The Impact of Covid-19 in Hotel Industry of Sylhet in Bangladesh and The Strategies to Ensure Its Business Sustainability

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Abstract

The study examines the impact of Covid-19 pandemic in the hotel industry in Sylhet region in Bangladesh developing linkage between hotel industry and the effects of the pandemic. This research is focused on Sylhet region, one of the developing tourism centers that needs urgent countermeasures from local, national, and policymakers to lessen the negative effects of the continuing coronavirus pandemic. The collected data are analyzed using statistical techniques. Based on findings, this research relates the impact of the pandemic in its impact towards business revenue, customer behavior and the need for sustainable business strategies of Sylhet hotel industry in Bangladesh. The findings, discussions and recommendations of this paper are expected to add value for researchers and practitioners of the hotel industry of Sylhet in Bangladesh.

Keyword: Covid-19 Pandemic, Sylhet Hotel Industries, Business Revenue, Customer Behavior, Sustainable Business Strategies.

1.0 Introduction

The hospitality sector has seen tremendous growth in recent years all around the world. The hospitality sector has come under more attention as a global enterprise. The hotel sector is now regarded as a thriving one, with consumers increasingly focusing on quality rather than just quantity. Consumers will pay attention to the quality of the goods and services offered rather than just the quantity of goods on sale.

With a total contribution to the GDP of Bangladesh of more than Taka 840.2 billion in 2019, or 4.4 percent of the overall GDP, the travel and tourism industry is seen as a promising sector in Bangladesh ("Tourism contributes 4.4 pc to GDP," 2020, para. 2). Although this industry still makes up a small portion of Bangladesh's GDP, the number of tourists visiting the country from abroad is rising every year because of the government's practical efforts to draw in foreign visitors by projecting the image of Bangladesh as "Beautiful Bangladesh" to the outside world (Patwary, 2020). According to the Bangladesh Tourism Board, 3,23,295 tourists traveled to Bangladesh in 2019, a 21-fold increase over the number who did so in 2018 (Patwary, 2020).

According to Ivanov (2021), the COVID-19 pandemic has caused significant disruptions in several industrial sectors and has resulted in unfavorable worldwide economic and environmental circumstances for firms. International, national, regional, and even city borders were closed because of the growing

number of COVID-19 instances (Butt, 2021). This circumstance resulted in an interruption of downstream operations like distribution and retail due to a stop in production and other upstream supply chain activities (Karwasra et al., 2021). The food supply chain industry also experienced disruption because of the outbreak, with fresh fruit, vegetable, and perishable product supply chains being severely impacted (Puram, 2021).

The 3 research questions of this research are: - what are the trends in revenue in the hotel industry of Sylhet, Bangladesh, before, during, and after the COVID-19 pandemic?, What are the key changes in customer behavior, preferences, and expectations in the hotel industry of Sylhet, Bangladesh, following the COVID-19 outbreak?, and What are the strategies adopted by hotels in Sylhet, Bangladesh, to cope with the challenges of the COVID-19 pandemic, and what factors contributed to their ability to remain resilient?

The 3 research objectives of this research are: To examine the economic impact of COVID-19 on the hotel industry in Sylhet, Bangladesh, by assessing changes in revenue during and after the pandemic, To investigate the changes in customer behavior and preferences in the hotel industry of Sylhet, Bangladesh, as a result of the COVID-19 pandemic and To explore the strategies implemented by hotels in Sylhet, Bangladesh, to adapt to the challenges posed by the COVID-19 pandemic and identify the factors contributing to their resilience.

The findings from this research provides contributions to theory, industry practice and Government policies. This research contributes to the broader academic discourse on crisis management and business resilience in the hospitality industry. It adds a regional perspective to the global understanding of COVID-19's impact on tourism and hospitality, providing a case study that can be referenced in comparative analyses and future research.

2.0 Literature Review

Worldwide verified Covid-19 cases were 12,94,69,648 as of March 2020, and there were 28,29,898 deaths, according to the World Health Organization's report (Worldometer, 2021; Worldometer, 2021a). As of March 31, 2020, there have been a total of 6,05,937 confirmed Covid-19 positive cases, resulting in 8,994 deaths (World Health Organization, WHO Coronavirus (COVID-19) Dashboard, 2021). The first Covid-19 positive case was discovered in Bangladesh on March 8, 2020.

A lethal infection (SARS-CoV-2) sparked the coronavirus 2019 pandemic, which was brought on by the COVID-19 viral disease (Aqeel et al., 2020). As a result, many cancel their vacation plans out of fear of contracting the sickness since it is hard to prevent virus transmission when traveling (Mamirkulova et al., 2020; Avery, 2017; Meadows et al., 2019). In addition, the chance of infection spreading to other air travelers increases when tourists fly (Su et al., 2021; Hu and Zhang, 2014; Reynolds and W.S., 2005; Tonsaker et al., 2014). According to numerous studies (Hollingsworth et al., 2006; Abbott, 2021; Zhong et al., 2021; Li et al., 2018), travelers are an important factor in the spread of viruses, epidemics, outbreaks, and pandemics between local groups.

According to McCabe and Qiao (2020), travel and tourism are among the major factors that contribute to the world's leading sector for job creation, socioeconomic development, and cultural advancement. The GDP of many cities, regions, and countries is greatly boosted by the tourism industry, which is a crucial sector. Both the economy and customer satisfaction depend on the tourism and leisure industry, but it has also become the most unprotected sector (Ma et al., 2020).

Depending on the intensity of the pandemic, McKibbin and Fernando (2020) projected that the overall GDP loss for 24 developed countries would range from $283 billion to $9.2 trillion under seven different scenarios. Fernandes (2020) also discussed numerous possible scenarios for March 2020, with GDP losses varying by country from 3 percent to 6 percent, 10 percent, or more than 15 percent.

The COVID-19 pandemic has had a profound impact on global industries, with the hospitality sector being one of the hardest hits. In the context of Bangladesh, the hotel industry in Sylhet, a region known for its vibrant tourism and cultural heritage, has faced unprecedented challenges.

The pandemic-induced restrictions and the subsequent decline in travel have significantly disrupted business operations, leading to substantial financial losses and unemployment (Haque et al., 2020). This research aims to examine the specific effects of COVID-19 on the hotel industry in Sylhet and explore strategies that can ensure its sustainability in the post-pandemic era. By identifying adaptive measures and resilience-building strategies, this study seeks to provide a roadmap for recovery and long-term sustainability for hotel businesses in Sylhet (Rahman & Akter, 2021)

2.1 The Country Context

Many of the formal and informal tourist workers lose their jobs as a result of the significant economic losses experienced by the tourism industry. To assure the reopening of Bangladesh's tourism sector, a policy nexus between the public and private sectors would be possible. The COVID-19 pandemic's effects on Bangladesh's tourism geography are examined in Bagchi's (2021) study from both an economic and environmental standpoint.

The pandemic has affected the country's MICE industry, according to the assistant communication manager of InterContinental Dhaka. Hotels are not receiving any bookings for meetings, conferences, seminars, or events, and all previously scheduled events have been postponed as a result (Shovon, 2020). Figure 2.3 demonstrates a significant shift in the luxury hotel occupancy rate.

The occupancy rate for hotels is often between 80% and 90% before a pandemic, but once it has begun, it has dropped to between 10% and 60%. Even in April 2020, the hotels' occupancy rates remained unchanged despite lowering room rates in response to the drastically decreased number of guests.

Sylhet's hotel industry experienced a severe downturn as tourism came to a near standstill. International travel bans and domestic movement restrictions led to a sharp decline in occupancy rates. According to the Bangladesh Tourism Board, hotel occupancy rates in Sylhet dropped by approximately 70% in 2020 compared to the previous year.

The onset of the COVID-19 pandemic in early 2020 brought unprecedented challenges. The World Bank projected a significant slowdown in Bangladesh's GDP growth, estimating a reduction to 1.6-2.0% in 2020, down from a pre-pandemic projection of 7.4%. The tourism and hospitality sectors were among the hardest hit due to lockdowns, travel restrictions, and a general decline in consumer confidence.

Due to the lack of safe and standardized living conditions in most Sylhet's tourist destinations. On the other hand, due to its well-developed communication infrastructure, getting from one place to another is not very difficult. To get to tourist destinations from Sylhet city, people utilize a variety of micro vehicles, including autorickshaws (known locally as "CNG"), private cars, motorcycles, rickshaws, boats, and others. Direct bus service from Sylhet's urban core to many of the tourist routes is lacking.

Capital shortages are a problem for the hotels and resorts in Sylhet's northeastern region. The pandemic has had a significant impact on our business, according to Arifur Rahman, managing director of The Palace Luxury Resort. Due to the coronavirus pandemic, the resort, which is situated in a secluded village in the Habiganj district, was closed for more than four months as guests chose to stay at home

rather than take a chance of getting sick. When the doors were finally reopened in the beginning of August with permission from the authorities, the average occupancy rate was only 20%, down from 56% before the pandemic.

3.0 Methodology

Quantitative methods encompass a broad spectrum of analytical techniques used in various fields such as economics, finance, sociology, psychology, and many more. These methods involve the use of numerical data and mathematical models to understand and analyze phenomena, make predictions, and test hypotheses. The workings of quantitative methods are intricate and multifaceted, integrating statistical theory, mathematical principles, and computational algorithms to derive meaningful insights from data.

This makes it possible for researchers to find patterns, correlations, and trends in the data, offering insightful information at a large scale. Quantitative research is an essential methodology for conducting extensive investigations and producing relevant results because it effectively processes enormous volumes of numerical data and allows for rigorous statistical analyses. (2023; Unimrkt Research).

3.1 Sample Size

Using questionnaires, this small study was be undertaken with important respondents (130 from tourist destinations, 50 from hotels or resorts, 70 from the transportation sector, and 50 from business professionals involved in tourism). In fact, the primary data are analyzed through the application of narrative analysis. Using narrative analysis, the responses' opinions and experiences are reformulated.

4.0 Data Analysis

The online survey questionnaires were sent to the 300 targeted respondents and 63% of them responded and shared their opinion. The SPSS descriptive and inferential statistical tools was used to analyze the data frequency, mean, standard deviation, correlation, variance and cross tabulation from the survey findings.

4.1 Data Findings

The summary of the findings shows that:- There is a significant relationship between the market revenue in the hotel industry of Sylhet, Bangladesh, and business sustainability before and after the COVID-19 pandemic, there is a significant change in customer behavior, preferences, and expectations in the hotel industry of Sylhet, Bangladesh, and business sustainability after the COVID-19 outbreak and there is a significant relationship between the business strategies adopted by hotels in Sylhet, Bangladesh, and the business sustainability during the COVID-19 pandemic.

5.0 Discussion & Conclusion

Among the various subsectors of the tourist and hospitality business, the analysis revealed that the transportation and accommodation sectors suffered the greatest losses. Most research participants (95%) said that COVID-19 caused the largest number of staff losses and an increase in operating costs in the transportation and lodging industries. In addition, despite slightly higher operating costs due to COVID-19, the restaurant, travel agency, and tour operator sectors laid off comparatively fewer workers than the lodging and transportation sectors. The participants in the restaurant category said that they were able to survive the epidemic by accepting online orders and offering home delivery services.

Instead of retrenchment, strategies like paying unpaid leave, implementing staggered working hours, rearranging staff schedules, and offering unpaid leave might be a better option for managing employees during the pandemic. This would allow the hotels to keep their talent and staff until the situation improves in the future. However, if room sales plummet, other hoteliers may choose to diversify their revenue streams by taking use of the alternative services that the impacted hotels are offering, such meal delivery or even parking lot rentals. Solomon (2020).

Customers are choosing well-known, hygienic hotels due to the cleanliness and sanitization of their rooms and other touch points. Presently, consumers are gravitating towards firms that are actively involved in their social duties. Environmentally friendly goods and services are currently attracting more consumer interest. A Check-in, check-out, and health measures have been identified by customers as among of the factors that contribute to a better service experience following the pandemic, according to research. Due to income reductions, employment insecurity, and rising everyday expenses, the pandemic has also altered consumer spending patterns, with consumers choosing to spend more on necessities and less on travel and tourism.

The COVID-19 pandemic has tested the resilience of hotels worldwide, and those in Sylhet, Bangladesh, were no exception. The strategies adopted by these hotels—ranging from operational adjustments and technological advancements to marketing innovations, health and safety measures, and community engagement—demonstrate a multifaceted approach to crisis management. The ability to remain resilient was significantly influenced by factors such as adaptability, effective leadership, financial prudence, and strong community support. These elements collectively contributed to the hotels' capacity to not only survive but also adapt to the new normal, paving the way for a more sustainable and resilient future in the hospitality industry.

The pandemic altered guest preferences and behaviors. Travelers became more concerned about health and safety, preferring hotels that could guarantee rigorous hygiene standards. This shift necessitated changes in operations, such as contactless check-ins, enhanced room cleaning protocols, and the provision of sanitizers and masks. While essential, these changes increased operational costs and required hotels to innovate quickly to meet new expectations. The uncertainty caused by the pandemic has also affected investment in the Sylhet hotel industry. Potential investors are wary of the risks associated with the hospitality sector, leading to a slowdown in new hotel projects and expansions. This lack of investment stifles growth and innovation, making it harder for the industry to bounce back and compete in the post-pandemic world.

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