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EVALUATION OF THE POTENTIAL IMPACTS OF COVID-19 PANDEMIC ON HOSPITALITY AND TOURISM IN NIGERIA

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ABSTRACT

The occurrence of some natural disaster and unfold of covid-19 pandemic has resulted in countries of the globe putting travel restrictions and closure of their borders to movements to and from countries of the world. The Hospitality and Tourism is one of the sectors that has been greatly affected. Data for this study was generated from secondary materials, online blogs and interviews through social media chats. Findings of the study revealed that the occurrence of natural event and unfold of covid-19 pandemic led to fast shutdowns of our cities that greatly affected the Hospitality and Tourism sector. Industries within the Hospitality and Tourism sector like airlines, hotels and recreations faced declining demand and patronage with travel crashes and cancellations. The exaggerated cancellations of hotels and travel bookings resulted in billions of naira in revenue loss and thousands of job were loss within the country. The findings of the study revealed that covid-19 have worsening the state of things within the country, leading to loss of considerable revenue to the government, increasing incidence of poor financial condition of the populace among others. The study recommends the need for the diversification of priorities to different sectors like Tourism and hospitality, agriculture and compensation to business operatives within the Hospitality and Tourism and other vital segments of the economy.

KEYWORDS: Covid-19, Coronavirus, hospitality, travel tour, tourism

1. INTRODUCTION

The international community got up in December 2019 to a pestilence disease named Coronavirus 2019 (abbreviated as COVID-19). The illness was defined as a communicable disease that is caused by severe acute metabolic process syndrome coronavirus. The COVID-19 pandemic has unfold to about 196 nations and territories in each continent across the world. From that time, there has been joint efforts to curtail the further spread of the infection that is believed to be transmitted by human-to-human. The ailment has greatly hindered economic activities across the globe, with many countries returning below partial or total imprisonment.

The Covid-19 pandemic has resulted to the shutting down of industries which resulted in supply chain interruptions that have multiplier effects on all subsectors of the world economy in an exceedingly manner that was never anticipated. It is anticipated that the spread of the virus can have serious philanthropic experiments to the countries of the world and particularly, African countries including Nigeria. In economic terms, the consequences have already been felt as demand for Africa's raw materials and products in international market has dropped drastically. Therefore, Africa's access to manufactured goods and services have been jeopardized. This has often inflicting additional uncertainty in an exceedingly continent already grappling with widespread geopolitical and economic instability (Morné et al., 2020).

Some of the efforts made by the Nigerian Government to reduce the spread of this pandemic include total lockdowns policy, maintaining social distancing, no movement policy and stay at home measures. This implies that all workers in both private and public sectors are expected to work from their various homes as well as banning of public gathering. This policy obligatory limitations in spending and declining consumptions. Several factories have responded by motility down or thinning out production and output, whereas in different instances, workers work from home to limit bodily contact. This has the potential of worsening the impoverishment and state challenges in African countries. The last unemployment report released by the National Bureau of Statistics (NBS) ranks Nigeria twenty first among 181 countries with an unemployment rate of 23.1%. The nation has conjointly been rated because the poverty capital of the globe with an estimated eighty seven million individuals living on but \$2 on a daily basis threshold (CSEA, 2020).

The Hospitality and Tourism business was affected because the travel prospects for Chinese tourists, who typically pay billions annually, were rigorously reduced. There have been higher flight cancellations as well as hotels bookings cancellations and cancelled local and international engagements that worth over \$200billion. The flow of products through international supply chains immensely reduced considerably because the Chinese government ordered the closure of major industrial units in China, who was the world's largest manufacturer and business exporter (Ozili & Arun, 2020). The Hospitality and Tourism business as a major source of employment contributing significantly to the GDPs of many countries of the globe. Though Nigeria in the past years has not taking advantage of this potentials within the tourism business. Tourism is becoming a major stakeholder in the country's GDP and economic improvement. For instance, Nigeria as a country recorded about five million tourists in 2016, ranking 59th within the world with revenue of 1.98 billion USD within the same year, accounting for 0.50 percent of the gross national product (World Data information, ND). The coronavirus initiated a brand new variety of recession that was completely different from the preceding triggers of recession (Ozili & Arun, 2020). Ozili and Arun perceived that the 2016 recession in Nigeria was caused by the reduction or fall in the price of crude oil in international markets, balance of payment deficit, embracing of a fluctuating regime, an increase within the pump price of gasoline, vandalization of pipelines and infrastructure flaws. Considerable

distress is currently being expressed that Nigeria can slide into another recession as a result of this covid-19 pandemic. The budget of Nigerian federal government in the year 2020 was prepared with vital revenue anticipations but with shakable realizations. The estimated revenue accrued in the approved 2020 budget stood at N8.24 Trillion, a rise of 20 percent from 2019 figure (CSEA, 2020). This revenue estimate is predicated on anticipated exaggerated world oil demand and steady market with oil price benchmark and oil output correspondingly at \$57 per barrel and 2.18 million barrels per day. Thus, Nigeria as a country would be more stricken by the current covid-19 pandemic attributable to its high dependence on petroleum that has witnessed decline in demand within the world market leading to price crash.

The occurrence and spread of covid-19 mostly have effects on the Hospitality and Tourism sector as the nations of the globe continue to place travel restrictions and closure of their borders, hotels and hospitality industries faced diminishing demand and patronage. In European countries alone, for example, about 40 to 50 percent of hotel reservations are off (CSEA, 2020). Also, the pandemic is putting 8 million jobs within the leisure and hospitality sector in danger, with travel cancellations expected to continue (CSEA, 2020). Meanwhile, the National Association of Nigerian Travel Agencies (NANTA) has over 2000 registered members with over 35,000 staff that are completely affected at present, with no other means of livelihood. Although it may be too early to induce the image of the results of covid-19 impact on Hospitality and Tourism sector, this study presents evaluation of the likely effect of the covid-19 pandemic on the Hospitality and Tourism sector in Nigeria with the purpose of signifying areas which will need essential mediation because of the country's struggles with procedures of reviving the economy and mitigating the impact of covid-19 on the Nigerian economy.

1.1 Conceptual Interpretation

Tourism is defined as the temporary movement of individuals to destinations outside their traditional places of work and residence, the activities undertaken throughout their stay in those destinations, and also the services created and amenities provided to cater for his or her desires (Olowookere and Taiwo, 2020)). Hospitality and Tourism was outlined as people movement to abroad for a period of over twenty-four hours (Vijaya, 2016). It involves the motivations and experiences of the tourists, the expectations of and changes created by residents of reception areas and the roles compete by the various agencies and establishments that talk between them (Collins-Kreiner & Wall, 2015). Hospitality and Tourism is many-sided development that involves movement to and stay in destination outside the traditional place of residence.

Tourism brings in colossal amounts of financial gain in payment for merchandise and services on the market, accounting for appreciable part of the world's exports of products and services. It conjointly creates vital opportunities for employment within the service sector of the economy related to Hospitality and Tourism. These service industries embody transportation services, like airlines, cruise ships, and taxicabs; Hospitality facilities like accommodations, restaurants together with hotels and

resorts; and amusement locations, such as amusement parks, grocery malls, music venues, and theatres. World Tourism Organization (WTO) as mentioned in Vijaya (2016) outlined tourist as a short lived visitant staying for a minimum of twenty four hours in a country visited once the aim of the journey may be classified under one of the subsequent headings:

- Leisure - recreation, holiday, health, study of faith and sports;
- Business, family, mission conferences.

Tourism Society in Britain, defined “Tourism is the temporary short-run movement of individuals to destination outside the place wherever they usually live and work and their activities throughout the stay at their destinations, together with movement for all functions, as day visit or excursions”. Tourism mostly depends on the types and kinds of accommodation on the market at the destination. Lodging is a core of the travelers and plays a particular role within the development of this ever-expanding industry. Hospitality and Tourism conjointly tends to relinquish support to native handicrafts and cultural activities; both in urban and rural areas. Outflow by tourists encompasses a number of impact and conjointly generates respectable government revenue for local economy.

Tourism and hospitality has turn out to be a foremost and important part of economic, social and physical growth (Viyaja, 2016). It contains a far-reaching method of nature, the universe, the space and also the galaxy which has the man and his accomplishments, wildlife, mountain and valleys, waterways, forest and trees, social and cultural system, flora and fauna, weather and climate, sun and also the ocean. Tourism and hospitality is an industry is made up of transportation and accommodation. The term tourism and travel are typically used interchangeably although virtually there is a distinction. The components of the Tourism and hospitality is wide-ranging from insignificant scale businesses functioning at native levels to international business. Furthermore, these completely different components are closely joined to every alternative. This relationship is there in spite of the rivalry among one set of components. The Tourism and hospitality are made up of hotels and hospitality which includes lodging, resorts, traveler homes, guesthouses and eatery. It also includes: Transportation services that embody air, water, road, rail and foot: amusement services such as casinos, social halls, churches and mosques; information services that include travel organizations, tour operators, government agencies: for example, the Yankari game reserve, Obudu cattle ranching resorts, Ikogosi Warm Spring, Ipole Iloro Waterfalls and other National Parks in Nigeria. Attraction services which include natural and manmade; education and investigation, such as tertiary schools and stakeholders, which include shareholders, local people and also the government.

2. METHODS

The study relied mainly on secondary data to spot existing literature on covid-19 through web-based generic search engines and its impact on world economy and Tourism and hospitality in Nigeria in specific terms. Related on-line materials, particularly newspapers and blogs were also used. Interview

was conjointly carried out through social media chats with some individual key players within the Tourism and hospitality sector in Nigeria and the data produced were evaluated with the use of content analysis.

3. RESULT

3.1 Impact of Covid-19 on Tourism and Hospitality in Nigeria

Covid-19 pandemic touches each facet of human life across the world. These ranges from deferment of numerous social and cultural occasions, games and sporting events, closing down of educational establishments and centres of knowledge and shutting of internal and international boundaries. Though the sternness of the impact of covid-19 differs completely among different sectors of the economy, hence, this study laid emphases on the impact on the Tourism and hospitality sector in Nigeria.

3.2 Impact on Airline Operation

Air transport is a vital sector of the Nigerian economy. There are over four hundred aircraft recorded in Nigeria and about 60% of these are used for profitable operations (NOUN, 2017). The covid-19 occurrence steered the governments of various nations to impose limitations on non-essential travel to nations stricken by the malady, indefinitely shutdowns of countries border for any form of travels, suspension of work visas and migrant visas (Ozili & Arun, 2020). Some countries placed a whole travel ban on all kinds of inward or outward travel, closing down all airports within the country. At the peak of the coronavirus pandemic, most airplanes flew virtually empty due to mass rider terminations. The travel limitations enforced by governments steered the reduction within the demand for all kinds of travel that forced some airlines to momentarily suspend operations (Ozili & Arun, 2020).

On the 26th of March, 2020, the federal government of Nigeria announced the closure of airports and its borders to all kinds of movement and transportation. The airline operatives conjointly cooperated with the federal government directives and suspended their operations in a very bid to safeguard the lives of its workers and scale back the additional unfold of the malady. According to IATA report, the travel restrictions alone was at a loss of over \$200 billion revenue globally, exclusive of other loss of revenue for Tourism and hospitality sector of the economy which was predicted to cost the aviation sector a complete loss of \$113billion (Ozili & Arun, 2020). The contribution of Air transport sector in African countries is anticipated at \$55.8 billion which would support 6.2 million jobs and contributing about 2.6 per cent to Gross Domestic Product (GDP). Ever since January, 2020 ending, thousands of traveler flights were cancelled in Africa. This is anticipated to escalate exponentially with the application of extra measures in different countries (Oyebade, 2020). International bookings in Africa are down unevenly by twenty per cent in March and April while local bookings have decreased by fifteen per cent in March and twenty five per cent in April, in line with the up-to-date data. Ticket repayments have augmented by seventy five per cent in 2020 compared to same period in 2019 (Oyebade, 2020). The International Air Transport Association (IATA) observed that Nigeria is in danger of losing 2.2 million overseas-bound travelers and \$434 million revenue loss, if the coronavirus

pandemic continues to worsen (Oyebade, 2020). Majority of the airlines are at present having issues with payment of remuneration for his or her workers and will need government intercession to stay in business. In another development, Arik airline, as the largest airline in Nigeria inform its workers that it will bring down salaries of its personnel by 80% for the month of April, 2020, and 90% of its workers will have to proceed on indefinite leave without pay (Nicholas, 2020).

Impact on Travel Agencies

Travel agencies are business outfits whose roles comprise ticket sales booking of the airlines traffic, promote the business of the airline through rigorous campaigns, the use of effective media channel to communicate improvements within the sector to the general public and aiding the airline clients with information regarding preferred flight statistics and booking (NOUN, 2017). It is vital to note that some airlines sponsor these agencies by helping them to fix their work in the production and pre-printed tickets. The airline provides some commission of a precise proportion to these travel agents (NOUN, 2017). Even, some airlines used to pay more than the standard in domestic airline industry since not all the airlines are members of IATA. Hence, some airlines do dictate the commission they offer to their own travel agents. In Nigeria, the activities of Travel Agencies are controlled by the Nigerian Civil Aviation Authority (NCAA). With the recent technological advancement, most of their activities are currently machine-driven and that they are currently needed to use Computer Reservation Systems (CRS) in the booking and confirmation of seat reservations to prospective customers. Despite the fact that the travel agencies are key players within the tourism and hospitality sector they have been having low patronage in sales of tickets and reservations for international and continental flights throughout this era of covid-19 pandemic. Nairametrics had reported that the travel agencies have a sharp reduction in ticket sales reservations for international routes on business due to the challenges of the covid-19 pandemic (Olalekan, 2020).

The IATA had revealed that International bookings in African countries have reduced by 20% in March and April, 2020, while local bookings have dropped by 15% March 2020 and twenty fifth percent in the month of April, 2020 (Olalekan, 2020). Hence, the National Association of Nigerian Travel Agencies (NANTA) alleged that the country's Aviation Industry has been estimated to lose N160.58 billion as well as 2.2 million jobs in 2020 as a fallouts of the covid-19 pandemic (Olalekan, 2020). According to the interview conducted in late 2020, Nigeria has 6000 travel organizations with 2000 registered with the National Association of Nigerian Travel Agencies (NANTA) that have over thirty five thousand staff that are badly affected presently by the covid-19 malady and incarceration policy with no other means of source of income for their livelihood. These travel organizations in Nigeria realized roughly N335 billion in tickets sale in 2019 (Interview, 2020), which presently reduced by 25% and yet the pandemic is not over (Interview, 2020).

3.3 The Hotel and Hospitality

The hotels and hospitality sector happened to be a major revenue earner, with potential of generating thousands of employments yearly. The hotels and hospitality subsector of the tourism trade have conjointly had their own share of the challenges from the covid-19 pandemic strategy of the Nigerian government. With government declaration of “stay-at-home policy”, “social distancing” and movement restrictions, most businesses especially restaurants were greatly affected. This led to speedy closures in cities and states to manage the overspread of the covid-19 malady that threw several restaurants, eateries and hotels across the country into fulminant shock. Many hotels have recorded decline in bookings because of the health frightening, whereas restaurants in major towns within the country are currently restricted to giving solely delivery services. Since most restaurants operate with perishable food products, that are difficult to keep in large quantities as demand fluctuates, they are bound to experience losses. Hotels across the planet witnessed booking terminations valued billions of naira (Ozili & Arun, 2020). Resorts and hotels that were engaged by excited holidaymakers and companies conference attendants before this covid-19 pandemic are receiving calls to suspend plans or cancel outrightly their earlier planned occasions. This has informed the temporary closure of most of these hotels and restaurants operations, which resulted to loss of jobs worldwide. The financial losses of the covid-19 pandemic on hotels and hospitality sector was monumental. The effect of Covid-19 made it extraordinarily difficult for several of this industry’s players to continue paying their employees with a pointy drop in sales and income generation, leading to loss of jobs. Several hotels closed down due to low patronage and inability to pay staff salaries.

3.4 Impact on Traveler Influx

The traveler flow into Nigeria has drastically reduced in recent times because of snowballing security challenges within the country like the Boko Haram uprising, armed banditry and kidnapping among others. The most recent occurrence of covid-19 and lockdown rules that followed has solely aggravated the challenges of reducing traveler flow into the country. While the report of April 2020 of IATA anticipated that Nigeria as a country would have tourists less than 4.7million resulting to US\$0.99 billion revenue loss due to covid-19 pandemic as well as risking 125,400 jobs and US\$0.89 billion that should be contributed to the Nigeria (Interview, 2020).

3.5 Impact on Entertainment Industry

Covid-19 pandemic has greatly affected the Nigerian show biz by altering the Nigerian Film Industry (NFI) 2020 revenue projection starting with associated degree of disruption of the world films calendar. The 2020 revenue for the Nigerian industry (NFI) was anticipated to be USD1 billion (Olaniwun, 2020). Most of the international film festivals and markets that would have occurred from March 2020 have been cancelled and a few local and foreign films already scheduled for release are rescheduled on account of covid-19 pandemic in Nigeria. This wave of cancellations and postponement has an adverse effect on the NFI, as well as the widening gap between Nigerian filmmakers and also the much-needed funding.

The NBO generated USD30 million in revenue in 2019 with variety of planned investments made round the growing Nigerian cinema culture for the year 2020 (Olaniwun, 2020). However, with the constraints on movement, together with lockdowns and in addition to the high level of relatives that were thrown into sorrowfulness, job loss and also the general economic deterioration, any anticipated income from dramatic release is also deferred, if not lost completely (Olaniwun, 2020). Other side of tourism sector that may equally be affected by the covid-19 pandemic is that of transportation, hospitality and commerce sectors. The government policy of social distancing and stay at home, prohibit movement among the nations and mostly urban centres. This conjointly led to slowdown of interstate and inter-town travels, resulting in loss of revenue to operators within the transport sector for the period of covid-19 pandemic.

4. CONCLUSIONS

This study observed the potential impacts of covid-19 pandemic on tourism and hospitality growth in Nigeria. The outcomes of the study discloses that Nigeria as a country was more affected by this covid-19 pandemic due to the country high dependence on crude oil that has witnessed decline in demand in the world market leading to value crash. This occurrence and unfold of covid-19 malady led to the speedy shutdowns of commercial activities in cities and states across the country, that greatly have an effect on the tourism and hospitality sector of the Nigeria economy. Some of the impacts of covid-19 on tourism and hospitality sector include escalation of cancellations of hotels and travel bookings and increased cancellation and postponing of events within the show biz, leading to billions of revenues and job loss. It is feared that the magnitude of revenue loss would affect the ability of almost all the industries and businesses within the tourism and hospitality sector to come back to normal operations after the covid-19 pandemic without considerable resource from the government.

5. RECOMMENDATION

Based on the findings of this study, the subsequent recommendations square measure made:

- i. Basically, the Nigerian government have to be compelled to undertake economic divergence drive. It is one practicable way to saddle through these economic uncertainties and instabilities by opening up new prospects in different sectors particularly the tourism and hospitality sector.
- ii. Compensation ought to be giving to the customers by way of discount and suppleness in changing traveler schedules so as to inspire tourists that had engaged earlier before the covid-19 pandemic.
- iii. There is the need for state intervention by way of palliative measures to help key players within the tourism and different sectors. Such intervention can embody granting loan repayment release and moratorium to businesses and soft loans with low charge per unit.
- iv. The tourism and hospitality sector would require government bailout. This can be as a result of several Nigerian airlines being weak monetarily that was more aggravated by the covid-19 pandemic.

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