

Spillover of COVID-19: Impact on the Tourism Industry

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Abstract

The COVID-19 pandemic is posing a biggest threat to the mankind worldwide ever. In the absence of any definite antidote and the modest health-care provisions to medicate the virus, NPI (non-pharmaceutical interventions) are the key techniques to control the spread of global health emergency. In an attempt to counteract pandemics, several nations have issued advisories on social distancing, working from home (WFH) and virtual meetings that has severely affected travel and tourism industry around the world. Unparalleled and revolutionary travel bans and the enforcement of strict stay-at-home orders all across the world have triggered the acutest economic downturn past World War II with apprehensions of recession looming in many countries. With the movement control order issued by many countries and nation-wide restrictions on large events and mass gatherings like conferences, festivals, concerts, sporting events, weddings, tourism to a great extent came to a standstill by the end of March 2020. Initial estimates on impacts on aviation sector, cruises, and hotel industry have been terribly shocking. While extremely unpredictable, initial forecasts from UNWTO (World Tourism Organization) propose tourist arrivals globally might fall by 60% - 80% in the year 2020 when compared with the figures of 2019. The paper examines the impact of COVID-19 outbreak on global tourism industry due to travel advisories issued by several nations and explores how the pandemic may transform the dynamics of tourism industry.

Keywords: Covid-19, Coronavirus, Outbreak, Pandemic, Tourism, Hospitality, Global

Introduction

A mysterious pneumonia expounded by fever, weariness, lethargy, fatigue and intermittent gastrointestinal disorder was reported in Wuhan (capital city of Hubei Province in China) in the end of December 2019 which spread in 41 local residents who were hospitalized in Hubei (Huang et al., 2020). In the first week of January 2020, these patients were found infected by a novel coronavirus (COVID-19). In spite of warnings issued by the intelligence services regarding its disastrous nature, the virus was initially overlooked by political stalwarts of different countries (Washington Post, 2020). As a preventive measure against the COVID-19 pandemic, the government of China ordered a lockdown in Wuhan and the number of infected people settled down at approximately eighty thousand on 15th February (ECDC 2020). Until then, owing to the global air transport, the pandemic had already been established in 150 nations and the toll of documented cases worldwide increased

twofold rapidly, coupled with a series of superspreading events (SSE), like the Austrian ski resort town of Ischgl wherein an event may transmit infection to a larger number of individuals than is usual by one event (Anderson et al., 2020; Johns Hopkins, 2020). Therefrom, the pandemic gained momentum and contamination rate speeded up through community transmission, and by June 01, 2020 tally of infected people reached 6.3 million (with more than 0.375 million deaths) in 213 nations (Worldometer 2020).

The actual figures are still uncertain owing to minimal testing capacity in various nations. In the absence of any vaccine to control the spread of pandemic and restricted health-care facilities, many countries have resorted for different kinds of non-pharmaceutical interventions (NPI) and community mitigation strategies, like social distancing/physical distancing, the closures of academic institutions and workplaces, isolation, quarantine (home/institutional), restricting the movement of people and the

cancellation/postponement of mass gatherings (sporting events, conferences, religious gathering) stay-at-home orders, nation lock-down, shutting down of swimming pool, gymnasium, movie theatres, malls, auditoriums, restrictions on assembly of individuals in excess of specific count and prohibiting the sale of non-essential items through e-commerce platforms, etc.

Travel restrictions at different levels – local, regional, national as well as international owing to travel bans and closing borders adversely affected tourism system of every country ruining the fortunes of events sector, aviation sector, cruises, public transportation system, hotel and accommodation, dining outlets, retail stores and recreation activities leading to a sharp decline in international and domestic tourism. Countries scuffled to get back their nationals that comprised of several hundred thousand of citizens stuck in all corners of the globe. For an instance, the British Foreign Secretary on March 23, 2020 appealed its citizens to travel overseas only if unavoidable citing that international travel is challenging due to sealing of national frontiers, putting of aircrafts frequently, closure of airports and introduction of new regulations and provisions on daily basis (FCO 2020).

Cruise liners pretty soon became the nightmare scenario for vacationers as at least 25 cruise lines along with the Diamond Princess had confirmed cases of COVID-19 by March 26, 2020 (Mallapaty, 2020) and by the month-end 10 ships stood stranded in water with no place for passengers to disembark. Cordesmeyer & Papathanassis (2011) revealed that lakhs of holiday makers were detained quarantine in private rooms confronted with the issue of coming back to their origin as their ships scrambling for a place to dock.

Within countries, each segment of tourism industry got affected by corona virus outbreak. Reports on retrenchments and insolvencies broadcasted, with British Airline FlyBe declaring it bankrupt on March 5, 2020 (Business Insider, 2020). Key carriers like Scandinavian Airlines, Singapore Airlines, Virgin as well as German tour operator Touristik Union International (portfolio consisting of 1,650 tour operators and prominent web-based portals, 5 aircrafts comprising 155 carriers, more than 415 hotels, 20 cruise ships) have already been granted assistance of more than US\$20 billion, while US\$55 billion have been provided to US passenger aircrafts (Reuters, 2020).

The situation is unparalleled and unprecedented and within a couple of months, the tourism industry framework changed from over tourism (Seraphin et al., 2018; Dodds & Butler, 2019) to non-tourism. Nevertheless, the silver lining is that tourism industry will bounce back as evident from the past downturns

and crisis (CNN, 2020). Yet, considering the disastrous nature of COVID-19 it is very much certain that the crisis will be revolutionary and a game-changer for the global tourism industry.

Objectives of the Study

The study is proposed with the following objectives:

- To examine the observed impact of COVID-19 outbreak on global tourism industry due to travel advisories issued by several nations through to the end of May 2020.
- To assess the repercussions of COVID-19 on the future of tourism industry.

Research Methodology

The present study was carried out through comprehensive review of secondary data, collected particularly from various journals, magazines, publications and periodicals of ministry of tourism, International Civil Aviation Organization (ICAO), International Air Transport Association (IATA), World Tourism Organization (UNWTO), World Travel & Tourism Council (WTTC), European Centre for Disease Prevention and Control (ECDC), etc.

Pandemics and Tourism

Global tourism is quite susceptible and has witnessed a considerable number of exigencies in the past like 9/11 terrorist attacks in United States, 26/11 Terror Attack in Mumbai, Severe Acute Respiratory Syndrome (SARS-CoV) pandemic in 2002, The Global Financial Crisis widely referred to as The Great Recession in 2009, and The Middle East Respiratory Syndrome (MERS-CoV) pandemic in 2012. However, not any has had a detrimental consequence on the global tourism industry, and most of them are not even salient, with only SARS-CoV (-0.4%) and The Great Recession (-4.0%) resulting in sharp downfall in terms of international tourist footfalls (World Bank 2020a). That, in turn reflects that travel industry remained strong and buoyant to setbacks. Despite that, considering the current situation, the revival from the present pandemic situation will be unprecedented.

Due to global transitions taking place, the incidences of pandemics and diseases has been rising. The 20th century witnessed three pandemic outbreaks – The Spanish flu also called the 1918 flu pandemic caused by H1N1 virus, the 1957–1958 influenza pandemic, also called Asian flu resulting from H2N2 virus, the 1968-1969 Hong Kong flu resulting from H3N2 virus. The present century has so far witnessed pandemics like SARS outbreak (2002), Swine flu (2009), MERS outbreak (2012), and

EVD (Ebola virus disease) that reached record levels in 2013-16. Greger, (2007); Coker et al., (2011) and Wu et al., (2017) revealed that global change is the main reason behind these pandemic outbreaks. The latest publication highlighted that even a Hong Kong Flu outbreak might result in lowering of world gross domestic product by nearly US\$3.1 trillion while a Spanish flu pandemic lowers world gross domestic product by more than US\$10 trillion in present times (McKibbin and Fernando 2020).

There is a strong correlation between travel and pandemic outbreak (Burkle, 2006). The key reason behind growing number of threat due to pandemic outbreaks in the 21st century is – increasing mobility of population, modernization of people, processed foods in supply chain, mass consumption of ready to eat and junk foods, the aggressive development of global infrastructural framework leading to the dissemination of virus causing disease (Pongsiri et al., 2009; Labonte et al., 2011). Epidemic incidences like SARS, EVD, the MARV (Marburg virus), Orthohantaviruses, (ZIKV) Zika virus and Bird flu are all aftermaths of human interferences on ecological system and biological diversity (World Bank, 2012; Petersen et al., 2016; Schmidt, 2016).

Covid-19 and Tourism

We have witnessed several outbreaks of pandemics in the past, but not a single incident had alike repercussions on the economy as the COVID-19 outbreak. With the introduction of lockdown in many nations, advisories on travel restrictions, and the closure of national borders and airports (domestic and international), global tourism has slowed down significantly. Travel and **tourism industry has been the hardest hit segment of the economy** with aircrafts putting off their flights, hotels and accommodation shut and bans on mass gatherings affecting the events industry in almost all corners of the globe. The situation is transcendent for the travel industry.

Observed Impacts

According to a report published by UNWTO (2020a) on March, 2020, it was anticipated that the COVID-19 would result international arrivals to fall by 1-3% (as compared to figures of 2019) contrary to the projected growth of 3-4%. However, in a statement released on March 26, 2020, this figure deteriorated to 20-30% (UNWTO 2020b). Another press release by UNWTO (2020c) revised this estimation to a fall of 60-80% in tourist footfalls globally.

An updated report from World Tourism Organization (UNWTO 2020c) estimated a loss of 22% in international tourist arrivals during January – March 2020 which corresponds into a shortage of 70 million tourists globally

leading into US\$82 billion in lost exports. These figures reveal that how hard the travel sector has been struck by coronavirus pandemic. The situation threatens to put the advancements made in Sustainable Development Goals (SDG) at the back-stage. This would also place millions of jobs at stake as tourism is a labor-intensive industry. A recent report by McKinsey and Company, (2020c) reveals that 12.6 million jobs are at stake in the hotel industry in USA (accommodation as well as food sector).

These statistics illustrates the seriousness of the issue as it is very difficult to anticipate the losses to the global tourism industry at this time. The situation looks very grim.

Projected Impacts

UNWTO (2020d) has envisioned three probable situations for the year 2020 subject to the way corona crisis resolves in future depending on the unlocking and unsealing of international borders:

- Situation 1 (-60%) depending on the relaxation in the travel bans across the borders and the commencement of tourism activity in the month of July
- Situation 2 (-70%) depending on the relaxation in the travel bans across the borders and the commencement of tourism activity in the month of September
- Situation 3 (-80%) depending on the relaxation in the travel bans across the borders and the commencement of tourism activity in the month of December.

Irrespective of the above outlined situations, the shock due to the shortage of demand in global tourism may lead to:

- Decline of 0.850 billion to 1.2 billion tourist arrivals globally
- Shortage of US\$ 0.910 trillion to US\$1.2 trillion in export earnings from travel sector
- 110 to 125 million individuals' employment at stake

Various professional organizations and trade associations have already promulgated evaluation of the repercussions of COVID-19 situation on global travel phenomenon for the present year. However, these forecasts are mere projections as principally it is not clear as to how the present crisis will develop in future leading to tremendous loss of employments in the year 2020. While no institution or tourism body has a crystal sphere to predict what will be the future of the tourism industry in times to come, the projected impact assessment is imperative to realize COVID-19 is not a simple blow to the tourism industry. It is unmatched and unparalleled since the tremendous growth of international tourism initiated in the 1950 its impact will be felt in different extents all across the globe at overlapping times.

Implications for the Future of Tourism

As on June 01, 2020, the number of coronavirus cases worldwide reached 6.3 million and deaths has surpassed 0.375 million (Worldometer 2020) and unemployment rates have witnessed a sharp increase in many regions, exemplifying the profound implications the COVID-19 outbreak has hitherto for the world economy. In the light of the future epidemic outbreak, there is need to review and re-examine supply chains also called global value chain (GVC), and the distinct responsibility of travel as carrier and sufferer in the event of pandemic outbreak.

The crisis generated by COVID-19 pandemic should be considered as a golden opportunity to meticulously assess and evaluate tourism industry's growth curve, and to examine the rationale of more tourist footfalls inferring substantial gains. This could start with an assessment of the favorable results of the COVID-19 outbreak. To begin with, Simple Flying (2020) has highlighted that airlines have started phasing out gradually the old and ineffective crafts owing to sharp decline in demand.

Video-conferencing, an overlooked option to scale down the transport demand for several years (Banister & Stead, 2004) has been broadly acknowledged by professionals, employees, delegates, academicians, scholars, businessmen avoiding non-essential travel. Cohen et al. (2018) asserted that corporate clients will prefer to travel fairly in the times to come. It is important to note that even high profile meetings like G20 Leaders' Summit was organized for the first time virtually on March 26, 2020 to analyze the threats raised by the COVID-19 outbreak (European Council, 2020).

Conclusions

The preliminary evaluation of the impact of current pandemic situation has offered an insight into the prevailing crisis, and investigated its impact against previous crisis. Considering the enormity of the COVID-19 outbreak, it is imperative not to return to business like always post-crisis, as against an opportunity to re-examine and review a transformation of the entire tourism infrastructure more oriented to the Sustainable Development Goals (SDG).

Asia and the Pacific, the most affected regions, witnessed a 35% decline in international tourist arrivals in Q1 2020, while Europe saw a 20% decrease, America witnessed 16% decline, Africa (-13%) and the Middle East (-12%) during the same period (UNWTO 2020d). As per a survey conducted by UNWTO (2020c) domestic demand is anticipated to reinstate quicker than international demand. Industry experts foresee cash flows and signs of recovery in the tourism domain by the last quarter of 2020 (Jan-March 2021). On the basis of past evidences,

leisure segment (particularly travel for VFR) is expected to recover faster than business segment. UNWTO projections (2020c) foresee the revival of tourism in Africa and the Middle East will be faster than recovery in America whereas they have a mixed opinion regarding the recovery in Europe and Asia

Countries across the globe are enforcing an array of comprehensive strategies to minimize the repercussions of the COVID-19 crisis and to reinvigorate the tourism industry. However, the main uncertainty ahead is unknown duration of travel restrictions and lockdown measures in response to the pandemic situation. COVID-19 offers salient inferences to the travel sector, government, decision makers and tourism bodies about the effects of developments taking place globally. Looking forward, the quarantine question is "How long the pandemic will last?" and "How to restart Tourism?"

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