**POST-PANDEMIC MARKET RECOVERY BY TRAVEL AND HOSPITALITY INDUSTRIES**

Impact of COVID-19:

Amidst the global coronavirus pandemic, several countries across the world have resorted to lockdowns in order to flatten the rate of infection curve and keep the spikes in the number of cases per day to a minimum. These lockdowns implied the confining of millions (if not billions) of people to their homes, curbing their social freedom while shutting down various businesses and ceasing almost all economic activity.

According to publishings by the International Monetary Fund., the global economy is expected to shrink by more than three percent during the course of 2020 – a steep slowdown never seen since the Great Depression of the 1930s. While countries have begun to gradually lift restrictions and restart their economies on a slow basis, the global economy has been affected in a long-lasting manner, and here is the impression we see today.

The pandemic has pushed the global economy into a recession, implying that the economy has started to shrink and its growth has been put to a stop. All across various continents, millions upon millions have filed for unemployment and unemployment benefits, and these numbers are expected to rise should the impact of the pandemic worsen in some parts of the world. In the US alone, more than 40 million have filed for unemployment benefits – this is almost 25% of the working age population in the country.

The estimated -3% growth of the global economy is, according to the IMF, far worse than the 2009 global financial crises. Various large economies around the world, including the UK and Japan, are expected to contract this year by five to nine percent approximately. China’s GDP has dropped 36.6.% in the first quarter of 2020, and has shown no signs of recovering despite relaxation of various restrictions and cutting close to complete eradication of the virus from the country.

Industries most affected by the pandemic:

Thanks to a global shutdown of the economy, businesses have had nowhere to run to sell their products and services. Much of the global economic activity has been brought to a halt, and many businesses have been forced to reduce operations or shut down, and an increasing number of people are expected/expecting to lose their jobs once the economy starts to chug actively again. The hardest-hit companies were those that were involved in the service industry – they were a major source of growth to an economy that was completely halted, halting their need in the process. Manufacturers have also been hit, with world trade volumes facing chances of plummeting again this year.

The service industry is a major source of growth and employment in various countries intercontinentally. Two of the world largest economies, China and the US, depend on the services industry in order to grow and expand their economies and consumer markets. Various economies have reported a sharp and steep decline in retail sales and services as lockdown measures to curb the pandemic have driven many stores and entire businesses to suspend or shut down, keeping consumers at home. On the other hand, a surge in online sales have been reported by Amazon, despite those being unable to fill the void left behind by physical retail services shutting down for the time being.

Many economists and experts in the field have warned that consumers may not resume spending even after lockdown measures are lifted. It has become quite evident in the slow improvement of retail sales that has bee observed in China after the country’s government allowed a gradual reopening of businesses, as reported by Oxford Economics. Keeping this in mind, it is vital to understand that consumers may not, or are unlikely to, rush back to shops as soon as restrictions are lifted, they reported.

Travel and hospitality – how have they fared?:

The ripple effect of the COVID-19 pandemic has reverberated all around the globe, causing loss of lives and jobs, as well as a slump in general economic activity. The unseen domino effect has brought untold pain and hardship to various individuals and communities irrespective of where they are from. But, depending upon the industry they are involved in, the hit they have taken has varied, and some of the worst ones have been taken by those involved in the travel and hospitality industries – relatively.

Various estimates have shown that the pandemic may cost the world about USD 2.7 trillion – equivalent to that of the entire UK economy, pre-pandemic at least. While the impact has been uneven across industries, with Information Communication Technology and its related fields having stayed relatively safe, tourism has taken a major fall.

It has been observed that throughout history, the industries of travel and hospitality have taken major brunts from various crises – the Black Death, Spanish Flu, SARS, and H1N1 being notable examples of the same. Yet, despite prolonged shutdowns and varying rates of economic downfall, the industries have managed to prevail and keep their head afloat – this time, not unlike other times, nobody is sure if it can follow the trend.

One of the first things that major health-concerned organization (like WHO) act upon is the issuing of travel advisories, be it any local or global disease. Such an act discourages travel to destinations with epidemic or pandemic cases, along with border control, travel restrictions, quarantine zones, and social distancing measures. Outbreaks usually render various destinations unattractive to tourists, as a majority of them are risk-averse. The World Tourism Organization has predicted an estimated 25% average loss in international arrivals in a press release, during the early stages of the global lockdown. The World Travel and Tourism Council has also indicated that fifty million travel and tourism jobs are at stake due to the impact of COVID-19.

Will the industry recover?:

Despite such alarming results, it appears that tourism’s loss can be considered an environmental win – steep falls concomitant with emission reduction has led to lower greenhouse gas emission, especially in industrialized countries, as is evident from satellite image evidence. Emissions in China have fallen by 25% following factory shutdowns and city-wide lockdowns, while coal usage fell by 40% across the six largest power plants in the country. While the pandemic has caused a lot of panic amongst the people, nature has undergone – and is undergoing – a process of healing and recovering. And since the environment is a major factor when it comes to tourism, destinations will become more attractive to travellers of all kinds.

Special forecasts from STR and Tourism Economics suggest that the hotel industry is projected to report steep declines in demands due to COVID-19, while travel comes to a virtual standstill – but that the market is expected to regain its footing in the latter part of 2020 and during the course of 2021.

Based on research from the CBRE, an approximate six to ten months is required for hotel demands to recover in the US, and twelve to sixteen months for average daily rates (ADR) and revenue per available room to begin recovery. Hoteliers, therefore, need to take the necessary steps required to adequately prepare for recovery, while setting up proper expectations to prepare for the oncoming demand storm.

Hotels are required to stay connected with past and future guests via social media when travel is on pause, along with editorial content that entertains and adds value to the customer-brand relationship. During the initial rise in travel demand, marketing efforts must be ramped up in order to create a brand awareness and fuel new gusts into booking, with affordable rates across the board to get people to rebook and re-plan their lost vacations. Flexibility is key, and initially, flexible rates and plans must be in place in order to jump-start the economic progress.

As travel demand rises post-pandemic, marketing efforts must slowly shift focus to targeting the right demographics and feeder markets with the right messages and packages for lower-funnel intent to come pouring in. While the world continues to struggle to flatten the rate of infection curve all over, hotels must be proactive in planning for the travel demand rebound all across their geographical region(s).