Available online at https://journalsacfa.apeejay.edu/

ENVISION – International Journal of Commerce and Management
ISSN: 0973-5976 (Print), 2456-4575 (Online)
VOL-16, 2022

Post COVID Strategies adopted by Hospitality Industry in India

*Himanshu Sood

ABSTRACT

COVID-19 had its impact on all the sectors of the economy including the hospitality sector. It contributes 10% to the global GDP (https://wttc.org/) and since many people get the employment opportunities from this industry, it is of prime importance to discuss the sustainability of the hospitality sector in the future. This research is aimed to identify the strategies that can be devised for its survival. The study has been conducted by gathering data from published sources like journals and news articles. The study finds that there are certain strategies adopted by the industry in collaboration with government for its long term business sustainability and revival. This study can be used as a reference for future researchers in this field to articulate the model for business growth after undergoing catastrophic events.

Keywords: COVID 19, Hospitality Industry, Business Sustainability, Revival Strategy.

1. Introduction

The COVID -19 pandemic has affected the business tremendously. All the living beings have been directly or indirectly affected by it. People are undergoing a lot of stress and finding different ways to come out of it. All the industries have been badly hit by this virus, but one of the industries i.e. Tour and Travel industry , which was the backbone of the world economy and used to contribute around 10% in the world's Gross Domestic Product((https://wttc.org/) came to the standstill soon after the pandemic. Some of the allied industries in the business of Tour and Travel are: Hospitality, Airlines, Travel Agents, Medical Tourism, Immigration and Transportation. The virus affected all the stakeholders of this industry.

According to Malhotra (2017), the hospitality industry in India grew rapidly because of increase in spending power of the people. As in the given year, the industry contributed around 7.5% in the country's GDP and was projected to grow by around 16% CAGR. The industry was also the major contributor to the state's exchequer in the form of various taxes like VAT, State tax and Luxury tax. Besides, it also attracted foreign direct investment and contributed to the forex reserves of the country. Hence, it is crucial to revive the industry after the crisis. As published by BSBI (2021), every 10th job created in the country is in the hospitality sector and it contributes around USD 7.6 trillion to the global economy, which is quite significant.

The objective of this research study is to understand the post COVID business sustainability techniques adapted by various hotels in the hospitality industry in India. Small case studies of different hotels have been discussed to derive the conclusion.

* Associate Professor, PCTE Group of Institutes, Ludhiana. himanshu@pcte.edu.in

2. Natural Catastrophes / Devastations and its impact on Hospitality Industry

2.1 Tsunami (2004) and its impact on Hospitality Industry

- In the words of Tang (2019), because of Tsunami in Asia in 2004, the business of the island territory of Thailand named Phuket was impacted a lot as one third of its revenue comes from hotel industry. In the study it was found that after devastation by this catastrophe, it took around 9.2 months for the reconstruction of the required infrastructure and around 20 months to revive the tourism business. Various hotels from Patong beach in Phuket were studied in this research and it was found that the average damage rate in the hotel industry was around 56%. Considering the slow pace of recovery, the onus goes on the tourism officers for creating a valid strategy for tourism promotion. In the words of Blazin et al., (2014), South East Asian economies witnessed major slowdown in the tourism industry but at the same time it revived sooner in comparison to other sectors. As per the article published by International Labor Organisation (2005), in Thailand around 1,00,000 people were out of jobs and many were even asked to leave the hotel premises without pay. International Labour Organisation in collaboration with Thailand's Ministry of Labour initiated the employment efforts in Tsunami affected areas. Both imparted training to the employees and focused on skill development to revive the industry in the long run. ILO also started rehabilitation program in affected areas and also did reconstruction for future business sustainability.

2.2 9/11 US Attack and Revival of Hospitality Industry

- As published by Misrahi (2016) in World Travel and Tourism Council, terror activities flourished across the globe and no country was unaffected from it. The 9/11 attack in United States in 2001 actually brought the tourism and hotel industry at the stalemate. Soon after the attack, many airports had to curb the operations and thousands of inbound and outbound flights were cancelled. Even post attack when the situation came to normal, it was witnessed that the demand in the industry was reduced by around 30% and people dreaded traveling for many months and years. After deliberations, the strategists came with cautious measures to enhance technology for advanced security.
- In the research paper published by Bysyuk (2010), total six point recovery plan was invented to mitigate the impact of 9/11 attack on tourism industry and discussed as below:
  a. Tax credit worth USD 500 to be provided to stimulate domestic travel industry that constitutes travel by air, train, bus, cruise and rental car etc.
  b. To implement innovative loan programs for the industry that can act as an impetus in the affected business sentiments.
  c. The tax credit to be granted for employment in tourism and travel industry.
  d. Federal funding to be facilitated for boosting marketing campaigns.
  e. Tax allowance to balance business loss with future earnings.
  f. Full tax deductibility on business entertainment.

  Apart from the above initiatives, some of the initiatives taken by the companies to create demand for their hospitality services in the market were Pricing policies (the intent was to

charge less price to boost service sales), Pro Active Marketing Campaigns (by offering new destinations, packages and discounts on offers), Product and Service Diversification (by offering new destinations and increase in business portfolio).

2.3 26/11 Taj Mumbai Attack and Revival of Hospitality Industry

- As published in Business Standard (2021), after the terrorist attack in the Taj hotel at Mumbai there was a lot of devastation and decline in consumer confidence regarding hospitality industry and its safety. Therefore, the management took a decision to upgrade the security systems in the hotel. The hotel installed X-Ray machines to keep a check on the luggage carried by the customers. Also, they started physical scans with handheld devices. This helped in increasing the consumer confidence.

2.4 Kerala Floods and Hospitality Strategies

- In the article published by Manoj, P.K. (2019), because of massive floods in the state, there was a huge impact on the tourism earnings, foreign exchange and employment. Kerala Mart and the government put an emphasis on attracting tourism in less known areas and also to diversify the tourism from its conventional form to cruise based tourism, adventure tourism and also a large number of people have started getting attracted towards healthcare tourism in the state.

2.5 Japan Triple Disaster and Hospitality Strategies

- According to Beirman, D. (2012), a huge disaster took place in Japan in March 2011 in the form of triple disaster. It was important to recover from the damage caused by the disaster and to raise consumer confidence, hence the Japanese hotels started publishing the information brochure that carried the possible disasters in the country and the rescue guide for the same. Also, the authorities issued regulations for the public safety. These efforts by the government were required to generate the public confidence.

International Events, Issues and Strategies					
Sr. No	**Event**	**Author**	**Title**	**Issues**	**Strategies**
1	Tsunami 2004, Asia	Coonan, C. (2005), ILO	After the tsunami in Thailand, the tourist industry fights back	Unemployment, Reduction in Tourism, Revenue loss for hoteliers	Infrastructure Reconstruction, Retraining and Skill Development
2	9/11 Attack in USA	Misrahi, T. (2016), World Travel and Tourism Council	How destinations can bounce back after terrorist attacks	Airports Closure, Cancellation of Flights, Reduction in Demand for Air travel	Technology to enhance security, Data Analytics, Regional Visa Agreements, Individual Traveler Based System
3	9/11 Attack in USA	Bysyuk (2010), Modul University, Vienna	Impact of 9/11 Terrorist Attacks on US and International Tourism Development	Loss in Tourism, Decline in Business Confidence	Tax Credit, Innovative Loan Program, Tax Allowance, Boosting Marketing Campaigns

International Events, Issues and Strategies					
Sr. No	**Event**	**Author**	**Title**	**Issues**	**Strategies**
4	26/11 Mumbai Attack	Business Standard (2021)	Mumbai Terror attack altered security measures in Indian hotels	Devastation because of the Attack	Installation of X-Ray Machines and Physical Scans with handheld devices, Sniffer Dogs, Customer Scrutiny, Employee Verification
5	Kerala Floods 2019	Manoj, P.K (2019)	Tourism Sector in the Kerala In The Post-Flood Scenario: Strategies for its Sustainable Growth with a Focus on Responsible Tourism	Effect on Tourism Earnings, Foreign Exchange and Employment	Responsible Tourism Mission, Kerala Travel Mart, Promotion of Less known places, Diversification (Cruise and Adventure), Healthcare Tourism
6	Japan Triple Disaster (2011)	Beirman, D. (2012)	Making it safe: tourism after Japan's Earthquake	Decline in Tourism amid Triple Disaster	Information manual in various language regarding safety measures during Natural Disasters, Rooms on high ground, Building regulation for public safety, External Consultation to revive tourism

3. COVID 19 strategies in International Context

There are numerous strategies adopted by various countries and companies across the globe. This helped the governments to revive the business of hospitality which is a growing sector across the globe and is the major contributor in the world economy. Some of the strategies are as follows:

- Anton & Almeida (2020) studied that because of the unprecedented pandemic situation, the government of Spain imposed restrictions on the movement of physical supplies which resulted in the decline in manufacturing of goods and services. On the other hand, because of job loss and pay cuts, the disposable income of the people decreased which led to the decrease in the spending power of the people especially on non-essential things which further reduced business of tour and travel. It was essential for the industry to revive its brand and revitalize itself by building consumer confidence. It was also recommended to flourish domestic tourism and enhance government support for reviving the industry.
- In the words of Grano (2021), Hilton Hotel in North American markets adapted a threefold strategy to revive business amid pandemic situation and generated consumer confidence. These strategies were: Product Innovation, Marketing Creative and Customer Connection and are discussed below:

  Product Innovation: Under this, Hilton Hotel started with Hilton Clean Stay Program by collaborating with Racket Benkiser to train housekeeping department for bringing in innovation in hygienic services.

Marketing Creative: Under this, Hilton Hotel conducted a survey to ask people about their memories and around 90% of the people said that travel memories were their best memories and among them 95% missed their travel and around 90% had travel memory deficit.

Customer Connection: Hilton Hotel came with a unique customer centric idea. Under this, the hotel wooed its customers by providing isolated place to work from Hilton property. The hotel started with customized workplace concept.

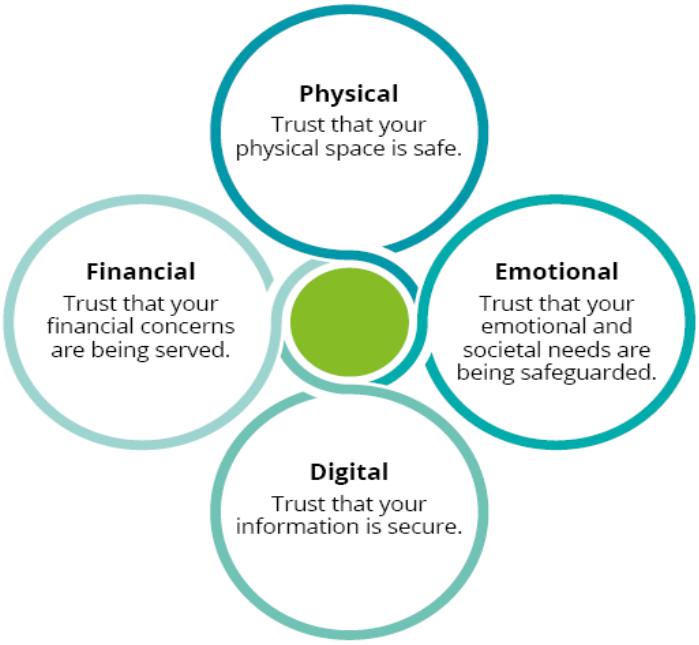
- In the article published by International Finance Corporation (2020), leisure hotels were expected to re-open soon after the pandemic began subsiding. The tourism industry was expected to revive and support allied businesses as well. Many hotels had an agreement with hospitals to convert its empty capacity in quarantine centers which would help in increasing bed capacity for hospitals and hotels would earn revenues.
- As per the study conducted by Redjeki (2021), the hotels tried to reduce the room tariff which helped the industry to be price competitive and induce customers for booking with them. So cost reduction and margin reduction were considered as significant tools for flourishing hospitality industry.
- In the article published by Hutton (2021), the hospitality industry could be revived through advancing of loans. As on May 2021, total GBP 6.2 billion was advanced to hospitality industry which was around 8% of the total loan disbursements. Another scheme was "Eat out to help out" which was about discounting the food and non-alcoholic drinks at around 50% from Monday to Wednesday which further gave impetus to the industry.
- In the article published by Nguyen, Le (2022), workation has become a new trend which was supported by a survey conducted by the world famous travel site i.e. www.booking.com. According to News 18 (2022), the workation is a combination of work and vacation and the people following this practice are called digital nomads. As per the global statistics, there are around 35 million digital nomads in the world and this model is a win-win situation for both the property owners and the digital nomads. Even country like Croatia started giving visa for doing workation from the country for one year. This is an effort by the administration to revive tourism business in the country.

4. COVID 19 strategies in national context

From view point of the domestic markets, numerous COVID 19 strategies were adopted by the hospitality industry. Some of these are discussed as below:

- As per Financial Express (2021), Government of India had taken initiative to increase the Air Bubble Agreements. By the end of November 2021, the number of agreements reached 30. This helped to flourish the tourism industry.
- According to the research article published by Deloitte, the organizations should be cognizant of the situation and business revival is an outcome of the human and multidimensional approach, which includes four aspects i.e. Physical Safety, Emotional Support, Digital Security and Financial Safety.

Figure – 1
Aspects of Business Revival



It is the responsibility of the state administration and the health department to rebuild trust among the business and consumers.

- According to the Express News Service (2020), the state administration started to use hotels as quarantine facility. By this way, hotels had the possibility to run at full capacity and made profits. NRIs, coming to India, were diverted to these hotels to stay there in isolation before meeting their families.
- In the article written by Dangi (2022), it has been observed that millennials and Generation Z are the one following the trend of workations and not only hotels but the hostels also had converted their facilities suitable for digital nomads. These digital nomads prefer off beat and remote locations to work from and even the hospitality industry had attracted such customers by offering them most suitable rates for long term stay followed by an option for co-sharing space. Hence, it was one of the best models that flourished hospitality industry and facilitated it to sustain critical situations.

After conducting a primary study by taking an interview with some of the Ludhiana based companies in the business of hospitality that constitutes the business of restaurants and tour and travel, the following strategies were considered after the pandemic to revive the business:

- To come out of pandemic, there was change in pricing strategies. Though it impacted the margins but it was required to generate customer interest.
- Few companies came with innovative marketing and invested more on social media and influencer marketing.
- By considering the customer focus, safe and hygienic travel was committed for bringing quality of services and to generate consumer confidence.

Conclusion

From this study we can derive some crucial strategies that have helped in business sustainability amid this pandemic and even after the pandemic. Vaccination generated business confidence and after the jabs, the world was open for vaccinated travelers. Air Bubble agreements opened new horizons for world movement. These strategic accords helped in movement of people at fast pace. India entered such agreements with many countries that helped in flourishing tourism. Many hotels survived because of conversion of empty capacity in the quarantine facility which helped the hotels to earn money and sustain employment. Apart from it, the stimulus given by the government also helped the industry to grow. Last but not the least; the workation strategy has long term growth prospects. Many hotels and hostels converted their properties for long term stays and even their presence on social media has further helped in flourishing the business.

References:

- Beirman, D. (2012, April 17). Making it safe: Tourism after Japan's earthquake. *The Conversation*. https://theconversation.com/making-it-safe-tourism-after-japans-earthquake-5691
- Blažin, N., Gavrilov, M. B., Marković, S. B., Janićević, S., Milošević, Z. S., Lukić, T., and Hrnjak, I. (2014). The tsunami of 26th December 2004: The impact on tourism trends in Southeast Asia. *WIT Transactions on Ecology and the Environment*. https://doi.org/10.2495/eid140151
- BSBI (2021, January 26). *The role of tourism and hospitality in a country's economy*. https://www.berlinsbi.com/blog/career-advice/the-role-of-tourism-and-hospitality-in-a-country-s-economy
- Bysyuk, B. (2010). Impact of 9/11 Terrorist Attacks on US and International Tourism Development. *Modul University Vienna*. https://www.modul.ac.at/uploads/files/Theses/Bachelor/BYSYUK_Impact_of_9_11_on_US_and_International_Tourism_Development.pdf
- Coonan. C (2005). *After the tsunami in Thailand, the tourist industry fights back*. International Labour Organization, https://www.ilo.org/global/about-the-ilo/mission-and-objectives/features/WCMS_075558/lang--en/index.html
- Dangi, P. (2022, March 31). *Workation wave is at its APEX and will continue to grow*. Times of India Blog. https://timesofindia.indiatimes.com/blogs/voices/workation-wave-is-at-its-apex-and-will-continue-to-grow/
- GoVisaFree (2022, March 1) *Croatia digital nomad visa: All you need to know*. https://govisafree.com/croatia-digital-nomad-visa/#:~:text=Croatia%20digital%20nomad%20visa%20is,registered%20abroad%2C%20not%20in%20Croatia
- Grano, M. (2021, April 26). *Social spotlight: Hilton's pandemic strategy proves the business value of social*. Sprout Social. https://sproutsocial.com/insights/social-spotlight-hilton/
- https://wttc.org/research/economic-impact
- https://www.business-standard.com/article/current-affairs/mumbai-terror-attack-altered-security-measures-in-indian-hotels-121112600769_1.html
- Hutton, G. (2022, May 11). *Hospitality industry and COVID-19*.

- IANS. (2021, November 26). *Mumbai terror attack altered security measures in Indian hotels*. https://www.business-standard.com/article/current-affairs/mumbai-terror-attack-altered-security-measures-in-indian-hotels-121112600769_1.html
- IMPOFF. (2021, July 2). *Importance of hospitality industry*. https://impoff.com/importance-of-hospitality-industry/
- Is workation a new trend of work in 2022? https://blog.grovehr.com/workation
- Jyotiraditya Scindia. (2021, November 25). *Looking to increase number of international flights under air bubble pact.* https://www.financialexpress.com/lifestyle/travel-tourism/looking-to-increase-number-of-international-flights-under-air-bubble-pact-jyotiraditya-scindia/2375598/
- Malhotra, S. (2017, May 16). *Hospitality industry in India: A big contributor to economy's growth*. BW Businessworld. https://www.businessworld.in/article/Hospitality-Industry-In-India-A-Big-Contributor-To-Economy-s-Growth-/16-05-2017-118291/
- Manoj, P. K. (2019). Tourism Sector in Kerala in the Post-Flood Scenario: Strategies for Its Sustainable Growth with a Focus on Responsible Tourism. *Think India Journal*, *22* (33).
- Mekharat, N., and Traore, N. (2020). *How the tourism sector in emerging markets is recovering from COVID-19*. https://www.ifc.org/wps/wcm/connect/e7a5a2ab-a9f8-4ff4-bf87-53756e9c934c/EMCompass_Note+95-Tourism+in+EM+Recovering+from+COVID_FIN-Dec-web.pdf?MOD=AJPERES&CVID=novLltc
- Misrahi, T. (2016, March 23). *How destinations can bounce back after terrorist attacks*. World Economic Forum. https://www.weforum.org/agenda/2016/03/how-destinations-can-bounce-back-after-terrorist-attacks/
- News18 (2022, July8) *Best of Both Worlds: Can the Workation really work?* https://www.news18.com/news/buzz/best-of-both-worlds-can-the-workation-really-work-5516473.html
- Nguyen, Le (2022). Is workation a new trend of work in 2022? https://blog.grovehr.com/workation
- Redjeki, F., Narimawati, U., and Priadana, S. (2021). Marketing strategies used by hospitality businesses in times of crisis of the COVID-19 pandemic: Case study. *Endless: International Journal of Future Studies*, *4*(1), 121-131. https://doi.org/10.54783/endless.v4i1.49
- Rodríguez-Antón, J. M., and Alonso-Almeida, M. D. (2020). COVID-19 impacts and recovery strategies: The case of the hospitality industry in Spain. *Sustainability*, *12*(20), 8599. https://doi.org/10.3390/su12208599
- Sanabria-Díaz, J. M., Aguiar-Quintana, T., and Araujo-Cabrera, Y. (2021). Public strategies to rescue the hospitality industry following the impact of COVID-19: A case study of the European Union. *International Journal of Hospitality Management*, *97*, 102988. https://doi.org/10.1016/j.ijhm.2021.102988
- Sharma, A., Santa-María, M. J., and Nicolau, J. L. (2021). Hotels' COVID-19 innovation and performance. *Annals of Tourism Research*, *88*, 103180. https://doi.org/10.1016/j.annals.2021.103180
- Tang, J., Leelawat, N., Suppasri, A., & Imamura, F. (2019). An effect of tsunami to hotel occupancy: A case of Phuket, Thailand. *IOP Conference Series: Earth and Environmental Science*, *273*(1), 012033. https://doi.org/10.1088/1755-1315/273/1/012033
- *The Future of Hospitality - Uncovering Opportunities to recover and thrive in the new normal*. (n.d.). Deloitte.

- The Indian Express (2020, May 18). *Mohali admin identifies hotels for providing quarantine facility to NRIs*. https://indianexpress.com/article/cities/chandigarh/mohali-hotels-quarantine-facility-nris-6415177/
- Thomas, L. (2020, September 5). *PGs and hostels try out new strategies to be in the Black*. The Hindu. https://www.thehindu.com/news/cities/chennai/pgs-and-hostels-try-out-new-strategies-to-be-in-the-black/article32532728.ece?homepage=true