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COVID 19 Pandemic and Present Business Environment: The Tourism and Travel Sector

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Article Information

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Background

Tourism is an open sector of the economy and is subject to impacts from many types of external and internal events. These include political crises (Beirman, 2002) and civil war and insurgencies (Buultjens, Ratnayake, & Gnanapala, 2016), natural disasters such as tsunamis (Robinson, 2008) and earthquakes (Yang, Wang, & Chen, 2011), technological change such as the effect of the internet (Law, Leung, & Wong, 2004), social media (Xiang & Gretzel, 2010), and health and safety issues such as the 2001 "Foot and mouth" disease outbreak in the United Kingdom, the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003, (McKercher & Chon, 2004), and the Ebola Virus Disease Epidemic (Novelli, Gussing Burgess, Jones, & Ritchie, 2018).

COVID-19 was first reported in Wuhan, China in December 2019 (Tian et al., 2020). Since then, the virus has spread rapidly around the world. COVID 19 is spread from person to person through direct contact, surface transmission, or by inhalation of droplets produced by coughing or sneezing. As a result, transmission is reduced by quarantine of exposed persons a period in which a patient is considered infectious (10-14 days following their exposure). In many countries, public authorities have restricted mobility and person to person contact through 'lockdown' laws requiring people to stay at home except for essential services, requiring infectious or potentially infected people to isolate themselves, and also restricting travel across domestic and international borders. The restriction of travel across international and in some cases provincial borders has led to unprecedented reductions in aviation services, essentially ending inbound and outbound international travel in many countries. Health worries are further compounded by financial concerns as travel insurance is often suspended under these conditions and returning home early requires payment for premium fares, while a refund for unused hotel accommodation is unlikely.

The current COVID 19 pandemics has created a crisis for the tourism sector and global community far more widespread and damaging than past events. Crises and disasters have in the past affected a particular tourism destination, country, region, or sector, while COVID 19 is a global phenomenon. . For example, the United Nations World Tourism Organisation reported that international tourist arrivals had declined by 93 per cent between in the month of June 2020 compared to June 2019 (UNWTO, 2020).

The economic effect of this loss of international visitor on a particular country may be estimated by the proportion of total exports generated by international tourist's expenditure in that country (UNWTO, 2020). On this basis the Maldives (84%) and similar small island states are more vulnerable than Sri Lanka (24%) or Australia (14%). However, it should be noted that this loss of income is partially offset by the reduction in Sri Lankans travelling overseas and perhaps holidaying domestically. Certainly, the travel and tourism sector has been most affected by COVID 19.

Predictions for the duration of the pandemic and when the travel and tourism sector will return to pre-COVID 19 levels are dependent on factors such as the global availability of a vaccine, the ability of the airline and accommodation sectors to recover to provide previous capacity and pricing levels, implementation of operational procedures for rapid testing of incoming and outgoing passengers, as well as the availability of customers with the disposable income willing to travel. In Australia, Qantas Airlines is indicating that it will not be offering international flights till June 2021 and long haul flights to the United States or United Kingdom till the end of 2021 (Terzon, 2020). It is therefore likely that the effects of COVID 19 on travel and tourism will last beyond 2023. It is possible that tourism activity might not return to previous volumes or patterns. Certainly, by then many businesses will probably have ceased operation.

Some suggestions for the travel and tourism sector in Sri Lanka

Given this dire situation, are there any initiatives that the travel and tourism sector can undertake to ameliorate the effects of COVID 19? The following section provides a number of suggestions that may partially offset the economic effects, at least for some entrepreneurs and businesses. Of importance is the realisation that tourism is a highly segmented market both in terms of demand and supply, and it is possible that some segments will grow, even in a time of pandemic.

The travel market may be divided based on length of trip leading to day tripping, short break, traditional long holiday and longer touring segments. As we have discussed international travel demand has essentially collapsed and will remain at low levels for at least the next year. It may be possible for 'travel bubbles' between countries to be established but these are bilateral decisions that are difficult to achieve and dependent of protocols for treating hotspots and resurgent infections.

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However, the inability of people to travel internationally also means that there is some potential growth of the domestic market for pleasure travel within Sri Lanka. Domestic travellers generally provide the largest proportion of travellers in most countries. In Australia in 2018-19, international travellers provided around 30.4 per cent of total visitor expenditure (International $44.6B, Domestic Overnight $77.5B, Domestic Day Tripping $24.3B, Total $146.4B) (Tourism Research Australia, 2020). It is likely that if travel in Sri Lanka is permitted, then domestic tourism demand for a holiday will remain moderate and perhaps strengthen during weekends and normal holiday periods.

However, domestic travellers typically spend less per night on accommodation, use personal ground transportation, visit different locations, and undertake different activities to international travellers. It is therefore important that businesses re-evaluate their offering to better target the domestic traveller. In such a situation, it is necessary for business managers to be innovative based on an understanding of the motivation of travellers (Gardiner & Scott, 2018). One recent trend around the world is increased demand for memorable experiences. The growth of the experience economy (Pine & Gilmore, 2013) of which tourism is a central part, means increasing interest in extraordinary, spiritual or transformational experiences.

A designed experience (Scott, Gao, & Ma, 2017) should be based on an understanding of the goals of visitors, and experiences that include active co-creation rather than sightseeing (Campos, Mendes, Oom do Valle, & Scott, 2018), 'production' of novelty and emotion (Ma, Gao, Scott, & Ding, 2013), use of intangible cultural and heritage resources, narratives and other established techniques. However, such staging of such experiences require staff to have advanced competencies (Gardiner & Scott, 2016). Memorable experiences can create significant value for the customer and allow higher pricing. These techniques are being used in a project for reuse of Batticaloa Dutch Fort as a cultural heritage attraction. The project intends to bring this important and well-preserved archaeological site 'alive' through interactive experiences involving culinary, heritage and cultural themes. There are many similar opportunities around the country.

The development of new experiences for the domestic market also offers an opportunity for central and provincial governments, commercial sector, and local community to work together on innovation and promotion of tourism in their destinations. A 'pivot' to targeting the domestic traveller may be beyond the means on individual stakeholders. The COVID 19 crisis may provide the incentive for new initiatives and collaborations.

International travel will be restricted for a number of years but is it possible to make money from events and tourism activities without tourists visiting. The Queensland State Government in Australia has closed its border to other states and has few cases of COVID 19 with effectively no community transmission. As a result, it has become a location for major televised sporting events (i.e. boxing, football) that cannot be held in other jurisdictions. These also provide an opportunity for co-promotion of the State as a tourism destination. Similarly, one Sri Lankan wildlife tourism expert is providing online tours of birding sites. This provides some income as well as promotion of his expertise for when travel is possible. Wildlife viewing (elephants, leopards, whales) had also become popular prior to COVID 19, providing a source of income support for captive animals in many countries. It may be possible to use technology to provide continuing support for these animals (Koldowski, Laws, Scott, & Font, 2021).

One positive effect of COVID 19 has been to encourage online training of industry staff. A project funded by the Australian Awards Program and led by Dr Madura Thivanka Pathirana is creating a learning platform consisting of five modules to provide knowledge to small businesses in the Sri Lankan tourism sector on how to survive the pandemic. Modules include success stories, knowledge on operational procedures to avoid infection, how to identify new markets.

Conclusions

The effects of the COVID 19 pandemic on the tourism and travel sector globally and in Sri Lanka has been severe and unprecedented. The number of international holiday visitors using air travel has effectively reduced to none. This situation is expected to last till at least 2022 and quite likely longer. Recovery is dependent on development of a vaccine and work on this is progressing, but rollout globally will take time. One possible strategy for development is to encourage and target domestic travellers who cannot travel overseas. This may partially offset the loss of international income but will also mean that tourism companies may need to redesign their experiences to meet their expectations. There are opportunities in a crisis, but it requires innovative thinking to capitalise on them.

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