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Dr M Muneer: The perfect storm to reinvent

by Dr M Muneer June 23, 2020



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 Article

Dr M Muneer, managing director, CustomerLab Solutions and co-founder of the non-profit Medici Institute, observes that the pandemic has compelled many travel and hospitality players to look beyond the usual

While all types of experts describe the pandemic impact alternatively as tectonic shift and life-

changing, it actually has not changed anything but merely accelerated a few changes that have been seen over the last 2-3 years.

Inflection points were shooting up for those who are trained to look out for them but many failed or refused to capture it and disrupt business models. The pandemic has made it imperative now for many of them to take it as the perfect storm to reinvent: Print media, hospitality, education, entertainment, conferences, the list goes on.

Andy Grove first introduced the concept of strategic inflection points as moments in time when the fundamentals of business change, requiring a major shift in how we operate. An inflection point can lead to new heights or obliteration. The dilemma is when to take action – move too early, you'll waste resources; wait for a while, you'll get buried.

The most directly affected sectors in the COVID-19 attack are travel and hospitality. The inflection points were visible for hotel industry ever since Airbnb and its India imitation Oyo sprang up. In addition there have been corporate and other trends that crippled revenue streams of high-end hotels.

Many corporations started offering executives a share of savings on their allocated eligible hotel expenses, which made many to either stay at cheaper hotels or take day trips even if red-eyed. Leisure travellers started opting for business class flights and economy stays. There were also new business models where rooms were available on hourly rental.

Identity crisis

Inflection points for the airline industry were

visible from the time Southwest Airlines disrupted the cost models. Many Indian airlines got into an identity crisis for themselves and for the travellers with both full service and low cost at the same time. Kingfisher and Jet were the victims of this confusion. Vistara with its stripped-down economy class is another example. The low-cost Indigo experimenting with premium charter service for the rich is an interesting strategy but will it succeed?

With borders closed across the world and trade barriers being erected with each country having its own Atmanirbhar, what Kenichi Ohmae envisaged as borderless world will disappear for the medium term. With lockdown rules differing across States, our federal system creates more confusion for the most directly hit sectors, as if the losses of the last 60 days are not enough.

Some estimates indicate losses of several hundreds of billion dollars worldwide for travel and hospitality sectors, which will destroy many established players.

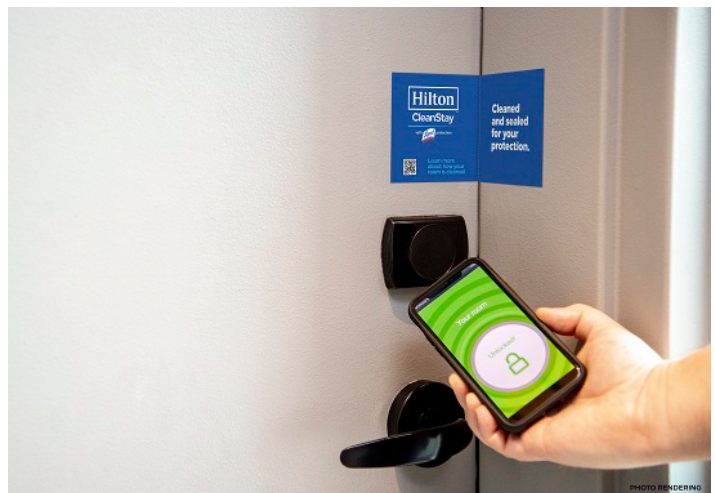
When the intra- and inter-national borders get opened up slowly in the coming quarter, and when people have freedom of movement, will the hospitality sector see revival of fortunes? The big question is whether people will have the comfort to start travelling and staying in hotels like before unless it is most essential. Leisure travel will probably take much longer to recover, not before 2021.

Building confidence

Many hotels including the Marriott, Hilton, Taj and the Leela have started assurance campaigns with their loyal customers by listing the new safety

processes they have adopted to ensure more care for their guests. Some of them have started home delivery of their celebrity restaurant menu items. However, they have not reduced the prices of the items although customers are not using their ambience and service for which they were charged a premium.

Some businesses have started partnering FMCG companies to build reassurance as well as revenues. For instance, United Airlines tied up with Clorox to announce United CleanPlus, which is essentially to show that Clorox is ensuring sanitized airline interiors and exteriors for the safety of passengers and crew. It also announced an enhanced disinfection process and specialised products for passenger use.



Just a month before, Hilton had announced a tie-up with Lysol, which is a competitor to Clorox. Their campaign, Hilton CleanStay with Lysol protection, has been running in social media and member emails, assuring cleaner and safer stays for the customers. The value proposition offered by such partnerships can go a long way for both the partners. The expertise of several years of research by Reckitt Benckiser will be made use of by the hospitality chain for effective management of cleanliness and protocols of protection from the

pandemic. Their collaboration is deeper than mere branding, extending to training, research, awareness, education and product delivery.

From whatever little we know, the Covid-19 can spread from contact with surfaces, central air conditioning system, and accidental touching of nose, mouth or eyes. In the cleaning business both Clorox and Lysol lead the global markets, but a mere branding campaign alone will not help bring cheer to the hospitality sector. Realising this, Hilton tied up with Mayo Clinic to build new cleaning protocols and upped the standards, almost to the levels of best practices of hospitals. United Airlines, on the other hand, has gone ahead to involve Cleveland Clinic to reimagine the passenger journey cycle. They have planned for touch-less check-in kiosks, for instance. Such initiatives will go a long way in assuring guests to re-embrace up-market hospitality and airline services.

Some of the steps hotels have taken to bring back cheer to them include the following: The letter by Marriott's CEO to customers assuring that he will retain all his employees worldwide even as he takes a no-pay work, many apartment hotels remaining open for day-use, a Swiss hotel offering a Covid-19 service package, offers on gift vouchers for spa and F&B, extension of membership expiry dates, partnering with Uber Eats and Swiggy for food take-outs, and flexible advance booking terms.

Hotels should also continue paid advertising campaigns essentially to maintain brand awareness, maximise clicks for social media using low cost bidding per click, engage customers directly to their websites with remarketing tags and non-brand handles, and so on. Hotels should

also use this slowdown phase to audit their websites for SEO and organic visibility, use guest experiences to publicise unique benefits and overall drive minimal business for the hotel.

A survey of consumers threw up another interesting aspect: More than 50 per cent of consumers felt apprehension about retail shopping. Perhaps retailers can take a leaf out of hospitality industry to reassure consumers to come and shop with safety?

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