Chapter 7:

The COVID-19 Pandemic's Impact on Consumer Behavior in the Tourism Industry

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Additional information is available at the end of the chapter

Coronavirus illness (COVID-19) has retained a significant influence on global economy. Although pandemic has impacted numerous sectors around the world, the tourism business, which includes transportation, education and catering has been particularly hard struck. To prevent the spread of the corona, lockdown and market closure were conducted on regular basis by the Indian government and several state governments, which had detrimental influence on the Indian hotel industry which saw a sharp drop when travel restriction had tightened. The never-ending epidemic have harmed people's earnings and resulted in an increase in unemployment throughout the country, influencing purchasing habits. The main objective of this chapter is to see how covid-19 affected consumer behaviour in the Indian hotel business. According to the report, most guests were pleased with hotel services such as mobile check-in and check-out, cashless transactions, electronic signature, keyless room entry, and strengthened standard operating procedures (SOPs) for room cleaning during the epidemic, among other things. Third wave of the epidemic is in the process of calming down. However, learning from the experience some of the useful practices should be continued and measures should be initiated to bring back the industry to normal.

1 Introduction

The epidemic Covid-19 has affected each and every person and every sector globally. The epidemic spread first in China and then simultaneously it spread all over the world. Its first case was reported in December 2019 in Wuhan, China and subsequently, this virus spread to other countries promptly. By the mid of February 2020, the virus had been transferred and spread to all nations by air transportation, and by the middle of March 2020, it had reached 146 countries. (Jiang & Wen, 2020). On 11 March, 2020, the WHO declared it as a global pandemic and warned all nations about the effects. To stop the spread of virus, every nation-imposed travel restriction, which resulted into a massive hotel cancellation, which led to rise of unemployment and loss of income. By the end of June, 2020, this virus had infected near about 10 million people and had been responsible for approximately 510 000 deaths all over the world (World Health Organisation, 2020). As the days passed, the virus slowly spread to the USA, South East Asia and Africa and the number of cases significantly increased in these countries. The number of cases in Europe however, slowly declined with precautionary measures and better care. COVID-19 epidemic also referred as black swan has been responsible for severe damage to human lives and economy of nations (Huang, et al, 2020). This is a type of virus which directly damaged the respiratory system of humans. The risk of pandemic not only destroyed human life due to the infections but has been also responsible for the cause of mental pressures among people.

As per the report of the DAC (2020), at the given time, more than 200 nations were affected and struggled with the disease and it's after effects. As per the report of the World Health Organisation, (2020) the total numbers of cases had reached 80 million and the number of deaths had reached 1.5 million due to the pandemic. Thus, the epidemic changed everyone's life. Near about 2 million confirmed cases along with



more than 125,000 deaths in more than 200 nations were reported till 15 April 2020 (ECDC, 2020). By 31 May, 2020, there were near about 6 million confirmed cases, whereas 370,000 deaths were reported in all over the world. As per the report submitted by the Algerian Ministry of Health, near about 650 deaths and 10 000 confirmed cases became the biggest concern for Algeria by the end of 31 May, 2020. With all this, the pandemic highly affected the economy of practically every nation (Forbes, 2020). The range of damage however, differed from one sector to the other sector and from one nation to another nation.

In order to tackle the epidemic and stop it from spreading, travelling restriction, curfews, and movement bans were implemented by governments in various countries all over the world. In most of the countries, the second wave of the virus reached the magnitude which was more severe than the first wave of virus. Due to this reason, most of the countries closed their national borders and restricted travelling within their countries. As per the prediction of the IMF, the global economy faced the contraction of 3% and because of the epidemic situation the loss of GDP faced was near about 9 trillion US \$ in 2020. The virus resulted in decline in economic growth because of quarantine, restrictions in travelling and highly affected the economy globally. In 2020, the epidemic had sent most countries into recession.

The unemployment rate in India jumped from 6.7 percent on March 15, 2020 to 26% on April 19, 2020. The travel restrictions negatively impacted the country's tourism industry. International tourism decreased by 22% in the first three months of 2020, and 57 percent by the end of March 2020, resulting in loss of US\$ 80 billion. The scenario implied that international tourist arrivals had declined by 58 percent to 78 percent for the year. In 2020, the Indian tourist industry was predicted to lose 1.25 trillion rupees in income. By the end of March 2020, the occupancy rate in Indian hotel industry dropped down to 65 percent. COVID 19 thus, affected about 30% of the hotel and by the end of June, the revenue of the hospitality industry was also affected eventually.

Corona virus also influenced consumer perception of travel and tourism. Customers' behaviour may be expected to shift because of this situation, hotel visits will be reduced for the next one to two years. As the travellers are afraid and because of the possibility of getting infected by COVID-19, people avoided travelling and staying in hotels. In the Asian community was seen a significant increase in behaviour as they felt concerned about becoming infected. Hotels and restaurants supported brands that practiced cleanliness and sanitation for their customers. Supplementary lodgings, such as Airbnb, of course encountered additional issues due to their limited supply and hygiene related concerns. Due to great hygiene requirements in terms of room sanitization and other touch points, consumers preferred branded hotels to avoid the risk as they deal with higher hygiene standards. Thus, while the pandemic was beneficial to ecommerce companies, it was hard for hospitality and entertainment industry to get through. All battled to stay afloat. According to the UNWTO, travel and tourism sector were from the industry which was most affected by the epidemic, with the pandemic negatively impacting more than eight times the effect of global economic crisis of 2009.

Consumer behaviour encompasses all activities directly linked to the acquisition, consumption, and disposal of goods and services, as well as the decision-making processes that precede and follow these actions. (Engel *et al.*, 1995). The pandemic and the consequential changes also impacted the consumer behaviour and lifestyle. Customers began to pay more attention to brands that were socially responsible, as expected. As consumer awareness of the pandemic grew, there was a shift in consumer behaviour, including proactive wellness purchasing, a limited lifestyle, increased online shopping, and fewer market and store visits, all of which are generally the first signs of supply chain stress, causing economies to suffer. Customers in fact decided to eat less at restaurants and motels (DAC, 2020). Consumers became more worried about the health of their families and also become increasingly concerned about basic needs and living a lavish life

and travel remained no longer a priority. As a result of the above, all future brand movements may benefit society as a whole rather than just the individuals (Financial express 2020). These developments have hurt the hotel industry in particular (Alagh, 2020).

2 Review of Literature

The COVID-19 outbreak wreaked havoc on economies all around the world, and the global economy was in its deepest slump since World War II. This epidemic had a global impact, affecting not just economies but also society, and it is anticipated to increase poverty and inequality around the world (UNDP, 2020). As a result, consumer attitudes have shifted dramatically, and consumer purchasing behaviour has become more uncertain (McKinsey & Company, 2020). Purchasing habits which is impacted by traditions, way of life, employment position, earnings, consumer spending power, and other socio-economic factors (Lawan, & Zanna, 2013). Customers' attitude regarding travel has been changed, according to Jittrapirom, & Tanaksaranond, (2020), people have become more interested in teleconferencing activities such as webinars, as it saved them money on travel and hotel. The COVID-19 has resulted in social isolation, lockdowns, self-isolation, and travel limitations, as well as drop in workforce across all economic sectors (Nicola et al, 2020).

In April of 2020, around 122 million individuals in India lost their jobs, which of course decreased to 11 million in July of 2020. From Rs. 1.52 in 2020, India's gross domestic product (GDP) per capita was expected a fall of 5.4 percent to Rs. 1.43 lakh in 2021 (Financial express, 2020). As a result of the preceding, the pandemic influenced consumers' socioeconomic condition also thereby the customer purchasing behaviour (Han *et al.*, 2020).

The pandemic of COVID-19 has brought the entire globe to a standstill, with the hospitality, travel, and tourism industries taking the hardest hit due to movement limitation all over the world and in India. According to Baker, Farrokhnia, Meyer, Pagel & Yanelis (2020), consumers indicated a dramatic decline in expenditure towards hotels and restaurants as a result of social distancing norms and frequent lockouts. According to a poll of 15 hotel operators in India, it may take probably more than two years for most of the hotels to return to last year's revenue per available room (RevPAR) levels. Business travel is anticipated to decline in the post-pandemic phase, as employers try to minimize costs, as per the survey (Financial express. 2020).

Hospitality Industry is initiating all required precautions to safeguard their tourists, as suggested by the World Health Organization and the Ministry of Tourism, because the epidemic has changed customer behaviour toward the hotel industry. Honey; et al- (2020) discovered that businesses must reconsider their public seating arrangements in order to defend and safeguard the wellness of their customers. Oberoi Hotels and Resorts, (2020) chose to eliminate its extensive buffet spread and prohibit the limit in restaurants by 50%, in addition to fogging and cleaning numerious physical touch areas every 45 minutes and supplying PPE units for customers and workers. Other precautions taken included fogging and disinfecting numerous touch areas, as well as supplying visitors and workers with personal protective equipment (PPE). OYO, a hotel network, is teaching its 1 000 hotel partners in standard operating procedures, cleanliness and sanitization, and right use of protective equipment and supplies, with the firm overseeing the practices through regular audits to ensure that the company's rules are followed. Well-known hotel companies like Marriott and Hilton are using UV light appliances and electrostatic sprayers for sanitization.

International Data Corporation surveyed consumers in the United States to examine how the COVID-19 epidemic was impacting the behaviour in retail, healthcare, banking and hospitality industry. A survey shows that 86 % customers were concerned or highly scrutinized about the new Corona virus. Corona virus

(covid-19) is transforming how customers want and need to interact with hotels and travel agencies. As their feeling of dread and vulnerability deepens, visitants are conspicuously focused on comprehending all areas of excursion and experience, especially when it comes to the service of food or sterile practices. During pandemic the hotel housekeeping personnel have become prepared to handle additional guest requirements such as room cleaning and hotel policies clearly documented this on their websites (Financial express. (2020).

3 Impact of Corona virus (Covid-19) on Consumer Behaviour

Corona virus (covid-19) has caused a shift in consumer behaviour. We've all ascertain that the virus related catch terms such as "wash your hands more often," "keep a distance of one to two meters," and "wear masks whenever you go outside." According to news media and social sources, individual in various countries seem to have diverse viewpoints about the corona virus. Some countries as China and Korea have agreed that every person should reside home and put on masks while they leave their house to prevent the spread of corona virus. This may not be the situation in other countries, such as Italy and the United States. According to reports, there will be significant adjustments in legislations connected to people's lives, animal ethics and beliefs following the outbreak. People have become more considerate of man's relationship with nature, with more reasonable attitude, displaying more respect for nature, and being more friendly to wild creatures, according to the argument. People's honesty, kindness, integrity, fairness and capacity for love have been highlighted as a result of the actions made to combat and contain the pandemic. Following COVID-19, prediction of a new sublimation is coping with interpersonal interactions. Medical personnel are the warriors who are willing to risk their life to save others and are held in higher regard. Individual's emphasis has shifted from power, fortune, and fame to respect and awe for life as a result of the necessity of a healthy interaction between people.

4 Impact of Corona virus (Covid-19) on Tourism

From a cognitive standpoint, the second-to-last notion concerns pandemics such as COVID-19. Recent research on COVID-19's impact focuses on contingency measures, confidence index surveys, statistical data, views, comments, survey, as well as the crisis's influence on organisation system which include enterprises, industry and risk management. The effects of a global pandemic on visitors would result in changes in people's lifestyles and tourism activities. The tourism business during COVID-19 has become quite uncertain (Hanet *et al*; 2020).

The hospitality and tourism businesses are huge shock resistant in the long term run than they are in the short run. Natural disasters, wars, events compromising destination securities, pandemics, and diseases have all wreaked havoc on the sector throughout the years. Due to its global destruction and extensive effect on businesses and individuals, the COVID-19 epidemic stands out beyond human provoke and natural disasters (Baba, Stăncioiu, Gabor, Alexe, Olean, & Dinu, 2020). The novel coronavirus (covid-19) has had a significant collision on the travel and tourism business since it has spread to every corner of the globe. During this time, cruise, airline, restaurant, casino, hotels, destinations and other domestic trade that have suffered social. Economic and environmental effects were primarily affected. If the impact of COVID-19 on these groups is known, the tourism sector may be able to reset and recover more quickly. These groups, however, are divided into sub-groups with differing compositions from the broader public, and their behaviour, views, and risk perceptions may differ from those of the inhabitants (Wachyuni, & Kusumaningrum, 2020), and (Ma, Zhao, Gong, & Wengel, 2020).

5 Consumer Behaviour in Tourism Industry

According to Han; et al (2020), consumers' post-pandemic travel intentions were predominantly directed towards countries internal destinations that were seen to be out of harm's way. Moreover, the authors claimed that the intellectual risk associated with travelling has an impact on perceptions and intentions of tourists and purchasers. According to Uğur & Akbıyık, (2020), travellers had begun to call off or put back their travels as soon as the news of the corona virus (Covid-19) eruption became public, and as an outcome, travel guarantees and security issues became a headline of discourse between tourists.

The Covid 19 outbreak, according to Nhamo; et al (2020) resulted in large-scale cancellation and hardly few bookings, culminating in hotel cessation. Gursoy & Chi, (2020) discovered similar detection in their study. The author discovered that most of the customers did not prefer to travel and book a hotel to reside due to risk in coming future. In a similar research, Chebli, & Said, (2020) discovered that the corona virus upsurge had a remarkable impact on travel intent and behaviour. According to the authors, this effect had a detrimental impact on tourism consumption in terms of personal sanctuary, attitude, belief, and economic disbursement. According to Kourgiantakis; et al (2020) customers in the tourism business are showing strong predilection for safety issues such as hotel sanitary standards and privacy in a remote location. In the tourism industry, Kourgiantakis; et al (2020) observed many new and unique features about consumers' perception of hotel hygiene and cleanliness. A model created by Zhu, & Deng, (2020) was used to differentiate consumer risk knowledge, risk perception, risk aversion attitudes and behavioural intentions. Customers expressed that they like rural tourism and they claimed that risk aversion has a greater impact on consumers' intentions and recommendations for rural tourism than risk perception.

6 Current Situation of the Hotel Industry by the effect of Covid-19 Crisis

The hospitality sector is an important segment on global scale being a proportion of the tourism industry, which contributed about \$8.9 trillion for the global economy in the year 2019, accounting for more than 10.3% of the global Gross domestic product (GDP). One out of every 10 jobs created in the world is in the tourist business.

The hotel industry, on the other hand is particularly vulnerable to unforeseeable emergencies like epidemics, natural disasters, terrorist attacks, etc., (Jiang, & Wen, 2020). According to the studies on impact of such calamities on hotel industry, such events drastically reduce hotel revenue (Hall; et al, 2020).

Indeed, one of the worst-affected industries due to the outbreak of COVID-19 is hotel industry (Han; *et al*, 2020). Because of the direct contact between the tourist service and risk of social transmission, the legal administration all over the globe have been forced to restrict, if not out rightly prohibit tourism, which has resulted in closure of hotels. The only other large-scale hotel closures that spring to mind is that which occurred during the two World Wars of the twentieth century. Indeed, this is for the very first time that a global health disaster has struck, affecting all countries and sectors of the tourism industry at the same time. Many businesses in the global hotel industry are closing their doors as a result of the epidemic's economic effects, either temporarily (under emergency regulations) or permanently.

7 Conclusion

As a result of political pressure, restrictions and regulations, COVID-19 has had an impact on consumer behaviour and perception of the hotels and hospitality industry, demonstrating that the epidemic has had large financial impact on consumers. Consumers' lodging selections were influenced to a large extent by the danger of sickness spreading, and huge number of customers favoured making bookings in star-rated hotels in the view of the fact that higher level of hygiene and sanitation facilities is initiated by them. Finally,

consumer confidence in star-rated hotels' services and facilities has proven to be an important factor determining consumer conduct in the hotel industry. The idea included hotels using high-quality equipment and clean supplies, as well as effective oversight of the application of new SOPs, policies and procedures in services and facilities at these places.

8 Declarations

8.1 Competing Interests

No potential conflict of interest was reported by the authors.

8.2 Publisher's Note

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