

CORONAVIRUS - TOURISM AND LUXURY ARE THE MOST AFFECTED



The outbreak of the new respiratory virus that has spread through China -and that might have reached the U.S., where a traveler has already been diagnosed in Seattle - has also infected the stock market, showing a negative impact mainly on the tourism and luxury travel sectors.

In China over 80 people have died from a new coronavirus and over 2,500 have been infected, the vast majority in China, however, the virus has also spread in the U.S., Canada, Australia, Japan, South Korea, and France. Taking into account how important the Asian country is for world tourism, and that the outbreak of coronavirus continues as the Chinese New Year is underway and thousands of citizens extensively travel, panic has spread to all businesses, which fear a fall in sales and the markets react.

Airlines are the most affected. **Although the industry has not recorded substantial losses in Europe yet (only dropping 0.42% in sales), large airlines already show heavy losses.** Lufthansa has fallen 3.38%, Air France 2.61%, and IAG 2.95%. These figures contrast with those of low-cost airlines since they are not as exposed to this crisis: Easyjet has increased by 4.62%, although Ryanair did fall by 0.7%.

In this sense, the virus has also spread to large tourist groups and hotel chains. Large hotel chains report losses (Intercontinental Hotels lost 3.52%, and Accor, 1.37%), while other companies in the sector such as TUI fell 0.57%. On the other side of the Atlantic, at the close of the European market, the falls were also around 3%, although they dipped further when the first case of coronavirus was confirmed in the United States, with American Airlines, United Airlines and Delta Airlines falling by more than 5.6%, while in the hotel industry, Marriott fell more than 4%, and cruise operator Royal Caribbean Cruises lost 5%.

Given the position of Chinese citizens as the main consumers of the luxury sector (accounting for 35% of the global sales and 90% of the growth in 2019 was thanks to them, according to Bain & Company data), the most renowned European companies have also registered decreased sales. Christian Dior fell 2.29%, LVMH, 1.12%, Hermès (which specializes in watches and leather goods) 1.09%, and Kering (owner of luxury brands like Boucheron and Gucci) 2.07%. Lastly, Italian clothing firm Moncler, one of the most affected since it owes 43% of its sales to the Asian market, has fallen 2.22%.

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