

Countermeasures of Hotel Industry for Tourism Crisis Management Under the Influence of Epidemic Situation

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Abstract: On a global scale, the epidemic has had a great impact on tourism, and the hotel industry, as a key component of tourism, has also been seriously affected. The purpose of this paper is to study the impact of the epidemic on the hotel industry and put forward coping strategies to help the hotel industry effectively cope with the tourism crisis. First of all, the epidemic has led to a sharp decline in tourism, a sharp drop in the occupancy rate of the hotel industry and a sharp drop in income. In order to meet this challenge, the hotel industry needs to adopt the strategy of diversified income sources and reduce its dependence on the traditional tourism market. Secondly, the hotel industry should formulate more flexible cancellation policies to meet customer needs. Third, the hotel industry should strengthen cleaning and hygiene measures to ensure the health and safety of customers when they check in. This includes regular disinfection of guest rooms and public areas, provision of hand sanitizer, masks and other sanitary products. A transparent cleaning policy can improve the trust of customers. In addition, digital technology plays a key role in crisis management. Finally, staff training is the key link to deal with the crisis. This paper studies the coping strategies of crisis management in the hotel industry under the influence of epidemic situation, which is helpful for the hotel industry to tide over the crisis, maintain business sustainability and prepare for future uncertainty.

Keywords: Epidemic situation, Tourism crisis management, Hotel industry.

1. Introduction

Since the outbreak of the epidemic, the global tourism industry has suffered an unprecedented impact. Due to the spread of Covid-19, international and domestic tourism activities have decreased sharply, and the hotel industry has become one of the most seriously affected industries. The epidemic has brought a series of challenges to the hotel industry, including low occupancy rate, cancellation of reservations, declining income and employee safety [1]. At this moment of great uncertainty, the hotel industry needs to adopt innovative crisis management strategies to adapt to the changing situation.

The purpose of this paper is to explore the impact of the epidemic on the hotel industry and put forward a series of coping strategies to help the hotel industry better cope with the current crisis. At this challenging moment, the hotel industry must take active measures to ensure the sustainability and recovery of its business. By formulating appropriate strategies, the hotel industry can overcome the current difficulties, prepare for the future and re-emerge in a more powerful and competitive way. We hope that the research and suggestions in this paper can provide useful guidance for hotel managers and decision makers, help them better understand and cope with the impact of the epidemic on business, and make contributions to the recovery and development of the industry.

2. Current Situation of Hotel Market Under the Influence of Epidemic Situation

According to STR data, in 2019, the occupancy rate of the overall hotel market in China was 66.4%, and the ADR of the annual average daily house price was maintained at around \$72.2. There was a slight rebound in 2021 and 2022, but the performance was still relatively low. In the first quarter of

2023, the average daily house price and occupancy rate in China market increased by 10 percentage points, reaching 71.2 USD and 59.1% respectively. In the first quarter of 2023, the average RevPAR in the Asia-Pacific region has rebounded to 94% of the pre-epidemic level, and China rebounded to 88% of the pre-epidemic level in the first quarter of 2023.

In terms of the number of rooms, budget hotels account for about 59%, mid-range and high-end hotels account for about 33%, and luxury hotels account for about 8%. According to the report, there are 1,847 luxury hotel chains in China, with 553,085 rooms, and the number of rooms decreased by 3.63% year-on-year, which accelerated the reshuffle of the industry.

In 2022, the threshold for the size of the top 50 hotel groups in China is 6,470 rooms, an increase of 125 rooms compared with 2021. In terms of room size, among the top 50 hotels in China, 6 hotels have exceeded 100,000 rooms, 39 hotels have rooms between 100,000 and 100,000 rooms, and the remaining 11 hotels have rooms below 10,000 rooms. In terms of the number of stores, among the top 50 hotel chains in China, 8 groups have more than 1,000 stores, 20 groups have between 100 and 1,000 stores, and the remaining 22 groups have between 10 and 100 stores.

In the second quarter of 2023, the total operating income of star-rated hotels nationwide was 41.015 billion yuan, of which catering income accounted for 38.85% and room income accounted for 46.60%. Compared with the same period in 2022, the operating income increased by 16.159 billion yuan, an increase of 65.01%; On the chain level, it increased by 7.789 billion yuan compared with the first quarter and increased by 23.44% from the previous quarter. In the second quarter, the operating income achieved a "double growth" year-on-year and quarter-on-quarter, indicating that the recovery process of star-rated hotels nationwide has accelerated and the degree of recovery has deepened. From the changing trend of the proportion of catering and room income, in 2023, the proportion of room income of star-rated hotels showed an increasing trend, while

the proportion of catering income decreased slightly.

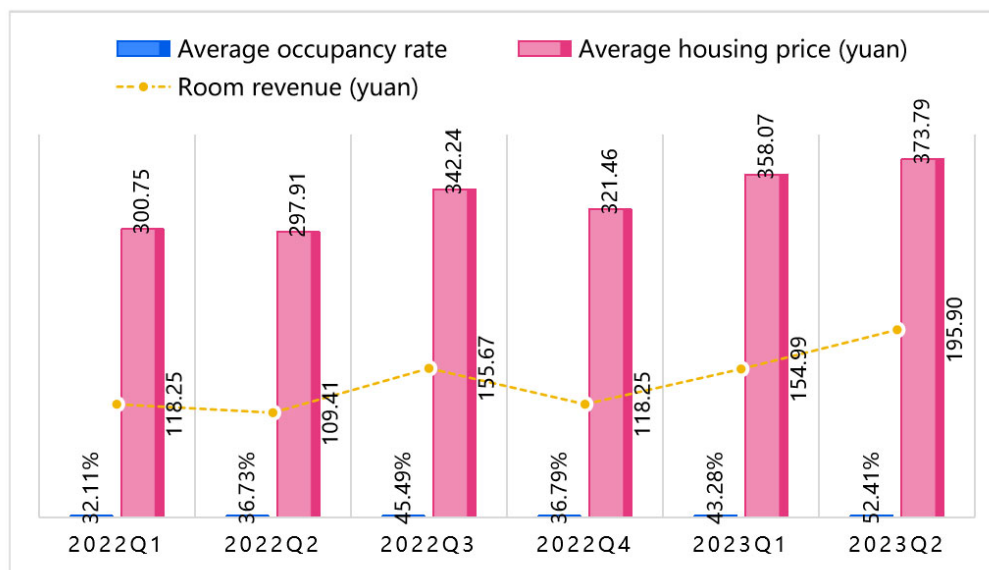


Figure 1. Average house price, occupancy rate and REvPAR data performance of national star hotels from 2022Q1-2023Q2

In the second quarter of 2023, the average price of star-rated hotels nationwide was 373.79 yuan/night, a year-on-year increase of 25.54%; The average occupancy rate was 52.41%, a year-on-year increase of 42.85%; The income per room available for rent was 195.90 yuan/night, up 79.34% year-on-year. From the analysis of the changes of various operating indicators, the average house price, average occupancy rate and hotel RevPAR of star-rated hotels in China all increased in 2023, and the second quarter was the highest in a single quarter since 2022, and the overall operating situation of star-rated hotels improved significantly (Figure 1).

3. Influence of Epidemic Situation on Hotel Industry

3.1. Decline in occupancy rate

Due to travel restrictions, health concerns and blockade measures, the occupancy rate of the hotel industry has dropped sharply [2-3]. The hotel industry has long relied on domestic and international tourists, but due to the epidemic, the number of tourists has dropped sharply, resulting in many hotels experiencing the lowest occupancy rate in history.

The travel restrictions and blockades imposed by the government have caused many people to cancel or postpone their original travel plans. This means that the hotel can't attract enough customers, so the occupancy rate drops. Due to the epidemic, passengers are worried about the safety of travel. They are worried about the risk of infection during their stay in the hotel, so they choose not to travel or reduce the number of trips. International tourism is an important part of the hotel industry, but the number of international tourists has decreased sharply due to international travel restrictions and segregation policies. This directly led to the hotel occupancy rate decline [4]. Business travel has also been hit by the epidemic. Because the company has implemented the telecommuting policy, the demand for business travel has decreased, so the hotel cannot attract business customers. The hotel industry has always been fiercely competitive, but the epidemic situation has made the competition even more fierce,

because hotels are competing to reduce prices and offer various promotional activities to attract more customers. The epidemic caused uncertainty and panic, which made people more cautious and unwilling to travel. This kind of mood will lead to a decline in occupancy rate, because people prefer to stay at home and avoid unnecessary risks.

The hotel industry must take practical measures to meet the challenge of declining occupancy rate, including improving health and safety standards, formulating flexible cancellation policies, and launching marketing activities to attract local customers. This will help to gradually restore the hotel occupancy rate and adapt to the changing market demand.

3.2. Financial difficulties

Due to travel restrictions and passengers' health concerns caused by the epidemic, the occupancy rate of hotels has dropped sharply, and many reserved rooms have been cancelled. This led to a sharp drop in revenue and the hotel could not maintain normal operations. The fixed costs of the hotel industry, such as staff salaries, rent, insurance and maintenance costs, are usually relatively constant. Even if the occupancy rate drops, these costs still need to be paid, which increases the financial burden. Due to low occupancy rate and declining income, hotels may face cash flow problems and fail to pay bills and debts on time [5-6]. This may lead to overdue payment, credit rating downgrade and higher financing costs. Maintaining the health and well-being of employees is the responsibility of the hotel, but with the decline of income, the hotel may have to cut employees' salaries or leave their jobs, which may lead to employee dissatisfaction and high turnover rate. The epidemic has caused difficulties to the supply chain of the hotel industry, because some suppliers are affected by the epidemic, resulting in unstable supply and increased costs. The epidemic has caused uncertainty, and it is difficult for the hotel industry to make long-term plans and investments, which may lead to business stagnation and development obstruction.

Although the epidemic has caused serious financial difficulties to the hotel industry, the hotel industry is also looking for opportunities to innovate and adapt to the new

market environment in the process of coping with challenges. This will help the hotel industry gradually get out of financial difficulties and contribute to the recovery and development of the industry.

3.3. Reduction of industrial scale

Due to travel restrictions and passengers' worries caused by the epidemic, the occupancy rate of hotels has dropped sharply [7]. This directly led to the reduction of the scale of the hotel industry, because they could not attract enough customers. Some hotels may have accumulated debts during the epidemic because they had to borrow money to fill the financial gap. This will lead to an increase in financial burden and a decrease in scale. In order to cope with financial difficulties, some hotels have to lay off employees, which will lead to the reduction of business scale and affect the livelihood of employees. The epidemic situation has led to more intense market competition, and hotels are scrambling to reduce prices and offer various promotional activities to attract a small number of customers. This will affect the income and scale of the hotel industry. Due to the uncertainty, the hotel may not make new investment and expansion, resulting in a reduction in scale. Due to the supply chain problems of the epidemic, hotels may face material shortages and rising costs, which will also affect the scale.

3.4. Serious brain drain

The epidemic has caused brain drain in the hotel industry. Hotel employees may be worried about the risk of infection at work, which will lead some employees to choose to resign or temporarily leave their jobs to protect their health and their families. As the income of the hotel industry declines, some hotels may have to cut their employees' salaries or leave their jobs, which will lead to employee dissatisfaction and high turnover rate [8-9]. The epidemic has caused market uncertainty, and many employees may be worried about the career prospects of the hotel industry, so they choose to look for job opportunities in other industries. Due to the reduction of staff, some employees may face greater workload, which will lead to fatigue and decreased job satisfaction, thus increasing the risk of employee turnover. Some hotels may be forced to shut down or shut down, which will cause employees to lose their jobs, thus causing the problem of turnover.

4. Coping Strategy

4.1. Flexible pricing and policy

Hotels need to flexibly adjust prices and policies to adapt to changes in demand. Providing the flexibility of unsubscribe policy, allowing customers to change or cancel according to the situation, can increase the trust and loyalty of customers. Hotels should adjust their prices according to the fluctuation of market demand. When the demand is low, the price reduction strategy can be adopted to attract customers, while when the demand is high, the price can be raised to increase the income. Hotels can use dynamic pricing software and algorithms to adjust prices in real time in order to better respond to market changes. This can help hotels make the best use of scarce resources and increase their income. We can attract customers by providing additional value-added services, such as breakfast, airport pick-up, free cancellation policy, etc., instead of just relying on price adjustment.

The hotel should allow guests to cancel or change their

reservations flexibly during the epidemic period without charging extra fees. This can increase the trust of customers and reduce the loss caused by cancellation. Hotels should formulate health and safety policies, including cleanliness standards, social distance measures and staff training. The implementation of these policies will improve customer satisfaction and reduce risks [10]. The customer loyalty program can be adjusted to provide more rewards and privileges to encourage existing customers to continue booking and increase loyalty. Hotels can use data analysis tools to monitor market demand, customer behavior and competitors' pricing strategies. This helps to make more informed pricing decisions. Hotels should provide clear and accurate information on their websites and reservation channels, including cancellation policies, hygiene measures and pricing policies, so as to reduce customers' doubts and misgivings.

In response to the epidemic, the hotel industry needs to flexibly adjust pricing and policies to adapt to changing market conditions, while maintaining customer satisfaction and economic sustainability. This requires close market monitoring, data analysis and good communication and brand management strategies. Flexible pricing and policy adjustment will help hotels to better meet the challenges and provide customers with a better experience at a time full of uncertainty.

4.2. Digital and online channels

The epidemic has had a profound impact on the hotel industry, accelerating the importance of digital and online channels. Hotels should strengthen their official websites and mobile applications to provide a user-friendly interface, an easy-to-navigate booking process and clear information. This will help attract customers and increase the booking rate. Hotels can establish partnerships with online travel agents (OTA) and other digital channels to expand their online exposure and attract more customers. Virtual booking experience: Providing virtual travel experience, such as 360-degree virtual travel video, online hotel tour and virtual reality (VR) experience, can help customers better understand the hotel facilities and environment.

Hotels can introduce digital solutions such as self-service check-in and check-out, digital room card, online ordering and online customer service, so as to reduce the chances of contact and interpersonal contact and improve the safety of customers and employees. Provide intelligent guest room facilities, such as intelligent lighting, temperature control, audio and smart TV, to improve customer comfort and satisfaction. Hotels can use data analysis tools to understand customer needs, market trends and competitors' dynamics, so as to optimize pricing strategies and service provision. Hotels can use data analysis tools to understand customer needs, market trends and competitors' dynamics, so as to optimize pricing strategies and service provision. By analyzing customers' historical behaviors and preferences, hotels can provide personalized recommendation and value-added services to improve customer satisfaction and loyalty. Social media and online feedback: hotels should actively use social media platforms to interact with customers, answer doubts, provide real-time information, respond to customer feedback, and enhance brand reputation. Online channels can be used to convey crisis management information, such as health and safety measures, cancellation of policy changes, and regional restrictions to ensure the safety of customers and employees.

Under the influence of the epidemic, digitalization and online channels in the hotel industry have become crucial, which will help improve customer safety, provide a better customer experience, reduce contact opportunities and convey important information in real time. Through the ingenious application of digital and online channels, hotels can better adapt to the changes caused by the epidemic and improve the resilience and sustainability of their business.

4.3. Diversified sources of income

The epidemic has brought great challenges to the business model of the hotel industry, so diversified income sources have become one of the key strategies to deal with this challenge. Hotels can actively promote conference and event facilities, including providing virtual conference and event support. This helps attract various organizations and companies to provide venue rental services for meetings, training, online activities and virtual meetings. Hotels can strengthen their catering services, including take-away, food delivery and catering packaging. This helps to attract local communities and guests, and provides a variety of dining options. Gyms, spas, yoga classes and other health and fitness facilities can be provided to attract health and fitness enthusiasts. Emphasize its brand and uniqueness, and provide unique customer experiences, such as theme suites, cultural experiences, cooking courses, etc. Provide long-term accommodation options to attract customers who need telecommuting or isolation, such as business travelers, telecommuters and families. Use digital and virtual experiences such as virtual tours, online lectures and online cooking courses to attract customers to participate in online activities. To emphasize its brand and uniqueness, and provide unique customer experiences, such as theme suites, cultural experiences, cooking courses, etc.

Diversified income sources will help hotels reduce their dependence on room income and improve the resilience and sustainability of their business. During and after the epidemic, the hotel business can actively develop diversified income sources to cope with market fluctuations, attract different types of customers and create more income opportunities.

4.4. Preventive measures

Under the influence of the epidemic, the hotel industry needs to take a series of preventive measures to ensure the health and safety of employees and customers and reduce the risk of epidemic spread. Hotels should strengthen the regular cleaning and disinfection of public areas, guest rooms, restaurants and fitness facilities, especially the surfaces that are in frequent contact, such as door handles, elevator buttons and dining tables. Use a cleaner that meets the hygiene standards to ensure effective sterilization. Provide hand-free disinfectants in different areas of the hotel to encourage guests and employees to keep their hands clean. Regularly monitor the health status of employees, including temperature detection and symptom screening. Employees should be isolated and tested when they have symptoms. Provide health and safety-related training for employees to ensure that they understand the health guidelines and how to deal with the epidemic situation. Promote contactless payment options to reduce cash transactions and credit card transactions. Formulate emergency plans for health and epidemic response, including isolation areas, quarantine measures and

communication plans. Cooperate with local health authorities to ensure compliance with relevant regulations and guidelines.

These preventive measures can help the hotel industry reduce the risk of epidemic spread and protect the health and safety of employees and customers. Hotels need to constantly update and abide by the hygiene standards, and adjust measures according to the epidemic situation to cope with the changing situation. In addition, hotels need to actively share their health and safety measures with customers to build trust and attract customers.

5. Conclusions

The epidemic has had a great impact on the global tourism industry, especially on the hotel industry. In this case, the hotel industry needs to adopt a series of coping strategies to effectively manage the tourism crisis and ensure its sustainable operation. Generally speaking, in the face of epidemic and tourism crisis, the hotel industry needs to adapt flexibly and adopt innovative strategies to maintain its competitiveness. Diversification of income sources, improvement of health standards, digital transformation and staff training are all effective management strategies, which can help the hotel industry tide over the crisis and prepare for future challenges.

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