

THE IMPACTS OF THE COVID-19 PANDEMIC ON THE TOURISM SUPPLY CHAIN SYSTEM IN KRABI PROVINCE

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Abstract

The objectives were to study the strengths, weaknesses, opportunities, and obstacles of the tourism supply chain and to study tourism strategies in the tourism supply chain system during the Covid-19 crisis between January and March 2020. Samples were of 400 tourists and 30 Tourism Supply Chain specialists. Data collection was made through a questionnaire survey and in-depth interviews. The data analysis employed descriptive and inferential statistics as well as content analysis.

The results showed that the strengths of tourism supply chains in Thailand consist of 1) price compared to received services, 2) quality of serviced personnel and 3) quality of products or services, respectively. In terms of weakness, the issue includes communication styles in foreign languages. In terms of opportunities, the issues include 1) tourist destination reputation and beauty, 2) diversity of tourism activities, and 3) online media growth. Lastly, the obstacles include 1) attractiveness of tourist destination in other provinces, 2) lack of mutual support during supply chains, and 3) safety standards for tourists.

For the appropriate strategy in the tourism supply chain, the findings were as follows: 1) marketing communication should focus on local identity, 2) tourism personnel should be upskilled and reskilled, 3) technology to communicate via social media should be well considered, and 4) there should be a promotion on tourists' health safety standards. In addition, the future research is also discussed.

Keywords: Strengths, Weaknesses, Opportunities, Obstacles, Tourism Strategies

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Introduction

The present COVID-19 epidemic has had a profound effect on enterprises worldwide. It encompasses investment, economic growth, and commerce across all economic sectors, including manufacturing, real estate, and construction. McKibbin and Fernando (2020) advocated that the COVID 19 pandemic has impacts beyond mortality and morbidity since it also affects economic, for example, Chinese economy encounter the interruption to production as well as global supply chains. In Thailand, COVID-19 situation harms Thailand's economy, especially tourism economy, which was supported by the study of Tantrakarnapa, Bhopdhornangkul and Nakhaapakorn (2020) revealing that COVID-19 influenced tourism in Thailand. Both Thai and international tourists benefited from the enforcement and execution of central and local government regulations, the robustness of Thailand's health care system, the culture and social relationships, and the collaboration between different governmental and business sectors. Literally, tourism goods are value-added chains comprising various service components that originate from complicated interactions among a variety of stakeholders. The cross-cutting, interconnected, and fragmented character of tourist goods pushes enterprises to build ties with multiple industry stakeholders - suppliers, distributors, rivals, governments, and other companies - resulting in Tourism Supply Chains (TSCs) (González-Torres, Rodríguez-Sánchez, & Pelechano-Barahona, 2021).

Historically, Thailand placed a premium on tourist earnings. Foreign visitors numbered around 39,797,604 in 2019 and 3,810,155 in 2020. (Ministry of Tourism and Sports, 2019a). However, there was a decline in international travelers, particularly Chinese tourists, as China stated it would prohibit residents of Wuhan Province from traveling in and out of the country owing to the COVID 19 pandemic. This might result in Thailand receiving 3.71 percent of Chinese visitors. Additionally, it anticipated that this condition would last until May 2020. As a result, COVID 19 influenced the tourist industry sector, which will substantially influence the Thai tourism supply chain, including the airline, restaurant, entertainment, and hotel industries. Given the goals of the many businesses, good upstream and downstream relationship management and coordination within the supply chain are critical to achieving and sustaining competitiveness for the whole supply chain and its agents. (González-Torres et al., 2021). The continuous growth of the tourist sector necessitates activities that allow firms seeking to attain or retain a competitive edge to fulfill the ever-increasing client expectations. Consequently, they are faced with the issue of developing creative and, at the same time, more complicated tourism goods, the preparation of which frequently includes a number of organizations providing diverse services (Szpilko, 2017). As such, the study is concerned with examining the influence of COVID 19 on the tourist supply chain and developing practical advice to assist tourism entrepreneurs in operating their businesses. Krabi province was chosen as the research region due to its renown as a tourism attraction.

Objectives

1. To study the weaknesses, strengths, opportunities, and obstacles of the tourism supply chain system in Krabi province.
2. To study tourism strategies in the tourism supply chain system in Krabi Province.

Literature Reviews

Tourism Industry

The tourism industry is very large and complex in Thailand, comprising the manufacturing and service sectors. From upstream to downstream, the tourism industry is complex. The tourism supply chain also consists of different manufacturers and service providers. There is a relationship with each other both directly and indirectly. For tourism supply chains, Tapper (2004) defined it as the delivery of both goods and services to tourists. This is not just a tour guide, transport, or accommodation for tourists alone. However, it also includes the delivery of all activities to tourists, such as restaurants, souvenir shops, laundry services, and tourism-related infrastructure management for tourists, as shown in Figure 1. This is in line with Intojunyong (2020), which has studied the stakeholders in the tourism business into 6 groups: hotels and accommodation, travel agents, tourism management and public relations agencies, tourism entertainment and activities, food service activities and transportation business.

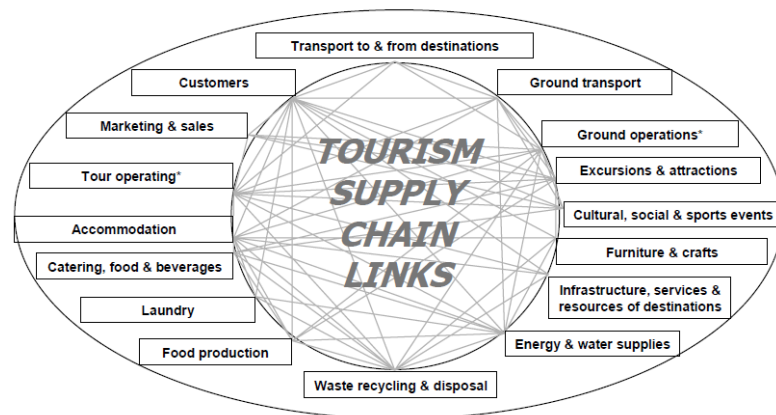


Figure 1 Composition and Connectivity in the Supply Chain System in the Tourism Industry (Tapper, 2004)

Tourism Supply Chains (TSCs)

Tourism Supply Chains (TSCs) refer to a network of tourism organizations involved in various activities ranging from the supply of various components of tourism products/services such as flights and lodging to the distribution and marketing of the final tourism product at a specific tourism destination. It brings together a broad group of people from corporate and governmental sectors (Zhang, Song & Huang, 2009). The tourist supply chain includes housing, transportation, and excursions, but also bars and restaurants, handicrafts, food production, trash disposal, and the infrastructure that supports tourism in destinations (Molefe et al., 2018). For components of the tourism supply chain,

Piboonrungrroj and Disney (2009a) has divided the tourism supply chain into 3 phases, shown in Figure 2:

Phase 1 - Before the trip: This phase will include planning the tourism, contacting the hotel, booking a plane ticket, or contacting a travel agency. The information may be obtained from the travel service provider.

Phase 2 – During the travel period: The primary service providers will consist of hotels, accommodation, transportation types, restaurants, laundry, and tour guides.

Phase 3 - After the trip: The activities after the trip can include photo printing services, photo books production, and others.

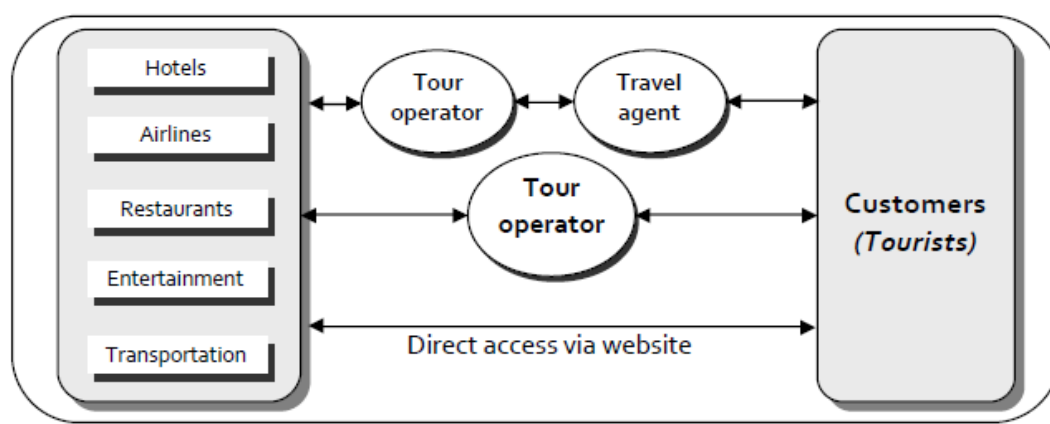


Figure 2 Intermediate Model in Tourism Supply Chain System (Piboonrungrroj & Disney, 2009a)

There are three types of marketing intermediaries in the tourism industry in the supply chain (Piboonrungrroj, 2009):

1. Tourists contact a travel agency, a business that accepts or sells travel packages created by tour operators in exchange for a commission. Alternatively, a travel agent may create a trip itinerary and offer it cheaply in certain instances. Allowing the travel agency to add different prices to the program allows the travel agency to deliver tourists who have already purchased the travel program to the tour operator. Including the tour operator to continue coordinating with tourism participants in the tourism program, such as owners of lodging, travel patterns, and restaurants.

2. Tourists have a direct touch with travel providers. After then, the tour guide business will look after the guests till the trip concludes.

3. Tourists plan their travel itineraries and communicate with numerous firms along the supply chain involved in the trip itineraries from start to finish.

For the study of the tourism supply chain system in Krabi province, it was found that entrepreneurs in the tourism supply chain system can be grouped into three major groups shown in Figure 3 as follows:

Group 1: Supportive businesses refer to businesses that support tourism, such as the Office of Tourism and Sports, Krabi Tourism Business Association, Krabi Hotel Association, Krabi Tourism Industry Council, and Tourism Authority of Thailand Krabi Office.

Group 2: Main businesses refer to businesses that provide direct services to tourists. It can include transportation business (by plane, car, and boat), hotel and accommodation businesses, restaurant and food business, tour service business, and tour guide.

Group 3: Related businesses refer to the businesses that can benefit from the tourism industry, such as souvenir businesses.

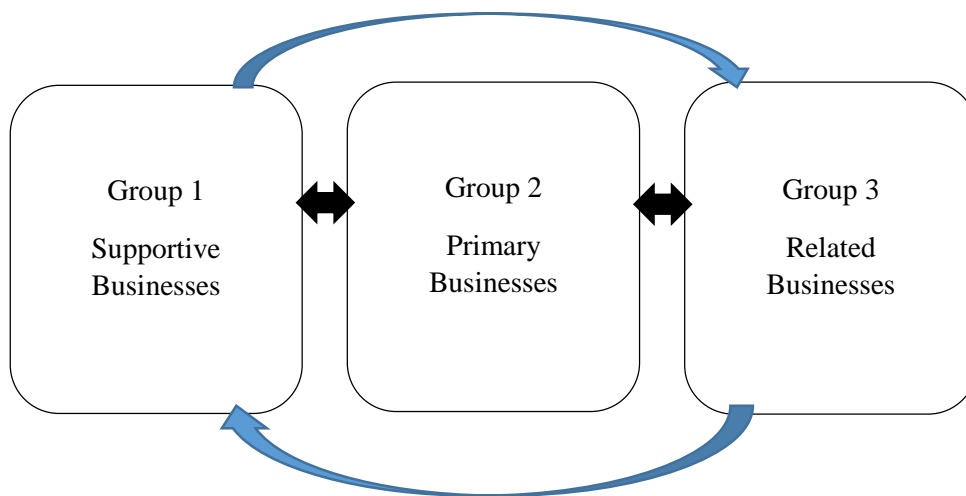


Figure 3 Tourism Supply Chain Model in Krabi

In Thailand, tourism supply chains relate to the tourism networks involved in the development of tourism activities from the start to the delivery of such services to visitors (Huang, Song & Zhang, 2010). Piboonrunroj (2009b) conducted a study of Thailand's tourism supply chain. They discovered that cooperation between hotels, suppliers, and tour operators occurs through information sharing, team formation, collaboration, human resource development, and the development of various technologies in order to reduce operating costs and increase operational efficiency and productivity. The tourist supply chain in Krabi Province comprises supporting businesses, primary businesses, and linked business groupings. It fosters collaboration via information exchange rather than consumer delivery, posing specific difficulties in tourism company management. Meanwhile, Palang and Tippayawong, (2019) studying about performance evaluation of tourism supply chain management in Thailand and found that there are 8 measurement including order process management, supplier relationship management, service performance management, capacity and resources management, customer relationship management, demand management information and technology management, and service supply chain finance. Also, Jemsittiparsert, Joemsittiprasert and Phonwattana (2019) indicated that factors including customer awareness and competitiveness can create sustainable supply chain performance in tourism industry of Thailand.

Research Methodology

This research employed mixed-method research approaches, including quantitative and qualitative approaches. The samples of this study were divided into 3 groups: 400 tourists using Cochran (1977) and 30 experts in tourism fields.

The researchers defined the variables used in the research as consisting of 2 groups: independent and dependent variables. Independent variables can be divided into two groups: the first independent variable group is related to tourist behavior covering Length of travel in Krabi province per time, traveling characteristics, total expense per time, and what expenses were mostly spent on each trip, and the second variable group is related to SWOT analysis covering strengths, weaknesses, opportunities, and obstacles of businesses that are in the tourism supply chain, namely the hotel business, restaurant business, transportation business, souvenir shop business. According to Phillip Kotler's approach, the strengths and weaknesses of tourism enterprises contain the value of the price and the perceived services, quality of service, communication and public relations with tourists, standards for cleanliness and safety of tourists. The aspects of opportunities and obstacles can include the beauty of tourist attractions, social media influence, Government tourism promotion policy, ecotourism trend (green tourism), COVID-19 economy, safety standards, tourist attractions in other provinces. The dependent variables include tourism personnel's skill upgrading, Thailand and Health (SHA) standards, cleanliness, safety and good hygiene, marketing communication with a new image, and communication technology usage.

The data was collected through a questionnaire survey and in-depth interview, which started from August 2019 until September 2020, a total period of 1 year. The data analysis contains descriptive analysis covering mean and standard deviation and content analysis. The detail shows in Table 1.

Table 1 Summary of research methodology

Objectives	Approach	Respondents/Informants	Tools	Analysis Method
1. To study the weaknesses, strengths, opportunities, and obstacles of the tourism supply chain system in Krabi province.	Quantitative approach	400 Tourists	Questionnaire survey	\bar{X} , SD
	Qualitative approach	15 Experts	Focus Group	Content Analysis
2. To study tourism strategies in the tourism supply chain system in Krabi Province.	Qualitative approach	15 Experts	In-depth interview	Content Analysis

Results

The SWOT analysis of the tourism supply chain system revealed that the most significant strengths of the supply chain system is that the tourism services are worth payment, service personnel have quality, and the goods or services are qualified.

From comparing the strengths of each business in the tourism supply chain, it is found that:

- 1) The value of the price concerning the services received by the business in the tourism supply chain with the highest average score was the hotel business, followed by restaurants, rental cars, and boat tours;
- 2) The hotel industry ranked highest in terms of service quality, followed by restaurants, rental vehicles, and boat trips;
- and 3) the service quality of workers in the tourist supply chain revealed that hotels received the highest rankings, followed by restaurants and souvenir stores.

Concerning tourism supply chain strategies, the researchers concluded SWOT analysis and TOWS matrix using data gathered from quantitative and qualitative studies, including questionnaire surveys and in-depth interviews from 15 experts. The result can be revealed as follows.

1) Matching strength (S) stating the value between the price and the received service with opportunity (O) stating reputation and beauty of tourist attractions, the expert proposed the strategies focusing on local identity marketing communication.

2) Matching weakness (W) stating communication skill improvement in a foreign language with opportunity (O) stating reputation and beauty of tourist attractions, the expert proposed the strategies focusing on tourism personnel's skill upgrading.

3) Matching strength (S) stating the value between the price and the received service with a threat (T) stating the beauty of tourist attractions from other provinces, the expert proposed the strategies focusing on communication technology usage through social media.

And, 4) Matching weakness (W) stating communication skill improvement in a foreign language with the threat (T) stating the beauty of tourist attractions from other provinces, the expert proposed the strategies focusing on Thailand and Health (SHA) standards.

Discussion and Recommendations

After conducting a SWOT analysis on the views of tourists, it was determined that the supply chain's strengths were value for money with received service, the quality of serviced employees, and the quality of products or services. This is consistent with Srithongphim (2017) findings, who examined Thailand's tourism supply chain system and discovered that the value for money and received services are a strong point for tourism in the country. Therefore, Governments should take a counter-cyclical role in assisting firms in mitigating the impact of economic shocks.

According to the study findings, most SMEs in Thailand give visitors items or services with good values based on the price supplied, rather than emphasizing high quality or premium services. Concerning the tourist supply chain's weaknesses, it was determined that the primary issue in Krabi was the growth of communication through other languages. This is congruent with the findings of

Wong et al. (2014), who conducted a SWOT analysis of medical tourism destinations in Malaysia, Thailand, Singapore, and India and discovered that Thailand's tourism issue is related to foreign language communication.

For opportunity analysis, Krabi's tourism supply chain system is comprised of the renown and attractiveness of its tourist attractions, a diverse range of tourism activities, and the expansion of online media. Additionally, the hazard component indicated the allure of tourist attractions in neighboring provinces and a lack of mutual support for the tourism supply chain's safety requirements. These research results are consistent with a study conducted by Business Monitor International Ltd., which determined tourism opportunities in Thailand. The results show that it can benefit from the country's beautiful natural resources and fascinating culture and the obstacles to tourism in Thailand, which include the attractiveness of tourist destinations in neighboring countries and a lack of safety standards for foreign tourists.

By studying tourism strategies within the tourism supply chain system in Krabi Province, the research identified four tourism strategies: 1) marketing communication that emphasizes local identity, 2) tourism personnel development, 3) communication via social media, and 4) health safety and hygiene standards. The study's findings are consistent with the implementation guidelines for Krabi Province's growth from 2018 to 2021, which emphasize the importance of green tourism to boost Thai tourism's capacity to reach international standards and link regional and worldwide tourism. The study result also is in line with the study done by Palang and Tippayawong (2019) revealing that order process management, supplier relationship management, service performance management, capacity and resources management, customer relationship management, demand management, information and technology management, and tour finance supply chain can benefit the tourism supply chain for Thai tourism industry. Also, Tantrakarnapa, Bhophdhornangkul and Nakhaapakorn (2020) supported that to help Thailand's tourism industry during COVID 19, organizations and individuals can work together to improve regulation enforcement and implementation, public awareness and communication, information updates and distribution across the country, and medical and health personnel preparation and hard work.

From the above solutions, it is just a short-term measure that entrepreneurs can maintain stability and survival in the tourism industry. Even though the tourism drop situation is expected to resolve sooner, the epidemic situation is expected to continue to exist in a county. Therefore, the tourism entrepreneurs in the supply chain will have to rely on the government to come up with more measures to support tourism, such as tax reductions, financial assistance measures, loan interest deduction, and others. A deliver public funds on favorable terms, particularly to businesses with low financial solvency that may struggle to obtain a loan from a commercial bank. To that end, the credit guarantee plan designed to help businesses affected by the pandemic should be appropriate, covering up to 100 percent of new loans and renewal procedures. Thus, for the measures to be effective, coordination must involve the alignment of the goals and interests of the commercial and government banks. These organizations

must fully and authentically explain the benefits of public guarantees to the enterprises (González-Torres, et al. (2021).

As a result, future studies can focus on effective subsidy measures provided by the government affecting tourism business recovery. In addition, the other measures such as technology service provision, knowledge access, health safety standard and practices, and business networks with other countries should be examined, leading Thai tourism entrepreneurs and enterprises to gain better performance.

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