

“An Empirical Study on Future of the Indian Travel Industry post Covid-19 pandemic”

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Abstract-

Purpose: The purpose of the study is to examine the post effect of the Corona Virus (COVID 19) pandemic on the Indian Travel industry, the future planning in the industry, and to examine whether it can be a boom for the industry.

Design: The study is empirical and primary data is collected to examine the changing travel habits of people Post COVID-19. The data analysis tool used for the same are tables, diagrams Chi-Square, and Factor Analysis.

Findings: The hypothesis was rejected after analyzing the data using Chi-Square and Factor Analysis. It was proved that people are willing to pay extra amounts for proper safety and sanitation which would help the economy to boom.

Research limitations:

- The pandemic is ongoing and there is no secondary data available.
- The research was conducted within a limited time frame and is purely based on the primary data collected.
- Restrictions on mobility limited the field visits.
- The research is backed by a limited number of respondents and hence have limited coverage.
- The research is restricted to India apart from the Global scenario.

Originality: This is the first study to be done on the post-COVID effects planning in the Indian Travel industry.

Keywords: COVID 19, Indian Travel Industry, Pandemic, Travel Restrictions, freedom and safety in Travelling, hotel management, Jerk in fuel prices.

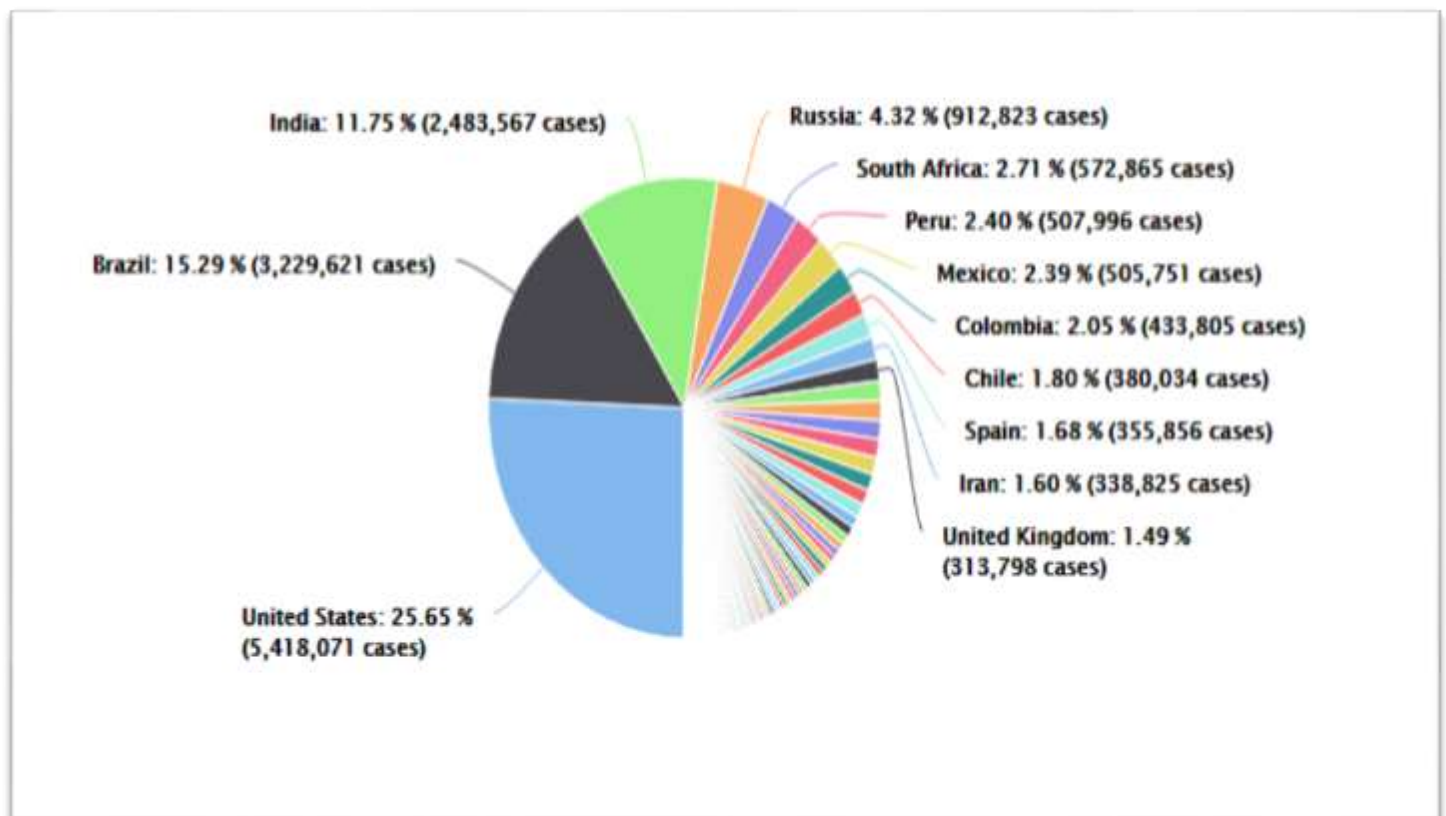
Introduction:

The spread of the coronavirus (COVID 19) has paralyzed the Travel and Tourism business and has devastated the economies that are largely dependent on tourism. The virus that has caused COVID 19 was first detected in Wuhan, China in late 2019 and the Chinese authorities recognized it as a novel virus in Jan 2020. The outbreak since then has spread across China to other countries around the world and by the end of Jan 2020, WHO (World Health Organization) declared it as a public health emergency. (Joan, 2020) there is a chance of 5 crore jobs indulged in travel and tourism to be lost globally, out of which 3 crores would be in Asia followed by 70 lakhs in Europe and 50 lakhs in America. (Economic Times, 2020) travel restrictions were introduced and 96% of the worldwide destinations closed borders for the tourists due to the novel Corona Virus.

Global scenario

According to Worldometer, to date, there are 2,11,61,784 cases out of which total deaths reported are 7,59,220 and 1,39,81,618 cases are recovered. To tackle and manage these increasing numbers of cases, the government has enforced border shutdowns and nationwide lockdowns, quarantine, and various other travel restrictions.

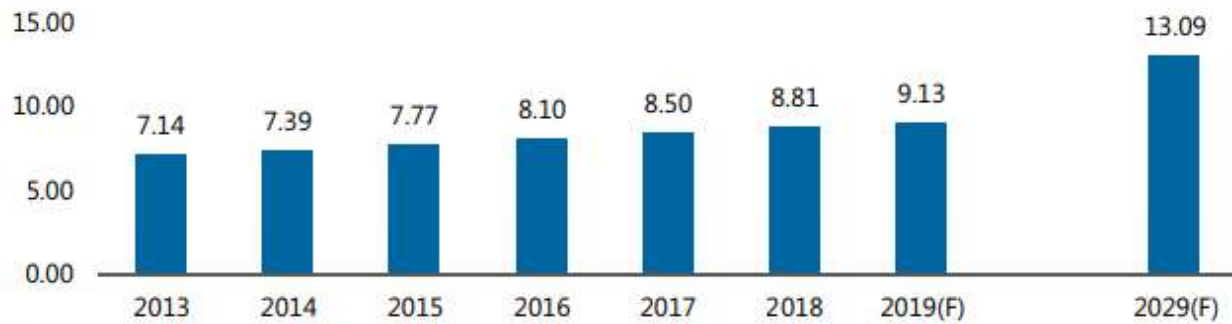
Figure 1. Countries Cases Distribution



(Source: Worldometers)

The global economy in the year 2018 grew at a rate of 3.2%, whereas the travel and tourism witnessed a growth of 3.9% globally, which was higher than the other sectors such as, construction, retail and wholesale, and healthcare. In 2018, the sector registered a total contribution of USD 8.81 trillion in the total GDP accounting for 10.4% of global GDP. The tourism sector supports almost 319 million jobs worldwide. Out of 5 new jobs created around the world one has been in tourism. This sector accounts for a total of 10.00% of the contribution of employment in global GDP.

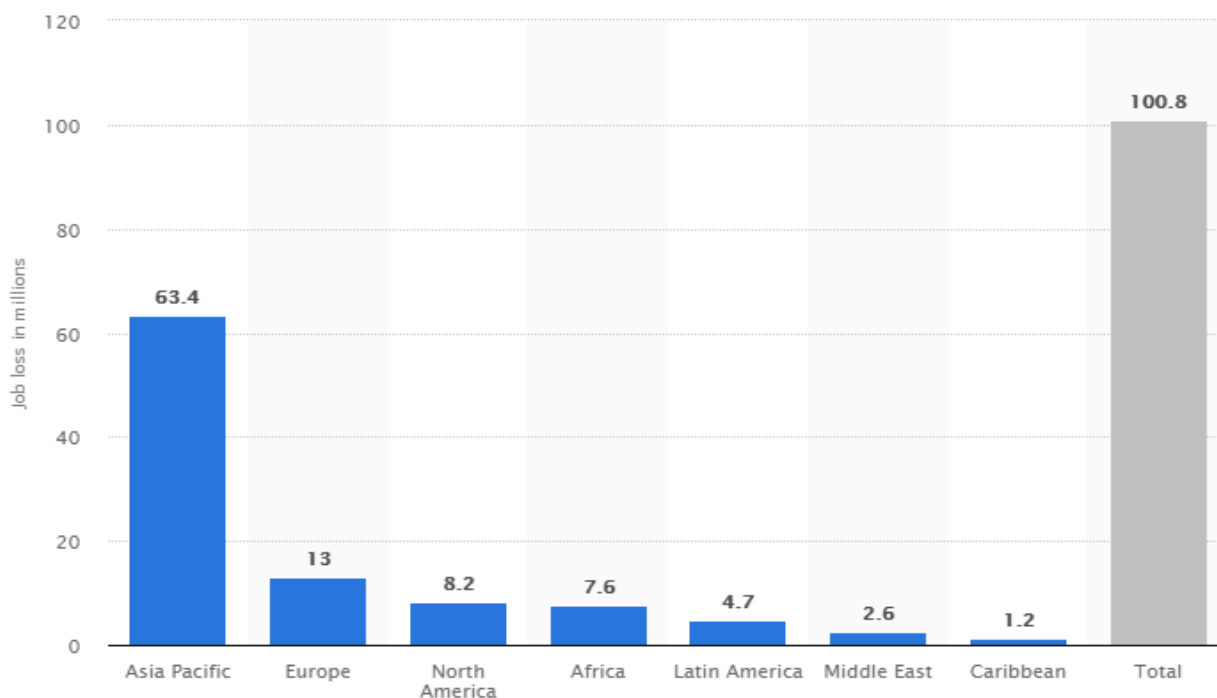
Figure 2. Total Contribution of Tourism to Global GDP (USD Trillion)



(Source: WTTC Travel & Tourism Economic Impact 2019 World)

The travel and tourism sector being hit the hardest, among all other sectors, and due to the non-mobility of people, the sector is ready to see an employment loss of 100.8 million worldwide. Asia Pacific region is supposed to see the biggest loss of 63.4 million jobs and Europe is expecting 13 million employment loss.

Figure 3. Predicted employment loss in the travel and tourism industry due to the coronavirus (COVID-19) pandemic worldwide in 2020, by region

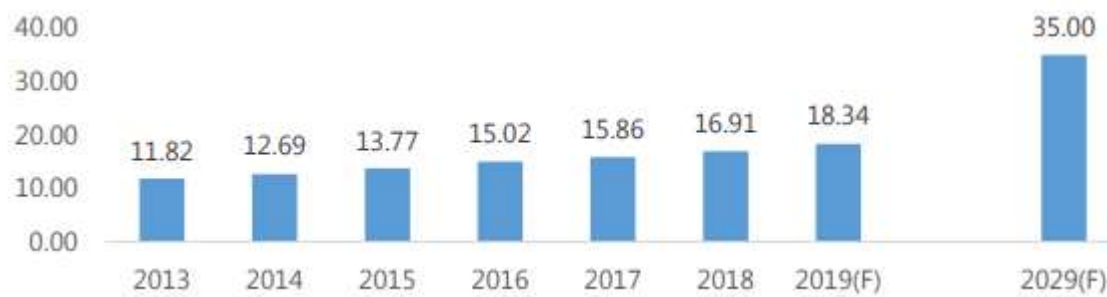


(Source: Statista)

Indian Scenario

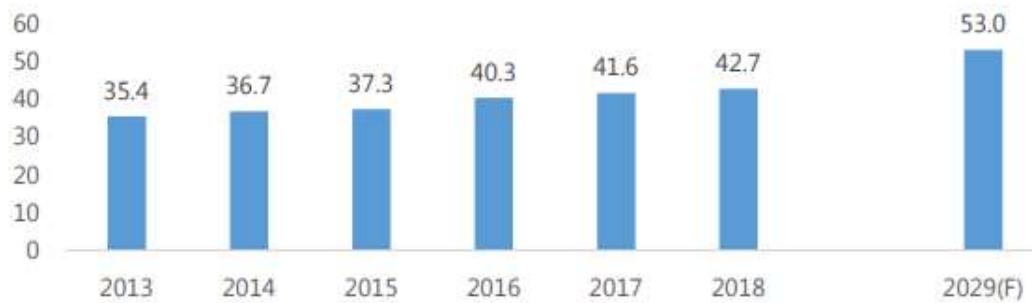
(S. LOCK,2020) The travel and tourism industry in India contributed 1,897.6206 crores to the country's GDP in the year 2018 (IBEF,2020) In India, 2019, a total of 29,28,303 tourists arrived on e-tourists visa registering a growth of 23.6%. India is ranked as the 3rd country contributing to GDP among 185 countries in terms of Travel and Tourism in the year 2018 and the 34th country in Travel and Tourism competitiveness (2019) published by the WEF (World Economic Forum). On 24th March, 2020 Prime Minister of India announced complete lockdown for 21 days which impacted the economy adversely. (Jayajit, 2020) The Indian tourism industry is expected to book a revenue loss of Rs. 1.25 trillion in 2020 due to the spread of the Coronavirus pandemic. In the 1st quarter of FY 2020-2021, the Indian tourism industry is expected to book a loss of Rs. 69,400 crore.

Figure 4. Travel and Tourism total contribution to India's GDP (INR Trillion)



(Source: WTTC India Annual Research)

The tourism sector is one of the largest employment sectors. In 2018 the sector provided a total of 42.7 million jobs in the country. The number is estimated to reach 43.7 million in 2019, which would be accounting for 8.1% of the total employment in the country. The sector is expected to employ nearly 53 million people whether directly or indirectly by 2029.

Figure 5. Total contribution to Employment (In Trillion)

(Source: WTTC India Annual Research)

Research Problem: Identification and assessment of the probable opportunities in Indian Travel and Tourism Industry post-COVID-19 pandemic, which may lead it towards a great growth.

Objective: The main purpose of this study is

- To examine to what extent has the COVID 19 pandemic affected the Indian Travel Industry in terms of providing services to the customers.
- To examine whether this pandemic can be labeled as a boom for the travel industry in the Indian context.

Hypothesis:

The post-COVID 19 situation places a kaleidoscopic view towards the profits in the business of travel and tourism through, wherein growth can be achieved through meticulous planning and implementation of a new methodology to prevent the spread of any form of communicable diseases and increase the profits of the existing travel sector.

Ho: There is no probability of seeing an economic boom in the Indian Travel and Hospitality sector, post-COVID 19 pandemic.

Ha: There is a probability of seeing an economic boom in the Indian Travel and Hospitality sector, post-COVID 19 pandemic.

Literature Review

1. COVID 19:

(Tanu,2020) defines the term coronavirus disease (COVID-19). The disease gets transmitted by inhalation or contact with infected. Fever, cough, sore throat, breathlessness, fatigue are the symptoms of the disease. (Nuno,2020) The crisis affects health, but the health risk is not necessarily correlated with the risk to the global economy. Countries highly dependent on foreign trade are negatively affected. (Ozili, P. K., & Arun, T., 2020) The virus spread quickly, and so was the concept of social distancing which led to the shutdown of financial institutions, corporate offices, businesses, and events. (Dev, S. M., & Sengupta, R., 2020) The magnitude of economic impact will depend upon the duration of lockdown and how the situation unfolds once the lockdown is lifted. (Stefan,2020) The businesses should not return to as usual as soon as crisis ends but should consider a transformation of the tourism system.. (ILO, sectorial brief,2020) even after removing the restrictions, surviving enterprises would continue to face challenges of slow recovery.

2. Pandemic and traveling:

WHO in Jan 2020 declared COVID 19 as a global health emergency. (Elizabeth, 2020) Travel and tourism which made a revolution is now halting helplessly for the virus to end. (Haleem, A., Javaid, M., & Vaishya, R., 2020) During Travelling, especially while international visits, the number of cases are identified as positive when tested. (Akanksha, 2020) The steps taken to reduce the spread of coronavirus, the economy has faced a standstill as the international and domestic travels are restricted (Majdouline, 2020) believes that coronavirus will severely affect the air travel and the aviation industry in the short run, and thus will have a significant impact on world oil industry production. (Suborna, 2020) If consumers and producers confidence is lost, the economy is likely to get worsen as the supplier would not be able to provide the massive supply support to a powerful demand shocks, thus (Higgins-Desbiolles, F.,2020) such a vision is required that redefines and reorients tourism based on the rights and interests of local consumers and people.

3. Hospitality:

(Mok, C., Sparks, B., & Kadampully, J., 2013) Customers these days expect a high level of service in hospitality, tourism, and leisure. (Chang, C. L., McAleer, M., & Ramos, V., 2020) this industry is one of the world's largest employer however unlike other industries such as energy, this industry is less of a necessity and thus, hospitality is among the hardest hit due to fears of the novel coronavirus disease among the travel and group environments (Lena Combs, HLB, USA, 2020). (Yutong MENG, 2020) has suggested various ways for the industry to survive after COVID including focusing on change in customer experience, focusing on the switches in customer perceptions, focusing on the shift in consumption pattern, and focusing on quality asset management.

4. Travel Restrictions:

(Budiasa, I. M., & Nadra, N. 2016, May) Globalization sometimes brings some threats to security, safety & welfare and to avoid these threats govt. has imposed travel restrictions which range from travel warning to travel ban. (Sulekha Nair, 2020) the GOI announced to suspend all the existing visas except few including official, UN/international organization, employment, and project visas until April 15th which is expected to have a huge impact on the travel and tourism sector in India. (S. Lock, 2020) Many countries have introduced curfews and travel restrictions to minimize the speed of the virus due to which worldwide travel has come down to an almost complete standstill. (UNWTO Sustainable Development of Tourism Department, 2020) From the end of Jan 20 to the 6th of April, almost 96% of the destinations worldwide have implemented travel restrictions. (Elizabeth Becker, 2020) IATA estimated that global air transport industry revenue could fall by 19,15,125.66 crores which is 44% below the 2019's statistics.

5. Jerk in fuel prices

(Yagnesh kansara,2020) Coronavirus created havoc across the world, due to which travel restrictions were imposed which further led to a drastic fall in demand for crude oil across the globe. The rate decreased from Rs. 4,177.64- 4,557.42 to Rs. 1,898.93- Rs. 2,050.84 per barrel. (Boston, 2020) Globally, oil consumption in 2020 is expected to decrease by 6.5% from 2019 levels. (Economic Times, 2020) The overall demand for liquid fuel decreased by 10-11% in the first fortnight of March 20, the restrictions in movement and travel advisor the ATF, and bunker sales were down by 10%. (Business Standard, 2020) The demand for fuel in India dropped 45.8% in April, the state fuel retailer in India sold 50% less refined fuels in the 1st two weeks of April.

Research Methodology

In this research, the survey method has been adopted for the collection of primary data from the individuals, for which a questionnaire was prepared with the aim to collect the information from the respondents. The sample was taken from a set of individuals of different demographics and a total of 121 responses were collected and used for the data analysis.

The respondents were asked to fill their demographic details and questions were asked regarding their travel habits Post COVID-19.

The analysis was done using Statistical Packages for Social Sciences (SPSS). A Chi-Square test has been carried out to find out if there is any significant difference between the preferences of respondents based on their willingness to spend for better safety and sanitation. Calculated Chi-Square value is compared with the critical value at 5% level of significance. If the calculated value is more than the critical value, it is considered, that there is a significant difference and if the calculated value is less than the critical value, it is considered, that there is no significant difference. Factor analysis was also conducted to find out according to people how important each factor while traveling is.

Data Analysis

Reliability analysis

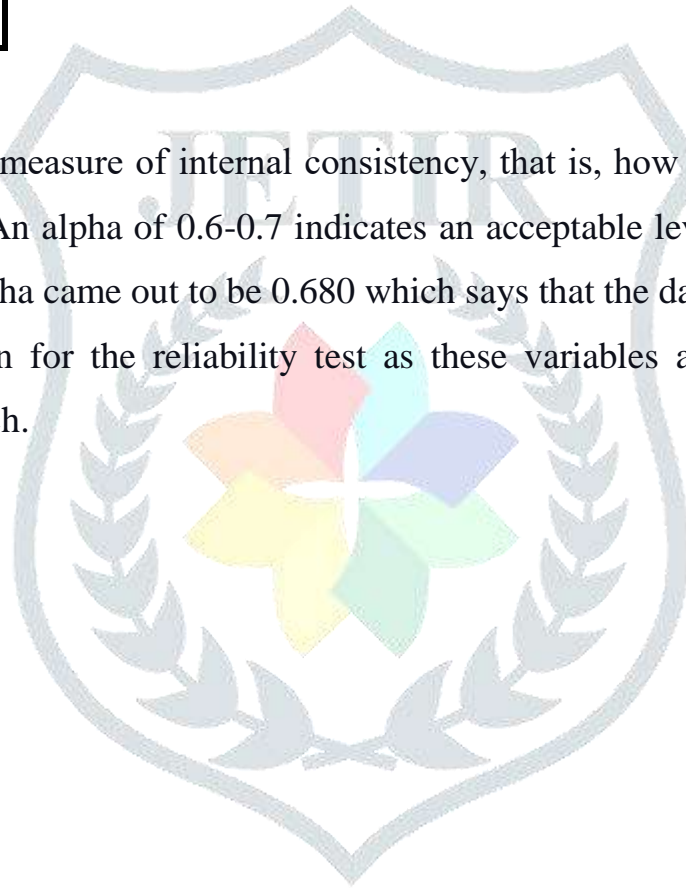
Table 1: Reliability Analysis

Reliability Statistics

Cronbach's Alpha	N of Items
.680	6

Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. An alpha of 0.6-0.7 indicates an acceptable level of reliability. In the test done above the alpha came out to be 0.680 which says that the data is consistent.

6 variables were taken for the reliability test as these variables are the most important variables of the research.



Frequency table for important measures to be taken while reopening of hotels:

Table 2: Frequency table of respondents towards safety and sanitation post Covid-19

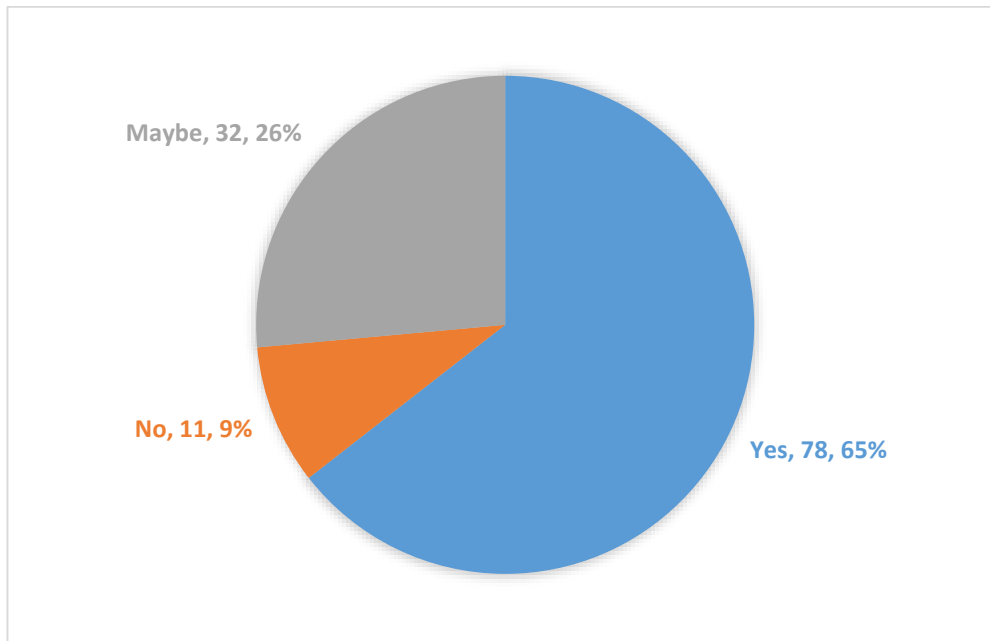
Frequency Table

	Responses		Percent of Cases	
	N	Percent		
While reopening of hotels, important measures according to the respondents	1. Sanitation of hotels	50	17.8%	41.3%
	2. Social Distancing between guest and staff	38	13.5%	31.4%
	3. Poster for awareness	19	6.8%	15.7%
	4. Staff should be wearing mask and gloves	48	17.1%	39.7%
	5. While entering guests should be checked with thermal guns	45	16.0%	37.2%
	6. All of the above	81	28.8%	66.9%
Total	281	100.0%	232.2%	

With the responses of respondents, it was observed that 17.8% ask for sanitation of hotels, 13.5% for social distancing between staff and guests, 6.8% of the respondents chose poster for awareness, 17.1% said staff should be wearing mask and gloves and 16% said that while entering guests should be checked with thermal guns, while 28.8% of the total respondents think that all the measures which were given as a choice in the questionnaire is important to them.

Respondent's willingness to pay extra amount for proper safety and sanitation Post COVID-19

Figure 6. Respondent's willingness to pay extra amount for proper safety and sanitation



(Source: Questionnaire)

Table 3: Respondent's willingness to pay extra amount for proper safety and sanitation Post COVID-19

		Would you prefer paying an extra amount for proper safety and sanitation?					
		Maybe		No		Yes	
		Count	Column N %	Count	Column N %	Count	Column N %
important measures	Sanitation of hotels	12	37.5%	7	63.6%	31	39.7%
	Social Distancing between guest and staff	7	21.9%	6	54.5%	25	32.1%
	Poster for awareness	2	6.3%	3	27.3%	14	17.9%
	Staff should be wearing mask and gloves	13	40.6%	6	54.5%	29	37.2%
	While entering guests should be checked with thermal guns	11	34.4%	6	54.5%	28	35.9%
	All of the above	21	65.6%	3	27.3%	57	73.1%

From Table 3 and figure 6 it has been observed that people are conscious regarding their health and they are willing to pay an extra amount for proper safety and sanitation.

Hypothesis testing using Chi- Square

Table 4: Pearson Chi-Square Tests

		Would you prefer paying an extra amount for proper safety and sanitation?
important measures	Chi-square	22.188
	df	12
	Sig.	.035

We have applied the Chi-Square test on the data to observe the significance of the data found and tested hypothesis. The critical value of χ^2 is $\chi^2_{0.05, 12} = 21.026$ where degree of freedom = (no. of rows-1)*(no. of columns-1) = 3*4=12. The calculated value for the above table is $\chi^2_{Cal} = 22.188$. At a 95% confidence level, the χ^2_{Cal} is more than the $\chi^2_{Critical}$, therefore we reject the null hypothesis and conclude that people are willing to pay extra amount for proper safety and sanitation which would help the economy boom Post COVID-19.

Factor Analysis

Table 5: Component Matrix^a

	Component
	1
Sanitation of hotels	.889
Social Distancing between guest and staff	.882
Poster for awareness	.674
Staff should be wearing mask and gloves	.889
While entering guests should be checked with thermal guns	.872

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

According to the customers, Sanitation of Hotels, Social Distancing between guests and staff, Staffs wearing masks and gloves, and Checking of temperature of guests with thermal guns before entering are the most important factors. These are the factors that can influence the minds of the customers. These components can only be provided when customers are ready to pay an extra amount of money. When customers are willing to pay an extra amount of money it means that there will be an economic boom and thus the null hypothesis is rejected.

Results and Discussions

Findings

The objective of the research was to manifest the impact of COVID-19 on the travel and tourism industry in India and to examine whether COVID-19 can be a boom for the industry.

- Pandemic virtually doomed the travel and tourism industry in India
- The industry's contribution is significant before pandemic in India's GDP
- In the third week of March 2020, when the lockdown was imposed, the hotel sector saw a decline of more than 65% in occupancy rates as compared to that in 2019.

- It was warned by the World Travel and Tourism Council that globally 50 million jobs may be at a risk due to COVID-19.

Since the lockdown has been imposed, the mobility of people has come to a stop. In the survey done, it was found that the people are not willing to travel Post COVID-19 as they have a fear of getting infected. They want to maintain social distancing and take necessary precautions which would help them to fight with the disease.

Few travel agencies were also interviewed and were asked how the pandemic has affected their business and what are their plans to sustain? The outcome of the interview showed that the service providers are looking forward to sell of their public transports and arrange cabs that would provide privacy to the customers. Proper hygienic measures would be taken. The vehicles before and after lending would be sanitized properly. The hospitality industry would also come up with a change of no contact services. The prices of providing these services would hike, but people are willing to pay an extra amount if they are assured that they would be getting proper safety and sanitation.

Conclusion

The current economic crises due to Pandemic has created a situation that has put a big question mark on the economic development in the Travel industry. This has led to an unwarranted fear of a new recession and a major financial collapse. And with the state of ambiguity that persists over the dimensional change in the economic structure, has led people to arbitrate and mediate amongst one another for a better solution. Such chaotic times call for strong leadership in healthcare, business, government, and many other areas in the dynamic society. This research paper has been structured to examine the impact of COVID 19 on the travel and tourism industry. Every year India experiences a flow of over 9.6 million foreign tourists. But due to this pandemic, everyone has witnessed a gradual reduction in economic growth as People are hesitant to travel. Therefore to bring back the lost confidence in a traveler, and to help the economy to recover and further sustain, the Tourism and Travel industry has researching upon multiple methodologies to adapt to the customer's changing preferences, by imbibing and implementing mandatory safety guidelines and social

distancing norms, for the benefit of travelers and economic recovery through the Tourism and Travel industry.

Suggestions

- While the world is still struggling with the pandemic, the number of confirmed cases is gradually increasing. The travel agencies should take proper safety measures before the passenger's entry.
- The primary aim of the travel agencies and government should be to bring back the confidence of the tourists.
- The passenger before traveling should procure a certificate which would state that he/she is fit to travel. This certificate should be mandatory to block the transfer of any infectious disease such as COVID-19.
- Domestic tourism should be motivated.
- Less known tourism places should be promoted.
- The number of tourists per day at a specific tourist place should be restricted.
- Pre-booking should be encouraged.

Future scope of the study

This research paper focusses on the economic boom in the Travel and Tourism Industry in India post-COVID-19. This paper studies the changing preferences of consumers and how the travel agencies are planning to sustain.

- This study is limited only to India with very few responses.
- It can later be carried on a large scale and the impact of COVID-19 on world tourism can be studied.
- A Comparison of the impact of COVID-19 on the subject industry for various other countries can also be done.

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Appendices:

Appendix B:

Questionnaire

Travel and Tourism

A study on the Post Covid 19, future of India's Travel and Tourism industry

1. Gender

- a. Female
- b. Male

2. Age

- a. 18-25
- b. 26-35
- c. 36-45
- d. 46 and above

3. How frequently do you travel out of station?

- a. Every week
- b. Every month
- c. Once in 3 months
- d. Once in 6 months
- e. Once in a year

4. How do you plan your trip?

- a. By yourself
- b. Through a travel agent

5. Most common purpose of travel

- a. Family vacation
- b. Adventure
- c. Business
- d. Religion
- e. Health
- f. Leisure
- g. Other

6. While travelling which mode of travel do you prefer?

- a. Air ways
- b. Water ways
- c. Road ways
- d. Rail ways



7. Generally what is the length of your trip?

- a. 1-2 days
- b. 3-5 days
- c. A week
- d. A fortnight
- e. A month

8. Post COVID-19, how likely are you to travel?

Extremely Not at all

9. Post COVID-19, what kind of hotels would you choose?

- a. Book brands you know
- b. Centrally located (so spent less time with public transport)
- c. Anything would be fine

10. Would you prefer paying an extra amount for proper safety and sanitation?

- a. Yes
- b. No
- c. Maybe

11. Post COVID-19, how likely are you to use public transport?

Almost always Never

12. Would you prefer buying Health or Life insurance policy before travelling?

- a. Yes
- b. No

13. Please rate your preferences while choosing hospitality services

	Very Important	Important	Fairly important	Slightly important	Not important
Maintenance					
Ambiance					
Price					
Cleanliness					
Cancellation procedure					
Location					

14. While re-opening of hotels, what measures according to you are most important?

- a. Sanitation of hotels
- b. Social Distancing between guest and staff
- c. Poster for awareness
- d. Staff should be wearing mask and gloves
- e. While entering guests should be checked with thermal guns
- f. All of the above