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Options

IN PURSUIT OF PLEASURE



A new way to stay

Embattled hospitality players embrace creative innovations with which to do business in a post-pandemic world

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To survive these harsh times, local hospitality players are swiftly reshaping their product offerings and routines amid an internal backdrop of operational shifts. As the MCO is eased and businesses start to reopen, **Cheryl Poo** and **Anandhi Gopinath** talk to some major players for a glimpse into the current scenario.

The travel industry has easily been the worst hit by the fallout from the global Covid-19 pandemic. Its effects are now said to be worse than those of 9/11, SARS and the financial crisis of 2008. According to OAG Aviation Worldwide, the travel restrictions on international flights have caused the global airline industry to lose up to US\$880 billion (RM3.8 trillion). In tandem with that, hotels are empty and looking to fill their once-bustling lobbies and rooms.

In Malaysia, many hotels in smaller towns such as Ipoh and Penang have closed down, unable to bear operational costs as there is virtually no income. The harsh reality is that up to 15% of hotels may be forced to call it a day, according to a survey by the Malaysian Association of Hotels updated on April 24, as the average occupancy rate plunges to a dismal 25.41% this year.

Although no closure of major hotels has been reported in Kuala Lumpur, the situation is dire and needs to be addressed immediately. The only way forward is to adapt. In the gradual relaxation of the Movement Control Order (MCO), hotels have started to weave significant adjustments into their offerings in anticipation of the pandemic's aftermath. Survivors are coping by implementing drastic measures in daily operations as well as structural changes to their workforce.

Challenge in opening doors

For hotels to keep their status as approved essential services according to government guidelines, the first order of the day is stringent sanitisation habits. Established hotels are emphasising their commitment to a strict level of hygiene, cleanliness and safety.

Such is expected of a five-star business hotel like EQ Kuala Lumpur, whose strategy offers a glimpse into the category's playing field.

When the 52-storey incarnation of the original Hotel Equatorial opened last year, business grew quickly but came to a screeching halt as nations went into lockdown.

Besides cost cuts and voluntary initiatives with employees and partners, EQ is contriving new ways to drive business forward.

To avoid being forced into more serious scenarios, its employees are expected to be able to multitask and be adept with the use of technology.

Naturally, this would most likely translate into leaner manpower in the future without compromising on quality, safety and guest comfort.

Additional sanitisation measures for frequent touch points and common areas, as well as strict social distancing practices even for guests, will be the way forward.

Internally, employees who are not critical to the day-to-day operations of the hotel are to work from home. "There are so many ways to communicate effectively in this digital age. This could probably be the new norm," EQ general manager Robert Lagerwey tells *Options*.

Hotels' F&B business is currently focused on contactless delivery and takeaways in place of dine-ins. Ramadan buffets are available as an individual and group delivery set menu. EQ engages with followers on its social media pages, offering activities to keep busy during the MCO, in-house updates as well as promotions on items such as spa products.

While these initiatives have generated income and maintained brand visibility, they have not been financially impactful.

Lagerwey confirms the gradual opening-up of some of its services as a necessary move, and deems the government's easing of some restrictions helpful.

Data from the Malaysian Association of Hotels as at March 20 showed cancellations of room bookings alone resulting in well over RM75 million in room revenue losses. That



Lim: We will continue to offer Malaysians an award-winning, value-for-money escape



Lagerwey: Our approach is two pronged: running the hotel and minimising the impact of Covid-19 financially

is equivalent to about 193,000 room nights and excludes cancellations of events, conferences, exhibitions and meetings as well as F&B losses.

Lagerwey says, "It is now the middle of May, and we expect this trend to continue for the next six to nine months at least as businesses and travellers slowly build confidence to travel, with the expectation that a vaccine will be available within

the next 12 months. Like its peers, EQ expects soft occupancy rates from June to December.

"Recovery may be slow and laboured, but we are optimistic because humans, in general, are resilient."

Foresight

Hospitality players with direct links to China have had the advantage of foresight and preparedness, given their East Asian counterpart's early exposure to the Covid-19 crisis.

Owned by Ireka Corp Bhd and managed by Urban Concepts Resort (UCR) Group in China, luxury outfit The RuMa Hotel and Residences in Kuala Lumpur was well prepared for the pandemic when it hit the city.

Strict hygiene protocol, staff training, preventive hotel maintenance measures and, eventually, a series of cost control steps that included energy-saving measures have been in place since January.

If there is anything to be learnt from the UCR directors' collective amassment of more than a century's worth of experience developing and managing some of the world's finest luxury hotels and resorts, or its general manager Markus Engel's 30-year hotel career, which involved dealing with wars, acts of terrorism and natural disasters, it is this: No manual could have prepared anyone for the fallout of a pandemic on an industry so heavily dependent on global connectivity and human interaction.

What UCR has been careful to implement — decisions that govern its portfolio of hotels, including The RuMa — has been a corporate culture of transparency and respect, undergirded by the owners' foresight and proactivity of its colleagues. These factors have been instrumental in retaining its workforce in such a time as this.

"It is an achievement that our team collectively is very proud of, particularly compared with many of our peers that have resorted to mass lay-offs or furloughs," says Engel, who forecasts a significant short-term but modest long-term impact of the outbreak, given the region's overcoming of equally severe crises in the past.

Despite Kuala Lumpur's heavy dependence on regional and long-haul demand, and the unlikely recovery of these markets in the short term, demand will return later in the year. Regional travel restrictions will ease, and UCR's strong presence in China will channel pent-up demand into Malaysia.

Given the fluidity of the situation, hotels are monitoring it closely while ensuring business continuity plans are in place. Staffing has been adjusted to a minimal, reflecting occupancy levels. Operations abide by guidelines issued by local authorities, including a temporary work-from-home policy for certain staff members.

"Ironically, working from home has, in many ways, proven a more efficient way of working than I had expected. Facilitated by technology, we continued to be well in control of our response to the crisis and the absence of face-to-face meetings gave us the opportunity to pause and think even more strategically about the global impact and the long-term consequences on our industry and the way we work," Engel says.

For the group, this shapes a strategy that will expedite the hotel's recovery, while allowing for novel ways to engage with guests. Productivity applications have facilitated remote working arrangements, providing team collaboration tools that enable personal productivity and connectivity.

With contact-free hospitality emerging as something of a new buzzword in the industry, UCR is holding up its philosophy of a wonderful guest experience as one that is best determined by the human interaction between staff and patron.

While some aspects of a hotel's roles can be permanently digitalised, others can be meaningful only with face-to-face

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interaction. To further ease the burden of its guests, The RuMa has made prior bookings flexible to change before end-2021 with a complimentary room upgrade, an additional night, as well as spa and dining credit.

Engel firmly believes that running a luxury hotel is a craft and not merely a business as it evolves to offer experiences that meet the needs of discerning guests.

"Countless examples of recognising the work of frontliners and other essential services — in our case, by way of free meals and weekend getaways — demonstrate that people can indeed come together to reinstate a positive outlook for the future. Let's not forget that the 1918 Spanish flu was followed by the Roaring 20s."

Doing more with less

Meanwhile, boutique hotel The Chow Kit, owned by the Ormond Group, has put all its best hands on deck as it knuckles down on costs and does more with less. For example, previously outsourced functions are now done in-house, all costs re-examined for absolute necessity and each staff member multitasks where possible.

"The new normal will prevent a return to freewheeling socialising and we will have to pause our programming for the moment," says its CEO, Gareth Lim. "But we believe local travel will lead the recovery, and we will continue to offer Malaysians an award-winning, value-for-money escape at The Chow Kit, Momo's as well as the Tune properties that we run."

Being a hotel group with low-cost operations in its DNA has helped Lim and his team significantly in trying to address the fallout from the MCO. However difficult it is to pivot, given that the essence of its product is in big buildings with defined uses for hospitality, Lim has managed to remain relevant by sponsoring rooms for frontliners working in Hospital Kuala Lumpur. From March 24 to May 8, all 4,531 rooms at Tune Hotel PWTC were allocated to the nation's hardworking medical professionals, a move that allowed Ormond to put its assets to work and contribute in a meaningful way.

The remainder of its properties were put in hibernation during the MCO, a move that has thus far avoided retrenchment across all its properties. From May 4, however, Ormond's hotels had reopened for bookings.

"We have decided to take the bull by the horns and re-open to assess what pockets of demand may still be out there," Lim says. "We are confident that we have a product that is compelling should there be a need to travel or book a hotel room. We also have value-for-money, award-winning rooms with high Tripadvisor ratings across the group's offerings. We believe the opportunity lies in weekend escapes and longer stays, which we are starting to explore at Tune properties in Penang, Danga Bay and Aeropolis. Rooms go for as low as RM17 a day, which cater for those who are looking for basic, cost-efficient and long-term accommodation."

Lim believes the overarching challenges for the hospitality industry are people's apprehension about travel, and that it will likely begin with local demand. "Our view is that business travel will not come back very quickly, given the state of the markets and the realisation that virtual meetings tend to be more efficient from a cost and time perspective."

The low-hanging fruit

Penang-based Edison Hotel, a luxury property in the heart of George Town, has in the past received both the business and leisure crowds as well as many regulars. As such, it sees an opportunity in which to grow. Hotel general manager Ivan Khoo says: "It's a challenging business outlook, for sure, and we see this as a test. Once all this is over, even if things aren't quite the same, we can provide similarly high standards of service that our guests have come to expect from us."

With occupancy rates running at zero, the team at Edison has had time to imagine what the new normal would look like based on several considerations — beginning with how the hotel can operate optimally with new guidelines in place. "There is a need to rewrite the play book, ask plenty of questions of the intent and objective that we are trying to achieve, and for an overall change of mindset from Team Edison," Khoo says.

As economies restart and people begin to travel again, they will rely on tried and true experiences to guide their decisions — more than any other time in history, this is not an opportune moment to experiment. Edison's stock in trade has always been its exemplary service; next are the facilities within the property itself — well-appointed guestrooms and a small dining space where strangers quickly become friends.

"Another challenge we foresee is the gaining of travellers' trust to stay with us. This should not be seen as an entitlement or a given, but as a necessity to recovery. That is something we should never take for granted," says Khoo. ■



Engel: This pandemic will end and we will emerge from adversity stronger and more unified



Yap: Hotels located in industrial and business districts will expect demand to return earlier [than for other hotels]



Khoo: [A traveller's trust to stay with us] should not be seen as an entitlement or given, but as a necessity to recovery