**LOSS OF TOURISM AND BUSINESS IN RELATED FIELDS: POLICY SOCIALIZATION AND STRATEGY DIRECTION**

**Miguel Angel Esquivias\*(corresponding), Lilik Sugiharti, Hilda Rohmawati, I Made Laut Mertha Jaya**

Faculty of Economics and Business, Study Of Economic Development, Airlangga University, Surabaya, Indonesia1,2,3

Faculty of Economics and Business, Accounting department, Mahakarya Asia University, Yogyakarta, Indonesia4

**E-mail:** *miguel@feb.unair.ac.id; sugiharti.lilik@feb.unair.ac.id; hilda.rohmawati-2016@feb.unair.ac.id; mad.jaya@yahoo.com*

***Abstract. COVID-19 has not only an impact on health but also economic activity.****This study aims to determine the economic losses of the tourism sector and businesses in related fields so that policymakers can take steps to save businesses in the tourism sector. This study uses the Seasonal Autoregressive Integrated Moving Average (SARIMA) analysis technique to calculate losses. Disseminating policies and directing survival strategies for affected businesses are also provided to complement the research objectives. This study indicates that the average percentage loss in the tourism sector from January to August 2020 is nearly 69%, or around 9.508 million USD to 10.328 million USD. The accommodation business losses are estimated at 2978 million USD to 3235 million USD; food and beverage business losses are estimated at 1750 million USD to 1900 million USD, and loss of shopping business amounting to 1530 million USD to 1662 million USD. The socialization of government policies such as fiscal stimulus, CHSE (Cleanliness Health Safety Environment Sustainability) certification, and market reactivation need to be known by business actors. Appropriate strategic direction is also needed, such as product innovation, improving health protocols, digitization of services, and certification.*

***Keywords:*** *economic impact, recovery strategies, tourism demand forecast*

**Abstract. The COVID-19 pandemic not only has an impact on health, but also has a major impact on Indonesia's economic activity.**As a result, businesses in tourism-related sectors, namely accommodation, food and beverages, and shopping, experienced a drastic decline in income. The purpose of this study is to find out the losses of the tourism sector and businesses in related fields so that a step can be taken to save businesses in the tourism sector. This study uses the Seasonal Autoregressive Integrated Moving Average (SARIMA) analysis technique to calculate losses. Policy dissemination and direction of survival strategies for affected businesses also complemented the research objectives. The results of this study indicate that the average percentage of losses in the tourism sector from January to August 2020 is 68% to 69% or around 9,508 million USD to 10,328 million USD. Accommodation business losses are estimated at 2978 million USD to 3235 USD; food and beverage business losses are estimated at 1750 million USD to 1900 million USD; and shopping business losses of 1530 million USD to 1662 million USD. Socialization of government policies such as fiscal stimulus, CHSE (Cleanliness Health Safety Environment Sustainability) certification and market reactivation needs to be known by business actors. The direction of the right strategy is also carried out such as product innovation, improvement of health protocols, digitization, and certification.

**Keywords:** economic impact, recovery strategy, tourism demand forecast

**INTRODUCTION**

The COVID-19 pandemic does not only have an impact on the health crisis, but also on the social and economic conditions of the community (Abodunrin *et al*., 2020; Karabag, 2020; Khalid et al., 2021; Milani F, 2021). The development of COVID-19 cases in Indonesia is relatively fast compared to other ASEAN member countries. The increasing number of COVID-19 cases in Indonesia further weakens economic conditions(Hadiwardoyo, 2020; Hanoatubun, 2020; Jalil *et al*., 2020; Livana et al., 2020; Thaha, 2020; Yamali and Princess, 2020). Several countries in ASEAN, such as Singapore, Vietnam, and Thailand, have taken control efforts for the COVID-19 pandemic. Efforts to control the pandemic by the Indonesian government by imposing a lockdown and travel restrictions have actually contributed to an increase in the negative impact on the economy (Esquivias et al., 2021). Economic impacts include the temporary closure of hotels, restaurants, entertainment centers, tourist centers, shopping centers and other points of interest. In June 2020, there were 1,800 hotel closures in Indonesia. Online agent Traveloka laid off 10% of total staff, hotel chain Airbnb cut staff by 25%, and Airy Rooms in Indonesia are permanently closed.

Unemployment also increased by 3.7 million people as of July 2020 due to the pandemic. Economic growth contracted to -5.32% in Q2 2020(Central Bureau of Statistics, 2020). Exchange rate depreciation to negative inflation in July 2020 also occurred. The economies of other countries are also experiencing similar economic effects in the tourism sector (Gössling, Scott, and Hall, 2020; Polyzos, Samitas, and Spyridou, 2020; Nicola, 2020; Williams, 2020). The declining condition of the Indonesian economy has resulted in a decrease in income which leads to a decrease in people's purchasing power.

Prior to the pandemic, it was predicted that the tourism sector would grow annually by 4%. However, the spread of COVID-19 triggered a change in his predictions with a decline of up to 57% during 2020(UNWTO, 2020). Asia Pacific occupies the area with the highest decline in tourist arrivals, which is around 35% or around -33 million visits in the first quarter of 2020. The Central Statistics Agency said that this pandemic will reduce foreign exchange from foreign tourists, especially from China, which accounts for around 12% of the total. visit in 2019. The Ministry of Tourism and Creative Economy predicts that in 2020 Indonesia will lose around IDR 40 trillion of foreign exchange from tourists from China.

The tourism sector is predicted to shrink by 25% this year in line with travel restrictions imposed by many countries due to COVID-19 (WTTC, 2020). The global aviation industry suffered losses of up to US$ 133 billion. The Indonesian Hotel and Restaurant Association (2020) also stated that there was a decline in the occupancy rate at 6,000 hotels in Indonesia. This illustrates that the tourism sector and related businesses have experienced a decline in income and sales.

Over the past decade, the Indonesian government has encouraged the tourism industry as it has an important role in increasing business activity, foreign currency earnings, and job creation. However, the tourism industry tends to be very sensitive to natural disasters (Haksama*et al*., 2018), social conflict, war, economic crisis (Kim *et al*., 2018), acts of terrorism, and against pandemics (Zhang*et al*. (2020). Muryani*et al*. (2020) identified that the Tsunami (2004), the global financial crisis (2008), and the terrorist attacks in 2002 and 2005 had dampened tourism activity in Indonesia. The bombing in 2002 caused a decline in real GDP, employment, export prices, and the consumer price index in Bali. Tourist arrivals fell by 50% after the 2002 bomb attacks. Purwomarwanto and Ramachandran (2015) found a decline in tourism arrivals in 2008, with a recovery just a year after that.

Therefore, it is important for policy makers to identify businesses in tourism that are most affected, to address the necessary assistance so that they can be recovered quickly. Failure to identify vulnerable activities could have implications for further job losses, lower incomes, and a slower recovery.

The purpose of this study is to estimate the losses of the tourism sector and businesses in related fields. Calculation of losses using the Seasonal Autoregressive Integrated Moving Average (SARIMA) model for the tourism sector in the areas of accommodation, transportation, food and beverages, tour packages, and shopping. This study predicts expected arrivals in a no-pandemic situation, and compares them with actual arrivals. Economic losses in each business are estimated according to the predicted distribution of expenditures calculated from previous years. Losses across tourism businesses for January to August 2020 are used as support for policy recommendations and strategy direction. The tourism sector losses focus on the impact of the slowdown in international arrivals.

**THEORITICAL FRAMEWORK**

In order to flatten the curve of COVID-19 cases, various strategies are carried out such as lock down, social distancing, stay-at-home, travel and mobility restrictions. This resulted in temporary closures and decreased demand for the hospitality business (Bartik, et al., 2020). Not only hospitality, all restaurants also limit their operations by enforcing only a take-a-way system. Operational restrictions by both hotels and restaurants led to a decrease in the income of this business (Gursoy and Chi, 2020). Countries such as Italy, Spain, France, China and the United States have received a great impact as the world's largest tourist destinations (Farzanegan et al., 2020; Rogerson, 2020).

The COVID-19 shock is different from previous shocks that have occurred. This is because COVID-19 has an impact on an economic slowdown that is twice as large as the previous crisis. The shock caused by COVID-19 also had a major impact on the decline in global travel, thus potentially triggering structural changes in tourism-related sectors (Dolnicar and Zare, 2020; Khalid et al., 2021).

COVID-19 has a more extreme impact than the impact of the influenza epidemic in 1981. Small businesses have financial fragility and are therefore very vulnerable to the COVID-19 pandemic. A survey on small businesses in the United States shows that small businesses have reduced their workforce by about 40% since January 2020. The larger impact resulted in 54% of companies closing and a 47% decline in employment. Most of these impacts are felt by businesses in the tourism sector and its derivatives (Bartik, et al., 2020)

Not only small industries, the impact of COVID-19 is also felt by large industries, well-known companies in the United States such as Sears, JCPenney, Neiman Marcus, Hertz, and J. Crew are currently under financial pressure. 80% of hotel rooms are empty and airlines lay off 80% of existing workers. The tourism sector and related sectors will certainly not profit in 2020 (Donthu and Gustafsson, 2020).

Surveys in India show that the transportation, tourism and hospitality sectors are no longer able to attract consumer demand so there is no production in these three sectors. In China the hotel sector experienced a decline in hotel occupancy by 89% at the end of January 2020. In Germany the hotel occupancy rate fell by more than 36%. Hotel occupancy rates in Italy are only 6%, and London at 47% (Nicola, 2020).

America appears to be suffering so badly that one million restaurants, the second largest private sector in the United States and employing 15.6 million people, lost eight million jobs and food services due to the pandemic. Hotel occupancy rates fell 11.6% for the week ended March 7, 2020 and suffered a loss of US$ 13 billion as of February 2020. It is predicted that hotels will lose US$ 3.5 billion per week (Sönmez, et al., 2020; AHLA, 2020).

Various countries have faced and improved the impact of COVID-19 with various policies. Europe has prepared 1.7 Trillion Euros for COVID-19 rescue packages. The European Central Bank (ECB) has created an asset purchase program to stabilize and strengthen the euro. The government is also easing the budget to encourage public spending and as support for businesses affected by this pandemic. Germany has also prepared loans for companies and compensation for employees affected by the COVID-19 pandemic. In the UK, the government has provided assistance to affected communities by delaying tax payments, corporate and SME loans, and business funding. In addition, the British government also promised to reduce company costs by paying 80% of staff salaries. The Bank of England also cut interest rates to 0.1%. (Goniewicz, et al., 2020; Nicola, 2020).

**RESEARCH METHODS**

In order to get the value of losses for the tourism sector, secondary data is used in the form of time series for the period January-2009 to August-2020. This data includes the number of tourist visits, tourist spending, and the percentage of tourist spending for each business field. Data on expenditure is average expenditure per foreign tourist based on 2019 data (Tourist Expenditure Statistics, BPS). In line with Joo, et al. (2019) to calculate losses in the tourism sector, the Seasonal Autoregressive Integrated Moving Average (SARIMA) estimation technique is used. Dynamic SARIMA can be estimated directly because it can produce forecasting for more than one period. Static SARIMA can only produce forecasting for one period. Dynamic and static SARIMA forecasting will produce predictions of the number of foreign tourist visits if it is assumed that there is no COVID-19 pandemic. The difference between the actual and predicted values ​​of SARIMA will result in a loss of tourism revenue. The percentage of businesses in related fields, namely transportation, accommodation, food and drink, shopping, tour packages, and others will be multiplied by the loss of tourism revenue so that the losses for each of these sectors will be known.

SARIMA estimation begins with identifying whether there is a seasonal pattern in the data. After knowing that there is a seasonal pattern, then a unit root test is carried out on the data. Unit root test was performed using Augmented Dickey-Fuller (ADF). If the data is stationary, seasonal and non-seasonal models are identified using ACF (Auto Correlation Function) and PACF (Partial Auto Correlation Function). The next step is to test the significance of the parameters of the models that have been identified. The selected model is a model that has low AIC (Akaike Information Criterion) and BIC (Schwarz Bayesian Information Criterion) values. The selected model does not mean the best model, so it is necessary to carry out a diagnostic test in the form of a normality test using Jarque-Berra and White Noise using Q-Statistics.

The selected SARIMA model is a model that passes the diagnostic test. After forecasting is done, the next step is to check the MAPE (Mean Absolute Percent Error) value with the following conditions:

* MAPE < 10% indicates that the forecasting results have a high level of accuracy;
* MAPE = 10% - 20% indicates that the forecasting results have a good level of accuracy;
* MAPE = 20% - 50% indicates that the forecasting results have a reasonable level of accuracy (resonable);
* MAPE > 50% indicates that the forecasting results are not accurate.

**RESULTS AND DISCUSSIONS**

**Figure 1.**Seasonal Patterns of International Tourist Visits



**Source: Central Bureau of Statistics (2020); Eviews 9, processed (2021).**

Based on the pattern analysis, it can be seen that the peak of foreign tourist visits is in the 12th month (December) just before the Christmas and New Year holidays. Based on this information, the seasonal pattern of the number of foreign tourist visits is every 12 months. In figure 1 it can also be seen that there is an upward and repeated trend in a certain period of time which indicates a seasonal element. This uptrend indicates that the data is not stationary at the mean and there is a difference in variance so that the data is not stationary in the mean and variance. Table 1 shows evidence that the data is not stationary and has a unit root problem. The probability is 0.9989 > 0.05. This result accepts the null hypothesis that there is a unit root problem in the data.

**Table 1.**Unit Root Test

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| *Null Hypothesis: TA has a unit root* |
|  |  |  | *t-Statistic* | Prob.\* |
|  |  |  |  |  |
| *Augmented Dickey-Fuller test statistics* | 1.371642 | 0.9989 |
| *Test critical values:* | 1% level |  | -3.476472 |  |
|  | 5% level |  | -2.881685 |  |
|  | 10% level |  | -2.577591 |  |
|  |  |  |  |  |
| \*MacKinnon (1996) one-sided p-values. Lag Length: 12 |  |

**Source: Central Bureau of Statistics (2020), Eviews 9, processed (2021)**

**Table 2.**Unit Root Test after Transformation to Natural Logarithm

|  |
| --- |
| *Null Hypothesis: LNTA has a unit root* |
|  |  |  | *t-Statistic* | *Prob*.\* |
| *Augmented Dickey-Fuller test statistics* | 0.387459 | 0.9818 |
| *Test critical values:* | 1% level |  | -3.476472 |  |
|  | 5% level |  | -2.881685 |  |
|  | 10% level |  | -2.577591 |  |
| \*MacKinnon (1996) one-sided p-values. Lag Length: 12 |  |

**Source: Central Bureau of Statistics (2020), Eviews 9, processed (2021)**

**Table 3.**Unit Root Test after Differencing

|  |
| --- |
| *Null Hypothesis: DLNTA has a unit root* |
|  |  |  | *t-Statistic* | *Prob.\** |
| *Augmented Dickey-Fuller test statistics* | -5.773118 | 0.0000 |
| *Test critical values:* | 1% level |  | -3.476472 |  |
|  | 5% level |  | -2.881685 |  |
|  | 10% level |  | -2.577591 |  |
| \*MacKinnon (1996) one-sided p-values. Lag Length: 11 |  |

**Source: Central Bureau of Statistics (2020), Eviews 9, processed (2021).**

**Figure 2.** ACF and PACF



**Source: Central Bureau of Statistics (2020), Eviews 9, processed (2021).**

The non-stationary data is converted into natural logarithm form to make the data stationary in variance, but not necessarily stationary in the mean. Table 2 shows that after being transformed to natural logarithms, the data is still not stationary. Thus, differencing was performed once to make the data stationary in both the mean and variance. Table 3 shows that the probability is less than 0.05 so that it rejects the null hypothesis, then the data is stationary. Based on the ACF and PACF images and the low AIC and BIC values, the selected model is AR (12) I (1) MA(12) SMA(12). The results show that the SARIMA parameter coefficients are all significant with a significance level of 5%. These results are shown by Figure 2.

The diagnostic test also shows that the model has a normally distributed residual, namely the Jarque-Berra probability of 0.803345 > 0.05. This means accepting the null hypothesis that the residuals are normally distributed. Figure 7 shows the white noise test. The probability for each lag shows that the probability value is more than 5% alpha, thus accepting the null hypothesis that the residual is white noise.If the residuals are white noise, it can be ascertained that the model is suitable because there is no correlation between the residuals, the residuals are homogeneous, and there is no pattern in the residuals. Based on the forecasting results, the MAPE value is 6.86% (dynamic) and 4.56% (static), so it can be stated that the forecasting results have a high level of accuracy (Figures 5 and 5).

**Table 4.**

SARIMA Parameter Test Results

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Variable* | *Coefficient* | *Std. Error* | *t-Statistic* | *Prob.* |
| AR(12) | 0.410836 | 0.179841 | 2.284439 | 0.0242 |
| MA(1) | -0.687754 | 0.063711 | -10,79491 | 0.0000 |
| high school(12) | -0.886070 | 0.249929 | -3.545285 | 0.0006 |
| SIGMASQ | 0.003327 | 0.000547 | 6.086285 | 0.0000 |
| *R-squared* | 0.470102 | Mean dependent var | -0.000531 |
| *Adjusted R-squared* | 0.456278 | SD dependent var | 0.079572 |
| *SE of regression* | 0.058674 | Akaike info criterion | -2.717960 |
| *Sum squared resid* | 0.395909 | Schwarz criterion | -2.624544 |
| *Likelihood logs* | 165.7186 | Hannan Quinn Criter. | -2.680027 |
| *Durbin-Watson stat* | 1.843616 |  |  |  |
| *Method: ARMA Maximum Likelihood (OPG – BHHH)* |  |
| *Included observations: 119* |  |  |

**Source: Central Bureau of Statistics (2020), Eviews 9, processed (2021)**

**Figure 3.** Normality test



**Source: Central Bureau of Statistics (2020), Eviews 9, processed (2021).**

**Figure 4.** Dynamic Forecasting Results



**Source: Eviews 9.**

**Figure 5.** Static Forecasting Results



**Source: Eviews 9 (2021)**

**Disadvantages of the Tourism Sector**

Based on the estimation results of Table 5, it can be seen that the tourism sector has suffered heavy losses due to this pandemic. The average percentage of losses in the tourism sector from January to August 2020 was 67.92% to 69.07%. The worst losses occurred in July where foreign tourist visits reached 9.29%-10.24% of tourist visits that would have been if there was no pandemic. The pandemic reduced foreign tourist arrivals significantly, in line with the results in Lu et al. (2018), Rehman et al. (2020), and Mair et al. (2016).

If accumulated, Indonesia experienced a loss of foreign tourist arrivals of 9,508.16 million USD to 10,328.81 million USD as of January to August 2020 (Table 5). Dynamically the worst losses occurred in July and statically the biggest losses occurred in August. This huge loss, of course, also greatly impacts tourism-related businesses (Donthu and Gustafsson, 2020).

The average tourist spending the most on accommodation is 31.32% (Figure 1). The second line of business that is most purchased by tourists is food and beverages with 18.39%. The shopping business sector is the third sector that encourages tourists to spend the most money, which is 16.10%.

**Figure 7. White Noise Test**



**Source: Central Bureau of Statistics (2020), Eviews 9, processed (2021).**

**Table 5. Estimated Losses in the Tourism Sector Due to the COVID-19 Pandemic**

|  |  |  |  |
| --- | --- | --- | --- |
| **Period** | **current** | **Loss Percentage** | **Tourist Expenditure Loss (million USD)** |
| **Dynamic** | **Static** | **Dynamic** | **Static** |
| January | 1.272.083 | 3.39% | 0.12% | 54.40 | 1.92 |
| February | 863,960 | 32.44% | 33.02% | 506.17 | 519.58 |
| March | 470.970 | 68.59% | 65.86% | 1,254.99 | 1108.45 |
| April | 160,042 | 88.69% | 88.05% | 1,531.51 | 1,438.71 |
| May | 163.646 | 89.25% | 87.81% | 1,657.18 | 1,438.34 |
| June | 158,256 | 89.98% | 89.29% | 1,734.66 | 1610.64 |
| July | 157,939 | 90.71% | 89.76% | 1,880.69 | 1,690.75 |
| August | 164.970 | 89.47% | 89.41% | 1,709.21 | 1,699.77 |
| **Total** | **3,411,866** | **69.07%** | **67.92%** | **10,328.81** | **9,508.16** |

**Source: Central Bureau of Statistics (2020), Eviews 9, processed (2021)**

**Figure 8.** Percentage of Tourist Spending on Business in the Tourism Sector

**Source: Central Bureau of Statistics, 2020.**

**Table 6.** Estimated Business Losses in the Tourism Sector Due to the COVID-19 Pandemic

|  |  |  |  |
| --- | --- | --- | --- |
| **Period** | **Accommodation** | **Food and Drink** | **Shopping** |
| **Dynamic** | **Static** | **Dynamic** | **Static** | **Dynamic** | **Static** |
| January | 17.04 | 0.599 | 10.00 | 0.352 | 8.76 | 0.308 |
| February | 158.53 | 162.73 | 93.09 | 95.55 | 81.49 | 83.65 |
| March | 393.07 | 347,17 | 230.79 | 203.84 | 202.05 | 178.46 |
| April | 479.67 | 450.60 | 281.64 | 264.58 | 246.57 | 231.63 |
| May | 519.03 | 450.49 | 304.75 | 264.51 | 266.81 | 231.57 |
| June | 543.29 | 504.45 | 319.00 | 296.19 | 279.28 | 259.31 |
| July | 589.03 | 529.54 | 345.86 | 310.93 | 302.79 | 272.21 |
| August | 535.32 | 532.37 | 314.32 | 312.59 | 275.18 | 273.66 |
| **Total** | **3,234.98** | **2,977.95** | **1,899.45** | **1,748.54** | **1,662.93** | **1,530.79** |

Description: in million USD

**Source: Eviews 9, processed (2021).**

**Figure 9.** Percentage of Factors Inhibiting Tourism Recovery

**Source: UNWTO (2021).**

Business losses in the accommodation sector are estimated at USD 2,977.95 million to USD 3,234.98 million (Table 6). This loss is in line with the decline in the Room Occupancy Rate (TPK) of hotels in Indonesia. The ROR for hotels in Indonesia in 2018 was around 60% for 2-5 star hotels. In 2019 the TPK of hotels is in the range of 50%-60% for 2-5 star hotels. In January 2020 TPK for hotels was 49.17% and in August 2020 TPK for hotels was 32.93%(Central Bureau of Statistics, 2020).

Losses in the food and beverage sector are estimated at 1,748.54 million USD to 1,899.45 million USD. This is natural, because Indonesia anticipates the spread of COVID-19 with a lock down or Large-Scale Social Restrictions/PSBB. The PSBB resulted in a decrease in the mobility of the community as a whole. Unusual tourist arrivals reduce the income of various food and beverage businesses, especially restaurants. The restaurant business is closed for an indefinite period. Along with the new normal era, some restaurants are starting to reopen with the implementation of health protocols. Restaurant visitor capacity could be cut by 50% to comply with health protocols (Gursoy and Chi, 2020).

The decline in tourists during the pandemic has stopped the wheels of business in the shopping sector, especially souvenirs, which are mostly owned by MSMEs. Estimated losses experienced by businesses in the shopping sector are 1,530.79 million USD to 1,662.93 million USD. MSMEs in this field have been hit hard by the COVID-19 pandemic.

**Dissemination of Government Policies and Strategy Guidance During the Pandemic Masa**

Globally, tourism is predicted to start to recover in 2023. Based on the report UNWTO (2021)There are several things that affect the slowdown in tourism recovery, namely 1) travel restrictions; 2) slow virus handling; 3) economic conditions; 4) lack of coordinated government response, especially between countries; 5) low consumer confidence; 6) slow resumption of flight (Figure 9). Several studies have stated that government policies are urgently needed to accelerate tourism recovery (Yeh, 2020; Sharma et al., 2021; Zhang et al., 2021; Mair et al., 2016).

Government policies that need to be prioritized in the recovery and transition period must be coordinated to support an uncertain tourism sector so that workers, businesses and destinations are ready when recovery arrives. Among other things, efforts are needed to 1) restore tourist confidence and support tourism businesses to adapt and survive; 2) maintain domestic tourism and support the safe return of international tourism; 3) provide clear information regarding security and health conditions; 4) start building more resilient and sustainable tourism. Similar policies are shown in various countries around the world(OECD, 2020).

One of the policies issued by the Indonesian government is fiscal stimulus. The government provides a budget of Rp. 686.20 Trillion for handling COVID-19, and Rp. 123.46 Trillion to be given to MSMEs with details of an interest subsidy of Rp. 35.28 Trillion; placement of funds for restructuring of Rp. 78.78 trillion; spending on loan fees for working capital of Rp. 1 Trillion; DPT MSME financial PPH Rp 2.4 Trillion; investment financing to cooperatives through LPDB KUMKM Rp 1 Trillion.

Several countries issued various policies to save business in the tourism sector. The Estonian government has budgeted EUR 26 million for business assistance in tourism which is valid until December 2020. The Icelandic government has suspended the accommodation tax from 1 April 2020 to December 2021 and for the payment of taxes from 1 January to 31 March 2020 it is deferred until 5 February 2022. The Peruvian government provides funds support for SMEs and provide credit guarantees to meet the capital needs of SMEs. The United States government provides a USD 2.2 trillion aid package including grants and loans to the travel and tourism industry as well as broader business assistance(OECD, 2020).

To improve the tourism sector during the recovery period due to the COVID-19 pandemic, efforts are focused on improving hygiene, health and safety service protocols, the Cleanliness, Health, Safety, Environment Sustainability (CHSE) certification program, designing a covid-free tourist application through the eHAC application which is to perform tracing if there are tourists who are affected by COVID-19.

Adhering to health protocols is a step to guide safe business operations during the COVID-19 pandemic. Several world organizations also gave examples of the application of health protocols. Cruise Lines International Association (CLIA) for example, implements and improves health protocols as an initial form of starting passenger operations. The World Travel and Tourism Council (WTTC) also restores 100 million jobs by starting to open up mobility by aligning health protocols. WTTC also launched SafeTravels in May 2020 to increase tourist confidence in health and safety protocols. In addition to certification and application of health protocols, completeness of information, especially for accommodation businesses. This information includes information about the identity of tourists, health conditions, where tourists come from, information on how assistance can be provided, information on how tourists can be contacted in times of distress, emergencies or dangers, and how they are repatriated. (OECD, 2020; UNWTO, 2020)

The Indonesian government has also reactivated the domestic tourist market, and focused on developing 5 Super Priority Destinations. The Government has reopened tourism destinations in several places. The opening of Bali Tourism Destinations starts July 31, 2020. Based on input from tourism players, Bali is reopened with strict health protocols. Business actors are required to follow the provisions of Large-Scale Social Restrictions from each Regional Government and follow the provisions of the Health Protocol in places and public facilities (Decree of the Minister of Health Number 382/2020).

Several countries have also reactivated tourism markets to restore tourist confidence and boost demand. Chile has reactivated its domestic tourism and Taste Chile booking program with a special budget of CLP 83 million. Denmark is launching summer packages for domestic residents with free public transport for 8 days and half-price tickets. Japan has also begun to reactivate the domestic tourism market by providing discounts and vouchers to consumers for use in tourism, transportation, food and events businesses(OECD, 2020).

Food and beverage and shopping businesses, most of which are still in the form of MSMEs, can take advantage of the fiscal stimulus provided by the government. MSMEs can receive from the government business assistance and credit interest subsidies. This can be used by MSMEs to improve health protocols in the production and distribution process.

In addition, MSMEs with products whose demand is low or even non-existent can produce and modify their production goods with goods that are in high demand by society today. Innovation is the key to the survival of MSMEs (Romão, 2020). Businesses in the accommodation, food and beverage, and shopping sectors can take advantage of the policies issued by the government with the right strategy.

Efforts that can be made are by adapting the business model, for example offering take-away food services, more flexible marketing conditions, price adjustments, changing operating hours, offering products and experiences digitally, creating new products and packages. Businesses in the accommodation sector can also meet new market needs so that business operations can continue, namely by providing accommodation for students and alternative workspaces for long distances (Gursoy and Chi, 2020; Liguori and Pittz, 2020; OECD, 2020; Pasquinelli et al., 2021).

Efforts that can be made to support businesses in the recovery process are to increase access to digital technology. Digital technology can simplify communication and increase time efficiency. In addition, digital technology can also reduce transaction costs and help provide more complete information so as to minimize the occurrence of asymmetric information problems (Esquivias et al., 2020a).

Financial services can also support businesses in the recovery process, one of which is by increasing financial inclusion. Financial inclusion is a condition where every member of the community has access to quality, timely, smooth, and secure formal financial services at affordable costs according to their individual needs and interests. Based on this explanation, financial inclusion can have a positive effect on company performance and support company competitiveness. One of the roles of financial inclusion is to facilitate access to credit for companies so that financial inclusion has an important role in helping the recovery process (Esquivias et al., 2020b).

Changes in demand due to the pandemic require MSMEs to innovate their marketing mix. Marketing innovation includes product, price, place, and promotion innovation. Marketing mix actions taken by MSMEs in Norrbotten to survive during a crisis such as facilitating reservations, ease of payment (by e-wallet for example) and discounting, reorienting promotions for a long-term focus (safety and health certification) (Larsson and Gustavsson, 2020) .

Other companies in Europe are implementing successful innovation efforts that can be replicated by MSMEs in Indonesia (Gössling, Scott, and Hall, 2020). Some hotels in Denmark rent rooms to students to meet the shortage of student housing (dormitory). In Slovakia, the Bratislava Tourism and Hospitality Business Agency created a promotional campaign to extend the length of stay of tourists (free 3rd night stay, OECD, 2020).

Governments in various countries have also supported innovation for businesses in the tourism sector. The Finnish government provides grants to companies creating new products or innovative production solutions (usually covering new accommodation or business development).

The Icelandic government provides funds for technology development to encourage investment. The Lithuanian government seeks to restore tourism by transforming tourism, promoting innovation and digital technology through the development of tourism services and products, for example through training of company workers and innovation.(OECD, 2020).

Businesses in the accommodation, food and beverage, and shopping sectors must certify health protocols to ensure consumer safety.

Certification of health protocols to ensure consumer safety can increase consumer demand because they feel safe during the pandemic. This certification is provided free of charge by the Ministry of Tourism and Creative Economy of the Republic of Indonesia. Over time, consumers will be willing to pay more, for example for hotel accommodation, with standard health and hygiene protocols (Qiu et al., 2020, Zhang et al., 2020).

A study in China conducted by Qiu et al. (2020) found that most respondents are willing to pay more to reduce the risk they will face due to COVID-19. The study also explained that youth showed higher responsiveness and motivation to service. This indicates that local governments must involve the younger generation in recovering from the crisis caused by COVID-19.

Gursoy and Chi (2020) prove that easing travel restrictions does not immediately restore consumers' willingness to return to eating at restaurants or staying at hotels. Around 18% of consumers will eat at a restaurant or stay at a hotel when the destination has relatively low COVID-19 cases. In addition, they will go to a restaurant or hotel with good health protocols (there is a hand sanitizer area, staff wear masks and gloves, apply social distancing, limit the number of consumers served, strict public area cleaning, health and safety protocol training for employees) . Consumers' demands to maintain their health and safety encourage consumers to pay better at restaurants and hotels. Surveys show 40% of consumers agree to pay more for their health and safety.

In line with the study conducted by Fong et al. (2021) that during the pandemic period, the government should prioritize health protocols to prevent the spread of COVID-19, compared to intervening to create a perception of tourism recovery. This is because the population will form a positive outlook if the government works well in controlling the spread of COVID-19 during the pandemic. If this control is prioritized by the government, it will ultimately increase trust in tourism. The strengthening of its own tourism image can have an impact on the development of domestic tourism, essential for a faster economic recovery (Jiang et al., 2019).

People's consumption patterns that change from face-to-face to online must be put to good use by these three business actors (Pasquinelli et al., 2021). Hotels can promote their products through digital platforms by providing discounts and guaranteeing health protocol standards through digital platforms such as Traveloka, Tiket.com, and OYO. Food and beverage businesses have also started to put their products on digital platforms. Typical foods that are usually used as souvenirs for tourists can also be sold through digital platforms, as well as for businesses in the shopping sector.

**CONCLUSIONS AND SUGGESTIONS**

**Conclusion**

This study aims to estimate the losses of the tourism sector and businesses in related fields from January to August 2020 so that a step can be taken to save businesses in the tourism sector to survive during the pandemic. Efforts are being made to socialize government policies and direct survival strategies for businesses in the tourism sector that are the most affected, including accommodation, food and beverages, and shopping.

Our findings show that eseha tourism experienced a loss of income of 9,508.16 million USD to 10,328.81 million USD with a decrease in tourist arrivals by an average of 67%-69% as of January to August 2020. Businesses in the tourism sector also experienced considerable losses, namely business losses in the tourism sector. accommodation is estimated at 2,977.95 million USD to 3,234.98 million USD; the food and beverage sector is estimated at 1,748.54 million USD to 1,899.45 million USD; and in the shopping area it is estimated at 1,530.79 million USD to 1,662.93 million USD.

**Suggestion**

The strategy that can be done for MSMEs in the food and beverage and shopping sector is innovation. One form of innovation is the marketing mix carried out by MSMEs in Norrbotten to survive during a crisis such as facilitating reservations, facilitating payments and giving discounts, reorienting promotions for a long-term focus. Another strategy that can be done is by adapting the business model, for example offering take-away food services, more flexible marketing conditions, price adjustments, changing operating hours, offering products and experiences digitally, creating new products and packages. The strategy that can be done for the accommodation business is to meet new market needs so that business operations can continue to run, namely by providing accommodation for students and alternative workspaces.

The strategy that needs to be implemented for businesses in the accommodation, food and beverage, and shopping sectors is the implementation of healthhealth. The survey results show that people's consumption patterns will change to prioritizehealth so that they will be willing to pay more for their safety and health. In addition, consumption will also change from offline to online, so digitization is important for all business fields.

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