

# **A Massive Crisis Covid 19 on the Performance of the Hospitality Industry with Reference to Indian Region**

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## **ABSTRACT**

COVID-19 (CORONA) Is like a black swan incident that happened globally in the year 2019. The first country affected by this crisis was China, which greatly impacted the hospitality industry (China hospitality association, 2020). Due to the mass spread of the virus owing to social distancing and travel bans globally, which leads to the cancellation of hotels and flight bookings. Over the few months, plenty of research papers, articles, and case studies have been published on the impact of Covid-19 on the performance of hospitality industries globally. This exploratory study reviews the impact and effect of covid-19 (Corona) on the Indian hospitality industry. Also, the study highlighted the post-pandemic phase and strategies adopted by the Indian government for crisis management.

**KEYWORDS** – Corona, Hospitality Industry, Social Distancing, Pandemic, Crisis Management

## **INTRODUCTION**

The world is still coping with the effect of COVID – 19 and no doubt this pandemic will change the living style of the world we know today. We are witnessing a gigantic increase in the number of Corona patients on daily basis. To preclude the country from the effect of corona our Hon’ble prime minister Mr. Narendra Modi took a remarkable decision of putting a complete lockdown on the nation with effect from 24<sup>th</sup> March 2020 to 14<sup>th</sup> April 2020 and was further extended due to the massive spread of the virus till 3<sup>rd</sup> May 2020. Due to this decision of complete lockdown, the growth rate of mass spread has slowed down and provides substantial time to our government to orchestrate medical amenities and for drafting future policies. Apart from these positive effects of lockdown it creates a massive impact on the economy of the country and creates an enormous impact on the hospitality industry of India. Bookings of hotels, flights, trains, and taxis have been canceled due to which the hospitality industry across the country faced the problem of zero revenue and bearing some fixed charges. This pandemic head many hoteliers especially non-chain & individual hotels to shut down permanently or transfer ownership of property which eventually leads to affecting the jobs and income of hoteliers and employees of the hotel industry. In other words, this pandemic leads to a steep fall in the market value of the hospitality industry and its performance.

## **ABOUT COVID - 19**

Today variety of infectious viruses causing human and animal diseases are reported for unidentified reasons, but one of the main reasons found to underline the enduring search for new viruses. Exposure to seafood was identified (Parveen Jain 2020) as a reason for the novel coronavirus, a disease named by (WHO) world health organization as COVID – 19, rapidly transmitting globally. The first case in china was detected on 17<sup>th</sup> Nov 2019 in a 55-year-old individual from Hubei.

COVID – 19 is a virus from the “*Coronaviridae family*” and has been identified in rodents, chickens, pigs, dogs, rabbits, horses, and humans and can cause severe ailments of respiration (Parveen Jain 2020). It spreads so rapidly in all the nations like “jungle fire” and within two months the situation is declared a pandemic (11<sup>th</sup> March 2020) by the world health organization (WHO) spreading from China to the USA, Iran, Russia, India, and many other nations.

In India, the first case of corona (COVID -19) was reported in Kerala, the infected person was returned to Ernakulam from Dubai. According to the data of the ministry of health and family welfare (14<sup>th</sup> Oct 2020,

GMT+5:30), the total number of active cases is 826876 (11.42%), the number of discharged cases is 6301927 (87.05%), and the number of deaths is 110586 (1.53%).

## **PRE-PANDEMIC PHASE INDIAN ECONOMY**

The covid-19 outbreak is indeed the pandemic that creates a massive impact on the economic condition of the countries in history. Like other countries, Indian tourism and hospitality are one of the industries that have been affected badly by the pandemic. The cause of this effect is that tourism and hospitality offer services that are perishable and cannot be stored in the future. The hospitality sector is also a major player in providing direct and indirect employment to millions of people but due to this pandemic, many jobs are at stake (Kumar,2020).

In Jan 2020, before the covid, the GDP of India's economy was estimated reduced by International Monetary Fund IMF (Rajan & Gopalan 2020). the reason behind this reduction in the country's economy was the demonetization of currency and the implementation of the Goods and Services Tax (2017) (Rajan & Gopalan 2020).

## **IMPACT OF LOCKDOWN**

Globally many countries have adopted the method of lockdown to control the potency of COVID – 19 from the transmission. During the lockdown, certain guidelines are formulated by the government, and people are advised and bound to follow the rules and regulations to stop the transmission from one individual to another and to protect their families & friends. But the situation is getting worse as the people started thinking as somebody has kept them in cages and started protesting the govt. on the decision of imposing a lockdown a news report (Oren Liebermann, 2020) published by CNN.com on 15<sup>th</sup> July 2020, shows that protests were held in various countries like Israel, Serbia, Pakistan, USA, China, Russia, India, Canada, and many more. In India after the announcement of lockdown by the Hon'ble prime minister w.e.f 24<sup>th</sup> March 2020, thousands of jobless workers started migrating from one state to another, gatherings at railway stations, bus stands and even started migration through walking thousands of kilometers and creating a situation of huge mess within the country. Henceforth people are getting a psychological attitude of “**Flying Birds**” who are seeking an escape (Chiranjib 2020). Tourism is the best medicine for psychological indulgence but due to, lockdown people must lock themselves in their houses.

### **(POSITIVE IMPACT)**

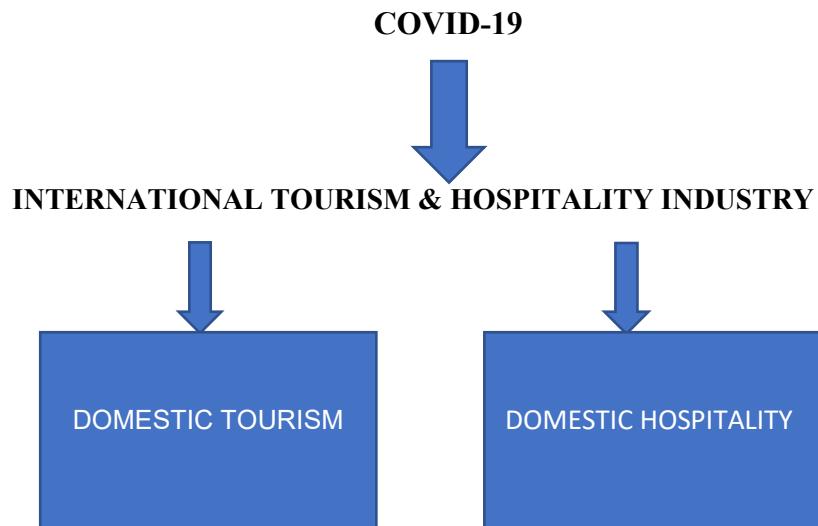
- More awareness about the eco-tourism, culture, and tourism advocacy
- Wet market restrictions
- Accelerate domestic tourism and hospitality
- New tourism and hospitality policies
- Improvement in family times
- Improvement in sanitization and hygiene

### **(NEGATIVE IMPACT)**

- Decrease in tourism rate
- The shift in the buying behaviour of tourism and hospitality
- Tourism and hospitality psychosis
- The decline in revenue generation in tourism and hospitality

## **CATASTROPHES AND THE HOSPITALITY INDUSTRY**

Every catastrophe brings different industrial consequences, but the hotel industry is most likely to be subjected and vulnerable to threats and unexpected catastrophes such as terrorist attacks, natural calamities, and pandemics (Chen 2011, Jaya warden 2008).



From July 2017 to March 2018 hospitality industry paid approx. 6709 Crore as GST (Vatsal Jain & Prateek Jain 25 April 2020) and the performance of the hotel industry in 2019 was high and followed by an effective start in Jan 2020 but the situation would change after the COVID crisis hit India. Major markets of India in the hospitality sector are Delhi, Mumbai, Goa, Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Jaipur, Kolkata, and Pune show a decline in RevPAR in the first quarter of 2020. (Vatsal Jain & Prateek Jain 2020) The key performance of Indian hospitality showed an overall decline of 18.5% (RevPAR) revenue per available room in the first quarter (Q1). Gloria Guevara (President and CEO of the world travel and tourism council) mentions in an open letter that “50 million jobs worldwide are at stake and reflecting a reduction in jobs by 12 – 14% because of COVID – 19”. The further letter indicates that the hospitality sector is facing collapse and in the state of “fight for survival” due to the corona pandemic. A study (Zhang et al’s 2020) on 498 hotels in china revealed that the OCC (Office of the comptroller of the currency) of the sector is dropped by 89% between Jan 14 to Jan 28 within 2 weeks and revenue per available rooms (RevPAR) declined by approx. 85% in Feb 2020.

Epidemics and natural disasters can directly affect the travel decisions and behavior of an individual (Mao 2011) thus it is essential for every hotelier to address the change in the travel behavior of consumers subsequent the unexpected catastrophes like COVID – the 19 pandemics and advance the confidence of travelers (Jiang Y 2020). Hoteliers should be prompt and take various protective and preventive measures to confront several challenges caused by disasters

## LITERATURE REVIEW

- (Rossello 2017) highlighted the concept that tourism is a mass phenomenon that includes the international movement of tourists, involving a higher degree of risk in terms of spreading infectious diseases among people. It is observed that due to the development of globalization (Civilian Aviation) many infectious? Diseases such as H1N1 Flu, HIV, H5N1, Corona, and Plague have been transferred or transported across the globe (Continent) through the tourism industry.
- (Hollingsworth, Forguson & Anderson 2007) highlighted the active role of the tourism industry and the travel industry in transporting infectious diseases that negatively affect the demand for the tourism industry affecting the economy of a country.
- In 2003 an infectious disease named SARS which is also the ancestor of the (Covid-19) coronavirus emerged in China (Guangdong Region)
- It was the outbreak causing the death of nearly 800 worldwide affecting the loss in the demand for the tourism industry (Chen 2007) and travel industry, especially in the countries like Singapore, China, Hongkong, Taiwan, etc.
- According to a study by (Joppe 2020) when the SARS virus emerged in China approx. 350 people died and the loss of 9.4 million tourists and also a decrease in the revenue from the tourism industry costing 30-50 billion dollars approx. in 2003.

- Not only in China the huge decrease in the demand for the tourism industry is shown in all the countries in relevant years (Monterruebio 2010)
- Nevertheless, the devastating effect of the (Covid -19) outbreak is much higher than the SARS effect on the world.
- According to some studies it is found that the airline industry may lose \$113 billion (Riley 2020).

## **METHODOLOGY**

The presented paper is an extensive study that focuses on the mass spread of the coronavirus from the beginning of 2020 and its impact on the hospitality industry in India. The data are mainly collected through a secondary medium such as journals, research papers, magazines, newspapers, national and international websites, and reports by WHO, FSSAI, MHRD, and the ministry of tourism and hospitality. The present study describes the pre-pandemic and post-pandemic situation of the hospitality industry in India and at a global level. The study also highlights the various challenges faced by the hospitality sector during the massive crises and the measures adopted by the Indian government to control the pace of transmission of the virus and minimize its impact on human health and the economy.

## **OBJECTIVE OF THE STUDY**

- To find the Impact of Covid- 19 outbreak on Indian Hospitality.
- To Identify, how did Covid-19 affect the 'Travel Perception'.
- To highlight the need for the change in Tourism Culture.
- To investigate how tourists will plan their Travelling after?
- To identify which type of Tourism is likely to increase after the Covid-19 outbreak?

## **OBSERVATIONS**

### **1. Assessment of the impact of Covid019 on various segments of the tourism and hospitality industry.**

#### **1.1 Impact on travel and tourism industry.**

The Indian hospitality sector is one of the fastest-growing industries in the country. Every year millions of international tourists across the globe are attracted by the country (Dash, 2020). In 2019 Indian tourism sector generated 9.5% of the total gross domestic product (GDP) of the country estimated 16.9 lakh crores (the US \$240Billion) and provided approx. 42.6 million direct and indirect employment to the people which is around 8% percent of the total occupation in the country (Sheikh & Robin 2020). Till 2019, the Indian tourism & hospitality sector was growing rapidly, gradually the scenario changed due to the mass spread of covid-19 across the globe. More than 200 countries imposed strict restrictions on travel (Lee, 2020) which caused a bad effect on tourism across the globe. In 2020, a loss of 85 billion was estimated combined loss by the Indian association of tour operations (IATO) for the hotels, travel, and airlines sector (Ray, 2020), and separately tourism industry incurred a loss of approx. 15000 crores in March and April 2020 (Bajpai. 2020).

Indian tourism and hospitality is the major player in providing direct and indirect employment. But after the pandemic, 75 million jobs are at stake globally out of which 9 million jobs are in India (Mallapur, 2020). Therefore, Indian Travel suffered a great loss and less revenue generation.

#### **1.2 Impact on the hospitality industry.**

The Indian hospitality industry is one of the largest hospitality industries across the globe, including thousands of restaurants and near about 2 thousand hotels (Hasanat, 2020) registered under the Federation of Hotel Restaurant Association of India (FHRAI). But due to the covid hospitality sector facing a major setback, many major chain hotels in India declared job layoffs and reduced the wages of the employees (Lee, 2020).

Two major problems faced by the hospitality sector are:

- **Hotel occupancy rate**

The pandemic creates a negative effect on the occupancy rate of the hotels, dropping from 20 to 40% (Jasleen Kaur & Jobanjeet Kaur 2020). In 2008, the Indian hospitality sector faces a financial crisis but the impact of the covid pandemic was 2 to 4 times more (Hao et al, 2020). Revenue per available room in 2-star category hotels falls from 50-60% and in 4 and more star category hotels falls from 60-70%. Therefore, the hotel industry is facing difficulties in paying off Its debts (Hao et al, 2020).

- **Loss of employment**

Covid-19 pandemic creates a halt on traveling domestically and internationally, resulting in the loss of more than 70 million employment by 2020 (Nicola, 2020), and further, it is estimated that the industry will face a loss of 15% jobs (Mallapur, 2020) in 2021 with no instant and immediate improvement in the demand.

### **1.3 Impact on the Indian airline industry**

Considering the mass spread of the coronavirus Indian government puts restrictions on all the international flights at the beginning of March 2020 and suspended domestic flights on 25<sup>th</sup> March 2020. With the cancellation of the flights, the country faced the loss of millions of dollars and it also affected the employment in the airline sector.

The international air transport association (IATA) reported an estimation of a 55% drop (314 million dollars) from 2019 to 2020. The aviation sector of the country needs to adopt strategic ways to remove all the bottlenecks. The Indian aviation industry going to be slow as international airlines would take years to recover while domestic airlines would take a couple of years. It is expected that unlocking leisure travel will help generate revenue for the country (Philip, 2020).

## **LESSON LEARNED AND CONTROL STRATEGIES BY THE HOSPITALITY SECTOR AFTER THE COVID-19 OUTBREAK**

Immunization programs are being implemented in most destinations across the country as well as the world (some faster than others), and we're now seeing some rays of light that the hospitality sector is emerging from the gloomy shadows created by the COVID-19 epidemic. Now is the moment for hospitality executives to take the plan and execute strategically, and move forward with innovative solutions

Here are some significant lessons gained so far throughout the epidemic by the hospitality sector and what are the strategic initiatives that can be adopted.

1. **Survival**- Most industries throughout the world have been affected by the epidemic, particularly travel and tourism. It has resulted in high unemployment, increased economic and inequality of wealth, and a significantly diminished rate of consumer buying power globally. Survival is a major priority for many CEOs in the travel industry. Many businesses have been compelled to make unpopular and tough decisions to remain competitive and profitable.
2. **Hygiene and safety** - Customers and staff in the hotel industry should make hygiene/sanitation, safety, security, indoor air quality, and transparency important objectives. Always keep "peace of mind" in mind.
3. **Revised standards**- It has caused a seismic change in the hotel business, and not everyone realizes the scope and depth of this unprecedented problem. While a company's DNA and ideals will generally remain unchanged, its goal, strategy, and actions must all be revised. Everyone in a company, at all levels, will need to learn to accomplish more with less.
4. **Technological advancement**- Technology, digital transformation, artificial intelligence, and voice search-control are driving change and will be critical to reaching touchless, cloud solutions, and others. Such improvements boost operational efficiency, save costs, and enhance the consumer experience. Most firms may require additional capital expenditures (CAPEX) or investments in innovative and efficient technologies.

**5. Integrated approach-** the sector may require a transformative shift, demanding an integrated platform (all-in-one) offering wherefrom accommodations of rooms, scheduled carrier, ground transportation, rental cars, and other providers, along with more collaboration.

**6. Crisis management system -** All the industries including hospitality now require an updated crisis management system and strategies, which includes obtaining money and proper lines of credit. Keep in mind that cash is king, and reserves are essential. objectives for any hotelier in a crisis should be ensuring the safety of the employees and guests, saving cash, and safeguarding employment, and they must all be included in the plan

**7. Innovative marketing techniques-** after the covid-19 outbreak, We've learned that trends changes quickly and that to keep up with the changes, laws must be changed, and mindsets should be altered. We can no longer rely just on uniformity we must do better. This epidemic has altered the business in such a way that no one could have predicted, which brings a shift in marketing techniques as well as a willingness to experiment with new solutions.

**8. Flexibility -** While the delivery of basic services and new experiences of hospitality will never fade away, the administrative and commercial procedures must be reorganized. We must seize every chance to break traditional habits and start over with a focus on efficiency, flexibility, production, and profitability.

**9. Consumers attitude -** because of the epidemic there have been accelerated global adjustments in consumer behavior, attitudes, and expectations. With greater clarity about what is essential in our lives, health and wellness, particularly mental well-being, are now at the forefront. People are becoming far pickier about what they eat, drink, and stay in when they travel, and the business must adapt.

**10. Rebranding and repositioning -** Brands must add value and demonstrate the obvious competitive advantages of the firm. Organizations with substandard and generic nature will struggle to attract and keep consumers as well as will also suffer in recruiting and retention of good employees. To remain competitive, brand identity and market re-positioning are essential.

**11. Structured client database -** A well-maintained client database is one of any organization's most significant assets. Data/guest profiles must be effectively used to engage and deal with consumers, boost the company, and build loyalty. Hotel loyalty is now driven by safety, recognition, and personal experiences rather than point schemes.

**12. Efficient training-** Flattening company structures is required, with an emphasis on supporting creativity, speed, agility, efficiency, and empowerment. Current techniques of training and developing future professionals must be modified to reflect the personality and talents of younger generations. All team members must be productive and accountable to ensure long-term success.

**13. Unforeseen event -** Nobody anticipated the mass spread and its social and commercial consequences. and in attempting to deal with it since the beginning many mistakes have been made. This unusual crisis has tested governments, corporations, and medical practitioners alike, and there has been far too much fake news and disinformation to make matters worse.

**14. External factors-** as the economy will not continue to grow year after year and the hotel sector is fragile, and it is dependent on numerous external variables for its survival that are beyond the control of the hoteliers, therefore nothing can be taken for granted. Therefore, We must also plan for business cycles

**15. Remote working –** with the introduction of the remote working business travel will be hampered by video conferencing (expected to be down by around 20 percent from pre-pandemic levels). The industry must find new methods to replace this very profitable niche.

**16. Optimistic approach -** each crisis brings with it a new opportunity for progress. Rather than concentrating on shortcomings, utilize this period to reorganize, reassess, and reset. There are always victors who emerge from every crisis, and those who can capitalize on the new changes will advance the most quickly

**17. Developing confidence and trust –**acquiring and maintaining clients is critical. identification and comprehending the wants and providing additional options and tailoring their experiences is difficult. We should keep in our mind the need and desire of people to travel, and that business will be back on track soon.

However, we must be prepared for the visitors and consumers with the different and interesting experiences they want.

## CONCLUSION

### **Tourism is likely to be increased after the covid-19 outbreak**

COVID-19 a global pandemic affected the hospitality industry globally. According to the report of the World Tourism Organization (UNWTO 2020c), There will be the possibility of a 20 to 30% loss in international tourists. This loss of tourism will cost 300 to 400 Billion Dollars in terms of international Tourism Revenue. Hotel industries face many challenges and become prominent victims of covid 19 it is mandatory to consider crisis management as an important concept and formulate various strategies and contingency plans to control infectious disease transmission. There is also a need for the amalgamation of hotels and government agencies to coordinate with each other and develop comprehensive crisis management schemes.

It is recommended to researchers and scholars; practitioners carefully examine the impacts of the COVID-19 pandemic on the hospitality industry and also seek to enhance industrial practices during any catastrophes. Future research can be done on how COVID-19 creates an impact on the shift in the travel behavior of an individual. Hospitality was one of the first businesses to suffer significant damage, and it will be one of the longest to recover. Once the worst of the epidemic has passed, competition for tourists and travelers will be fierce, and competitor markets/destinations will do all in their power to attract new business.

While Covid is wreaking havoc on many aspects of life, we must not pass up the opportunity to learn and grow. This is the moment for the business sector to develop plans that include the entire health system, not just their own sector, and consider population health rather than individual health.

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