

Webinar
International Tourism: India The Destination

Friday, 30 October 2020 | 3:00 pm to 5:00 pm



KEY ISSUES FOR DISCUSSION

- Indian Tourism & Hospitality Industry: COVID-19, Survival & Revival
- Government initiatives and packages for the Travel & Tourism Industry
- Trends and Issues that will shape the Tourism and Hospitality Industry Post-COVID-19
- Innovations in the Travel & Tourism Industry
- Tech Explosion in Tourism & Hospitality Industry

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ASSOCHAM Webinar - International Tourism: India the Destination - Note**Indian Tourism & Hospitality Sector: COVID-19, Survival & Revival**

In 2018-19, travel and tourism sector contributed 6.8% to the total India's GDP. It is a labour-intensive industry and according to WTTC (World Travel & Tourism Council), the sector as of 2019, created 3.98 Cr jobs contributing 8.0% to the Indian workforce. Annually, it adds over \$30 B to forex reserves, making 5.6% of India's total exports.

The sector also has strong forward and backward linkages to other sectors such as agriculture, transport, handloom, and FMCG to name a few. Tourism & Hospitality is one the most impacted sectors due to travel restrictions and business slowdown. This has resulted in large scale unemployment and the sector is reeling under pressure from high fixed costs and meagre revenues. FAITH, Federation of Associations of Indian Tourism and Hospitality industry, has estimated a loss of Rs 10 lakh crore for the industry due to COVID-19. The heavy blow dealt by COVID pandemic on the sector is expected to remain in the short run due to continuing apprehensions around travel.

The industry must focus to survive in the short term, revive in the medium term, and subsequently thrive in the long term. Customised government incentives and initiatives, travel & tourism innovations, digital & new-age technologies will play a critical role in redefining the sector in a post COVID world.

While many innovations and government incentives (detailed in the coming pages) have been implemented in different parts of the world, widespread implementation and adoption will be critical to uplift the sector as a whole.

Industry trends and issues after COVID-19

After nearly a year of the pandemic, which has led to wide-spread social distancing, the major hurdle for restarting the industry will be the lack of tourist confidence in resuming travel and tourism.

The industry has gone through a paradigm shift and the travel trends emerging in a post COVID world are primarily driven by safety and security of travellers.

- Tour operators are focussing on safe and end to end tourist packages focused on local destinations to get tourists out of their houses.
- There has been an increasing preference among tourists for outdoor, sparsely populated, and less affected locations with independent travel and safe accommodation.
- Further, COVID pandemic has pushed a widespread adoption of digital practices – contactless travel, digital payments, real time news & marketing, IoT implementation, AI etc.
- While leisure travel is itching to restart (only held back by safety concerns), business travel might take longer to revive due to significant adoption of video conferencing, remote working, and flexible timelines during the pandemic.
- Various measures are being undertaken to build confidence like increase in regulatory oversight, greater public private coordination, and widespread enforcement of standardised safety protocols.
- With adequate support from government, rural, natural and adventure tourism might form the first wave of tourism revival.
- **Government initiatives and packages for the Travel & Tourism Industry**

Governments across the world are coming up with creative ways to not only help the hospitality industry survive but also to boost the confidence of tourists. To incentivise foreign travel countries like Uzbekistan, Italy, Japan, Mexico, Cyprus, Greece have taken various active measures like guaranteed payment to any tourist that contracts COVID during their trip to the country, partial reimbursement of travel and stay expenses, complimentary flight tickets and free medical care to any tourist that gets affected. To help the travel & tourism industry, governments have announced stimulus package specific to the travel and tourism industry. Germany announced a €130 B stimulus package where they reimburse the entire employee compensation costs for certain industries including tourism to prevent lay-offs and downsizing. Greece announced a €30 B stimulus package to revive its economy and its flailing tourism sector.

In India, Central and State Governments are taking measures to help the tourism stakeholders in effectively weathering the crisis. Under the Atmanirbhar Bharat stimulus package, centre released a credit guarantee scheme of 3 lac crore for MSMEs. Tourism establishments classified under MSMEs can avail this loan package. Additionally, state governments like Kerala have announced an interest subvention scheme specifically for the tourism establishments and people employed in the sector to solve their short-term working capital issues.

To assist the hospitality industry in their preparedness to continue operations safely and mitigate risks arising out of the COVID pandemic, Ministry of tourism has launched SAATHI (System for Assessment, Awareness & Training for Hospitality Industry) portal, where tourism establishments can self-assess themselves and ensure better compliance to safety standards. Ministry of Tourism also launched NIDHI (National Integrated Database of Hospitality Industry) portal. NIDHI is an initiative towards Aatmanirbhar Bharat to use technology to empower our businesses by creating an integrated database of hospitality sector players. This will enable electronic delivery of services and also serve as platform for hospitality organizations to ideate and share best practices.

Innovations in Travel & Tourism Industry

In the short to medium term several innovations will be seen in the travel and tourism industry to ensure the safety of the consumer and operators in a post pandemic world.

As there is expected to be a major change in tourist behaviour and needs, industry stakeholders have created new product offerings that fit the post pandemic world. Countries like Spain, Italy and Mexico have created customised tour packages for certain locations.

Travel – which has been missing from people’s routine – has become a leisure activity with Singapore and Qantas airlines already having launched “flights to nowhere”.

- Several major hotels have introduced in-room dining coupled with use and throw biodegradable utensils to minimize human contact and risk of disease.
- Virtual tourism is increasingly gaining traction as it provides both safety and greater accessibility.
- There has been a proliferation of contactless digital product offerings like credit without credit cards, voice-controlled commands, automated facilities etc. at hotels & tourist sites to reduce touch points.
- Further, IoT enabled infrastructure combined with digital services can be effective in mapping and distributing tourist flows to prevent overcrowding and congestion.

However, for the industry to grow it is essential to scale & standardise such innovations through government incentivisation, private investment and mass re-training of the hospitality workforce.

Tech Explosion in Tourism & Hospitality Industry

COVID pandemic has forced the tourism and hospitality industry to rethink of new ways to engage tourists. Technologies like VR, AR, AI, ML, Blockchain, robotics, drone etc. are transforming the way tourism is consumed.

- Virtual reality tours of popular tourist destinations are gaining prominence. Recently on World Tourism Day (27th September) Australia's Virtual Vacation was launched.
- Augmented reality technology is being used at museums, zoos etc. to give tourists a virtual tour guide experience.
- The market for cameras based on drone technology has seen an exponentially growth as it enables a tourist to capture a 360-degree birds eye view of the tourist destinations.
- There has also been an increasing number of use cases of robotic technology for travel & tourism related purposes. Robot-staffed hotels, robotic suitcases, security robots etc. are becoming common.
- Blockchain technology is being deployed to track luggage, reduce check-in time at airports, simplify payments, ease travel related coordination and execute smart contracts between various parties.
- AI and ML based chatbots are eliminating the need for human contact in the system.

Way Forward

While the troubles of the industry are far from over, the worst is behind us. The industry is showing signs of revival. The confidence building efforts by the governments and the industry have resulted in moderate revival of domestic tourism – especially weekend getaways, short trips, social and religious travel. As the skies open, offices resume and economic activity increases, demand for tourism and hospitality is bound to pick-up.

However, the industry needs to evolve and reinvent itself with changing preferences of the tourists to build a perception of safe tourism. Industry bodies and Governments need to work closely in not only resolving issues that risk their survival but also enabling them to rebound stronger.
