



Impact of Covid 19 Pandemic -A Study of Growth and Trends of Online Travel Industry

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Abstract: *The pandemic of 2019 has been a cause of disruption for many businesses however, the digital revolution around has proved to be a saviour. Online travel industry suffered unimaginable setbacks in times of lockdowns, social distancing and sealing of international borders. The unprecedented circumstances have led to anxiety and fatigue and gave way to Escapism and compensatory or revenge tourism. Against this backdrop the paper aims to understand the online travel industry globally, the factors that would shape the future of Online travel, and analyze the trends in online travel post-pandemic world. The conceptual paper integrates literature, to add value to the existing body of knowledge, to predict trends and identify the way forward for any field of research. For this purpose, data has been extracted from secondary sources from various journals, websites, and conference proceedings. Additionally, to gather particular data for qualitative analysis, the opinions of practitioners have been employed whenever available. Online travel is shaping up again, with a vengeance but a different focus. The post-pandemic trends are the inclination toward luxury stays, solo trips, and the inclusion of small travel agents, amongst others.*

Keywords- Covid 19, Pandemic, Online travel, Compensatory travel, Revenge tourism

JEL Classifications: Z3, I1, I3

I. Introduction

The pandemic of 2019 has been a cause of disruption for many businesses however, the digital revolution around has proved to be a saviour. Online travel industry suffered unimaginable setbacks in times of lockdowns, social distancing and sealing of international borders. The unprecedented circumstances have led to anxiety and fatigue and gave way to escapism and compensatory or revenge tourism. Against this backdrop the paper aims to understand the online travel industry globally, the factors that would shape the future of Online travel, and analyze the trends in online travel post-pandemic world.

II. Review of Literature

Covid 19 pandemic has been an unpredictable time for all facets of life; nothing even close to what the living generation of the world had witnessed. It changed how people live, how they buy, how companies sell their products, and every other aspect of existence. All industries were impacted and due to the very nature of the pandemic, the most impacted has been the Online Travel industry (Kumar, 2020).

The pandemic was announced on March 11, 2020 by the World Health Organization and has witnessed many devastating effects across the world (Y. Zhang et al., 2021). The mandate was



out for wearing masks and maintaining social distance; two years into the pandemic and at many places worldwide, it remains mandatory in 2022 (Dwarakanath, 2022; Martinez Gottein, 2022). To check the spread of the virus, lockdowns were imposed and the international borders were sealed directly impacting the tourism industry.

Many scholarly readings also pointed on the potential impact of pandemics, considerable one is fatigue (Zaman et al. 2021), and the return back is designed COVID-19-branded destination safety (CBDS) incentives. In addition, the journey of revenge can be seen as a journey may be related with anxiety, particularly in the present situation, when those who were trapped in the bus condition (Saxena et al., 2021)

III. Research Methodology

The conceptual paper is written with an objective to provide the integration of literature, to add value to the existing body of knowledge, to predict trends and identify the way forward for any field of research. For this purpose, an in-depth study of the research in the field of tourism in the times of pandemic from various journals, websites, and conference proceedings was undertaken. To find, evaluate, and interpret information, a comprehensive discussion amongst the authors was carried out. Additionally, to gather particular data for qualitative analysis, the opinions of practitioners have been employed whenever available.

III. Need and Objectives

These unforeseen circumstances warranted research into the tourism industry to ascertain or forecast the various ways of recovery and bouncing back. Most of the studies undertaken since 2020 focus on either the negative impact Covid 19 has had on the travel and tourism industry or how tourism will pan out in the new normal of post-pandemic.

The following objectives have been framed to bridge the gap.

- a. Understanding the online travel industry globally.
- b. To decipher the factors that would shape the future of Online travel.
- c. To analyze the trends in online travel post-pandemic.

IV. Discussion and Findings

Objective 1: Understanding the Online travel industry globally

On the global perspective, the tourism contributes significantly to job creation and socio-economic and cultural development worldwide (McCabe and Qiao, 2020). The size of the internet travel market in 2020 was estimated at Dollar 866.2 million and is expected to USD 1835.66 Million by 2031 (verifiedmarketresearch.com), growing percentage 14.8 (CAGR) 2022-2031. According to recent data, 148.3 million travel bookings are made annually on the internet. 700 million people will book their hotel rooms via the internet by 2023 (Kaldeen and Thowfeek 2018). Regarding customer preferences- In a post-pandemic world, 63% of passengers think technology is vital for reducing travel anxiety and managing health risks when travelling (Booking.com). In the worldwide travel and tourism sector in 2021, internet sales will account for 66% of total revenue (Statista).

While it was predicted that travel and tourism earnings would begin to rebound globally in 2021, online sales remained the primary means of distribution. Only 34% of tourism and travel-related transactions were conducted offline in 2021, with internet purchases accounting for 66% of total revenues. According to the Statistics, Mobility Market Outlook by 2026, the percentage of online sales is expected to increase to 74%.

The main elements anticipated to fuel the growth of the online travel market are an increase in mobile usage, internet penetration, and cutting-edge mobile apps. Further factors



supporting market expansion are anticipated to be the rise in disposable income in emerging nations and the simplicity of online comparison shopping for various travel alternatives. Consumers are increasingly using online channels to book hotel reservations and purchase travel tickets as a result of the expanding web and growth in the number of cellphone user.

Objective 2: To decipher the factors that shapes the future of online travel.

The pandemic raised the level of anxiety amongst the world population. This **anxiety** is termed as severe as it is one due to the threat of survival due to the pandemic. Another psychological impediment was total **“lack of control”**, where even stepping out of home was banned, so the question of traveling was out of the question. This leads to a **negative attitude** towards online travel consumption.

Once into the pandemic, the **fatigue** set in and gave rise to **Escapism**, before the pandemic, the online travel industry was thriving as propelled by the increase in **disposable income, and excessive use of social media to share holiday experiences, and consumerism**, amongst other things. When traveling was not an option, due to lockdowns and sealing of international borders, it was observed that people were searching for and planning to travel to places that they would have liked to visit if things were back to normal. This behavior has been termed as Escapism, as people were escaping reality and planning to travel online. Then came the stage when the **vaccinations were developed, lockdowns were removed, and sealed borders opened. People were aware that** the dark clouds of the Covid pandemic remained, but compensatory or revenge tourism can be seen as kicking in.

Consumption is supposed to relieve anxiety, stress, and the feeling of lack of control by consuming products that could not be bought earlier (Zhang, 2021). The assumption is that since travel was one area that could not be consumed or availed during the pandemic's peak, the consumers will experience travel and consume online travel services with a vengeance for the time and opportunity lost due to the controlled environment of the pandemic.

Revenge travel is expected to be the propelling factor for online travel post covid, supported by many psychological theories (Steindl et al., 2015; Zaman et al., 2021) and the data being collected and shared by online travel apps (PTI, 2022), airlines and other tourism studies. The impact of the Covid -19 pandemic on the people can be measured across various attributes viz., risk experienced due to the pandemic, the resulting anxiety and travel is considered therapeutic; the loss of control felt due to imposed lockdowns resulting in anger and anger serving as the motivation to undertake the activities we are constrained to take up by force; pandemic fatigue(Zaman et al., 2021) would enable people to plan the activities they are barred from performing. All these predicted behaviors are supported by Psychological theories of “Protection Motivation Theory”; Theory of Planned Behavior (Zaman et al., 2021), and Reactance theory (Steindl et al., 2015). The psychological implications of the risk associated with the Covid 19 pandemic and the feeling of loss of control due to the restrictions imposed worldwide are bound to result in some form of reaction. Some researchers consider the accelerating and adverse effects of the pandemic on the travel industry (Y. Zhang et al., 2021).

Revenge tourism is a hope sustaining the travel industry that faced the extreme brunt of the Covid 19 pandemic.

Objective 3: To analyze the trends in online travel post-pandemic

a. **Luxury segment:** The luxury segment is projected to grow faster. Makemytrip, the biggest online travel app in India, reported in March 2022 that the bookings for the super-luxury increased by 150 percent during the pandemic, post the extreme lockdown as compared to the pre-pandemic period. The Indian customers are looking at elite travel experiences as compared to the pre-pandemic conservative Indian.



b. **Metros to non-metros:** The expansion of online travel services for luxury and elite stays has increased tremendously among non-metro users. An increase of 30% is reported in India's tier 2 and 3 cities.

c. **Tie ups with local travel agents:** The trend of Online travel leaders acquiring or tying the smaller travel agents. With both work-related and luxury travel gaining momentum, the tie-ups with the local travel agents are increasing to reach every nook and corner of India (Bhutia, 2022).

d. **Underpenetrated Indian market:** Indian online market has been considered underpenetrated, keeping in mind that there has been an increase in the disposable income and savings made from work from home, more people are expected to get connected. The online leaders are trying to woo the customers in all possible ways by adding luxe segment (PTI, 2022), economic corporate travel rooms, or reviving Air B&B.

e. **Cleanliness and Covid protocols:** The focus of the hotel industry has been to relieve the anxiety concerning Covid, and hence the focus has been to highlight cleanliness and to follow the appropriate covid behavior at the airports, flights, and hotels.

F. **Increase in Solo trips:** The trend of group travel has given way to solo travel post the pandemic, with an increase of 50% in booking for solo trips post 2020.

G. **Experience Economy-** Consumers will seek authentic experiences, moving away from mainstream tourism providers and into more meaningful pastimes. They would instead go for the authentic local experience rather than the crowded tourist places; this would also mean the rise of Airbnb, where connecting with the locals are of the essence.

H. **Travel Tech Adoption-** The technology adoption for a better customer experience has been developing but accelerated beyond expectations since 2020, as per the Mckinsey report. Chatbots are being used in unprecedented numbers by hotels, airlines, and booking sites. Travelers can communicate with providers at any time during their journey and with the help of AI, the progress has been simplified.

I. **Sustainable Tourism-** The warnings from WHO of global warming and the mental impact of covid 19 have made people more conscious of taking care of the only planet we inhabit. Sustainable tourism practices are being appreciated by travelers more than ever.

V. Conclusion

As the travel and tourism industry is regaining its strength and is bouncing back, the market players are doing whatever they can to entice the customers once again. The "new normal" signifies the growth of online travel, with the consumers now expecting contactless technologies, among others, as a basic prerequisite for a safe and seamless travel experience. Also, since the trend of luxury bookings has increased to 150 percent, first movers like MakeMyTrip introduced a "Luxe section" adding 300+ luxury properties in the luxury segment (PTI, 2022). Online market leaders in the Indian scenario are out to increase their customer base after the extreme lull faced during the pandemic. In search of that leverage, they are tying up with the local travel agents to reach the hinterland (Bhutia, 2022).

As per the analysis of online travel market, considering the age group, 22-31 years, the total contribution in market were 102.0 Dollar (Mm) in the year 2020 and is expected to go up to Dollar 539.2 (Bn) by the year 2031, which is 15% (CAGR) throughout the estimated time. The age group of 22- to 31-year-olds includes young people who start their professional careers early. Compared to tourists in older age groups, these tourists are more likely to spend more on travel and new places. These tourists have changed the travel industry due to the widespread use of technology. Besides, many such mentioned services also evaluated on Digital media sites.

To conclude in the words of Rajesh Magow, the CEO and co-founder of Makemytrip, "It is heartening that after 2 years of being under the impact of Covid-19 pandemic, this new fiscal



year has started on a strong note with public behaviour and sentiment back to pre-pandemic normal given the comfort of strong vaccination coverage in India and the latest variants of covid-19 reporting milder infection with minimal hospitalization and fatality rate.” (Desk, 2022).

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Figure 1: Estimate for Online Travel 2022-31

Source: <https://www.alliedmarketresearch.com/online-travel-market>

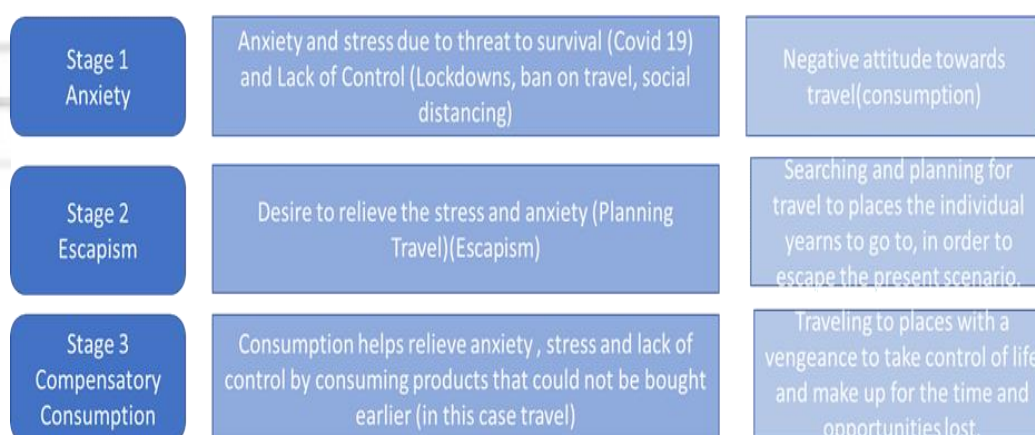


Figure 2: Various stages of Impact of Covid 19 on online travel



Figure 3: Trends of Online travel-Impact of Covid 19

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