

Adoption of cost effective green practices by Indian Hotels during Covid 19

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Abstract: Covid 19 pandemic has taken the world at a backseat. Apart from taking a toll on human lives it has also affected the economy of many countries across the globe. Almost all sectors have been affected. The impact on few sectors is less but many of the industries have suffered a huge loss. Tourism being one such industry, that has been affected adversely. The Indian hotel industry has incurred a huge loss. The main reason of such a deep impact on Indian Hotel industry is, restricted inter country movement as well as intra country movement. The other reasons are change in people's preferences and priorities because of restrictions and social distancing. Indian hotel industry had to go for a complete shutdown for around 3-4 months. With the relaxation in the restrictions, the industry is trying to open up slowly. But there are many challenges being faced by the hoteliers in terms of very low footfall, high operating cost etc resulting in low cash flow and profits. In fact this time can be utilized for proactive planning and bringing out better and innovative strategies to become more competitive and sustainable at market place. Also for the hoteliers who have surplus finance, this time can be utilized for renovation, maintenance, manpower training & future investments in green technologies and practices. Majority of the senior managers of hotel industry agree that if finance permits, this time can be utilized for making investments in green practices. Also the paper talks about the step by step approach of getting back to business in a planned manner. The proactive approach, the strategic view and the long term vision of the hotel industry will put the industry back on the growth track and will make it sustainable.

Keywords: Covid, Hotel Industry, Sustainability, Strategic Approach, Green Practices

1. Introduction

Covid 19 pandemic has become a global health crisis and one of the greatest challenges of humanity after World War II. The virus is spreading very rapidly and has virtually not left any country unaffected. India has moved quickly and has been very proactive in implementing the lockdown and other precautionary measures.

Along with a deep economic crisis, it has done an unprecedented human toll. The economic crisis on the global

level can probably become one of the most severe after The Great Depression. The adverse impact on hospitality industry is going to be lasting long because of the travel restrictions and other factors. Since Covid 19 spread rapidly in the major tourist countries like Singapore, Italy, and Unites States of America, it affected other countries having tourism traffic. As a result hotel industry in India had to undergo a complete shutdown for nearly 3-4 months. Now that slowly the hotels have started opening but since the impact is very huge it will take lot of time for the hotel industry to fully revive. It has become important for the hotel industry to do a critical analysis and planning for the future.

The Severe Acute Respiratory Syndrome (SARS) virus, spread in the Asia-Pacific region during March 2003 causing a severe disruption. The outbreak of SARS had a considerable impact on the tourism industry because of travel restrictions. Although SARS was contained quickly within 4 months, but it took further 6 months for the tourism industry to recover fully. The hotel industry in the top destinations took 5-8 months (Depending on destination) to get back to normal operations.

The extent to which Indian hotel industry is affected will depend upon that how long Covid 19 pandemic will last. The other factors are the measures taken by the government, precautions taken by people and the successful launch of a vaccine. Faster the virus is contained; faster will be the recovery of the hotel industry.

Indian hotel industry was under complete lockdown for nearly 3-4 months. Now since it has partially started with few restrictions, the low occupancy rate is a challenge for the hoteliers. Hoteliers should not panic and should not go for short term practices like high price cuts for guests or downsizing of their work force. Rather they should go for a long term strategic view of their future business.

Developing a broader view on profit

The first step for hotels is to evaluate the external and the internal environment. While scanning external environment the hotels must evaluate their present and future actions of government in terms of restrictions, sanctions, relief packages, promotional strategies, etc. The socio-economic demographics has to be taken into consideration as a change in the social behavior among people has happened. As there is an economic slowdown and many people have lost their jobs or

are not getting their full salaries, there is a change in economic demographics. Also the hotel industry must evaluate their internal environment. They must look at the factors like the overall morale of their employees. And how to train these people on the new regulations or the hygiene factors expected by the guests. This may include creating Covid precaution help desk that may educate the employees and the guest on Covid precaution.

During this period many hotels may think of price cuts for the guests, but this may not help them if the travel restrictions continue. Also this on a long run may not become sustainable, although on a short run it may give a brief spike in the volumes. Hoteliers must do the pricing very sensibly. They must monitor the pricing strategy of their competitors and keep a pulse of the market. Advanced management systems and “what if” analysis can help the hoteliers take better decisions on pricing taking a long term view of their hotel business. Adoption of green technologies and green practices can surely be a long term profit and sustainable strategy.

Cost Control Management

When the occupancy rate of the hotel decreases, normally the hotel practices a tighter cost control in order to ensure a healthy and regular cash flow. Although the stakeholders and senior management of the hotels must be very careful while planning out cost reduction strategies as it should not block future business opportunities and the brand value of the organization in long run. Automated revenue management system can provide near accurate forecasting of demand that can help the hoteliers on labor scheduling, keeping a check on overstaffing and inventory management and help the hotels in controlling cost to a great extent. The demand forecasting data can help the hotel in controlling cost to a great extent. The demand forecasting data can help the hotel managers plan the house keeping needs, the front desk manpower needs and the other inventory needs. This can help them to plan better and save cost.

The best time to implement cost effective green practices

In fact this period (lockdown and low occupancy period) is the best time to do a proactive planning of implementing cost effective green practices, as the number of customers in current time is very less. Since the guest traffic is less, many of the cost effective green practices can be very smoothly implemented without compromising the comfort of the guest. The following green practices adoption may be considered by the hotels.

- In case the hotel (a small property) does not have key cards, they can put key cards in all the rooms.
- The hotel can consider changing to LED bulbs from other variants.
- The hotel can consider going for solar panels.

- Occupancy sensors can be considered by the hoteliers that can switch off all electricity appliances except the essentials if the guest is out.
- Green roofs can be developed by the hotels that can reduce the impact of heat in hot places.
- Dual flush toilets can be considered by hoteliers that can considerably reduce the consumption of water.
- Low flow shower aerators have the potential to save lots of water. The hotels can consider changing the existing with low water consumption shower aerators.

Although it may seem to be a bit of challenge to go for the above measures as the cash flow of business is less but considering long term competitive advantage, the business that can divert funds from other resources and should consider doing the above wherever and whatever possible.

Taking the proactive way

As the disruptive impact of Covid 19 on hotel industry may be for a longer duration of time, the hotels must think about the future in a proactive way. In fact this is the right time to review the situation and to go for a strategic contingency planning. The hoteliers must develop a balanced portfolio source markets approach to reduce the risk and increase the profits. They also must go for the right pricing strategy, and the right positioning of their brand. The hotels must work on cost control and improve the cash flow. Apart from the above the hotels must think strategically to invest in cost efficient green practices, staff training, and property up gradation to gain long term competitive advantage and sustainability once the full recovery of the sector happens.

2. Research Methodology

A questionnaire was developed and sent to senior managers of different hotels of different categories located in Madhya Pradesh (Bhopal, Indore, Gwalior) and Uttar Pradesh (Agra, Lucknow, Varanasi). A sample size of 60 was taken, 30 each from the above 2 states (10 hotels in every city was selected).

3. Results and Discussions

All the managers were of the view that in coming 6 months, the hotel industry would come back to normalcy with few restrictions and precautions. By the mid 2021, the hotel industry would show a significant growth in terms of volumes. Based on these predictions, the hotel industry must get prepared to reap the future benefits. Also all the hotel managers were of the opinion that this is the best time to do a proactive planning. 90% of the respondents strongly believed that this is the best time to invest in manpower training, renovation and maintenance activities. 90% of the respondents strongly agree that this is an ideal time to invest in green technologies and practices to gain a competitive advantage at

market place, if their finances permit. 85% of the respondents strongly agree that the hotel industry should not go for a short term approach like giving heavy discounts, firing the staff, etc and should focus on long term benefits.

4. Recommendations

1. The hoteliers should not panic with the present situation and they should be optimistic about the future. In another few months, the hotel industry will catch up a respected growth.
2. They hotel industry should utilize this time very judiciously to prepare themselves for the rebound effect.
3. Hoteliers also must consider the opportunity of going green that surely will give them dividends in future.
4. In the present situation, the hoteliers should go for a very careful cost cutting and improving their cash flow to manage their current situation.
5. The marketing managers of the hotel should work on attracting new customers from new markets besides the existing customers. For this they can use green marketing strategies also.
6. The hotel industry must keep a far sighted approach keeping a track on future trend and make their business sustainable.

5. Conclusion - Prepare for the rebound

No doubt that Covid 19 is still not in control and is still giving an adverse impact on hotel industry and the industry may take few more months for the full recovery, The state holders must be positive for the future. The hoteliers must use this as an opportunity to reevaluate their business. Downturns can be considered as a good time to introspect, train people, do future investments, review the existing plans and devise future strategies for long term success and sustainability. Once the travel restrictions are over the hotels will have great opportunity to attract new customers from new markets, apart from existing markets and they can build a wider customer pools using new and innovative methods for long time success of the business.

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