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## CHALLENGES OF PROMOTION OF HOTEL SERVICES DUE TO THE COVID-19 PANDEMIC

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**Abstract:** *The changes that have taken place in the tourism sector, viewed as a whole, have had an impact on the hotel industry, from the perspective of users of hotel services and those who provide these services. In addition to the fact that tourist activities were at their minimum, and at one point almost completely stopped, there was also the fear of contracting a deadly virus. New circumstances require new strategies, both the provision of hotel services and public appearances, promoting and influencing people to start using hotel services again. In order to influence the existing and new users of hotel services, it was necessary not only to offer new services, different from the competitors, but also to convince people that their health will be preserved during their stay. These circumstances put new tasks before marketing managers, who had to apply crisis marketing in a completely new light due to the circumstances of the pandemic. This paper will present recommendations for the implementation of marketing activities in the new circumstances caused by the COVID-19 pandemic.*

**Keywords:** *hotel industry, COVID-19 pandemic, crisis marketing*

## INTRODUCTION

Tourism is important because it contributes a lot to world GDP, while also employing a huge number of people. The stalemate in this sector had consequences for other sectors, closely related to it, such as the hotel industry, food and beverage production, the increasingly modern industry that organizes weddings and the like. Tourism, and with it the hotel sector, is the sector most affected by crises, regardless of their cause. Tourism-related services are typically labour-intensive, with numerous links to other major segments of the economy, such as transport, cultural and creative services, or financial and insurance services (WTO, 2021). The report, jointly presented with the UN World Tourism Organization (UNWTO), says international tourism and its closely linked sectors suffered an estimated loss of \$2.4 trillion in 2020 due to direct and indirect impacts of a steep drop in international tourist arrivals. Among all the hospitality industries, hotels are the first to be affected since the restrictions for domestically/overseas travelling directly affect their core business (Chen, Jang & Kim, 2007).

Providing hotel services in a modern environment is much more than offering accommodation. First of all, there is the personalization of services, which is the case with services and products of other sectors. Today's hotel guests expect to be recognized as individuals, and expect such a service. Accordingly, it is desirable to pay attention to the needs and expectations of hotel service users who form the base of loyal hotel visitors. Automation and the application of new technologies are becoming more common in this sector. Finally, the presence of contactless services is especially important for the period of crisis that will be discussed in the paper. All this is important in the period of crisis caused by a virus whose spread is easy, and the mortality from it is high. Therefore, as a necessary condition for the continuation of business, hotels have faced the need to adjust the way they provide their services, but also the need to apply marketing in case of crisis situations.

The hotel sector is significantly endangered due to travel restrictions, but also due to the fear of individuals from becoming infected, and avoiding staying in hotels with a larger number of people. Therefore, the task of the hoteliers was to adjust the way of providing services, but also the way of promoting them, about which more will be said in the continuation of the work.

## 1. IMPACT OF COVID-19 PANDEMIC ON HOTEL INDUSTRY

Covid-19 has affected every sector across the globe, and the hotel industry is among the hardest hit (Krishnan, Mann, Seitzman & Wittkamp, 2020). The ramifications of this pandemic, such as travel bans, border closures, and quarantine instructions, have resulted in many businesses in the tourism and hospitality industry either limiting or closing their operations (Japutra & Situmorang, 2021). While the delivery of other services could be performed in new circumstances, hotel service providers, due to the connection to a certain facility, did not have that alternative.

Epidemics caused by certain variants of the SARS virus, such as this one, have occurred before. The most common virus with SARS-CoV-2, which caused disease named COVID-19 was certainly the SARS virus. Apart from the similarities in the structure of the virus itself, there is also the fact that SARS was transmitted from animals to humans in China, from where it then spread across the planet. SARS-CoV-2 followed the same path. In January 2020, a novel coronavirus, SARS-CoV-2, was identified as the cause of an outbreak of viral pneumonia in Wuhan, China (NIH, 2021). To date, the SARS-CoV-2 virus has affected more than 263 million people worldwide and killed more than 5 million people (WHO, 2021). In addition to SARS, the world has faced an epidemic in the last century caused by the Spanish flu, the HIV virus, swine flu, Ebola and the MERS virus. What distinguishes previous pandemics from the current one, and especially from the SARS and MERS pandemics, is the fact that they are much easier to control, and that they had significantly less consequences for human health and tourism in general, and even by hotel sector. Actually, the SARS and MERS epidemics were rapidly controlled and did not affect the hospitality industry beyond the Eastern Asia setting and in the short run (Garzia-Gomez, Demir, Diez-Esteban & Bilan, 2021).

The specificity of the COVID-19 pandemic in relation to others is its global distribution. Therefore, tourism and hospitality are threatened around the world, not just in certain areas as was the case with previous pandemics. Speaking of hospitality, hotel closures have been present on almost all continents. COVID-19 epidemic in January of 2020 caused an almost 90% decrease of China's hotel occupancy (Nicola et al., 2020). The situation was similar in Europe, where the pandemic mostly affected countries that make a significant contribution to total GDP through tourism. Since the appearance of the corona virus in Europe, the largest number of infected people has been recorded in Great Britain, Russia, Turkey, France and Germany. The virus came

to Europe from China via Italy, which recorded the largest number of deaths in the first days after the virus appeared, and mandatory quarantine was soon introduced, as well as a ban on the operation of restaurants and museum cafes. Thanks primarily to vaccination against this disease, in 2021 there was an increase in the number of tourist trips, but also stays in hotels. The Occupancy Rate climbed by 16.8 points from 2020, crossing the symbolic 50% threshold (to 52.4%). Revenue per Available Room reached €53.0, a 66.7% increase from 2020 (Panayotis, 2021).

However, despite the improvements compared to 2020, hotel visits are still significantly lower than before the virus. According to McKinsey's forecasts, the recovery of the hotel sector to pre-crisis levels is not expected until 2023. The predictions of some other organizations are somewhat different and more pessimistic. The report from the U.S. Travel Association published in July this year, predicted business travel spending wouldn't reach pre-pandemic levels until 2024 (Mandel, 2021). In the United States, through the end of 2020, hotel revenue declined by 50%, a \$124B loss in a \$270B revenue industry (AHLA, 2021).

Of all hotels with attached restaurants, bars and attractions, Luxury hotels were identified as the most impacted by the pandemic (Koserowski & Wong, 2021). At the same time, it is already evident that the increase in the number of passengers and hotel visitors is increasing in the area of vacations and tourist trips, while the number of hotel guests traveling for business purposes is extremely low. This is important to point out because the business travel segment in the pre-crisis period recorded a significant share in the total number of trips.

During the summer of 2021, the number of tourist trips was relatively stable and uniform, considering that a large number of tourists could afford even more expensive trips, considering the savings achieved in 2020, but also the appearance of vaccines from several different manufacturers.

## **2. CRISIS MARKETING**

A crisis is an interruption in the course that is expected, both unplanned and unwanted process that takes some time, and that can be completed in a variety of ways. The crisis disrupts the sense of continuity and therefore important decisions must be made in a short period of time.

The crisis is for one organization, and so for hotels, a circumstance in which it is no longer possible to act normally, which makes it impossible achieving its goals and opardizing the very survival of the organization.

In short, the crisis can be described as a situation that:

- represents a turning point in a development or a sudden change in one or more fundamental variables that jeopardize the achievement of current basic norms and goals, thus the survival of the system is at stake;
- represents the decision-making process under time pressure;
- reflects the existence of management problems (Osmanagić Bedenik, 2010).

When a crisis occurs, there is insecurity, stress, panic and confusion which is felt by the management, employees, but also the external public involved in this event. All this makes it difficult to make the right decisions for which there is not much time in a crisis. Crises once they pose a threat to human life, the local community, the environment, and almost always by the financial condition and reputation of the company.

In order for organizations affected by the crisis to return to their previous state, additional funds are often needed, as well as management skills. The consequences of a crisis that is not adequately managed can be long-term poor performance, or may even result in the organization shutting down.

In the theory in the field of crisis management, there is an opinion that crises do not necessarily mean a worsening of the previous position, but that they can also represent milestones and lead to improvements compared to the previous period. Given the nature of the crisis situation currently affecting the planet, not just the hotel sector, we believe that the current situation must be viewed solely as a threat, in order to eliminate it as soon as possible. Human life is inviolable, so all activities in order to preserve it must be taken.

Crisis marketing is used in situations when the organization cannot meet the expectations of users of products or services, regardless of whether it is of lower quality or lower quantity than expected. What end users expect is that their expectations are met. One of the characteristics of crises is that they occur suddenly, so they cannot be predicted many days in advance. Such was the case with the spread of the corona virus and the consequent decision-making on the ban on travel, the operation of hotels and restaurants, and in some countries on the ban on the movement of the population.

Due to the specific crisis situation, information was crucial. It can be concluded that this step failed, generally speaking, considering that the coronary virus pandemic was accompanied by a pandemic of false news. Crisis marketing often means informing the affected parties about the new situation, its causes and, most importantly, ways to solve it, but also to compensate for the damage suffered by the organization's clients. It is in this part that the key role of public relations is.

In addition to public relations management, crisis marketing in the modern business world, and especially in the conditions of the pandemic, when almost the entire world population was at home and online at one time, social networks also play a significant role.

At the same time, creators of social media platforms, made following content by marketers much easier than before. Namely, marketing on social networks represents the creation of adequate content and its placement to target groups, but it also includes monitoring what is written about a brand on social networks. Ignoring criticism or not answering questions from existing and potential users of products or services will certainly negatively affect the reputation of any organization. This activity, fortunately, does not mean constant reading of everything that is found on the Internet, but implies the optimal use of tools developed for that purpose. To that end, Google itself has developed Google Alerts, which informs if something about the organization appears on social networks, shortening the time necessary to follow social networks. Another commonly used way to track mentions on social media is to use hashtags. Organizations can choose keywords based on which they will be familiar with the use of their organization's name on social networks by external stakeholders.

### **3. CRISIS MARKETING OF HOTEL SERVICES DURING THE COVID-19 PANDEMIC**

Regardless of the extent of the consequences, pandemics from 1996 to 2018 negatively affected the tourism sectors of as many as 129 countries around the world (Karabulut, Bilgin, Demir & Doker, 2020). This data indicates the need to include business strategies due to the pandemic in the portfolio of business strategies in crisis situations. Overcoming the health scare of COVID-19 in order to maintain a favourable reputation can be enhanced with the help of marketing (van Leeuwen Boomkamp &

Vermolen, 2021). Crisis marketing management strategies of many organizations have been put to the test due to the spread of the corona virus. It is important for a hospitality company to be well prepared for a crisis because the hospitality industry is a year-round one and highly sensitive to the negative impact of a crisis since guests and employees are a part of the product itself (Albattat & Mat Som, 2019). In modern business practice burdened with business in pandemic impacts, there are differences in the breadth of corporate crisis management practices, from business to business, from one country to another (Jevtić, Stošić Mihajlović & Latin, 2020). Many companies are directly affected by the crisis, but flexible organizations quickly reorganized and set out to conquer the market through the internet and social networks.

The current pandemic is a kind of test of knowledge and skills of managers in charge of crisis management. Understanding a crisis and immediate post-crisis response is essential for future crisis management (Morrish & Jones, 2020). Responses to crises in hotel industry may vary depending on the country or region. These differences are conditioned by differences in infrastructure, preparedness for crisis situations, GDP, income level of the population. Companies with more flexible corporate policies can better face the new crisis situation in short term than those companies which can not easily undo their decisions.

A special challenge for promoting hotel services during the pandemic comes from meeting non-vital needs, as well as the fact that it is possible to use another type of accommodation (used by a smaller number of people). The fact that the share price of hotel chains reached its minimum during the crisis speaks of the extent of the crisis that has affected the hotel sector. The financial performance of the hotel is much worse due to the corona virus than it was due to some other pandemics. Therefore, this crisis is specific in that the entire sector is affected, not just individual entities.

An additional specificity of this crisis is reflected in the fact that the possibility of obtaining a certain service or product is not endangered, but that human health and even life appear as a kind of stake, ie a significant decision-making factor. As tourists' concerns about security and health risks increase, epidemics can directly affect individuals' travel behavior (Mao, Ding & Lee, 2010). It is thus essential for hoteliers to address changes in consumer demand following the unexpected COVID-19 pandemic and restore travelers' confidence (Jiang & Wen, 2020).

Hygiene and cleanliness were at the top of the list of factors when making decisions about choosing a hotel and before the current pandemic. Earlier threats to human health (spread of the SARS virus) have certainly contributed to this. The characteristics of the current pandemic have only further strengthened the importance of this factor as one of the crucial ones in the consciousness of hotel service users. Moreover, health will be a key influencing factor in the tourism and hospitality industry recovery after the COVID-19 outbreak due to the residual fear associated with this pandemic and similar diseases (Wen, Kozak, Yang & Liu, 2020).

As digital and other emerging platforms become mainstays in the hospitality industry, it is crucial to have a clear focus on goals, objectives, strategies, and investment approaches to guide marketing campaigns and activities for marketers (Koserowski & Wong, 2021). Social media and use of mobile applications can be useful tool in promoting hotel services. The reason for the significant role of social networks during this particular crisis situation is that many other activities were disabled. Due to the closure of shopping malls, it was not possible to do marketing at points of sale, for example. Thus, the very nature of the crisis has to some extent conditioned the nature of crisis marketing.

First of all, they can be used to convey a message directly to the target group. These may be former users of hotel services, because it is often more cost-effective to turn to loyal consumers than to create a database of new ones. This is especially evident in the business conditions as they are now present. It is desirable to be transparent and honest in your address. The situation is really in crisis, considering that many individuals were life-threatening or lost someone close. Therefore, the address should not contain mitigation in order to avoid potential revolt. In particular, it is desirable to emphasize the hope that the recipient of the message is in good health, and thus emphasize this component.

The second part of the address should indicate the practical part of caring for individuals. Many hotels were turned into covid hospitals when it was most needed (eg. Lemon Tree Hotels, IHCL Group, Ginger Hotels) providing additional beds, monitoring doctors and nurses on call. This is a great example of philanthropy that is very highly positioned in the minds of consumers and service users.

Another important factor in the decision-making process may be the use of artificial intelligence and non-contact forms of business by the hotel. In addition to the



benefits of protecting human health due to the pandemic, marketers can use this form of business to promote the innovation of hotel management. Group of hotels in India (ITC's Welcomhotel which cooperate with Manipal Hospital in Delhi), provided free accommodation to doctors who changed their place of residence to treat COVID-19 patients. That same hotel also emphasizes the importance of applying contactless technology. In that way, they just pointed out their contribution to the fight to preserve the health and lives of people, but also pointed out their disposal of the most modern technologies.

There are also promotion options for those hotels that have not found themselves in the role of temporary hospitals. For them, it is desirable to highlight the activities undertaken in order to protect the health of their guests and their employees, since it is sometimes impossible to ensure complete absence of contact with guests with hotel employees. The concept of consumer satisfaction has undergone a transformation, and this is especially noticeable in the segment of hotel services. Namely, the hotel service has not been equated with getting accommodation and meals for a long time. Hotel service is much more than that, especially in the new circumstances.

Many hotels were forced to carry out their activities with fewer people than before the pandemic due to the need to lay off staff in order to reduce costs. However, this should not have been an excuse to reduce the level of quality of services provided.

Employees had to be acquainted with new ways of performing their work tasks, in order to maintain the expected level of service, but also contribute to the good reputation of the hotel, which is one of the key goals of marketing.

In essence, the period after the appearance of the vaccine is the period in which it was already desirable to opt for a more intensive marketing campaign.

And now, at the end of 2021, an intensive marketing campaign can be conducted. Vaccination takes place in almost all parts of the world, the so-called system has come to life. green passports. As this scenario progresses, travelers will plan new trips and look for new places to stay.

## CONCLUSION

The corona virus was not only a challenge for the medical sector, but it left its consequences on almost all areas of human life. A particularly challenging period was for tourism and everything related to it, including the hotel industry. Due to the impossibility of a large number of people staying in one place, many hotels did not operate. Large losses were suffered, and many hotels were closed.

The crisis situation due to the pandemic required the reaction of marketing managers as well. It was a “fight against an invisible enemy,” as the virus was often called. It was necessary to attract guests to stay in a certain hotel, at a time when there are justifications for suspicions of endangering health and life.

The key in the implementation of marketing strategies was to highlight the activities that the organization has undertaken in order to preserve the health of its guests, and this is the basic message that the implementers of the marketing strategy had to follow.

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