

A Study of Revival Strategies of Hotels and Restaurants in New Normal

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Abstract

In early 2020, an epidemic suddenly changed the whole world. Lives and livelihood were lost impacting business greatly with huge losses. If it created opportunities for some businesses like OTT, it however created threats to sectors such as hospitality and tourism. The present study analyses two important concerns relating to hotels and restaurants first, how the hotel industry is dealing with challenges in new normal; and second, relates to vital learnings from the consumers' changed behavior and expectation in new normal for the industry. The consumers' expectations will justify the revival strategies adopted by the hotel industry. The study uses primary data collected through online survey with 45 respondents to study consumers' perspectives and has referred to secondary data to know the challenges and opportunities of the start-up in the new normal. The result infers that hotels and restaurants in the hospitality industry need to adopt technology to boost consumers' confidence and to meet their expectations.

Keywords—COVID- 19, Tourism and hospitality, Post-epidemic

1. Introduction

"It is not the strongest or the most intelligent who will survive but those who can best manage change."

-Charles Darwin

The first case reported in India was on 27 January 2020. The Government immediately reacted to the situation, adopting various measures to assist its citizens. Soon, the pandemic stopped monetary exercises, bringing about tremendous effects, particularly on the tertiary business, including restaurants and hotels.

According to Confederation of Indian Industries (CII), till December 2020, since the breakout of COVID- 19 globally, the hotel industry has suffered a loss of Rs.90000 crore in revenue. All group tours by travel agencies across the country have been suspended. As per, World Travel and Tourism Council (WTTC), the pandemic is likely to cost the tourism industry almost USD 20 billion. Therefore, it is not a surprise that tourism in India has witnessed a

significant decline post-COVID, in 2020. This adversely impacted the restaurants and hotels also. But since the situation is coming back to normal or should say new normal, the hotel industry is also ready to do a comeback after a quiet long setback.

What does the New Normal mean?

A new normal is a phrase that denotes a condition, behaviour, or state of things that is atypical but then becomes baseline casting a long-lasting effect. This term is used to describe the state of economy and society settling after a crisis to emphasize that it differs from the prior situation. In a business sense, the new normal is how entrepreneurs usher in a new way of working and taking lessons from the past months. The three new things which can be seen in the phase of the new normal are faster innovation for recovering revenues, touchless, branded interfaces, and the rise of social responsibility.

The country's fine dining restaurants and kitchen spaces are poised for unprecedented changes to cater to the new normal. From digital menus to contactless in-room digital butlers and more, India's premium hotels are set to change the way consumers want to dine in 2021. One of the top hospitality trends pertains to facilitate seamless hospitality services and an online payment experience. The start-ups in this sector are adopting new ways and technology to turn a setback into a comeback. One of such new strategies is a contactless digital menu and contactless in-room digital butler offered by Shangri-La Hotel. Similar to this, the following are a few of the practices involved in the hotel spaces in new normal;

- 360-degree guest communication platform lets guests interact with hotels through their smartphones.
- Food safety standards and new table service protocols have been reinforced.
- Social distancing practices
- Enhanced sanitization program
- Dinner plates are placed in a plate warmer set at 60 degrees Celsius.
- Servers wear face masks, clean protective clothing, and gloves at all times.
- Naked kitchens
- The adoption of cloud-based software and IoT devices will further augment and streamline operational complexities.
- AI-powered systems such as facial recognition that includes mask detection and thermal camera integration.

Hotels and restaurants are still working on some new practices to come up with.

To come back to the new normal the hotel industry is adapting various technologies and practices to meet consumers' expectations. Just adopting a new strategy is not enough, it is also important to know what consumers' expectations are, after their changed behavior post-COVID-19. And thus, this leads to the need for this research study.

Consumers are undoubtedly pleased to see governments take the first steps towards reopening the economy in the "new normal".

2. Literature Review

(*International Journal of Hospitality Management*, Vikrant Kaushal and Sidharth Srivastava 2021), the researchers raise serious questions about the present and future survival of Hospitality sector. The research addresses two important concerns, first pertains to major challenges that the hospitality and tourism industry faces amid current conditions; the second relates to the vital learnings for the industry. For this, researchers have conducted interviews with 15 participants in senior positions in the hospitality industry. The major implications of the study are in the form of determining themes adding to the evolving theory on COVID-19 pandemic and tourism and hospitality industry; and managerial recommendations to address a host of issues while taking essential learnings stemming from the current circumstances. Similar to this research paper, in one of the reports of (*Indian global business, cutting edge tech the key to reshaping the hotel industry post-pandemic*, Dr. Param Shah 2020), the writer has discussed the two challenges faced by the hotel industry and that was struggling to inspire consumer confidence and other was to safeguard both guests and employees against COVID-19. The key to address these problems is a combination of cutting-edge technology solutions. According to this article as hotels are operating in new normal the expectation for customer experience will be higher than ever. New practices and technology need to be used by the hotels to meet the consumers' expectations. According to the article, (*Yourstory*, Aviral Gupta November 2020) the global crisis has created a newfound demand for all things contactless. Post-COVID, the hospitality industry is relying extensively on cloud and IoT-enabled devices and digital tools to ensure that the entire customer experience is contactless with special emphasis on hygiene and sanitization. One such technology used by the hotels is Devourin's contactless technology. As per the article in (*The Economic Times*, Mediawire team 19, May 2020) this technology is all about touch-less ordering and this can be considered as the perfect solution and need of the hour. Devourin is a well-established technology provider for the F&B space and has proven solutions that perfectly fit the changed business scenario for the hospitality sector. Their expertise lies in supplementing the

restaurant business with end-to-end automation. They are the only player in India that provides self-ordering kiosks, sushi trains, and robot carts that deliver food to the table without a waiter. As per the owner of Devourin, the relevancy of this technology is that it is a touch less and it forms the crux of the solution they are proposing to hotel owners. According to the writer, the technology provided by Devourin Spark seems most feasible.

3. Research Gap

Hospitality service is an experiential product. During the pandemic, where all other industries adapted to virtual mode, this industry could not do so completely. So, it can be assumed that 2020 was the worst year for this industry. But at the same time, there has been a magnificent number of start-ups quickly developing additional solutions for COVID 19 applications in the areas of prevention, disruption management, detection, and operational efficiency which has shown the ability of the founders. But consumers are reluctant to return to their old habits. They may want to go to hotels and restaurants but many still do not believe it is safe to do so. To persuade consumers to return, the hospitality sector must ensure it delivers a clean, safe experience and effectively communicates this to consumers. With the help of this research paper, start-ups can study the consumers' expectations and can take relevant steps.

According to the literature review done, the gap has been found between the revival strategies of hotels and restaurants and consumers' expectations. The question of what are the revival strategies of hotels and restaurants in new normal and what are the consumers' preference and expectation from it is addressed in this research paper. The consumers' expectations will justify the revival strategies adopted by the hotel industry.

4. Research Objective

In line with the central theme of this research, the **Primary objective** is:

To study the revival strategies of hotels and restaurants in the new normal.

In the pursuit of the primary research objective, several other objectives can also be set.

Secondary objectives:

1. To study the vital learnings for the hotel industry from consumer's changed behaviour and expectation in the new normal.
2. To study how start-ups in this sector are converting their challenges into opportunities.

5. Research Methodology

After formulation of the research gap, the researcher has worked out the following research design. Research design covers the following aspects.

For conducting this research and to meet the research objectives both secondary as well as primary data have been collected. To study the revival strategies of the hotels and restaurants in the new normal, secondary data has been collected through various hotel sites and published interviews of entrepreneurs in news articles. And to study the vital learnings for the hotel industry from consumers' changed behaviour and expectations in new normal, primary data was collected through an online survey. The survey has been conducted in a residential area of about 400 residents. The sample population involves 45 residents of Raigarh city. The sample size is about 11% of the population. The demography of the survey includes employees, students, and homemakers. And to study how the start-ups in the hotel industry are converting their challenges to opportunities in the new normal, a case study has been done. Tables and charts are used for analysing collected data.

6. Scope of the Study

This study focuses on the revival strategies of hotels and restaurants post-pandemic. The study also undertakes to understand the consumers' preferences on the practices involved by the hotel industry to justify their revival strategy. The data collection was conducted among 45 randomly selected residents which included employees, students, and homemakers who will represent the population of 400 residents.

Because of the limited time for data collection, the geographical area of study has been limited to a residential area of Raigarh city. Each of the respondents is administered the questionnaire. The results of this study will apply to only those respondents who were part of the study and will not be used to measure the consumers' expectations of those who were not part of the population of this study. Hence, this gives further scope to other researchers to research in this area with a wide range of populations.

7. Data Analysis, Interpretation and Discussion

Case study on a Bangalore-Kochi based Start-up MasalaBox

Mrs. Harsha Thachery is the founder of MasalaBox. The aim behind this startup is to provide healthy home-made food to customers and empower homemakers. MasalaBox is based in Cochin and operates in Bangalore.

USP of MasalaBox is-

Their food is made in small quantities which reduces food wastage. MasalaBox not only provides much-needed homemade food but also provides a sustainable income stream for homemakers.

How they ensured safe and Hygienic Homemade food Delivery during Covid 19

They continuously trained their delivery partners and home chef partners and encouraged them to follow best practices of respiratory hygiene. They also made their working partners aware of how to identify the associated symptoms of COVID-19.

Adopting no-contact delivery system, the delivery partners leave the packages by the door.

Encouraged employees to follow social distancing practices. Also, thermal screening at the entry point is done regularly without any compromises.

Challenges faced by them in the phase of new normal;

- Difficulty in coordinating and getting a hold on lockdown deliveries
- The supply chain got affected
- Many home chefs could not continue with them because of lack/ access to raw materials;
- Delivery executives had to face barricades in many places.

They took care of all safety measures and home chefs were also informed to be careful by sanitizing the kitchen and cleaning food materials before cooking. Delivery teams were trained to deliver foods safely to customers.

Opportunity

During this pandemic, it is uncertain for a person to order food from a restaurant where a single plate of food might involve multiple people from start to end. Being a homemade food delivery service, they tried to make homemade food more accessible during these tough times.

MasalaBox initiated a special menu on the occasion of Ramadan, and Easter.

Results of primary data analysed

They received many orders from families during these festivals possibly because there was a limited approach to prepare traditional homemade food and these orders were comparatively higher than their usual orders received by MasalaBox.

Data analysis and interpretation

Re-imagining consumer experience and re-engaging with consumers to build trust is needed.



Figure 1

About 51% of the respondents are willing to go for tours but at the same time, about 49% of the respondents are not ready. Compared to figure 1, it can be expected that there might be some improvement in the tourism industry but not at a large volume. It can be interpreted that hotels and restaurants may not gain massive tourist consumers in the coming months.



Figure 2



Figure 3

About 87% of respondents are ready to go to restaurants and hotels in the coming months. If compared to figure 3, almost 68% of respondents went to restaurants or hotels in the last 6 months whereas as per the figure3 almost 87% of the respondents are willing to go to restaurants and hotels in the coming months. If it is assumed that those respondents who had already gone for dining out in the last 6 months are still willing to go for dining out in the coming months then it can be interpreted that there is an increase of 19% of respondents who were earlier reluctant but now, they are willing to dine out. So, researcher expects that hotels and restaurants might see an increase in consumers from Q1 of FY 2022 onwards.

Almost 68% were assured by the restaurants or hotel facilities regarding COVID-19 guidelines issued by the government. This shows that restaurants and hotels have tried their best to follow every guideline from the government. And also, have taken proper safety measures to meet their consumers' expectations.

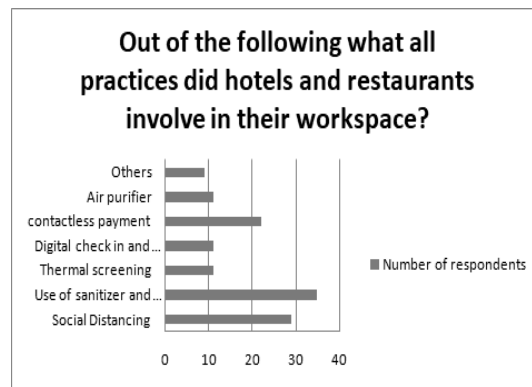


Figure 4

In this chart, the data collected was about the practices involved by the restaurants or hotels in the new normal scenario. Most of the restaurants or hotels involved the maximum practice of social distancing, using sanitizer and masks and contactless payments in comparison to thermal screening, digital check-in and checkout and use of air purifier. The use of sanitizers, masks and social distancing are mandatory practices according to government regulation that an organization should follow. But with this hotels and restaurants are also coming up with some other safety practices which show their concern towards the safety of the individuals in their space.

Table 1

| Service 1 | Number |
|---|-----------|
| self-service facility (A) | 17 |
| waiter service with proper safety measures (B) | 28 |
| Total | 45 |

As per this table, the respondents preferred more waiter services than self-service facilities in hotels and restaurants.

Table 2

| Service 2 | Number |
|--------------------------------|-----------|
| Open area dine out (A) | 28 |
| Dining out within premises (B) | 17 |
| Total | 45 |

According to this table, most of the respondents preferred to open area dine out than Dining out within premises.

Table 3

| Service 3 | Number |
|---|-----------|
| Virtual T.V. Control systems (A) | 26 |
| Sanitized and separate remote for each room (B) | 19 |
| Total | 45 |

As per this data, the majority of respondents preferred virtual T.V. control systems to sanitized and separate T.V. remotes for each room.

Table 4

| Service 4 | Number |
|---|-----------|
| Scannable QR codes for menu (A) | 34 |
| Frequently sanitized and separate menu card (B) | 11 |
| Total | 45 |

According to this data, most of the respondents preferred scannable QR codes for menu cards than sanitized and separate menu cards for each table in hotels and restaurants.

Table 5

| Service 5 | Number |
|------------------------------------|-----------|
| In-app ordering of food (A) | 25 |
| Giving orders to the waiter (B) | 20 |
| Total | 45 |

As per this table, the majority of the respondents gave their preference to In-app ordering of food than to giving orders to waiters in hotels and restaurants.

According to this data, respondents were comfortable with old traditional waiter service with proper precaution in place of the self-service facility. Open area dining, scannable QR codes

for menu card, in-app ordering of food in restaurants, and virtual T.V. control systems were preferred instead of dining within closed premises, traditional menu card and separate T.V. remotes for every consumer respectively. It can be interpreted that consumers are preferring more to contactless services and are willing to use technology-based services than the old traditional way. This shows that post COVID- 19 consumers have changed their behaviour and mindset towards the way services are provided to them in hotels and restaurants.

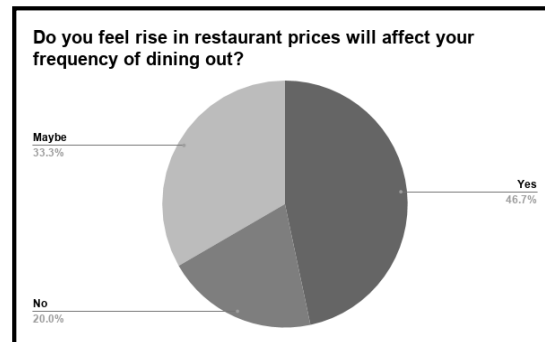


Figure 6

Almost 47% of the respondents frequency to visit restaurants and hotels will get affected by the rise in the price of the restaurant services. With this, it can be expected that the restaurants and hotels will have to work on cutting the cost without compromising on services needed in the new normal.

8.Contribution and Conclusion

With the outbreak of COVID-19 pandemic, there is a severe need for businesses to not just return to normal but also to rethink restructuring themselves. Combined with the data and survey, it can be clearly understood that the hotel industries need to respond effectively to consumer's changed behaviour and expectation to sustain in the new normal. They will have to consider customer experience and take deliberate action to build consumers' trust. Hospitality businesses will have to invest in technology to help deal with the burden while building a more flexible agile workforce. Through this research paper, the researcher recommends that hotels and restaurants should involve some new practices like open area dining, scannable QR codes for menu cards, in-app ordering of food in restaurants, and a virtual T.V. control system. An increase in the prices of restaurant services can impact consumers' frequency to visit hotels and restaurants. Hence, the revival strategies adopted by the hotel industries are justified as even consumers are also expecting the same from them.

Though 2020 can be considered as the worst year for the hospitality industry, this can be the best time for the businesses to evolve themselves from old practices to new emerging technology-based practices, it is the high time for companies to act and adapt to the new normal.

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