

ASSESSMENT ON THE IMPACTS OF COVID19 PANDEMIC TO THE HOTELS OF TABUK CITY, KALINGA

DIYAH GUWEN A. ALEJANDRINO

Instructor I, Tourism and Hospitality, MS in Hospitality Management, Kalinga State University, Philippines.
Email: alejandriniyah@gmail.com

Abstract

The study aimed to assess the impacts of the Covid19 pandemic to the hotels of Tabuk City, Kalinga. It was limited to the hotels' market performance during the first declaration of national lockdown in March 2020 to August 2020. The study revealed that despite the pandemic, the hotels remain operational. However, they perceive that impact on the hotels market performance and operations is long term and takes more than 12 months to recover. Moreover, none of the hotels plan to close until 2021. The hotels market performance in the first quarter of 2020 as to room occupancy, food, beverage, seat occupancy, convention, and event hall booking, off-premise catering and boutique, significantly went down to 100% the hotel market performance quarter of 2019. 50% of the hotels implemented measures to maintain sales thru advertising, online selling, and delivery and cut costs thru reducing employees and decreasing operating hours.

Keywords: Impacts of Pandemic, Hotel revenue, Tabuk, Kalinga

INTRODUCTION

Hospitality is a vital industry for economic improvement globally. In 2016, the industry directly contributed US\$2.3 trillion and 109 million jobs worldwide.

(<https://michigansciencecenter.net/>) In 2017, the Asia Pacific region's tourism and hospitality industries saw strong growth despite the continuing threat of terrorism and ongoing geopolitical tensions, such as the South China Sea situation. Hotel demand grew 5.9%, outpacing a 3.3% increase in supply. This trend continued in 2018, as supply was up 2.9% in the first four months of the year, while demand was up 4.3%. (Palmqvist, J.2018) Philippine tourism is now a PHP2.2-trillion national industry that generates 12.7 percent of its GDP and employs about 5.4 million people in passenger transport, accommodations, and food and beverages. (Rocamora, J.A.2019) The Department of Tourism CAR Office confirmed that there were close to 2 million tourist arrivals in the region last year that helped sustain its robust growth. (See, D.A, 2019)

Locally, the hospitality and tourism sector significantly contributed to the province's economy. Recorded in the DOT-CAR that the tourist arrivals in the province were 119,777. Furthermore, according to the Kalinga Tourism Office, in 2017, the province exceeds its tourist arrivals compared to 2016. Hence, the hotel's contribution to the local community is more than just tax revenue; more importantly, to the community in which it operates. It provides employment, which may alleviate the lives of people within the community. It also plays a significant role in spurring substantial improvements such as developing roads to provide easier access to desired tourist destinations.

However, with N Coronavirus 2019, now a pandemic, it has led to a worldwide crisis with its effects on the hospitality industry potentially (<https://www.hospitalitynet.org/>) more massive

than 9/11, SARS, and the financial crisis in 2008. (*Djeebet, H., April. 2020*) The Philippine government declared Luzon, including the country's capital – Metro Manila, and other provinces in Visayas and Mindanao, under enhanced community quarantine (ECQ) on March 16, 2020, to contain the spread of the virus. All cities within implemented curfews from 8 pm to 5 am, and there were strict home quarantine rules, allowing inhabitants to only leave homes to buy food and necessities. Hospitals, banks, utilities, telecommunications, groceries, food deliveries, pharmacies, BPOs, and selected manufacturing companies can operate while all means of transportation are suspended to eliminate the spread of the virus. Most hotels are closed, while those that remain open are only allowed to operate on very limited or no-service to limit interaction.

The hospitality, travel, and leisure industry are among the hardest hit due to fears of community spread of the virus. The hospitality and tourism industry are struggling to survive because travel is the backbone of the hotel industry. Hotel management experts believe that properties located in gateway cities, especially those with a large convention business or cruise line business, will be the most affected by increased cancellations and reduced bookings. According to Arne Sorenson, the Marriot Hotel Group hotel companies' current CEO does not expect Coronavirus to upend the hotel industry forever. Reflecting on the 1991 recession, 2001's tech bubble burst and the 9/11 terrorist attacks, and the financial collapse of 2008. Hotels eventually recovered to pre-crisis performance levels after each downturn, and hotel companies expect the same with Covid19. Thus, this study aims to help the local hotel owners in Tabuk City revive back their operation; thru, assessing the impacts of the pandemic on the hotel's overall performance during the lockdown. Specifically, it will focus on the operating status, re-opening plan, market performance during the lockdown, an alternative measure implemented, and preferred assistance.

Thru survey questionnaires, interviews, and observation of the hotels, the study's five objectives were gathered. Hence, the pandemic's impact, specifically during the lockdown to Tabuk City Kalinga hotels, was assessed. Hence to attain the aim of the study, it addressed the following specific questions:

1. Find out the hotels current operating status
 - a. Tourism products and services offered
2. Identify the hotels of re-opening plan
3. Determine the hotel's market performance as to:
 - a. Room occupancy
 - b. Food and beverage seat occupancy
 - c. Convention and event hall booking
 - d. Off-premise catering sales
 - e. Boutique sales

4. Identify the immediate and alternative methods implemented by the hotels to:
 - a. Maintain sales
 - b. Cut cost
5. Know the assistance preferred from the government
 - a. Financial subsidy
 - b. Tax reduction
 - c. Marketing

The occurrence of Coronavirus in China has significant long-term impacts on the tourism industry of this country. The severity of the Coronavirus has grown considerable panic among the people across the globe. In China, almost all the inbound and outbound flights have been canceled. Hence, China's tourism industry is affected mostly as the tourism industry is wholly dependent on the people's outing tendency. (Davies, R. 2020)

The Coronavirus puts a furrow on the Chinese tourism industry. Many domestic and international airline companies are forced to cancel flights from and to China due to insufficient passengers. This figure lowered as no individuals are traveling to China and all flights are being canceled. It is being thought that the impact will continue for some more time, and that is of much more concern in recent times. (Ashikul, Hoque., et al.2020)

In the Philippines COVID-19 is expected to affect the tourism sector significantly. In 2018, international tourism contributed 1.5 percent of Philippine GDP—Chinese tourists spent around PHP110.8 billion, or over one-fourth of total tourism receipts in 2018. Meanwhile, Koreans spent PHP126.6 billion. With the Philippine government travel ban to and from China and its administrative regions and a partial ban to and from South Korea, the tourism sector is expected to be significantly affected. Following President Duterte's declaration of an enhanced community quarantine (ECQ) in Luzon on March 16, land, air, and sea travel were restricted.

With most hotels being closed or experiencing vastly lower tourism numbers, 2020 industry revenue forecasts point to a significant decline Domestic markets can be anticipated to recover first. It is currently unclear how accommodation businesses can ensure that rooms are safe for newly arriving guests or how individual COVID-19 cases occurring in accommodation establishments would be handled. Large chains will also have to reconsider their global supply chains and the dependency structures.

METHODOLOGY

The study was conducted in the city of Tabuk province of Kalinga. A survey questionnaire was used to gather information to answer the questions and accomplish the study's objectives. The questionnaire was responded to by the owners/ managers of the six hotels in the city, namely: Grand Zion Garden & Hotel, Davidson Hotel, Golden Berries Hotel, M Hotel, Tampco Inn, and Las Vegas Hotel. The hotels in the city are catering to foreign and domestic tourists and the local community itself. The research design used is both quantitative and qualitative to

gather data and information to complete the study.

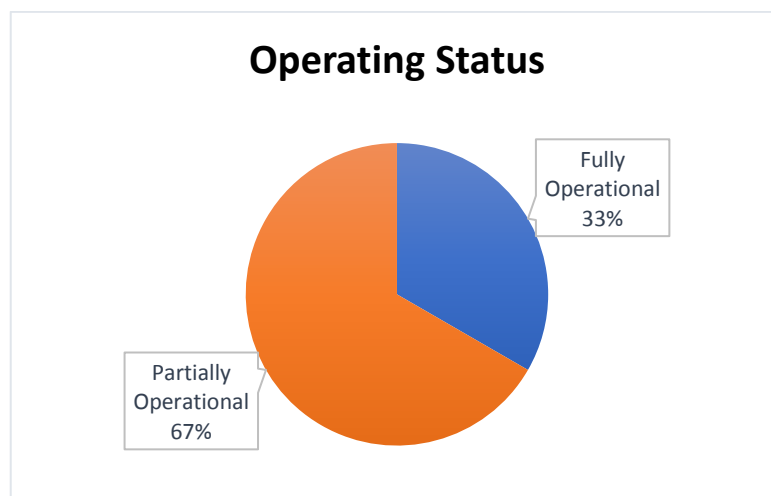
In gathering data and information to accomplish the objectives of the research, a structured questionnaire was given, and the researcher conducted the following steps: firstly, the researcher sought to approve the title of the study from the university's research director. Secondly, the researcher distributed the questionnaires to the owners or managers of the city's hotels. Finally, the responses were classified, tabulated, analyzed, and interpreted. The data retrieved from the questionnaire were collated, tabulated, analyzed, and evaluated by simply ranking the respondents' answers.

RESULTS AND DISCUSSION

Hotels Operating Status during the First Quarter of 2020

Figure 1 presents the hotels' operating status during the first quarter of 2020, whether fully operational, partially operational, and closed. With the six (6) respondents, four (4) hotels remained fully operational, and two (2) are partially operational. The results show that none of the hotels opted to continue their operation amidst the lockdown. However, to lessen the daily cost, Tampeco Inn and Davidson Hotel partially closed their operation. It can also be drawn from this result that the city hotels may thrive even if there is a pandemic.

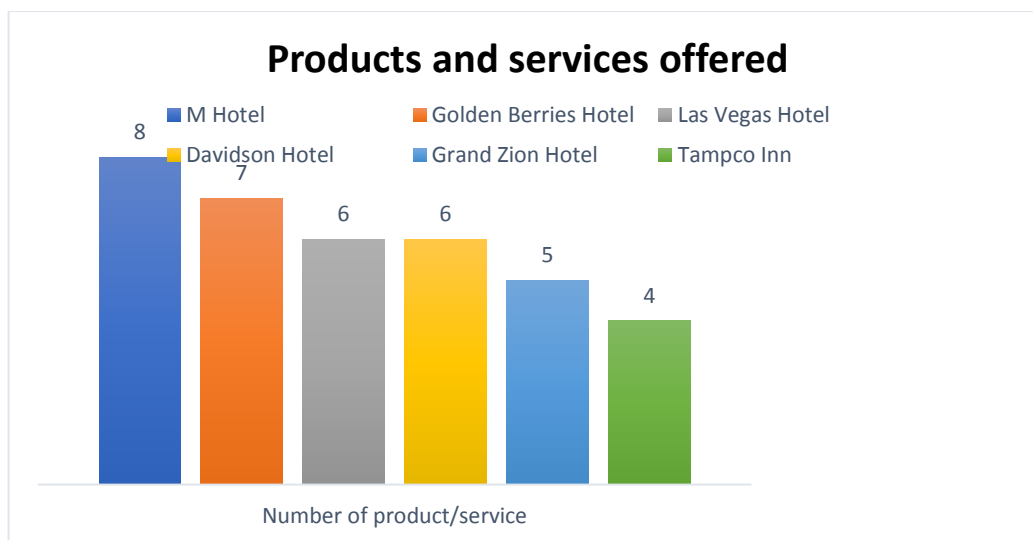
Figure 1: Hotel's Current Operating Status during First Quarter of 2020



Hotels Tourism Products and Services Offered During First Quarter of 2020

Figure 2 presents that M Hotel, Golden Berries, Las Vegas, and Grand Zion continuously offered their tourism products and services during the pandemic. Kingsquare Davidson Hotel and Restaurant disregarded bar and boutique. TAMPCO Inn and Training Center halted off-premises catering. Moreover, some hotels also opened their rooms for quarantine for the locals and tourists stranded.

Figure 2: Hotels Tourism Products and Services Offered During First Quarter of 2020



Length of the Effect in Months of Covid19 Pandemic as Perceived by the Hotel Owners

Figure 3 shows the length of effect in months of Covid19 pandemic as perceived by the hotel owners, and the choices were one month, two months, three months, four-six months, six-twelve months, and more than twelve months. It is observed that the hotels that remained fully operational, as shown in Figures 1 & 2 are the hotels that answered that it would not take them more than 12 months. Nevertheless, most of the respondents expect that the effect of the Covid19 pandemic on their operation is long term.

Figure 3: Length of the Effect in Months of Covid19 Pandemic as Perceived by the Hotel Owners

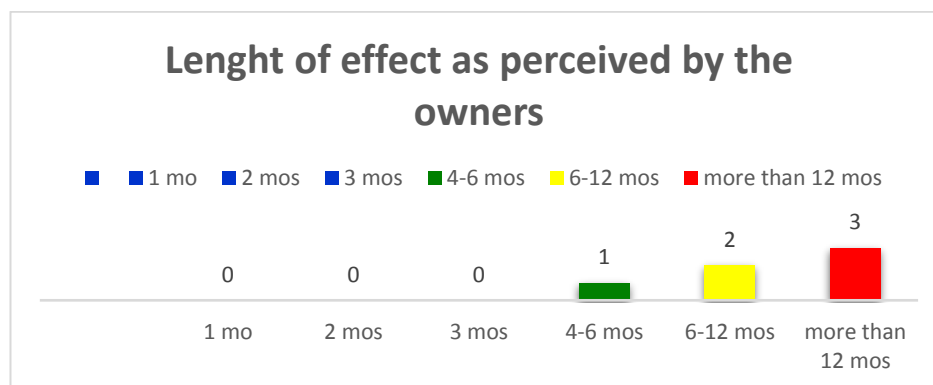
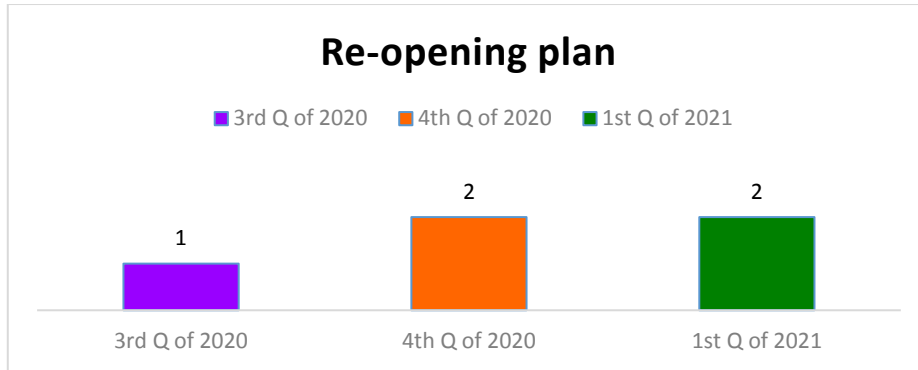


Figure 4 presents that 2 of the hotels (Las Vegas & Grand Zion) plans to operate on the 4th quarter of 2020 fully; 2 hotels (M Hotel & Davidson) will be on the 1st quarter of 2021, and 1(Tampco Inn) will be on the 3rd quarter of 2020. The result implies that none of the hotel’s plan to close their operation even after the first quarter of 2021; hence, the hotel industry’s future in Tabuk City can be deemed to survive.

Figure 4: Hotels Time Re-opening Plan

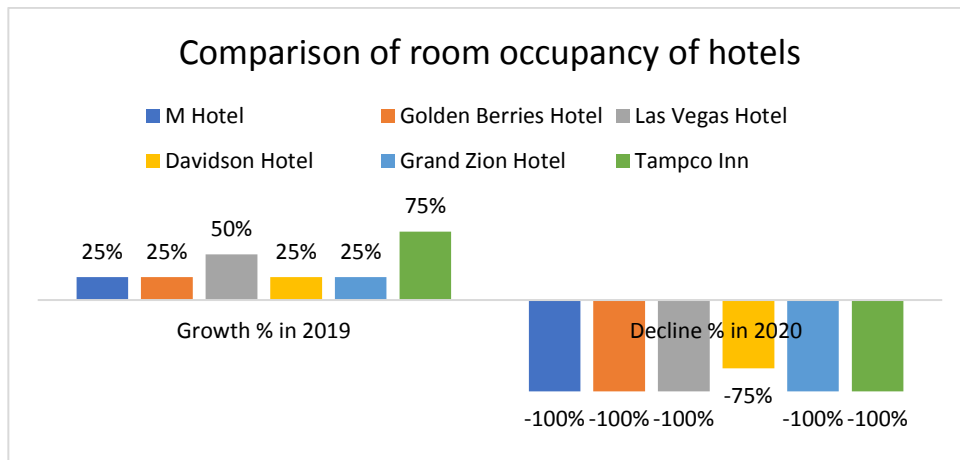


Hotel's Market Performance during First Quarter of 2020

Room occupancy

Figure 5 presents the hotel's room occupancy growth and decline during the first quarter of 2020. Unsurprisingly, the decline of the first quarter's room occupancy is drastic compared to the first quarter of 2019. Though most of the hotel remained fully operational, tourist arrivals stopped during the start of the pandemic.

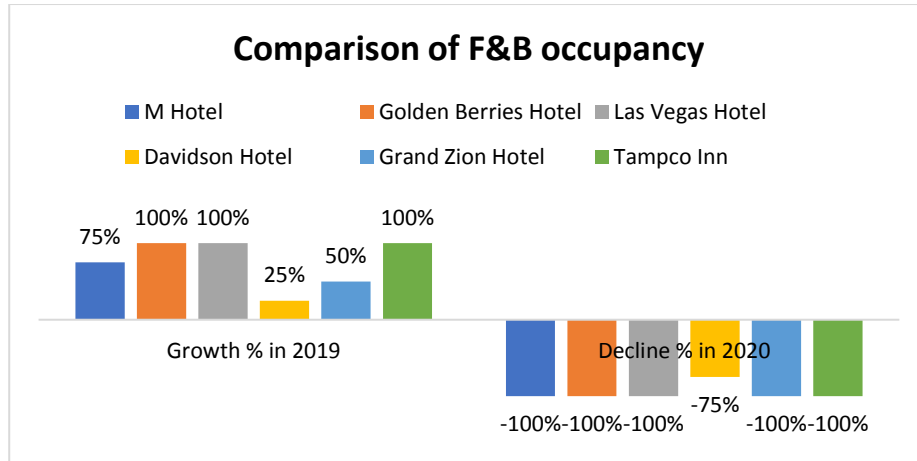
Figure 5: Hotels performance as to room occupancy



Food and beverage seat occupancy

Figure 6 shows that 5 of the hotels declined 100% in their seat occupancy. Kingsquare Davidson Hotel & Restaurant Corp dropped by 75%. Due to the community quarantine of which travel is prohibited, the hotels' seat turnover significantly declined. Tampco Inn, Las Vegas, and Golden Berries, which increased by 100% in the first quarter of 2019, decreased by 100% in the first quarter of 2020.

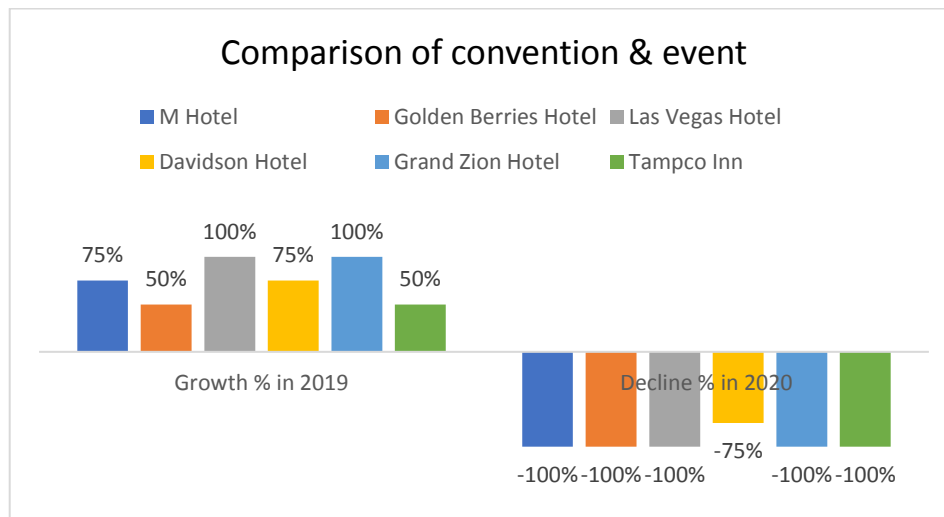
Figure 6: Hotels performance as to food and beverage seat occupancy



Convention and event hall booking

Figure 7 presents that 5 of the hotels decreased by 100% in the first quarter, and Davidson hotel declines by 75% as to its convention and event booking. Even if most of the hotels did not close accepting convention and event services; since, social gatherings, training, and seminars are suspended, most of the hotel market performance on convention and event booking notably declined by 100%.

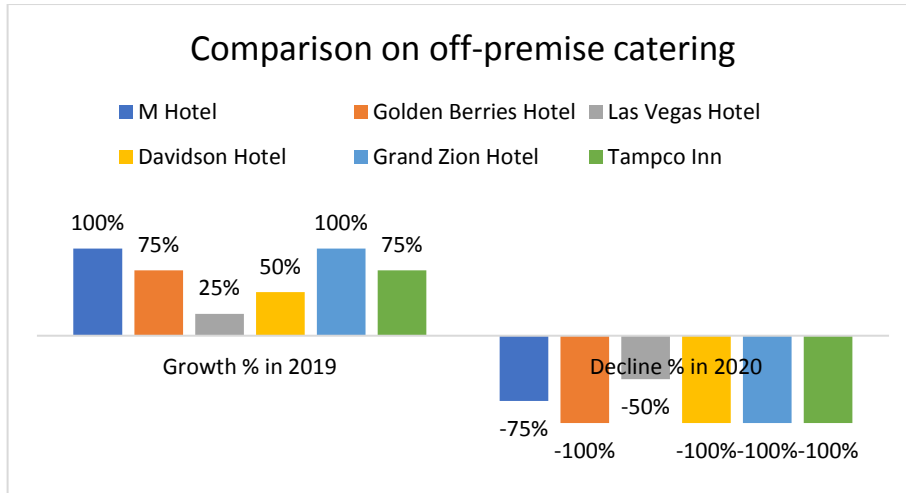
Figure 7: Convention & event booking



Off-premise catering

Figure 8 shows the off-premise catering sales in the first quarter of 2020 and 2019. Davidson Hotel, Golden Berries, M Hotel, and Tampco Inn decline by 100% and Las Vegas by 50%. Noticeably, the decrease in the off-premise catering sales is also the same with the other services.

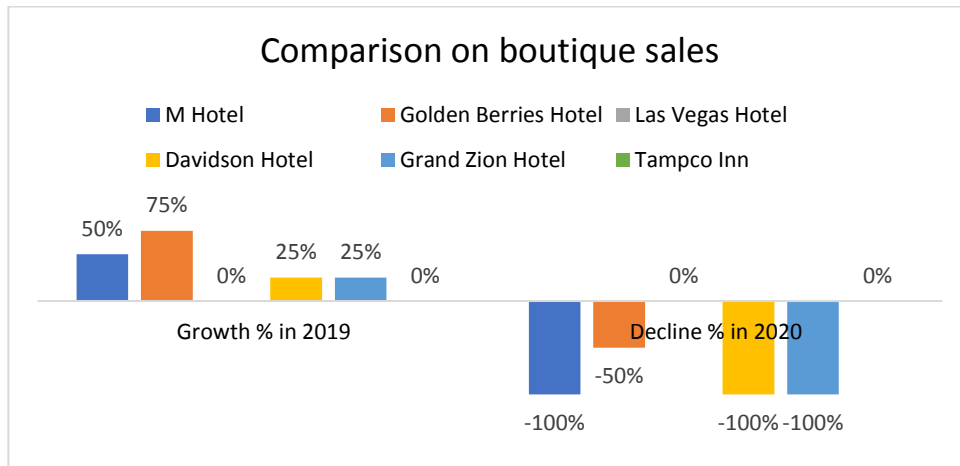
Figure 8: Off-premise catering sales



Boutique sales

Figure 9 shows the hotels' boutique sales in the first quarter of 2020 and 2019. Davidson, Grand Zion, and M hotel declined by 100%, Golden Berries decline 50%, and Las Vegas and Tampco do not have a boutique shop. The result among the hotels that have boutique is varied. Golden Berries who have long-established its Kalinga Blend that is nationally distributed, has not significantly decreased boutique sales because they shifted to online and delivery selling.

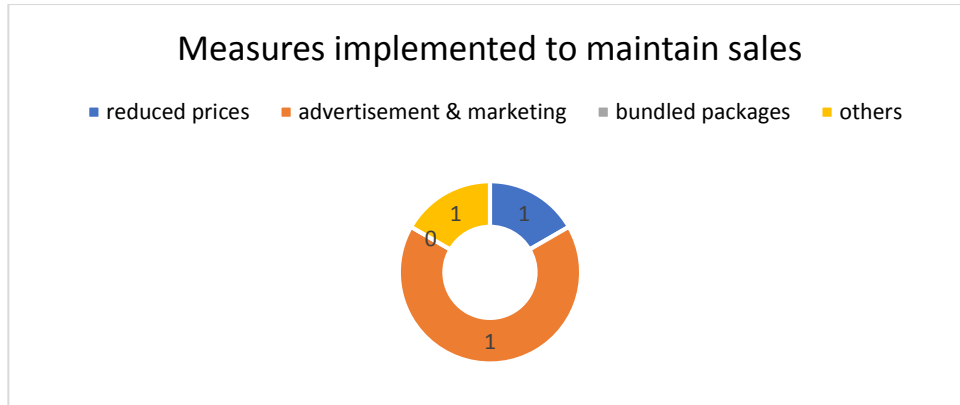
Figure 9: Botique sales



Immediate Measures Implemented to Maintain Sales

Figure 10 shows the immediate responses of the hotels to maintain their sales; it is evident in the table that the hotels exerted effort to maintain their sales thru advertisement and marketing, and price decrease. However, sales still did not rise or even match last year's performance.

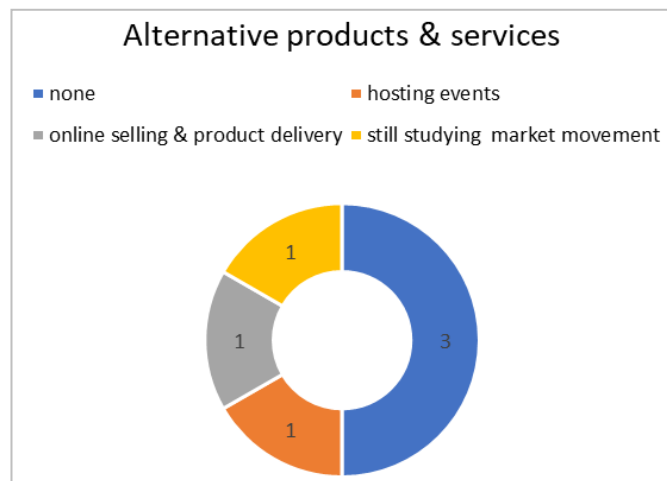
Figure 10: Measures implemented to maintain sales



Alternative Products and Services Offered

Figure 11 shows that M Hotel, Las Vegas, and M Hotel did not offer alternative products and services. The results show that the hotels, like other business establishments, were negatively affected; hence, they offered alternative products and services to generate sales. Nonetheless, because tourist arrival and transportation were stopped, the hotels performance presented in figures 6 to 9 was depressingly affected like other businesses in the city.

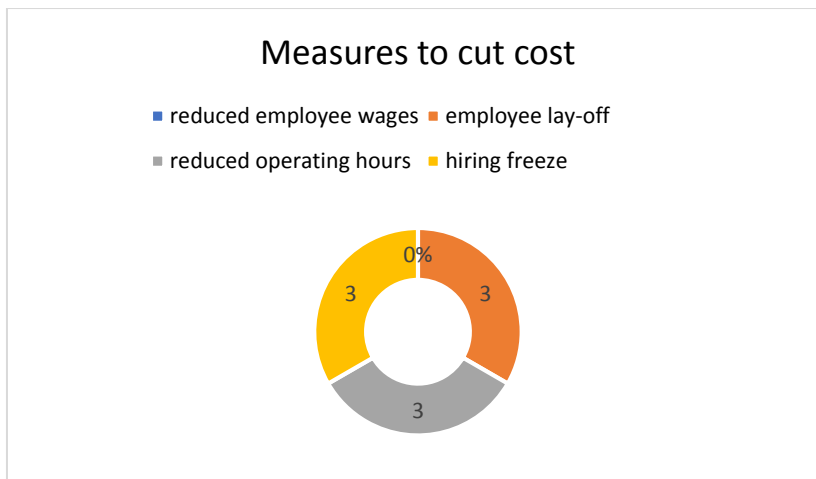
Figure 11: Alternative products and services offered



Measures to cut the cost

Figure 12 shows that to cut costs, 3 hotels reduced operating hours, 3 also laid-off employees, and 3 freeze their hiring. The result in this question proves how the hotel's performance was severely affected by the pandemic. Moreover, the hotel's contribution to the community through employment is also affected due to the hiring freeze and layoff measures implemented by the hotels.

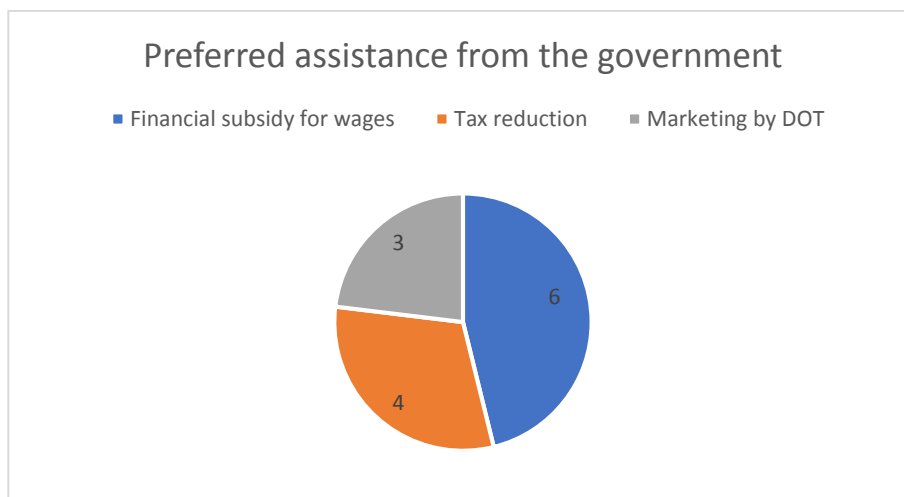
Figure 12: Control measure to cut the cost



Preferred assistance from the government

Figure 13 shows that all the hotels answered financial subsidy for wages, 4 also picked tax reduction, and 3 hotels opted for marketing by the Department of Tourism. This can be used as a basis for some government agencies in extending assistance to the hotels in Tabuk City.

Figure 13 Preferred assistance



CONCLUSION

Based on the study results, it can be concluded that most of the hotels are operational. The hotels' sales in its tourism products and services were drastically affected by the enhanced community quarantine's proclamation last March 2020 in the province. Despite the effect of the pandemic, the hotel plans to remain open until 2021. The hotels have shifted and altered measures to at least gain sales. The hotels also implemented new measures to cut costs by

reducing employees, shortening operating hours, online selling, and delivery. The hotels' owners also perceive the Covid19 pandemic's effect on the hotel's market performance is long term. Lastly, the hotels prefer financial subsidies for their employees' wages as a form of government assistance.

RECOMMENDATION

Based on the findings of the study, the following are recommended:

1. Continue to offer products and services provided that protocols of the new standard be followed and implemented
2. Prepare and implement more concrete marketing and advertisement strategies thru improving their online presence
3. For the sustainability of the hotels in business, owners may consider re-designing the different facilities and areas of the hotels to be pandemic ready
4. The government may help the hotel business thru financial subsidies to pay employee wages.

References

Books

- 1) Marriot, Willard & Brown, Kathi. (2012). *Without Reservations: How a Family Root Beer Stand Grew into a Global Hotel Company*. Luxury Custom Publishing LLC
- 2) Ashik, Hoque. et al. (2020). *The Effect of Coronavirus (COVID-19) in the Tourism Industry in*
- 3) *China*. Asian Journal of Multidisciplinary Studies Vol. 3, No. 1, (2020)

Internet

- 1) Combs Lena. (2020). COVID-19 Impact on the Hospitality Industry. <https://www.withum.com/resources/covid-19-coronavirus-impact-on-the-hospitality-industry/>
- 2) Jarabata, Cyndi T. (2020). Sentiments of Hotels in the Philippines Survey. www.horwathhtl.Asia