

# Post-Lockdown Transition: Hospitality Recovery Strategies

**A**fter months of lockdowns, the world is now preparing for openings. The easing of travel and hospitality restrictions are taking place across the globe, and a growing number of countries are set to resume international air travel in the coming weeks. Here are the likely recovery strategies for five severely impacted sectors: namely Airlines and Cruises, Tour and Meetings Businesses, Hotels and Lodging, Food Services, and Theme Parks.

## 1. AIRLINE AND CRUISE INDUSTRY

Wearing face masks is still compulsory on planes and in airports, trolley service is being scrapped or reduced, and airlines are coping with the challenge of social distancing onboard. Blocking middle seat assignments and capping the number of available seats are clearly money-losing strategies which have already resulted in higher fares. Malaysia Airlines and Qatar Airways have clarified that their recent air ticket price increases cover the loss of the flights' load factors (between 50% and 70%). In the short term, the focus of yield management for airlines' pricing strategy should be shifted from profit maximization to breakeven optimization. In order to stay cost efficient, a series of route-cutting and code-sharing measures must be widely implemented until the end of 2020. On the other hand, the cruise industry will need more than die-hard cruisers to kick-start their operations. Cases of Covid-19 infections involving cruise ships have significantly shaped how travellers feel about taking cruises and when. Hence, addressing travellers' health and hygiene worries are equally important as improving sanitation measures, noting that a large cruise ship is a massive yet confined floating city. Flexible cancellation policies and inclusiveness of travel and health insurance are extra ways to promote safe assurance.

## 2. TOUR AND MEETINGS INDUSTRY

As social distancing rules are gradually relaxed to accommodate bigger group of gatherings, tour operators and meetings operators are eager to resume

their businesses with new operation models targeting small and niche domestic markets. The challenge ahead is to reintroduce destinations and attractions that are already known to locals. The strategies ahead should focus on in-depth exploration of existing destinations, rather than new destination development which are not feasible in times of financial crisis. Similarly, the meetings industry should share the same approaches to recovery. Even though business travellers are likely to lead international travelling, many SME companies have cut down on their travelling budget and are considering online meetings and virtual exhibitions for the long term. A hybrid future model of meetings, exhibitions, and conventions which features both offline and online experiences is key to the recovery.

## 3. HOTEL AND LODGING INDUSTRY

Many hotels are reluctant to reopen, as numbers from domestic tourism and restricted foreign arrivals are far from breakeven. Multinational large-scale hotels are likely to recover faster as they are more financially ready for wider sanitation and social distancing measures. For examples, some high-end hotels are hiring staff to enforce in-house health regulations, using shoe sanitizing mats at entrances, installing antimicrobial films over high-touch surfaces, and installing medical-grade air purifiers. However, these additional investments have raised concerns over low profit margins. In terms of services, the way forward should be guestroom-centred, with extended in-room services including wellness, fitness activities, meals, and more.

## 4. FOOD SERVICE INDUSTRY

Complying with Covid-19 cleaning and sanitizing guidelines, reducing 'high-touch' surfaces not only reduces cross-contamination risk, but is also beneficial for cost control. For example, removal of unnecessary items on tables and elimination of physical menus. Takeaway meals and working with online delivery platforms to compensate for the decrease in seating

capacity helps, too. For dine-in, extending operation hours with the help of staggered reservations to manage waiting times can be implemented. Since working at home is likely to permanently increase post-Covid, recipe-ready ingredients or partially ready-to-eat foods are also options to be considered.

## 5. THEME PARK INDUSTRY

The post-lockdown for theme parks will mean reopening with reduced capacity, which will dramatically impact revenues. For instance, the Chinese government has mandated 24,000 maximum visitors (about 30%) of Shanghai Disneyland's 80,000 capacity. Having said that, Disney is ready to address smaller crowds with smaller staffing. Labour has always been a huge component of theme park operation, so a more on-demand approach is needed in recruitment to ensure fixed labour costs are minimised. Operators must also be cautious about the hidden costs of hiring casual workers – regular orientations and trainings on health and safety which are becoming more essential than ever before. A provisional shift of target market is necessary, considering slower returns of families with younger children.

## CONCLUSION

Unfortunately, many businesses did not survive the lockdown, with layoffs continuing even after the lockdown, and the recovery will not be an ordinary one. The current global tourism and hospitality businesses will surely need more than a recovery plan – the industry needs a 'transition plan.' A recovery plan can get you back to normal, but a transition plan brings you to a 'new normal.' ■

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