

# Hotel Operations and Management after the Opening of the Epidemic

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## Abstract

The tourism industry has always been the "hardest hit area" of various emergencies. The new crown virus epidemic has had a serious impact on hotels, aviation, tourism, scenic spots, catering and other industries, as well as the real estate industry behind them. As the epidemic has been effectively controlled to a certain extent, while continuing to prevent and control the epidemic, various industries and enterprises are also actively thinking about going through the period of resumption of work and production and restoring growth momentum in the future.

## Keywords

**Epidemic Opens; Hotel Operations: Business Recovery.**

### 1. Industry impact - serious impact, all staff should deal with it

As one of the industries most affected by the epidemic, the capital-intensive and labor-intensive hotel industry has been impacted mainly in the following three aspects.

#### 1.1. A sharp drop in operating income

As a business format with high investment and long return period, the importance of hotel operating income level is self-evident. According to the data released by the China Hotel Association, the epidemic has reduced the operating income of Chinese hotels (5,109 hotels in 28 provinces in China) by an average of 67.81% compared with last year's Spring Festival, with a total loss of 1.23 billion yuan, of which more than 1.2 billion A hotel reported a drop of more than 90% in operating income during the Spring Festival. From the perspective of hotel grades, the operating income of economy and three-star hotels is the most affected, with an average reduction of about 85%, while five-star hotels can make up for their income by moderately increasing the average room rate and other income, around 60%.

#### 1.2. High operating costs

Compared with other industries, the hotel industry has a very high proportion of fixed operating costs. First of all, as a labor-intensive traditional industry, labor costs account for the most important cost in many hotel operations, accounting for more than 30%. In terms of the overall industry, the hotel occupancy ratio in mainland China (The ratio of the number of employees to the number of rooms available for sale) is about 1.0 to 1.3, which means that a moderate-scale full-service hotel with 300 rooms needs about 300 to 400 employees. Undoubtedly, there will be a lot of operating pressure during this period. Secondly, energy is another major cost factor for hotels. Star-rated hotels are often equipped with central air-

conditioning, centralized management of water supply and drainage systems and energy systems to ensure high-quality services. Moreover, according to the requirements of brand standards, the use of lighting, cooling and heating, and fresh air systems in most public areas does not change with the decrease in passenger flow.

### **1.3. The morale of employees is affected**

Due to the particularity of its service industry, hotel employees in many areas, especially in the epidemic area, are one of the types of jobs that are continuously on duty or are the first to resume work. Most hotel employees, like ordinary people, lack the knowledge and experience to deal with the epidemic, and lack effective personal disinfection and protection materials. Facing a densely populated public place like a hotel every day, while protecting yourself, the greater responsibility is to do a good job in epidemic prevention. Such a high-intensity and high-pressure working environment will inevitably make hotel employees anxious and exhausted. In addition, the characteristics of the hotel's labor-intensive industry and the recent sharp drop in hotel operating income have also affected the personal income of employees to a certain extent, making employees more uncertain about future development.

To sum up, the new coronavirus epidemic has severely impacted the hotel industry. The major groups in the industry also introduced countermeasures very early. The countermeasures are mainly divided into the following three categories: First, in the initial stage of the epidemic, in addition to donating money and materials for the epidemic area, many domestic and international hotel management companies promptly stopped their hotels in the epidemic area (later extended to the whole country) Make reservations, and announce a free refund and change policy for guests who have already booked through various channels; second, arrange for its hotels located in the epidemic area to actively participate in the frontline of the anti-epidemic and participate in the reception guarantee for medical staff. Third, waiving fees and providing loan funds. With the intensification of the epidemic, many management companies such as Hilton, Huazhu, Kaiyuan, etc. have announced the exemption of hotel management fees and license fees during the epidemic, and the exemption area has gradually expanded from Hubei to the whole country.

## **2. Preparations for the recovery period - survive the severe winter and hope for the future**

At present, the new coronavirus epidemic has been effectively controlled compared with the peak period of the outbreak, and we should also plan in advance to prepare for the recovery of the industry. The recovery period requires close cooperation between hotel operators, hotel owners, investors and government agencies. In this regard, we recommend the following.

### **2.1. Hotels need to cooperate sincerely and strive to maintain their existence**

For the hotel industry that relies on cash flow, the epidemic will inevitably make some hotels unable to maintain. Therefore, the first task of each hotel is to try to survive. All hotels should focus on improving cash flow from two aspects: increasing revenue and reducing expenditure. First of all, all employees in various positions should participate in marketing and promotion, and even mobilize and motivate upstream and downstream enterprises and their employees to promote the hotel. All are prosperous. During the recovery period, every employee should be encouraged to actively think about the future direction of the hotel and how to improve and promote their own products. Secondly, the hotel needs to do its best to increase the source of income during the recovery period. Under the current situation of epidemic prevention and policy restrictions, if opening up all services is facing great challenges, hotels can try various methods to increase revenue, such as food delivery, pre-sale of rooms and food coupons, and reservation of banquets. From a cost point of view, the hotel needs to maintain the lowest cost

of operation during this period, implement staff rotation and efficient staffing, and at the same time need to pay extra attention to adjusting the morale and confidence among employees. Energy saving and emission reduction is another important aspect, the minimum configuration energy usage plan, the overall closure of unoperated areas and service lines to reduce energy consumption. In addition, the hotel should keep the minimum demand for inventory items, and actively try to communicate with suppliers to extend the time limit for payment collection. All in all, try to maintain the hotel's cash flow as much as possible, help the hotel survive the severe winter and maintain growth after the recovery period vitality.

In addition, during this period, the support and cooperation between hotels is extremely important and precious. The sharing of personnel, facilities, and materials may help hotels with low cash liquidity survive the cold winter, which is positive for the recovery of the entire market after the epidemic. significance. In addition, the hotel still has to do its best to cooperate with the government and relevant agencies to continue the epidemic prevention and control. During the transitional period of resumption of work and production, the hotel must adhere to the disinfection and epidemic prevention work in the hotel's public areas and guest room areas, register and check all personnel entering and leaving, and measure and register the health status of employees on duty in real time to ensure the health and credibility of the hotel.

## **2.2. The hotel should pay equal attention to publicity and training during this period, and carefully plan the marketing strategy after the recovery period**

From another perspective, this epidemic period is also a rare rest period for hotels in the normal life cycle. Hotels should seize this opportunity to strengthen themselves. First, it is very important to revise and effectively implement the public relations promotion strategy during the recovery period. This period should be an active period for public relations promotion, communicate with the market in a timely manner, understand the dynamic needs of the market, and lay a solid foundation for future comprehensive recovery. At the same time, formulate marketing plans after the recovery period based on market feedback to reduce the loss of customer sources and annual losses. Second, through various means (network, telephone, small class, etc.) to train employees' own professional skills and cross-train other job skills, try to strengthen employees' business skills, work confidence and multi-functionality on the basis of ensuring employees' income, Such training can also go a long way in future recovery periods. Third, most hotels seldom shut down on a large scale during their entire life cycle. Therefore, mechanical and electrical equipment that cannot be shut down normally, such as boilers, air conditioners, water supply and drainage systems, etc., ushered in a very ideal maintenance period at this time. At the same time, the hotel can implement the planned hotel renovation or renovation plan in advance, and reposition and update facilities for products that no longer meet the market positioning.

## **2.3. For hotel owners and investors, they should carefully examine their ability to resist risks and adjust their future investment plans**

For the most direct victims of the epidemic, the supporters behind the hotel industry - real estate developers and investors, while trying to restore their own businesses, they can consider the following points as preparations for the recovery period. First of all, hotel owners should re-examine and evaluate their own risk allocation capabilities and hotel investment strategies. For owners with a certain number of hotels, they should separately formulate investment, operation and exit strategies for hotels in different life cycle stages from the perspective of full life cycle asset management to improve the anti-risk ability of the overall hotel portfolio. Risk assessment and long-term, medium-term and short-term strategic planning are carried out for each project, so as to take precautions and prepare for such force majeure in the future. Secondly, in the short to medium term, owners should review this year's development plan, maintain market sensitivity at all times, and choose a suitable development time node and hotel

opening period. In addition, the owner can fully study the hotel insurance terms and try to strive for reasonable compensation and future policy discounts. At the same time, you can also try to actively communicate with related institutions (such as banks and other financing institutions, hotel management companies, suppliers, etc.) to reduce or suspend the payment of loans, goods payments and related fees, reduce your own losses, and strive for more benefits for your hotels after the recovery period. Favorable operating environment.

#### **2.4. It is recommended that the government support the hotel industry through preferential policies during this period, so as to help enterprises to get on the right track**

1) We suggest economically supporting business recovery by reducing taxes and loan interest during the epidemic and recovery periods, and at the same time consider lowering the loan threshold and financing costs for severely affected companies. For example, the Sanya Municipal Government has issued a document instructing financial institutions to provide low-interest loans to key tourism enterprises with capital turnover difficulties and small and medium-sized tourism enterprises with loan difficulties, and the municipal finance will provide interest discount support. And qualified tourism enterprises can apply for reduction or exemption of urban land use tax and real estate tax. 2) The government may also consider rewarding and subsidizing enterprises and individuals who are active in the epidemic and have a significant support role, which can play a role in economic support and enhance the overall industry confidence during the recovery period. For example, the Xiamen Municipal Government has issued a policy to complete the payment of incentives and subsidies to qualified tourism companies before the end of March 2020, and refund 80% of the amount of deposits paid by travel agencies. The three ministries and commissions of Hainan Province issued a notice to reward individuals and groups with outstanding performance in the prevention and control of the epidemic in a timely manner, and reward qualified personnel with priority in hiring and promotion. For other award-winning personnel, commendation, advanced selection, and one-time bonuses can be issued etc. rewards.

### **3. Countermeasures for the sustainable and healthy development of China's hotel industry**

The hotel industry is the window industry of the country, and a messy hotel industry will affect the reputation of the country. In recent years, the sanitation shady scenes revealed by the hotel have become the first hot spot of the industry for the people. Therefore, the hotel industry urgently needs a change that not only treats the symptoms but also cures the root cause.

The countermeasures for the sustainable and healthy development of China's hotel industry include: research on the legislation of the accommodation industry; realize the management of full coverage of the industry; gradually develop the association into a trade association; study the minimum wage of employees in the accommodation industry;

#### **3.1. Research on accommodation industry legislation**

From July 1, 2004 in China, investment in the hotel industry does not require administrative permission. Article 13 of the Administrative Licensing Law of the People's Republic of China, which was adopted at the Fourth Session of the Standing Committee of the Tenth National People's Congress of the People's Republic of China on August 27, 2003 and came into effect on July 1, 2004, stipulates: Administrative licensing may not be required if the following methods can be regulated: (1) Citizens, legal persons or other organizations can make independent decisions; (2) Market competition mechanisms can be effectively regulated; (3) Industry organizations or intermediary agencies can manage themselves (4) The administrative organ

can solve the problem by adopting other administrative management methods such as post-event supervision.

Zhao Huanyan believes that this regulation is very correct and has effectively curbed the corruption of examination and approval. It is a pity that there are still problems at present: the purpose of hotel investment is diversified (the investment is not intended to make a profit), so that the market competition mechanism cannot be effectively adjusted; the industry organization is not a trade association and cannot self-discipline management (there is no real pain for the industry's difficulties).

### **3.2. Realize full industry coverage management**

The Ministry of Culture and Tourism only manages star hotels. The management of my country's accommodation industry is divided into multiple departments, and there is no comprehensive industry management, let alone data services for the entire industry. The service objects of the accommodation industry include business operators, tourists, community activists, and public officials, etc., so it cannot be managed on the basis of a single object of tourism. First of all, it is necessary to unify the industry ownership. At present, the Ministry of Culture and Tourism and the Ministry of Commerce call hotels; the securities industry calls hotels (using Hong Kong's naming method, with rooms as hotels and without rooms as restaurants); the Bureau of Statistics calls tourist hotels and general hotels; government documents call them hotels. Hotels, B&Bs, sharing economy, etc. emerge in endlessly. Zhao Huanyan suggested that guest rooms should be used as an industry symbol to implement unified management covering the entire accommodation industry.

### **3.3. The association gradually develops into a trade association**

The new China Hotel Industry Association must not make superficial changes. It needs a radical change to take on its historical mission. Only a trade association with prescribed rules of the game and entry thresholds can undergo radical changes. The new type of association is gradually developing into trade associations. Shanghai now has banking and other trade associations, but Shanghai had hotel trade associations 108 years ago. In 1911, in order to cope with various circumstances, a small number of hotels in Shanghai spontaneously organized the Shanghai Hotel Industry Association, becoming the earliest trade organization. In the transitional period before the trade association, the local government should informatize the total number of people who can accommodate the accommodation industry and the actual number of people who can accommodate it, and adopt the method of commercial carrying capacity for approval and intervention, or hold hearings, and set limits for latecomers.

### **3.4. Brands in the accommodation industry strive to enter China's service business card**

The key to the future and competition of Chinese hotel groups is intellectual capital, which is manifested as high-end hotel brands with independent intellectual property rights. The hotel industry should be a hotel management industry rather than a hotel investment industry. If it is a hotel investment industry, it is a real estate company. At present, China is a big country for hotel investment, but it is a small country for hotel management.

Hotel management is a new service industry in the tertiary industry and should be vigorously developed. my country has great potential for developing modern service industry, and the first task of China's hotel industry is to move from hotel investment to hotel management. The key to the development of my country's hotel management industry is to seize the development of brands with independent intellectual property rights, implement the country's requirements for the development of cultural soft power, and change the situation of emphasizing investment over management and emphasizing hardware over software. This is not only the requirement



of China's economic transformation, but also the The prerequisite for Chinese services to go global.

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