

IMPACT OF COVID-19 ON TOURISM SECTOR

Pradnya Andhale¹, Raviraj Shelke², Ojusvi Prajapati³, Pranjali Gabhane⁴

^{1,2,3}Department of General Mangement

^{1,2,3}MIT WPU School of Management, Pune, India

ABSTRACT

Since travel has become a prime part of everyone's life and is no longer considered as a luxury but a prerequisite to break away from a hectic routine and rejuvenate. The COVID-19 pandemic has significantly affected the tourism industry by restricting the travelling across the globe which had eventually led in the downfall of the tourism service providers thereby leading to slump in the demand for tourism industry. All countries across globe has formulated its own restriction policies which have led the downfall to the tourism industry in the greater extent. COVID-19 situation has affected the psychology of the people which is very sensitive to safety and security aspects and eventually tourism industry is driven by the psychology of people. The psychology and the mindset of the people has so changed that people are now resistant to travel due to the COVID-19 effects. The tourism service provider companies now have to regain the trust of people in the recovery period to travel again after the pandemic and thus it would be a challenging task. Unlike other business sectors, tourism will take an extended time to return to normalcy in the recovery period as tourists need to ensure that the situation is really safe and secure before they step out to travel again.

PURPOSE

The purpose of research paper is mainly to investigate the effects(pre and post) of COVID-19 pandemic on tourism industry which is driven by the mentality and the psychology of the people. The concern for safety and security

determines the attitude of tourists towards the tourism industry which can help the tourism industry to recover back to the normal state.

SECTOR PROFILE

The Indian tourism industry and hospitality industry has developed as one of the key drivers of development among the administrations area in India. The tourism industry in India has huge potential considering the rich social and authentic legacy, assortment in environment, landscapes and places of normal magnificence spread the nation over. The tourism industry is additionally a possibly enormous work generator other than being a critical wellspring of unfamiliar trade for the nation. Starting at 2019, 4.2 crore occupations were made in the tourism industry segment in India, which was 8.1 percent of the complete work in the nation. The number is required to ascend by two percent annum to 52.3 million positions by 2028.

During 2019, unfamiliar vacationer appearances (FTAs) in India remained at 10.89 million, accomplishing a development pace of 3.20 percent y-o-y. During 2019, FEEs from the tourism industry expanded 4.8 percent y-o-y to Rs.1,94,881 crores. In 2019, appearances through e-Tourist Visa expanded by 23.6 percent y-o-y to 2.9 million.

LITERATURE REVIEW

- Utilizing the overall balance model, the likely impacts of the travel industry stun can be measured. The investigation shows the solid in reverse and forward linkages of the travel industry and different divisions of the economy. A decrease in vacationer appearances influences business and salary along the flexibly chain. Consequently, the GDP and business impacts are a lot more prominent than the inbound vacationer use information would propose. Numerous nations rely vigorously upon the travel industry and will encounter sensational impacts in the work market and public pay. Loss of work in the incompetent segment is over 10 percent in numerous nations even in the most idealistic (moderate) situation and can transcend 40 percent in the most cynical (sensational) situation. Ladies are probably going to be excessively influenced because of a high portion of female work in the travel industry area. Notwithstanding, practically all segments of the economies dependent on the travel industry are adversely influenced due to the intersectoral linkages.
- Some work and capital might be utilized in different parts however most capital isn't effectively transferrable, and it will be hard for some specialists to discover work in different divisions in declining economies. What GTAP doesn't catch is the alteration cost of moving out of one industry and back again when it recoups. The travel industry is probably going to recoup more gradually than different businesses, maybe up to 19 months, in light of past pandemics, as indicated by the WTTC (2020). Private people, organizations and governments are confronted with the choice to move to another area, which includes retraining and some capital venture, or enduring it until the travel industry recuperates.
- Temporarily, securing individuals and keeping up a solid the travel industry are

significant. Fitting social security can regularly forestall the most exceedingly terrible impacts of a stun, including the COVID-19 pandemic. Easy-going and independently employed specialists are basic in the travel industry related divisions and ought to be helped where conceivable. Governments ought to secure laborers. Where a few endeavours are probably not going to recuperate, wage sponsorships ought to be intended to assist laborers with moving to new businesses.

- Governments can additionally help the travel industry undertakings that may some way or another fail, for example, inns and carriers. One methodology for money related help is low premium credits or awards. In spite of the fact that help is required direly, this requires an exhaustive investigation of the expenses and advantages of help to explicit parts. The information has appeared, the monetary impacts are legitimately in the travel industry segment as well as spread across numerous areas. Most governments have restricted intends to help or guarantee a significant industry. A few projects, for example, the Catastrophe Containment and Relief Trust by the International Monetary Fund (IMF) can offer transient obligation reliefs to a portion of its individuals. The central point of interest is whether the business will skip back once limitations are taken out. This is an exceptional stun and requires pressing activity to forestall.
- A typical arrangement of rules identified with take-off and appearance strategies and disinfection prerequisites for air travel would be profoundly advantageous. In the medium and longer term, governments should uphold monetary enhancement where conceivable. A high reliance on one segment expands weakness. For certain nations enhancement away from the travel industry might be troublesome. Roads for monetary broadening may incorporate expanded provincial joining,

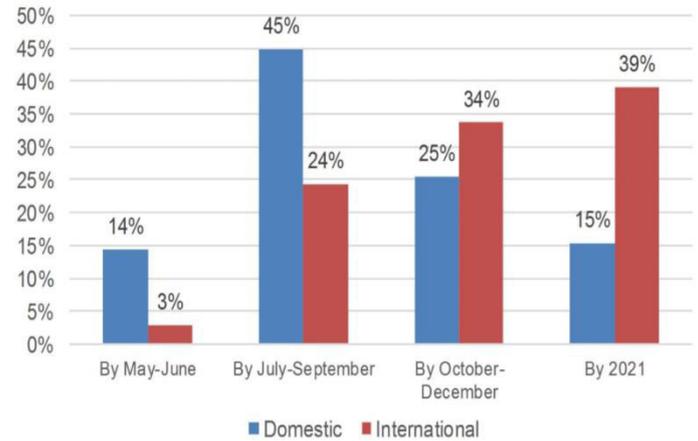
instruction and preparing programs in focused financial segments to help versatility and alleviate the expense of stuns. A significant finding from the examination is that the GDP impacts are a lot more prominent than the loss of vacationer use due to the aberrant impacts through the gracefully chain. In the short run, the impacts are presumably downplayed in light of the fact that it is accepted that capital and work can be utilized in segments other than the travel industry. This is probably not going to be the case since the travel industry isn't the main area adversely influenced. Along these lines, there are restricted open doors for re-work of uprooted laborers and capital. The harm caused in the travel industry division goes past dropped flights and lodging appointments. There is a solid case to be made for governments to mediate and collaborate at a worldwide level to ensure the lives and employments around the globe.

DESIGN/METHODOLOGY/APPROACH

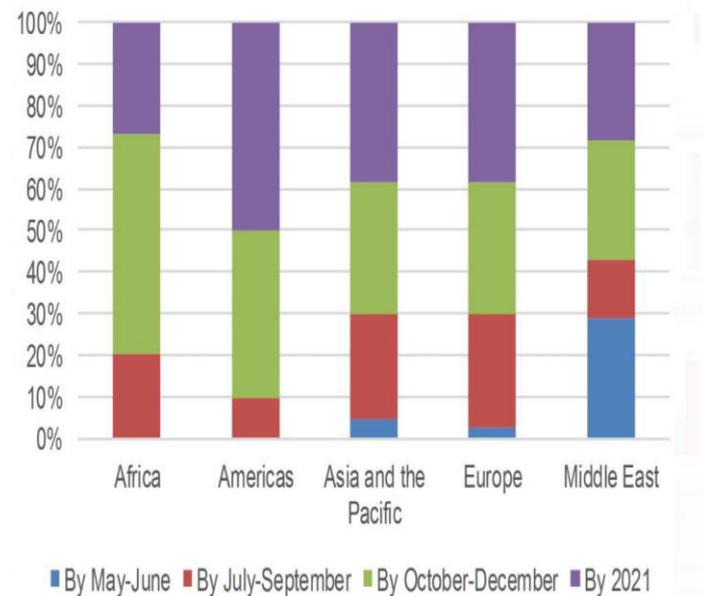
The research design used is the primary and secondary data. Secondary data is collected from The United Nations World Tourism Agency (UNWTO). This data will be able to help and check various factors which plays important role in analysing the impact of COVID-19 on the tourism sector.

ANALYSIS AND INTERPRETATION

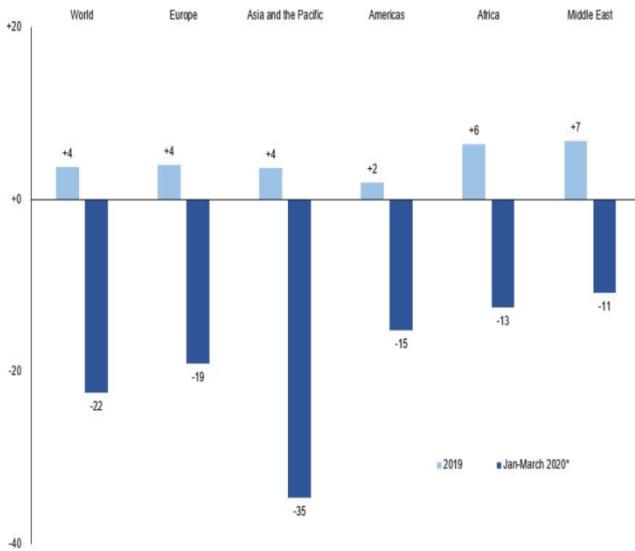
A) Secondary Data:



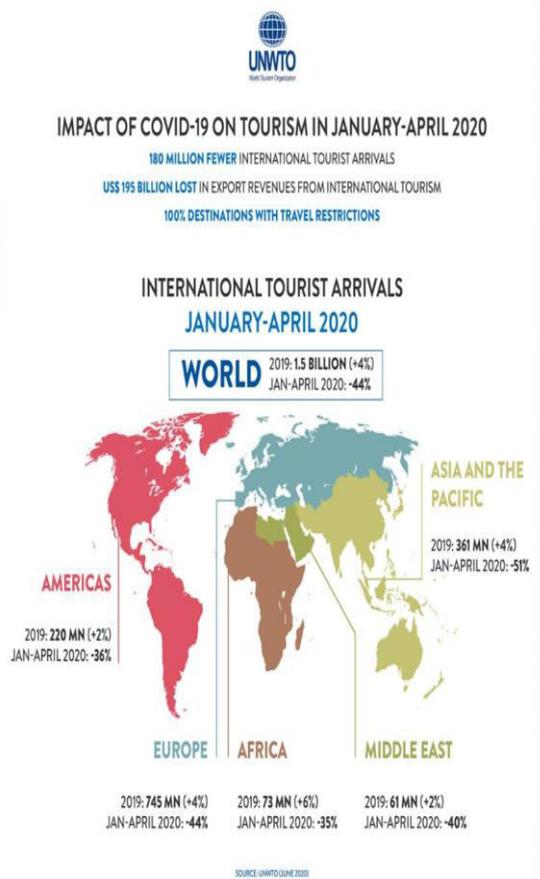
The above is the data which shows how the tourism is affected on domestic and international level in different phases of COVID-19



The above is the region-wise data which has the current data on covid-19 and also the post-covid data i.e. in the year 2021. The above graph depicts the impact on tourism in different regions globally.



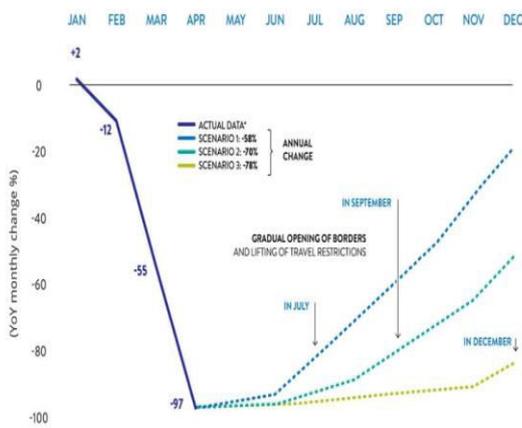
The above graph interprets the data region-wise. It has pre-covid data of year 2019 wherein its in the positive numbers and in Jan-March 2020, it's the covid data where the graph has negative numbers.



POTENTIAL IMPACT OF COVID-19 ON TOURISM IN 2020

850 MILLION TO 1.1 BILLION FEWER INTERNATIONAL TOURIST ARRIVALS
 US\$ 910 BILLION TO US\$ 1.2 TRILLION LOSS IN EXPORT REVENUES FROM TOURISM
 100 TO 120 MILLION DIRECT TOURISM JOBS AT RISK

INTERNATIONAL TOURIST ARRIVALS IN 2020: THREE SCENARIOS



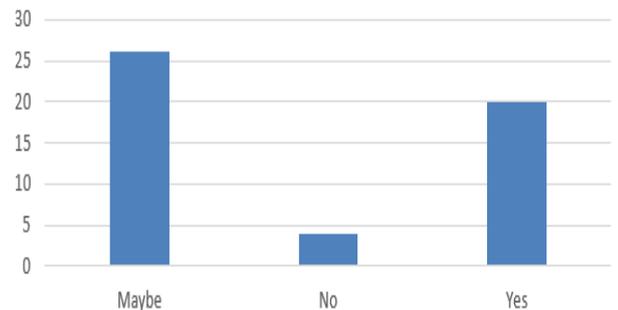
* Actual data through April includes estimates for countries which have not yet reported results.

SOURCE: UNWTO (UNE 2020)

B) Primary Data:

Count of 4. Will you prefer to travel in future eg in 2021, even if it's claimed COVID-19 is...

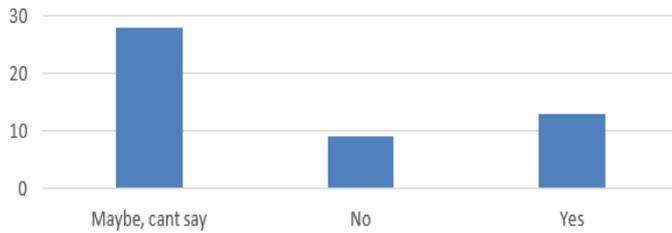
Count of 4. Will you prefer to travel in future eg in 2021, even if it's claimed COVID-19 is completely eradicated?



4. Will you prefer to travel in future eg in 2021, even if it's claimed COVID-19 is completely... ▼

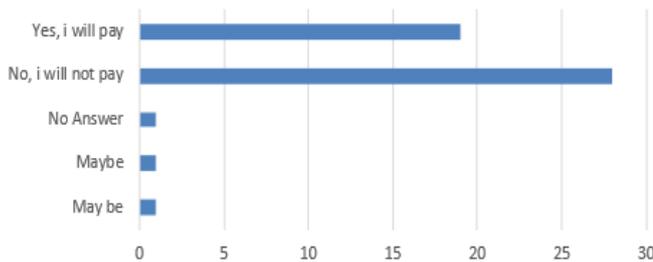
Count of 6. Even if government came up with some rules and regulations like safe distance,...

Count of 6. Even if government came up with some rules and regulations like safe distance, even-odd sitting, etc, will you still travel considering your safety?

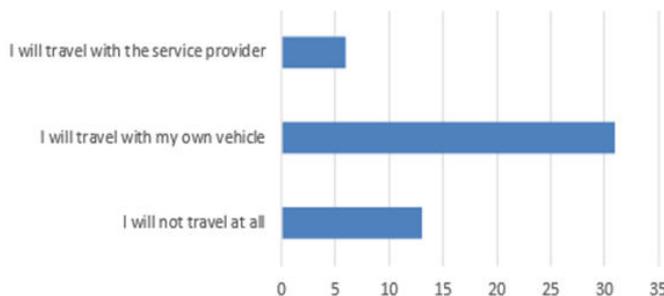


6. Even if government came up with some rules and regulations like safe distance, even-...

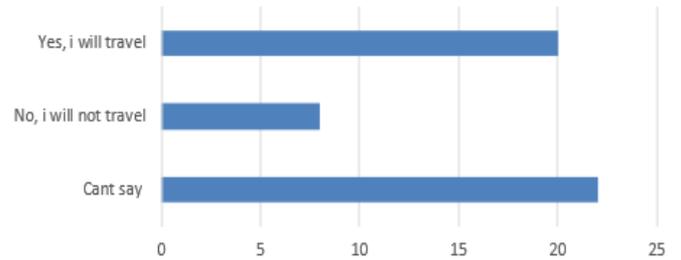
Count of 7. Are you willing to pay higher rate of charges for your vacation than the normal rate if any tourism service provider guarantees you all the safety and precautions?



Count of 8. Will you prefer travelling with your own vehicle or travel with the tourism service providers in COVID -19 situation?



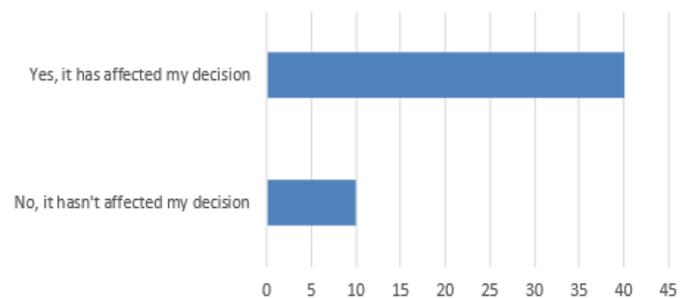
Count of 9. In post COVID situation will you travel with the tourism service providers like train, bus, flights, etc? (Even if they are taking care of all your precautions and safety)



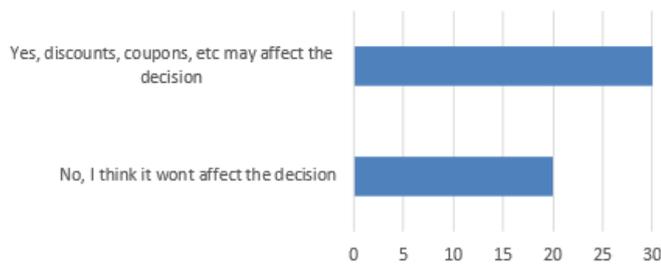
Count of 11. What are your plans to travel in post COVID situation?



Count of 12. Do you think COVID-19 pandemic has affected your decision to travel, even in future?



Count of 16. To fight with this situation, even if the service providers offers discounts, coupons, etc to gain the revenue, do you think people will still travel?



FINDINGS

From the Secondary Data, we can there is growth expected in the international tourism till the year 2021. Also, the different regions globally like, Asia-Pacific, America, Africa, Europe and Middle East are planning to uplift the pace of the tourism till 2021. Also, the figures of the tourism industry are in negative numbers throughout the different regions around the globe, highest is Asia-Pacific (-35) while lowest of Middle-East (-11). The tourist arrivals across different regions around the globe have decreased and are in the negative numbers, the mostly affected region- The Asia-Pacific region (-44%). Hence, the tourism sector globally has impacted due to the COVID-19 phase- tourist arrivals has decreased which led to the decrease in the revenue generation from the tourism sector. COVID-19 has created a negative impact on the tourism sector, when compared with the 2019 data. Also, we can see that the government of each country is trying to uplift the tourism in the positive way till the year 2021.

From the Primary Data, we can see that, people are not sure on their decision to travel even if the government decides or plans to arrange the complete safety of the customer and also even if the complete COVID-19 is eradicated. This unsure decision of people can affect the tourism industry. Also, people are not willing to pay the extra amount of money on the safety to travel

with the tourism provider and majority of the people have made their decision to travel with their own vehicle compared to the tourism providers, while others say they won't travel at all. In post COVID-19 situation, majority of people are unsure about their decision to travel with the service providers considering all safety and precautions and also majority of them are ready to travel with the tourism service providers if they are considering the safety and precautions. So, this creates an opportunity for the service providers to uplift their market in post COVID situation.

Majority of people have made the decision to travel to nearby places and within their country, so tourism service providers should consider the customer preferences for the positive growth of the tourism industry. Also, if the tourism service providers are arranging coupons or discounts as a promotional strategy to grow the market it can affect the decision of the person to travel.

The travel industry is one of the quickest developing monetary segments and is a significant driver of financial development and advancement. In 2018 there were 1,407 million worldwide traveller appearances, a six percent expansion on the past year. Tourism receipts added up to \$1,480 billion, an expansion by 4.4 percent, higher than worldwide GDP development as in the past 8 years. Traveller transport merits another \$250 billion. The travel industry sends out record for seven percent of worldwide exchange products and enterprises, or \$1.7 trillion.

RESEARCH IMPLICATIONS

The nature of the study is cross sectional, it considers one factor (here COVID-19 pandemic) with the other factor of interest (here, travel/tourism) at the single point of time. Factors affecting the consumer decision when studied and considered can yield into the positive growth in the tourism sector by designing and

improving the tourist experience like, safety, precautions, etc. in the post COVID situations. These factors like safety, precautions and promotions will be helpful to design the marketing strategies to influence the tourist's decision and also for the growth of the tourism industry worldwide.

PRACTICAL IMPLICATIONS

COVID-19 (declared by the WHO, dated 12 March 2020) has significant economic, political, and cultural implications. Health communication strategies and measures (eg social barriers, travel and travel restrictions, community closures, home stays, private or compulsory isolation, restriction of traffic) have imposed international travel, tourism and recreation. As a highly vulnerable sector in environmental, political, economic and economic spheres, tourism has become more and more resilient in the face of various problems and outbreaks (e.g. terrorism, earthquakes, Ebola, SARS). However, the situation, unpredictable conditions and the effects of COVID-19, show signs that this problem is not only unique, but can have profound and long-term structural changes and changes in tourism such as social and economic activity and industry. Indeed, the global and large scale, the effects of complex and interconnected interactions on current prices and systems that have led to the global economic downturn and depression are very different aspects of the disease.

International, regional and local tourism restrictions have had a significant impact on the country's economy, including tourism programs, namely international tourism, domestic tourism, day trips and various categories such as air travel, walking, public transport, accommodation, cafes and restaurants, meetings, festivals, meetings, or sporting events. With the slow pace of global travel due to the crisis, and many countries setting travel restrictions, closing borders, or introducing solitary confinement

times, international and domestic tourism has declined rapidly within weeks. Countries are rushing to repatriate travelers, which, in the event of a major market failure, involves hundreds of thousands of citizens in all parts of the world.

Tourism accounted for 10 percent of the world's gross domestic product by 2019 and is estimated to cost about \$ 9 trillion, making the sector almost three times more agricultural. However, the number of tourist destinations and suppliers has always been fragmented, with limited integration between small and medium enterprises (SMEs) forming a large part of the sector. Governments generally play a limited role in the industry, with partial oversight and simple touch management.

COVID-19 has created an unprecedented problem in the tourism industry. International tourist arrivals are expected to drop by 60 to 80 percent by 2020, and tourism spending is unlikely to return to a precarious level by 2024. This puts at least 120 million jobs at risk.

Re-opening tourism-related businesses and managing their renewal in a safe, attractive, and economically viable way for tourism will require collaboration at an unprecedented level. The public sector can be best placed to oversee this process in the context of the fragmented environment of SMEs, large state-owned enterprises that control access points, and the growing impact of health-related structures. As borders begin to open and are interested in restoring tourism to other regions, governments can take this opportunity to rethink their role in tourism, thus helping both the sector recover and strengthen it in the long run.

After COVID-19, on destination marketing, industrial growth & research many tourism services & authorities will be more focused. Many are now faced with a host of new regulations, incentives, and agreements. They also face uncertainties about the forecast, and the decisions they make about what goods - such as

airports - will reopen will have a profound effect on the safety of tourists and industry personnel.

Communication between the public and private sectors in tourism has already been complex before COVID-19. The Department of Business, Energy, and Industrial Strategy (BEIS) and the Department of Digital, Culture, Media and Sport (DCMS) are the two departments in tourism in United Kingdom which is partnering with other government agencies and private companies in many areas. Complex linking structures often make it difficult to be clear and consistent. These problems are exacerbated by the level of coordination that will be required in the post-crisis sector, both spheres of government (for example, between the departments responsible for transport, tourism and health), and between government and private sector players.

Restoring the need for tourism requires travellers and tourism professionals to feel secure. Although international organizations such as the International Air Transport Association (IATA), and the World Travel & Tourism Council (WTTC) have developed a set of guidelines that will serve as a basis, local regulators are putting more and more steps into it and finally make a move on it. This leads to lower levels of harmonization in terms of local government regulations.

Some sources indicate that it will take four to seven years for tourism to return to the 2019 levels, which means that overcrowding will be a relatively new phenomenon in the medium term. This long period of low demand means that the way tourism is funded needs to change. The types of policies mentioned above are expensive and it will be difficult for governments to take care of themselves over the years. They may also not travel enough. A recent study by the Organization for Economic Co-operation and Development (OECD) for SMEs in the tourism sector has suggested that more than half will not survive in the next few months, and business

failures on anything like this could put a strain on even the most conservative forecasts.⁴ Governments and private companies should investigate new funding mechanisms.

ORIGINALITY/VALUE

The study delivers an exclusive method to understand the consumer preferences towards the tourism service providers and growth in the tourism industry post COVID-19 situation.

KEYWORDS

COVID-19, tourism service providers, tourism industry, safety and precautions.

PAPER TYPE

Research Paper

REFERENCES

1. UNWTO (United Nations World Tourism Organization) – www.unwto.org
2. <https://www.tandfonline.com/doi/full/10.1080/09669582.2020.1758708>
3. <https://www.sciencedirect.com/science/article/pii/S0140673620305286>
4. <http://www.businessworld.in/article/Impact-Of-COVID-19-On-Tourism-In-India/16-06-2020-286114/>
5. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3632798
6. <https://www.oecd.org/coronavirus/policy-responses/tourism-policy-responses-to-the-coronavirus-covid-19-6466aa20/>
7. <https://www.epw.in/journal/2020/30/letter-s/impact-covid-19-tourism-sector.html>
8. <https://science.sciencemag.org/content/368/6489/395.abstract>