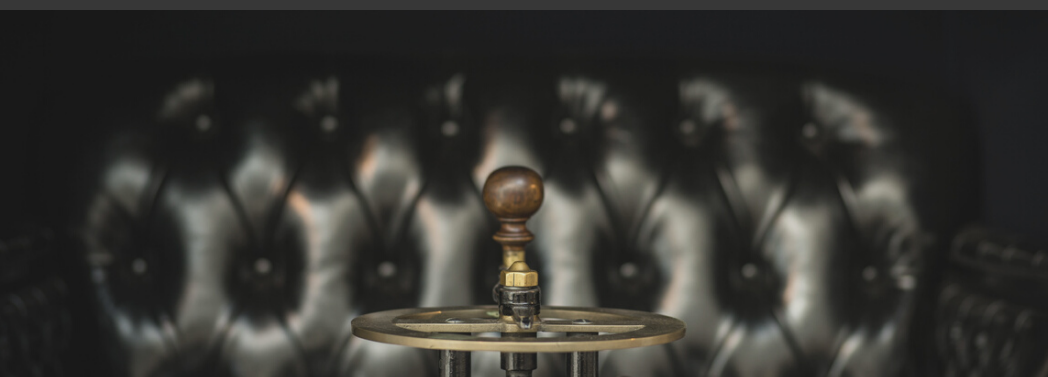


# Borghese Hospitality Consultants

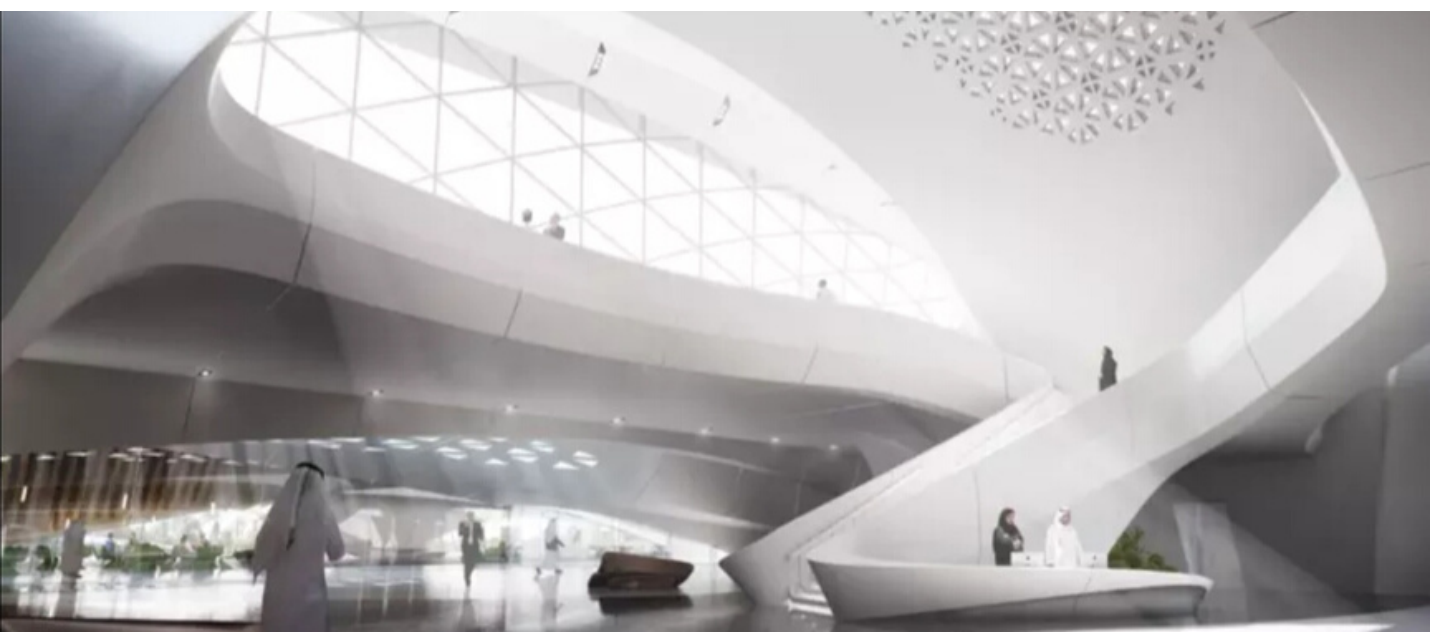


## **Post COVID-19 Solutions for the Hospitality Industry**



The present has been developed based on standards laid down by the WHO (World Health Organization), World Travel and Tourism Council (WTTC), International Labor Organization (ILO), European Commission and other leading industry bodies, which have been brought together in this actionable document.

Using a multidisciplinary approach, this guide provides rapid solutions and adjustments to hotel operations. Borghese Hospitality Consultants can practically support hospitality agencies to apply them.



## UNDERSTANDING THE IMPACT OF COVID-19 IN HOSPITALITY INDUSTRY

The crisis has already transformed into an economic and labour market shock, impacting not only supply (production of goods and services) but also demand (consumption and investment).

Disruptions to production, initially in Asia, have now spread to supply chains across the world. All businesses, regardless of size, are facing serious challenges, especially those in the aviation, tourism and hospitality industries, with a real threat of significant declines in revenue, insolvencies and job losses in specific sectors. But the hospitality industry has been through crises before - and proved that hotels that made smart strategic decisions can come out winners in the long-term.

According to STR, the average occupancy rate in mainland China began to decline significantly and continuously from January 14, falling from the peak 70% to less than 10%, and currently stable between 5% and 10%. Compared to an average occupancy of 55% in previous Chinese Lunar New Years, the Covid-19 epidemic has caused great trauma to the hospitality industry in China.

The epidemic is expected to cast a serious and lasting impact on the hospitality industry in the short term and in the next three to six months, and is likely to recover in six months' time. Due to the suppression of customer demand during the epidemic, the industry is expected to face a period of concentrated demand release after the epidemic, based on experiences from SARS in 2003. How to quickly and accurately capture the change in customer demand, how to design a corresponding customer experience, how to turn crisis into opportunity and how to seize the opportunity for development? These have become the key challenges for hoteliers to ponder.

As an important part of a brand soft power, the area of Service Excellence, which Borghese Hospitality Consultants has always emphasized to hoteliers, becomes extremely important under such unexpected circumstances, adding value to the products and increasing market competitiveness.

# MITIGATING THE IMPACT IN THE HOSPITALITY INDUSTRY

## A) OPERATIONS

### OCCUPATIONAL SAFETY AND HEALTH (OSH) - PROTECT WORKERS IN THE WORKPLACE TO MINIMIZE THE DIRECT EFFECTS OF THE CORONAVIRUS

- Improve OSH measures, including social distancing, provision of protective equipment (especially for health and allied workers, volunteers and others in permanent contact with people), hygiene procedures and forms of work organization (supported by information and awareness campaigns), and through social dialogue between employers and workers and their representatives, using for example OSH committees;
- Encourage appropriate flexible working arrangements, such as teleworking;
- Prevent discrimination and exclusion relating to COVID-19;
- Expand access to collectively-financed paid sick leave, sickness benefits, and parental/care leave to ensure income security for those who are sick, quarantined or caring for children, elderly or other family members.

### FOCUS ON THE SWITCH IN CUSTOMER PERCEPTIONS

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Improper choice of raw foodstuff is the cause of this epidemic, which will in turn have a huge impact on customer diet structure and concepts. It is believed that after the epidemic, customers will pay more attention to the safety of food choices. In response to this change in consumer-thinking, hotels need to make adjustments in a timely manner:

- a return to the basics of hotel standards,
- strictly follow HACCP, and
- promote the importance of hygiene within the business.

With high hygiene standards in place, hotels can promote their reliability in choosing raw materials and create a “safe” image of the hotel’s F&B offerings compared to stand-alone restaurants. This helps to instill greater acceptance from the neighborhood and generate more F&B revenue from the local community in addition to hotel guests.

## SANITIZATION USING NEW DISINFECTION TECHNOLOGIES

Sanitize Hotel Rooms and Surfaces - The hotel room is people's home away from home. Having a sanitary hotel room is important under normal circumstances but with coronavirus cases mounting, it's a crucial way of helping protect travelers from picking up the COVID-19 virus, which several studies say can live on surfaces for anywhere from a few hours to days.

Newly developed anti-bacterial coating products are the ideal addition to the existing cleaning process as it perpetuates the cleaning outcome and has a dependable performance without extra payroll costs for additional cleaning personnel. They can be used in the gastronomy, the HACCP food industry, public institutions and the health sector.

## STAFF TRAINING

Make hygiene a team effort in your business.

Sensitize your employees for the topic and avoid economic damages due to sickness.

## NEW SERVICES FOCUSING ON THE SHIFT IN CONSUMPTION PATTERNS

- Deliver catering

To cope with the shift in consumption pattern (online purchasing – delivery), hotels can make full use of existing online platforms to enhance interaction with customers. During the epidemic period, hotels can expand the catering services to online ordering and delivery. After the epidemic, hotels can retain this sales channel and offer To-Go breakfasts and Bento box delivery for the local community with hotel standard packaging, an initiative that caters to customer needs, creates additional revenue and also strengthens the “safe image” of hotels.

Furthermore, hotels should make full use of their diverse online platforms, transforming them from one-way notification communication to two-way interactive communication, utilizing these channels to effectively understand and respond to customer needs in a timely manner.

## REVENUE

- Know your segments and when they are likely to return. Be ready to welcome them back with added value.
- Do not slash rates haphazardly. Data suggests that hotels that sacrifice rate to drive room occupancy suffer deeper losses in profit and take longer to recover. Lower rates won't spur demand. People are not traveling because of health-related concerns and government and company edicts.
- Rethink cancellation policies to be more flexible. Customers will appreciate it and most likely become more loyal.
- Events have been suspended, not canceled. They will be back, so be aware of when they have been rescheduled for and be ready to take advantage.

## COSTS

- Curb marketing spend for the duration of the crisis because health advice is not to travel, and so no amount of marketing is going to encourage people to come to your hotel.
- Don't throw all your inventory to OTAs. No amount of discounting is going to bring people through your doors.
- Take advantage of any government subsidies on payroll costs and fixed costs (e.g. property tax), as well as lending. Fiscal measures will be introduced to limit losses and it is possible that your hotel could benefit from low-interest lending to see you through the challenges ahead.
- Because occupancy will be down for some time, if you have the capital, now is the time to reinvest in your property with any CapEx improvements.

## PROPERTY MANAGEMENT SYSTEMS POWERED BY ARTIFICIAL INTELLIGENCE

To enhance operating efficiency and deliver exceptional guest experiences.

## B) RE-DESIGN SPACES AND INFRASTRUCTURES

Minimizing virus transmission at work is now at the top of many businesses' agendas. Some practical solutions include:

- Hospitality workstations
- Closed offices
- More Signs
- Technology

Hotel and resorts may also need to invest in new suites / rooms with contactless technologies to reduce disease transmission.

Zaha Hadid Architects' new headquarters for the Bee'ah waste management company in Sharjah, UAE may be a glimpse of the future. It is packed with what ZHA calls 'contactless pathways', whereby employees rarely need to touch the building with their hands. All doors open automatically using motion sensors and facial recognition, while lifts - and even a coffee - can be ordered from a smartphone.

Technology could also be used to remind employees of social distancing. Cushman & Wakefield has installed beacons into its office to track employees' movements via their mobile phones, potentially sending alerts when six-foot rules are breached.

### Rebuild

Hotels should plan how to adapt spaces to comply with social distancing rules, including the "keeping six feet apart".

Given the gravity of the situation, some hotels may need to get the builders in, either for a retrofit, or a more radical rebuild. Wider corridors and doorways, more partitions between departments, and a lot more staircases, may be needed.

### Fresh air

With good ventilation being key to preventing the spread of COVID-19, a big trend could be simply opening a window - if windows can be opened, that is, since many spaces are now sealed, controlled units.

And where filtered air is the only option, it could be boom-time for high-end space climate control systems.



## UTILIZE ENVIRONMENTAL TECHNOLOGIES

According to a study released by the International Tourist Partnership (ITP), the hotel industry must reduce its absolute CO2 Emissions by 66% by 2030 and by 90% by 2050 in order to achieve the two-degree target of the Paris Climate Agreement of COP21.

Our experience over the last years have shown that hotels addressing their resource consumption (on average, energy consumption is the 2nd biggest cost for any hotel following payroll) in a serious and coherent way, can make up to 20% of savings in the first year alone.





## C) STRATEGIC MARKETING

With the normal of social distancing, the beauty of a strategic marketing program is that it can be executed effectively through "remote collaboration", not requiring face-to-face engagements during this unique period. AI utilization and blockchain solutions can effectively contribute to this.

More specifically:

- Stay visible and flexible with qualified rate plans: Promote relaxed or eliminated cancellation penalties to encourage future bookings.
- Drive urgency with limited-time offers: Leverage the demographics of people who are currently booking your hotel and boost occupancy by targeting more conversions from this audience.
- Create special rates for local business: People may adjust existing trips or still use planned time off but stay closer to home. Target last-minute getaway offers towards guests in your region or within driving distance.
- Provide additional incentives to book: Offering discounts on longer stays or any operational F&B (such as room service, for example) through promotions or value-added messaging can help offset room revenue losses.
- Leverage your loyalty program: Show loyal customers you appreciate them with a members-only offer, like reducing the number of points members redeem to stay in your hotel.
- Aim to Rebook vs Cancel.

### FOCUS SPEND ON BOTTOM-FUNNEL CAMPAIGNS

Travellers and travel agents are still looking to book future business: Even if you are temporarily closed or have travel restrictions in your market, it's possible to generate bookings by maintaining search, display, social, and GDS advertising.

Continuing bottom-funnel campaigns narrows your advertising spend to the audiences that are showing true booking intent, while protecting your share of market demand from competitors and online travel agencies.

## MAINTAIN YOUR MARKET SHARE OF CONSUMER BOOKINGS WITH PPC (PAY-PER-CLICK)

Use the buyer profile that you're maintaining to target similar audiences. Your advertising costs will be contained by demand: By focusing on the lowest funnel travellers with booking intent, you can maintain reasonable returns on your advertising.

- Build profiles of the guests who are still booking your hotel.
- Advertise disproportionately to top feeder markets and audiences that have true travel intent.
- Use CRM data to target loyal customers with traditional PPC campaigns.
- Emphasize re-marketing.
- Focus messaging on guest comfort and safety.

## BUILD LOYALTY WITH MINDFUL COMMUNICATION

People will remember how you respond to them during difficult times. Let future and prospective guests know you prioritize their safety and comfort by distributing meaningful updates via email, website and social media.

- Be flexible and empathetic to guests who have been affected.
- Share helpful FAQ content that addresses your audience's concerns.
- Respond readily and consistently to inquiries on all channels.

## CREATE BLOG & WEBSITE CONTENT

Good blog content drives website traffic and engages visitors, although it's not as efficient as gated content at generating leads because access is open. Blogs also provide a valuable platform for content that doesn't quite suit other marketing channels.

In addition to the usual news, client stories, interviews and updates, share tips on how to use your products to mitigate the impact of coronavirus. Provide a forum for answering client questions, sharing information and advice, and finding creative solutions to challenges. If you don't have a blog, beef up your website.

## SHOOT A VIDEO

If coronavirus has a lasting impact, the use of video content, video conferencing and live streaming will skyrocket.

The recent launch of FunnelTV, a video platform for connecting hospitality and tech companies, comes at a perfect time.

## FOCUS ON QUALITY ASSET MANAGEMENT

How hotels should do business with a sustainable development model after the epidemic takes not only the focus on competitors' response strategies, but more importantly an in-depth dig into the characteristics of customer needs.

To some degree, improving brand culture and service standards to adapt to customer needs is critical for some independent hotels. You may have to review the positioning of the brand in order to grasp the needs of the target market more accurately.



## CONCLUSION

Drawing on previous epidemics, business continuity planning has proved to help navigate the uncertain future and promote business sustainability by identifying and managing risks; understanding business priorities, key products and services; establishing response plans; and taking action to minimize disruption and ensure that the workplace and workers are protected and prepared.

Borghese Hospitality Consultants stands alongside all hoteliers in preparing for post-crisis recovery. We have years of industry wisdom and experience, and we support innovation and knowledge dissemination. Borghese Hospitality Consultants has helped partners around the world with comprehensive, full-cycle sustainable solutions, based on rich experience and unique insights in the design and implementation of Service excellence. Our tailor-made end-to-end solutions can help you foster a post COVID-19 customer-centric service culture and nurture your brand with service excellence embedded in the brand's DNA.





75 Limassol Avenue Suite 401  
Nicosia, Cyprus 2121  
Office: +357.22.504.304 | Mobile:  
+357.97.877.352 | Fax: +357.22.104.021  
[info@borghese.io](mailto:info@borghese.io)  
[www.borghese.io](http://www.borghese.io)