collapsed all over the world. For example, in the U.S. a drop of 80% in 2020 is predicted (Forum Digital: Will the hotel and tourism industry survive under the conditions of quarantine?) and the tourism industry may lose USD 24 billion (Hirsh 2020). In Turkey, the situation is also catastrophic (Polyanskaya 2020). Logistics chains are crumbling, asset prices are falling, large corporations are in fever, small and medium tourism businesses are stumbling in anticipation of solutions that allow them to survive until better times.

As to Russian tourism, over the past few years the industry has shown steady development (Sheresheva and Kopiski 2016; Sheresheva 2018), but now the situation is close to disaster, its cold breath has been felt by all market players. As stated by the Head of the Russian Federal Agency of Tourism, companies “simply cannot fulfil their obligations to tourists and their employees in such conditions without state support” (Federal Agency for Tourism (Rosturizm): Address by Doguzova Z.V., Head of the Federal Agency for Tourism). Yes, it is the actions of the state, not the “invisible hand of the market”, that will determine the successes and failures of countries and industries in the “post-pandemic world”. To be frank, it is high time to put aside the falsely understood economic Darwinism, when competition is presented as the “only engine of progress”. Kropotkin also mentioned that Darwin’s students, who were personally familiar to him, considered it absurd to attribute the logic of “let the weak die” to Darwin (Kropotkin 1907, 1990). Darwin wrote that the ability to adapt and best interact with other ecosystem actors is important for survival: “In the long history of humankind (and animal kind, too) those who learned to collaborate and improvise most

effectively have prevailed” (Goodreads: Charles Darwin Quotes). In 1880, Russian zoologist, corresponding member of the St. Petersburg Academy of Sciences and Honored Professor of St. Petersburg University K.F. Kessler formulated a logic that can and should be applied to business ecosystems to ensure their successful development: “Mutual assistance is the very same natural law as mutual struggle, but for the progressive development of the species the former is incomparably more important than the latter” (Kropotkin 1990: 464–465). The coronavirus raised the very question of the importance of survival – both literally and figuratively.

The area of tourism also shows that it is possible to bring the situation to a complete catastrophe, and to achieve quite a good result in the foreseeable future. It all depends on how market participants behave and what decisions will be taken by the state.

Practices of today’s tour operators work with tourists prove that Russia has developed a core of responsible business with its loyal customer base. Many tour operators coordinate with those who plan a future vacation, transfer of the tour date at a fixed currency exchange rate at the time of purchase: it will actually be lower than with a new booking. “In addition, tourists, tour operators and accommodation facilities are already negotiating to deposit funds with additional privileges for travellers” (Federal Agency for Tourism (Rosturizm): Address by Doguzova Z.V., Head of the Federal Agency for Tourism).

However, there will be changes in behaviour and preferences of tourists. For example, how does one now answer the question, where is it better to spend a vacation, in Russia or abroad? After the coronavirus was labelled “Courchevel flu” on social networks (note that there tourists were often mashed by the local intestinal flu even before), and passengers of prestigious cruise vessels were hostages of the situation, threatened by infection via the air conditioning system in their cabins, for most well-to-do Russians the above question ceased to seem strange or rhetorical. There is another question, what to prefer: a tour organized by tour operators or independently organized? And if you choose an independent option, then a traditional hotel or a private apartment via Airbnb? (Katsoni and Sheresheva 2019). Many people, especially the young, seem to have already switched to independent organization of trips. It seemed both more interesting and cheaper. But the vast majority of Russian tourists who were abroad through tour operators have already returned home (in two weeks, about 160,000 organized tourists from 43 countries), and a large number of tourists who independently organized their trips, are only now getting the opportunity to return to Russia thanks to the efforts of the Ministry of Foreign Affairs. However, it should be noted, that the company “Aeroflot”, which is notorious for the scandal with its loyal client in 2019 (Kravchenko 2019), turned out to be unable to show respect for its clients even in a more serious situation. The processes of transporting the citizens and returning of tickets were organized so poorly that several members of the Social Council of Rosturizm proposed to prepare a statement on the removal of Savelyev V.G. from the post of General Director of “Aeroflot”.

As for the measures of state support announced by the President and the Government of the Russian Federation, it can be generally argued that the experience of China, which was first to face the coronavirus pandemic, was analyzed and taken into account. However, currently the Government is solving the most urgent tasks and pays little attention to the sectoral specifics in terms of supporting the national economy. However, different industries call for different support measures.

Such a multi-layered and complex industry as tourism may not be a burden, but a locomotive of economic recovery if taxation is changed in a way that is beneficial “to emerge

from the shadows” in exchange for the help of the state. Now, the hotel business is highly transparent, while travel agencies and catering companies largely continue to operate “in the shadow”. Another option is the shift to domestic and inbound tourism support. It is estimated that before the pandemic, tourism industry generated income about USD 9 billion to the budget of Russia, and at the same time, up to USD 45 billion (five times greater) were annually slipped away with the tourists to other countries (Forum Digital: Will the hotel and tourism industry survive under the conditions of quarantine?). Calculations of experts show that it is sufficient to allocate about RUB 100 billion in aid (according to calculations, this will suffice for tourism industry, hotels and catering combined) to yield twice as much, up to RUB 240 billion, in the form of taxes already in 2021. (Forum Digital: Will the hotel and tourism industry survive under the conditions of quarantine?). The enormous underutilized potential of domestic and inbound tourism (see, for example, the interactive map of local brands (Living heritage)) can be the basis for rebuilding and reorienting value chains, formation and promotion of new destinations in conditions when many “world tourism hits” experience no less difficulties than Russian routes and destinations.

And in conclusion, again about China. China was the first to enter the coronavirus crisis, and the first to emerge, articulating, among other things, new prospects for the tourism industry. As noted by A. Maslov, “China has revived. Sales of cosmetics have increased by 147% in the country. Ticket orders have increased by 60%. One of the most popular goods for orders in online stores is equipment for travelers, backpacks, tents. This is despite the fact that the Chinese are not lovers of such travel. It turned out that the Chinese missed active life” (Vesti FM: China misses active life). We can assume that Russian residents will feel the same way when self-isolation is over. In addition, “when borders open, we expect a huge inflow of Chinese tourists” (Vesti FM: China misses active life). It is important that by this point the industry feels healthy enough so that the demand for domestic and inbound tourism meets adequate supply in Russia.

## Reference list

- Bénassy-Quéré A, Marimon R, Pisani-Ferry J, Reichlin L, Schoenmaker D, Weder di Mauro B (2020) COVID-19: Europe needs a catastrophe relief plan. VOX CEPR Policy Portal. Research-based policy analysis and commentary from leading economists. <https://voxeu.org/article/covid-19-europe-needs-catastrophe-relief-plan> [Accessed on 22.04.2020]
- Federal Agency for Tourism (Rosturizm): Address by Doguzova Z.V., Head of the Federal Agency for Tourism <https://www.russiatourism.ru/news/16652/> [Accessed on 22.04.2020] (in Russian)
- Forum Digital: Will the hotel and tourism industry survive under the conditions of quarantine? <https://www.youtube.com/watch?v=fdsQU9-xVJ4> [Accessed on 22.04.2020] (in Russian)
- Goodreads: Charles Darwin Quotes <https://www.goodreads.com/quotes/368727-in-the-long-history-of-humankind-and-animal-kind-too> [Accessed on 22.04.2020]
- Hall R (2020) Analyst who predicted 2008 global financial crash warns another one is on the way – and not just because of coronavirus. Independent. <https://www.independent.co.uk/news/world/americas/financial-crisis-2008-coronavirus-donald-trump-economy-stocks-a9392881.html> [Accessed on 22.04.2020]
- Hirsh L (2020) Travel industry could lose \$24 billion as coronavirus cripples tourism from outside US. CNBC. <https://www.cnbc.com/2020/03/11/coronavirus-travel-industry-could-lose-24-billion-in-tourism-from-outside-us.html> [Accessed on 22.04.2020]

- Jorda O, Singh SR, Taylor AM (2020) Longer-Run Economic Consequences of Pandemics. Federal Reserve Bank of San Francisco Working Paper 2020-09. <https://doi.org/10.24148/wp2020-09>
- Katsoni V, Sheresheva MYu (2019) Sharing economy in hospitality and tourism. *Vestnik Moskovskogo universiteta. Seriya 6: Ehkonomika* [Bulletin of the Moscow State University. Issue 6: Economics] (1): 71-89. (in Russian)
- Kravchenko E (2019) Victor's cat's retaliation: the scandal around "Aeroflot" surpassed the campaign about "needle of men's approval". *Forbes*. <https://www.forbes.ru/biznes/387391-otvetnyy-udar-kota-viktora-skandal-vokrug-aeroflota-prevzoshel-po-sile-kampaniyu-pro> [Accessed on 22.04.2020] (in Russian)
- Kropotkin PA (1907) Mutual assistance as a factor of evolution. Publishing House "Knowledge", Saint Petersburg, 360 pp. <http://books.e-heritage.ru/book/10072482> [Accessed on 22.04.2020] (in Russian)
- Kropotkin PA (1990) Notes of a revolutionary. Publishing House "Thought", Moscow, 526 pp. (in Russian)
- Living heritage (<https://livingheritage.ru/>) [Accessed on 22.04.2020] (in Russian)
- Paget E, Dimanche F, Mounet J-P (2010) A Tourism Innovation Case – An Actor-Network Approach. *Annals of Tourism Research* 37 (3): 828–847. <https://doi.org/10.1016/j.annals.2010.02.004>
- Polyanskaya A (2020) Man, Hotels in Turkey suspend work. *Izvestia*. <https://iz.ru/991908/aleksandra-poliaskaia/vot-zaraza-oteli-turtcii-priostanavlivaiut-rabotu> [Accessed on 22.04.2020] (in Russian)
- Scott BR (2001) The Great Divide in the Global Village. *Foreign Affairs*. <https://www.foreignaffairs.com/articles/2001-01-01/great-divide-global-village> [Accessed on 22.04.2020]
- Sheresheva M, Kopiski J (2016). The main trends, challenges and success factors in the Russian hospitality and tourism market. *Worldwide Hospitality and Tourism Themes* 8 (3): 260–272. <https://doi.org/10.1108/WHATT-02-2016-0004>
- Sheresheva MY (2018) The Russian tourism and hospitality market: new challenges and destinations. *Worldwide Hospitality and Tourism Themes* 10 (4): 400–411. <https://doi.org/10.1108/WHATT-04-2018-0027>
- Sheresheva MYu, Bajo R (2014) Network approach in tourist destinations studying: new trends. *Initiativy XXI veka* [Initiatives of the XXI century] (2): 58–63. [https://www.researchgate.net/publication/281117134\\_Setevoy\\_podhod\\_v\\_izucenii\\_turistskih\\_destinaciy\\_novye\\_tendencii](https://www.researchgate.net/publication/281117134_Setevoy_podhod_v_izucenii_turistskih_destinaciy_novye_tendencii) [Accessed on 22.04.2020] (in Russian)
- Vesti FM: China misses active life <https://radiovesti.ru/brand/60948/episode/2260439/> [Accessed on 22.04.2020] (in Russian)

## Information about the author

- Sheresheva Marina Yurievna, Doctor in Economics, Professor, Director of the Center for Network Economy Studies, Head of the Laboratory of Institutional Analysis of the Faculty of Economics, Lomonosov Moscow State University. E-mail: m.sheresheva@mail.ru