

# Coronavirus Effect on Tourism Industry

By David Schuchardt

Many industries having been negatively affected by the coronavirus, one of the greatest hit has been travel. Experts are now predicting the potential fallout from this pandemic on the industry will be felt well into 2021. The effects are not just being felt by companies that provide travel/transport for tourists but also those that provide lodging. In addition, many establishments if not entire cities or countries that derive a large amount of their income from tourism have been affected. Even when the stay-at-home orders and quarantines are lifted it will be sometime before tourism returns to normal.

The most obviously affected parts of the tourism industry are companies that provide transit from one location to another. Many airlines have most of their fleets grounded and the few planes that are flying aren't anywhere near full. Also notably affected our cruise line's. Almost all the cruise lines in the world have essentially canceled any future cruises and have very expensive ships doing nothing. As a result, both these industries are looking at lean times and a capital shortfall that may take years to recover from.

Also affected our any businesses that provide lodging such as hotels, B&Bs, or rented apartments. Such establishments especially in locations that thrive on tourism are currently facing a sharp decline in occupancy. Bed and breakfasts or rented apartments owners are better able to weather the circumstances, usually because they have alternate income. Hotels, especially those that are not part of a specific chain, on the other hand will definitely start to feel the downturn. A hotel success is determined by how many rooms it has occupied at any given time. With fewer people traveling fewer hotel rooms are going to be full. This would be especially true

cities like Washington DC, New York City, Reykjavík, Rome, Paris, and any city with a large tourism industry.

Any business that thrives or specifically caters to tourists is also going to be affected adversely by the virus. Museums and historical sites being at the top of the list but also gift shops and local tour/sightseeing companies. No tourists mean no one paying fees to enter a museum, buying souvenirs in a gift shop, and definitely paying a local to show them around a city. In addition, the city and in some cases countries GDP's are going to be affected as they derive a not insubstantial amount of income through the money the tourists spend that is then returned to them in the form of taxes.

With all the troubles the industries facing at the moment tourism is not likely to return to its previous levels until a vaccine for the virus is developed and becomes widely available. Even so once tourism returns it will be sometime before the financial losses caused by this pandemic effect on tourism are recovered. In addition, there is a very good chance that many businesses will not recover and are already preparing to close their doors.