

Marketing Strategies for Domestic Travellers at Star Hotels in Indore during the Covid-19 first pandemic phase

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Abstract. The Covid-19 has transformed businesses into a new shape across the globe. The hospitality and tourism industry has been affected significantly due to this pandemic. The hotel industry worldwide is restructuring its regular marketing strategies to bring back the guests to the hotels. Marketing strategy means the plan to reach the masses and convert them into customers of the products. The travel restrictions have opened a new opportunity for the star category hotels to attract domestic travellers so that the businesses can be survived and profits can be earned in these difficult times. The hotels are branding themselves with the new normal practices and attractive strategies to promote themselves among the domestic clientele. An instant remedy to overcome the challenges caused by the pandemic was the need of the hour for all the hotels since the outbreak of corona. The objectives of this study are 1. To enlist the sales and marketing challenges, hotels face after the coronavirus outbreak in March 2020. 2. To understand the marketing strategies formulated by the four and 5-star hotels of Indore to attract domestic travellers. 3. To find out the impact of the revised marketing strategies on the overall business of the hotels from March 2020 till July 2021. A descriptive research design using a structured questionnaire was filled by the staff members employed in sales and marketing departments of the four and 5-star hotels of Indore. The findings have revealed that staycation and special packages for day use rooms are most useful during a pandemic and in the near future for recovering their operating costs and gradually moving towards profitability.

Keywords: Marketing Strategy; Hotels; Domestic Travellers; Indore; Pandemic

1 Introduction

The coronavirus has severely affected the hospitality industry across the world. The hotels have adopted numerous changes in their daily operations, keeping in mind the safety factors for all the stakeholders. The marketing strategy broadly covers product development, pricing, distribution, and promotion. Identifying the target customers, reaching them, and retaining them are the main elements of marketing strategy. Marketing is an indispensable ingredient in running any business. Although it is an important factor that makes any hotel unit successful, it is often an ignored area. A hotel

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needs to utilize an amalgamation of inputs like personal selling, promotion of marketing channels, advertising, and to achieve the targeted return on investment (Jha, 2010).

As the pandemic is still there, the hospitality industry is trying to recover from the ongoing situation; this study takes a step forward in understanding the marketing strategies of the hotels in Indore, which would help enhance the overall revenue of the hotels at present and in upcoming times. The need of the research study is to identify the challenges faced by hotels during a pandemic and the impact of revised marketing strategies to sustain themselves in this tough time along with its effectiveness in the near future. The study makes us aware of the concerns and suggestions for improving the hotel's overall business during challenging times. Those can be implemented by other hotels operating in smaller cities of India.

The study is divided into the following sections. The second section illustrates the past research done in the field of the marketing strategy of the hospitality industry before and during pandemic times. The third section is a research methodology, followed by the data analysis. Findings and suggestions constitute the last section of the study.

2 Literature Review

The pandemic of coronavirus has brought the hospitality industry to unprecedented situations. The industry that has always been high in demand has been badly affected by the deadly virus. The current and future survival of the industry is becoming questionable due to the virus (Kaushal and Srivastava 2021). An unprecedented crisis began with this highly infectious respiratory disease that spreads through contact with other people or infected surfaces (Yang, Zhang, and Chen, 2020). The disease targets respiratory systems and causes damage to other body parts internally, leading to severe illness or death. Social distancing and other precautionary measures to control the spread of the disease led to the closure of large gatherings and traveled across the world (Connor, 2020).

The hospitality industry was one of the first industries affected since the outbreak of corona, and it will be the one recovering in the last among some other sectors. The hotel industry, which involves maximum human contact, received severe blows due to travel restrictions and lockdown measures (Wallis, 2020). The travel restrictions stopped the inflow of international tourists causing the immediate decline in the overall revenues of the hotels. Travel restrictions have forced the hotels to develop an alternative strategy to survive in this tough competitive market.

Dale (2005) defines domestic tourists as "People who travel in their own country for tourism purposes." Many Countries focus on domestic tourism as an excellent way to develop infrastructure, create employment and drive economic growth. The money spent on domestic tourism supplies back into that same country's wealth, enhancing that country's overall economy. Barreiros (2021) mentions how to utilize the domestic travel market and terms it the lifeline of the hotel industry in the present time of the pandemic.

2.1 Marketing Strategy in Hospitality Industry in pre – covid time

Kotler (1994) defines marketing from the managerial outlook as "a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others." The marketing of the hotel business is required because of the continuous growth in the number of guests and the competition among the hotels. The hotel business is maturing fast, and the competition is tough everywhere. In such a situation attracting guests to the hotels is itself a challenge. Hence, a considerable shift can be seen in marketing (Cooper, Fletcher, Fyall, Gilbert, and Wanhill, 2008).

An effective marketing campaign gives a company an edge over its competitors. A business may offer the best product in the market. Still, it will not generate the desired returns on investment without a good marketing campaign because marketing makes the product or service known to potential customers (Talabi, 2015). The hotel industry is witnessing rigorous competition, making hotel owners and managers look for new ways of ensuring success in their businesses by implementing diverse strategies to yield higher occupancy and average room rate.

A strong marketing strategy is critical to strengthen any brand, gain new customers and retain the customers' trust. The hospitality industry is no exception, as the key to sustaining the hotel business is to manage loyal guests. Effective marketing plans are developed primarily based on extensive research done through feedback and ratings of the guests and trends in the market. The service industry's growth is based on customer satisfaction. In the hospitality industry, the hotels that can attract guests and retain them will sustain themselves in the competitive environment at present and in the future (Petzer, Steyn, and Mostert, 2008).

2.2 Marketing Strategies of Hotels during Pandemic

The coronavirus pandemic is declining in India's tourism and hospitality industry like in other countries worldwide. It has been clearly shown in all types of tourism in the country since the beginning of the virus. The virus had forced the lockdown situation across the country and worldwide (Gautam, 2021). Marketing strategy is a necessity, especially in times of crisis. Guevara (2020) states that the tourism industry faces a tough survival time during the pandemic.

One of the most popular strategies across the hotels could attract the domestic clientele in many hotels across Asia and Europe. Social media has been proved to be very effective in promoting hotels during this pandemic of COVID-19 (Le and Phi, 2020). A research study carried out on four and five-star hotels in Spain, Mar Alonso-Almeida and Bremser (2013), reveals that the companies present various products to boost their split in the tourism sector during difficult times any crisis.

Hotels in India have implemented numerous measures to enhance revenues. The pandemic has also led them to focus on reducing operating costs to sustain themselves during such difficult times. Labour and energy are the two main areas where hotels try to cut and save costs. Various hotels are also keeping the maintenance postponed to

save expenses. Measures are being taken to attract domestic guests by promoting special offers and new products like special healthy menus prepared by using locally available raw materials. Immunity booster menus are also getting popular by five-star hotels in India. The hotels are restructuring their strategies to remain sustainable in this "new normal" environment (Majumdar, 2021).

Many companies utilize online marketing strategies to remain competitive and profitable (Redjeki, Narimawati, and Priyadana, 2021). Ortega (2016) mentions in his study from across different hotels of the world that in the time of the global recession of 2008, the hotels saw a significant decrease in the business. They took measures like strategic packages and partnerships for promotions to enter alternative markets. Tourism and hospitality industry growth depends on the footfalls of the guests. The entire marketing strategy revolves around the guests. As the pandemic hits the world, the restrictions have posed extreme setbacks on the hotel industry (Gössling, Scott, and Hall, 2020). Hospitality-related research studies during the COVID-19 crisis are starting to surface now.

The outbreak of SARS in Hong Kong affected the hotel sector so severely that the hotel staff members were forced to take annual leaves, and staff termination peaked. The hotels were challenging to pay for the staff's salaries (Pine and McKercher, 2004). Strategic controls have been proved to be very effective in managing any crisis. Any crisis can be turned into opportunities with the correct strategic management. Hotel businesses are no exception, and many hotels worldwide have restructured their marketing strategies in this unprecedented time of COVID-19 (Redjeki, Narimawati & Priyadana, 2021).

Anand (2020) mentions that the strategies of Staycation and Workation are becoming popular among hotels, and these will remain dominant in upcoming times as well. Understanding the marketing strategies in detail under competition, cost reduction, customer acquisition, product life cycle, and market share help the hotels to survive in a time of crisis like pandemic (Redjeki, Narimawati & Priyadana, 2021).

The previous study also finds ways for hotels to survive the pandemic, such as applying artificial intelligence for daily operations, frequent hygiene and sanitation practices, and healthcare practices for physical and mental health (Jiang and Wen, 2020). Amidst the COVID-19, people have realized the importance of healthy lifestyles (Wang, Pan, Wan, Tan, Xu, Ho et al., 2020) for physical and mental well-being. Looking at this latest guest need, facilitating guests to have a healthy lifestyle could be a good solution for hotels. Special packages of meditation programs, fitness, and healthy diet plans can be incorporated into hotels' marketing mix (Jiang and Wen, 2020).

Earlier research studies show that crisis conditions strongly affect the hospitality industry. The immediate effects are a significant drop in the number of tourists, occupancy levels, a fall in revenue per available room (RevPar), and average room rate (ARR). Few other impacts like job cuts and decline in services pose challenges to the hospitality industry's revival. The most valuable strategies are cost reduction, re-launching the domestic market, revised reduced pricing, contingency plans, and restructured policies for human resources (Rodriguez-Anton and Alonso-Almeida, 2020).

After going through the extensive literature reviews, a gap has been identified in the marketing strategies of the hotels during pandemic times.

The three objectives of the study are:

- To enlist the sales and marketing challenges, hotels face after the coronavirus outbreak in March 2020.
- To understand the marketing strategies formulated by the four and 5-star hotels of Indore to attract domestic travellers.
- To find out the impact of the revised marketing strategies on the overall business of the four and 5-star hotels of Indore from March 2020 till July 2021.

3 Methodology

3.1 Study Area

An annual growth rate of 25.3% in domestic tourists visiting all the states and union territories was published in India Tourism Statistics – 2020, while a negative growth (-15.6%) was seen in Foreign Exchange Earnings during the year 2020 (Annual report 2020-2021, Ministry of Tourism, Government of India). Madhya Pradesh is being promoted for four tourist circuits, namely Buddha, Eco, Heritage, and Wildlife, by the Tourism Ministry.

The city of Indore is a good transit point to visit nearby tourist circuits. The city boasts of cultural as well as commercial activities in the state of Madhya Pradesh. Indore is popular for its variety of delicious food, which houses the famous Sarafa Bazaar and Chappan Dukan. Being the most populous city of Madhya Pradesh, Indore is a commercial hub that brings a good inflow of business tourists to the city (Madhya Pradesh Tourism).

3.2 Survey Instrument

The study used a structured questionnaire as the instrument for collecting the data from the respondents. The questionnaire was developed after an extensive literature review and feedback from industry professionals. The questionnaire was divided into two sections. The first section was used to capture the hotel's profile. The second part investigated the challenges caused by pandemics to the hotels and the action plan on marketing strategies. The survey instrument used multiple-choice questions and open-ended questions to determine the hotels' marketing strategies in detail during the pandemic.

3.3 Sampling

The target population was all hotels of Indore. The sample for the study was the four and 5-star hotels in Indore. All the four and 5-star hotels of Indore were contacted through telephone and followed by sending the structured questionnaire via e-mail. The questionnaire was prepared on Google forms. The study sample was seven hotels, and the response rate was 100 percent.

4 Discussion & Conclusion

Most of the hotels are business hotels that form 57% percent of the total sample, whereas 43% are positioned as luxury hotels (Fig.1). The responses show that all the hotels have domestic clientele as a significant source of their businesses.

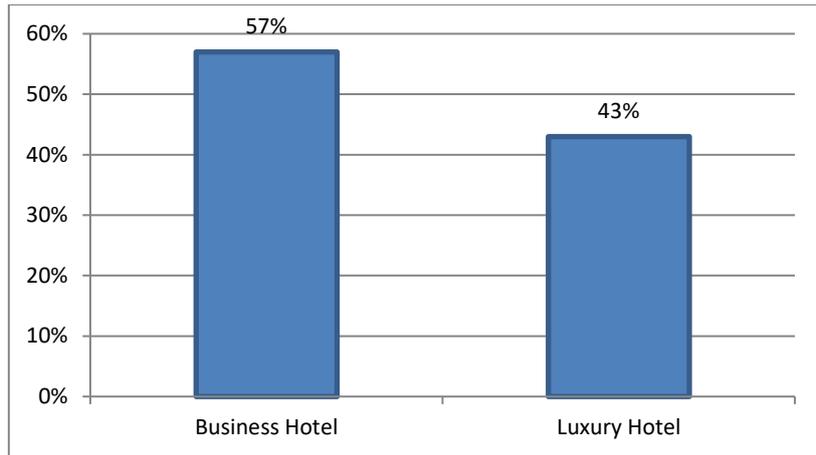


Fig. 1. Type of Hotel

The hotels' primary revenue source during the pandemic is rooms (57%), and the other 43% of the hotels have Food and Beverage outlets as their earning sources (Fig.2). It is interesting to note that the business hotels are the ones which are earning their revenue through rooms whereas the luxury hotels are earning from their Food & Beverage outlets.

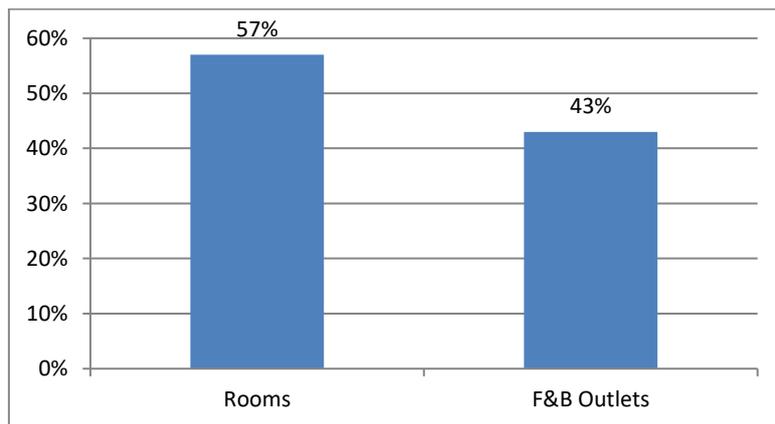


Fig. 2. Primary Revenue Source

The longevity of the marketing plan in pre-pandemic times has shown that 71% of the hotels used to update their marketing plan monthly while 29% of them were updating the marketing plan quarterly. The sales target forecasts in the hotels were primarily based upon market trends (71%). The remaining 29% were business hotels that use past performances as the basis for sales forecast of revenue.

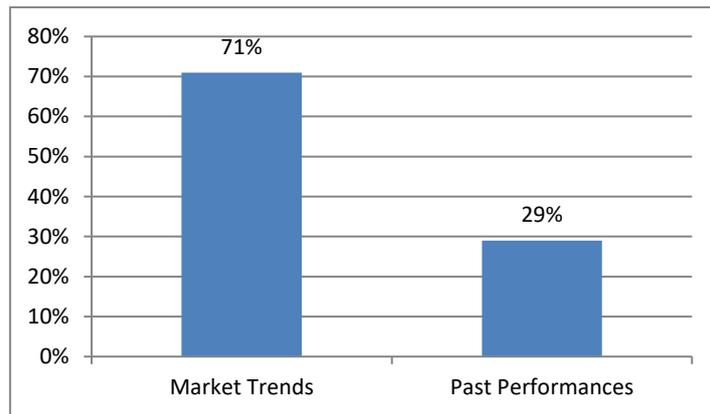


Fig. 3. Basis of Sales Target Forecast

Table 1. Descriptive Statistics of Promotional Channels of Hotels

Variables	Frequency
Hotel Website	100%
Hoardings	43%
Social Media	100%
Radio	14%

The data for channels used by hotels for promotion (Table 1) has revealed that all hotels use both hotel websites and social media while hoardings are being used by 43%. Radio has the least percentage, which is 14%. The marketing strategies used by hotels in pre-pandemic time have shown discounts, flexible upgrades, room plans with complimentary pick-up and drop facility, advertisement on e- platforms, and special offers on weekends for Food & Beverage outlets as their plans to attract footfalls of the guests. The challenges faced by the hotels were listed as - complete shutdown of the hotel tough rate competition in rooms and Food & Beverage services, low occupancy challenge, high operating costs, in-house guests who were stuck of other nationality, additional expenses of sanitization and cleaning, lack of business, fear among guests regarding health and safety, overcrowding of guests in hotel's public area, many large-scale cancellations across the corporate, MICE (Meetings, Incentives, Conventions & Exhibitions) and leisure segments.

Table 2. Descriptive Statistics of Strategies adopted by Hotels during Pandemic

Variables	Frequency
Staycation	100%
F&B Packages	86%
Special Packages	100%
Strategic Alliances	43%

When enquired about the strategies to attract domestic guests to the hotel during the pandemic (Table 2); Staycation and special packages were among the most popular adopted by all the hotels during a pandemic. Special packages were used for day use rooms, meal packages (room with all meal plans), and entertainment packages (rooms with entertainment facilities). 86% of the hotels used Food & Beverage packages as a marketing strategy during the pandemic, while strategic alliances were adopted by 43% of the hotels. When asked about the marketing strategy which will be sustainable in the near future, staycation, social media advertising, and special packages for day use rooms have been listed. The impact of revised marketing strategies adopted by the hotels is helpful as they could recover the operating expenses and gradually improve the hotel's overall revenue.

5 Findings and Suggestions

This study reveals the marketing strategies of 4 and 5-star hotels of Indore for domestic guests. Since the coronavirus outbreak, hotels' sales and marketing challenges have been listed as the complete shutdown of the hotel, high operating costs, additional expenses of sanitization and cleaning, and many large-scale cancellations across all the segments. The study aligns with Redjeki, Narimawati & Priyadana (2021), and their suggestions can be implemented in Indian hotels. The study showcases the various marketing strategies formulated due to pandemics to attract domestic hotel travelers. Special packages for Day Use rooms, staycation, and a few strategic alliances were very effective in gaining revenue for the hotels. This study is in line with findings by Rodriguez-Anton and Alonso-Almeida (2020), which were mentioned to focus on domestic tourism through support from governmental measures, build trust in domestic tourists, strengthen the hotel brand and adapt to new normal practices in daily operations. In his study, Ortega (2016) also found out that the hotels utilized strategic partnerships and packages to gain revenue from alternative markets during the global recession of 2008. The impact of revised marketing strategies is helpful for the hotels as they could pull through the operating costs and gradually improve profits. The strategy can be applied all over India by different star category hotels in the pandemic to sustain the business. The hotels have highlighted staycation and special packages for day use rooms to be very useful in the near future.

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