

IMPACT OF COVID-19 ON TOURISM INDUSTRY, CHALLENGES AND RECOVERY MEASURES

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Abstract

The COVID-19 outbreak has been one of the most impactful and tragic pandemics of modern times. Currently, saving lives is the absolute priority. However, we also need to begin to address the recovery process for the tourism industry in the continued presence of limitations to international and domestic travel. A disease-induced crisis is not novel in tourism. In light of these, the paper provides an in-depth discussion on how Covid-19 affects jobs, man-hours, revenue, income, and livelihood of workers, as well as owners of the tourism industry. Discussions were also made towards the impacts of this pandemic on the tourism industry and how it affect global GDP and foreign exchange earnings of countries whose economy relays significantly on tourism. The study concluded that with the prolonged lockdown, the tourism industry would continue to experience a large slide down. The paper posits that urgent policy remediation is necessary to revamp the sector and rescue it from imminent collapse and extinct and also states that governments have a role to play in its recovery efforts.

Keywords: Covid-19, tourism industry, pandemic, lockdown, organization

Introduction

Tourism worldwide has been affected by Covid-19 and many tourism destinations have been hit hard. This crisis has been a huge shock to the tourism economy, severely impacting people's

livelihoods, neighbourhoods and businesses. The effects of the virus on the tourism sector will be long-lasting and economic losses inevitable. Nonetheless, there is a strong positive

correlation between tourism and economic growth. As a result of this, the tourism season expansion can, under specific circumstances, lead to greater economic growth. Global crises can help countries that effectively deal with them, to evolve and effectively expand their seasonality, along with specific measures taken by the local governments to restore tourism and even more to expand it (Beirman, 2003). According to Proshare

economy (2006), travel into Nigeria reduced by 3.5 million which resulted into a revenue loss of \$ 0.7 billion with the risk of 91,380 jobs lost and also \$0.6 billion contributing to Nigeria's GDPAs the pandemic continues to evolve, the full consequences are not yet clear. However, a return to 'business as usual' is unlikely. Policy makers will need to learn from the crisis to build a stronger, more resilient tourism economy for the future.

Literature Review

The individual travel motifs of the potential travelers represent one of the decisive elements in the course of the travel decision (Bieger, 2008). Tourism as an open system is characterized by its high degree of networking with the environment. The numerous interactions with the various dimensions of the outside world not only influence the tourism system itself but also influences the environment (Naciye and Adem., 2020). Dealing with crises is not uncommon for companies in the tourism industry since almost every tourism company is faced with extraordinary events over time (Dreyer, Dreyer, and Rütt, 2004), but the occurrence of tourist crises often leads to a loss of safety consequences. It can, therefore, have a substantial impact on the travel decision of the individual traveler and also on travel behavior as a whole (Dreyer, Dreyer, and Obieglo, 2010). Besides, although many of the crises that have occurred in recent years are not fundamentally new phenomena, their dimensions and dimensions are many times larger and longerlasting than before, which makes a more in-depth investigation of the topic seem essential (Glaesser, 2005a). The most common ways of distinguishing are the subdivision according to the geographical extent of the crisis and a distinction between endogenous and exogenous crises. The division, according to the spatial dimension, divides crises into geographical ranges locally, regionally, nationally, internationally, and globally. Another differentiation option is that between endogenous and exogenously induced crises, which is particularly crucial for the further examination of the crisis since this makes an initial assessment of the underlying cause of the crisis. Endogenous causes arise within the organization and have their origin in humans or technology. These can, therefore, be relatively easily prevented or at least positively influenced by the company and are therefore not considered further in the ongoing chapter on external effects. Exogenous triggers, however, are deeply rooted in the circumstances of the external environment and are, therefore, outside the company's sphere of influence (Dreyer et al., 2010; Kuschel and

Schröder, 2002). The current crisis research is aware of an almost infinite number of possible causes of the crisis, and there are almost as many approaches to categorize them. The classifications given by various authors vary in particular concerning the number and specification of the categories of causes of the crisis. Based on Freyer, Glasser, and Kreilkamp (2004), a separate subdivision is made below, which is based on the holistic approach of tourism science and thus takes into account the various environmental dimensions of the open tourism system. The categorization distinguishes the following six classes of risks: economic, socio-cultural, political, ecological, technical, and medical risks (Freyer ;2004, Glaesser; 2005b). The recent pandemic, COVID-19, figures out a pessimistic scenario for all industries but especially the tourism industry in terms of very low or no mobility. Tourism-related activities also have been negatively affected due to internal processes. The recent spread of the virus (with or without state quarantine measures) leads to a noticeable decline in so-called "social consumption". The restrictions include restaurant visits, domestic tourism, visits to cultural events, trade fairs (Hoque, Shikha, Hasanat, Arif, and Hamid, 2020). Several prominent events have already been postponed or even canceled in many countries. Centeno and Marquez (2020) made their research on the loss of the tourism industry in the Philippines. Also, few studies are focusing on the global impacts of COVID-19 on the tourism industry. Gössling, Scott, and Hall (2020) evaluated the effect of global travel restrictions and stay at home behavior on tourism and projected global change; Niewiadomski (2020) commented on de-globalization and post-COVID-19 tourism industry, where Galvani, Lew, and Perez (2020) evaluated the sustainability of the industry.

Impacts of Covid-19: An Overview

The impacts of Covid-19 are grievous on individuals, families, and the socioeconomic fabrics of society. The intensity of nCov on humans and social institutions made United Nations Development Programme – UNDP (2020) to posit that the pandemic is the greatest global health crisis and a defining challenge the world has faced since World-War II. Covid-19 is moving like a wave crashing on those who are least able to protect themselves and cope. The pandemic is more than a health crisis since it stresses countries and has great potentials of creating devastating economic, social, and political crises. Similarly, Chakraborty and Maity (2020) observe that nCov is the most crucial global calamity of the 21st century. Covid-19 as of September 9, 2020, accounts for some 894,228 deaths globally (WHO, 2020a). Apart from deaths, the human consequence of coronavirus is enormous. As businesses shutdown to prevent the spread of Covid-19, job losses and financial concern become the first impact of the virus. Financial market, manufacturing, travel and hospitality industries, are among the most vulnerable, and their closure, affects SMEs and risk millions of jobs globally. For instance, the impact of Covid-19 on tourism and travel

obstructs about 10 per cent of global GDP and some 50 million jobs worldwide. The self-employed and employees working in the informal environment with least-pay are the foremost affected by the business closure (World Economic Forum, 2020). According to World Bank (2020), apart from the immediate impact of Covid-19 on health outcomes, it is crystal clear that nCov outbreak will have long-lasting socio-economic impacts worldwide. Sharp slides in domestic demand and supply of goods and services, is forcing many countries and regions to revised downward their GDP projects. Similarly, the International Labour Organisation – ILO (2020) observe that lockdowns adopted by countries and regions to mitigate Covid19 have vastly affected the production of non-essential goods and services. It accounts for the reduction in work hours and job losses globally. The fall in the prices of export commodity worldwide has weakened the economy of exporting countries and reduced employment in these sectors. Covid-19 is exacerbating existing global unemployment situation as it affects vulnerable workers, including women, older workers, workers in the informal economy, and the self-employed. Workers also affected by nCov are young workers, micro-entrepreneurs, migrant and refugee workers. Trade imbalance and the massive outflow of capital as a result of Covid-19 have led to huge currency devaluations making debt servicing and the import of essential goods and services an uphill-task for governments especially in developing economies (ILO, 2020). In the same vein, Covid-19 affects human rights and the rule of law worldwide. The fight against nCov requires restrict measures that infringe on human rights and fundamental freedoms, including the right to privacy and data protection. Covid-19 renders individuals and groups extremely vulnerable to cybercrime as authorities in many countries are unable to fully engage and detect malicious actors who exploit the current situation to their selfish advantage (Council of Europe, 2020). Covid-19, therefore, has a wide range of consequences far beyond the mere spread of the virus itself; it impacts on political institutions, education, equality, psychological, religious, human freedom, and the family.

The tourism industry and its global impacts

Tourism is a set of interconnected activities, including the act and process of taking time away from home in pursuit of pleasure, recreation and relaxation while utilising commercial facilities and services (Encyclopedia Britannica, 2021). It is the movement of persons from their homes to other places for the sole purpose of catching fun, pursuit of leisure and pleasure. According to World Tourism Organisation – WTO (1993), tourism is a chain of activities of persons including travelling and staying in environments outside their usual place of residence for the purpose of business and leisure, and not more than one successive year. Tourism industry therefore comprised of activities people and organisations involved in the production and provision of services for individuals on tour or holidays. The industry provides necessary

and remarkable assets to tourists during their travelling. According to Camilleri (2017), the tourism industry comprises of four main units – accommodation, transportation, sales and distribution, as well as ancillary services. The transportation sector of the tourism industry includes – airline industry, water transport, car rental, railway, coach services, and spacecraft. Food and beverage sector includes restaurants, catering, nightclubs, bars, and cafes. Accommodation sector of the tourism industry includes hotels, shared accommodation, camping, cruises, time-share accommodation, and farmhouse accommodation. The entertainment sector comprised of the casino, tourism information, shopping and tourists guides and tours. Connected sectors include financial services, tour operators, online travel agencies, travel agents, and tourism organisations (Market Width 2021). The tourism industry can also be classified under recreational, sports, health, incentives, and cultural (Tourismnotes Educational Portal). The tourism industry is one of the largest and fast-growing industries in the world (Agba; Ikoh; Bassey and Ushie, 2010; Attah; Agba and Nkpoyen, 2013). According to United Nations Conference on Trade and Development – UNCTAD (2013), the tourism industry accounts for an estimated 5 percent of global gross domestic product (GDP) and creates 6 to 7 percent of the overall global jobs. The sector directly contributes to GDP, foreign exchange earnings, employment and income, with developing countries that are largely dependent on tourism benefiting the most. It generates about 10 percent of the GDP in countries where tourism is a vital pillar of the economy. Richardson (2010) posit that the tourism industry contributes to economic growth, ensures food security and increase countries participation in the global economy. It contributes significantly to the world's growing service sector.

Impact of COVID 19 on the Tourism industry.

The tourism industry is one of the largest and fast-growing industries in the world (Agba et al., 2010). According to United Nations Conference on Trade and Development – UNCTAD (2013), the tourism industry accounts for an estimated 5 per cent of global gross domestic product (GDP) and creates 6 to 7 per cent of the overall global jobs. The sector directly contributes to GDP, foreign exchange earnings, employment and income, with developing countries that are largely dependent on tourism benefiting the most. It generates about 10 per cent of the GDP in countries where tourism is a vital pillar of the economy. Richardson (2010) posits that the tourism industry contributes to economic growth, ensures food security and increase countries participation in the global economy. It contributes significantly to the world's growing service sector. This is apparently true in Africa, where tourism accounts for an estimated 55 per cent of the overall service sector exports yearly (Agba; Ikoh; Bassey and Ushie, 2010).

The tourism industry is driven by aviation, the cruise-shipping industry, accommodation, public transport industry, banking and financial sector, and the security industry. These drivers are considered as networking infrastructural facilities affecting the growth and development of the tourism industry. With the spread of Covid-19 globally, it is estimated that Airlines Worldwide will cause a loss in revenue of about 314 billion USD in 2020 (Mazareanu, 2020). Since the rapid spread of Covid-19 pandemic from China to other parts of the world, countries have placed travel restrictions allowing only air-lifting of only palliative measures like medical personnel, drugs, nationals wishing to return to their country of origin, food items and medical equipment. About 96% of worldwide tourists destination have travel restrictions (UNWTO, 2020). Any remedial measure to salvage and resuscitate the tourism industry must incorporate the aviation and transport sectors as cardinal measures to ease the movement of tourists, tourism workers and tourism goods to target destinations. It is for this reason that Higgins-Desbiolles (2020) argues that the outbreak of the Covid-19 pandemic possess the capacity to revolutionalise the tourism industry and the contextual environment it is operated.

The cruise shipping industry is operationalised in this paper as constituting an important component of the tourism industry. Covid-19 pandemic impact on the cruise ship industry is here considered at multiple levels: cruise ship E- workers; government revenue through the impact on tax revenues from the cruise ship industry; investors on the cruise-ship industry; and global ocean cruise passengers, cruise ship manufacturers.

Historically speaking, hospitality deals with the idea/effort of strangers and guest in a spirit of goodwill. For a memorable experience, it is done within the atmosphere of respect, protection, warmth, understanding and appreciation. This has been modernised to refer to a segment of the service industry which include, among others - hotels, sporting events, restaurants, entertainment (Kendall College, 2020).

The hospitality and lodging industry is one of the major drivers of economic growth and social development in developed and developing countries. Its contributions to Gross Domestic Product (GDP), job creation, community development, and provision of social services to customers is not in doubt. Before the outbreak of Covid-19 pandemic, the hospitality and lodging industry is said to have contributed significantly to the economic, social and cultural development of host communities (Go, Pine and Yu, 1994). Establishing a synergy between the hospitality and lodging industry and economic and social development of host communities, Tsai, Song and Wong (2009) observed that hospitality and lodging industry profit from community development and destination's stability and economic growth through "pull facilities" like entertainment facilities, retail malls, supermarkets, and office buildings which act as drivers and pull factors to draw

businessmen/women and leisure travellers and aid in the accentuation of the demand for hotel rooms. With the outbreak of Covid-19 and the consequential bans on international and local travels, embargo placed on public gatherings, social distancing, and lockdowns on states and regions, things have devastatingly changed in the hospitality and lodging industry.

In Nigeria, hotel owners are offering their facilities as isolation centres and medical facilities for the treatment of Covid-19 patients. Regaining public confidence in such facilities after the outbreak will involve certification of such hotels for safe public use by the government and associated professional bodies which are necessary.

Policy Options for Revamping the Tourism Industry.

Covid-19 has no doubt changed the socio-economic structures and operations of many enterprises, especially in the tourism industry. The industry was indeed the first economic casualty of Covid-19. Charting a new course for the industry is important to avoid imminent collapse of the sector. Also, the fact that the tourism industry, like many others, will never be the same again, makes policy uptake to reinventing the sector in a post-COVID-19 era very important and inevitable. The measures towards revamping the tourism industry include:

- a. Rebuild tourist and stakeholder's confidence in the sector. Governments through publicity campaign must rebuild public trust on the company. Layoff workers and intending ones must be assured of job security in the tourism industry. The financial commitment is also necessary to recapitalised stakeholders and supports the operations of the industry. This will enable them to call back layoff staff, pay outstanding wages, renovate and service existing facilities and machines/equipment (Niewiadomski, 2020).
- b. Collaboration between operatives, government, and donor agencies is necessary to meet the financial obligations of the industry after the lockdown. Collaboration here should go beyond finance to sharing of ideas and strategies on how to better the industry and survive in the face of future challenges. Economic and social policies that support these collaborations and cooperation among stakeholders should be put in place by governments worldwide. Safety policies should also be put in place to secure group tours.
- c. Advanced telecommunication technology should be adopted in the tourism industry. "Cloudbased property management systems" that reduces the social presence and promote efficiency should be adopted in the industry. This will promote remote working or teleworking, reduce cost and promote social distancing in case of future occurrence of epidemic or pandemic. Operators of tourism industry can manage

their operation or business anywhere anytime with ease. This will also help build psychological confidence in tourists in the area of health safety and security. Meal and service delivery should be encouraged (Niewiadomski, 2020).

- d. Hoteliers and restaurants should focus on delivery meals to customers who may still be afraid of mixing freely with others despite safety precautions or measures provided by government and operators of the hospitality industry (Higgins-Desbiolles, 2020). This suggests that the tourism industry should adopt non-contact order and service delivery, including ordering through apps and e-payment systems. It will help affected countries to offset the damage of the pandemic on their tourism industry and meet their immediate financial need.

Recovery measures in the travel and tourism sector should revolve around the following key deliverables (WTTC, 2020):

- i. Safe and seamless traveller experience which must have the following new normal variables such as health, security, technologies, sustainability, and the future of work in the sector.
- ii. Mapping signposts directed at recovering through creating a dashboard supported by qualitative and quantitative data (travel and tourism data, micro and health-related data).
- iii. Defining and institutionalizing through collaborative effort what the "Global standards for the New Normal" should be.
- iv. Sharing experiences such as success stories and best practices and drawing lessons from the past aimed at formulating and implementing supportive policies in the travel and tourism industry.

Conclusion

The tourism industry is the worst-hit sector amid the nCov crisis. As Covid-19 continues to hit the industry hard from all over the world, there is apparently blunt future for the sector such as, more job cut, loss of revenue, income and livelihood globally. These negative effects have been due to: (a) the drastic restrictions on mobility that were initially decreed by the governments of most countries which have paralysed a large part of productive and service activity, as well as transportation and movements between territories, and which have cancelled the movement of tourists around the world; and (b) the reduction in disposable income of many families who have seen their incomes disappear or decrease for a considerable period of time, which will affect tourist spending capacity even after the measures of confinement and restriction of mobility have been made more flexible, at least in the short and medium term.

Therefore, the opportunity to revamp and return the industry to normal levels depends strongly on policy options adopted by stakeholders. It requires a tri-partite action of the government and its agencies, operators of the tourism industry, and international monetary and donor organisations. Also, governments in different countries should as a matter of urgency make policy that rebuilds the public, workers and operatives' confidence in the tourism industry. Again, strategic cooperation among stakeholders should be encouraged.



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