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Pandemic Impact on Lithuania's tour operators

Summary. Lithuania tourism market was one of the fastest growing in Europe in 2019. All around the globe 2019 was a year of records for travelling, but 2020 changed everything. At the moment COVID-19 pandemic is one of the most important and relevant factor for influencing Tourism sector. It changed the way we're working, travelling, communicating, it had a huge negative effect on specific sectors there people meet, spend time together. Tour operators are one of the most affected in the business world because of economic and political reasons: for most of the year countries have travelling restrictions, borders closed, obligation for testing before and after travelling and in general consumer behaviour is changed due to the safety reasons. This paper aims to analyze the impact of pandemic to Lithuania's Tour operators as well as present the overview of previous year numbers of tourism. Quantative research – a survey was conducted with the most active Lithuania's tour operators, working with inbound, outbound and domestic tourism in order to find out their opinion of previous year and currently happening change. Results are presented in a paper. Topic is extremely relevant these days and the paper reveal the current situation in Lithuania's travel market.

Keywords: tour operators, COVID-19, pandemic, tourism, Lithuania

Introduction

At 2020 the world started to face an unprecedented global health, social and economic emergency with the COVID-19 pandemic. The current pandemic has resulted in global challenges, economic and healthcare crises, and posed spillover impacts on the global industries, including tourism and travel that the major contributor to the service industry worldwide¹. Tourism is among the most affected sectors with airplanes on the ground, hotels closed and travel restrictions applied in most countries around the world². In an unprecedented hit to the tourism sector, according UNWTO the COVID-19

¹ J. Abbas, R. Mubeen, P. Terhembal, S. Raza, G. Mamirkulova: Exploring the impact of COVID-19 on tourism: transformational potential and implications for a sustainable recovery of the travel and leisure industry. „Current Research in Behavioral Sciences“ 2021, vol. 2, 100033, <https://doi.org/10.1016/j.crbeha.2021.100033> (dostęp: 16.05.2021).

² World Tourism Barometer, May 2020 – Special focus on the Impact of COVID-19, UNWTO, Madrid 2021, <https://doi.org/10.18111/9789284421930>

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pandemic has cut international tourist arrivals from 1.5 billion in 2019 to 381 million in 2020 (–74% down)³. This translates into a loss of 1 billion international arrivals and about USD 1.3 trillion in tourism exports. Meanwhile, at 2021 International travel back to levels of 30 years ago, which seem impossible two years ago.

Common numbers are staggering but behind the big numbers there are thousand people who lost a job, stability, business, dozens of countries who rely on tourism and economic benefits of it. COVID-19 crisis hit Lithuania's tourism sector as well: number of tourists dropped from 4 million in 2019 to 2.1 million in 2020. The general loss of Tourists is 46 % due to the reason that domestic tourism was possible for most of the year 2020: the loss of Domestic tourism number was only 21%, meanwhile Inbound tourism dropped by 73% according Keliuok Lietuvoje data⁴.

The newest scientific papers review of pandemic influence on tourism sector is presented further. C.C. Lee, M.P. Chen highlight that until now, there have been rare studies discussed about the impact of COVID-19 in travel and leisure industry returns or the studies are still happening at the moment⁵ due to the novelty of the case⁶.

This paper focuses on Tour Operators and their position during the pandemic. According OECD, Tour operator³ is a business that combines at least two or more travel services (most common flight, accommodation, transfer, catering, etc.) and sell it through travel agencies or directly to final consumers as a single product (called a package tour) for a global price⁷. COVID-19 pandemic has a significant impact on tourism organizations (including intermediaries, transportation planners, and accommodation or attraction providers) based on attributes such as the size, venue, management, and management types of the travel industry⁸. Obviously, tour operators depend on travellers and on government decisions and laws. Tourists are very sensitive to safety and health risks, and this industry is greatly vulnerable to changes in an epidemic's conditions⁹. Other vulner-

³ COVID-19 and tourism. 2020: A year in review. UNWTO, Madrid 2021, <https://www.unwto.org/covid-19-and-tourism-2020> (dostęp: 17.05.2021).

⁴ VĖÁ Keliuok Lietuvoje, 2020. Lietuvos Turizmo statistika, 2021, <https://www.lithuania.travel/uploads/ckeditor/default/0001/05/e0897049f0d63d6b68924ff536d2b11be7588159.xlsx> (dostęp: 25.04.2021).

⁵ C.C. Lee, M.P. Chen: The impact of COVID-19 on the travel and leisure industry returns: Some international evidence (2020). *Tourism Economics* 2020, November, Doi: 10.1177/1354816620971981, 24.04.2021

⁶ J. Yin, Y. Ni: COVID-19 event strength, psychological safety, and avoidance coping behaviors for employees in the tourism industry. *Journal of Hospitality and Tourism Management* 2021, vol. 47, p. 431–442, <https://doi.org/10.1016/j.jhtm> (access: 17.05.2021).

⁷ Tourism Satellite Account: Recommended Methodological Framework, Eurostat, OECD, WTO, UNSD, 2001, para 3.46, <https://stats.oecd.org/glossary/detail.asp?ID=2733> (access: 08.05.2021).

⁸ J. Abbas, R. Mubeen, P. Terhempa lorember, S. Raza, G. Mamirkulova: Exploring the impact... op. cit.

⁹ A. Blake, M.T. Sinclair, G. Sugiyarto: Quantifying the impact of foot and mouth disease on tourism and the UK economy. *Tourism Economics* 2003, 9 (4), p. 449–465.

ability reasons of tourism to COVID-19 refer to tourism dependency, market structure, the supply of accommodation, and health incidence of the pandemic¹⁰.

Governments around the world quickly implemented emergency actions to fight of the virus mainly from March 2020, appealing to individuals and businesses to not conduct unnecessary travel, face-to-face meetings, events, and so on. The panic of infection and the quarantine procedures enforced by governments globally led many people to cancel their travel plans¹¹. It seemed like a short stop, but unsafety and uncertainty for travelling is staying much longer in society and travel business.

Past studies, like WTTC, note the high resilience of the tourism industry to shocks¹², according M. Škare et al and the number of months needed to recover in the tourism sector decreased from 26 to 10 months on average from 2001 to 2018 but clearly this time it might be different¹³. At the moment policymakers do not have a full understanding of the scenarios and effects of the crisis. Tourism companies struggle to plan upcoming travel season due to uncertainty.

M. McKee and D. Stuckler elaborate on that politicians must make difficult choices, although with imperfect information and difficult predictions. Measures needed to contain the virus, including self-isolation by workers and consumers, closure boarders, entertainment activities, restrictions for travelling created threat to the economy. Assessing the scale of the economic damage is made more difficult because no one knows how long the restrictions on activities will last¹⁴ and then tour operators will be able to work properly.

A. Mandel and V. Veetil propose that we are still in the early days of the analysis of economic costs of lockdowns implemented by many governments in the wake of the pandemic¹⁵. In order to understand the ongoing impact on pandemic a quantitative reaserch with tour operator companies working in Lithuania was conducted and results are presented in chapters below.

¹⁰ J.A. Duro, A. Perez-Laborda, J. Turrion-Prats, M. Fernández-Fernández: COVID-19 and tourism vulnerability. *Tourism Management Perspectives* 2021, vol. 38, <https://doi.org/10.1016/j.tmp.2021.100819> (access: 05.05.2021).

¹¹ C.C. Lee, M.P. Chen: The impact of COVID-19..., op. cit.

¹² Crisis Readiness Are You Prepared and Resilient to Safeguard Your People & destinations? Global + rescue report. WTTC 2019, <https://www.wttc.org/-/media/files/reports/2019/generating-jobs> (access: 29.04.2021).

¹³ M. Škare, D.R. Soriano, M. Porada-Rochoń: Impact of COVID-19 on the travel and tourism industry. *Technological Forecasting and Social Change* 2021, vol. 163, <https://doi.org/10.1016/j.techfore.2020.120469> (access: 23.04.2021).

¹⁴ M. McKee, D. Stuckler: If the world fails to protect the economy, COVID-19 will damage health not just now but also in the future. „*Nature Medicine*“ 2020, vol. 26, p. 640–642, <https://www.nature.com/articles/s41591-020-0863-y.pdf> (access: 23.04.2021).

¹⁵ A. Mandel, V. Veetil: The Economic Cost of COVID Lockdowns: An Out-of-Equilibrium Analysis. „*Economics of Disasters and Climate Change*“ 2020, vol. 4, p. 431–451, <https://doi.org/10.1007/s41885-020-00066-z> (access: 23.04.2021).

Research methodology

After scientific literature review in order to find out the impacts of the COVID-19 pandemic on Lithuanian tour operators' business a quantitative research was performed. As a target population licensed Lithuanian tour operators were selected¹⁶. Out of 204 registered tour operators 27 are Tourism information centers which were not included in the research. 177 companies working as a local, incoming and outgoing tour operator were contacted by email. A sample of 48 participants was deemed appropriate because of the pilot nature of this research and the focus on identifying underlying ideas about the topic. For the survey an online mixed questionnaire was selected. The questionnaire was prepared following the basic research design principles¹⁷.

In the first phase of the research, a questionnaire of 15 questions was prepared to assess the impacts of the pandemic on tourism businesses. In the second stage, the target population, licensed tour operators based in Lithuania, was identified. The survey was conducted in April, 2021 and posted on the website www.apklausa.lt. Respondents were reached by sending emails only for official Tour Operators. The study was anonymous. The research results were used for this scientific paper only. To prevent fraudulent responses, fraud filter has been applied.

In the last stage of the research, the analysis and interpretation of the collected data was performed. Software package Microsoft Excel was used to calculate the data of the quantitative research. Statistical and mathematical methods were used for data processing and analysis. Results are presented in a chapter below.

COVID-19 pandemic impact on the Lithuanian tour operator's business

After conducting a research, results were analyzed. First of all, it's important to understand the profile of companies. 62.5% respondents answered, that they operate in a tourism market more than 10 years, 16.7% answered that they are in a market for 2–5 years, and other 16.7% – for 5–10 years. Most of the companies 48.7% indicated that they have inbound tourism licenses, 28.6% have outbound and 22.7% domestic tourism licenses. More than a half – 55,1% are organizing trips for groups, the remaining 44.9% – for individuals. Consequently, companies are presenting the wide perspective of tourism sector – inbound, outbound tourism companies, working with groups and individuals, most of them having huge experience in the market.

All companies surveyed offer a wide range of travel options - mainly offered Sightseeing tours (18.3%), City breaks and weekend trips (14.9%), Active tours (10.9%) and Leisure tours (10.9%), Business trips (10.5%), Medical/wellness/spa (7.9%), Pilgrimage tours (5.7%). These tours were the main source of corporate income.

¹⁶ Valstybinė Vartotojų Teisių apsaugos tarnyba, Licenzijuotų turismo paslaugų tiekėjų sąrašai <https://www.vvat.lt/vartojimo-paslaugos/turizmo-paslaugos/turizmo-paslaugu-teikejai/128> (access: 08.05.2021).

¹⁷ N. Mathers, N. Fox, A. Hunn: Surveys and Questionnaires. The NIHR RDS for the East Midlands / Yorkshire & the Humber, Sheffield 2009, https://www.rds-yh.nihr.ac.uk/wp-content/uploads/2013/05/12_Surveys_and_Questionnaires_Revision_2009.pdf (access: 16.05.2021).

During the pandemic, the turnover of companies changed significantly. Turnover of 12.5% companies decreased from 40 to 80 percent, more than 80% of the turnover fell by as many as 87.5% of tour operators (Figure 1). Numbers confirm the huge affect of pandemic for tour operator companies.

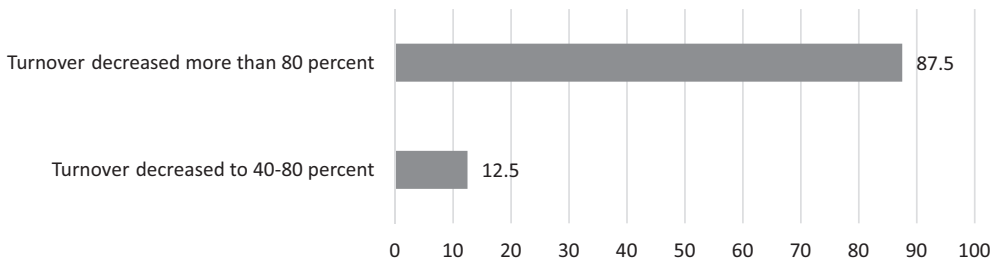


Figure 1. Turnover during COVID-19 pandemic

Source: own research.

Analyzing the number of tourists – outbound tourists decreased by more than 70 percent in 55.9% of companies and 41.2% of companies do not currently provide services. Number of inbound tourists decreased by more than 70 percent in 39.5% of companies and 58,1% of companies do not provide any such services currently. Number of domestic tourists – 54.8% of companies do not provide such services, in 29.0% of respondents number of tourists decreased more than 70 percent, but in 6.5% of companies number of tourists increased. It can be assumed, that it was because of the release of lockdown during the summer, when Lithuanians traveled more within the country. And meantime travelling abroad – to or out of Lithuania was very difficult.

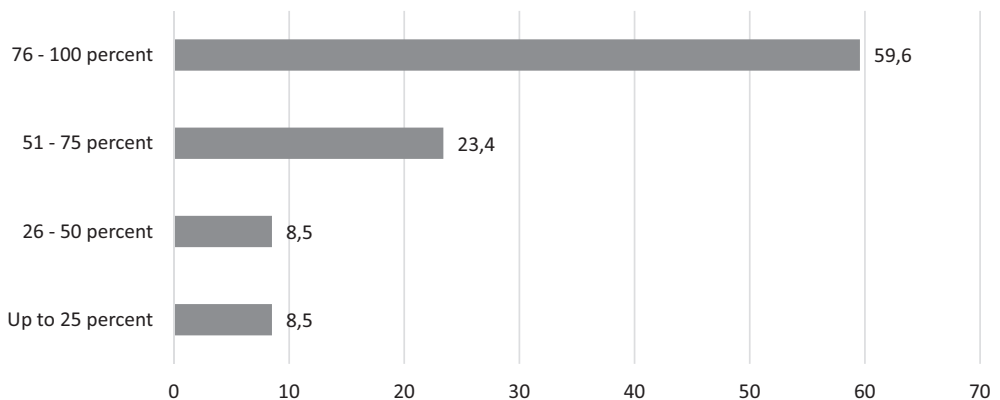


Figure 2. Working places saved during a pandemic

Source: own research.

Figure 2 shows that 59.6% of the respondents confirmed that companies saved working places by 76–100 percent, 23.4% – by 51–75 percent. It is because part of employees is on downtime, or companies have only few of employees.

Respondents were also asked how COVID-19 pandemic impacted the business. In the majority of the cases (73.9%) tour operator’s activities were restricted, 19.6% were closed down and only 6.5% did not stop activities, but choose to work online. This obviously shows that companies were strongly damaged in the pandemic year.

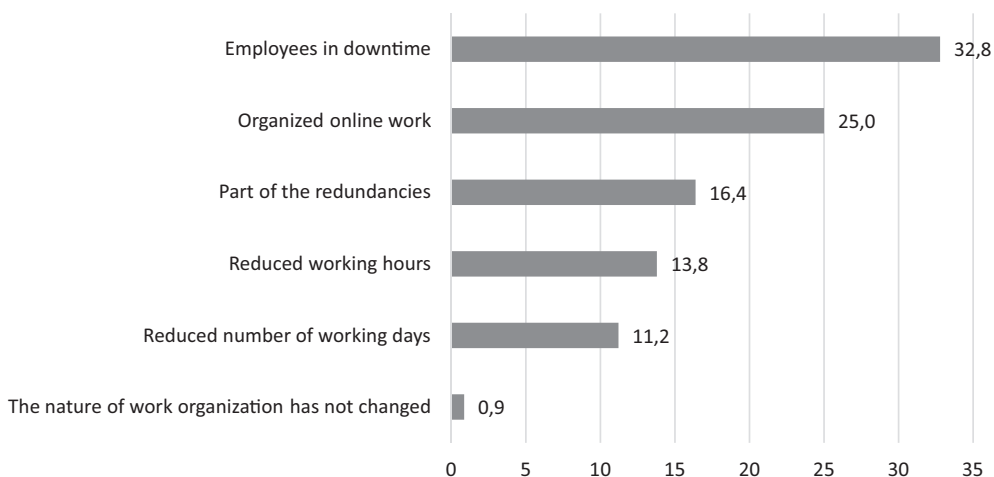


Figure 3. Changes in the nature of work organization during a pandemic

Source: own research.

In order to keep the company in a market, tour operators made changes in work organization (Figure 3) – majority (32.8%) chose to keep employees in downtime, 25.0% of companies started to work online, part (16.4%) chose redundancies and 13.8% reduced working hours. Most of the companies (88.9%) have used the state aid for affected companies, it was a strong help for companies in order to survive a period of restrictions.

After asking if the pandemic had a positive impact on business (Figure 4), the main part of tour operators (39.2%), mentioned that there was no positive impact, but others pointed that it was time to change or update technologies (18.9%), to develop new products (12.2%), to set new connections (12%).

Glancing to the future, the question: “Are you planning to provide services in 2021?” was asked. Figure 5 shows that 48.9% of respondents stated that they planning to provide their services in 2021, 21.3% are planning to provide services but on a smaller scale – less tourism products, less offers, serve less tourists and 27.7% of tour operators situation and activities will depend on market and pandemic situation.

Overall research results confirm the worldwide situation of huge downfall of international tourism which affected Lithuania’s tour operators likewise. The mood in the

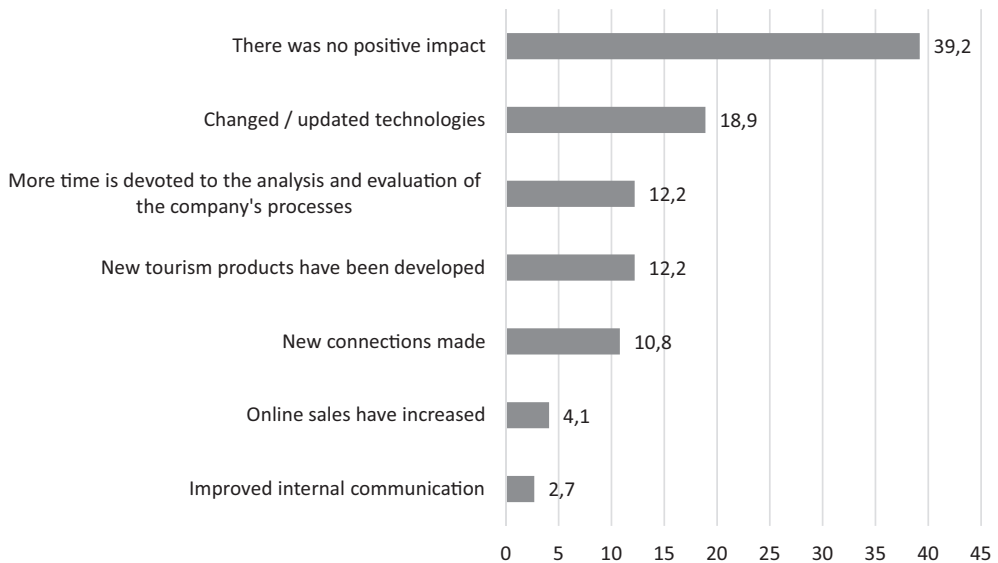


Figure 4. Positive pandemic impact on business

Source: own research.

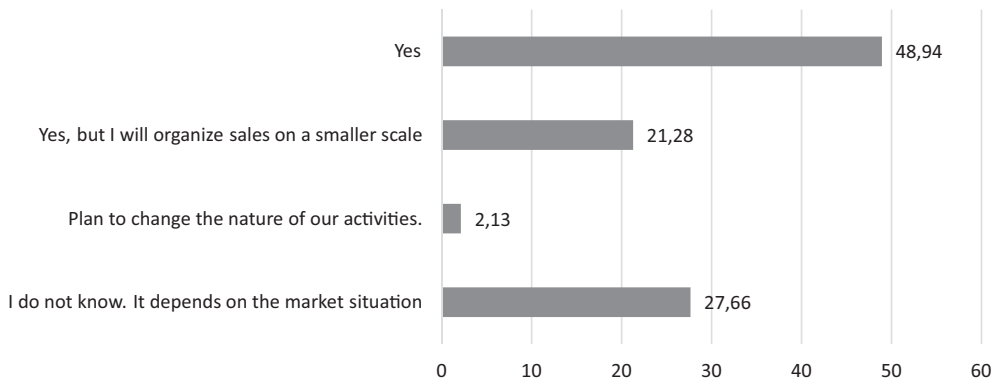


Figure 5. Plans to provide services in 2021

Source: own research.

market in uncertain because of the long-term restrictions and requirements for travelers and service providers.

Further studies could focus on researching travel industry recovery, needed change in tourism industry and provided services and products, impacts on employees, new tendencies, tour operators operational activities and changes in it after pandemic.

Conclusions

After reviewing the literature sources and research results, conclusions are drawn:

1. The influence of COVID-19 on Lithuanian tourism is very noticeable. Number of tourists is dropped from 4 million in 2019 to 2.1 million in 2020.
2. Outbound tourist flows decreased by more than 70 percent in 55.9% of companies and 41.2% of companies currently do not provide any services.
3. Number of inbound tourists decreased by more than 70 percent in 39.5% of companies and 58.1% of companies do not provide any such services.
4. Number of domestic tourists – 54.8% of companies do not provide such services, in 29,0% companies number of tourists decreased more than 70 percent, but in 6.5% of companies, number of tourists increased. It can be assumed, that it was because of the release of lockdown during the summer, when Lithuanians travelled more within the country.
5. Turnover of 87.5% companies decreased to 80 percent which indicated that situation in tourism business in extremely bad.
6. A large proportion of Tour operators took advantage of the pandemic period to change or update technologies, to develop new products and to set new connections.
7. In order to stay in business and solve the problems occurred during COVID-19 pandemic, the main number of Tour operators had to restrict their activities, to release workers to downtime, to start to work online.
8. Future plans of tour operators remain positive but activities depend on the market and pandemic situation.

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