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The Future of Tourism in the COVID-19 Era*

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Abstract

The SARS-CoV-2 virus that causes the COVID-19 disease is now fully entrenched in the international community, and has devastated society in what might seem to be a parallel universe. The long-term medical, physical, psychological, economic and financial consequences for continents, countries, regions, states, provinces, prefectures, cities, and individuals is not yet known, but the short-term effects do not seem promising or encouraging. One of the most heavily affected industries by COVID-19 is the international travel, tourism demand and hospitality industry, which was one of the world's largest sources of full-time and casual employment in the pre-COVID-19 era. The future of tourism in the COVID-19 era is presently unknown, but substantial research is required to evaluate how the industry might recover and survive in a new-normal COVID-19 world. The paper presents a discussion of the future of tourism, travel, and hospitality in the time of COVID-19 as a contribution to the industry. The paper presents a discussion of the future of tourism, travel, and hospitality industry. Public and private policy considerations include significant contingent planning to accommodate travel plans and restrictions, personal protection equipment, medical and healthcare requirements, major events, short, medium and long haul domestic and international travel by air and sea, public versus private transportation, hotel accommodation, alternative forms of payment and pre-payment, changes in the tourism and transport industries, changes in tourist behaviour, and potential structural changes.

Keywords: COVID-19 pandemic; international air travel; domestic air travel; cruise liner tourism; tourism and hospitality; hotel accommodation; online bookings; business travel; leisure tourism; physical health; mental health.

JEL: L83, Q01, Z32, Z33.

1. Introduction

The SARS-CoV-2 virus that causes the COVID-19 disease is now fully entrenched in the international community, and has devastated society in what might seem to be a parallel universe. The long-term medical, physical, psychological, economic and financial consequences for continents, countries, regions, states, provinces, prefectures, cities, and individuals is not yet known, but the short-term effects do not seem promising or encouraging.

The long-term effects on individuals are not yet known, but the disease is known to affect every internal organ, especially heart, lungs, liver, and brain tissue, with serious short-term effects on morbidity, disability, and mortality, all of which need to be mitigated in healthcare risk management strategies. The massive long-term effects on society and the economy are difficult to estimate, let alone comprehend, but it is essential to do so.

One of the most heavily affected industries by COVID-19 is the international travel, tourism demand, and hospitality industry, which was one of the world's largest sources of full-time and casual employment in the pre-COVID-19 era. The tourism, hospitality, and travel industry is one of the world's largest employers, together with the energy industry (ILO, 2020; WTTC, 2019). However, unlike the energy industry, the tourism, hospitality, and travel industry is less of a necessity, especially for leisure travelers, as distinct from business tourists.

The future of tourism in the COVID-19 era is presently unknown, but substantial predictive research is required to evaluate how the industry might recover and survive in a COVID-19 world that is becoming the new normal. The paper presents a discussion of the future of tourism, travel, and hospitality in the time of COVID-19 as a contribution to the industry.

There have been numerous published papers since the onset of the COVID-19 pandemic, from medical research through to economics, finance, and business. Some recent papers on risk management of COVID-19 include, among others, Chang and McAleer (2020), Chang, McAleer and Ramos (2020), Chang, McAleer and Wong (2020), McAleer (2020 a,b,c,d,e), and Wang, Cheng, Yue and McAleer (2020).

A recent topical paper at the intersection of medical research on COVID-19 and international travel is given in Hoehl et al. (2020). Pierce et al. (2020) examine mental health before and during COVID-19, and find that young adults are suffering the most from mental illness brought about by social distancing, self isolation, quarantining, and lockdowns.

Chang, McAleer and Ramos (2020) present a charter for sustainable tourism, travel and hospitality after COVID-19 as a contribution to the industry, as encapsulated in the Special Issue of *Sustainability* on “Rethinking Novel Tourism Demand Modelling and Forecasting Due to COVID-19: Uncertainty, Structural Breaks and Data”.

The COVID-19 pandemic is proving to be a never ending story which presents a number of extremely challenging possibilities. Among the important issues regarding interventionist healthcare policies for all gender, age, race, ethnic, and medically, physically, mentally, psychologically, economically, and financially disadvantaged cohorts in the population, is the resurrection of international and domestic tourism to improve the harrowing increases in unemployment across the broad community.

Opening up society and the economy are necessary to enable domestic and international tourism, travel, and hospitality to recover. Given the dramatic reductions in tourism and travel receipts worldwide, there seems to have been excessive optimism concerning the prospects for recouping the lost income.

The implicit direction toward herd immunity, especially in Europe and the USA, has known and unknown pitfalls associated with excessive relaxation of targeted control, social distancing in close quarters, and other measures that are associated directly or indirectly with tourism activities, has led to second and third waves that run counter to flattening the curve. In short, the prospects for the remainder of the year, as well as beyond, are bleak.

There seems to be a belated recognition and increasing awareness about the negative social implications. Public authorities need to pay careful attention to avoiding massive destruction to

small, medium, and large private companies which might jeopardize future recovery, and the loss of property control as large investment funds seek to bail out ailing hotel groups with offers of predatory prices.

If domestic and international borders are opened further in the face of mounting economic and financial pressure, this would require serious regulatory mandates at the source, intermediate transit location, and destination.

Section 2 presents an extension of the charter for sustainable tourism after COVID-19 to discuss the future of tourism, travel, and hospitality in the time of COVID-19 as a contribution to all participants in the industry. Section 3 provides concluding comments and some policy recommendation.

2. The Future?

It is crucial to investigate when international and domestic travel restrictions might be relaxed to accommodate the needs of airlines, businesses, and tourists, among others. This section presents a number of recommendations for moving ahead in the future as regards tourism, travel, and hospitality in the COVID-19 era.

(1) Travel planning must be documented for:

- (i) international tourists;
- (ii) domestic tourists;
- (iii) vaccine passports;
- (iv) immunity passports;
- (v) refunds for pre-paid travel and accommodation;
- (vi) clear and credible information about health indicators at different destinations.

(2) Travel restrictions for tourists at:

- (i) domestic destinations;
- (ii) international destinations;
- (iii) testing at source before boarding transport mode;
- (iv) onboard testing prior to disembarkation;

- (v) testing upon arrival at destination.

(3) Personal protection equipment (PPE) for medical staff and patients:

- (i) medical tourism;
- (ii) religious tourism;
- (iii) adventure tourism;
- (iv) business tourism;
- (v) leisure tourism.

(4) Medical and healthcare requirements at source and destination for:

- (i) international tourists;
- (ii) domestic tourists;
- (iii) appropriate vaccinations;
- (iv) travel insurance coverage and premiums;
- (v) implementation of updated health and safety standards.

(5) Contingent planning for future crises:

- (i) international tourists;
- (ii) domestic tourists;
- (iii) disaster preparedness;
- (iv) public and private decision making;
- (v) role of insurance companies;
- (vi) advanced monitoring and tracking systems (including Apps or codes, temperature checks, testing);
- (vii) immunity passports;
- (viii) travel insurance.

(6) Transport systems (air, sea, public transportation, taxis):

- (i) international tourists;
- (ii) domestic tourists;
- (iii) testing at source before boarding transport mode;
- (iv) onboard testing prior to disembarkation;
- (v) testing upon arrival at destination, wherever appropriate;
- (vi) social distancing on public transportation;
- (vii) controlling numbers of passengers, especially during peak times.

(7) Major events tourism, especially sports, concerts, expositions, and fairs, with restrictions on:

- (i) international travel;
- (ii) domestic travel;
- (iii) testing at destination before entry;
- (iv) crowd control and social distancing;
- (v) reduced crowd numbers.

(8) Domestic and international tourism by **air:**

- (i) short haul;
- (ii) medium haul;
- (iii) long haul, essentially international travel;
- (iv) survival rate of air transport companies;
- (v) maintenance of bases and routes;
- (vi) impact on industry structure;
- (vii) regulatory control of company mergers;
- (viii) active government participation;
- (ix) potential impact on prices;
- (x) reduction in scale of operations;
- (xi) fewer business travelers;
- (xii) less market competition;
- (xiii) higher operating costs;
- (xiv) reimbursement of cancelled travel arrangements.

(9) Domestic and international tourism by **land:**

- (i) short haul;
- (ii) medium haul;
- (i) long haul;
- (ii) private versus public transportation.

(10) Domestic and international tourism by **cruise liners:**

- (i) short haul luxury options;
- (ii) medium haul luxury options;
- (iii) long distance travel;
- (iv) implementation of updated health and safety standards;
- (v) reimbursement of cancelled travel arrangements.

(11) Hotel accommodation needs to distinguish between:

- (i) business tourism, more of a necessity;

- (ii) leisure tourism, more of an optional luxury;
- (iii) implementation of updated health and safety standards;
- (iv) reimbursement of cancelled hotel accommodation.

(12) Cash, credit card or alternative payment for:

- (i) business tourism;
- (ii) leisure tourism;
- (iii) advanced online bookings;
- (iv) country-specific factors.

(13) Changes in the tourism industry structure at destination:

- (i) survival of companies in the industry according to financial strength after recovery;
- (ii) changes in the property structure and mergers of companies;
- (iii) loss of control by companies at destination due to changes in property;
- (iv) impact on destination attractiveness if there is a loss of complementary supply;
- (v) impact on current human resources;
- (vi) loss of confidence by tourism operators and essential industry workers;
- (vii) bleak future employment prospects in the tourism, travel, and hospitality industry.

(14) Changes in the tourism intermediation structure:

- (i) modification of the roles of different intermediaries;
- (ii) tour operators, online travel agencies, own-web distribution;
- (iii) impact on trust among partners from reaction to the pandemic;
- (iv) business-2-business and business-2-consumer;
- (v) definitive dominance of digital intermediation.

(15) Changes in the transport industry:

- (i) percentage distribution of different means of transport;
- (ii) public versus private transportation;
- (iii) federal, state, provincial, regional and local government subsidies.

(16) Changes in tourist behaviour:

- (i) international tourism;
- (ii) domestic tourism;
- (iii) impact of fear and trust;
- (iv) mental health issues from inability to travel, especially for young adults;

- (v) changes in travel behaviour of different groups;
- (vi) business, leisure, families, couples, solo travelers;
- (vii) income and price elasticities for the duration of the economic and financial crisis.

(17) Potential structural changes in:

- (i) leisure tourism;
- (ii) permanent modification of family budget;
- (iii) proximity tourism;
- (iv) expansion of environmentally aware holidays;
- (v) consolidation of stay-caution trends;
- (vi) business tourism, with MICE segment substantially replaced by online meetings;
- (vii) responses to health, economic, and financial crises.

3. Concluding Remarks

As one of the most heavily affected industries by COVID-19 is the international travel, tourism demand and hospitality industry, and also one of the world's largest sources of full-time and casual employment in the pre-COVID-19 era, the industry needs to position itself for the future to take advantage of innovative possibilities. Although the future of tourism in the COVID-19 era is uncertain, substantial and novel research can be used to evaluate how the industry might recover and survive in the COVID-19 era.

The paper presented a discussion of the future of tourism, travel, and hospitality industry in the time of COVID-19 as a contribution to the industry. Public and private policy considerations include significant contingent planning to accommodate travel plans and restrictions, personal protection equipment, medical and healthcare requirements, major events, short, medium and long haul domestic and international travel by air and sea, public versus private transportation, hotel accommodation, alternative forms of payment and pre-payment, changes in the tourism and transport industries, changes in tourist behaviour, and potential structural changes.

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