

A Study on the Changes in Marketing Strategies for the Hotel Industry due to the COVID-19 Pandemic

Ms. Naiya Rana¹, Mr. Printo Poulouse²

¹Assistant Professor at State Institute of Hotel Management, Siddhpur.

Abstract

A crisis is a state of tension that occurs at an unexpected time and significantly affects business continuity. The impact of COVID-19 shook the whole world and the most affected community is the business community. The hotel industry is among the worst affected industry and has completely gone out of business. The speed with which everything has happened during the COVID-19 pandemic is contrasted by the severe measures that have paralyzed travel. This has given rise to an increase in the number of hotels that have decided to close their doors. Hotels are implementing new techniques to set themselves up for an accelerated recovery, but it is not 'business as normal'. They carve their business and marketing plans around the motif, right from the lockout to the unlock phase, to express new steps and initiatives. Hotels ensure that they hit the right chord with the crowd, from venturing into the food distribution area to providing work and stay packages and revealing concessional deals to organizing simulated activities, among others. A situation of unprecedented instability is generally a good reason for cuts and exceptional measures, as well as new opportunities in the hotel and tourism industry. Hotels are using this time to get organized and look ahead to future recovery by nurturing the relationships with past and future guests. This study highlights various marketing strategies and innovative techniques adopted during the current crisis. The new implementations of strategies made by the hotels are discussed and compared with the old strategies.

Keywords: Pandemic, COVID-19, Hotel Marketing Strategies.

Introduction

COVID-19-the acronym for coronavirus disease 2019-is an infectious disease caused by the SARS-CoV-2 virus. It was detected for the first time in Wuhan, Hubei province, China, at the end of 2019. Given its rapid expansion, the World Health Organization (WHO) declared a state of sanitary emergency on 30 January 2020; a month and a half later, specifically on 11 March, when the disease had surpassed the epidemic situation, it declared a state of pandemic. Since its detection, the expansion of COVID-19 has been unstoppable and has reached practically all the countries of the world, affecting millions of people and causing hundreds of thousands of deaths

(Shetty 2021). As for today, COVID-19 had affected millions of people and caused more than a million deaths, and the numbering is still counting. The spread of the virus has not been homogeneous nor has its intensity been the same in all affected countries.

COVID-19 has affected every sector across the globe, and the hotel industry is among the hardest hit. Strategies to flatten the COVID-19 curve such as community lockdowns, social distancing, stay-at-home orders, travel and mobility restrictions have resulted in temporary closure of many hospitality businesses and significantly decreased the demand for businesses that were allowed to continue to operate. Almost all restaurants were asked to limit their operations to only take-outs. Restrictions placed on travel and stay-at-home orders issued by the authorities led to sharp decline in hotel occupancies and revenues. However, the reopening process has slowly begun and authorities have started to ease restrictions, for example, allow dine-in restaurants to reopen at a reduced capacity with strict social distancing guidelines, and gradually reduce restrictions on domestic and international travel.

The global disruption resulting from the COVID-19 pandemic is unprecedented (Rodríguez-Antón and Alonso-Almeida 2020). Previously, localised events such as hurricanes have led to long-term closures. Now both global and regional chains, as well as independent operators, are facing severe cash flow pressures. The first half of 2020 saw a widespread drop off in occupancy rates around the world.

While the hospitality industry is slowly recovering, the COVID-19 crisis continues to exert profound impacts on how hospitality businesses operate. Hospitality businesses are expected to make substantial changes to their operations in the COVID-19 business environment in order to ensure employees' and customers' health and safety, and enhance customers' willingness to patronize their business. This pandemic is also likely to have a significant impact on the research agenda of hospitality marketing and management scholars (Davahli et al. 2020). With unprecedented challenges faced by the hospitality industry in the COVID-10 era, hospitality scholars are expected to shift their research focus to develop solutions for the industry. Hospitality scholar will need to provide answers to a number of critical questions such as: what are the customers' sentiments about patronizing a restaurant or a hotel in the time of coronavirus? Are they ready to return? If not, what will make them return?

Economical Impact

While most Economists and Analysts currently expect the global economy to rebound, by some measure in the latter part of 2020, the exact timeline cannot be determined till the virus is contained across the globe (Global 2020).

Nearer home, the Indian hotels sector has been hit hard, grappling with significantly low demand, with very few future bookings. Essentially, all transient demand has completely vanished-the remaining is largely on account of either a few long stay guests, or hotels having been prescribed by the Government for the international travelers returning to India.

Nothing could have ever prepared us for the COVID-19-shock and although, the current crisis is unlike any other we have ever faced, not all is lost. The Indian hotels sector can recover from this crisis as well, by adjusting strategies in the near term and preparing for the future(Global 2020).

Inbound Foreign Tourism Comes to a Grinding Halt and Limited Scope for Quick Revival

- Foreign Tourist Arrivals (FTAs) into India (particularly leisure travellers) started softening in February, as the spread continued its unabated movement to other countries.
- Following suit, the Indian Government suspended travel visas (with a few exceptions) till 15th April 2020, which in all likelihood will be extended. Even if it is not, the paranoia surrounding the events will continue to have a major impact on travel.
- Demand from FTAs is not expected to pick up any time soon. In our opinion, travel bans across the globe will fully roll down only by the end of the year, even though such a process will commence much sooner.
- Furthermore, the majority of the future travel bookings for winter i.e. October-March-the strong season for our industry-are done in the summer months, have largely evaporated.

The global travel and tourism industry was estimated to be worth over \$700 billion in 2020, which has now been reforecast to \$447 billion as a result of the coronavirus pandemic. The hotel industry is dealing with an unprecedented crisis due to the disruption caused by the global COVID-19 pandemic. With hotels shut or operating at severely reduced capacity and with customers in lockdown, we look at the steps businesses can take to not only survive but put themselves in the best position for reopening (Global 2020) (Hoang, Truong, and Nguyen 2021).

For most of the sector, financial reporting and planning for 2020 is going to differ substantially from previous years. Governments all over the world have implemented a range of measures relating to financial assistance and temporary tax relief. The dynamic nature of the pandemic means that governments are adapting their strategies regularly, so it is important that hotel owners and operators are aware of this support and taking full advantage of the assistance available (Jiang and Wen 2020). Not only will COVID-19 lead to asset impairment considerations that will need to be assessed for reporting and covenant purposes, but companies will also need to assess how the pandemic and government support will impact going concern considerations associated with future cash flows and earnings.

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Current forecasts predict a deep economic contraction in the first half of the year, followed by a bounce-back in the latter half. However, there could also be a prolonged economic uncertainty that would resist a sharp bounce-back. As hotels counter this economic crisis, there will be a dire need to assess the business continuity and operational challenges, both for the short and long term, and understand the impact on Cash, Working Capital, and Profitability.

Aspect to be Considered

Since the opening of the hotels has restarted and hotel industry is trying to come back in business again, therefore there are various aspects which must be brought under consideration. Few of these aspects have been mentioned below in form of questions which need to be answered before opening the business.(FICCI 2020)

- How much time does my business have before covenants are breached/liquidity runs out?
- How can I effectively manage liquidity, what sources of short-term finance/funding are available? What options are available to restructure my existing debt obligations?
- How can pinch points created by large cash outflows such as management and franchise fees and debt service/repayments be managed/ renegotiated?
- What sources of finance are available (including government support) and how do I access them at speed and at the right price?
- What is the turnaround plan, how can this be best positioned and negotiated with my stakeholders?
- What is the right communication strategy for my people, customers, suppliers and financial stakeholders?
- Few measures which must be taken by the managements of the hotel industry are as follows (Kumudumali 2020):
- If your forecasts highlight a funding requirement, assess the equity or debt funding sources available.
- Be transparent towards existing lenders and involve them in the mitigating procedures and continuity plans.
- There may be alternative lenders that can move quickly to provide short term funding. However, these may have a higher interest charge and fee structure.
- Ensure you apply for the tax refunds and other financial relief measures.

In addition to the above mentioned concerns, it is important to maintain proper safety for the customers and the staff. Proper hygiene and sanitization must be done to prevent the spread of Covid-19. Moreover, it must be checked that whether all the customers and staff members are vaccinated or not. The effective reopening of business must be considered along with the approach for making it more efficient than before. (Jamal et al. 2020)

Marketing Strategies for Hotel Industry

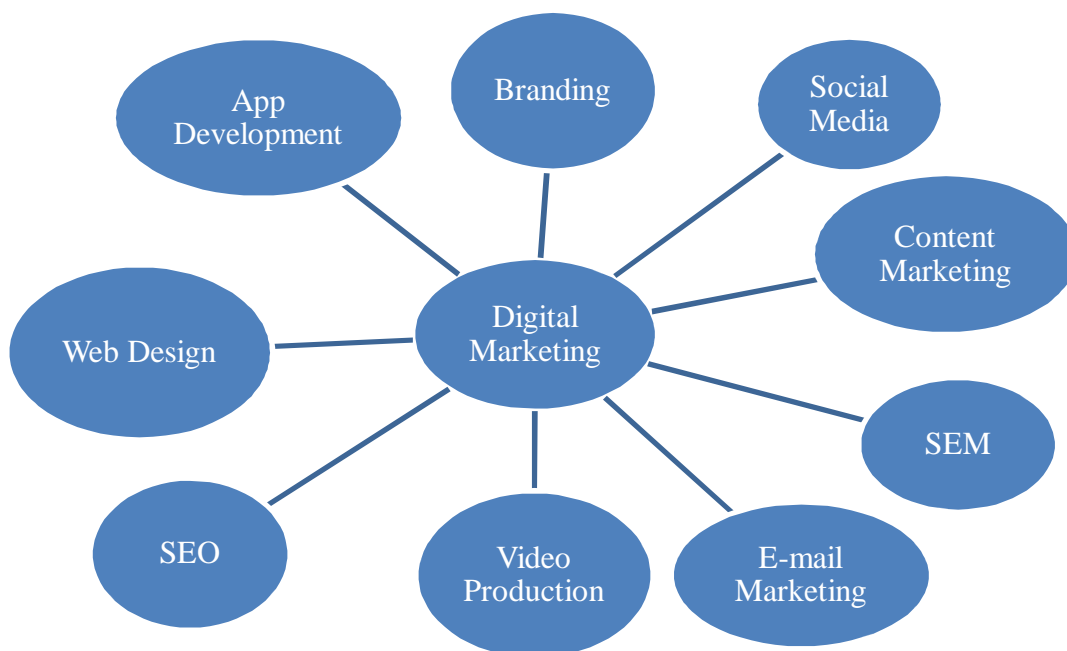
Some key and essential marketing trends and strategies have entered the hospitality industry and

they have become impossible to ignore. In order to survive the tough industry in these harsh contemporary times, it is essential for players in the sector to arm themselves with modern marketing strategies that can allow them to stay afloat as well as attract new customers. Thus devising strategies that work well in the hotel industry would hold the key to success.

Some of the crucial marketing strategies for the hotel industry in 2021 revolve around technology. But before moving on to those strategies, following aspects must be understood:

- Just having a website is not enough. It must be an attractive, useful and interactive website.
- Go mobile. Fast, crisp and user-friendliness are more important in 2021 than ever.
- Staying connected through various channels including social media is crucial.
- Create videos as these have greater retention in a customer’s mind.
- Apps will still be relevant in 2021 but expectations have increased for the app performance.
- Content is still the king. Organic search matter more in 2021 and advertising can still be a potent and relevant marketing strategy for hotels in the coming years.

Following are the strategies of marketing which can be implemented for boosting up the hotel business:



(Source: <https://www.soegjobs.com/marketing-strategies-hotel-industry/>)

- 1. Digital Presence holds the key:** Embracing technology is the key to stay competitive today. Unfortunately or fortunately, it is no longer sufficient to just have your hotel listed online. In this digital age, it is vital to ensure that you have a firm digital presence. As such, social media must become a vital marketing strategy. To ensure success, every hotel must now invest in a quality website that can also facilitate online bookings.
- 2. Customer Insights are everything for Customer Acquisition and Retention:** Hotel

industry marketing strategy will now have to take into account customer insights into their marketing campaigns. The success of a hospitality establishment depends entirely on the perception that the customers have; if they find faults, customers are not afraid to share with other customers online about the various issues that they have encountered. As such, when conducting any hotel industry market research, hotels must gauge who their customers are, and what they need in terms of service and entertainment so that as a business, you can improve on these things.

3. **Content is the King:** The key reason for our search ranking is our focus on content. We create, on this portal, what we believe is fit for our readers. We create comprehensive content to ensure that it is helpful to our target market. Content marketing is becoming a clear winner these days as far as top marketing tools in the hospitality segment is concerned. Content is equally effective in social media and e-mail marketing.
4. **Direct marketing:** Direct marketing that includes leaflets and promotions are also still beneficial and will continue to play an essential role in the Hotel industry marketing strategy. It is also important to influence the customer to retain them for the lifetime. Direct Marketing in the Hotel industry is still a potent force in acquiring customers. The hospitality industry is all about service and it's by the direct interaction that customers can be retained.
5. **SEO, Social Media Marketing & E-mail marketing:** Everyone is online and mobile in this era and thus it is important to stay ahead of the competition by a fair margin. It is important to have repeat sales and thus e-mail marketing is crucial to retain existing customers and make new ones. Shoot your best offers to customers through emails and see the impact.

Here are a few points to prove that e-mail marketing can be one of the most trusted marketing tools in the hospitality industry.

- i. Shorter Sales cycles
- ii. Better engagement with existing client
- iii. A great method to promote new products
- iv. Low-cost marketing
- v. Better conversion rates
- vi. Can help in getting referral sales
- vii. Integrates well with social media

Literature reviews

(Ishfaq Ahmad Bhat and Beigh 2020) In this paper we are discussing pandemic impact of COVID-19 on the budget of Hotel Sector in Indian Industry. Travel restrictions due to COVID-19 affect the hospitality, travel and tourism sectors in India and around the world. To mitigate the impact of the epidemic on the hospitality sector in India, Hotel conducted an in-depth survey with other domestic operators. The impact of the COVID -19 epidemics and the ensuing lockdown in the March quarter (Q1) of calendar 2020 released on Thursday has severely affected the Indian hotel and hospitality sector. The industry's key performance parameters, revenue per

available room (RevPar), declined 18.5% in Q1. Hotels across the country have now been closed for the past five months and have to bear the rising fixed costs with essentially zero revenue. The Indian hotel sector departed smoothly in January 2019 after a record year in January 2019, with the 2020 target being "even bigger". The country first began to feel the effects of the global COVID-19 upheaval in late February 2020, which worsened in early March. There has been a sharp decline in hotel business in major cities and by our estimates there has been a decline of 45 percent over the previous year. In such a short time, such a decline has never been seen in the sector.

(Kaushal and Srivastava 2020) The highly infectious novel coronavirus continues to thwart the sector and raises serious questions about the present and future survival of the sector. The research addresses two important concerns, first, pertains to the major challenges that hospitality and tourism industry faces amid current conditions; and second relates to the vital learnings for the industry. The study draws on the interviews with 15 participants in senior positions in hospitality industry, and tourism and hospitality education services. Responses to the interviews were content analysed, which resulted in 27 sub-themes that were further condensed into 4 major themes. The dominant sub-themes that emerged out of the qualitative enquiry included need of multi skilling and professional development of the employees, increased sense of hygiene, sanitation and related SOPs, optimism toward revival of the industry, media roles, and need of better crisis preparedness. Subsequent overarching themes included "Human Resource Management", "Health and Hygiene", "Continuity" and "Concerns". The study critically discusses prominent themes in the light of the existing arguments from the literature and reflects on implications for the decision makers.

(Le and Phi 2021) The Covid-19 pandemic has long-lasting impacts that require the hotel sector to revise, innovate and transform their businesses. However, the literature related to this area remains vastly under-developed. Based on 219 articles collected from global news media and an integrated crisis management framework, this research note maps out "strategic responses" from the hotel sector and suggests implications for hotels to address the evolving pandemic situation. Three modifications were proposed to refine and further develop a pandemic crisis management framework.

(Song, Yeon, and Lee 2021) The current study examines how the effect of COVID-19 on U.S. restaurant firms' stock returns varies according to the firms' pre-pandemic characteristics by employing three firm-level dimensions (financial conditions, corporate strategies, and ownership structure). Employing 795 firm-year observations obtained from annual reports and other databases, this study found that restaurant firms with past characteristics of larger size, more leverage, more cash flows, less ROA, and more internationalization are more resilient to stock declines reacting to COVID-19 than otherwise similar firms. Whereas, dividend, franchising, institutional ownership, and managerial ownership did not show any significant moderating effect on the relationship between COVID-19 and stock returns. This study sheds light on the research topic by providing insights into drivers of restaurant firm's stock returns during the

COVID-19 shock. Future studies can employ the variables and method used in the current study to extend the understanding of the issue.

(Agarwal 2021)The purpose of this paper is to explore the human resource management (HRM) practices adopted by hotels during COVID-19 and to examine the impact of COVID-19 on the wellbeing of hotel employees using qualitative thematic analysis. This study presents HRM practices that organizations can use to effectively manage employees in uncertain times. There is compelling evidence that employee-centered HRM practices strongly impact employee wellbeing. This paper integrates the insights from an HRM framework for wellbeing using a job demands-resources model. The paper identifies themes that confirm and extend existing theories and models of wellbeing. The findings are important for policy makers by offering guidance for managing people effectively during tough times.

Conclusion

The study reviewed the impact of Covid-19 pandemic over the hotel industry. This impact has left the industry completely shattered and since it is trying to step back in the business again, it is important that all the aspects to be considered and assessed. Various steps have planned for reopening of the hotel industry. However, before initiating those steps and opening the hotel industry for consumers, these aspects should be assessed. A proper assessment of these aspects will provide a clear view of the possible impacts of opening the business and also suggest different approaches which must be followed before opening the hotel industry for consumers as well as the working staff.

In addition, the use of modern marketing strategies like making the hotel digitally present with the help of proper SEO, e-mail marketing, social media marketing, etc. can help in boosting the business and profitability. While marketing, the hotel management must understand the importance of the content as it is the key to convey the desired message to the target customers. The strategy of direct marketing through various means can also help in generating interests of the customers. Technology today is coming up like a quick fix solution to everything. However, also remember that Old is Gold. Nothing would beat a personal interaction in the hospitality industry.

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