

# Tourism Brand Management and COVID-19

Subjects: Economics

Contributor: Siwarit Pongsakornrungrasit

The ongoing rapid spread of COVID-19 has severely impacted all sectors across the globe. The tourism industry is one of the most sensitive sectors in any crisis and also tends to be one of the last to recover after a crisis. During a crisis, survival is the key issue for all businesses. Many businesses learnt from the SARS epidemic of 2002 and realized that crisis management, i.e., the concept of developing a recovery plan, is vital. Brands tend to be significantly affected during a crisis if not properly managed, and it often requires significant resources to ensure that a brand survives during a period of adversity.

Keywords: crisis management ; COVID-19 ; brand management ; tourism business

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## 1. Impacts of Crisis and Recovery Strategy of Tourism Businesses

The tourism industry is sensitive to threats (e.g., disasters, pandemics, terrorism, economic crises, and so on), and the impact of these threats affects wider economic, social, environmental, and cultural aspects. In 2002–2004, the SARS epidemic spread from continent to continent, infecting more than 8000 people <sup>[1]</sup>. Hong Kong was one of the nations affected by SARS. It relies heavily on tourism, and the SARS epidemic resulted in arrivals in Hong Kong International Airport declining by approximately 80%, unemployment increasing by 8.6%, and the occupancy rate declining to just 10–20%. This led to significant cost-cutting and many staff going unpaid. In response to this crisis, the Hong Kong Government spent nearly HK\$1 million on rebuilding the image and drawing tourists back, while tourism businesses provided incentives such as free flight tickets, hotel offers, discounts, and so on <sup>[1]</sup>. As a result of cash flow problems, hotel owners needed help and financial assistance from the Government to support their businesses. For example, a one-year waiver of sewage expenses and trade effluent charges reduced property rates and suspension of the employer <sup>[1][2]</sup>. Hotels also took the following initiatives to deal with the crisis in Hong Kong and Korea, as reported by Pine and McKercher (2004) <sup>[1]</sup> and Kim et al. (2006) <sup>[2]</sup>:

- Cost-cutting by closing down swimming pools, fitness centers, and spas;
- Reducing electricity costs by using fewer lifts;
- Expanding the repayment period for loans to improve cash flow;
- Networking with other businesses, e.g., airlines, travel agents, and so on;
- Using marketing strategies, e.g., offering discounts (e.g., 30–50% program), advertising to boost tourists' confidence;
- Implementing HR tactics, e.g., offering leave without pay, human capital development, cutting down temporary staff, communicating with staff.

Kim et al. (2006) <sup>[2]</sup> employed crisis management contingency concepts to explore the SARS crisis in 2003 in Korean five-star hotels. The strategies that Korean hotels employed were similar to those reported by Pine and McKercher (2004) <sup>[1]</sup>, i.e., cost-cutting and human capital development. An additional strategy related to health and safety, which Kim et al. (2006) <sup>[2]</sup> highlighted, played an important role, as it affects tourist travel decisions. Tourists are likely to cancel their trips if there is uncertainty and high perceived risk, such as a political crisis, war, pandemic, or disaster <sup>[3][2]</sup>. Toanoglou et al. (2021) <sup>[4]</sup> have studied tourists' perception risk toward tourism by exploring the effects of media coverage, governance, tourism behavior, and the COVID-19 in different countries. They demonstrated that tourists were influenced by the media for perceiving the risk of the crisis. To respond to the crisis, tourism businesses can develop collaboration among their stakeholders <sup>[5][6][7]</sup> and employ this as an effective strategy during the crisis.

Although the COVID-19 pandemic is ongoing around the world, various scholars, such as Mulder (2020) <sup>[8]</sup>, Riley (2020) <sup>[9]</sup>, and Jamal and Budke (2020) <sup>[10]</sup>, have demonstrated guidelines for managing this crisis. For example, Mulder (2020) <sup>[8]</sup> proposed a COVID-19 recovery strategy for the tourism industry and highlighted the impact of COVID-19 on the economic situation. Riley (2020) <sup>[9]</sup> recommends that tourism businesses target tourists who already have antibodies. However, this recommendation is based on tourists' concerns regarding health and safety. Jamal and Budke (2020) <sup>[10]</sup> propose reacting to COVID-19 and planning recovery schemes by learning from past pandemics. Rodríguez-Antón and Alonso-Almeida (2020) <sup>[11]</sup> provide a case study from Spain wherein hotel rooms were utilized to support medical operations, although they do not go into detail. The discussion presented in this section shows that tourism businesses have survived previous outbreaks by managing the crisis effectively with the support of the stakeholders. In the next section, we elaborate on the concept of crisis management in managing the recovery of the tourism sector.

## **2. Crisis Management**

With a view of managing the impact of COVID-19, the concept of crisis management from different scholars <sup>[7][12][13][14][15]</sup> is explored. Crisis management is classified into three phases: Pre-Crisis, Crisis (with three sub-phases: emergency; intermediate; relief), and Post-Crisis (with two sub-phases: recovery; learning process). Mao et al. (2010) <sup>[16]</sup> recommended the catastrophe model or CAT Model to analyze the data regarding the SARS pandemic. With the application of the CAT Model, Mao et al. (2010) <sup>[16]</sup> developed two promotional strategies, i.e., a macro strategy for increasing confidence and safety and a micro strategy for reducing the perceived risk of travelling.

Although many scholars think of a disaster as a form of a crisis, disaster and crisis are different: a disaster is an unforeseen event that causes damage or ruin, while a crisis is an unpredictable event, the effects of which provide uncertain results <sup>[17]</sup>. Tourism businesses are urged to redesign their organization to respond to crises <sup>[18]</sup>. Kim et al. (2006) <sup>[2]</sup> and Pforr and Hosie (2008) <sup>[6]</sup> do not only focus on management and marketing but also human resource management in crisis management. In order to respond to a crisis, they highlight the need for managers to incorporate different aspects into their planning process, e.g., socio-cultural, economic, political, historical, physical, and so on. Additionally, they argue that crisis management should be treated case by case.

To manage a crisis, Fink (1986) <sup>[12]</sup> proposes a crisis management model that can be divided into the prodromal stage, the acute stage, the chronic stage, and the resolution. However, Fink's (1986) <sup>[12]</sup> crisis management model does not focus on proactive action in response to the crisis. Other scholars, e.g., Roberts (1994) <sup>[13]</sup>, Ritchies (2004) <sup>[7]</sup>, and Faulkner (2001) <sup>[14]</sup>, focus on proactive management by preparing before the crisis until the recovery. Faulkner (2001) <sup>[14]</sup> developed a multi-stage process to cover different periods of the crisis, known as the Tourism Disaster Management Framework (TDMF). It involves different stages: the pre-event, prodromal, emergency, intermediate, recovering, and resolution stages. However, Faulkner's <sup>[14]</sup> framework tends to be suited to natural and people-made disasters rather than pandemic events. In this direction, Hosie and Smith (2004) <sup>[15]</sup> proposed an additional model: the PPRR (Prevention, Preparation, Response, and Recovery) crisis management model. These models tend to overlook the action after the crisis, i.e., learning from the crisis <sup>[19]</sup>. The output from the learning process plays an important role, as it acts as an input in the proactive stage to enable all related stakeholders. This requires input from different disciplines, including marketing, management, and human resource management <sup>[6]</sup>.

A crisis is an unexpected event that negatively affects a particular organization, industry, or country <sup>[20]</sup>. Therefore, it is difficult to accurately predict the beginning and end of a crisis. Businesses need to be well prepared for future crises. Applying the concepts of crisis management, crisis management can be classified into three phases: Pre-Crisis, Crisis, and Post-Crisis. Pre-Crisis is a proactive stage similar to Faulkner's (2001) <sup>[14]</sup> pre-event stage. All stakeholders should be prepared for a possible crisis, whether it is a disaster, terrorism, a pandemic, etc., by learning from past events. A crisis is a period that emerges in three sub-phases: the emergency phase, in which the crisis begins and people cannot deal with the event, so all damages need to be explored to provide initial support; the intermediate phase, in which people can cope with the situation, so the crisis needs to be controlled and managed to mitigate its impacts; and the relief phase, in which the situation is approaching normality again, and the damage and impact should be discovered to prepare for the recovery. The first two phases (Pre-Crisis and Crisis) are short-term responses to the crisis, which are necessary for stakeholders in order to relieve the negative impacts. The final management phase is the Post-Crisis phase and can be divided into two sub-phases: the recovery phase, in which the situation is normal and all parties need strategies to recover all damages; and the learning process phase, in which after-action research is conducted in order to manage knowledge and resources as regards crisis management.

In the Pre-/Post-Crisis phases, communication is one of the most critical strategies for managing the situation <sup>[21]</sup>. Crisis communication to the public and tourists is required by organizations to ensure that all stakeholders can be confident in the health and safety situation after the crisis <sup>[22]</sup>. It is necessary to communicate with internal staff to share information

and drive collaboration through the crisis. Mazzie et al. (2012) [23] reported that good internal communication plays an important role in driving staff collaboration when recovering from a crisis. 'Trust' in the organization or company also increases after staff receive accurate and adequate information, and risk or damage from COVID-19 can be reduced [24]. This also includes government policy about communication during the crisis that affected tourists' perception risks [25]. On the other hand, good communication also increases the chance of tourists perceiving risks from the crisis [26].

### **3. Brand Management in the Crisis**

Tourism businesses require collaboration with travel agencies, especially international agencies because they have access to international tourists: an important tourism market [27][28][29]. With the high levels of competition in the tourism market, retailers can consider offers from different wholesalers or tourism businesses and tend to be less loyal to a particular brand [30]. Certain tourism businesses encourage sustainable growth by signing contracts with their partners, e.g., travel agencies abroad. Contracts can ensure the long-term success of tourism businesses by continuously providing tourists [31]. However, Shen et al. (2019) [31] state that trust is one of the most important aspects, along with a contract, for creating a long-term relationship. To create a relationship in the tourism industry, customer relationship management or CRM is employed as an effective strategy to increase sales and profit [32][33].

Brands have been gradually shifting in terms of meaning and importance, e.g., ownership [34], brand relationship [35], icons [36], and culture [37]. With the complexity of brand management, there are many stakeholders related to a brand and corporate identity [38][39]. There is an overlap between brand and corporate identity, which relates to the company owner, employee, and corporate culture [39]. Iglesias et al. (2020) [38] extended the study of corporate branding, expressing how corporate branding increases customer confidence. However, Balmer and Wang (2016) [40] extended the roles of a brand from being a name or logo to the strategic direction of the organization. Therefore, in this study, the concept of corporate branding is integrated with crisis management to provide guidelines for tourism businesses recovering from the COVID-19 pandemic.

One issue related to brand management from the perspective of crisis management is that a crisis is an event that can damage a company's reputation, profitability, business growth, and survival [41]. Firms need to rehabilitate the brand after the crisis [42][43][44][45]. Balakrishnan (2011) [42] explored how firms can manage brand burn within the tourism industry during a crisis. Although crises in the tourism industry rarely occur, e.g., terrorism, epidemics, war, and so on [42], they affect tourist attitudes towards and confidence in travel [3][2], especially epidemics, which cause tourists to focus on 'health and safety.' Therefore, the recovery period for the tourism sector may be longer than for other sectors, as it takes time to rebuild confidence among tourists.

To manage a brand crisis, Balakrishnan (2011) [42] integrated crisis management models from different scholars [46][47] and divided the crisis management model into three stages: the prodromal stage, the crisis, and the audit stage. Balakrishnan's (2011) [42] model begins with proactive action in preparing for future crises. However, crises are not only caused by disasters or external events; they can also emerge from operational failure. Li and Wei (2015) [44], Falkheimer and Heide (2015) [45], and Hegner et al. (2014) [43] focus on brand crises, which tend to emerge from business operations. They aimed to explore how a firm can manage the negative effects related to brand image and brand reputation. This evidence demonstrates that the brand crisis literature tends to focus on business crises or financial crises, but there is little interest in how a brand can recover from the crisis.

After the disaster in 2011, the destination brand was one of the essential factors in the recovery of the Japanese tourism industry [48]. The study demonstrates the positive effect brand love has on tourist revisit behavior. Sreejesh et al. (2018) [49] show that brand love can create an emotional bond between customers and the brand, which leads to repeat buying behavior. Han et al. (2020) [50] support the findings of Wang et al. (2020) [51] by employing CSR to increase the corporate image and thus build tourists' confidence during the crisis. However, in certain circumstances, a brand can be damaged after the crisis and requires a reform strategy; therefore, rebranding is an alternative way to recover brand reputation by developing a new brand identity and positioning [52]. Han et al. (2017) [53] report that a brand can manage the crisis through honest communication with the public. The social network is a strategy to strengthen the relationship between customers and the brand. However, employing a brand as a crisis management strategy is a proactive strategy that requires a long-term commitment from the management. Other scholars tend to demonstrate short-term tactics to manage crises.

The key literature used in this study covering the main theoretical perspectives are presented in [Table 1](#).

**Table 1.** Summary of Key Literature.

Context	References
Crisis management in the tourism industry	Radic et al. (2020); Sharma and Nicolau (2020); Rodríguez-Antón and Alonso-Almeida (2020); Ritchies (2004)
SARs epidemic recovery	Kim et al. (2006); Pine and McKercher (2004) Henderson (2003); Hiemstra and Wong (2002); Tan et al. (2020); Soemodinoto (2001)
Managing the COVID-19 crisis	Mulder (2020); Riley (2020); Jamal and Budke (2020)
Crisis management	Al-Dahash and Kulatanga (2016); Liu et al. (2016); Evans and Elphick (2015); Mao et al. (2010); Pforr and Hosie (2008); Tse et al. (2006); Laws and Prideaux (2005); Hosie and Smith (2004); Faulkner (2001); Roberts (1994); Fink (1986)
Brand, media coverage, and communication in crisis management	Chemli et al. (2020); Iglesias et al. (2020); Mazzie et al. (2012); David (2011)
Rescue a brand from crisis	Wang et al. (2020); Han et al. (2020); Hegner et al. (2020); Falkheimer and Heide (2015); Li and Wei (2015); Balakrishnan (2011)

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