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COVID-19 CRISIS AND RECOVERY OF HOTEL INDUSTRY: A STRATEGIC FOCUS ON TOURISM SECTOR IN SRI LANKA

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Abstract

The present study attempts to investigate the response of the hotel industry during COVID-19 outbreak and the perceptions of hoteliers on reactions would be carried out at the end of the crisis. Further, the faced challenges during the recovery period were examined. An online survey was carried out among 30 upper scales, 20 middle scale, and 15 budget level tourist hoteliers selected from Batticaloa, Ampara, and Trincomalee districts located in the east coast region of Sri Lanka. Survey results reveal that more than half of the tourist hotels were permanently closed and canceled the bookings as a response to COVID-19 impacts. In response, the hotels could not pay the worker's salary regularly caused poor performance of employees. Hoteliers perceived that the leisure marketing segment would be a highly demanded segment in this region. However, the hotel industry would be a more contributor to tourism market improvements in post-COVID-19. And the health regulation practices were found to be a challengeable activity for all hoteliers during recovery time from COVID-19 shock. Under the current circumstance, hoteliers assumed that more than one year would be taken to recover the industry. Therefore, the present study recommends that hoteliers should follow the post-COVID19 tourism development strategic plans, which are recommended by field experts and strong short term and long term sustainable goal marketing campaign should be implemented with best health safety regulation practices.

Keywords: Covid-19, Hotel industry, tourism, response, perception

Introduction

Tourism has become a major global industry with an annual average growth of 8% of the global GDP and 10% of employment (WTO, 2020). However, the current tourism sector has been more susceptible to the COVID-19 crises of various origin. Because of tourism market segments such as hotel and hospitality segment, airline segment, guide services segment and tourism-based entrepreneurship impacted seriously. Covid-19 is that the most serious crises the tourism industry has ever faced. This crisis breakdown the tourism market and hotel industry seriously. During the pandemic period hotel industry mostly dynamic within the tourism market. But tourism expects to recover to 2019 pre-crisis levels, not before 2023 (Tourism Economics, 2020). Another major problem is that Sri Lankan, major hotel industry, is significantly stricken by Covid-19. Tourism is among the first and most severely affected industries from Covid-19. The first response to pandemic was to shut the borders and limit human mobility. Moreover, the tourism market is not supported by an economic need and may be postponed. The recovery is predicted to begin to domestic tourism and continue with recovered destinations which were usually first affected.

According to United Nation World Tourism Organization (UNWTO), international tourist arrivals are dropped by 20% to 30% in 2020 compared with 2019, which implies a loss of 290 million to 440 million tourists during a single year (UNWTO, 2020). Further, this might be read as a loss of US\$ 300 to 400 billion of international tourism receipt, or within the worst-case scenario, this might go as high as 1.5 Trillion. Having understood the gravity of the COVID19 pandemic crisis, many countries have already injected billions of much-needed money into their economies to protect the industries and also the tourism market. Hotels are public places that attract many people, and service is accomplished through interactions between employees and guests. Because COVID-19 can be spread through respiratory droplets, physical contact and aerosols, most hotels were fully or partially closed during the pandemic. Moreover, the COVID-19 pandemic has greatly affected the sustainability of the hotel industry as well as tourism market also stuck by the situation.

Since the end of the war, Sri Lanka tourism continued to record a two-digit rate of growth both in international tourists' arrivals and tourism revenues (Weerathunga, Xiaofang, Samarathunga, & Jayathilake, 2020). This speed growth was disrupted last year following the Easter Sunday Attack that made the industry suffer a loss of people \$1.5 billion of tourism revenue (de Silva, 2019). However, because of the untiring efforts of the government, security forces, Sri Lanka Tourism Development Authority (SLTDA), and Sri Lanka Tourism Promotional Bureau (SLTPB) Sri Lanka tourism was quickly ready to recover. As a result, Sri Lanka could attract 1.9 million tourists by the end of 2019 despite the unfortunate security breach (SLTDA, 2020). This COVID19 flare-up again reminded us of how weak the tourism industry and hotel industry to the outer stuns. As of now, thousands of tourism service market establishment that range from the hotel industry. Thus, this study aims to investigate the response of the tourist hotel industry and their perceptions on the reactions that would be taken in the post-COVID-19 period.

The tourism arrivals in 2019 were reduced by 18% compared to the last year. Without letting recover the tourism market of this unfortunate incident, the COVID 19 epidemic has reduced the tourist arrivals only within the first three months in 2020 compared to 2019. Since the onset of the epidemic, many reservations for next few months and also scheduled events are cancelled everywhere the globe and waking out of bed to the news of cancellations or postponements has gotten the new normal. The resources occupied within the industry became null during the period and therefore the employees and investors have lost their income. At this great loss, the Sri Lankan tourism and hotel industry have to be compelled to be more focused to recover the damage. As events still are cancelled or postponed and hotel occupancy rates plummet, the COVID-19 pandemic has inflicted severe blows on hoteliers in Sri Lanka. However, it's an enormous challenge to continue tourism market and affiliated hospitality services while maintaining the dynamic measurements given for the hotel industry recover. Therefore, this study examined the major challenges during the recovery period which will provide a path to create the effectiveness of tourism market.

It is thus essential for hoteliers to deal with changes in the consumer market following the unexpected COVID-19 pandemic and restore travellers' confidence. Because the COVID-19 crisis is probably going to possess unprecedented effects on hotels around the world, researchers should work to strengthen theory and knowledge during this crucial hospitality sector to assist hotels to become more resilient and achieve effective post-disaster recovery. Thus, this paper details specific areas to produce insights for marketers and practitioners to navigate hotel marketing and management after the COVID-19 pandemic. Therefore, the researcher includes a concentrate on to assess the real status of the hotel industry as a subject in hotel management and marketing post-COVID-19.

Methodology

The study was carried out East coast region of Sri Lanka consists of Ampara, Batticaloa and Trincomalee. The online survey was carried out to collect the data from 30 upper scales, 20 middle scale and 15 budget level randomly selected hotels located in Batticaloa (47%), Ampara (32%) and Trincomalee (21%) districts in Sri Lanka. The questionnaire comprised of three sections. The first part of this questionnaire was the demographic variables, including gender, marital status, age, education, position, working experience, and monthly income. The second section investigated the response the of hotels during the COVID-19 period, location information, the category of hotels, room booking status, type of accommodation service, identified hotel booking purpose during the crisis period, assessment the difficulties in paying salary for workers and workers and staff performance during the time. Last part mainly focuses on recovery measures, which kind of market segment most affected by the crisis, identify the challenges to the recovery hotel industry, level of perceptions on post-COVID-19 reactions measure would be undertaken by the hoteliers for the tourism market and the challenges during the crisis.

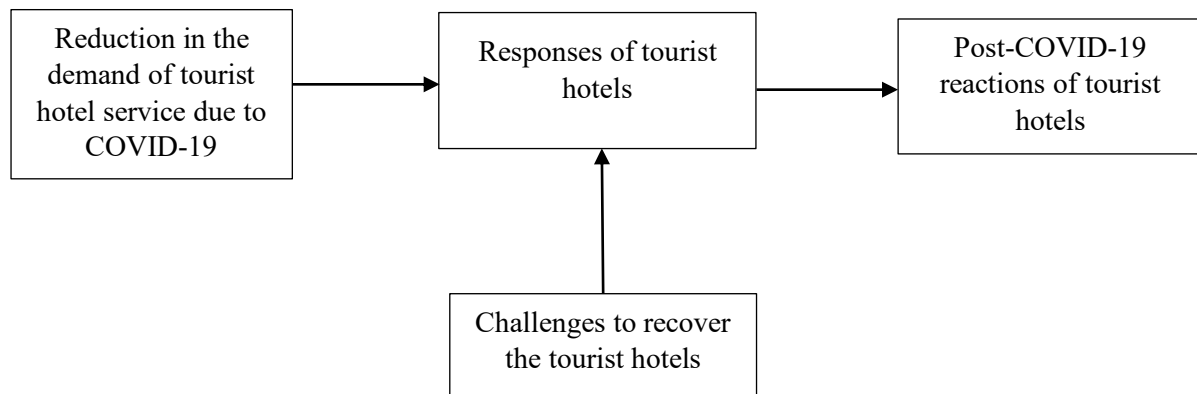


Figure 1: Study based model framework

The above Figure 1 indicates the study based model, which was designed by the researcher based on the research design. Accordingly, the reductions occurred in the demand for tourism hotel services causes some response to the tourist hotel. Further, challenges faced by tourist hotels make an impact on the selection of response. Based on the responses tourist hoteliers will perceive some reactions which would be carried out soon after the end of COVID-19.

Results & Discussion

The study was conducted to investigate the responses of hotel service during COVID-19 in the East coast of Sri Lanka. The demographic characteristics of the respondents of this survey are shown in Table 1 below. About 98 percent of the hotels were managed by males. While more than half of the sample was married remarkably 67% of the sample was middle age group (age 25-44) while 11% of them were young (less than 25 years old). Among the participants of this survey, 79% of participants have secondary education and 21% of participant's tertiary education level. Based on the work experience in the hotel industry, 62% of them had less than 10 years of experience while 19% had 10-19 years of experience.

Table 1: Demographic characteristics of respondents

Descriptive Variables	Characteristics	Percentage
Gender	Male	98%
	Female	2%
Marital status	Single	33%
	Married	67%
Age	Less than 25	11%
	25-44	67%
	45-64	21%

	65 and above	1%
Education	Primary	0%
	Secondary	79%
	Tertiary	21%
Experience in the hotel business	Less than 10	62%
	10 – 19	19%
	20 – 29	8%
	30 and above	1%

The impact of COVID-19 issues on the different hotel market segment is illustrated in Figure 2. Hoteliers responded that 47% of the leisure demand was depleted in hotels father, 27% of contract level market segment was affected. Also, another 11% of effects on the MICE market segment. The explicit reason for sudden depletion for leisure demand was boarder restrictions and control in foreign tourist travel to the country. Therefore, hotel industries need to consider seriously to implement a strategic plan to increase the demand for leisure among local tourists.

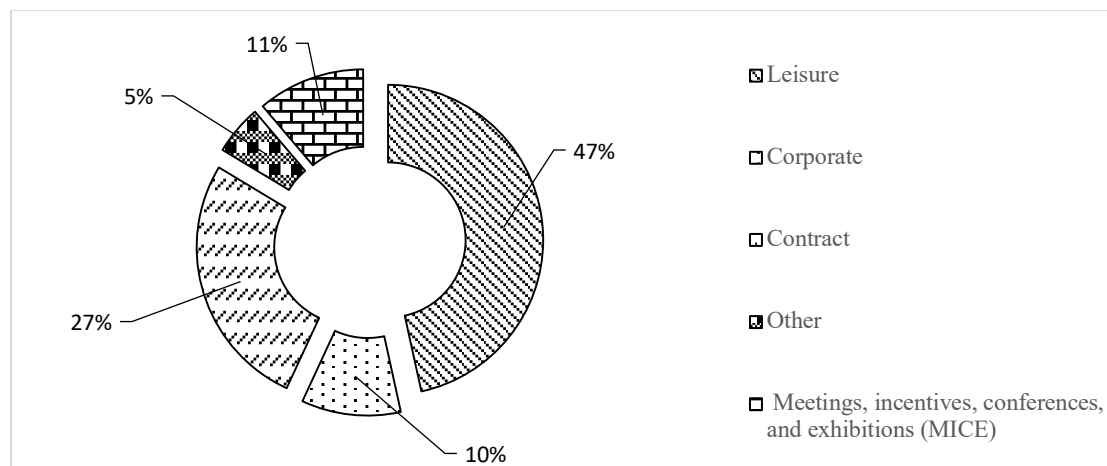


Figure 2: Affected market segment between hotel industries

The second part of the survey findings reveals the responses of hotels during the pandemic period (table 2). Considering the hotel opening status during the pandemic time mostly 55% of hotels permanently closed their hotel, thirty-seven per cent of hotels partially opened and only 8% of hotels fully opened. Because hoteliers considered more infection control rather than their business. Further, seventy-two per cent of room bookings were cancelled by the hotel owners and among that more than 80% of booking for leisure and family and friend events. However, only 2% of the booking was postponed. Meantime 24% of local bookings were accepted for hotel services as spreading of Coronavirus controlled by the government inside the country. The salary payment for hotel workers was not impacted by the crisis thus, 87% of hotels were not found difficulties for paying salaries to their employees. However, the payment interval was irregular in 87% of the hotels due to this the poor workers and the staff performance was observed. Thus, 78% of respondents indicated workers and staff performance was very poor

during the pandemic situation. This implies that unemployment in the hotel sector was very low in this study area. However, the payment delay causes leaving the jobs (Sanghamitra Kar, 2020).

Table 2: Responses of hotels during the pandemic period

Variable	Category	Percentage
Hotel opening Status	Fully opened	8%
	Partially opened	37%
	Permanently Closed	55%
Room booking Status	Postponed booking	2%
	Cancelled booking	72%
	Local tourist booking	24%
	Foreign tourist available at room	2%
Room booking purpose	Business	4%
	Leisure	49%
	Family and friend's events	38%
	Official events	12%
	Other	7%
The difficulties in paying salary for workers	Always	7%
	Some time	87%
	Not at all	6%
Performance of workers and staff	Nature	21%
	Poor	78%
	Strong	1%

A number of post-COVID-19 reactions were provided to know the perception of hoteliers shown in Figure 3. Approximately 80% of respondents strongly agreed to the hotel industry in the tourism market would be more effective with higher leisure demand in the post-COVID-19 periods. Similarly, 21% of hotel owners and managers expecting more corporate demand after the crisis. Therefore, the market would expect a new approach to the requirements that would arise in post-COVID-19. Hence, the circumstance would provide a new business path to grow perceived by 35% of respondents. However, only 11% of the hoteliers were strongly agreed to colloidal industrial activities which provide a new avenue to the hotel industry and it creates a market power among the hotels (Huang 2013; Nicolau and Santa-María 2013). The results reveal that the hotel owners and managers are looking for new marketing strategies to composite a new business avenue for their compensation.

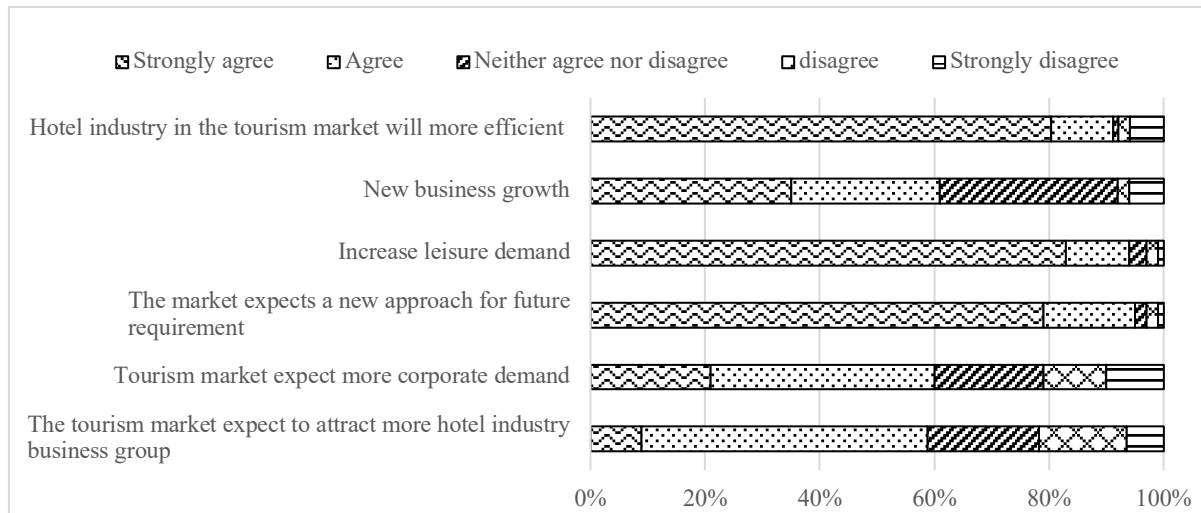


Figure 3: Perception of hotelier on the activities would be carried out in post-COVID-19 crisis

The survey on the perception of hoteliers face able challenges during the COVID-19 recovery period is shown in Figure 4. All of the respondents perceived that health and safety regulations were a major challenge for hotelier to recover. Further, special training for workers and new investments were more challenging activities during the time of recovery. Further, 40% of respondent perceived that balancing the needs of internal hotel stakeholders (operator, owner, and staff) were challengeable during this period. However, the challenges need to be defended to give a rebirth for the hotel business while hotel service provides a significant contribution to improve the economy especially in the tourism sector.

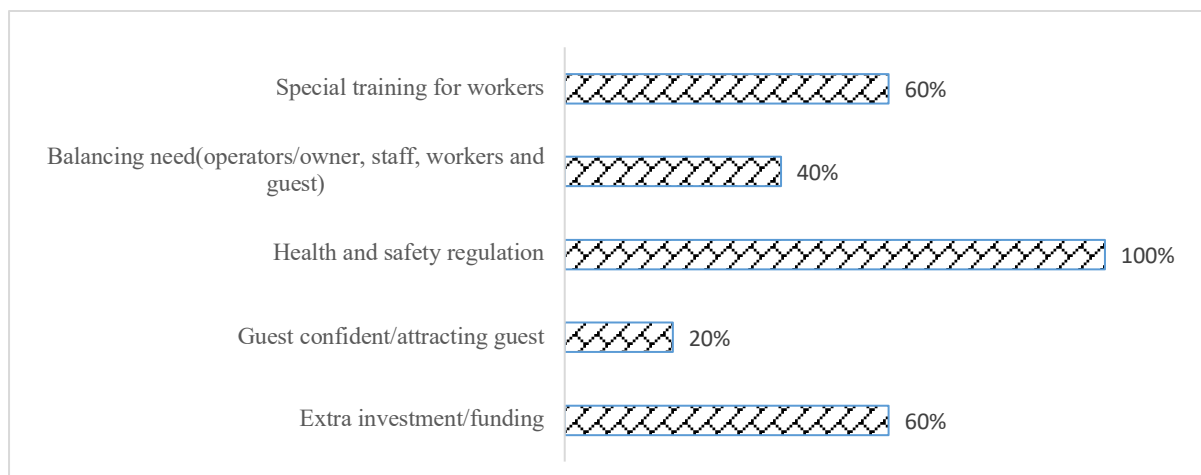


Figure 4: The challenges for hotel industry recover

Besides, the perceived period for recovery of their business was investigated. Forty-four per cent of the hoteliers believed that more than one year would be taken for their business to receiver after the crisis. Similarly, 32% of respondents expected that they could become normal within six months of period. The results reveal that based on the perception of the hoteliers, hotel industry would take a longer period to become normal and this is a crucial factor which needs to be considered seriously. Because the tourism sector in Sri Lanka is primarily dependent on hotel services (SLTDA, 2012)

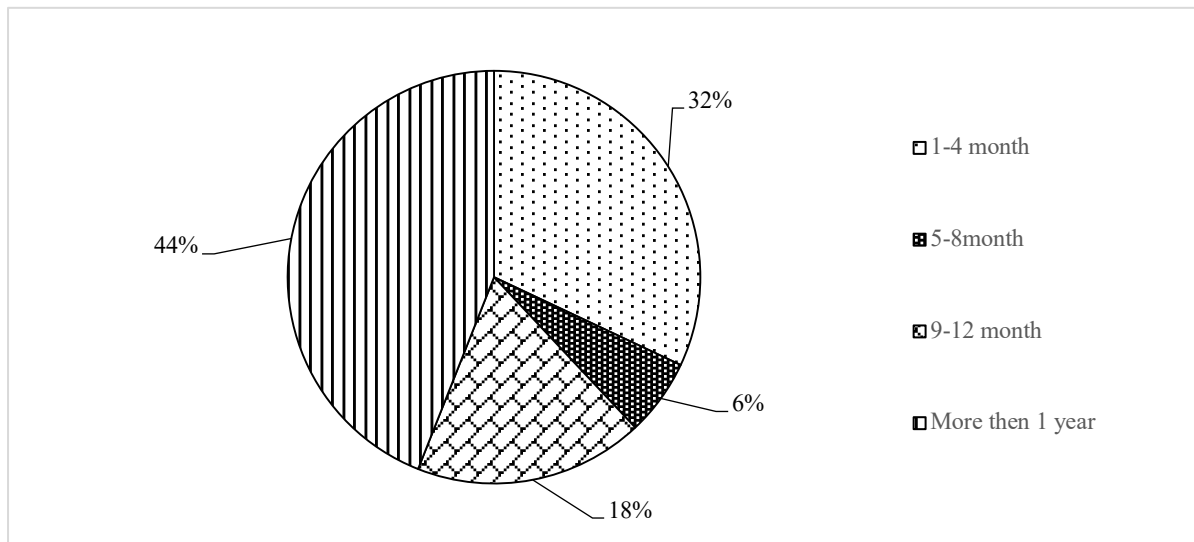


Figure 5: Hotelier perception on hotel industry recover period

Conclusion & Recommendation

The study investigated the response of the hotel industry during COVID-19 crisis and their future actions to recover their business after pandemic situations become normal. The study observed that more than half of the hotels were permanently closed and cancelled that booking. Due to that, the leisure demand was drastically impacted in the tourism sector in the study region. In response, the hotels could not pay the worker's salary regularly caused poor performance. As far as the post-COVID-19 period is a concern, hoteliers perceived that leisure marketing segment would be a highly demanded segment in this region. However, the hotel industry would be a more contributor to tourism market improvements in post-COVID-19. And the health regulation practices were found to be a challengeable activity for all hoteliers during recovery time from COVID-19 shock. Under the current circumstance, hoteliers assumed that more than one year would be taken to recover the industry. In this stage, the Sri Lankan tourism market and hotel industry have to be more focused to recover the damage. More importantly, the high risk of COVID 19 epidemic should be addressed with appropriate short term and long term strategies to recover the industry minimizing the negative impacts. However, it is a huge challenge to continue tourism and affiliated services while maintaining the measurements. The study recommended that the hoteliers should follow the post-COVID19 tourism development strategic plans, which are recommended by field experts. A strong short term and long term sustainable goal marketing campaign should be implemented with best health safety regulation practices. Further, need to identify the key target markets demand in short term and long term

Motivating and promoting domestic tourist hoteliers should be the initial step until stepping forward for effective tourism with the time after controlling COVID 19.

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