THE IMPACTS OF COVID-19 PANDEMIC IN INDONESIA AND CHINA'S HOTEL INDUSTRY: HOW TO OVERCOME IT?

Valda Shabrina Rahma1, Gilang Fadhilia Arvianti2
shabrinarahma52@gmail.com1, gilangfadhilia@untidar.ac.id2
Program Studi S1 Pendidikan Bahasa Inggris,
Fakultas Keguruan dan Ilmu Pendidikan, Universitas Tidar, Indonesia

Abstract

2020 is kind of an alarming year for all countries because of the emergence of an outbreak called the Coronavirus or Covid-19 that originated in Wuhan City, China. This outbreak is a concern for the world because many aspects are affected, such as tourism. This research aims to determine the impacts of the Covid-19 outbreak on the hotel industry in Indonesia and China. It is to analyze the efforts to overcome it. Then, this research was held by applying a descriptive qualitative approach and done by discourse analysis. The data obtained comes from a variety of reference sources that support this research. The findings of the research stated that the hotel industry in Indonesia and China were significantly affected by the Covid-19 outbreak since many hotels were forced to close and not operate to reduce the spread of the virus. Thousands of employees were forced to be laid off due to the losses income of the hotel. Several hotels in Indonesia and China decided to be used as hospitals for Covid-19 victims. In conclusion, the unpredictable outbreak at the beginning of 2020 due to a deadly virus called Covid-19 shook the world because it has affected many aspects, including tourism.

Keyword: Coronavirus, covid-19 impacts, hospitality industry

INTRODUCTION

In early 2020, the world was surprised by the Coronavirus outbreak (Covid-19), which infected almost all the countries. The World Health Organization, since January 2020, has declared the world into a global emergency related to this virus. This was a remarkable phenomenon occurring in the Earth in the 21st century, with the scale probably comparable to that of World War II because large-scaled events (international sporting events, for example) were almost entirely postponed and even canceled. This condition had occurred only in the case of World War since there was never any other situation that could cancel the events. As of 20 May 2020, 4.9 million people infected with the Coronavirus, 324.490 people died, and 1.958.220 patients had recovered.

As written in World Health Organization website, a coronavirus is a group of viruses from the subfamily Orthocoronavirinae in the Coronaviridae family and order Nidovirales. This group of viruses can cause disease in birds and mammals, including humans. In humans, the Coronavirus causes a generally mild respiratory tract infection, such as cold, although there are still some forms of deadly diseases like MERS and SARS in nature. In current conditions, Coronavirus is not an outbreak that can be ignored. If viewed from the symptoms, common people will only categorized it into ordinary influenza. However, for the analysis of viral medicine, it is quite dangerous and deadly. The development of this virus transmission is significant because it is spread worldwide, and the whole countries feel its impact, including Indonesia. Anticipating and reducing the number of Coronavirus sufferers in Indonesia has been conducted throughout the region. Among them, by providing policies limiting the activities of the home, school activities are formulated, work from home, and even worship activities are also
formulated. It is already a government policy based on the considerations that have been analyzed to the maximum, of course.

According to the director of CCDCP (Center for Disease Control and Prevention) in China stated that the animal market in Wuhan, namely Huanan market, was first reported as a place to transmit the first Coronavirus is a victim. As reported from The Jakarta Post on January 22, the CCDCP director, namely Gao Fu, said that they initially assumed Huanan market is the place of virus spreading based on the Chinese government newspaper. However, the existing evidence suggests that the market is nothing but a victim of coronaviruses. The Corona SARS-CoV-2 Virus has existed much earlier.

Besides, Maffioli, E. M. (2020) also explained that the speed and size levels of the Covid-19 deployment exceeded the case of a viral outbreak in the previous decade's occurrence. Covid-19 caused the world community’s response to be very different from the case of an unprecedented viral outbreak such as the H1N1 virus in 2009-2010, Ebola Virus in 2014, or Zika Virus in 2015-2016. Another thing is that China's status is the starting point for the Covid-19 spread, which is the country with the second world’s economic strengths, making it a broad impact on business interactions with many partner countries.

The following table shows the total infections of COVID-19 in Indonesia and China.

<table>
<thead>
<tr>
<th></th>
<th>Indonesia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cases</td>
<td>33,076</td>
<td>83,046</td>
</tr>
<tr>
<td>Total Deaths</td>
<td>1,923</td>
<td>4,634</td>
</tr>
<tr>
<td>Total Recovered</td>
<td>11,414</td>
<td>78,357</td>
</tr>
</tbody>
</table>

Source: https://www.worldometers.info/coronavirus/?#countries on 08/06/2020

Based on table 1 above, it has shown the total infections of Covid-19 on 8 June 2020. It shows that there are many people infected by the virus, as reported by Worldometers. The table above shows that the data of total infection in Indonesia is 33,076 infections, while in China, it is 83,046 infections. From the table above, it can be seen that total deaths in Indonesia are 1,923 deaths. It is comparing with China's total death that is up to 4,634 deaths. Correspondingly, the data shows the whole recovered both in Indonesia and China. Based on Worldometers, 11,414 people in Indonesia have recovered, while in China is up to 78,357 people who are recovered. It can be concluded that the recovery rate of both countries is much higher than the number of deaths.

The World Health Organization (WHO) explains that the Corona Virus is a virus infecting the respiratory system. This viral infection is called COVID-19. Corona Virus causes common flu disease until more severe diseases such as MERS-CoV and SARS-CoV. Corona Virus is zoonotic which contaminates humans and animals. Based on the Indonesian Ministry of Health, the development of the COVID-19 case in Wuhan originated on 30 December 2019, where the Wuhan Municipal Health Committee issued a statement "urgent notice on the treatment of pneumonia of unknown cause". The spread of this Coronavirus is speedy even to the cross
country. Hitherto, 188 countries confirm affected Coronaviruses. Coronaviruses' spread to various parts of the world has led to the tourism impact of Indonesia and China.

When viewed from the tourism world, so far, China has contributed to bring foreign tourists to the ASEAN region. However, since this virus issue extends, the Chinese government prohibits its citizens from leaving their country. The tourism industry can be defined as an industry involving humans as its main commodity. Therefore, some aspects like hotels, restaurants, airlines, and travel agents who relied on their revenues from tourists suffered a crisis because of the spread of Coronavirus. The International Aviation Industry Association (IATA) has even announced that the loss of the aviation industry due to Coronavirus is up to USD 113 billion. The hotel's occupancy decreased to 40 percent, impacting the business continuity of the hotel. The majority of tourists also have an impact on restaurants or eateries that most consumers are tourists too. The weakening of tourism also impacted the retail industry.

If it continues to be left, the country may suffer losses because of the ongoing tourism industry. The growing international tourism is one of the most significant sectors raising the world economic conditions since the 1950's. The number of tourists who travel internationally is 1 billion people in 2010 and 1.4 billion in 2018. According to WHO, these numbers are expected to continue to grow. However, since Coronaviruses touch the global scale, this number decreases. Seeing this situation, the Minister of Tourism and Creative Economy, Wishnutama tried to move domestic tourism to cover the losses incurred by foreign tourists. The Indonesian government has set up incentives in the form of discount flights ranging from 30 to 40 percent for ten domestic attractions. The Indonesian people themselves also felt fear of traveling in both domestic and foreign travel. It is also seen from the domino effect that occurs in tourism support sectors, such as hotels, restaurants, and retail entrepreneurs. Reported from a media, Indonesian Hotel and Restaurant Association said that the impact of the spread of Coronaviruses is perceived by Hotel entrepreneurs, restaurants, and airlines with a massive share and investment value. These dynamics are said to be a force majeure or unavoidable condition.

### RESEARCH METHOD

This research aims to determine the impacts of the Coronavirus outbreak on tourism in the hotel industry in Indonesia and China. In this research, the writer used the literature research to capture the data which does not need to jump into the field directly but take a variety of reference sources that support this research. This research was held by applying the descriptive qualitative approach. Bogdan and Biklen (1982, 82) have ever recommended that the important thing in qualitative research is the written word to record the data and spread the conclusion. The writer applied the discourse analysis in this method. It is defined as a person's opinion in which the methodological and conceptual elements are included (Wood and Kroger, 2000). It is not only those elements, but also include the spoken and written text.

### FINDINGS AND DISCUSSION

According to Budiyanti, E. (2020), the impact of the Corona Virus outbreak on the tourism sector throughout the year 2019, the number of tourists visiting the country that entered into Indonesia, reached some millions. In contrast to, the total number of tourists visiting in 2018 was 15.81 million. This figure increased by 1.88%. Tourists from China were 2.07 million. Since the spread of the Coronavirus, to enforce the restriction policy of importing living animals from China, the government also stopped flights from and to China as of 5 February 2020. This will
also affect the tourism sector in Indonesia. Many travel and flight companies suffer losses due to flight termination from and to China. Since the implementation, the total tourists from China who visit Bali has declined. In 2019, from 6,3 million foreign tourists, as many as 1,185,519 tourists or 18.2% were from China. However, in January to mid-February 2020 noted 22,000 Chinese tourists cancel to Bali. According to the tourism observer, Herry Angligan, Bali tourism became at risk because of reliance on Chinese tourists. Two water attraction companies in Bali were closed because 100% of the guests were Chinese tourists. Non-Chinese tourists also reduced due to many other country tourists who undo their intention to visit Bali due to China’s proximity to Indonesia. Therefore, it can be concluded that the decline of tourists in Bali reaches 50 percent.

In Indonesia, which became one of the countries that imposed prohibitions on overseas travel, it is to lower the Coronavirus spread. This prohibition led several airlines to cancel their flight, and some airlines were forced to operate even though the majority of the aircraft were empty to meet the passengers’ rights. Many consumers defer booking tickets due to the widespread of Coronavirus. This situation caused the government to act by providing policies to address the issue. According to the data of the Central Statistic Agency, it indicates that tourists from China reached 2.07 million in 2019, which covers 12.8 percent of total foreign tourists throughout 2019. The spread of Coronavirus causes tourists to visit Indonesia reduced. In 2019, about 2 million tourists from China visited Bali while in February, there were only about 4 thousand tourists. It is estimated that Bali will be challenging to reach the target exceeds 2 million visitors in 2020 this year. The beach looks deserted from visitors. There are only business managers sitting on the coast. Some cruises even decide not to dock in Bali.

Nevertheless, the provincial government of Bali has provided the property to the hotel and travel entrepreneurs to avoid termination of employment. The same thing also happened in Yogyakarta. Foreign tourists who are commonly seen and then tares in the street now look almost nothing. The hotel is also quiet because nobody inhabits. Although March belongs to the low season category where tourists seldom visit, the number of foreign tourists who come to Yogyakarta remains less than usual. It is especially evident in Sosrowijawan. The government has issued a disaster emergency status from February 2020 to the end of May 2020 related to this virus pandemic by the amount of time 91 days. The government has made several steps to resolve this extraordinary case, one of which is to socialize the Social Distancing movement. This concept explains that to be able to reduce even the chains of infection Covid-19, a person should keep a safe distance with other humans at least two meters and also avoid the mass encounters.

Meanwhile, when the Coronavirus spread in different countries, the cities in China have now begun to recover. Local people start going away from their home environment. Reported from South China Morning Post, after for over a month locked up at home because of the Coronavirus outbreak, Chinese citizens, especially in Beijing, finally came out of their neighborhood. Reportedly, the spread of Coronavirus transmission has shown reductions in signs across China. China had imposed lockdown since the end of January when the Coronavirus outbreak made the country stalled instantaneously. However, online travel agencies in China say that there is a significant increase from domestic tourists since the end of February. The general manager of the community Relations Company of Tongcheng-Elong online travel booking, Chai Yinghui said that the peak of February daily bookings jumped by 230 percent of the lowest level recorded in the same month. The tourists are already making a lot of hotel reservations for long-term itineraries. On the last Sunday in February, bookings for domestic flights for June departures rose 250 percent compared to the previous week.
Quoted from Financial Times, Chinese tourists accounted for 150 million trips abroad during 2019 and spent around USD 130 billion, or equivalent to IDR 9,487 trillion abroad in 2018. The expenditure figure rose 13% from a year earlier, according to the findings of the Chinese Tourism Academy. However, since the coronavirus outbreak has spread, the disappearance of Chinese tourism groups from tourist areas in the world has affected the hoteliers, restaurant, and tour travel.

China’s transportation ministry said that Chinese tourist trips dropped by almost 73% during the 2020 New Year holidays compared with conditions in 2019. Analysis of the World Tourism and Travel Council predicted that the recovery time for the tourism sector or people returning on vacation takes at least 19 months. In contrast to the Research Firm, which predicted that China’s foreign and domestic travel markets would not fully recover until 2023. Looking at the analysis, a CEO from the travel web, Jane Sun said that the company had seen signs of a continuing decline in public demand.

Besides, an economist, Matthew Dass, said China had become the largest tourism market in the world, with more than 180 million Chinese people who have passports, compared to the United States (US), which is only around 147 million people who hold passports. If the outbreak lasts longer and gets worse than SARS in 2003, it is predicted to cause 25 million international travel by Chinese travelers to be canceled. At least, Chinese travelers who travel internationally can eliminate as much as USD 73 billion.

**Impacts on Indonesia Hotel Industry**

Coronavirus (Covid-19) has affected the national tourism sector. It is reflected by the rise of the hotel, which decides to close temporarily. A total of 1,139 hotels throughout Indonesia have closed the operation of the Covid-19 pandemic or Coronavirus. However, there is a hotel in Bandung that is instead used as a hospital for Covid-19 victims. Chairman of The Indonesian Hotel and Restaurant Association, Hariyadi Sukamdani said that there was already an existing 1,226 hotel closed. Colliers International Indonesia's property consultant assesses the impact of the Covid-19 pandemic, making the hotel industry very slumped and even forced to close its activities and host the employees. The Senior Associate Director of Colliers International Indonesia, Ferry Salanto, said that this Covid-19 very heavily damaged Jakarta and Bali Hotel industries. It makes the hotel industry very slumped and even forced to close its activities and host several employees. He also said that the Jakarta’s hotel industry in February had not felt so affected by Covid-19. Still, the symptoms already exist. Some companies, in particular involving foreigners, began to decline slightly. The decline in performance began very noticeably in March when the government announced the case of Covid-19 in Indonesia, and many activities were canceled.

Jakarta Hotel's performance is still dependent on the business conditions in the world and Jakarta. Performance in the year 2020 will be decreased, when the Covid-19 pandemic was completed in the 3rd quarter, at least there would be income in the 4th quarter and expected to return to normal in the year 2021. Data from Colliers mentions that 25 hotels in Jakarta stop operating, and there are nine converted hotels. The 25 hotels that stop working are a five-star hotel, namely Grand Melia Jakarta, 11 four-star hotels that cover the operational, then 13 three-star hotels, one of which is Hotel Santika TMII. There are nine hotels to be converted for medical personnel, such as four-star hotels Grand Cempaka Hotel, Ibis Senen, Mercure Cikini, and several other hotels.
The hospitality industry in Bali began to decline since the official government shut down flights from and to China. Tourists from China become the third-largest market in Bali. Based on data from immigration Ngurah Rai, Bali that from the date 1st until 12 March 2020, recorded 113,079 foreign tourists landed in Ngurah Rai. It has not reached 50 percent of the total visits in February. It is estimated that the remaining two weeks have decreased because of the many airlines that shut down their flights and more intense the government’s implementation related to the foreigners who enter Indonesia. Therefore, some hotels are forced to stop the operation. The Chairman of the Indonesian Hotel and Restaurant Association, Hariyadi Sukamdani, mentioned that the hotel's closure affected about 150,000 employees.

Furthermore, in Bali, the decline of occupancy ranged from 60-80%, especially in the favorite area of China tourists, namely Nusa Dua, Tuban, and Legian, Kuta. It is also because China's tourists are the most significant contribution to Bali. The average hotel occupancy currently only reaches 30-40% of the hotel's capacity. The hotel occupancy in Ubud and Sanur area decreased by 20-30% because European and Australian tourists dominate this area. There have even been 40.000 cancellations of hotel rooms with a total loss value of IDR 1 trillion. Not only that, tourists from Vietnam and Thailand also happened a drastic decline.

Besides, for Batam and Bintan, the hotel's level of filling in January and February 2020 dropped 30-40 percent compared to previous years. The average occupancy or current level of stuffing is only around 20-30 percent. Nowadays, even many employees are asked to take leave. This condition will deteriorate if, until May, there is still a decline in occupancy. In Manado, there are usually 70% of tourists in China. Currently, the occupancy drop is 30-40% compared to the previous. It makes the hotel room only filled in the average range at a rate of 30% of the relatively unaffected tourist destination only in Java and Makassar. It is because of the still active movements of domestic tourists, especially the government activities that still contribute to the occupancy.

According to the Indonesia Hotel and Restaurant Association of Yogyakarta, it admitted 80 percent of hotels and restaurants in Yogyakarta is not operational and forced to give unpaid leave for their employees. That is because the hotels and restaurants are burdened with the operational costs that continue to swell. The chairman of the Indonesia Hotel and Restaurant Association of Yogyakarta, Deddy Pranowo Eryono, said that they concentrate on the disconnection chain of Coronavirus transmission (Covid-19). Therefore, they have to do a lot of layoffs, which means laying off employees with unpaid for hotel and restaurant employees. Deddy explained that the policy has been in effect since early April. Besides, it is reluctant to use the term to house employees because if they use the term, it should pay 75 percent of employee’s salary is formulated.

Questioning the number of employees affected by unpaid leave, Deddy reluctantly explained it in detail. However, he mentioned that many hotels and restaurants were not in operation. He said that he did not know for sure the number of employees who are formulated because some of the hotels and restaurants have not sent the data. However, they can predict by looking at about 80 percent of the hotels and restaurants in Yogyakarta while closing or not accepting guests. In addition, there are still some hotels and restaurants that operate. In operation, Deddy said that it was still receiving the reservation or property maintenance and renovating the hotels. Some several hotels and restaurants are still open, providing a stay program of 14 days
to 1 month. Some of them are Uniq, Gloria Amanda, IOI, Pandanaran Hotel, and Hyatt. Then, the restaurants which are still open during the pandemic, they only serve delivery order.

**Impacts on China Hotel Industry**

The deadly coronavirus outbreak in China is not only unsettling the community but also business actors. Significant losses are alleged to be experienced by the airline to the hospitality business due to cancellation. They also have to change customer’s money or refund. According to the United Nations World Tourism Ranking data in 2018, there were 62.9 million tourists to China. It was the fourth largest. Hotels must lose money when they are supposed to gain money in the middle of the Chinese New Year. Many visitors finally canceled their stay. Ctrip, the largest online booking application in China, mentioned that over 100 thousand hotels in their form had refunded customers whose room bookings were canceled between 22 January and 8 February.

One of the largest chains of luxury hotels, Hilton, is affected by the closing of 150 hotels located in China. This closure will continue until the COVID-19 outbreak subsides. As reported from Travel and Leisure, the closure was announced directly by Hilton CEO Chris Nassetta in the presence of investors on 11 February 2020. If tested, the total of rooms closed reaches 33,000 units. Vice President of Corporate Communications Hilton, Nigel Glennie, said that some of these hotels still accommodate existing guests and provide medical services. Even, they do not accept new bookings at this time. They will reopen these hotels as soon as possible and after the local authorities confirm that it is safe from coronaviruses. It is the same as in Indonesia. There is a hotel in Quanzhou, namely Hotel Xinjia, that is instead used as a hospital for Covid-19 victims.

According to Glennie, Hilton has 225 hotels in China, with four of them located in Wuhan, where the deadly virus started. In Total, Hilton has 6,110 in its global network spread across hundreds countries and regions. Hilton CEO, Nassetta, said that China represented 2,7 percent of the profit before interest, tax, depreciation, and amortization. Hilton saw it would have a significant impact on its revenues due to the spread of the coronavirus outbreak and the recovery of up to 12 months.

The hospitality industry can lose at least 5,8 billion US dollars or the equivalent of IDR 79 trillion. Hilton joins the list of hotels that shut down branches and revise policies against bookings in China. It makes the Hilton company had to close many branches in China. According to Hotel News, hotels such as Hyatt, Marriott, IHG, and Wyndham have also revoked the costs of changes and cancellations in the coronavirus areas. The five-star Hotel, Marco Polo, no longer serves customers after Wuhan is quarantined from 23 January 2020 by the Hubei government, following later cities nearby.

**Efforts to Overcome Covid-19 Outbreak in Hotel Industry**

In Indonesia, the government needs to encourage the Indonesian tourism sector. During this time, China is one of the tourist destinations that have been interested in other countries. The existence of this incident can be a chance for Indonesia to attract tourists visiting Indonesia. Therefore, the government should start to promote other tourist areas in Indonesia and improve facilities and services in tourist attractions. The government must also provide incentives to travel and aviation companies as well as tourism industries that suffer losses due to flight termination from and to China. However, incentive giving is not the only solution to overcome this. The government also needs to improve the competitiveness of quality and domestic tourism appeal. The Minister of Tourism, Wishnutama, stated this condition is a challenge and, at the
same time, should be the opportunity to find another potential that can be the attraction of foreigners to come to Indonesia. For running programs need to be managed and packaged with extraordinary, thus creating the appeal of tourists, especially from other countries outside of China.

Meanwhile, in China, the government is establishing a strategy, firstly, by awarding 10-30% airfare incentives. Secondly, it encourages conferences and meetings, conventions and exhibitions in some tourist destinations. It needs to be appreciated to promote the growth of the national tourism industry. To address the foreign tourists who will enter China, the major airports have been making efforts to tighten checks at various airports, especially international airports. By using a thermal scanner, the body temperature checks for incoming passengers. Besides, there is a countermeasure simulation if there are any passengers who have indications of being infected with Coronavirus.

By applying these efforts, aspects of tourism, including the hospitality industry, can continue to operate but still pay attention to the recommendations given by the government. These suggestions are like checking the temperature of guests before entering the hotel, providing a hand sanitizer or sink for washing hands, cleaning areas that guests with disinfectants often touched, encouraging guests to keep wearing masks, and keep a distance. Thus, it is hoped that the Coronavirus will no longer spread, and the COVID-19 outbreak will soon be over.

CONCLUSION

From this research, it can be concluded that the main purpose of this analysis is to determine the impacts of Covid-19 for Indonesian and Chinese tourism aspects in the hotel industry and analyze the efforts to overcome it. The Covid-19 pandemic incident was a non-natural disaster that was one of the factors in the external environment, resulting in a decrease in tourism activities in Indonesia and China. The COVID-19 outbreak had a significant impact on the hospitality industry in Indonesia and China. As a result, hundreds of hotels in Indonesia and China were forced to close their hotels without operating for an undetermined time. This effort was also made to break the chain of this deadly virus spread. Then, because the hotels did not operate, the hotels suffered losses due to a lack of financial income. It requires the hotel to repatriate a number of its employees. Some hotels cannot even provide severance for these employees because of very significant losses. However, several hotels in Indonesia and China are open but not to receive guests, but the hotel is open to be a hospital for COVID-19 victims. In conclusion, the incident at the beginning of 2020 was indeed very unpredictable due to the outbreak of a deadly virus called Covid-19 that shook the world because the virus had a significant impact on tourism aspects.
REFERENCES


