

MANAGEMENT STRATEGIES FOR TOURISM POST-PANDEMIC FUTURE

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ABSTRACT

Tourism has been severely and directly affected by the unprecedented COVID-19 pandemic, as the economic contribution of tourism in 2021 was US\$1.9 trillion, below the pre-pandemic value of US\$ 3.5 trillion in 2019. The tourism management was confronted with the restriction of the activities carried out, the dismissal of the staff, the impossibility of paying the taxes, the stagnation of the planned events. Innovative solutions had to sprout in the minds of managers through new and thriving strategies. This paper explores the management strategies introduced by major hotel chains to revitalize and relaunch their business. The results show an involvement of managers to increase guest loyalty, to provide excellence in services, and to create memorable experiences for guests. Also, new concepts, such as workcation, staycation, revenge travel have taken shape in managerial tourism strategies.

KEYWORDS: *hospitality, management, strategies, tourism.*

DOI: 10.24818/IMC/2022/01.06

1. INTRODUCTION

During the pandemic, travel restrictions were put in place all over the world. Travel constraints have left a strong mark on the management of tourism activities. The management confrontations were of the most diverse, starting with the restriction of the activities and the personnel, the postponement of the payment of taxes and duties, re-profiling on the offer of new services and experiences.

Tourism contribution to the world economy was USD 3.5 trillion in 2019, or 4% of world gross domestic product (GDP). The following year, in 2020, tourism contribution to the world economy was 1.8% of world GDP. We can point out that the COVID-19 pandemic cut tourism contribution to GDP by more than half in 2020 (UNWTO, 2022).

In 2020-2021, the COVID-19 pandemic caused an unprecedented disruption to tourism, resulting in a massive drop in international travel (-73% in 2020) following a global lockdown (UNWTO, 2021).

Tourism was the most affected sector by the COVID-19 pandemic (Lenzen et al., 2020). Tourism businesses and employment around the world were severely impacted by the crisis.

The tourism business contains an entire industry that provides employment and growth through consumption and investment. The components of tourism include tourism service providers (hotels, tourist resorts, restaurants, caravan parks, airlines), tourism intermediaries (tour operators and travel agencies), tourism consumers, and companies that provide support services adjacent to tourism (banks, entertainment companies and events).

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Managers involved in tourism have observed the following trends that have driven the steady development of tourism until 2019: availability of money for travel, economic prosperity of consumers, well paid jobs, more affordable tourism services, development of IT technologies, development of international trade and business travel, the expansion of shows and festivals, tourism fashions, trends for exotic travel. Thus, for each identified factor, tourism managers have formulated strategies for attracting more and more consumers to as many destinations as possible by making large and expensive investments in tourism infrastructure.

The exploratory research is based on three in-depth interviews with the CEOs representatives of 3 five-star hotel groups in Romania in order to collect from them the latest managerial strategies used to relaunch tourism and recover everything that has been lost in revenue in the 2 years of pandemic.

2. LITERATURE REVIEW

Tourism management represents the management, supervision and administration of all activities related to the tourism and hospitality services.

Strategy, as a distinct area of management, is the general conduct of a company and its long-term policy. The strategy of a tourism company refers to its long-term objectives and the means by which these objectives are intended to be achieved.

Strategic management refers to the acquisition of a strategic thinking about the future structure of the company and the formation of a vision on the future of the company in 5-10 years.

A strategy has financial objectives (e.g., increasing the profit rate from 15% to 20%) and strategic (e.g., increasing market share from 10% to 15%, new customer services, unique competition, outperforming, achieving technological superiority).

In terms of revenue and labor, the tourism industry is one of the largest with a contribution of 333 million jobs worldwide (in 2019), and US \$ 9.6 trillion in revenue from international tourism in 2019 (World Tourism Organization, 2020).

In 2020, 62 million jobs were lost in the tourism industry, tourism managers facing the darkest scenarios ever (World Tourism Organization, 2021).

Following a decrease of 70% in 2020, international visitor spending rose by 4% in 2021 due to targeted management strategies applied to each segment of consumers, business or leisure.

An important branch of tourism is the hospitality industry. The definition of hospitality is a commercial contract for the provision of services that involves the provision of amenities, comforts, social interactions, and experiences of shelter and entertainment that a guest values.

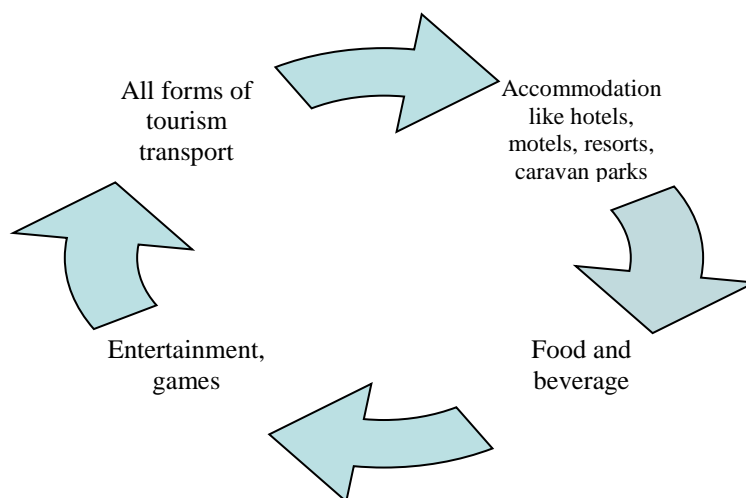


Figure 1. The hospitality business

Source: adapted from Wearne and Baker (2002, p.4)

The hospitality industry includes tourist transportation, accommodations, restaurants, conferences, events, casinos (Figure 1).

Covid-19 underlined the need to reconsider free spaces in the development of new hotel resorts (Jiricka-Pürerrer et al., 2021). Larger green areas and bodies of water could be enlarge integrated into the design of hotels offers, as could cooler indoor activities (Jiricka-Pürerrer et al., 2021).

The hotel industry is dominated by a couple of leading international players like Marriott, Hilton, Accor and Radisson. Each of these large hotel groups manages and franchises a large portfolio of hotels and accommodation facilities.

The number of Marriott International hotels worldwide in 2011 was 3,718 and in 2021 7,989; there is an absolute increase of 4,271 Marriott hotels in 10 years of activity (2011-2021) and a percentage increase of + 115% (Statista Research & Analysis reports, 2022).

Marriott International is one of the largest hotel chains in the world with 30 brands in its portfolio and seven thousand properties across the world. Meanwhile, the powerful and fearless competitor Hilton Worldwide had around one and a half thousand less properties in 2020.

The worldwide hotel chain Marriott International generated about 13.86 billion U.S. dollars in revenue in 2021, up from 10.57 billion the year before. The company's income dropped by almost half in 2020 to 10.57 billion as a consequence of the coronavirus (COVID-19) pandemic.

Hilton Worldwide employed 142 thousand people worldwide in its corporate offices as well as its owned, managed and franchised properties in 2021. The hotel organization accounted for a larger number employees that its primary competitor Marriot International which had a total of 121 thousand members of staff in 2020 (Lock, 2022).

With a million hotel rooms across the globe, the International hotel company Hilton demonstrated supremacy in the hotel industry (Statista Research Service, 2022).

Jobs in tourism can be recouped by developing IT skills, strengthening creative capacity and enhancing software, and developing networking capabilities regardless of the number of hours spent overtime, knowing that tourism is the never-sleeping sector (Sun et al., 2022).

Hilton Worldwide Holdings Inc., the global hotel company, has made about 5.79 billion U.S. dollars in revenue in 2021, up from the preceding year's total revenue of 4.31 billion. The total reduction in revenue, as compared to the most recent years, can be traced to the global coronavirus pandemic. The crisis forced several Hilton Worldwide properties across the globe to close down so as to control the spread of the virus.

The number of Accor Group hotels worldwide in 2020 was 5,139, as the European region had the highest number of Accor Group hotels worldwide in 2020 3,055 (60% of all Accor Group hotels). Hotel company Accor Group accounted for 1,273 hotels in the Asia Pacific in 2020 (Statista, 2022). The Accor Group generated around 1.62 billion euros in revenue in 2020, down from 4.05 billion euros the year before.

Radisson Hotel Group is one of the world's largest hotel groups in the world, home for 7,274 employees in 2022 (Radisson Hotel Group Revenue and Competitors, 2022).

Radisson Hotel Group has more than 1,700 hotels and over 260,000 rooms all around the world. With over 500 bed-places in 2021 in Bucharest, Romania, Radisson Blu represents one of the highest accommodation capacities in the capital.

The Covid-19 pandemic has long-lasting impacts that request the hospitality industry to revise, innovate and transform their businesses (Le and Phi, 2021).

Qiu et al. (2020) have stressed the fact that tourism crisis management should consider the welfare of destination residents. Quarantine decisions during a pandemic directly affected the hospitality industry (Altuntas and Gok, 2021).

A luxury hotel manager must be first of all a true host, after that a reliable partner who respects the privacy of guests. Nevertheless, a trustful companion that caters to guests needs and focus on delivering memorable moments inside the hotel.

As it is to be seen in figure 2, forced lockdown, quarantine, social distancing and stay-at-home command had a negative impact on the hotels occupancy and hotels revenue. Hotels management implemented Health & safety measures and Services changes (reactive strategies) to cope with a changing world (Le and Phi, 2021). To support business recovery, hospitality industry management put all the effort in "Business innovation" and "Recovery strategies" (proactive strategies) (Le and Phi, 2021).

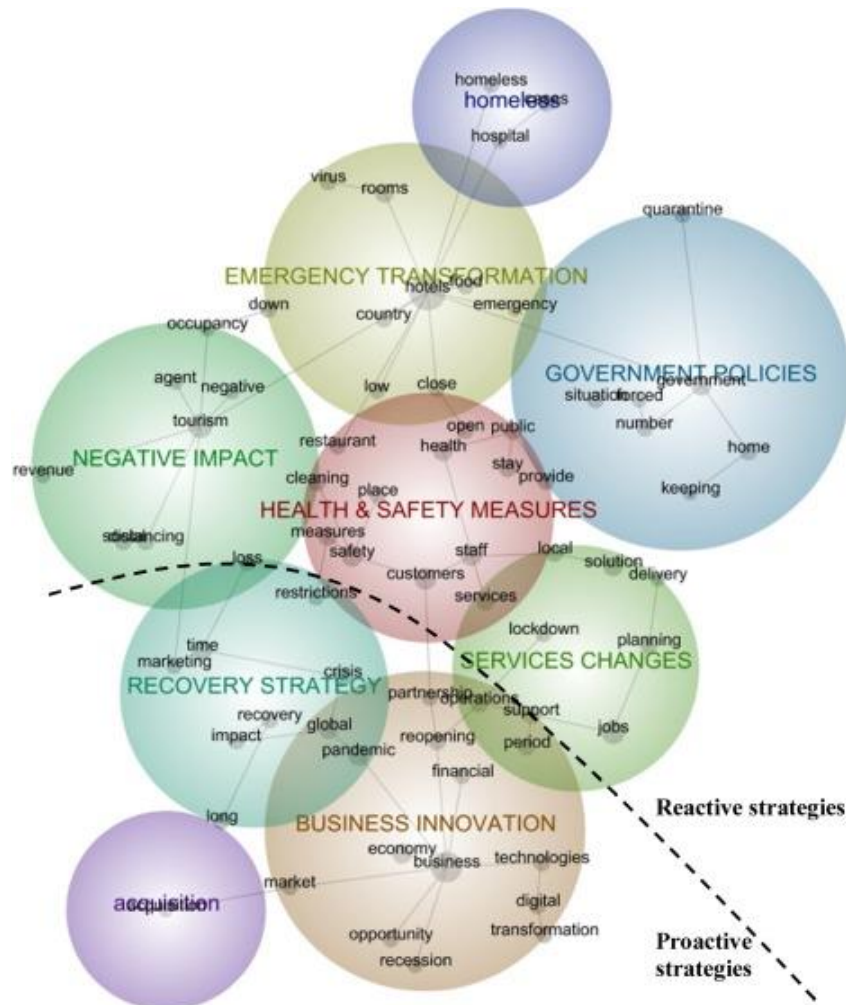


Figure 2. COVID-19 influence over the hospitality industry and their response

Source: Courtesy of Le, D., & Phi, G. (2021). Strategic responses of the hotel sector to COVID-19: Toward a refined pandemic crisis management framework. *International Journal of Hospitality Management*, 94, p. 2.

The competitiveness of hotels and resort is upsetting, and the business is vulnerable after the pandemic strikes (Duque, 2022). In this way, how a hotel differentiates itself with the others as a “clean” hotel would be the competitive advantage for post-pandemic recovery (Tiong et al., 2021). So, we can say that “clean” practice will create a level of assurance on the travellers’ health and therefore tempted people to travel again. For this reason, Tiong et al. (2021) suggested clean service marketing to address issues on the pandemic for differentiation advantage.

3. RESEARCH METHODOLOGY

The research methodology consisted primarily of collecting information from the official Statista Research & Analysis reports of major hotel chains. Statista Research & Analysis represents a database together with market research and analysis for more than 170 industries.

Secondly, three virtual dialogues using the zoom application took place with the representatives of Human Resource (HR) Management and Room Operation Management Luxury Hotels operating in Romania.

Note-taking was made when attending dialogue in the zoom application. The invitations were launched to participate in the courses Services Economy, year 2, bachelor's degree, full-time, for students in the business administration profile in trade, tourism and services within the Faculty of Business and Tourism, Bucharest University of Economic Studies.

Zoom meetings took place as follows: Thursday, Dec. 9 2021, 15:30, HR Manager representative and Room Operation Manager representative (five star luxury hotel A); Thursday, 16 Dec. 2021, time 15:30, HR Manager representative (five star luxury hotel B); Jan 14, 2022 15:30, Room Operation Manager representative (five star luxury hotel C). Confidentiality is of strategic importance in the hospitality industry, so the names of individuals and hotel groups will be kept as confidential information.

4. RESULTS AND DISCUSSIONS

Following in-depth discussions, we found that the strategic resilience of the management of large luxury hotel groups is done through three actions with predetermined deadlines, resources and managers. The three actions are: *repositioning* (in the minds of consumers), *rebranding* (changing slogans), *relocation* (physical).

The ability of hotels to adapt quickly to changes from the external environment (*strategic resilience*) forces management to find the most innovative and creative actions for activities inside the hotel.

From the analysis of the interviews we will continue to present the most important strategies for future post-pandemic tourism hotels.

Strategy 1: Analyze in detail traveling trends and *immersive on-property experiences* and traveling during the offseason when it is less crowded. Thus, through attractive promotional offers (2 nights for the price of 1 night accommodation and breakfast included for the offseason period) the hotels have attracted a volume of passengers necessary to ensure the continuity of activities in the hotel. *Virtual Reality* services have also been used for all business meetings in the virtual environment.

Strategy 2: Commitment to cleanness, meaning being committed to deliver a safe environment to defeat COVID-19. Redefining cleaning and safety standards was an absolutely necessary management strategy to fulfill. *The Cleanliness Council* was established, food and water safety experts were hired, and guest rooms were thoroughly cleaned. Cleaning technologies were used (like air purifying systems), hygiene protocols were implemented to reduce the contact between the staff and the hotel. Also, the Cleanliness Council presents sanitation guidelines and offers training videos for associates that include hygiene and disinfecting practices.

Strategy 3: Longer stay and digital nomads (*Workcations*, people working while traveling the globe). The challenges for hotel managers were creating the home atmosphere in the hotel for *Workcations* guests. By creating memorable experiences, and offering services excellence they succeeded in attracting this new segment as well.

Strategy 4: Driving destinations and *staycations* (advance of domestic tourism over the abroad tourism), local guests with new needs and wishes and demands. Keeping guests happy is the objective of the tourism management strategies for the new consumer segment created, staycations.

Strategy 5: Grow guest loyalty for *pod travel* (traveling only with friends and family) allows for social distance and helps managers gain volume from group sales.

Loyalty programs like ambassador, silver, gold, platinum, elite help pod travel gain affinity for a particular hotel group to accumulate bonus points with attractive offers and consistent discounts.

Strategy 6: *Revenge traveling* management strategies have been implemented (revenge on the restrictions situation, by taking the freedom to travel, and by loving to go to favorite destinations. They offered for business travelers a safe, clean, tourism revenge by organizing conferences, events, and so on. Revenge traveling stimulates tourists to pay more and to stay longer at tourism destinations (Lilit, 2022).

Strategy 7: Rethinking development plans and *rent renegotiations*. Revenue rebalancing has led management to reorganize expansion and renegotiate rents for hotel services and for the additional services.

Each of the three hotel groups mentioned which became stronger after the covid-19 pandemic, maintained their power, innovated, created, struggled to get better and do the impossible for their guests.

5. CONCLUSIONS

Strategic management has changed in the hospitality industry as new actions and concepts have developed (*workcations, staycations, pod travel, revenge tourism, and immersive experiences using Virtual Reality*).

Keeping guests happy and also keeping social distance has been a challenge for luxury hotel managers committed to providing memorable experiences.

Commitment to clean was another respectable promotion for the hotel management; practically a new structure was created (Cleanliness Council).

Increasing guests' loyalty by making the hotel the guests' home (to sleep, to live, to quarantine, to protect their family), was another challenge for the hotel management.

Hospitality innovation offers a competitive advantage, and the innovative solutions presented during the meetings highlighted the power of hotel management.

The limitations of the research are due to time and space restrictions (face-to-face interaction was not possible), relatively small number of interviews, respect for the confidentiality of certain information, especially financial ones.

Possible future research pathways are based on broadening interviews for economy class hotels, which are facing other managerial issues.

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