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MARKET REPORT

HVS Monday Musings: Travel Rebounding Faster Post-Omicron

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Omicron has resulted in increased travel restrictions and subdued travel demand around the world. Nonetheless, this time travel demand is likely to rebound at a much faster pace than in prior COVID waves. Continue reading to learn more.

The emergence of a new COVID strain, Omicron, in late 2021, threw the global travel sector into upheaval once again, as several countries re-introduced travel restrictions to combat the spread of the highly transmissible virus. The crucial year-end holiday season was significantly disrupted with thousands of flight cancellations, cruises forced to dock, and fewer hotel bookings. As per media reports, over 4,500 flights were canceled worldwide over the Christmas weekend, and more than 3,000 flights, half of which were US flights, were canceled over the New Year. The impact was noticed in India as well, with 30-35% of travelers canceling or rescheduling their January 2022 travel plans as the reintroduction of travel restrictions severely impacted the impressive rebound in domestic travel.

However, unlike the previous COVID waves, this setback is likely to be brief, and travel demand is expected to rebound at a much faster pace than earlier. Reports suggest that with cases declining steeply, travelers in countries like the US, UK, Ireland, and other European nations are already making travel plans, planning to spend more, and taking longer holidays to make up for the lost time. This faster rebound is a result of the Omicron variant's lesser severity and hospitalization rate compared to the earlier Delta strain, as well as a higher vaccination rate in most countries. Another reason that is helping improve travel sentiment is the fast response by governments to curb the spread of the virus, as well as their quick relaxation of restrictions when cases subside.





For instance, in January 2022, England eased several COVID restrictions, with face masks no longer being mandatory in public places and people no longer being advised to work from home. The country has also announced that starting 11th February, all restrictions on fully vaccinated travelers arriving in the country will be lifted, while restrictions for unvaccinated travelers will be reduced. Since the announcements, travel bookings to the UK for the February half-term and Easter holidays have increased significantly. Several other European countries such as Switzerland, France, and Denmark, to name a few, are similarly reducing the restrictions.

Thailand, meanwhile, has resumed its quarantine-free 'test and go' program from 1st February, in which tourists must undergo two COVID tests after arrival but are no longer required to quarantine for a fixed number of days or be confined to specific destinations, as was the case previously. Thailand's tourism ministry expects this decision will help the country attract around five million foreign tourists in 2022. Similarly, after a two-year hiatus, Australia is also opening its borders to fully vaccinated international visitors.

Furthermore, the significant pent-up demand for travel, as well as flexible booking and rebooking policies by hotels and airlines are all contributing to this quick rebound. COVID safety precautions have become commonplace, and people and organizations have adjusted to the new normal of travel.

COVID cases have been receding in India as well, and the country's travel sector is likely to follow global patterns in terms of rapid rebound, with a faster and sharper recovery than earlier waves. Travel restrictions in the country are already being relaxed to facilitate quick recovery. For instance, international travelers from any country who test positive are no longer mandated to quarantine in an isolation facility but instead can quarantine at home. While other protocols remain in place, quick revisions are being made in light of the evolving situation, and the restrictions will be eased further as the cases decline, helping drive the recovery in travel demand.

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