
Apocalypse and the Perception towards the Hospitality Industry during Covid 19

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Abstract: The most iconic hotels across the globe is crushing down in this pandemic. Decline in occupancy rates, liquidity crises, struggling to pay the employees, difficult to afford their commercial mortgages, low consumers because of the restrictions on the travel. Based on these factors big brands of hotel had to make tough choices either to close down or laying off the employees. WTTC reports "Hospitality industry create 40 millions jobs and together with tourism industry contributed USD 194 billion (13,681.1 billion) to country's GDP which is 8% of employment, i.e, 1 out 10 jobs are created by the hospitality industry in 2019. The hospitality industry plays an important role contributed INR 2,130.5 billion (about USD 30.3 billion) to foreign exchange reserves of the country. This is approximately 5.6 per cent of India's total exports earnings in 2019. In 2019, 1.09 crore tourists visited India, which was 3.1 per cent higher than the figures of 2018. But the pandemic has shown a negative impact of the hospitality industry, slow growth and development. The present study tries to examine the downfall of hotel industry and how the economy of countries resonate with this change. The present study is divided into two parts, the first part tries to analyse the apocalypse of the hospitality industry and the second part of the study tries to examine the perception of the consumers towards hospitality industry. The present study hinge on the primary and secondary data.

Keywords: Apocalypse, Consumers Perception, Hospitality Industry, Covid 19

INTRODUCTION

The hospitality industry apocalypse is crashing down as the most iconic hotels of the country is experiencing the pressure to survive in this pandemic. Hotel Industry is, perhaps the most hard-hit in pandemic, with the employees facing potential devastating hardships. The US hotel industry which is constituted with the small business is on the brink of the major collapse. Almost 65% of hotels remain at or below 50% occupancy, which is below the threshold at which most hotels can breakeven and pay debt.

Consumer travel remains at an all-time low, with 33% of Americans reporting they have travelled overnight leisure or vacation since March and just 38% saying they are likely to travel by the end of the year. Urban hotels are suffering the most and facing collapse with cripplingly low occupancies of 38% significantly below the national average. 74% of hotels will lay off more employees without further aid (AHLA Survey report). Most hotels are small businesses that is 90% is franchised and owned by an individual and not large corporates. Small business are the key to success of any economy. They create millions of jobs and contribute positively to the economy and making significant investments through development projects and taxes. When people stopped travelling, started cancelling meetings and conventions, the multi-billion dollar industry started to crumble dragging in some of the iconic and touristic hotels with it. Hotels facing a wave of permanent closures because they are unable to pay commercial mortgages and economic property taxes. Several big hotels in the New York city announced that they closed for good, and more shutdowns are coming (New York Times). New York's nearly 100 years old, legendary Roosevelt hotel to close permanently due to the coronavirus pandemic (CNN, 2020). This property organised landmark events such as 1948 elections result announcement, motion pictures such as The Irish Man, Made in Manhattan announced that the iconic hotel has experience very low demand and as result the operations are ceased and have no plans for the building beyond the scheduled closing. Other iconic hotels are also in the closure list such as 42 storey Time Square and Downtown's W hotel to shut down. The stress hotels are facing is not confined to New York City. Data shows delinquencies are rising significantly in all the countries. Hotelivate, a hospitality consultancy firm has in a report said that the Indian hospitality industry is likely to be hit really hard, as foreign tourist arrivals have decreased by about 67 percent annually in the January-March quarter, while domestic tourists are reduced by about 40 percent,". The Federation of Hotel & restaurant Associations of India (FHRAI) demand a support from the government to bring back lakhs of lost

jobs. The year of 2021 will be a year of survival and recovery so that the hospitality industry sector bounces back and thrives.

As the preferences and perceptions of the consumers have changed drastically in the country since the lockdown in March, it vital to understand their desires and preferences towards hospitality industry. Do they wish to go on solo trips or family vacations? Are they ready to board flights yet? Will group sizes shrink due to social distancing norms? Will the consumers frequently visit the hotels as they were visiting in pre-covid times?

Objectives

1. To analyse the apocalypse of the hospitality industry.
2. To understand the perception towards hospitality Industry after Covid 19.

REVIEW OF LITERATURE

Hospitality industry has witnessed many black swan events in the past, like 9/11 attack, SARS epidemic 2003. Reports show that these events had devastating effect on the occupancy and on overall hospitality industry. PwC advisory report reiterates that the Covid 19 impact is much larger than SARS 2003. Davahli, M. R., et.al (2020) opined that due to travel restrictions imposed on almost all economies around the world impacted the international and domestic tourism. As the Covid 19 started spreading its wings the expenditure on culture and entertainment (e.g. gigs, theatre, cinema and concerts) started reducing. Consumers cut short their holiday travels and which significantly impacted the expenditure. There has been 36% decrease in the expenditure globally. 65% of the hotels remain at below 50% occupancy rate which is much below the threshold and finding difficult to break even (AHLA, 2020). Li, Y., Yao, J., & Chen, J. (2021) opines that consumers consider the hospitality industry's services are not safe to consume. Revenue dropped 50% for hotels, 70% for tour operators and 90% for airlines (European Parliament, 2020). Tourism is one industry that grounded with the mobility of tourists. WTO reports that the fall of 22% in tourist numbers in the first quarter of 2020 (compared to the same quarter of 2019), and the threat of 60% to 80% fall throughout 2020 (compared to 2019), are some indications of the havoc that the COVID-19 pandemic can cause for the global tourism industry. Škare, M., et.al (2021) opines that for the revival of the hospitality industry worldwide will need cooperation rather than competition. BLS, 2020 reports that around 5.5 million people are unemployed in the leisure and hospitality sector, which includes areas such as arts, entertainment, recreation, accommodation, and food services etc.

Data Analysis

A comparative analysis is conducted to understand the perception of the consumers towards hotels and restaurants during the covid time and expected post covid. The data includes respondents from India and Abroad. The research paper focuses on the perception of the consumers from India and abroad. Most of the respondents are employees of the hotel industry and some of the respondents are a regular visitors of the hotels and restaurants.

Demographics

The table below shows the summary of data in absolute numbers and in percentages. Total sample size is 151.

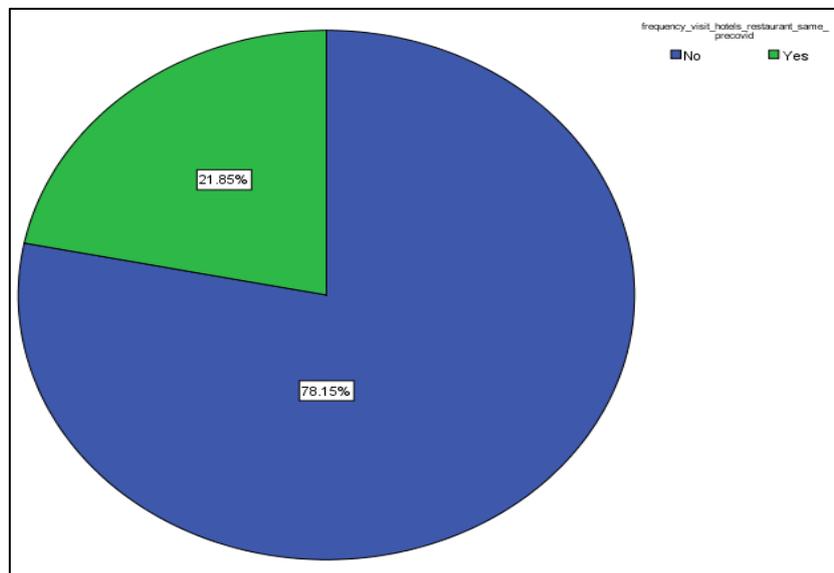
Table 1: Demographics of the respondents (n = 151)

Gender	Number of Respondents	Percentage
Female	64	42.4
Male	87	57.6
Age	Number of Respondents	Percentage
20-30	53	35.1
31-40	6	4.0
41-50	78	51.7
51 and above	14	9.3
Educational Qualifications	Number of Respondents	Percentage
Doctorate	3	2.0
Post Graduate	83	55
Under Graduate	65	43
Occupation	Number of Respondents	Percentage

Private employee	63	41.7
Self-employment	23	15.2
Student	58	38.4
Government employee	7	4.6
Income per annum	Number of Respondents	Percentage
upto 2.5lakhs	41	27.2
2.6 to 5 lakhs	42	27.8
5 to 10 lakhs	42	27.8
above 5 lakhs	26	17.2

The above table shows the demographics of the sample. The total sample size (n=151). Out of which (42.4% = Female and 57.6% = Male) and (51.7% in the age group of 41-50). Most of the respondents are working in the private firm (41.7%).

To understand the frequency of the visit to hotels and restaurants after covid 19 will be same as before covid 19, questions were asked to comment on their perception. The pie chart below represents the perception of consumers towards the visit to hotels and restaurants.



Graph 1: Frequency of visit to Hotels and Restaurants Post Covid

Source: Primary Data

The pie chart shows that 21.85% of the respondents opined that frequency of their visit to hotels and restaurant will be same after covid 19, whereas, 78.15% of the respondents opined that frequency of their visit to hotels and restaurant will not be same after covid 19. The frequency of visit to hotels and restaurants will be less compared to pre- covid.

Hypothesis

To understand the viewpoints of two gender, the independent sample t- test was conducted. The variables used for this study are: will the respondent use spa and massage centres of the hotels as they were using pre covid, will they celebrate their important days like birthdays and anniversaries in the hotels and restaurants post covid, will they be more conscious about sharing the tables in roadside eateries etc.

H_0 : There will be no difference in the perception of the consumers before and after Covid-19

H_a : There will be a difference in the perception of the consumers before and after Covid-19

Sub-Hypothesis

H_{01} : Unfavourable towards celebrating their important dates in hotels and restaurants post covid

H_{a1} : Favourable towards celebrating their important dates in hotels and restaurants post covid

H_{02} : Unfavourable towards drive in to hill stations for break

H_{a2} : Favourable towards drive in to hill stations for break

H_{03} : Unfavourable towards Dine-in in the hotels and restaurants

- H_{a3}: Favourable towards Dine-in in the hotels and restaurants
- H_{o4}: Unfavourable towards use of spa and massage centres
- H_{a4}: Favourable towards use of spa and massage centres
- H_{o5}: Will not be conscious about social distancing while visiting hotels and restaurants post covid.
- H_{a5}: Will be conscious about social distancing while visiting hotels and restaurants post covid.
- H_{o6}: Unfavourable towards street food post covid
- H_{a6}: Favourable towards street food post covid
- H_{o7}: Not very Conscious about the brand of hotels and restaurants post covid
- H_{a7}: Very Conscious about the brand of hotels and restaurants post covid

Table 2: Comparison of the perception pre-post covid 19 (n=151)

Variables	Sig-Value (α =.05) (Pre-Covid)	Sig-Value (α =.05) (Post Covid)	Result (Pre-covid)	Result (Post Covid)
H _o : Unfavourable towards celebrating their important dates in hotels and restaurants	.019	.408	Rejected	Accepted
H _o : Unfavourable towards drive in to hill stations for break	0.000	0.03	Rejected	Rejected
H _o : Unfavourable towards Dine-in in the hotels and restaurants	0.04	.508	Rejected	Accepted
H _o : Unfavourable towards use of spa and massage centres	.014	.509	Rejected	Accepted
H _o : Unfavourable towards carrying own water bottles	.039	.029	Rejected	Rejected
H _o : Will not be conscious about social distancing while visiting hotels and restaurants post covid.	0.23	.022	Rejected	Rejected
H _o : Will not be conscious about spot less cleanliness while visiting hotels and restaurants post covid.	0.45	.034	Rejected	Rejected
H _o : Unfavourable towards street food.	.017	.171	Rejected	Accepted
H _o : Not very Conscious about the brand of hotels and restaurants.	.078	.067	Accepted	Accepted

Source: Primary Data

RESULTS AND FINDING

Independent sample T –test was conducted in SPSS in prove the hypothesis. Questionnaire was distributed to 151 respondents were from Northern, Southern, Western and Eastern states of India. Respondents also include from USA, Canada, and UK. The instruments of study was sent through google forms because of the pandemic situation across the world.

The questions asked to the respondent were: Are they favourable towards celebrating their important dates in hotels and restaurants post covid. For this question the ($p = .405 > .05$) which gives enough evidence to accept the null hypothesis stating that respondents are unfavourable towards celebrating their important dates in hotels and restaurants post covid, whereas pre covid ($p = .019 < .05$) which gives enough evidence to reject the null hypothesis. Respondents are favourable towards drive in to hill stations for break rather than staying on hotels ($p = .03 < .05$) have enough evidence to reject the null hypothesis. Respondents are unfavourable toward Dine-in in the hotels and restaurants post covid ($p = .508 > .05$) have enough evidence to accept the null hypothesis. Respondents comment that they will not prefer to use the spa and massage centers as they were using before covid, which is true as ($p = .509 > .05$). The value of p gives clear evidence to accept the null hypothesis. For 'H_{o5} the ($p = .022 < .05$) which means the respondents will be conscious about social distancing while visiting hotels and restaurants even after post covid. For 'H_{o6} the ($p = .171 > .05$) which means the respondents are not favourable to consume street food post covid as they were doing pre covid.

CONCLUSION

The hotel industry which provided 40 millions jobs and together with tourism industry contributed USD 194 billion (13,681.1 billion) to country's GDP which is 8% of employment is struggling to revive itself in this challenging times of pandemic. The occupancy rates have decreased by 50% in most of the leading hotels and struggling to pay the staff. The perception of the consumers who were regular visitors in the hotels and

restaurants have changed. They are sceptical to use the services of hotels even though the pandemic ends. At the same time consumers are optimistic that the time will change and hospitality will be able to revive itself.

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