

Impact of the COVID-19 on the Catering and Tourism Industries: A Dynamic Perspective

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Abstract. This research paper delves into the evolution of the hospitality and tourism sectors amidst the global pandemic, aiming not only to shed light on the myriad challenges and opportunities these industries have encountered but also to furnish valuable insights and strategic recommendations for industry stakeholders and policymakers. By employing quantitative data analysis, the study meticulously evaluates the ramifications of the epidemic on the economic performance, demographic engagement, and operational dynamics of the catering and tourism industries, drawing comparisons between the pre- and post-COVID-19 landscapes. The study found that COVID-19 severely impacted both industries, and many related industries were impacted as a result, leading to economic losses. Leaders should promote collaboration between governments and businesses to develop response strategies to avoid indelible trauma to the industry. Concurrently, it underscores the imperative for businesses within these sectors to persistently pursue innovation and adaptation, thereby revitalizing consumer interest, spurring economic recovery, and ensuring sustainable industry growth in the face of unprecedented challenges.

Keywords: Catering Industry, Tourism Industry, COVID-19.

1. Introduction

People's life has undergone significant changes since the COVID-19 outbreak at the end of 2019. It has brought profound impacts on all areas of people's lives, like the economy, culture, tourism, and health have been seriously affected.

In this essay, the impact of the epidemic on the catering and tourism industries is mainly analyzed and summarized. Researching these two sectors is helpful in comprehending and realizing the adjustments that the epidemic has brought about in these two industries, which are without a doubt among the most impacted. Furthermore, the enactment of rules can bring about improvements in the industry that give employees a better path and an advantageous reference for the future.

In the next part of the paper, the second part will introduce the catering industry and the impact of the epidemic on it; the third part will introduce the tourism industry and the impact of the epidemic on this industry and its changes. The essay's overall thesis is outlined and the outlook for the future is provided in the concluding part.

2. Catering Industry

2.1. Catering Industry Overview

The importance of the catering industry can be seen in all aspects and its impact cannot be ignored. As shown in Figure 1, total retail sales of consumer goods have been on the rise and the revenue generated is not to be underestimated. The catering industry is one of the important components of total retail sales of consumer goods.



Figure 1. Total retail sales of consumer goods, 2014 to 2023 (unit: RMB)

Data source: <https://www.gov.cn/>

Photo credit: Original

This also shows the economic impact of the catering industry. As shown in Figure 2, total retail sales of consumer goods also contribute a major portion of GDP, and the development of the restaurant industry is also one of the indispensable industries in total retail sales of consumer goods, and its development has led to the development of many industries and markets together.



Figure 2. Total retail sales of consumer goods as a percentage of GDP

Data source: <https://www.gov.cn/>

Photo credit: Original

According to the relevant analysis, the data of the catering industry in 2023 shows that the industry is gradually recovering and showing a positive development trend. The introduction of future policies will further enhance the status of the catering industry in China's economy and make it a key direction in the optimization and upgrading of the consumption structure. The future policies will further enhance the position of the catering industry in China's economy, making it a key direction for optimizing and upgrading the consumption structure.

Translated with DeepL.com (free version) [1]. First, it is one of the main contributors in terms of the economy. In addition to supporting the local economy flourish, the catering industry's rapid

development has resolved a variety of employment issues by providing an enormous number of jobs. Its growth has also increased local tourism and connections between cultures. Due of this, a lot of tourists are attracted to the area and have the chance to learn about various cuisines and cultural practices. Furthermore, the agriculture and food production industries benefit from the catering industry. As the economy and technology advance and provide a more creative approach to agriculture, the rise of the catering business also increases demand for and opportunities for agriculture. This also supports the rural economy and increases the income of farmers.

As shown in Figure 3, the revenue generated by the food and beverage industry in 2019, before the epidemic, was significant and it was an integral part of the total consumption of retail goods in society in terms of its share. In conclusion, the restaurant industry plays a crucial role and has a positive impact on the economy, culture, and employment.

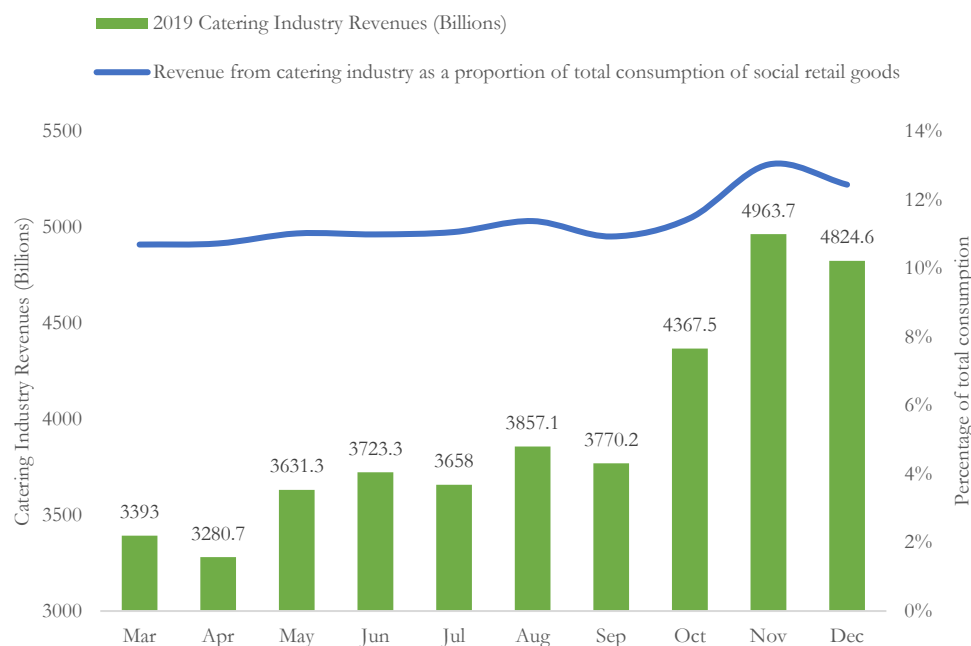


Figure 3. Catering Industry revenue and its share of total social retail goods consumption, 2019

Data source: <http://data.mofcom.gov.cn/gnmy/food.shtml>

Photo credit: Original

2.2. Period of Population Movement Control

2.2.1. Regulatory Policy

With the widespread spread of the epidemic, the government enacted policies to curb the spread of the virus to deal with the impact of COVID-19 on people and society. People were forced to abide by extremely strict regulations at this time, which presented significant difficulties for the restaurant business. Many restaurants were unable to operate normally due to the police, which prohibited dine-in and limited the hours and days that takeout was available, among other things. The Guidelines for the Prevention and Control of Novel Coronaviruses indicate that the public should minimize their visits to public places, avoid gatherings and meals, and minimize the time spent in crowded places [2]. Many restaurants have been compelled to restrict the number of customers they receive due to lockdown procedures and social distancing regulations. This has also caused a loss in revenue for many restaurants, forcing many of them to close because of the epidemic. People were also forced to spend several days alone at home due to quarantine regulations and the Government would cordon off areas where infected people were frequent, which prevented local restaurants from operating normally and resulted in losses.

2.2.2. Trending Features and Challenges

As shown in Figure 4, from April through October 2019, before the epidemic, restaurant revenues were relatively stable and growth rates were positive, indicating that the restaurant industry has been maintaining a growth trend.



Figure 4. Revenue from catering during the epidemic

Data source: <http://data.mofcom.gov.cn/gnmy/food.shtml>

Photo credit: Original

Revenues had a sharp decline in December 2019, and the growth rate entered negative territory, mostly because of the epidemic's start. Early in the pandemic, a lot of people started to stay indoors more, which also resulted in a substantial decrease in revenue. According to the National Bureau of Statistics, the country's catering revenue in 2019 amounted to 467.21 billion yuan, of which 15.5% came from the traditional peak season of consumption during the Spring Festival. And this year, the catering industry suffered serious losses during the Spring Festival. This research shows that compared to last year's Spring Festival, during the epidemic, 78% of catering enterprises lost more than 100% of their business revenue; 9% of enterprises lost more than 90% of their revenue; 7% of enterprises lost between 70% and 90% of their revenue; and only 5% lost less than 70% of their revenue [3].

In the latter half of 2020, as the epidemic was contained and the industry adapted, revenues gradually rebounded and growth rates remained more consistently positive going forward. The restaurant industry faced several serious challenges during the outbreak: the blockade measures and social distancing measures directly caused a sharp decline in restaurant guests. Secondly, fixed cost pressure, 90% of restaurant merchants are short of funds. The industry development is expected to be poor, 15.3% of catering merchants have a clear plan to close their stores. Some other merchants plan to lay off staff, with 17.1% of them indicating a reduction of one to two persons; 3.5% indicated a reduction of three to five persons [4]. Although the emergence of the epidemic has increased the demand for takeaway and delivery services, many small and medium-sized businesses are at risk of losing money or going out of business because they have not succeeded in their transition and are therefore unable to generate sufficient revenue streams. Third, supply chain issues are also a challenge that cannot be ignored, with covid-19 and control measures affecting supply chains, as well as the availability of ingredients.

2.2.3. Policy Overview

After the virus was brought under control and the situation improved, a New Ten Policy was released. The policy states: "1. Reducing the scope of dangerous areas; 2. Reducing the scope of nucleic acid testing; 3. Optimizing quarantine methods; 4. Timely lifting of the blockade; 5. Guaranteeing the public's basic need to purchase medicines; 6. Promoting vaccination for the elderly; 7. Classifying and managing health conditions; 8. Guaranteeing the normal functioning of the society; 9. Strengthening security in relation to epidemics; and 10. Optimizing the preventive and control measures at schools"[5]. People's lives are becoming progressively normalized and the pre-epidemic period is gradually returning because of the execution of these policies. Customers will be able to dine out more freely because of the policy's easing, which will immediately improve restaurant passenger flow. Restaurant revenues increased as the variety of customers grew, and the operations became more normal. In addition, supply chain issues have been alleviated and ingredients are more readily available.

2.2.4. Post-epidemic Situation in the Catering Industry

The catering industry is gradually rebounding and growing steadily after the epidemic. Firstly, as people have adapted to the epidemic and readjusted their lifestyles, society has returned to normal, and customers have returned to the pre-epidemic flow. Secondly, through the development of the industry during the epidemic, the industry has become more diversified through continuous innovation. In addition, after the epidemic, restaurants have become more conscious of food safety and hygiene, which provides a safer and more secure experience for customers.



Figure 5. Revenue from catering after the epidemic

Data source: <http://data.mofcom.gov.cn/gnmy/food.shtml>

Photo credit: Original

3. Tourism Industry

3.1. Tourism Industry Overview

Tourism is a broad industry that includes a wide range of other services and companies, its growth has influenced the development of many other industries and significantly improved the national economy. Firstly, transportation services are driven by tourism, including airplanes, high-speed trains, water transportation and other means of transportation.

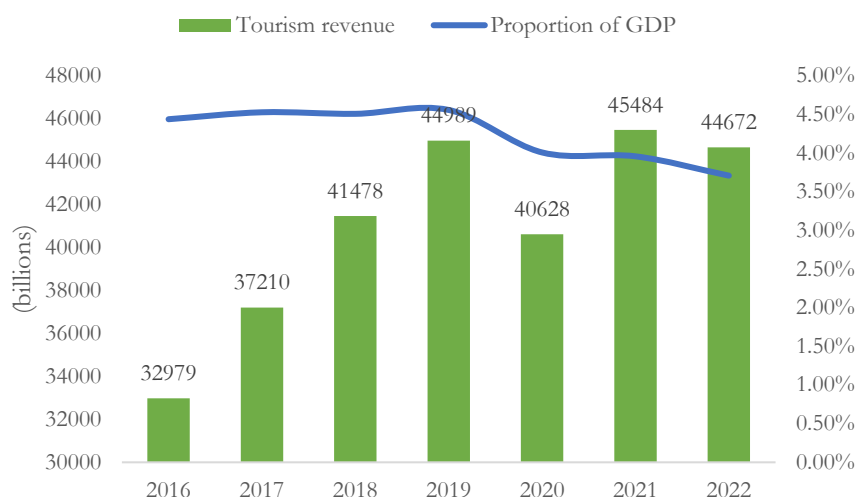


Figure 6. Tourism revenue and proportion of GDP, 2016-2023

Data source: <https://www.stats.gov.cn/>

Photo credit: Original

In combination with the growth in demand for local accommodation services, there will be a significant increase in earnings for the local hotel and catering industries. Tour guide services and online platform booking and purchasing services will also develop. Secondly, the tourism industry involves many industries, thus providing many employment opportunities for the community. The catering industry is a typical labor-intensive industry. It is realized in the research that most of the employed people have high school and junior high school education. There are very few people with a bachelor's degree or above. The knowledge level and quality of the practitioners generally do not meet the requirements of the digital development of the catering industry. They cannot form effective support for the implementation of the modern scientific management and operation of the enterprises, in which case the practitioners of the catering industry are facing the risk of relatively long-term structural unemployment [6]. In addition, the people's material lives are also enhanced since there are more job opportunities available to them, which increases their income, and because local infrastructure is continuously being improved, which makes living conditions more comfortably. Finally, tourism promotes the communication and understanding between different cultures. Tourists can experience the local culture through tourism, which is also a kind of cultural inheritance and protection. The Figure 4 shows the total amount of tourism revenue (in billions) and the trend of tourism revenue as a percentage of GDP from 2016 to 2023. The graph shows that in 2016-2019, the tourism revenue shows a growing trend and brings enormous earnings. In 2020 the decline in revenues is most likely due to the emergence of COVID-19, but in 2021 the growth trend resumed. Consequently, it is obvious that the tourism industry is essential to the economy and that it benefits people's material satisfaction, cultural exchanges, and economic growth, among other things.

3.2. Period of Population Movement Control

3.2.1. Regulatory Policy

According to the strategy, China implemented stringent epidemic control measures at beginning to contain the epidemic as rapidly as possible and reduce harm to the populace. In the early stages of the epidemic, China adopted tough epidemic control measures to control the epidemic in the shortest possible time and minimize harm to the population; at the stage of the epidemic's duration, a unified emergency management process has basically been developed across the country, and measures such as health codes, trip codes, drop-in testing, universal nucleic acid screening, and quarantine control have been promoted nationwide [7]. To control the spread of the epidemic, stringent travel restrictions and lockdowns have been instituted across the country, which has caused demand for travel to plummet. It is undoubtedly a serious blow to the tourism industry which needs the flow of people to

bring revenue, which makes the industry lose the opportunity to make profits, and the impact of the epidemic on the tourism industry is profound.

3.2.2. Impact on Tourism Industry

During the pandemic, many countries and regions began to implement travel restrictions, blocking areas, quarantines, and border closures, all of which were significant impediments to the tourism industry, leading to stagnation. Economically, the epidemic's toll on the tourism industry has been enormous. Data released by the United Nations World Tourism Organization shows to that the New Crown outbreak has led to a significant decrease in global tourism and a loss of \$1.3 trillion in global tourism revenue in 2020, making it the worst year in the history of the tourism industry [8]. For Chinese travelers, the COVID-19 caused 73% of respondents to delay booking their vacations. In addition, 64% of respondents canceled or rescheduled their already booked vacations [9]. Additionally, several other tourism-related businesses and services, such as the catering industry, transportation, and so on, have also been negatively impacted, which has increased the monetary damage. From a social point of view, the stagnation of tourism has led to massive unemployment. Many small and medium-sized enterprises (SMEs), such as travel agencies and restaurants, are at risk of closure, and many larger companies have taken measures to reduce the employees' workforce and salaries, which has resulted in many people being unemployed. In summary, the emergence of COVID-19 has had a significant impact on the tourism industry, not only in terms of economic damage but also in terms of the employment crisis.

3.3. After the New Ten Policy

3.3.1. Regulatory Policy Adjustments

With the implementation of the New Ten policy, tourism is beginning to recover gradually. There is a strong demand for tourism after a long period of blockade, which will provide opportunities for the tourism industry. Adjustments in the mode of segregation have contributed to the recovery of tourism. The shortening of quarantine time reduces the burden of travel, home quarantine also alleviates the additional financial costs that may be associated with travel, and the reduction and elimination of health codes and some tests also decrease the restrictions that people are subjected to while traveling. One of the main reasons for the epidemic's gradual revival of tourism was modifications to quarantine regulations.

3.3.2. Post-epidemic Situation in the Tourism Industry

With the relaxation of epidemic regulations, new opportunities have appeared in the tourism industry. The industry readjusts and innovates to face the post-epidemic market.

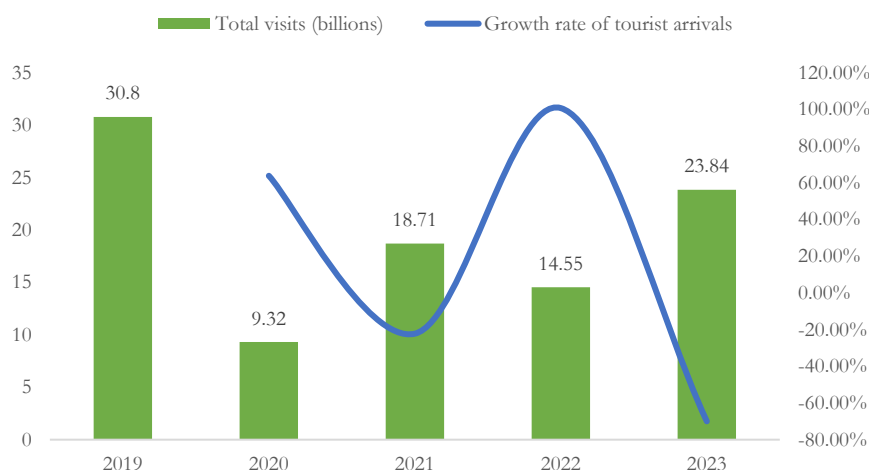


Figure 7. Domestic tourism arrivals and growth rates, 2019-First half of 2023

Data source: <https://36kr.com/p/2379460273843460>

Photo credit: Original

As demonstrated by Figure 7 and Figure 8, the two graphs above show that tourist revenue and travelers were severely reduced from 2020 to 2022. Revenue and travel in the first half of 2023 alone have surpassed the figures for the previous three years, which is enough to show that the tourism industry has recovered after the epidemic. The tourism market is much more diverse after the innovations and improvements made during the pandemic. Most of the traditional settlements and buildings in China have both deep historical and cultural heritage, unique aesthetic value and great economic value. heritage, but also has a unique aesthetic value and great economic value. How to protect and creatively utilize use the characteristic culture of traditional settlements, develop characteristic tourism products, and come out with a unique road of rural tourism development. The key to realizing rural revitalization in some regions is to protect and creatively utilize the unique culture of traditional settlements, develop unique tourism products, and take a unique path of rural tourism development. It is the key to realize rural revitalization in some areas [10]. The development of tourism provides people with more faceted ways and conditions to meet the demands of tourists. Furthermore, the post-pandemic tourist industry has focused its attention to visitor safety and health. Because of this, a lot of local companies have improved security standards and regulations to guarantee that visitors have the best possible experience.

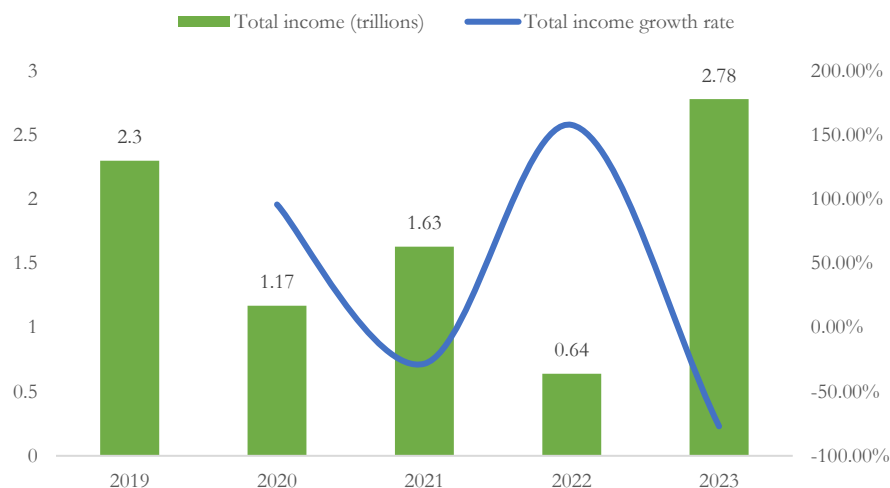


Figure 8. Domestic tourism revenue and growth rate, 2019- First half of 2023

Data source: <https://36kr.com/p/2379460273843460>

Photo credit: Original

4. Policy recommendations

The emergence of the epidemic has forced the industry to shift rapidly, but it has also brought new opportunities. In the short term, COVID-19 has had a lot of negative impact on the Chinese restaurant industry. However, in the long term, the pandemic has created opportunities for industry transformation [11]. Despite facing a significant drop in revenues and operational constraints, many F&B companies have gradually recovered their performance by adjusting their business models and enhancing takeaway services, among other strategies. Many restaurants have achieved digital transformation, with various technological tools such as online booking and e-menus increasing efficiency and improving customer experience. Therefore, the Government can provide policy or financial support to help restaurants transform, to help them develop better. The same applies to the tourism industry. The government should strengthen the guidance and supervision role of industry associations, guide enterprises to take the initiative to participate in epidemic prevention and control, fulfill their social responsibility and encourage the transformation and upgrading of enterprise services, promote the accelerated integration of emerging technologies and tourism, and promote the greater value of digital culture and tourism services [12].

5. Conclusion

This research paper delves into the evolution of the hospitality and tourism sectors amidst the global pandemic, aiming not only to shed light on the myriad challenges and opportunities these industries have encountered but also to furnish valuable insights and strategic recommendations for industry stakeholders and policymakers. Researching the impact of the pandemic on the catering and tourism industry can support the industry in adapting to new strategies and provide an understanding of the challenges and opportunities that will be encountered. Understanding the changes in data and policies before and after the epidemic can be helpful for businesses to develop more effective countermeasures. In summary, the impact of the epidemic on the catering and tourism industries was undoubtedly enormous, leading to the closure of many businesses, financial damage, a crisis in employment, and so on. Now that the epidemic has achieved a state of complete calm, the profound impact of the epidemic is indelible. It is recommended that this industry continues its digital transformation by providing online booking and no-touch services, as well as improving safety and hygiene measures. And innovation and development to attract guests are also useful suggestions. These policies and technical aids can boost productivity and enhance the clientele's experience. To summarize, the epidemic has had a negative but also a positive impact on the catering and tourism industries, which have now recovered and should continue to develop at a high level of quality.

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