

Letter to editor

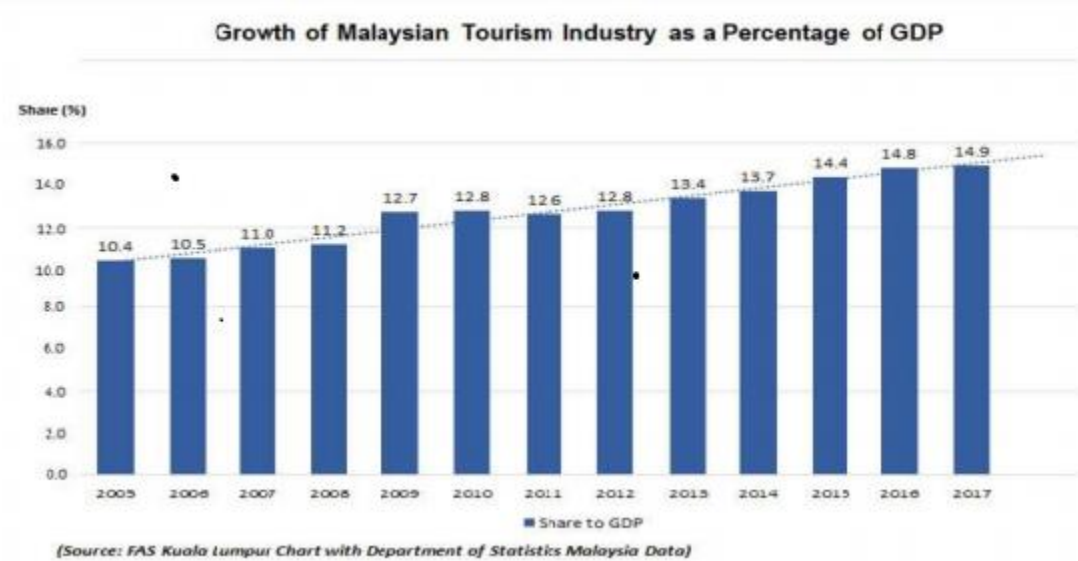
The strengthen strategies during post Covid 19 after the virus crisis hit hotel industry in Malaysia

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Introduction

The Covid-19 pandemic is a crisis that affects all over the world, including Malaysia. This shows a significant impact on the hotel industries and other industries related, such as tourism and the aviation sectors, which have been felt immediately since the outbreak of Covid-19 due to travel restrictions, cancelation of events, and the reluctance of individuals to travel. In this most challenging phase, the government provides some help to all industries as they provide subsidies under the stimulus package for the company to pay their employee wages instead of deciding to lay off. However, this is not sufficient. Hotel industries are still struggling to survive now and for the future. There is also a need for some strategies to implement and help from both the public and private sectors to help them grow back and stand as they were before.

Malaysia is facing the worst economic slowdown in its history, even as many developed nations suffer extreme downturns due to the Covid-19 pandemic and the MCO. They were targeted in 2020 to be a big year for the hotel and tourism industry in Malaysia. Hotels industries expected millions of travelers. The tourism and hotel industry this year should have boomed like never before. The promotional push for the big "Visit Malaysia 2020" campaign was set in motion worldwide. The Southeast Asian country anticipated about 30 million visitors and a strong €20bn (\$21.5bn) revenue.



As we know, the tourism market, which can be affected by hotel industries in Malaysia, has been a significant source of foreign exchange revenue and contributes to 9.3 percent of our country's GDP. Reasonable travel and tourism policies allow for 10 million international visitors per year. Malaysia, Indonesia's tourism sector not only calculated for roughly 4 percent of the overall economy and plans to double the figure by 2020 by improving infrastructure, accessibility, health & hygiene, as well as enhancing online marketing promotional strategy, leading to opportunities

in the coming markets. Besides, in 2015, the government revised its visa-free access policy to attract more foreign tourists. In recent years, famous tourist destinations such as Bali and Jakarta have already seen a massive influx of investment, particularly in the upper end of the market, leading to excessive supply, promoting the establishment of hotel and tourism industries.

However, Malaysia and around the world have been struck by the virus or COVID-19 pandemic, which has put a damper on all of this, affecting, in particular, the more than 3.5 million people employed in the hotel industries. What came was a virus, which caused the economic drop. Besides, with it, Malaysia's hotel and tourism industry have experienced the worst crisis ever. Conventionally, an infection was used to attack vulnerable groups in their lifestyle with food and health care insecurity, and they were usually the poor in society. Besides, Corona infection attacked international travelers for the first time, and the pandemic was caused by travel and thus confronted the affluent social class worldwide.

On March 18, 2020, the government of Malaysia bans individuals from traveling to other states that have been deemed affected by a coronavirus. On March 25, as the rate of new cases per day remained consistently high, the MCO was extended by an additional two weeks, until April 14. The MCO was announced on April 10 to be extended until April 28, and was extended again on April 23 to May 12. A gradual lightening of restrictions under a "Conditional Movement Control Order" (CMCO) was announced on May 1 and is in effect until June 9, allowing most businesses to open on May 4 under strict practice standards. Outsiders have accounted for most of the country's new cases since May.

On June 7, the Prime Minister of Malaysia announced that the current conditional movement control order (MCO) would be replaced with a more relaxed version described as an MCO recovery from June 10 on. Many activities and businesses are allowed to open, such as hair salons, barbershop, and the most critical domestic tourism activities. They will now be allowed to resume operations under the RMCO, as the government has permitted interstate travel. This news is the good news for the hotel and tourism industry that is struggling to survive now and for the future before this in several phases.

Current situation of covid-19 in Malaysia

(June 7, 2020 - 5.30 pm)

New positive cases	19
Total positive cases	8,322
In treatment	1,531
Recovered	39
Total recovered	6,674
Total death	117

Sources from Kementerian Kesihatan Malaysia

Impact and problem facing by the hotel industry

This deadly virus is more severe than estimated by specialists and the newest pandemic in recent history, with more than 1.9 million infections and more than 120,000 deaths as of April 14, 2020. Initially reporting the highest number of cases in Southeast Asia in March and early-April, the country's case count has since been eclipsed by the Philippines on April 14, Indonesia on April 15 and Singapore on April 18, while the extent of its outbreak remains more severe than in neighboring Thailand and Brunei, with a higher fatality count than in Singapore, Thailand, and Brunei. In Malaysia, our medical response to the outbreak led by Health Director Noor Hisham Abdullah, and two successive governments under the Ministry of Health. Preparations for stockpiling supplies, detecting and tracking cases and treating COVID-19 patients were stated to have been initiated as early as January 6, 2020, following a study by the World Health Organization (WHO) on an outbreak of "pneumonia of unknown origin" in Wuhan City, Hubei, late December 2019. As jumps in cases began to occur in early March and the Yang di-Pertuan Agong expressed the Prime Minister of Malaysia later announced great concern over the escalation of the outbreak and measures to combat the outbreak via live nationwide telecast on March 13, 2020, and by March 16, a national "Movement Control Order" (MCO), intended to mitigate the spread of COVID-19 through social distancing, was announced to last between 18 and 31 March.

Hotel room cancellation and losses due to travel fears and restriction
 From Jan -March 2020

	Losses due to cancellations (RM)	Room cancellations
Kedah	3,291,500	3,239
Perak	1,354,206	3,646
Pulau Pinang	8,962,185	18,476
Kuala Lumpur	24,912,199	61,859
Selangor	9,053,751	25,940
Pahang	215,756	259
Melaka	708,499	4,128
Negeri Sembilan	7,655,685	20,665
Johor	7,711,922	20,977
Sabah	11,788,551	33,769
Sarawak	37,775	99
Terengganu	446,406	466
Total	7,5692,028	193,057

Sources from Malaysian Association of Hotels (2020)

Started from the period, all businesses included hotels, airlines, tourism had been stopped, and the Prime Minister of Malaysia stated that foreign visitors are prohibited from entering Malaysia, and that travel is not permitted. This news gave the hotel industries a significant impact. As we know, tourism has become the third-largest foreign exchange earner in Malaysia, representing 7% of the Malaysian economy in 2005. As of 2011, Malaysia ranked among the top nine in the world's most visited country, behind Germany. Consequently, the impact of many hotels in Kuala Lumpur on the local hospitality industry is facing partial closure as their occupancy rates have fallen to a massive low. Several four and five-star hotels in Kuala Lumpur said their occupancy is currently below 10 percent, and their business is partially closed. However, temporarily until the situation improves to remain viable.

When the number of infected cases increased, the country was put under the Movement Control Order (MCO) until April 14, 2020. Many other company operations have practically slowed down or come to a complete halt except 'critical services.' The tourism industry is a networked industry with many other economic sectors, including hotels, community activities, education, finance, agriculture, medical, travel and transport, construction, real estate, retail, and vice versa. Four thousand eight hundred eighty hotels, including budget hotels, in the country, are registered with the Tourism, Arts, and Culture Ministry. It was reported that the Malaysian Association of Hotels (MAH) projected a revenue loss of RM560.72 million for just the MCO period, with occupancy rates expected to fall to a staggering 11 percent. MAH President Kamaruddin Baharin said that because of the pandemic, and the hoteliers have predicted a much lower occupancy rate for the coming months.

However, some city hotels still thrive because they have long-term guests staying coupled with short-term guests who have prolonged their stay due to the MCO. To break even, the hotel should have an average occupancy of 40% with additional sales from its food and drink outlets, events, and retail outlets. However, overall deals for some hotels are down more than 90 percent, with a rise in customer cancellations for both lodging and activities. The hotels are running at a considerable loss and, depending on the outcome of the Covid-19 situation, and this could continue for the next six to eight months or longer. How quickly the hoteliers will recover from Covid-19 will depend on the effectiveness of containment measures.

According to Tourism Economics, global travel in Malaysia is forecast to decline by 10% to 18%, which is the most significant year-on-year decrease in the Covid-19 outbreak. However, the hotelier expects the Covid-19 impact to be long-term, and he thinks the RM250 billion 'Caring Economic Stimulus Plan' will do very little to soften the potential effects. Hoteliers must face another challenge even though Covid-19 no longer exists, and when the market improves, which is the average daily cost of rooms. In new reservations, most hotels should experience a slowdown. What can be expected is a price war in which hotels drop their room rates to increase occupancy. By doing this, they will drag the hotel business down further. When the economy recovers, hoteliers have to change prices sensibly and not undercut one another. Everyone knows that the hotel industry faces a lower return financial pressure, but he or she has no choice because of Covid-19 to partially close their business. Room occupancy has dropped from 60 to 70 percent to below 20 percent, and the result of poor room sales is that they have to lay off employees.

As we know, government supports wage subsidies under the stimulus package. Still, it does not help much as the RM 600 monthly wage subsidy for three months, for workers earning less than RM4,000 monthly, falls below industry

expectations. For six months, the hotel industry had previously suggested a minimum of RM1, 000 per employee, or a minimum equivalent of 50 percent of the employee's monthly salary. This is in answer to a forecast much lower occupancy rate for the coming months, looking at the world's situation.

According to Kamaruddin Baharin, president of the Malaysian Association of Hotels (MAH), 2,041 employees in the hotel industry have been laid off due to economic pressure and the extended MCO. In contrast, 9,773 have been granted unpaid leave, and another 5,054 have taken pay cuts. The Malaysian Association of Tour and Travel Agents (MATTA) expressed disappointment in the stimulus package in a separate statement. The local tourism sector, which employs 3.5 million people and contributes 15.2 percent to the nation's Gross Domestic Product, has seen revenues fall by 90 percent in March. According to the MATTA press release, the sector is looking at a near-total revenue loss for April, May and June. But all the government's restrictions are making, especially indefinite curfew across the country, travel restrictions, aggressive social distancing measures are some of the critical criteria that the government has currently imposed to slow the spread of the covid-19 outbreak.

Although hotel services are part of the essential services that are allowed to operate during the Movement Control Order (MCO), hotels are prohibited from accepting new guests. They can only assist those who had already checked-in into the hotel before March 18. Food and drinking services should be limited to room service only, and all other hotel facilities and services should remain closed. Now that the MCO deadline is extended until May 12, several hotels will be pressured to agree on the outcome in the next few weeks.

With many hotels shutting down or downsizing, this will harm the country's economy, as many related industries will suffer from business loss. Many hotels have already issued a memo to their employees saying their wages will be reduced or they will have to take three to six months of unpaid leave. This year, Estadia Hotel and Hatten Place Melaka issued a memo requesting employees to take unpaid leave from April 15 to June 30. This is based on a list of cost controls that have been circulated in social media by many businesses, including aviation, education, manufacturing, and oil & gas firms.

Closing of hotel cases impact by covid-19 pandemic

Plenitude Bhd joined the list of businesses that shut down their hotels due to the Covid-19 pandemic. Last week the Jazz Hotel in Penang announced it is closing its doors. Penaga Hotel and Jerejak Island Resort may follow suit, both managed by VHM Hotel Management Group, based on memoranda circulating on social media. Located in Ipoh, Kinta Riverfront Hotel and Suites are expected to close for good this month. An inter-office notice signed by the board of directors and management representative of the hotel, Tan Kim Hee, dated April 22 and revealed that the hotel would close on April 30. The hotel was no longer able to maintain its company, having sustained losses for months even before Covid-19, and subsequently falling into the red after the virus outbreak due to room and event cancellations.

The 4-star Tower Regency Hotel, another hotel in Ipoh, also announced its closure on April 30 to cut losses that have accumulated over the past three years. In a filing with Bursa, Plenitude said it would close with immediate effect two hotels in Penang, namely Mercure Penang Beach and the Gurney Resort Hotel and Residences, as well as Travelodge Ipoh in Perak. Due to the virus outbreak, the developer will also downsize the operations of other hotels he owns. The Covid-19 pandemic had affected its hospitality businesses severely. With travel restrictions at home and around the world, the company's hotels have suffered significant decline in activity. They have no choice but to downsize their company and operations.

Recommendation strategies

- **Flexible and immediate response in promoting**

There is no question that this pandemic situation has caused Malaysia's Tourism and Hotel Industry many adverse effects. Firstly, to be aware of potential visitors, it is necessary to spread the news through news outlets and social media platforms. As our Prime Minister said on June 7, 2020, domestic tourism is now permitted, so advertisement campaigns are also crucial in marketing and promoting the tourism and hospitality industries in Malaysia. Additionally, Malaysian hotels can improve or introduce the Flexi-rate and allow guests to move a reservation to a new date. It is another primary tactic for promoting hotel business to offset emergency cancellations. Further, making some timely-modifications to existing hotel policies is also vital, such as flexible cancellation policies, flexible-rates for all services, ensuring strict hygiene policies should be some of the critical areas of concern. Use 'flexibility' as one of the key marketing messages is highly recommended because it will help attract many businesses.

Based on the current situation, people are still afraid to come to the area, so tourism, the hotel industry can encourage and concentrate on remote accommodation centers. It can be another primary strategy to attract tourists. Examples,

hotels like a resort, eco-friendly hotels, and remote attractions and locations focused on nature and culture can have great potential to promote themselves. These strategies would also help attract tourists and boost F&B sector revenues. As the Prime Minister of Malaysia banned traveling outside our country, the hotel and tourism industry must take this opportunity to promote rapidly growing domestic tourism.

- **Price adjustment**

Almost all the hotels on these circumstances should lower the prices to reduce the perishability of the service. Therefore, it would be an excellent opportunity for perceptive tourists to visit a hotel or consume services in a hotel with much lower prices. Nevertheless, hoteliers must monitor the pricing trends of other hotels under different grades. Besides, hoteliers must adjust amount sensibly when the market recovers and not undercut one another. Hence, we hope cheaper travel and accommodation costs may motivate and drive the sector once the Covid-19 pandemic is contained, serving as a slice of positivity in this sector.

- **Provide value added or flexi-service.**

At the same time, it is also recommended to promote Flexi-services or promoting value-added services. Nevertheless, flexible-service is more relevant as the current pandemic situation people are very much concerned about their health and safety. Thus, taking some additional time to clean the entire hotel is essential. These strategies will positively affect ensuring hygienically clean safety and a secure environment for guest stay.

- **Collaboration with public and private sector**

It is recommended to initiate collaborative strategies among the public and private sectors. Besides, government should look at altogether abolishing the tourism tax and assist the hospitality sector with more incentives. The government should also look at reducing the service tax for F&B operators as their business has been hit badly by Covid-19.

- **Implemented and joining government campaign**

Concerning the World Tourism Organization's (UNWTO) special attention, the world has already launched many activities to save the necessities of the hotel and tourism industry at present. It has been the common thread running through the response of the World Tourism Organization to the current crisis, emphasizing tourism's fundamental values. With the slogan used, "By staying home today, we can travel tomorrow. The hashtag #Travel Tomorrow encapsulates this message of solidarity and hope, the World Tourism Organization (UNWTO) calls for shared responsibility among travelers and the tourism sector around the world to deal with the COVID-19 coronavirus pandemic (UNWTO). As the hotel industry connected with tourism industries, hotel industry players need to take this opportunity of this campaign to boost their marketing and set up to increase the sales and make the occupancy of room increasing.

Conclusion

While the country at the stage of not to move forward with the other operations along with the hotel industry, the country still needs a preventive and protective planning enhancement to get back to the stage that Malaysia stands before at any industry, especially the tourism and hotel field that yields the country's income at its peak. It would take more time to reach back to the core capacities within this industry. However, some rules need to implement and need to follow the government SOP to ensure all tourist are safe which include placing thermo scanners in every hotel lobby, keep social distancing, tourist need to wearing a mask and keep all our tourist data whenever they enter the hotel.