

# THE IMPACT OF COVID-19 PANDEMIC ON THE TOURISM MARKET IN THE CZECH REPUBLIC

## VLIV PANDEMIE COVID-19 NA TRH CESTOVNÍHO RUCHU V ČESKÉ REPUBLICE

Pavína Pellešová  
Klára Václavíková

### Abstract

Tourism is one of the most important economic sectors in the world. Tourism is an initiating industry that generates additional consumption. Demand is shifting to accommodation facilities with a higher standard of service. Accommodation services are one of the sectors that have been hit hardest by the COVID-19 pandemic and together with hotels and guesthouses including the shortage of guests in many regions they are still struggling financially. Tracking domestic and inbound tourism shows that the number of foreign tourists is down 63 %, on the other hand, it is possible to see an increase in relative visits and business trips.

### Keywords

tourism, pandemic, impact, development

### Abstrakt

Cestovní ruch je jedním z nejdůležitějších ekonomických odvětví na světě. Cestovní ruch je odvětvím, které generuje další spotřebu. Poptávka se přesouvá do ubytovacích zařízení s vyšším standardem služeb. Ubytovací služby jsou jednou z oblastí, které pandemie COVID-19 zasáhla nejvíce a spolu s hotely a penziony, včetně nedostatku hostů, se v mnoha regionech stále potýkají s finančními problémy. Sledování domácího a příjezdového cestovního ruchu ukazuje, že počet zahraničních turistů klesl o 63 %, na druhou stranu je možné zaznamenat nárůst relativních návštěv a služebních cest.

## Klíčová slova

cestovní ruch, pandemie, vliv pandemie, rozvoj

## Introduction

The COVID pandemic has had a significant impact on tourism supply and demand. All factors have experienced a significant reduction in values which has had an impact on tourism supply. The aim of this paper is to describe these changes and identify the most significant trends in this area. Tourism is one of the most important economic sectors in the world. It ranks third in terms of exports (after fuels and chemicals) and in 2017 its share of global trade was 7%. After a decade of growth, the number of international tourists reached 1.5 billion in 2019 (UNWTO, 2020). The number of domestic tourists reached 9 billion last year. Globally, tourism supports 10% of jobs and provides livelihoods for millions of people in developing and developed economies. Only in Europe, it supports 27 million jobs and millions of private companies. In some small island developing states, tourism accounts for up to 80% of exports. It also accounts for a significant share in developed countries (Germany 3.9%, France 7.4% and Spain 11.8%).

### *Tourism and the pandemic*

During the middle of December 2019, the virus firstly broke out in Wuhan city of China and it has been spread over different nations mainly through airways. The World Health Organization (WHO) identified the fact that such Covid-19 virus spread over 206 nations and their territories severely. Studies before Covid-19 had already identified that infectious disease outbreak is the major upshots over tourism industries over the world. The Covid-19 situations leads to two main losses, the first one related to human life and the second one concerning the shutdown of economic activities. Most of nations provide support in terms of benefit transfer, which is observed within the stringency factors identified by data capturing centre. International organisations have already predicted economic slowdown, which may be prolonged towards the first half of 2021. The prolonged effect of Covid-19 disrespects different functioning wings of various economics in the world. Normal life as well as earning competence of especially marginal people have been affected tremendously (Saha et al., 2021).

Also, pandemics have different impacts on various industry sectors. Early pandemics, including the Black Plague (1347–1351) and Russian Flu (1889–1892), significantly impacted agricultural sectors and other areas where workers and artisans were predominantly employed. However, as the world economy is becoming increasingly reliant on services, the industry sectors primarily influenced by pandemics has shifted over time. Consequently, more recent pandemics have impacted industries like education, healthcare, retail, hospitality, travel and tourism. To recognize the link between pandemics and different industries, the last part of this manuscript/work focuses on how the four macro forces have

affected some of these industries, particularly during 20th and 21st century pandemics (Gopal et al., 2021).

Tourism is an important sector of the national economy. Its importance increased significantly during the 20th century and it became a common part of people's life of developed countries. We consider it a socio-economic phenomenon today. It contributes decisively to the creation of gross national product as well as it helps to balance regional disparities etc. Tourism is an interdisciplinary phenomenon understood as the subject of research of many scientific disciplines, for instance. The knowledge from individual disciplines forms an interdisciplinary science – the theory of tourism – performing an integrating and generalizing function in relation to the scientific disciplines that study tourism (Kajzar, 2015).

The Concept of Tourism in the Czech Republic was an important document in the tourism in the period 2014–2020. It says which indicators in the field of tourism are important. This is the number of overnight stays by domestic visitors, the number of collective accommodation establishments; the number of overnight stays of foreign visitors, occupancy rate; Competitiveness Tourism Index; the number of people employed in tourism, gross domestic product of tourism; the domestic consumption of tourism and foreign exchange earnings from tourism (Kajzar, Václavínková, 2016).

### ***Material and Methods***

The author used data from the Czech Statistical Office that were examined in their relevance to the COVID-19 pandemic. Basic statistical indicators were used. The main conclusions of the article are based on these data. The data were compared by using basic statistical parameters, the authors used Excel and basic statistical analysis.

### ***Impact of the COVID pandemic on secondary supply and demand in tourism in the Czech Republic***

Tourist destinations are changing due to globalisation processes, the range of products, lifestyle and culture of the region's inhabitants are changing. The number of influences, including the intersection of local and transnational ones, affects the destination. Demand and supply in the CZ sector currently tend to rationalisation. Globalisation has led to the creation of national and international hotel chains as, for example, hotels operate through franchising, management contracts or groups formed through voluntary cooperation between member hotels. Globalisation also has an impact on the supply side in terms of branding in CZ. For instance, if a hotel, the part of a hotel chain, cannot organise a planned event, it will approach a hotel that belongs to the chain. Thus, it defends the interests of the brand without approaching a competing hotel (Pellešová, 2018).

### ***Results***

The impact of the pandemic on tourism has been overwhelming. The number of guests in domestic mass accommodation facilities fell by 51% to 10.8 million last year, while

the number of overnight stays fell by 45% to 31.2 million nights. Even more catastrophic drop was prevented in summer months when restrictive measures were relaxed and the missing foreign tourists were at least partially replaced by domestic demand. The number of domestic guests staying in July and August rose by more than 20 % year-on-year. However, the shortfall could not be made up. The number of domestic guests overall fell by 28 % to 8 million in 2020. The lowest falls in domestic arrivals occurred in the regions of Karlovy Vary (-9 %), South Bohemia (-17 %) and Liberec (-19 %). On the other hand, Prague (-41 %) experienced the strongest decline in interest in the domestic tourism. Foreign visitor arrivals decreased by a quarter compared to 2019, i.e. to 2.8 million guests. Overall, over 8 million foreigners stayed in domestic accommodation last year with the number of overnight stays falling by almost 20 million nights. All regions noticed a reduction of more than 50 % in the number of foreign visitors. The biggest drop in regional comparison was recorded again in Prague losing more than five-and-a-quarter million foreign guests, which corresponds to a decrease of 79 %. In České Budějovice, 83 % of foreign visitors fell year-on-year, in Český Krumlov 82 %, in Brno 75 %, in Plzeň 73 % and in Mariánské Lázně 71 %. In Karlovy Vary, the decline in foreign clientele was "only" 65 %.

**Tab. 1 The average length of stay in days in regions**

Region	1 <sup>st</sup> half 2020	2 <sup>nd</sup> half 2020
Prague	2,7	3
Karlovy Vary	5,5	5,1
South-Moravian region	3	3,6
Central Bohemian region	3,3	3,8
Moravian-Silesian region	4	4,1
Plzeň region	3,5	4,1
Usti region	3,8	4
South-Bohemia region	4	3,6
Olomouc region	4,5	4,5
Zlín region	4,1	4,4
Hradec Kralove region	4,6	4,3
Pardubice region	3,8	4,1
Vysocina region	3,2	4
Liberec region	4,2	4,2

Source: Own processing according to CSO

Of course, it is not only the Czech Republic that has suffered from the drastic reduction in tourism. According to the World Tourism Organisation, the total number of international arrivals fell by 74 % last year. Around one billion people travelled around the world, in addition, only Europe counts with around half of this decline. The fall in international tourism receipts could reach up to 1.3 trillion USD and the losses could lead to a reduction in global GDP of up to 2 %.

Tourism is an initiating industry that generates additional consumption. According to the latest analysis, this year's fall in tourism and the decline in sales in related sectors will bring losses of 324 billion CZK to the Czech economy and the loss of almost 200,000 jobs. Estimated tourism consumption in the Czech Republic will fall by 161 billion CZK in 2020 compared to the last year. The highest loss, more than 80 billion, will be attributed to the capital city of Prague. It also recorded the most significant year-on-year drop in consumption (77 % compared to 2019). Significant year-on-year losses also affect the Central Bohemia, Pilsen, Karlovy Vary and Ústí nad Labem regions.

Despite the fact that the summer season noticed a restart of domestic tourism and some regions even performed better than last year, moreover, in spite of all the incentives for travel from the state or individual regions, domestic tourism consumption will fall by 21 billion CZK in 2020. The significant drop in foreign tourist arrivals has caused losses in the sector with the amount of 92 billion CZK.

The demand is shifting to accommodation facilities with a higher standard of service. The threat to domestic businesses is a global product with high quality, catering to many target groups, and this allows for global branding. Therefore, enterprises are forced to use modern information and communication technologies to be competitive in building a global brand (Pellešová, 2018). Between 2018 and 2020 there was an increase in all parameters, the values for 2021 are not yet available, however, it is expected that the global pandemic will cause a decrease in all accommodation numbers.

**Tab. 2 Structure of mass accommodation capacities by accommodation category**

	2018	2019	2020
Accommodation facilities	9 426	9 383	10 699
by category:			
Hotels and accommodation	6 277	6 236	7 473
Hotels *****	62	65	68
Hotels ****	693	705	819
Another hotels	1 898	1 856	2 059
Pensions	3 624	3 610	4 527
Camps	565	567	581
Cottage settlements and tourist hostels	977	972	1065
Other not specified elsewhere	1606	1608	1562
Rooms	210 415	210 496	228 431
Beds	537 603	539 685	592 314

Source: Own processing according to CSO

here was a significant decrease in the values of all components of tourism in the Czech Republic. We can see a total decline of 161 billion CZK in tourist consumption. The most significant decline is in inbound tourism caused by the ban on traveling outside the country. Domestic tourist tourism recorded a decrease of 21 billion CZK where more significant decline was prevented by the possibility to enjoy the summer season 2020 without restrictions. The decreases in services are also significant and they are related to the established restrictions. If we focus on the economic impacts resulting from tourism in the difference between 2019 and 2020, the consumption of tourism fell from 300 billion CZK to CZK billion139. This is a decrease of 167 billion CZK. The number of jobs in tourism was decreased by 111 thousand. FTE and a workload of 193,000 FTE.

In table number 3 we can see the differences in services. The catering sector, which is interesting to us, has been reduced by 74 billion CZK. For many hospitality entrepreneurs, however, the pandemic was also a chance to focus on "take away" sales, food and beverage imports and other forms that could be applied without personal contact with the customer. However, we can see that all these service sectors have noticed significant declines.

**Tab. 3 Declines in tourism consumption in the Czech Republic**

<b>Consumption of tourism in the Czech Republic (in billions of CZK)</b>	<b>Year 2019</b>	<b>Year 2020</b>	<b>Deficiency</b>
Consumption tourism SUMA	300	139	-161
Incoming tourist tourism	124	32	-92
Domestic tourist tourism	90	69	-21
Other components of tourism	86	38	-48
Accommodation services	56	26	-30
Catering services	56	28	-27
Travel agency services, travel agencies and guides	10	3	-7
Catering and hospitality	173	99	-74
Consumption of residents	118	71	-47
Recreational, cultural, sporting and other entertainment services	134	79	-54
Consumption of residents	119	74	-45
Recreational, cultural and other entertainment services	15	6	-9

Source: Own processing according to CSO

Looking at the situation in individual regions, we can see the most significant drop in jobs in the capital city of Prague where there was a decrease of 55,868, followed by Karlovy Vary – 9,163, South-Moravian – 8,494, Central Bohemian – 6,733, Moravian-Silesian – 5,229, Plzeň – 4 821, Usti – 4 613, South Bohemia – 3 233, Olomouc – 2 853, Zlin – 2 806, Hradec Kralove – 2 248. Pardubice – 2 154, Vysocina – 1 931 and the Liberec region in the last place with the value – 1 659. The data are valid from 27.11.2020.

**Tab. 4 Guests and overnight stays in collective accommodation**

Year	Guests	In		Overnight stays	In		Average number of overnight stays (nights)	In	
		Residents	Noresidents		Residents	Noresidents		Residents	Noresidents
2018	21 247 150	10 635 756	10 611 394	55 513 922	28 753 901	26 760 021	2,6	2,7	2,5
2019	21 998 366	11 107 866	10 890 500	57 024 767	29 844 204	27 180 563	2,6	2,7	2,5
2020	10 836 444	8 052 274	2 784 170	31 382 494	23 994 436	7 388 058	2,9	3,0	2,7

Source: Own processing according to CSO

The tourists creating the demand have the opportunity to decide in which country they want to spend their holidays, they can choose the means of transport and the level of service. The demand in CZ is specified by Bisova (2015), Croes & Ridderstaat (2017), Cro & Martins (2017), Malachovsky (2014) mentioning the expected demand. Tourists use services while travelling which can be the same in terms of equipment and assortment in any destination. Demand in CZ has been statistically monitored for a long time in the Tourism Satellite Account. Internal CR consumption is an aggregate indicator of the demand of all visitors who spend their holidays in the Czech Republic (regardless of whether they are Czech tourists or visitors from abroad). Therefore, we distinguish between domestic and foreign demand which constitute the total demand. In 2015, consumption reached 250 billion CZK, which was 5.3% more year-on-year. The volume of domestic demand was around 100 million subscriptions per year in 2007–2010 with some fluctuations such as weather effects, economic stagnation etc. Between 2011 and 2014 it was at a lower level and in 2015 it again reached a value of over 100 million subscriptions per year. Due to the effects of globalisation, demanders are changing their requirements for a destination with the main focus on destination safety. Therefore, the number of domestic visitors spending their holidays in the country is increasing caused especially by the security situation in some destinations. The change in the habits of domestic tourists shows the interest in holidays last season. According to BusinessInfo.cz, due to fears of terrorist attacks, tourists significantly reduced their summer holiday purchases in North African countries and Turkey. On the contrary, the interest in domestic holidays has increased sharply as well as some foreign destinations which had been out of the main interest of tourists for a long time (Pellešová, 2018).

**Tab. 5 Numbers of tourists and nights in collective accommodation establishments (CAE)**

	1 <sup>st</sup> half 2020	2 <sup>nd</sup> half 2020
Numbers of tourists in CAE	2 537 816	5 456 245
Number of nights in CAE	7 178 989	16 612 493
Average length of stay in days	3,83	4,04

Source: Own processing according to CSO

In the table 5 we can see that in the second half of the year there was an increase in the number of tourists by 2,918,429. The number of nights spent in the CAE increased by 9,433,504. The average length of stay increased by 0.21 days. The increase between half-years was due to the relaxation of restrictions for the summer holidays. For many operators, this meant a rescue in the form of the possibility of implementing the summer season. From the above data, it can be concluded that tourism and gastronomic operators faced a major challenge in 2020. The main changes in the concept of gastronomic services can be seen in the introduction of dispensing windows, services "with you", food delivery and emphasis on high hygienic quality and contactless payments.

The Government of the Czech Republic tried to respond to the situation by creating support implemented by the Ministry of Regional Development in the Czech Republic. The COVID-Tourism call ended in January 2021. The support for travel agencies is intended to support the tourism sector or travel agencies affected by the consequences of measures taken by the government and the Ministry of Health related to the COVID-19 pandemic. The support is aimed at strengthening liquidity, maintaining the operation of these facilities and keeping the supply of existing services and jobs. The aid will have a positive effect on the development of the sector. The subsidy for travel agencies is intended to support the tourism sector affected by the consequences of government and the Ministry of Health measures related to the COVID-19 pandemic. The support is aimed at strengthening liquidity, maintaining the operation of these facilities and maintaining the supply of existing services and jobs (MMR ČR, 2020).

Tracking domestic and inbound tourism shows that foreign tourist numbers are down 63%, but we are seeing an increase in relative visits and business trips. Foreign visitors are placing more emphasis on "pure" tourism i.e. cultural and natural attractions as their primary destination. Domestic visitors, given the opportunities, have started to engage in hiking and visiting natural monuments. As for travel organization, we see an increase in individual recreation by foreign tourists. Individual transport by car presents higher usage while for domestic tourists there is a decrease in the use of train transport. The decrease in expenditure per person for domestic tourists is from 750 to 690 CZK/person/day, for foreign tourists from 2220 to 1850 CZK/person/day. The lowest spending is by Slovaks, Poles, Austrians; this is not the case for Germans and Russians, their spending has remained more or less unchanged. The general (Machová, 2020) dissatisfaction with the situation is evident in the slightly higher proportion of dissatisfied tourists.



## Conclusion

Accommodation services are one of the sectors that have been hit hardest by the COVID-19 pandemic and together with hotels and guesthouses including the shortage of guests in many regions they are still struggling financially. A third of accommodation establishments has not opened yet and, for example, occupancy rates in Prague hotels stood at 9% in June. Long-term low demand, especially in cities, the current worsened epidemiological situation in some regions and the continued absence of inbound tourism could cause the closure of accommodation establishments. The tourism industry has contributed 130 billion CZK to the state budget in 2019 alone and there are many other services and product suppliers. In conclusion, although the figures charting the course of the tourism pandemic in very pessimistic way, the catering operators are those who are trying to respond to the situation as effectively as possible. The COVID 19 pandemic has brought many hardships and economic problems worldwide. However, every problem must be taken as a challenge and confronted with the reality. It can be said that most catering services will survive the crisis, moreover, they will implement new trends in their regular offer.

„This paper was supported by the Ministry of Education, Youth and Sports of the Czech Republic within the Institutional Support for Long-term Development of a Research Organization in 2021“

## References

- BISOVA, Sára B. Impact of German Economic Growth on Czech Tourism Demand. In: *33rd International Conference on Mathematical Methods in Economics (MME) – Conference Proceedings*, 9.–11.9.2015. Cheb: Faculty of Economics, University of West Bohemia, Plzeň, 2015, p. 56–61. ISBN 978-80-261-0539-8.
- CRO, S. and MARTINS, António M. Structural breaks in international tourism demand: Are they caused by crises or disasters? *Tourism Management*. 2017, 63, p. 3–9.
- CROES, R. and RIDDERSTAAT, J. The effects of business cycles on tourism demand flows in small island destinations. *Tourism Economics*. 2017, 23, p. 1451–1475.
- GOPAL, D. at all. Pandemics and marketing: insights, impacts, and research opportunities. *Journal of the Academy of Marketing Science*. 2021, 49, p. 835–854.
- KAJZAR, P. a VÁCLAVÍNKOVÁ, K. Předpoklady zážitkového turismu v Moravskoslezském kraji se zaměřením na venkovský a industriální cestovní ruch. *XIX. mezinárodní kolokvium o regionálních vědách – Sborník příspěvků*, 15.–17.6.2016. Čejkovice: Masarykova univerzita Ekonomicko-správní fakulta, Katedra regionální ekonomie a správy Brno, 2016, s. 1008–1015. ISBN 978-80-210-8272-4.

KAJZAR, P. *Vybrané kapitoly z geografie cestovního ruchu*. Karviná: SU OPF, 2015. ISBN 978-80-7510-156-3.

MACHOVÁ, S. Dopady pandemie na cestovní ruch. In: *15. mezinárodní konference Aktuální problémy cestovního ruchu*. Jihlava, 2020. [Online]. Dostupné z: [https://tourdata.cz/wp-content/uploads/2021/03/2021\\_CzT\\_Konference\\_VSPJ\\_Sona-Machova.pdf](https://tourdata.cz/wp-content/uploads/2021/03/2021_CzT_Konference_VSPJ_Sona-Machova.pdf).

MALACHOVSKÝ, A. Goals of tourism development in Slovakia in the context of regional development and selected tourism markets. *17th international colloquium on regional sciences – Conference Proceedings*, 18.–20.6.2014. Hustopeče: MASARYK UNIVERSITY, FACULTY OF ECONOMICS AND ADMINISTRATION, DEPARTMENT OF REGIONAL ECONOMICS AND ADMINISTRATION 2014, p. 787–795. ISBN 978-80-210-6840-7.

MMR ČR, 2020. Krizový akční plán CR pro 2020–2021 [online]. 5. září 2021 [vid. 5. září 2021] online. Dostupné z: [https://www.mmr.cz/getmedia/7c1df7f3-f5b1-4a6c-ba83-41b663f8577f/Krizovy-akcni-plan-CR-CR-2020-2021\\_2.pdf.aspx?ext=.pdf](https://www.mmr.cz/getmedia/7c1df7f3-f5b1-4a6c-ba83-41b663f8577f/Krizovy-akcni-plan-CR-CR-2020-2021_2.pdf.aspx?ext=.pdf).

PELLEŠOVÁ, P. Globalization and Trends in International Travel. Globalization and its Socio-Economic Consequences. In: *18th International Scientific Conference, Proceedings*, 10.–11.10.2018. Rajecké Teplice: ZU – UNIVERSITY OF ŽILINA, Faculty of Operation and Economics of Transport and Communications, Department of Economics, Žilina, 2018, p. 791–798. ISBN 978-80-8154-249-7.

SAHA, J. et al. Tourism in retrospect of COVID-19 on global perspective using analytical hierarchy process. In: *Nature public health emergency collections*, Spain, 2021, p. 981–995.

UNWTO, 2020. Global Report on Food Tourism [online] [cit. 2021-11-26]. Available from: <https://www.unwto.org/statistic-data-economic-contribution-of-tourism-and-beyond>.

## Authors

doc. Ing. Pavlína Pellešová, Ph.D.

Silesian University in Opava, School of Business Administration in Karvina  
Univerzitní náměstí 1934/3, 733 40 Karviná, Czech Republic  
[pellesova@opf.slu.cz](mailto:pellesova@opf.slu.cz)

Mgr. Klára Václavínková

Silesian University in Opava, School of Business Administration in Karvina  
Univerzitní náměstí 1934/3, 733 40 Karviná, Czech Republic  
[vaclavinkova@opf.slu.cz](mailto:vaclavinkova@opf.slu.cz)