


Chapter 3

Impact of COVID-19 Vaccines on Tourism Demand and Culture

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ABSTRACT

The low supply of vaccines for COVID-19 has disrupted tourism development in Asia. The question is if the vaccine may change cultural divergence into cultural convergence at the tourist destination. The purpose of this study is to examine the culture and price elasticity of hotel demand to find the cultural convergence. The study has conducted autoregressive distributed lag model to test whether the vaccine would change the price and income elasticities of hotel demand to find the cultural transformation from divergence to convergence through tourism. Findings indicate that the impact of the vaccine on transferring culture from divergence to convergence was confirmed. Tourists from the divergent cultures specified by less levels of Hofstede's cultural dimensions will visit the country destination with high levels of Hofstede's cultural dimensions after COVID vaccination. Japan and the US that possess divergent levels of power will visit Vietnam for power convergence. China, Korea, and Russia that possess divergent levels of indulgence will visit Vietnam for indulgence convergence.

INTRODUCTION

COVID-19 has negatively affected tourism that brings different cultures together. Previous tourism demand models have not caught the exogenous variables of vaccines and cultures. It is necessary to have an updated model of tourism demand with COVID vaccines.

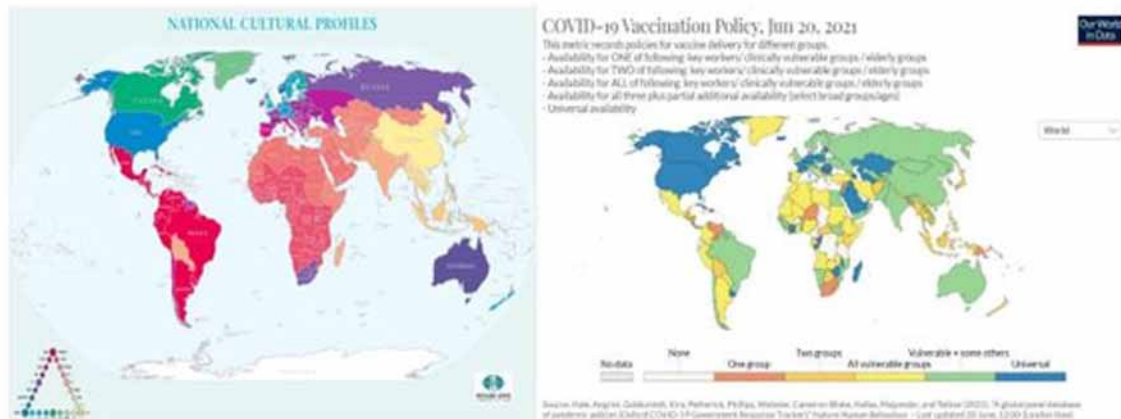
COVID-19, a pandemic caused by severe acute respiratory syndrome coronavirus 2, emerged in January 2020 in China and spread to the world quickly. More than 30 million people are infected and people from different cultures have worked to develop the vaccines for the coronavirus. As a result, there have been 165 coronavirus vaccines (Corum, Wee, & Zimmer, 2020). As of today, around 748 million (9.6%)

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people have been fully vaccinated (OurWorldData, 2021) and most of them are from US, China, and Russia (Figure 1). The big question is whether or not the different cultures of the wealthiest countries such as the US, China, and Russia will converge even though they have been competing in producing the vaccines recently.

Figure 1.



Source: Hammer, 2014 and Our World in Data, 2021.

The American, Chinese, and Russian tourists are now safe to travel to the most controllable countries in the world in handling the COVID-19 outbreak. According to Minh (2021), Vietnam is the second-top country in the world in handling the COVID-19 outbreak after New Zealand. The purpose of this study is thus to examine the vaccinated tourists' behavior of American, Chinese, Russian, Japanese, and Korean who are the top tourist arrivals in Vietnam in 2020 through the price and income elasticities of demand to see the trend of the cultures.

Elasticity is a measurement of preference for utility of people based on their limit income versus market price. The preference for utility of people including the need for personal and cultural satisfaction must be assessed after the damage of the COVID-19 using the elasticity. The vaccines that have recovered the damage of tourism connections can enhance human cultural understanding. Therefore, elasticity can be used to measure the impacts of COVID-19 vaccines on cultural understanding.

Price elasticity of demand (PED) indicates the relative change of tourism demand when a unit price of a tourist product changes. The absolute PED will be elastic if it is greater 1 and inelastic if it is <1 . If the PED is nearly 0, the price will not affect the demand. Income elasticity of demand (YED) shows the relative change of tourism demand when a tourist's income changes. If the YED is positive, the tourism product will be normal or luxury. If the YED is negative, the tourism product will be inferior and obsolete. If the YED is nearly 0, the income will not affect the demand; a change in tourists' income does not affect their visits. Coefficients of variance (CV) that indicates a level of difference from the culture shows the level of change in tourists' behavior will be smaller (culture convergence) or bigger (culture divergence) after COVID-19 than before.

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