

Analysis on the Marketing Strategies of Smart Hotels in the Post-epidemic (Covid-19) Background

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Abstract: The traditional-hotel industry is facing its most difficult time ever, due to the recessionary economy and the low standards of consumption. Hotels are seeking transformations to change this situation, some of them were attempted to go in the certain direction of smart hotel, which is newly-developing and is at the initial stage, so that there are a series of unsolved problems existing in the current times. The paper had extract opinions from surveys about hotel industry and smart hotels and was aimed at discussing the disadvantages of strategies adopted by smart hotels, as well as the potential drawbacks that is predicted at present. Mainly, the paper gave out reasonable suggestions about marketing strategies to practitioner of hotel industry, including Strategies to minimize the impact of the epidemic on decreasing occupancy rate, to avoid ‘arms race’ with other hotels and to prevent unnecessary layoffs. Last but not least, the paper offered speculations to the trends of smart hotel which is possible in the future. Smart hotels will probably be popular among consumers in the future because of its convenience and intellectuality.

Keywords: post-epidemic, smart hotel, marketing strategies

1. Introduction

Affected by the epidemic, the global economy is in declining tendency, although the situation of global economy is gradually improving, it is still not optimistic at present. The impacts of the epidemic in major areas had weakened to a tolerable standard, but the impacts on economy, production activities and human life is long-termed, and it will take several years for the society to be completely recovered. To be frank, hotel industry is one of the most affected industries, and the influence of the epidemic may not be eliminated ever, since there are a number of hotels had already broken up. According to the hotel industry, the epidemic lowered the consumption standard and the demand of traveling, it caused the reducing of occupancy rate, by the time the operate situation of hotels were in depression. In order to change the down falling current situation, the practitioners of traditional hotel industry are trying their best to all kinds of feasible method. But these methods can only cure the symptoms, not the disease. Then, they were looking for other ways like the opportunities to change the operate pattern into smart hotel. That’s because the infectivity of the epidemic had compelled customers to give up traditional patterns, and they are more likely to accept less person-contacting patterns, which perfectly fits smart hotels. In this condition, consumers had already pay more attention to the facility of hotels. Functionality, which is the most important characteristic and differences of smart hotels, were highly valued these days. Severely affected by the epidemic,

Traditional hotel industry is now gradually losing its superiorities, even the whole market is now facing its lowest season. The influence of the epidemic is much more unacceptable than most of the hotel practitioners predicted, it forced them (the traditional hotel industry) translate themselves toward smart hotels, in order to meet the trend of the times. The prosperous time of traditional hotel is coming to an end in the future not far away, and the stage of smart hotel is ready to perform. In this current situation, hotels will not succeed if they are complacent and conservative, only innovation can lead them to develop. More and more hotels are trying their best to go in the direction of smart hotels, even if taking all possible risks of establishing smart hotels. In a nutshell, the epidemic is objectively a double-edged sword. Although it had apparently harmed the economy of hotel industry, it is promoting the development of smart hotels. The final purpose of the paper is to find solutions to avoid the potential drawbacks, based on document analysis method, trying to lead hotels through a short cut. Thus, promote development of smart hotel industry scientifically. In order to let readers be clear about what the paper is going to express, the brief introduction of smart hotel (including concepts and peculiarities) is suggested to skim through.

2. Concepts and Peculiarities of Smart Hotel

Smart hotel has a complete and perfect intelligent service system, which realizes intelligent service and intelligent management through digital and networked serving mode, as well as artificial intelligence and big data technology. The most important characteristic of smart hotels is the large-scale application of advanced information technology [1]. The most competition of smart hotels is based on intelligence, personality service, and information technology. By providing intelligent, personalized and convenient services, smart hotels create unique competitive advantages compared to traditional hotels. The impact of the epidemic is relatively smaller to the development prospects of smart hotels. The reason is that the service cost of smart hotels is lower than traditional hotels, so the operating loss will not be very serious for smart hotels. In a sense, the epidemic has a positive impact on the hotel industry, especially smart hotels. That's because the epidemic situation has promoted the transformation of hotels from tradition to intelligence and the development of smart hotels in existence. Smart hotels will become the mainstream development trend of hotel industry in the future due to their advantages such as intelligence and convenience [2]. Smart hotels are now at their beginning, so that their prospects are very broad. The market occupancy rate of smart hotel will probably be bigger than traditional hotel in the future, and it is predicted that smart hotels will supersede the traditional hotels someday [3].

3. The Disadvantages of the Current Marketing Strategies of Smart Hotels

3.1. Penetration Pricing Strategy

Many hotels tried to reduce the service cost and room price, in order to fit the significant decrease of consumption level at a lower price, trying to mainly focus on the market of people in low-consumption level which had a larger proportion. It is unreasonable for hotels to take this strategy, though this is feasible for large hotel corporations, because of their unconditional market share. However, for most hotels, the service quality will drop down while reducing the service cost, due to the lack of human resource. This will definitely cause hotels to lose its group of fixed customers, and at the same time, the downfall of customer evaluation will reduce the attraction to consumers, which will eventually lead to a decrease in their market share. This strategy may make up the impact of the epidemic in a short term, but for the long run, hotels will gradually lose their customer, since it is difficult for hotels to get back customers' stereotype toward them in the future. Their customers' reference point will change regularly with the quality [4].

3.2. Intelligent Facilities and Services

Most smart hotels are now too pursuing high-tech facilities, they think that the most important characteristic of smart hotel is advanced facilities, and this is the only way to overcome other hotels. The importance of advanced facilities is undeniable. What's more, the final purpose of hotel industry is to offer services that can make customers satisfied. No matter what strategies are taken, the ultimate goal of the hotel is to let customers enjoy better services, lead to higher consumer willingness. It induces customers to have high enthusiasm for consumption again, so that hotels can benefit more profits from the customers. But the thing is that some hotels pay too much attention to intelligent facilities rather than service, which can make customer enjoy convenient and intelligence, but lacks the most essential humanistic care. This eventually leads to an unpleasant customer experience, which will make customer evaluation tend to be more and more negative. It is not conducive to the development of future operation. On the surface, it seems that hotels having more high-tech facilities are more successful than others. But actually, intelligence is not almighty, especially when offering psychological an emotional satisfied service to customers [5].

3.3. Strategy to Reduce Financial Pressure of Operating

The epidemic context has restricted the operation of the hotel industry, and long-term losses have led to a shortage of hotel funds and the interruption of capital turnover, especially for smart hotels [6]. Smart hotels are currently in a very difficult situation, and they have to make layoffs to reduce expenses. However, some smart hotel operators have some misunderstandings about the smart hotel industry, thinking that smart hotels basically do not need manpower, or even not need manpower at all. In a short term, the problems are solved, but after a while, the drawbacks of lay off appears. Hotel staff is necessary in every type of hotel, especially smart hotel. It will be terrible when there is something wrong with the facilities if there are not any staff to offer service or maintain the facilities which are out of order, since the function of intelligent system is not complete when the technologies had just appeared. But according to the impending situation, since there are no more better solutions, they must have to lay off their employees. In fact, this unreasonable strategy will finally lead to larger financial problems such as resource waste and disordered operation. Undeniably, layoffs are one of the necessary ways to deal with the financial problem, but it does not mean that smart hotels cannot perfectly reduce the losses caused by layoffs.

In conclusion, there are three potential drawbacks of strategies being adopted by hotels, lower service quality, lesser humanistic care and the shortage of fund besides malfunctions of the hotel.

4. Suggestions

4.1. Strategy to Minimize the Impact of the Epidemic on Decreasing Occupancy Rate

The impact of the epidemic on hotels is irreversible, but hotels can minimize and make up for the impact through more sensible methods. Compared with seeking to reduce prices and costs blindly, which leads to a decline in service quality, Hotels can reduce the number of high-class rooms that could not be afford by the majority, which can effectively ensure the occupancy rate at a high level. At the same time, make the best to ensure the service quality not to exceed the acceptable range of customers. Although during the first stage of this method will face certain economy losses, hotels can ensure their customer evaluation positive. During the second stage, hotels will greet a turning point. As soon as people return to normal production and living pace after the weakened of epidemic, people who restore their consumption level will have a sizable surge on tourism demand within a certain period of time, which is a rush of revenge spending caused by the tedious term of covid-19. Hotels can seize this opportunity to adjust the room arrangement to the peak season business model and

make up for the losses in the first stage in time [7]. At the same time, other hotels do have the same opportunities to recover, but they have no customer attraction due to the declining of service quality at the first stage the author have mentioned above, lead to a decline of core competitiveness.

4.2. Strategy to Avoid ‘Arms Race’ with Other Hotels

Hotels should also give customers humanistic care while investing in high-tech facilities and increasing the intellectuality of hotels. It means that human services cannot be replaced by intelligent services. The purpose of using these facilities is to provide customers with more convenient and intelligent private services, while reducing the difficulties of human services. During a long time in the future, the functions of smart hotels will still be limited, since the technologies are not 100% well done, and the drawbacks are not easy to overcome. Also, they are still requiring artificial assistance. It is proved that humanized service is one of the most important evaluation indexes, and it is supposed that this index will be valued for a very long time in the future [8]. Based on the importance of artificial service, hotels may combine the two methods (AI and artificial service) together in the transition period from traditional hotels to smart hotels. On one hand, it can reduce the labor cost with the support of intellectual facilities, on the other hand, it can avoid the technical disadvantages of smart hotels which are not yet mature, so that hotels can avoid technical competition as well as provide better services than other hotels.

4.3. Strategy to Prevent Unnecessary Lay off During Post-epidemic Period

The above-mentioned problems of labor costs and lay off are actually not worth worrying. That is because smart hotels can make employees understand and adapt to the operation mode and measurements of smart hotels through staff training to ensure the normal operation of hotels. Through this method, only the capable and irreplaceable staff who can master the skills including smart managing, facility maintaining, and smart marketing will still be there working, those who can only do simple works are left behind. This strategy could not only perfectly reduce labor cost, but can also ensure the hotel being well operated. Besides, better troops and simpler administration can improve working effect and service quality. What’s more, it is important for hotels to make themselves more flexible and try to operate dynamically. The solutions to potential drawbacks of lay off is that hotels can outsource their service when they are undermanned since laying off, and they can also pay more attention to the market flow, when the demand of consumers rise to a peak after recovering from the epidemic and the financial crisis has gradually decreased, it is the time to scale up and add new members. In short, is to keep up with the market.

4.4. Other Adapted Strategies Which are Profitable

In addition to this, there are also some successful strategies adopted by smart hotels at present which may be helpful for hotels suffering from the current situation. For example, smart marketing of combined strategies. It is common for smart hotels to manage marketing on internet platform, the majority tends to cooperate with travel service companies, such as Meituan, Ctrip and Dianping. In order to increase the popularity of the hotel, they offer customer evaluation and experience to consumers, also improve convenience and online service meeting the customers demand by participate in smart marketing [9]. Even more, some hotels established their own platform, showing high intelligence and attractive marketing mode, gradually, hotels have their own brand value [10]. The significance of smart marketing is to realize the purpose-precision marketing, which is to make the market visualized in order to adjust the market pattern and regulate products to meet the customer’s demand. Which can promote consumers to purchase through the attractive mode. Also, smart marketing is reduce to the cost of traditional offline-marketing.

5. Conclusion

The epidemic has had a huge impact on hotel industry. On the negative side, the demand of consumption rapidly fell, affected by the epidemic, the aspects of consumers had also changed. Smart hotel is an inevitable trend of the future development of hotel industry. Based on research and surveys, the paper drew a conclusion on strategies of smart hotels in the post-epidemic background, it is obvious that hotels should enhance the sense of experience and the satisfaction degree of service, and develop market strategies to avoid competition. Also, for those who are developing on the direction of smart hotels, it is important to take different strategies from others in the rat race, preventing common potential problems such as financial lost and improper operation. There are three schemes facing possible disadvantages appeared on the now adopted strategies, also suggested to decrease the affect occurred in the post- epidemic period. The first suggestion is ‘two stage’ strategy, adjusting room configuration in the first stage then adjust the operate model in time according to the surging customer consumption during the second stage in order to maintain the situation then make up for the loss immediately. Second, Combine AI with artificial service, in order to cover the shortage of smart hotel which is the lack of humanization. Last but not the least, avoid unnecessary lay off and improve the service quality through selections. In addition to that, there are also a variety of measurements has not been mentioned. But the purpose of them were as the same, the only way to see what the perfect solution is to wait and see, since strategies are flexible motivated with the changes. To make it easy, hotels should change their strategy following the market trend constantly, enhancing service quality with necessary innovations, keep the property stable and reduce investment waste.

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