

Julia A. KUZNETSOVA

Saint-Petersburg State University (St.-Petersburg, Russia)
Bachelor of Regional Studies; e-mail: julieak@yandex.ru

DEVELOPMENT OF THE PHILIPPINE TOURISM ECONOMY IN THE POST-COVID PERIOD

Abstract. *The object of research is the tourism industry of the Philippine economy. The subject of the study is the degree of impact of the global pandemic caused by the COVID-19 coronavirus infection on the tourism industry of the Philippine economy. The epidemic has had a negative impact on the global tourism industry and jeopardized the recovery of destinations in developing countries, which have faced great challenges due to the increasingly serious waves of the pandemic. The study aims to examine the impact of the pandemic on the tourism industry in the context of developing countries, as well as the multifaceted challenges and opportunities for the Philippine tourism industry during the COVID-19 pandemic. As an example, it is advisable to choose the Philippines, a country that before the pandemic was one of the fastest growing economies in the world, has moved into the category of countries heavily affected in the current epidemiological conditions. The article discusses the state measures taken to restore the tourism industry of the country's economy, and also analyzes the existing domestic tourism market to present effective strategies for the development of this industry in the Philippines in the post-COVID period, taking into account regional specifics. The results of the analysis made it possible to assume that crisis situations not only have negative consequences, but also provide an opportunity for the formation of new directions for the development of the tourism sector. In this article, we explore how the tourism industry may develop in the Philippines in the post-COVID period. In the course of the study, the author came to the conclusion that in the short term, domestic agricultural, medical and religious tourism will play a vital role in supporting the initial phase of the recovery of this sector of the economy.*

Keywords: *tourism industry, domestic tourism, Philippines, COVID-19, post-COVID period*



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КУЗНЕЦОВА Юлия Антоновна

*Санкт-Петербургский государственный университет (С.-Петербург, РФ)
Бакалавр регионоведения; julieak@yandex.ru*

РАЗВИТИЕ ТУРИСТСКОЙ ОТРАСЛИ ЭКОНОМИКИ ФИЛИППИН В ПОСТКОВИДНЫЙ ПЕРИОД

Объект исследования – туристская отрасль экономики Филиппин. Предмет исследования – степень влияния глобальной пандемии, вызванной коронавирусной инфекцией COVID-19 на туристскую отрасль экономики Филиппин. Эпидемия оказала негативное влияние на мировую индустрию туризма и поставила под угрозу восстановление направлений в развивающихся странах, столкнувшихся с большими проблемами из-за все более серьезных волн пандемии. Исследование направлено на изучение влияния пандемии на туристскую отрасль в контексте развивающихся стран, а также на рассмотрение многогранных проблем и возможностей филиппинской туристской индустрии во время пандемии COVID-19. В качестве примера целесообразно выбрать Филиппины – страну, которая до пандемии была одной из самых быстрорастущих экономик мира, перешла в разряд стран сильно пострадавших в сложившихся эпидемиологических условиях. В статье рассматриваются меры государства, предпринимаемые для восстановления туристской отрасли экономики страны, а также проводится анализ существующего внутреннего туристского рынка для представления эффективных стратегий развития данной отрасли Филиппин в условиях постковидного периода с учётом региональной специфики. Результаты проведённого анализа позволили предположить, что кризисные ситуации несут не только негативные последствия, но и предоставляют возможность для формирования новых направлений развития сферы туризма. В данной статье мы исследуем, каким образом туристическая отрасль может развиваться на Филиппинах в постковидный период. В ходе исследования сделан вывод о том, что в краткосрочной перспективе жизненно важную роль в поддержке начальной фазы восстановления данной отрасли экономики будет играть внутренний аграрный, медицинский и религиозный туризм.

Ключевые слова: туристская отрасль, внутренний туризм, Филиппины, COVID-19, постковидный период



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Introduction

In recent years, the tourism industry has been one of the fastest growing sectors of the economy on a global scale. However, the COVID-19 pandemic has had a major impact on this process. In this regard, today the theoretical and practical significance of research plays an important role, the main subject of which is the impact of the epidemiological situation caused by COVID-19 on the tourism industry of the economy of foreign countries and regions.

Such a high impact of the epidemic led to a high scientific interest in this issue, which was objectified in the works of N. B. Kushcheva [7], E. A. Dzhandzhugazova [4], T. M. Belova [2] and others. Among foreign researchers, working in this field, we can name Albina A. C. [1] and Disimulacion Maria Arlene T. [3] and others.

Tourism has a significant impact on the development of the economy of tourist destinations, individual regions and contributes to the overall economic development of a large number of countries, especially those that are directly dependent on tourism. This trend is especially pronounced in the economy of the Philippines, in particular in tourism, where in 2019 it accounted for 12.8% of the country's GDP, and in 2020 this figure dropped to 5.4%. Since there is a relationship between the development of the tourism industry and the economic growth of the country, this industry is very vulnerable, acutely responsive to global problems. Thus, the COVID-19 pandemic has had a serious and wide-ranging impact on a wide range of sectors of the economy, in particular the tourism industry. This is more true for countries whose economy is mainly dependent on tourism, and faces much more serious problems in ensuring economic sustainability both in the short and long term, as in the case of the Philippines.

While information on the impact of the COVID-19 pandemic has already dominated discussions about tourism, little research has been

done on the current state of the tourism industry and the prospects for accelerating the recovery and development of tourism in the Philippines. This determined the purpose of this work as a comprehensive study of this issue. Research hypothesis: the model of development, operation and reorientation of the industry to stimulate the development of domestic tourism in the Philippines is promising for implementation in other countries of the Asia-Pacific region in the post-COVID period.

Data and Methods

The statistical basis of the study was the reports of the annual statistical body of the Philippines, the Department of Tourism of the Republic of the Philippines, published in the public domain in English, as well as data reflecting the level of economic development of the country to understand the problems and opportunities of the post-pandemic tourism industry in the country, and theoretically - the works of domestic and foreign scientists. in the tourism industry in the pre- and post-COVID period. In addition, a SWOT analysis was applied to identify the factors of domestic tourism in the Philippines, which served as the basis for determining the strategic directions for the development of this industry.

Results

In the Philippines, the COVID-19 pandemic and its impact on the tourism industry is a major concern with multiple restrictions in place since 2020. International tourist arrivals fell by 22%, resulting in a loss of approximately US\$80 billion in global tourism receipts¹. This also affected the domestic tourism of the Philippines, due to the fact that local tourists also limited their travel, fearing infection with COVID-19. Since June 2020, the domestic tourism industry has begun to recover.

The Philippine tourism industry has been an important contributor to the country's GDP for many years. The share of the tourism sector of the Philippines in Asia's GDP is 11.5% (Fig. 1). This figure is one of the highest.

¹ Impact of COVID-19 on the Philippine Tourism industry. 2020. URL: <https://www.pwc.com/ph/en/publications/tourism-pwc-philippines/tourism-covid-19.html> (Accessed on February 28, 2023)

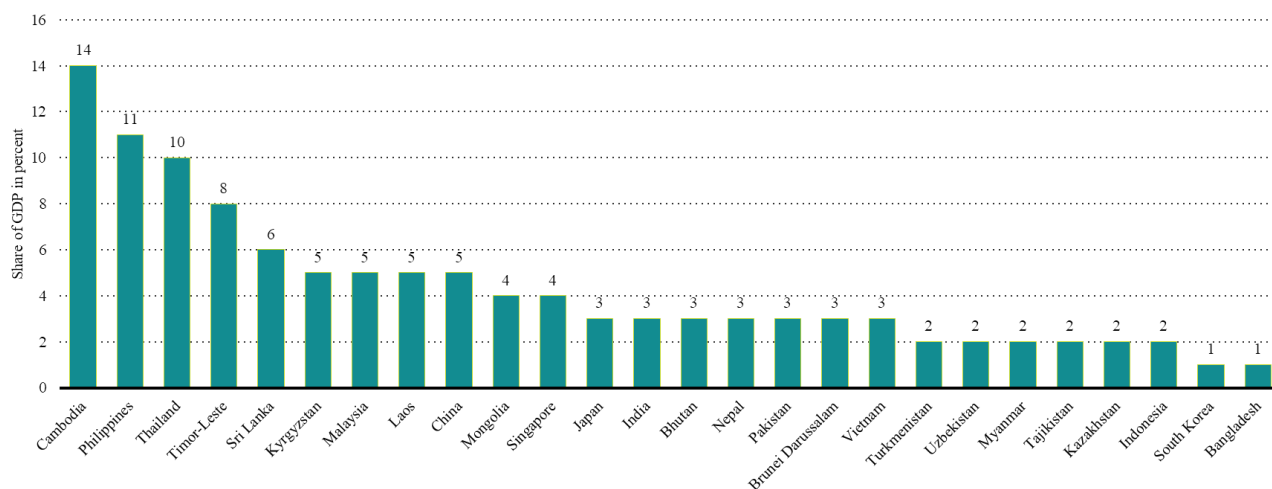


Fig. 1 – Ranking of Asian countries in the share of GDP of the tourism sector in Asia by country, 2020²

To date, analyzing the dynamics of economic indicators for past periods, the state of the tourism sector should be considered in the context of "before and after", comparing the pre-COVID (normal) conditions for the development of the economy in 2018–2019 with 2020 and the post-COVID period, which are completely atypical from all points of view [4]. In 2019, the country showed brilliant results in the field of tourism development. The arrival of foreign tourists that year amounted to 8.3 million tourists, and international tourism revenues amounted to 550.2 billion Philippine pesos

(10,997,397,600 USD). The unfavorable situation caused by the coronavirus infection led to a decrease in these figures by about 50% in 2020: the number of tourist arrivals amounted to 3.9 million people, and revenues from international tourism amounted to 279.5 billion Philippine pesos (Fig. 2)³.

Thus, based on statistical sources predicting the further development of the tourism industry, it is expected that by 2024 the number of tourist arrivals and international tourism receipts will increase to 6.2 million and 438.5 billion Philippine pesos, respectively.

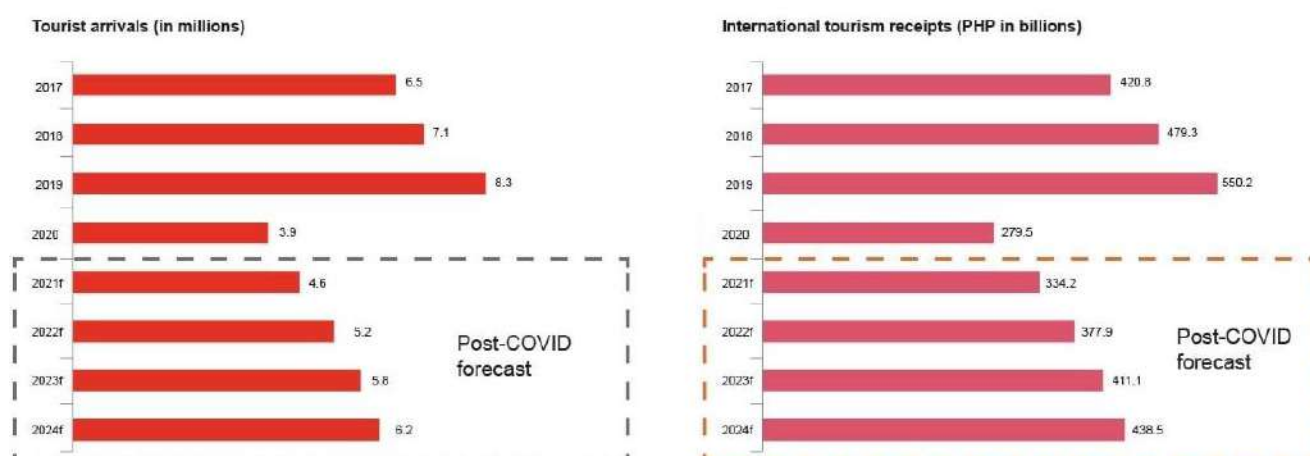


Fig. 2 – The Impact of COVID-19 on the Philippine Tourism Industry³

² Statista Ranking of the tourism sector GDP share in Asia by country. 2020. URL: <https://www.statista.com/forecasts/1153770/tourism-sector-gdp-share-in-asia-by-country> (Accessed on February 12, 2023)

³ Impact of COVID-19 on the Philippine Tourism industry. 2020. URL: <https://www.pwc.com/ph/en/publications/tourism-pwc-philippines/tourism-covid-19.html> (Accessed on February 28, 2023)

Such an increase in indicators by 2024 may be due to the fact that domestic tourism will recover faster than international tourism. In this regard, consideration should be given to the current situation of the country's domestic tourism and possible strategies that can help boost the Philippine tourism economy.

On June 29, 2020, the Department of Tourism released a survey report titled "Philippines Travel Survey: Post-COVID 19 Filipino Behavior Insights" with more than 12,000 respondents⁴. The key findings of the study were as follows:

1. Domestic tourist travel will lead to the recovery of Philippine tourism;
2. Most travelers expect their income and travel budget to shrink;
3. Health and safety remains a top priority for travelers;
4. After some travel restrictions are lifted, travelers prefer activities with minimal human contact;
5. Travelers prefer online and digital channels to limit themselves from human contact;
6. Tourists plan to travel close to home.

This survey is a data-driven effort by the Department of Tourism and tourism stakeholders to restart the local tourism industry, which has been severely impacted by pandemic restrictions.

Thus, the study showed that domestic travel will lead to the restoration of the Philippine tourism industry: 77% of respondents expressed their willingness to travel to local destinations. Popular local tourist destinations, especially beaches, are expected to receive more visitors.

Domestic travel will be a top priority as far fewer people are likely to travel abroad in the near future compared to the pre-Covid period. This is due to the reduction in revenue and travel budgets in light of the impact of the pandemic on the economy.

Domestic tourism spending increased from 2.85 trillion pesos in 2018 to 3.14 trillion in 2019.

It is also worth noting that today about 10.8% of the 12.7% share of the gross domestic product (GDP) comes from domestic tourism, making it the largest contributor to the tourism industry.

Based on the results of a study of the state of domestic tourism in the Philippines, the problems and opportunities of the tourism industry were also identified, which are characteristic of both domestic tourism and external tourism, respectively (Table 1).

Businesses in the tourism industry face significant challenges in developing a strategy to continue their business while strictly adhering to social distancing policies and precautions set by the WHO and national and local authorities. With low demand and many restrictions affecting the operation of the Philippine tourism industry, only those who are resilient can survive through a strategic approach and innovative practices for a new normal. Proactive institutions are using these difficult times as an opportunity to rethink their business model.

Thus, strategic planning and good governance are essential for adaptive tourism to assess the ability of new areas to become viable tourism destinations as market demand changes. Since many local tourists would like to visit local attractions, local governments will create domestic tourism travel as a trend project. Thanks to this project, local governments will have the opportunity to develop tourist facilities within the country.

One example of a local attraction created during the pandemic and opened to the public in April 2021 is the Santabucks Eco Adventure amusement park located in an inland barangay in the municipality of Santa Catalina, Negros Oriental. This attraction provides visitors with the opportunity to relax, have a good time with various entertainments and, most importantly, this place encourages visitors to maintain social distancing through open space.

⁴ Domestic travel to drive recovery of tourism industry, says survey. 2020. URL: https://www-tourism-gov-ph.translate.google.com/news_features/DomesticTravelToDriveRecovery.aspx?_x_tr_sch=http&_x_tr_sl=en&_x_tr_tl=ru&_x_tr_hl=ru&_x_tr_pto=sc (Accessed on February 24, 2023)

Table 1 – SWOT Analysis of Philippine Domestic Tourism Factors Based on Pandemic Strategies [1]

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Beautiful and diverse nature, including beaches, mountains, rivers and jungles. 2. Rich in culture and history, with many historical monuments and museums, as well as national parks and reserves. 3. Accessibility and convenience of traveling around the country, thanks to the developed transport system and many tourist routes. 4. Well developed tourism infrastructure including hotels, restaurants, travel agencies and tourist information centres. 5. The locals are hospitable and friendly, which creates a pleasant atmosphere for tourists. 	<ol style="list-style-type: none"> 1. It is not enough to promote domestic tourism, which limits the ability of the industry to develop and attract more tourists. 2. Underdeveloped tourist facilities in some regions, which may repel tourists. 3. There are not enough quality services in some regions, which can worsen the impression of tourists about the country. 4. Possible prevention of tourists visiting hotel rooms used as quarantine facilities.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Improvement of infrastructure and services in some regions, which will attract more tourists and improve the level of service. 2. Development and promotion of tourism at the local level, through campaigns to promote tourist routes and other activities. 3. Development of ecotourism and other types of tourism, which can attract new categories of tourists. 4. Increasing the number of domestic tourists through domestic tourism promotion campaigns, which will reduce dependence on foreign tourists. 5. State subsidies to hotels that serve as quarantine facilities. 	<ol style="list-style-type: none"> 1. An unstable political situation in some regions, which can scare away tourists and reduce interest in the country. 2. Unfavorable conditions for tourism, such as weather and natural disasters, which may affect travel planning. 3. Competition from other countries and regions, which may limit the flow of tourists to the Philippines.

To restore the country's tourism industry, the Philippine government sets itself the following goals and objectives:

- Increasing the number of tourists to pre-COVID-19 levels, with a focus on attracting new markets. At the same time, it must be emphasized that this will not only restore the economic performance of the country, but also strengthen public spirit and global connectivity.

- In order to increase the influx of tourists and improve their travel experience, it is necessary to actively work on improving the tourism infrastructure. This includes not only airports, roads and hotels, but also other objects that may attract the attention of tourists, such as parks, museums, etc. In turn, this will create new jobs, develop and strengthen the economy of the regions.

- One of the key factors in attracting tourists is the quality of services and safety. Therefore, the Philippine government is actively working to improve the quality of services provided and the safety of tourists. As part of this program, educational seminars and trainings are conducted for

personnel who serve tourists, as well as new programs and tools are being developed to improve the safety of tourists, such as mobile applications and services.

- Finally, it is worth noting that the successful recovery of the Philippine tourism industry also depends on cooperation and partnerships with other countries and international organizations. Therefore, the government of the country is actively promoting its initiatives and proposals within the framework of international forums and meetings, and also establishes partnerships with other countries and companies in the field of tourism.

Since April 2020, the Philippine Department of Tourism has been successfully organizing online training courses to help local tourism players become more competitive with new knowledge, technological advances and ways to innovate to be able to serve a new generation of travelers⁵.

The government encourages the involvement of the private sector and agritourism in the

development of rural areas and the maintenance of rural life. Through partnerships with the private sector, it improves the capacity building of local governments (LGOs) to manage local tourism destinations and projects. It provides affordable and affordable destinations throughout the country, especially in areas that have proven to have strong comparative advantage (Tourism Law 2009, 2009). The World Bank reports that about two-fifths of the total 300,000 square meters of land in the Philippines is devoted to agriculture, which employs about a quarter of the country's workforce.

The Philippines, with vast agricultural land, has the necessary base for agricultural tourism.

The promotion of agritourism in the Philippines can help people living in rural areas improve their standard of living. One of the many agritourism facilities that are developing in the country during the pandemic is the Artemio's Heritage Eco farm in Sibugay, Zamboanga Island [10]. This farm is a combination of agriculture and recreation in the countryside.

On the other hand, a country in a pandemic could use the opportunity to improve its health sector. The Philippines is among the Asian medical tourism countries along with Thailand, Singapore, India and Malaysia.

The Philippines is located in one of the most strategic locations in Southeast Asia. The country's tropical climate, rich natural and human resources, beaches and a very hospitable and helpful medical staff are other important factors that have made the country a top medical tourism destination compiled by the International Center for Health Research and the Medical Tourism Association, reaching eighth place in 2019. year [5]. Now the task of the Philippine government is to maximize its potential in the medical tourism program. To do this, the Government should cooperate with medical institutions for the development of medical tourism, invest in their development. Taking into account the best practices of

neighboring countries in dealing with COVID-19, good public-private collaboration in the health sector is a very important component of their success. In addition, as air travel has become more affordable and comparable quality, less expensive health care has become available in middle-income countries, tourists have become more open to traveling for medical care with their families. In terms of countries of origin of medical tourists and their main competitors in Asia, the Philippines is very competitive on prices [9].

Also, given the fact that the Philippines is a country that is one of the world's demographic centers of the Catholic denomination of Christianity, it is advisable to popularize cultural and educational tours in the Philippines, in which pilgrimage tourism is an integral part of the spiritual life of every citizen of the state, given that the Philippines is a country, which is one of the world's demographic centers of the Catholic denomination of Christianity with the largest number of religious objects (which does not exclude the presence of religious objects of other faiths, but they are assigned a secondary role) and the highest number of followers. According to 2019 estimates, about 81% of Filipinos declared their affiliation to the Roman Catholic Church (RCC). Of these, 41% regularly participated in the sacraments and rituals, 24% considered themselves religious, and less than 16% expressed a desire to leave the Church [6]. And these tendencies persist in Philippine society.

Thus, excursion-oriented pilgrimage tourism is of great importance, since it expands the geography of tourist trips of objects of sacred value, including hard-to-reach places. The Philippines has a large number of objects of religious orientation, not only for sightseeing, but also in order to actually experience the ancient Filipino traditions. All this forms the basis for the development of religious tourism of an excursion and educational orientation as an independent direction⁶.

⁵ DOT partners with WTTC to share experts' tourism outlook, recovery plans. 2020. URL: http://www.tourism.gov.ph/news_features/dotpartnerswithwtctoshareexpertstourismoutlookrecoveryplans.aspx (Accessed on February 14, 2023)

The greatest concentration of religious objects falls on the pilgrimage centers of the Philippines (the Capital Region – Manila; the Central Visayas Region – Cebu; the Western Visayas Region – Kalibo, Iloilo). The territory of the Capital Region has a large number of objects of tourist display, and the religious infrastructure of the studied subject of the Russian Federation can be included in historical and cultural routes and form the basis for the development of religious tourism of an excursion and educational orientation as an independent direction.

Currently, the Department of Tourism is also planning to restore unrestored places of worship and historical shrines, in order to continue to develop religious tourism in the Philippines, because it is one of the most important factors in attracting tourists.

Conclusions

The analysis of the post-COVID state of tourism in the Philippines showed that this sector of the economy in a very short period of time has moved from a state of stable development to the category of severely affected and problematic industries. However, the ongoing changes need to be comprehended in a comprehensive and constructive way, focusing not on the size of the losses, but on the new opportunities and tools that this sector of the economy has received. Although the Philippines is currently experiencing difficulties, it should be noted that in the pre-pandemic period, the country was able to grow the tourism sector and make it one of the largest contributors to the GDP of the country and the Asia-Pacific region as a whole. Thus, in the short term, domestic tourism is expected to play a vital role in supporting the initial phase of recovery in this sector of the economy.

Thus, to date, the Philippine government

has been actively and very successfully organizing online training courses, the purpose of which is to help the Philippine tourism industry become more competitive, with new knowledge, technological advances and ways to innovate, in order to be able to serve a new generation of travelers. Also, the government, taking into account the strengths of the country's economy, is developing projects for the development of domestic tourism, in particular agricultural, medical and religious, which also emphasizes the importance of adaptive tourism and how it fits into the current state of the country.

Working with financial statements and statistical materials contained on the official websites of the Philippine Statistical Authority and the Department of Tourism, presented in English, made it possible to characterize the tourism industry of the country's economy and analyze the features of its development in the post-COVID period. An analysis of the tourism industry in the post-Covid Philippines economy could provide a valuable reference for future research on the impact of COVID-19 on the tourism industry. However, it is worth considering the fact that there is uncertainty in scientific analysis as to the extent to which the virus will affect the industry as a whole, especially as the crisis is still ongoing.

In the course of the study, the author confirmed the hypothesis that the model for the development and functioning of domestic tourism in the Philippines is promising for this country and the Asia-Pacific region as a whole in the post-COVID period, since in the near future, it is likely that significantly fewer people will travel abroad compared to with a dowager period. This is due to the reduction in revenue and travel budgets in light of the impact of the pandemic on the economy.

⁶ ABS-CBN News. 2020. CBCP to Voters: 'Reject Morally Reprehensible Bet'. URL: <https://news.abs-cbn.com/halalan2016/nation/05/01/16/cbcp-to-voters-reject-morally-reprehensible-bet> (Accessed on February 14, 2023)

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