



Hotel Strategy in Facing the Covid-19 Pandemic (The Westin Resort Nusa Dua Experience)

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Abstract

Purpose: This research is conducted with the aim of examining the management strategy of a hotel in a Covid-19 pandemic situation.

Research methods: The research method used is descriptive qualitative with virtual interview techniques and literature study.

Findings: The strategy adopted by the hotel, in this case The Westin Resort Nusa Dua is a generic strategy and a corporate functions strategy.

Implication: The strategy is expected to become a reference for other hotels during the Covid-19 pandemic so that the hotels can still operate even in abnormal conditions.

Keywords: hotel, management, strategy, Covid-19 pandemic.

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INTRODUCTION

The Coronavirus (Covid-19) shocked the world in early 2020 with its rapid spread in China and peaking between late January and early February 2020 with 7,736 confirmed cases of Covid-19 in China, and 86 other cases reported from various countries. The Covid-19 pandemic, which has been going on for several months, has caused economic activity to weaken in almost all countries in the world, one of which is the tourism industry. Several countries prohibit foreign nationals from visiting their country, including the Indonesian government prohibiting foreign nationals from visiting Indonesia. The hotel industry is one of the industries that has a huge impact in this pandemic situation. Many hotels have

been forced to close because there are no more guests and other supporting businesses that are not running normally.

Diayudha (2020) states that according to 2018 BPS data, the total number of hotel and lodging residential businesses in Indonesia is 28,243 houses with 650,163 rooms with 950,417 beds in Indonesia. The Covid-19 pandemic has had an impact on the closure of around 1,642 hotels (PHRI data for April 5, 2020) which means that if we compare it to the total number of accommodations in the form of hotels according to BPS 2019, it can be concluded that currently the hotels affected and closed are around 49.54 % means that as of April 5, 2020 alone there has been a hotel closure in Indonesia, almost 50% of the total hotels previously operating. This indicates that hoteliers prefer to close their businesses rather than stay open. Regarding the government's recommendation to carry out social distancing in order to prevent the spread of the Covid-19 pandemic outbreak, Bali is noted to have closed all tourist and entertainment spots in order to prevent the spread of the virus officially named Covid-19. The Badung Regency Industry and Manpower Office noted that as of March 31, 1,781 tourism workers had been sent home and 39 people were dismissed (termination of employment) in Badung. One of the hotels affected by this situation is The Westin Resort Nusa Dua, which is located in the ITDC (Indonesia Tourism Development Corporation) area which will be the object of research. The Westin Resort Nusa Dua Bali is one of the five-star hotels which until November 2020 is still operating even though it is not in normal occupancy conditions and continues to carry out health protocols set by the government.

Several people or institutions have carried out research related to the tourism industry in general and hospitality in particular which discusses tourism recovery efforts, survival strategies, preparation for implementing a new life order (new normal) and so on, such as Diayudha (2020), Herdiana (2020), Paramita and Putra (2020), Ivan (2020), Nuruddin, et al (2020).

Diayudha (2020) stated that the Covid-19 pandemic has become a disaster for the hotel industry in Indonesia. Hotel entrepreneurs, tourism entrepreneurs, hotel associations and the government have made various ways in reducing the impact of losses on the hotel industry, especially in Indonesia. The results of his research found that the hotel industry needs more real relaxation from the government to save the hotel industry, such as temporarily

exempting hotel and restaurant taxes, temporarily exempting entertainment taxes, postponing payments for land and building taxes if the Covid-19 outbreak is in the month of payment of obligations. still ongoing, exempt groundwater tax, free funds or provide discounts on waste retribution, and others deemed able to ease the burden on business actors throughout Indonesia during the Covid-19 pandemic. Meanwhile Herdiana (2020) states that comprehensive and sustainable efforts are needed to restore tourism conditions in the city of Bandung. The government, especially in Bandung City and tourism business actors are required to communicate and coordinate to develop tourism recovery policy instruments which include internal recovery efforts such as disaster management, organizational capacity building and external recovery efforts such as tourism relaxation policies and tourism promotion.

The provincial government of Bali uses hotels and villas in Bali to accommodate PMI (Indonesian Migrant Workers) to carry out quarantine so that local transmissions do not occur. This is a very appropriate step because this is the answer for tourism actors in Bali and also the heroes of Bali's foreign exchange. Health and safety standardization is the main thing that must be considered by the government together with tourism industry managers. Then try to prepare some new travel alternatives during a pandemic that still attract tourists but are safe and can be implemented with due observance of health protocols. There are several things that can be done by tourism actors to provide a sense of security and comfort in traveling during this pandemic, namely (1) implementing health standards by making adequate sanitation, (2) increasing safety standards because tourist comfort will have an impact on increasing tourist visits, (2) staycation is one of the tourist options for tourists who still don't have the courage to mingle with other tourists, (4) Niche tourism, where tourists will be in small groups with the same hobbies, interests or common vision, (5) solo travel tours, providing the best service for tourists by arranging seats in the car, providing hand sanitizers, hand washing soap, tissue in each car and also prioritizing private transportation modes for small groups, (6) wellness tours such as spa, yoga, meditation, *melukat* (cleaning self to the purified spring), experience healthy food and spiritual tour packages (covering a trip to p sacred temples in Bali), (7) Virtual tourism using applications that can provide a real experience of traveling to tourist objects in Bali. With the development of this new type of

tourism, creative tours and travels will emerge to find specific market segments according to the needs of tourists. (Paramita and Putra, 2020).

With the application of physical distancing, it can be seen that a special strategy is needed in an industry/business to deal with unexpected things as well as changes in habits in the face of the Covid-19 pandemic situation. In terms of digital innovation. Research conducted by Ivan (2020) on how the role of business innovation can affect the empowerment of the hotel industry. In terms of digital innovation, several hotels have implemented this, where this aspect is very important considering that changes and innovations are always changing to increase the comfort and trust of guests to stay at the hotel. There are six important digital innovation points that can be applied by other hotels, such as internet use, large data-based, Artificial Intelligence, Augmented reality (AR), Recognition Technology, and Chatbot. These aspects are expected to be the selling point of the hotel itself, where the comfort, security and futuristic factors will be a very good combination for the hotel.

Before the Covid-19 pandemic, the occupancy of hotels in Bali was very good. The number of rooms sold is on average over 60% in each month. In fact, at certain times, visitors find it difficult to find a room due to the slavery of tourist arrivals in Bali. Disasters began to come when Covid-19 was declared to have infected the State of Indonesia, so the government banned all travel activities and closed Indonesian tourism activities. The impact is that the occupancy of hotel companies is nil, which is also experienced by the three hotels chosen as the focus of the study, namely the Four Seasons Hotel Sayan Bali, Alila Seminyak Bali and Hotel Puri Saron Seminyak Bali. There are six survival strategies carried out by the three hotels in this study, almost all hotels in Bali also do the following. First, lay off employees temporarily without a clear limit when they are reinstated. Second, limit the use of hotel facilities to suppress ordinary operations. Third, the efficiency of hotel expenses. Fourth, the sale of non-room products online to acquaintances and former hotel room users. Fifth, do it with the “pay now stay later” model. Sixth, refusal to refund the booking money by changing the stay schedule (Nuruddin, et al, 2020).

The research that has been carried out does not have a significant similarity in topic with this research, but the studies mentioned above are related to this research in terms of keeping tourism operational, and the research

becomes a reference and reference for the author in completing scientific journals.

The results of this research are expected not only to be a scientific study for the benefit of science but also to make a significant contribution that can be practiced by the tourism industry in general and the hotel industry in particular regarding the strategic management of The Westin Resort Nusa Dua hotel if a similar situation occurs in the future.

As an applied research, this research was conducted to find out strategic management at The Westin Resort Nusa Dua in the situation of the Covid-19 pandemic which in the future can be practiced by the tourism industry in general and the hotel industry in particular to be able to continue operating in the event of a similar disaster at a later date. This research can be used as a reference but it is still recommended for future research to carry out further research because the handling and strategies in each condition are different.

RESEARCH METHODS

Seeing the current situation caused by the Covid-19 pandemic, it is necessary to have an in-depth understanding of strategic management that can help in developing organizational strategies to deal with this situation. By understanding this phenomenon, more effective strategies can be developed to stop or reduce the severity of the impact on the business. A pandemic situation with a protracted phase requires a strategy that is very different from other disaster situations.

This research was conducted at The Westin Resort Nusa Dua, which is one of the 5-star hotels of the world's largest hotel company, namely Marriott International (MI), located in the ITDC Lot N-3 Tourism Area, Nusa Dua, Bali.

This study uses a qualitative approach, which is collecting data in a natural setting with the intention of interpreting the phenomena that occur where the researcher is a key instrument (Anggito and Setiawan, 2018). This research further explains in detail what activities or situations are taking place to study strategic management at The Westin Resort Nusa Dua Bali in the situation of the Covid-19 pandemic. Data collection methods used interviews and literature study, while the observation method was not carried out in this study considering the ongoing pandemic situation and access to the hotel area was very tight.

Determination of informants was carried out by purposive sampling method, namely the technique of collecting samples by considering certain things (Sugiyono, 2013). The informants selected in this study were the respective department heads at The Westin Resort Nusa Dua and their staff who understand the management of the hotel company being studied. The data analysis technique in this study will be carried out with an interactive analysis model proposed by Miles and Huberman in Sugiyono (2016) which includes: data reduction, data presentation and data verification.

This study uses management theory which according to Terry (1997) is the art of directing others to achieve the main goals of the organization through the process of planning, organizing, implementing, and monitoring. Meanwhile, management according to Wilson (2012) is a series of actions taken by organizational members in an effort to achieve organizational goals. Company strategic management can be carried out in company functions ranging from production/operations strategy, marketing, finance, human resources, and accounting (Jauch, 1996). It is also stated by Sabariah (2016), that corporate strategic management can be carried out thoroughly and systematically from each function of a company or business.

A company must start and carry out several functions, including: (1) Production/operation functions, namely carrying out various activities and producing outputs called products, both in terms of goods and services. (2) The marketing function, namely after a product is available, the product must be known and reach the consumer or customer. (3) The financial function, namely the function of finding sources of funds and also of allocating sources of funds in a more productive direction. (4) Personnel functions, namely activities ranging from recruiting, using and maintaining human resources. (5) The accounting function, namely recording and documenting all activities in the company at the same time being able to summarize or report the state of the company (Alma in Dewi and Sutedja, 2020).

FINDINGS

From the results of interviews related to the Covid-19 pandemic situation, data and information were obtained that there was a decrease in the number of

guests staying as a result of the closure of Ngurah Rai International Airport, Bali for international flights and the implementation of the PSBB (Large-Scale Social Restrictions) system in a number of cities in Indonesia. The decline in the number of guests staying has an impact on declining hotel revenues from March 2020 to the present. In this Covid-19 pandemic situation, the strategic management implemented by The Westin Resort Nusa Dua is a generic strategy by Michael Porter and a strategy for corporate functions by Alma Buchari (Dewi and Sutedja, 2020).

In the generic strategy, there are three strategies analyzed, namely: (1) Cost leadership (low cost) is a comprehensive cost control strategy with the hope of increasing profits. In this case, The Westin Resort Nusa Dua reduced operating costs without reducing basic salaries and basic employee benefits for welfare. If this is done, it will reduce operating costs. (2) Differentiation which is a way to make a product unique or second to none. The Westin Resort Nusa Dua is located in the International Tourism Development Center (ITDC) area, only 30 minutes' drive from Ngurah Rai International Airport. Located in the ITDC area, this hotel is one of the right choices to stay in the current pandemic situation because access to and from this area is very tight and only hotel employees and guests staying in this area are allowed to enter this area.

In addition, The Westin Resort Nusa Dua is the hotel chosen by the Ministry of Tourism and Creative Economy as a pilot project for implementing the new era life order protocol standard in tourism, which has now been certified by the Bali Provincial Tourism Office. (3) Focus is the process of preparing a product to meet specific consumer needs. In this Covid-19 pandemic situation, the management of The Westin Resort Nusa Dua focuses on implementing strict health protocol standards for employees and guests who stay overnight, so that guests who will stay at the hotel feel safer and in accordance with their needs and expectations.



Figure 1. Certificate of New Era Life Order in Tourism
(source: Manajemen The Westin Resort Nusa Dua, Bali, 2020)

Meanwhile, the company functions strategy consists of: (1) Production or operation functions, are the initial activities that must be carried out by every company to be able to produce products both in terms of goods and services. The Westin Resort Nusa Dua with the discipline of maintaining excellent service

and looking for breakthroughs and business opportunities such as working with well-known restaurants to sell their food products at The Westin Resort Nusa Dua. (2) Marketing function, is the process of transforming or moving products that have been produced by the company to reach consumers. By using the concept of a marketing mix, it is still implemented and maintained starting from products that are managed effectively and efficiently. Make adjustments to stay packages to balance the decreasing purchasing power of the community, such as the “pay now stay later” stay package. Apart from that, from the marketing communication aspect, collaborating with radios and magazines to promote the “pay now stay later package”. (3) Financial function, which must be carried out by the company because it is related to the process of determining funds and the process of allocating funds. Manage finances efficiently while maintaining cash flow so as to be able to balance income against debt servicing obligations, as well as operating and maintenance costs.

If necessary, arrange a schedule for requesting payment of principal and interest for installments at the borrowing bank. (1) The function of human resource management or personnel, where this function is very important in relation to all activities within the company which will be carried out with the maximum number of qualified human resources. This is done by terminating all contract employees and opening an early retirement program for permanent employees who have worked for many years. With this reduction in human resources, the burden on companies is lighter for the payment of employee salaries during this pandemic. In addition, the work schedule has also been adjusted considering that the number of employees has decreased significantly. The management also pays attention to workers' health by providing masks, hand sanitizers, hand gloves and vitamins to avoid exposure to the virus. (2) Accounting function, no less important in the company because it relates to all company activities, must be recorded, must be reported, and summarized in the form of financial statements. All financial processes are still carried out starting from the budget plan, transactions are recorded, recorded and reported at any time. In addition, a computerized and online system is implemented thoroughly so that information can quickly reach all relevant lines to reduce suspicion and fraud.

The Covid-19 pandemic situation has paralyzed the tourism industry around the world, including Bali. One of the industries most affected in Bali is the hotel industry where this situation forces hotel management to take steps to survive this crisis and anticipate what to do if this situation persists for a long time. The Covid-19 pandemic which has been going on for several months has caused economic activity to weaken in almost all countries in the world. The hotel industry is one of the industries that has been severely affected in this pandemic situation. The Westin Resort Nusa Dua is one of the hotels that continues to operate today.

Before the Covid-19 pandemic broke out, the predicted occupancy of The Westin Resort Nusa Dua hotel was fully booked on several dates for the next months due to meeting activities requiring a large meeting room which will be held at BICC (Bali International Convention Certificate) and requires a lot of rooms to stay where The Westin Resort Nusa Dua has a total of 433 rooms. However, since Covid-19 broke out, one by one the stay plans made by guests began to be canceled because the government banned all travel activities and closed tourism activities in Indonesia. This has had a drastic impact on hotel occupancy in Bali, especially The Westin Resort Nusa Dua.

There are two management strategies implemented by The Westin Resort Nusa Dua, namely the generic strategy and the corporate functions strategy. The generic strategy consists of (1) cost leadership (low cost) where The Westin Resort Nusa Dua reduces operating costs without reducing basic salaries and basic employee benefits for welfare. (2) Differentiation (differentiation), The Westin Resort Nusa Dua is included. located in the ITDC area with security and the implementation of strict health protocol standards and not just anyone can go in and out of this area. (3) Focus, the management of The Westin Resort Nusa Dua focuses on implementing strict health protocol standards for employees and guests who stay overnight, so that guests who will stay at the hotel feel safer and in accordance with their needs and expectations.

Meanwhile, the company's strategic functions consist of: (1) Production or operation functions, where hotel management is disciplined to maintain excellent service and seek breakthroughs and business opportunities, such as working with well-known restaurants to sell their food products at The Westin Resort. Nusa Dua. (2) The marketing function is where the management makes adjustments to the overnight package to balance the decreasing purchasing

power of the community, such as the “pay now stay later” stay package. Apart from that, from the marketing communication aspect, collaborating with radios and magazines to promote the “pay now stay later” package. (3) Financial function, by managing finances efficiently while maintaining cash flow so as to be able to balance income against debt servicing obligations, as well as the need for operating and maintenance costs. In addition, if necessary, arrange a schedule for requesting payment of principal and interest for installments at the borrowing bank. (4) The function of human resource management, by terminating all contract employees and opening an early retirement program for permanent employees who have worked for many years. In addition, the work schedule has also been adjusted considering that the number of employees has decreased significantly. The management also pays attention to workers' health by providing masks, hand sanitizers, hand gloves and vitamins to avoid exposure to the virus. (5) The accounting function, by continuing to be carried out starting from the budget plan, transactions are recorded, recorded and reported at any time. In addition, a computerized and online system is implemented thoroughly so that information quickly reaches all relevant lines to reduce suspicion and fraud.

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