

UDC 30:332

JEL Classification L83, Z30

Nurshuak Khassenkhanov
Zhanibek Zhartay

Features of Tourism Business Development “Before and After” the COVID-19 Pandemic

Before the pandemic, in 2019, 1.5 billion international trips were made in the world — tourism provided seven percent of global GDP, and the entire lockdown-related sector stopped developing without any action. It was a serious blow for the tourism business, which is among the top three in terms of profit among the sectors of the economy. It is clear that this phenomenon will not remain without consequences. Representatives of the tourism business find new directions in the market and transform tourism in a new way. The most global change, naturally provoked by COVID-19, is the reorientation of travelers to domestic destinations. The borders were closed, but people did not have less desire to relax and learn. This trend has developed not only in Kazakhstan but also in other countries of the world, where people were given respite from full quarantine.

Keywords: tourism business, COVID-19, unesco, E-Qonaq, pandemic, tourism

DOI 10.37659/2663-5070-2023-10-4-9

Introduction

Tourism is the world of tourism business. Tourism is a universal branch of the economy in which tourist business or tourist economic activity is carried out. According to G. Karpova [1], tourism as an economic sphere includes two spheres. The first industry, tourism understood in a narrow sense, includes enterprises that directly serve tourists. The second, tourism in a broad sense, is used as a set of industries serving material production oriented to the tourist market.

The tourism business is aimed at obtaining benefits from providing a full and comfortable rest for customers. It includes organizations and

enterprises that are able to meet the demand of the population for both tangible and intangible tourist services.

- The main activities of the subjects of the tourism industry include the following:
- Tour operator activity.
- Travel agency activities.
- Organization of tourist accommodation.
- Power supply.
- Transport service.
- Excursion service.
- Sanatorium-resort health improvement.
- Organization of leisure activities.

The primary service sector includes both operators who produce a tourist product and agents engaged only in the sale of the finished product.

Tourism business is a special intermediary activity between the producer and the consumer of a tourist product. Thus, Gulyaev V. G. emphasizes that tourism activity in its significance is a special type of trade and intermediary operation, within which the travel organizer — tour operator, as a business entity, forms tourist services (accommodation, meals, transport and excursion services, etc.), most of which are purchased for him [1, p. 26].

The tourism business was not previously regarded as a branch of the economy. Its production activities did not matter, and, in most cases, little attention was given to its development. For a long time, politicians and economists showed no interest in the role of tourism. Today, you can clearly see the benefits that tourism brings to a country's economy.

The tourism business is a universal branch of the economy that requires stability

The development of the tourism industry requires, first of all, stability in social, political, economic, and other aspects. Throughout its history, the tourism business has overcome many obstacles. However, COVID-19 has dealt a serious blow to the travel industry.

The coronavirus pandemic, which took the world by surprise in 2020, has made its own adjustments in many areas of people's lives, including tourism. In that difficult year, the flow of tourists all over the world literally stopped, and Kazakhstan was no exception.

But time passed, and the global situation started to improve. Scientists created vaccines, the World Health Organization (WHO) developed recommendations to help protect against infection, and people, in general, learned to live in new realities. Starting in mid-2020, tourists began to build their travel routes again. The tourism sector began to recover gradually.

In 2021, international tourism grew by 4% compared to 2020 (415 million vs. 400 million). However, according to preliminary estimates of the World Tourism Organization (UNWTO), the

attendance of international tourists (night visitors) was still 72% lower than in 2019 before COVID-19. This is the worst year for tourism in the entire history of observations, when the number of visits worldwide decreased by 73%, starting in 2020 [2].

According to the latest UNWTO world tourism indicator, the number of tourists worldwide almost tripled from January to July 2022 (+172%) compared to the same period in 2021. This means that the sector has recovered almost 60% to pandemic levels.

During this period, 474 million tourists visited the world, and in the same months of 2021 — 175 million. It is estimated that 207 million international visits were registered in June and July 2022, which is twice as many as in the two months of the previous year. These months account for 44% of the total number of registered visitors during the first seven months of 2022. According to statistics, European countries have received 309 million such tourists, which is 65% of the total number (See Figure 1) [3].

The impact of COVID-19 on the tourism business in Kazakhstan and the measures taken

However, we must admit that the COVID-19 virus still made some adjustments. For example, Kazakhstani citizens have become more likely to choose recreation within the country over international travel.

Based on the results of 2021, the National Bureau of Statistics conducted a nationwide sample statistical observation on travel costs in 21,000 households. According to this study, the number of Kazakhstanis who made domestic trips last year amounted to 9 million people, which is 12.6 percent higher than in 2020 and 4.8 percent higher than in 2019 before the pandemic. The number of citizens who traveled abroad amounted to 878 thousand people — 3.4 times less than in 2019 (See Figure 2) [4].

Data on the purpose of visits of tourists arriving at the accommodation facility are recorded in the E-Qonaq system. Tourism accounts for the majority of visits to Kazakhstan, with 77.15% of visitors coming for this purpose. 12.71% come for private reasons, 2.27% for work with a permit, and 0.24% for transit. Business and trade,

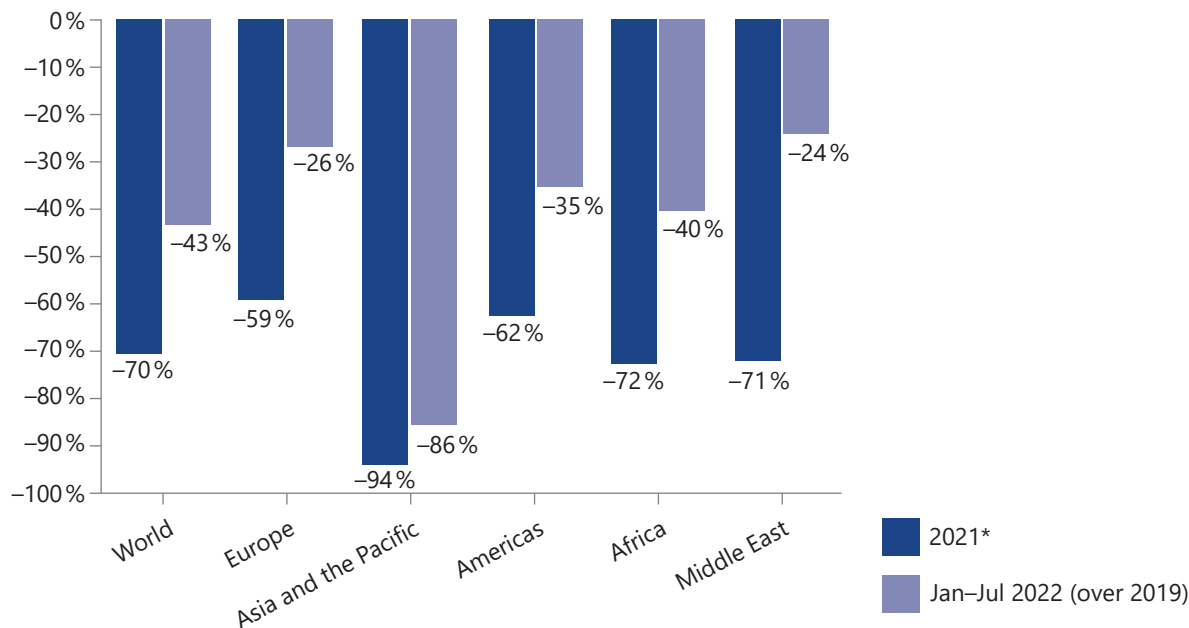


Fig. 1. International tourist arrivals

Source: [3]

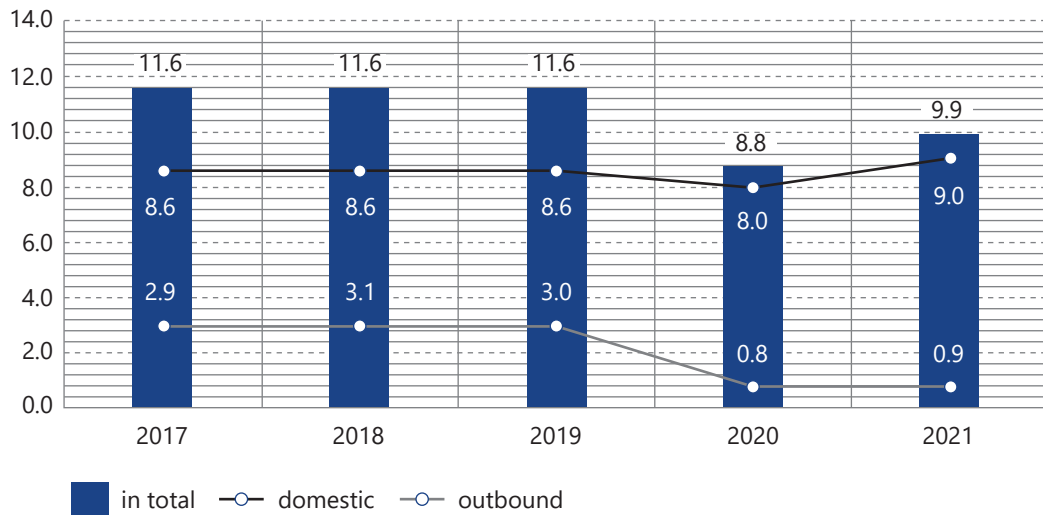


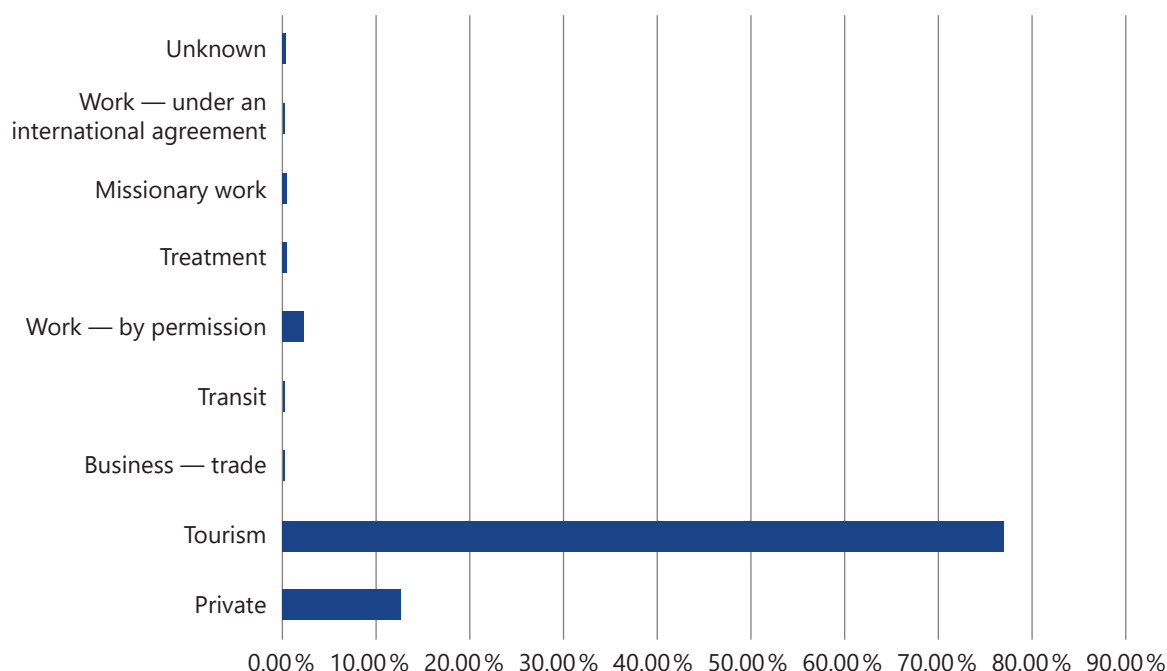
Fig. 2. The number of visitors. In the context of types of tourism. Annual data (million people)

Source: [4]

as well as work under international agreements, each account for only 0.15% and 0.11% respectively. Medical treatment and missionary work are also popular reasons for visits, with each accounting for 0.50%. The purposes of 0.28% of visitors are unknown (Figure 3) [5]. In 2021, the tourism sector resumed worldwide, including in Kazakhstan. Under these conditions, the industry has new opportunities and new tasks: attracting foreign and domestic tourists to Kazakhstan, creating favorable and safe conditions

for recreation, increasing the contribution to the state's economy.

Turning to statistical data, we see that the indicators of domestic tourism have been steadily growing for the second year in a row. According to the data, according to the results of the first quarter of 2022, the number of domestic tourists served by accommodation facilities increased by 121.5% compared to the same period in 2021 and amounted to 1.13 million people (Q1 2021 — 931.1 thousand).



■ Fig. 3. The purpose of tourists' visits to Kazakhstan

Source: [5]

This indicator for the first quarter of the current and previous years is higher than the pre-pandemic level (1 sq. m. of 2019 — 917.8 thousand people). Placements were serviced in the amount of 26.3 billion tenge, which is 25.7% more than 1 sq. m. (19.8 billion tenge) in 2021. The indicator of the current period slightly exceeded the level before the lockdown (in 2019, 1 square meter — 21.5 billion tenge).

There is also an increase in the number of foreign tourists served by accommodation places by almost 2 times compared to the same period last year, amounting to 97.000 people (2021, 1 sq. — 53.7 thousand). At the same time, in the first quarter of this year, the number of accommodation places increased by 70 units, amounting to 3.756 units, the one-time capacity increased by almost 3 thousand units, amounting to 195.8 thousand beds.

In the global tourism ranking, according to the World Economic Forum in 2021, Kazakhstan improved its position and took the 66th place among 117 countries (in 2019 — 80th place out of 140). The republic was highly evaluated on such indicators as "Price competitiveness" (1st place), "Seasonality of tourism" (26th place), "Natural resources" (33rd place), "Number of UNESCO World Cultural Heritage Sites" (42nd place).

According to the British company Brand Finance, Kazakhstan retained its position in 2019 and was one of the fastest-growing national brands. In the top hundred, the country took 44th place, raising 7 positions. Kazakhstan ranked 62nd out of 99 countries in the Euromonitor International Sustainable Tourism ranking. Among the former CIS countries, Belarus was ranked 26th, Ukraine 30th, Georgia 41st, and Russia 65th.

As part of the digitalization and marketing of the industry, online platforms and resources of popular social networks and world-famous information portals have been used. The breakthrough digital solution was the E-Qonaq product for the registration of foreign tourists in accommodation locations. In fact, E-Qonaq now provides up-to-date information for migration authorities and provides a statistical cross-section on tourists in real time.

In 2021, a number of important changes to the legislation were adopted, thanks to which, since January 1 of the year, the following state support measures have been launched:

- Subsidizing the costs of tour operators for a foreign tourist (15.000 tenge).
- Reimbursement of part of the costs of business entities for the purchase of equipment and equipment for ski resorts (25%).

- Subsidizing the cost of the ticket included in the tourist product for the air transportation of minor passengers (Kids go free).
- Reimbursement of part of the costs of business entities in the construction and reconstruction of tourist facilities (10%).
- Reimbursement of part of the costs of business entities for the construction of roadside service facilities (10%).
- Reimbursement of part of the costs for the purchase of tour buses (25%).

Reimbursement of costs for the maintenance of SSU (83.300 tenge/month).

- Other changes made to the legislation were as follows:
- Introduction of the concept of priority tourist territory.
- Reduction of the investment threshold for tourism investment projects from a 2-millionfold to a 200-thousandfold MCI indicator for obtaining investment preferences.
- Introduction of the "tourist fee" system.

Splitting the license for tour operator activity into subspecies — in the field of outbound tourism, in the field of inbound and domestic tourism, etc.

There is a visa-free regime for citizens of 77 countries, including a visa-free regime of up to 14 days for citizens of China, India, Iran. International flights with 28 countries on 111 routes were restored.

In 2021, a historical indicator of the growth in the number of visitors to national parks was recorded. Their number increased by 300.000 people compared to 2019, amounting to 1.5 million people [6].

Conclusion

The post-pandemic period presents an opportunity to take a fresh look at the tourism business and reconsider its contribution to people and its impact on their lives. It is a chance to recover more effectively and build a tourism sector that is sustainable, tailored, and competitive, which will enable the benefits of tourism to be more widely and effectively realized.

On the positive side, the pandemic has contributed to the popularization of new travel formats within the country. For instance, formats

that are still relatively new for Kazakhstan, such as eco-routes and author tours, have begun to develop.

References:

1. Karpova, G. A. (Ed.). (1998). *Ekonomika sovremennogo turizma* [Economics of modern tourism]. Moskva.
2. UNWTO. (2022, January 18). Tourism grows 4 % in 2021 but remains far below pre-pandemic levels. <https://www.unwto.org/news/tourism-grows-4-in-2021-but-remains-far-below-pre-pandemic-levels>
3. UNWTO. (2022, September 26). International tourism back to 60 of pre-pandemic levels in January-July 2022. <https://www.unwto.org/news/international-tourism-back-to-60-of-pre-pandemic-levels-in-january-july-2022>
4. Kazakhstancy stali chashhe puteshestvovat po strane [Kazakhstanis began to travel more often within the country]. (2022, May 23). Tengrinews.kz. https://tengrinews.kz/kazakhstan_news/kazahstantsyi-stali-chasche-puteshestvovat-po-strane-469190/
5. Portret inostrannogo turista [Portrait of an international tourist] [Statistical data set]. (n.d.). Tourstat.kz. Retrieved on May 15, 2022, from <https://tourstat.kz/touch-bord>
6. The Press Service of the Government of the Republic of Kazakhstan. (2022, August 23). Razvitie turizma v Kazakhstane posle pandemii — Podvedeny itogi pervykh shesti mesyacev 2022 goda [Tourism development in Kazakhstan after the pandemic — The results of the first six months of 2022 have been summed up]. PrimeMinister.kz [Official information source of the Prime Minister of the Republic of Kazakhstan]. Retrieved on August 28, 2022, from <https://primeminister.kz/ru/news/reviews/razvitie-turizma-v-kazakhstane-posle-pandemii-podvedeny-itogi-pervykh-shesti-mesyacev-2022-goda-237546>
7. Bystrov, S. A., & Voronczova, M. G. (2018). *Turizm: Makroekonomika i mikroekonomika* [Tourism: Macroeconomics and microeconomics]. SPb.
8. Arslanova, G. Kh., & Khismatullin, M. M. (2017). Problemy razvitiya predprinimatelskoj deyatelnosti v industrii turizma i gostepriimstva [Problems of development of entrepreneurial activity in tourism and hospitality industry]. *Ekonomika i predprinimatelstvo* [Economics and entrepreneurship], 5–2(58–2), 942–945.
9. Alimbekova, M. M. (2017). *Turizm kak otrasl ekonomiki* [Tourism as a branch of economy]. *Infrastrukturnye otrasli ekonomiki: Problemy i perspektivy razvitiya* [Infrastructure sectors of the economy: Problems and prospects of development], 9. <http://elibrary.ru/item.asp?id=23456565>

10. Alekseeva, O. V. (2019). Sobytiyniy turizm kak faktor soczialno-ekonomicheskogo razvitiya regiona [Event tourism as a factor of socio-economic development of the region] [Dissertation abstract

for the candidate of economic sciences degree, Russian International Academy of Tourism]. Rossijskaya mezhdunarodnaya akademiya turizma, Moskva.

Хасенханов Н., Жартай Ж.

Особливості розвитку туристичного бізнесу “до і після” пандемії COVID-19

До пандемії, у 2019 році, у світі було здійснено 1,5 мільярда міжнародних подорожей — туризм забезпечував сім відсотків світового ВВП, а весь сектор, пов'язаний з карантинном, спинив свій розвиток. Це стало серйозним ударом для туристичного бізнесу, який входить до трійки лідерів серед галузей економіки за обсягом прибутку. Зрозуміло, що це явище не залишиться без наслідків. Представники туристичного бізнесу знаходять нові напрямки на ринку і по-новому трансформують туризм. Найбільш глобальною зміною, закономірно спровокованою COVID-19, є переорієнтація мандрівників на внутрішні напрямки. Кордони були закриті, але бажання відпочивати і пізнавати у людей не стало менше. Ця тенденція розвинулася не тільки в Казахстані, а й у інших країнах світу, де люди отримали перепочинок від повного карантину.

Ключові слова: туристичний бізнес, COVID-19, ЮНЕСКО, E-Qонад, пандемія, туризм