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Hotel Business Management in Support of Customers after Covid-19

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Abstract

This academic paper reports the strife of hotel business worldwide to improve the quality of their services for customers at time of intense competition within constraints in keeping operating costs as low as possible. Thai hotel operators have to prepare themselves to cope with digital technology to add value to their products and services guided by effective marketing strategies and activities. Besides, they need to face challenges from the Covid-19 crisis and its subsequent new normal of hygiene safety standards in the hotel industry in the country. The Thai Hotels Association reports the effects from the pandemic on 32,564 registered hotels or 1.63 million rooms available nationwide. Tourist behaviors have changed in adjustment to safety precautions to prevent Covid-19 infection, and so have their attitudes toward the safety standards of sanitation. More attention is on cleanliness of food and facilities in hotels. This paper reviews (1) *adjustments and potential* of hotel business in coping with Covid-19, (2) *problems or limitations* identified in research, (3) *handling Covid-19 limitations for expected success*, and (4) *experience transfer and awareness of adjustments* with new normal. It is expected that the issues of concern presented in this paper can shed light on a practical direction for hotel business operations in Thailand at the time of Covid-19 and beyond.

Keywords: *Hotel business operations, hygiene safety precautions, support for customers, Covid-19*

1. Introduction

It has been widely recognized that Covid-19 has a strong impact on the hotel industry, as each country has Covid-19 management measures for lockdown on areas to reduce the spread of the virus. In fact, without or limited travel in the tourism industry has imposed a severe effect on Thailand that relies on tourism for national revenue. Thailand in 2020 earned from tourism at 1.12 trillion baht, with a decrease of 1.89 trillion baht compared to the previous year which had income of 3.01 trillion baht. The number of foreign tourists traveling to Thailand in 2020 was expected to decline to 16 million, down from 39.8 million last year. As for the domestic market, Thai tourists in 2020 were predicted to be 60 million --a decrease from 167 million last year. The overall picture is that the country would lose 23.8 million foreign tourists and 107 million domestic tourists. This means a substantial loss of revenue from the tourism industry in Thailand (Tourism Authority of Thailand, 2020).

2. Hotel Business in Thailand

In the hotel business, important factors that must be taken into account for business operations are locations, distinctive and unique designs, full facilities, differentiated services from those of competitors, pricing and promotion, brand building, and hygiene considerations.

The management team is usually based on gross profit (GP) from sales revenue or cost of sales, but in some hotels the management's performance is measured by EBIT (Earnings Before Interest & Tax) or profit before interest and tax, which is after removing management expenses (selling and administrative expenses). The agreement between the owner and management on GP or EBIT is to include the cost of having to improve the hygiene system in line with the New Normal Trend. This is what the hotel owner has to handle the cost of sales or management expense (Selling and Administrative Expenses) and prevent conflicts in measuring management's performance now and in the future. In a listed company, the increased expenditure affects the dividend to be paid to its shareholders.

Therefore, it is necessary for a business owner to be careful about budgets and expenditure. The cost of rooms may need to be adjusted to include the cost of hygiene standards of weekly room sterilization, provision of alcohol sanitizing gel in the room, and upgraded room cleaning methods. It should be noted that hygiene precautions require meticulous check of linen, bed runner, and total beddings. Cleanliness check is extended to ventilation of the hotel's overall environments.

It is possible to provide additional hygiene measures, such as social distance between reception and guests at 1.5-2 meters; this is applied to transportation seating, and other tourist indoor and outdoor activities. Guests may need more scattered locations. The social distance of 2-3 meters will give good confidence to customers.

The food and beverage department requires more space for meal stations and guest seating. Essentially, the department avoids arranging a large group of dining tables for service employees, provides gloves to the service staff to prevent direct contact with the utensils, containers and facilities of all kinds. It is important to monitor the service staff and guests with facial masks in the touch areas at the reception counter, washrooms, bars, service counters, buffet facilities, open kitchen, and food displays.

The housekeeping department requires a room sterilization schedule. The hotel's communal facilities are weekly or monthly sanitized to reassure hotel guests and staff for good protective from infection. Staff and guests use basic equipment, such as cleaning gloves, facial masks or face shields, disinfectant gels or body cleaners for their own hygiene safety.

The common areas of the hotel for guests are required to observe the safety precautions for guests, as follows:

Swimming Pool. In the case of a swimming pool, sunbeds are set at social distancing standards; storing, picking and disposing pool towels, and the staff's use of gloves and facial are arranged to minimize physical contact.

Spa. The guest's temperature is measured prior to using the service, and physical readiness of the staff is observed regularly. Guests who are sick and have symptoms, such as frequent sneezing, or running nose are advised for a medical check.

Fitness. The enclosed space t needs strict monitoring, such as air-filter installation in the fitness center. The number of guests using fitness facilities is guided by the social distancing standards with the cleaning shift for at least every two hours.

Sales and Marketing. Sales and Marketing are to enhance their selling point with highlighted safety precautions as new normal instead of price reduction. It is clear that Covid -19 has made people aware of hygiene and social distancing. In the near future, hygiene safety will be a top priority for tourists.

The key to ensure customers' confidence in using hotel services is to post clear and rigorous security measures. This point was clearly stated at the World Economic Forum on May 4, 2020 that the hotel industry must learn from public health to build confidence in customers that hotels' accommodation and facilities are safe. Safety comes first and service has become a secondary concern.

The hotel industry needs to prepare for tourists as major stakeholders who tend to question the following:

(1) How do hotels or tourist attraction operators take care of their customers? Is there a refund or cancellation policy? How does Covid-19 affect their business?

(2) Can the hotel's measures really deal with the pandemic? Is it consistent with the government's or public health guidelines? And what measures does the hotel choose and why?

(3) Does the hotel train staff well in handling hygiene safety precautions? And how does the hotel change or adjust facilities and services?

(4) What external services are still available under new normal? What are the conditions of tourist attractions nearby?

3. Adjustments and Potential of Hotel Business in Coping with Covid-19

Small and large hoteliers need to adjust to reassure travelers, with a focus on hotel cleanliness regarding food and central facilities as well as strict preventive measures, especially when serving large tour groups and incoming tourist groups. Meetings, incentives, conferences and exhibitions (MICE) in the future need to attract high income tourists who travel in small groups to reduce the risk Covid-19 infection. Hotels may have to consider sharing income in other forms, such as providing health tourism services, food delivery services, and catering services in various places. New normal definitely causes consumer behavior to change drastically. As people become increasingly demanding for privacy, the sharing economy will suffer a precautionary hygiene measure like Airbnb in sharing accommodation among different parties or groups, which may not be able to provide housekeeping as hygiene standards used in hotels.

Consumers will seriously study the conditions before purchasing a trip package. Certainly, they will focus on hygiene precautions, such as availability of hand gel and seating arrangement of social distancing in eating areas and recreational facilities. Moreover, consumers will consider hygiene measures for all other external activities like sightseeing tours, travel visits and shopping.

Online booking, transactions and payments will be their major considerations at the time of Covid-19 as well. Here are examples of technological applications in action.

(1) Yanolja, a \$ 10 billion online travel startup, reported that its self-service terminal since last November 2019 has been in demand more than double at the time of the Covid-19 pandemic. The Chief Executive Officer Jung Yoon Kim revealed to the media that the company is developing technology that will allow accommodation providers to easily accept check-in with just a QR code.

(2) Softbank Robotics Co., Ltd. and hotels in Tokyo serve as a field hospital for Covid -19 patients with mild symptoms. In addition to providing necessary services, they deliver food to the patients in their room. They program robots to interact and encourage patients.

(3) Hotels will consider other technologies, such as smart sterilizers or ultraviolet germ scanning technology for cleaning the room and a check-in system that can track guest contacts. In addition, facial recognition and AI technologies are expected to play a greater role in the hotel business.

(4) Hotels need to change fixed cost to variable cost by sending some workers into the sharing economy system and reducing the number of employees. Of course, the bond and the culture of the organization is the only important place to make such a hard decision on keeping the staff needed in the leanest way and send some to the sharing economy with other hotels. Hotels also consider reducing fixed cost by using part-time workers like housewives or workers from employment agencies.

(5) Hotels need to collect relevant data to optimize planning and use of its workforce. Current digital technology can help with distributing work for workers, collect various feedbacks from staff and customers, and make monthly reports on a real-time basis. This type of hotel management can easily monitor housekeepers or workers in cleaning or performing their assigned duties, and effectively keeping records on room/ facility maintenance.

(6) Hotels have to adjust their management model to accommodate domestic customers. Their check-in point has to observe hygiene precautions like temperature check, QR code scan in and out and availability of hand gel and disposal wiping tissue paper in the context of social distancing. Seating arrangements in the hotel lobby and waiting areas have to follow the guideline of hygiene safety precautions and public health guidelines of the country. Some hotels consider offering long-term stay during quarantine and also to new groups of potential customers with specific services on demand. Besides, hotels also consider organizing meeting points or setting landmarks for specific local groups of the shared interest—be it university students or members of local communities.

4. Problems or Limitations Identified in Research

From the research of Hall, Scott & Gössling (2020), the hospitality industry is slowly recovering from the Covid -19 crisis which will continue 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.

Such a point is consistent with the preliminary findings of a longitudinal study conducted by the editorial team of *the Journal of Hospitality Marketing & Management* pointing to reopening the sit-down restaurants and easing travel restrictions not being able to bring customers back immediately. A large portion of individuals (over 50%) are not willing to dine in at a restaurant immediately. The same is true for staying at hotels. Most customers (over 50%) are not willing to travel to a destination and stay at a hotel any time soon. Only around a quarter of the customers have already dined in a restaurant and only around one-third are willing to travel to a destination and stay at a hotel in the next few months. These findings suggest that customers in general still do not feel comfortable to dine in at a sit down restaurant, travel to a destination and stay at a hotel. The research findings also indicate that around a quarter of the customers will only feel comfortable to patronize a sit-down restaurant when their communities' ability to test, trace, and isolate Covid-19 cases is significantly improved. Around 18% of the customers will only feel comfortable to travel to a destination and stay at a hotel when that destination has very few Covid -19 cases and has the ability to test, trace, and isolate Covid -19 cases. Furthermore, there is a group of customers who will only feel comfortable to patronize a sit-down restaurant (around 14%) and travel to a destination and stay at a hotel (around 17%) when the Covid-19 vaccine becomes available.

In addition, Bartik et al (2020) studied the major impact of Covid-19 on public health to shed light on how the pandemic has been affecting small businesses. The researchers conducted a survey of 5,800 small businesses in four main themes: (1) mass layoffs and closures, (2) expense, (3) Covid-19 disruptions, and (4) funding. The results indicated that 43 percent of businesses are temporarily closed, and businesses have—on average—reduced their employee counts by 40 percent relative to January 2019. Secondly, many small businesses are financially fragile, as shown in the median business at more than US\$10,000 in monthly expenses and less than one month of cash on hand. Thirdly, businesses have widely varied beliefs about the likely period of Covid-19-related disruptions. Fourthly, the majority of businesses planned to seek funding through the CARES Act. However, many anticipated problems dealt with accessing the aid through bureaucratic hassles and difficulties in verifying eligibility for financial assistance from the government.

5. Handling Covid-19 Limitations for Expected Success

It is interesting to see how hotel businesses can survive through Covid-19 disruptions. To overcome limitations caused by Covid-19 measures, some researchers recommended practical actions. Gursoy & Chi, 2020 reported their preliminary findings that a large proportion of restaurant customers (64.71%) and the majority of hotel customers (70.42%) believe that the use of various technologies in service delivery will be necessary in the Covid-19 environment in order to minimize human-to-human contact. Some examples included service robots, online payment, and no-touch devices ranging from Apply pay or contactless bank cards, digital menus that can be viewed on personal mobile devices via QR codes, contactless digital payments, to keyless entry and no-touch elevators. The Singapore Tourism Board

(2020) revealed attempts to restrict arrivals and hotel reservations to reduce the potential of a second wave of infection by introducing a new third party to monitor cleaning standards to rebuild travelers' trust. Such attempts were consistently mentioned and also recommended by Kimberley of ABC, (2020).

6. Experience Transfer and Awareness of Adjustments with New Normal

It is noted that particular restrictions may have to be placed on *ecotourism* and travel to indigenous and other isolated communities who not only have very limited health resources to cope with any new outbreak but may also have had lower levels of community exposure to previous waves of the disease. Hall, Scott & Gössling (2020) pointed out that changes in tourism as a result of Covid-19 will be uneven in space and time. While some destinations will undoubtedly reconsider the nature of their tourism industry and focus more on local and more sustainable forms of tourism, without substantial institutional and governmental interventions, which are currently overwhelmed with saving lives and creating conditions to restart domestic economies and education systems for international tourism to continue. For many destinations and governments, especially those with authoritarian tendencies, the focus on tourism will be business-as-usual. Furthermore, the tourism sector needs to share and transfer experience among hotel business operators in building awareness of the staff and customers to hygiene safety measures and adjustments necessarily made under New Normal. This is for sustainability of success defined by growth in the number of external visitors and increased consumption of products and services driven from local travelers or tourists. The resilience of growth in international tourism and the capacity of tourism to rebound from the covid-19 crisis have long been expected in likelihood of the hospitality industry's recovery from Covid-19. The rebound will eventually arrive after at least in one year's time and the hotel business has to get prepared for the new normal standards with appropriately adjusted management.

7. Conclusion

In this paper, the author dealt with vital issues in hotel business operations regarding what the management has to go through for survival in time of the Covid-19 crisis. The current scenario of the hospitality industry was reported with concern for adjustments for hygiene safety precautions and measures. The author tried to point out that moderate success after the pandemic recovery would be possible with operations under new normal with lean management and staff in sharing economy. Specific issues should be under careful consideration for practicality, such as adjustments and potential of hotel business, identified problems or limitations, management of Covid-19 limitations, and experience transfer among hotel operators. These issues of concern are discussed to shed light on a practical direction for small and large hotel business operations in Thailand at the time of Covid-19 and beyond.

8. The Author

Thanasarn Dejana is a lecturer at the Faculty of Science and Technology, Suratthani Rajabhat University, Suratthani, Thailand. His research interest and projects in the recent

years have been in the areas of hospitality business management, crisis management strategies, and small business operations in support of customers after the pandemic of Covid-19.

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