

Ready for recovery: Hoteliers' insights into the impact of COVID-19 on the Indian hotel industry

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ABSTRACT: This research studies the hotel manager perspective of COVID-19 (the novel coronavirus) on the Indian hotel industry by qualitatively analysing inputs from the human resources department, general management and top management of five-star hotels across India. In doing so, it advances knowledge on the impact of the COVID-19 situation in the domains of human resources (HR), strategy and business operations in the hospitality industry. The study analyses qualitative data collected through online interviews with 17 top-level managers of five-star hotels spread across India. Content analysis is done and the key findings with practical implications have been highlighted. This initial study on the hotel industry in India uncovers how the hoteliers are currently dealing with the pandemic across the country. Findings show that there is a massive negative impact on the Indian hotel industry, in terms of the revenue per available room (RevPAR) and occupancy rates. However, the study also highlights how hoteliers look forward to a phased re-opening of hotels with an increased focus on safety and hygiene after the COVID-19 crisis. The study provides a significant contribution to academic practitioners, hoteliers, and policymakers by examining the future plans in areas of hotels' HR, strategy and business plans.

KEYWORDS: business strategy, hospitality, hotels, re-opening

Introduction

The hotel industry of India, consisting of branded as well as hotel chains, is spread across the length and breadth of the country. It caters to 1.8 billion domestic tourists and 9.5 million foreign visitors to India. The southern state of Tamil Nadu and the northern state of Uttar Pradesh contribute more than 35% to the domestic hotel industry in India. The organised hotels in India include more than 55% of the hotels in the three-star categories or higher. The market size of the hotel industry in India (including the unorganised market) was estimated at \$22 billion in 2019, growing at 8.6% until 2025 (Mobility Foresights, n.d.). However, the COVID-19 pandemic that hit the world in 2020 has affected world businesses and organisations in a devastating manner. Of all the industries to bear the brunt of the losses, it is the hospitality industry that has been most severely hit. With travel coming to a standstill, hotels worldwide had to shut their doors to contain the pandemic. Layoffs and furloughs are at an all-time high and there is no immediate respite in sight. The depressing picture is especially pertinent to developing countries like India where the contribution of the tourism and hospitality industry to the national GDP is substantial.

This research looks at the impact of the COVID-19 pandemic on the hotel industry in India. Research reveals that the overall

occupancy rates in the five-star hotels of India are estimated to have declined by 16.7–20.5% over 2019, while the RevPAR is estimated to have declined by 31–36.2% (Lamba, 2020). The effects on the Indian hotel industry started being visible when the bookings for hotels started declining towards the end of February 2020, even when there was a lot of tourist traffic still going to other countries. With the rapid spread of the COVID-19 pandemic, in the beginning of March, the Indian government suspended visas to tourists until 15 April 2020. In a report published by Hotelier India in 2020, it was predicted that the demand for Indian hotels was unlikely to pick up anytime soon during the year 2020; this became clear with the cancellation of tourist bookings for October to March 2021. The bleak situation is compounded by uncertainty and an unprecedented recession that has impacted the world in the wake of the COVID-19 pandemic. Besides the actual business losses, hotel owners will also incur losses due to fixed operating expenses, debt repayments, interest payments and several other compliances required to be undertaken as part of the sector.

Literature review

The hotel industry in India

The hotel industry in India was a result of the British colonial rule. India, being a tropical country, meant that the British

felt the need to set up hotels in cooler spots of the country, leading to the establishment of the first hotels in Shimla and Mussoorie in the late 1800s and early 1900s. The hotel industry grew during colonial times when Indians such as Jamshedji Tata and Rai Bahadur Man Singh took over prominent hotels that had been established by the British (Sufi & Singh, 2019). Post-independence, in addition to the establishment of hotels for government and foreign dignitaries, the hotel industry saw a boom when the Asian Games were held in India in 1982. Many hotels were built at this time to cater for the numbers of visitors to the event. With the growing demand for tourism to India, and after the "Incredible India" campaign (launched by the Indian government in 2002), there was an unprecedented growth of hotels due to the rise in tourists to the country. Star hotels came to be preferred as they provided a sense of luxury, utility and convenience. The ranking for these hotels was based on parameters like food services, entertainment, view, room variations such as size and additional amenities, spas and fitness facilities, hygiene, ease of access and location (Hotelier India, 2010). The boom in the information technology industry, and its related services, was another reason for the growth of the hotel industry in India. Today, India is one of the most sought-after tourist destinations in the world in terms of leisure and business. The hospitality industry of India alone contributes to 9.2% of the Gross Domestic Product of the country (Equitymaster, 2020).

The COVID-19 scenario in India

The hotel industry faced major crises at various points in earlier times. In the time frame of 2000 to 2015, the hotel industry saw several crises such as the terrorist attacks in the USA on 11 September 2001, the SARS outbreak, the MERS outbreak and the global recession of 2008. However, the tourism and hotel industry proved its resilience by getting businesses back to normal (Gössling et al., 2020). The COVID-19 situation is different as such an unprecedented and massive shutdown of the world has not happened recently. The first case of COVID-19 in India was reported in January 2020. The number of infected people rose rapidly as governmental bodies struggled to contain the spread of the virus. In October 2020, there were 8 088 851 confirmed cases and 121 090 deaths (MyGov.in, 2020). Of all the business sectors that have seen massive increases in unemployment, sectors which are hedonic in nature and require the physical presence of people have been the most affected (Donthu & Gustafsson, 2020). Most tourists who had booked hotels in advance had to cancel or reschedule due to cancellation of air travel and the governmental lockdown in India. Since the travel industry was affected, 80 per cent of hotel rooms around the world were empty (Asmelash & Cooper, 2020). The transient demand diminished and what demand remained was because of long-stay guests or the government-prescribed quarantine hotels for returning international travellers (Lamba, 2020). With the World Health Organisation (WHO, 2020) advising people to avoid travel and shared spaces, the hotel industry of India was at a standstill. The major business hotspots in India like Bangalore, Jaipur, Delhi, Calcutta and Hyderabad saw drops in the occupancy level as well as the RevPAR (*Deccan Chronicle*, 2020). The Indian tourism and hospitality industry is predicted to lose at least 70% of its workforce due to redundancies, indicating the extent of the impact of COVID-19 on this sector. Industry experts predict that the hotel industry at large will suffer substantial losses unless there is major governmental

intervention (Mazumdar, 2020). The International Air Transport Association (IATA, 2020) estimates that an emergency fund of at least USD 200 billion should be set up to mitigate the loss that has arisen out of the pandemic. This article seeks to understand the first-hand perspectives of employees in five-star, deluxe hotels in India through personal interviews.

Research design

To understand the impact of the COVID-19 pandemic on the Indian hotel industry, the researchers employed a primary mode of data collection. Interviews were conducted from April 2020 to June 2020 online. The respondents and researchers used telephones, Skype and emails to obtain detailed information from the management of three-star, four-star and five-star hotels. The physical visiting of these hotels during the development of this paper was restricted because of the lockdown and travel restrictions due to the pandemic. The hotels that were chosen have high occupancy rates and tourist influx and were chosen using purposive sampling facilitated by the researchers' contacts in the hotel industry. This sampling method consists of the respondents being intentionally sampled as the researchers feel that the respondents holding these designations in management are in a better position to share first-hand information about the current situation. The informants consisted of 17 managers who headed the human resources department, the marketing department and general management in the various hotels spread across the country. The data collected are qualitative in nature. The researchers chose this method, as qualitative research was best suited to provide descriptions of perceptions and experiences to understand this phenomenon (Ezzy, 2002; Scerri & Presbury, 2020). To reach the participants, the researchers employed snowball sampling. Köseoglu et al. (2020) state that the ideal sample size for a qualitative study is between 15 and 40 participants. After 15 interviews were completed, the researchers observed certain common themes beginning to emerge. To confirm this saturation level, two more interviews were conducted. The profile of the respondents can be seen in Table 1. All respondents were assured of anonymity and the data presented have coded the respondents as R1, R2, and so forth to R17.

The interviews were conducted in English as it is the most widely spoken language used for business across India. The impact of COVID-19 was studied from three operational angles, namely general management during the pandemic, the role of HR in hotels during the pandemic and business strategy of the hotels post-COVID. The results drawn for this study were done using compiled notes to the questions and summarised interview transcripts. The key words were identified in the transcripts, giving an insight into the situation of the hotels in the current times. The researchers also attended the BW Hoteliers webinar on 22 May 2020. This provided insights to the impact of COVID-19 on the hotel industry in India. In addition to the primary mode of data collection, various secondary sources such as journal articles, news articles and websites dedicated to tracking information on COVID-19 were used. To set the context, the following initial research questions (RQ) were asked:

- RQ 1: How has your hotel been affected by the pandemic?
What is your first line of defence against COVID-19?

TABLE 1: Respondent profile

Name of hotel	Location in India	Hotel star rating
The Oberoi Udaivilas Palace	Udaipur, Rajasthan	5
JayPeePalace Hotel and Convention Centre	Agra, Uttar Pradesh	5
Taj Vivanta	Dwarka, New Delhi	5
The Lalit	Jaipur, Rajasthan	5
Radisson Blu Udaipur Palace Resort and Spa	Udaipur, Rajasthan	5
Le Meridien	Cochin, Kerala	5
Radisson Jass Hotel	Shimla, Himachal Pradesh	5
ITC Windsor	Bengaluru, Karnataka	5
The Oberoi Vanyavilas	Sawai Madhopur, Rajasthan	5
White Mushroom Resorts	Sawai Madhopur, Rajasthan	4
Park Hyatt	Hyderabad, Andhra Pradesh	5
The Marriot	Jaipur, Rajasthan	5
Four Points Sheraton	Jaipur, Rajasthan	5
Umaid Bhavan Palace	Jodhpur, Rajasthan	5
JW Marriot Hotel	Kolkata, West Bengal	5
Four Seasons Hotel	Mumbai, Maharashtra	5
Hilton Mumbai International	Mumbai, Maharashtra	5

- RQ 2: How are you dealing with your employees in coping with the situation? Do you see any new approaches to the hiring/training practices for new recruits in your hotel?
- RQ 3: What is your opinion of the government policies and support system to the Indian hotel industry?
- RQ 4: Are you considering modifying your hotel's business strategy after this pandemic? If so, how would you prepare to combat such events from affecting your hotel in the future?

The study, being exploratory in nature, was manually analysed as this had the advantage of an interpretive approach. The authors' experiences and immersion in the data collection process contributed to the interpretative analysis rather than a mechanised approach using qualitative software. The data were fed verbatim into a table from where the authors reviewed each respondent's answers individually. This led to finding the similarities and differences between the respondents' answers to the research questions. Codes which were pertinent to

the research were developed from this table. The most useful quotations which represented the theme of the research were presented in the final table. A partial diagram shows how the conclusions were drawn from the themes (Table 2).

Findings and discussion

Compliance to standards

All hotels followed protocol as their first line of defence. The outbreak of COVID-19 is unprecedented and the hotels followed the international health protocols and government-issued guidelines of health and safety. These include social distancing, frequent hand washing, enhanced hygiene and food safety standards along with ensuring the WHO standards for linen/uniforms and towels, empowering teams with training and safety protocols. Hotels emphasised that, for example,

it is mandatory that all staff are in masks and wear gloves and maintain adequate distance. Public areas and rooms are well equipped with sanitisers. The list of COVID-19 registered hospitals and ambulance service is with the front desk team. The hotel cars are being regularly sanitised to keep up with the safety standards (R6).

Occupancy rates and RevPAR

In terms of RevPAR, all major cities of India showed steep falls. The maximum fall was seen in Bengaluru at 28.5%, followed by Delhi (20.3%), Mumbai (20%), Kolkata (19.8%), Jaipur (19.6%), Gurugram (19.5%), Goa (15.3%), Chennai (14.8%), Hyderabad (13.6%), Pune (13.4%) and Ahmedabad (13.2%) (Deccan Chronicle, 2020). The respondents all responded uniformly to the dismal occupancy rates and revenue of the hotels during the COVID-19 crisis. The tourist influx being zero, all hotels responded that their revenue at this point was zero. A selection of relevant responses included: "

The hotels were completely closed; we would roughly take a hit of 15% on RevPAR and probably we would clock 20-25% occupancy in this quarter. We only expect the demand to improve September 2020 onwards; however, it will not be a significant improvement - majorly in negative which can't be expressed, since there was no business which is going to affect us the entire year.

TABLE 2: Partial table showing the data analysis

Selected quotation	Code/business area in the hotel	Theme/implication
"...as we are on complete lockdown for the past few weeks, revenue is nil..." (R6)	General management	Overall impact on hotel
"We try to keep them engaged by using various online platforms such as WhatsApp to keep morale high" (R1)	Human resources (Employee engagement)	How HR is coping
"...we are prepared with innovative business models to ensure we remain at the forefront of change and face the new normal with a significant progressive view" (R3)	Business strategy	Business strategy re-engineering
"The one important lesson it [COVID-19] has taught is self-sustainability is the key and along with that comes multiple sub sectors like reduced manpower and energy conservation" (R2)	Business strategy	Business strategy re-engineering
"...of course, we did expect some respite from the government, but it is disappointing to note that nothing has come out yet" (R11)	General management	Government policies and intervention
"We have been actively involved in training and SOPs designing. Staff, executives and HODs are attending regular training sessions and webinars to keep themselves updated completely" (R7)	Human resources	How HR is coping
"We are trying to make a handbook of whatever we are doing. There will be a few ticks and crosses, on the basis that we will have a contingency plan for the future" (R9)	General management	Business strategy re-engineering

The surge of cases in the last week of May 2020 saw the Delhi government converting five-star hotel banquet rooms into makeshift COVID-19 wards attached to various hospitals in Delhi. Patients with moderate symptoms of COVID-19 could opt for these facilities at a cost of approximately INR 70 000 (USD 920) per week in addition to other discretionary costs depending on the services provided (Goswami, 2020). The restaurant business in the hotels also suffered losses with the lockdowns and restrictions being imposed. Respondents stated, for example, that *"the only source of revenue is takeaway or home delivery, which was never the forte of any hotel"*.

How HR is coping

The HR function has emerged as a leader in the trying times of COVID-19. All the respondents interviewed attested to the importance of keeping employees engaged and keeping a positive thought process. Respondents stated

We have been actively involved in training and designing new standard operating procedures in accordance with the new normal. Staff, executives and HODs are attending regular training sessions and webinars to keep them updated completely. During these unprecedented times, it is important to be positive and keep a positive thought process so that it travels further down in the team. There are a set of practices that will be developed for individual departments. One example would be not to enter a departure room until 48 hours have passed.

Respondents also emphasised the importance of staying connected via social media platforms and WhatsApp groups. Additionally, online training and development on the post-pandemic situation has been the key in adapting to the "new normal". The work from home concept cannot be applied to the hotel industry due to logistical and operational issues. Hotel chains are devising ways to relieve employee anxiety even as they work to deal with the economic turmoil of COVID-19. From 24/7 tele-counselling and housing employees in hotels to cope with psychological distress to enrolling them in e-learning programmes and even supplying essentials to their doorstep, several large brands in the hospitality industry have initiated measures to keep their staff mentally fit and motivated during the pandemic (Chaturvedi, 2020). Hiring and recruitment in the hotel industry has currently come to a standstill. Respondents stated that the new hiring approach will purely focus of multitasking and cross-functional skills. In addition, training will also endeavour to achieve efficiency from the minimum number of staff by making all current employees multiskilled.

Government policies and intervention

All respondents expressed their disappointment that the government was not doing anything concrete for the revival of the hospitality industry. All hoteliers expected some relaxation regarding high amounts of recurring taxes or fees for renewal (Dash, 2020). In the words of the respondents,

The government could have given a greater deal of attention to the hospitality industry as it is one of the largest employers in the nation. The support system to the hotel is weak so far and needs more financial/marketing inputs. Being honest, there is no relief which has come from the government; we at least expect loan tenures to be increased, easy borrowings and

debt restructuring which is necessary at this point of time. We also expect a tax waiver for initial fee months; however, these till now are nothing but expectations. They definitely had the opportunity to do more and have an effective system of revival of the tourism and hospitality sectors, but have so far failed to do anything concrete for the industry.

Business strategy re-engineering

Hotels across the country agree that there is an urgent need to restructure businesses, keeping in mind the new challenges that the post-COVID world will bring. There is more focus on redefining the term "people-friendly" to incorporate safety and hygiene as an essential part of welcoming guests. The respondents in this research emphasised that

...a lot of re-imagining is required. For instance, we need to really relook at all our ratios again; be it manpower to rooms or cost per occupied room, adequate temperature setting for HVAC, etc. to control the cost. This pandemic has allowed us to rethink our costs as well as revenue. In terms of revenue, we are focusing on food delivery and expect it to ramp up soon, we are looking at tying up with parking companies to give them space to park inside our premises and if any company is keen to do branding in our premises, same way we are looking at new ways of focusing on different segments of businesses to drive room and F & B sales.

One of the respondents, a senior manager in Taj Hotels also stated that

uncertainty brings out the best in people and new business solutions and new avenues of converting cost centres to revenue hubs in the post-COVID era is our way forward. The one important lesson it has taught is self-sustainability is the key and along with that comes multiple sub-sectors like reduced manpower/energy conservation/multiskilling of employees.

Implication and conclusions

The results of the interviews with hotel managers show a strong negative impact of COVID on the Indian hotel industry. However, it is our observation that since such an unprecedented crisis has come about, the hoteliers have discussed in detail strategies which optimistically aim at opening hotels with socially distanced but warm welcomes. Crisis management teams could be set up to make action plans to deal with situations which require swift judgments and actions. Hotels are highly prone to the infectious spread of disease and it is important to contain the spread of viruses (Chien & Law, 2003). Regular meetings and brainstorming to combat new challenges should be held to ensure the smooth functioning of hotels. Preventive measures must be emphasised and strictly adhered to for at least the coming two years until the world is completely rid of the virus. Another deciding factor for the revival of the Indian hotel industry is governmental support and schemes for the same. It is estimated that at least 40 million jobs in the hospitality industry are at stake if revival measures are not put in place (*The Indian Express*, 2020). In addition to these measures, we also suggest that hoteliers need to work together with the government to revive the industry with necessary strategies and confidence-boosting techniques for travellers.

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