การปรับตัวของผู้ประกอบการโรงแรมในจังหวัดเชียงใหม่ต่อสถานการณ์การแพร่ระบาด COVID-19 ช่วง พ.ศ. 2563

Adaptation Strategies of Hotel Business Entreprenuers in Chiang Mai to COVID-19 Situation in 2020

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บทคัดย่อ

บทความนี้มุ่งศึกษาเกี่ยวกับการปรับตัวเชิงกลยุทธ์ของผู้ประกอบการโรงแรมในจังหวัดเชียงใหม่ ต่อสถานการณ์การแพร่ระบาด โควิด-19 เนื่องจากการแพร่ระบาด โควิด-19 ส่งผลให้การท่องเที่ยวในจังหวัดเชียงใหม่ลดลงเป็นอย่างมาก ซึ่งเป็นรายได้หลักของจังหวัด ทำให้ส่งผลกระทบเป็นวงกว้างต่อเศรษฐกิจและสังคมในจังหวัด และรายได้มวลรวมของประเทศ ซึ่งงานวิจัยฉบับนี้ได้รวบรวมข้อมูลจากโรงแรม โดยแบ่งโรงแรมออกเป็น 4 ประเภท ตามบัญญัติของกรมการปกครองและอยู่ในเว็บไซต์ OTA วิเคราะห์ข้อมูลด้วยวิธีการเก็บข้อมูลอย่างต่อเนื่องรายสัปดาห์ 3 พื้นที่ ได้แก่ นิมมานเหมินทร์ คูเมืองเชียงใหม่ และ ไนท์บาร์ซาร์ จำนวน 154 โรงแรม ตั้งแต่วันที่ 1 กุมภาพันธ์ 2563 – 31 ธันวาคม 2563

ผลการศึกษาพบว่า หนึ่ง การปรับตัวของผู้ประกอบการในจังหวัดเชียงใหม่ มีข้อแตกต่างกันใน 3 พื้นที่ โดยโรงแรมแบ่งออกเป็น 4 ประเภท โดยพบว่า 1. พื้นที่นิมมานเหมินทร์ในโรงแรมทั้ง 4 ประเภทสามารถปรับตัวได้ภายในระยะเวลา 4 เดือน 2. โรงแรมที่ตั้งอยู่ในพื้นที่ที่เป็นแหล่งท่องเที่ยวของชาวต่างชาติปรับตัวได้ยาก ได้แก่ ไนท์บาร์ซาร์ โดยมีการปิดตัวของโรงแรมประเภทที่ 1 จำนวน 90 วัน และ ประเภทที่ 4 จำนวน 95 วัน 3. รูปแบบของโรงแรมเชิงกายภาพ มีผลต่อการปรับตัว เช่น โรงแรมประเภทที่ 1 หรือ โฮสเทล ในพื้นที่นิมมานเหมินทร์ และ ไนท์บาร์ซาร์ ร้อยละ 100 ในช่วงวันที่ 1 มีนาคม 2563 – 31 ธันวาคม 2563 ต้องปิดทำการ เนื่องจากผู้เข้าพักไม่สามารถใช้พื้นที่รวมกันได้

การวิจัยนี้ชี้ให้เห็นว่า กลยุทธ์การปรับตัวของผู้ประกอบการโรงแรมแต่ละแห่งส่งผลต่ออัตราการเข้าพักของนักท่องเที่ยว และการฟื้นตัวในระยะยาว สิ่งสำคัญคือการบริหารที่พักให้ผู้เข้าพักพึงพอใจและผู้ประกอบการโรงแรมสร้างรายได้เพียงพอต่อการดำเนินงาน ผลการศึกษาจะเป็นประโยชน์ต่อผู้ประกอบการในจังหวัดเชียงใหม่และเป็นประโยชน์ต่อผู้ที่สนใจเกี่ยวกับธุรกิจโรงแรม

คำสำคัญ: *กลยุทธ์การปรับตัว ผู้ประกอบการโรงแรม เชียงใหม่ การแพร่ระบาดโควิด-19 2563*

Abstract

This research aims to explore the adaptation strategies of COVID-19 pandemic of the hotel entrepreneurs in Chiang Mai. Data was mainly collected 154 hotels categorized into 4 types by Department of Provincial Administration and Online Travel Agency (OTA). Data analysis was conducted through data collecting week-by-week between 1st February to 31st December 2020 and diagramming the relationship of measurements and adaptation indicators.

There are three major findings: first, different location has an effect on the adapting strategies found that all hotel type in Nimmanahaeminda area able to adapt themselves within 4 months. Second, hotel business adaptation also based on hotel target group, by field survey found that hotels in Night Bazaar are hard to survive and some remain open with lower than 3% of occupancy rate. Third, physical appearance of the hotel and location are affected price and the occupancy rate because hotel type 1 or hostel cannot generate full capacity.

The research results contribute to public and private sectors understanding those measures and applying for real estate adaptation and coping with problems with socio-economic change in the present and future for hotel entrepreneur and hotel business.

1. Introduction

Thailand is highly well-known for tourism which accounted for 20% in 2019 (the Office of the National Economic and Social Development Council, 2020). Thai tourism sector plays a crucial role in enhancing national income, nation's business activity, and job creation. It is an easy moneymaker and a shortcut to economic development. This led Thai real estate development to grow and competitive to other ASEAN nations and still able to grow in long run (the Office of the National Economic and Social Development Council, 2020). However, at the beginning of 2020, COVID-19 pandemic has a huge effect on Thai tourism especially in the hospitality business.

Chiang Mai is one of the most tourist destination in Thailand which plays a crucial role in Thai tourism sector. Chiang Mai is travel-based city. Thus, no international traveling demand means that it will dramatically affect Chiang Mai hospitality business and gross regional product. Furthermore, hospitality business needs to adapt themselves in order to survive (Marchant & Mottiar, 2011).

This led to main research questions how Chiang Mai hotel entrepreneurs maintain or cope with this kind of crisis and what kinds of factors supporting to business recover. For research contributions, enterprises will learn hotels' adapting strategies in order to maintain business through COVID-19 situation. Furthermore, the case of Chiangmai will be lessons learned for policy makers to set a tourism policy to support entrepreneurs when unexpected event such as pandemic breaks the economy worldwide.

2. Research Objectives

1. To explore the change in Chiang Mai hotel business during Covid-19 situation in 3 locations including Nimmanahaeminda, Old Town, and Night Bazaar
2. To examine the adaptation strategy in terms of price and business hour of hospitality entrepreneurs in order to maintain business through the crisis by hotel type which categorized by DPA
3. To draw lessons learned from cases of Chiang Mai hotels in term of adaption strategies during COVID-19 pandemic in 2020.

3. Scope of Study

Scope of content - Related theories and framework about hotel business during Covid-19 situation which affected both microeconomics and macroeconomics.

Scope of area & sample - There are 254 hotels legally listed on OTA. From this research criteria, 154 hotels in Nimmanahaeminda, Old Town, Night Bazaar have been studied week-by-week to follow up and summarize the effect on COVID-19 situation on hotel's entrepreneur and hotel business itself.

Scope of time - This research has mainly 3 ways to collect the data which are; Online travel Agency, site analysis, executive interviewed by designed survey between 1st February to 31st December 2020. This researched is collected until 31st December 2020 because the process is led to

4.Literature Review

Hospitality industry contains many characteristics which different from other business such as using disposable income and leisure time, focusing in intangible product (i.e., services), never sleeps or 24-hours-a-day, and heavily dependent on customer satisfaction. Furthermore, this service industry needs the specific skills to take a competition within the industry and the challenges turn over (Clayton, Powers, & Reynolds, 2011).

Adaptation to change or **Adaptation Strategy** is an effective customer- orientation strategy. Adaptation strategy implies changing various aspects of products and services to a considerable extent in order to meet the needs of consumers in international markets taking into account their differences (Chung, 2009). Due to the unpredictability of global events, organizations must be able to cope with the potential for drastic changes in the way they conduct business in order to reduce uncertainty in the event of a crisis, organizations often create a contingent plan. The outbreak affected the inbound tourism market and domestic tourism activities. However, national demand recovered fast after the outbreak period (Chen, Wu, & Su, 2014).

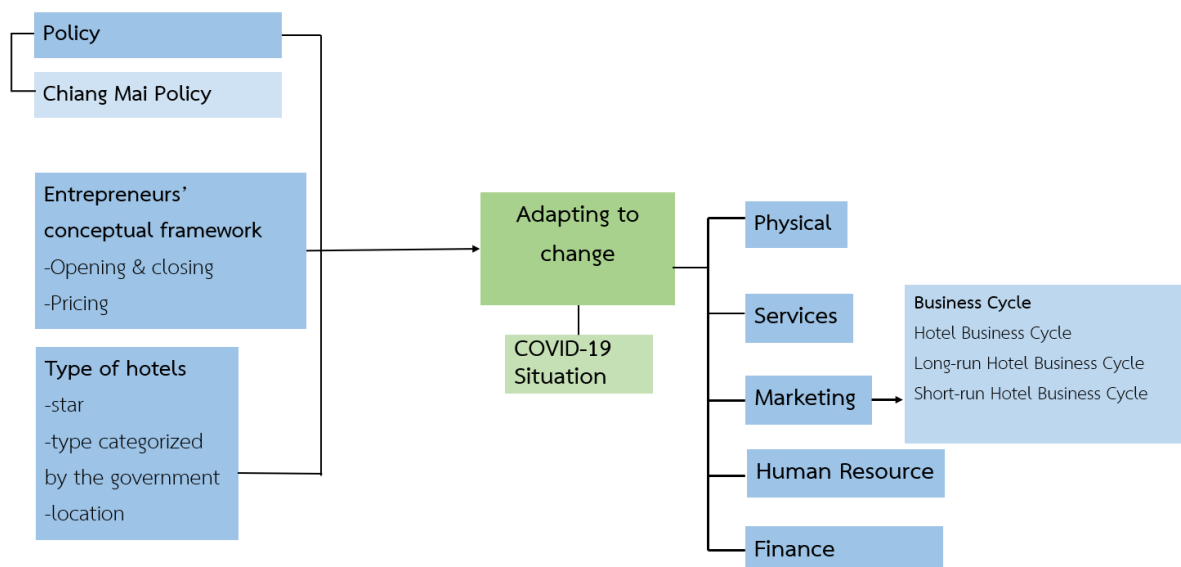5. **Research Methodology**

Conceptual framework

Figure1 illustrates conceptual framework (Source: Researcher)

6. **Case Study**

This paper focused on 154 hotels which located in 3 main areas in the heart of Chiang Mai which generated GPP more than any other area in Chiang Mai province including Nimmanahaeminda, Old town and Night Bazaar (Marchant & Mottiar, 2011). Hence, each area attracts to different group of tourists which may let people choose to stay in each area on different occasion. As mention above, there are 4 hotel types which has been legally categorized by Department of Provincial Administration and Thai Hotel Association (Table 1).

Table 1: Hotel type categorized by DPA and THA

HOTEL TYPE	Hotel room	Room requirement	Hotel requirement
Hotel type 1	Less than 50 rooms	Toilet and bathroom not require to be in the room	Room only
Hotel type 2	Usable area not less than 8 sq.m	Toilet and bathroom not require to be in the room	Room and dining room
Hotel type 3	Usable area not less than 14 sq.m	Toilet and bathroom need to be in the room	Room, dining room, and seminar room
Hotel type 4	Usable area not less than 18 sq.m	Room, dining room, seminar room	Room, dining room, and seminar room

6.1 Population and sample - Researcher selected hotels located in the middle of Chiang Mai which are the district which attracted tourists and chose hotel which legally registered with DPA.
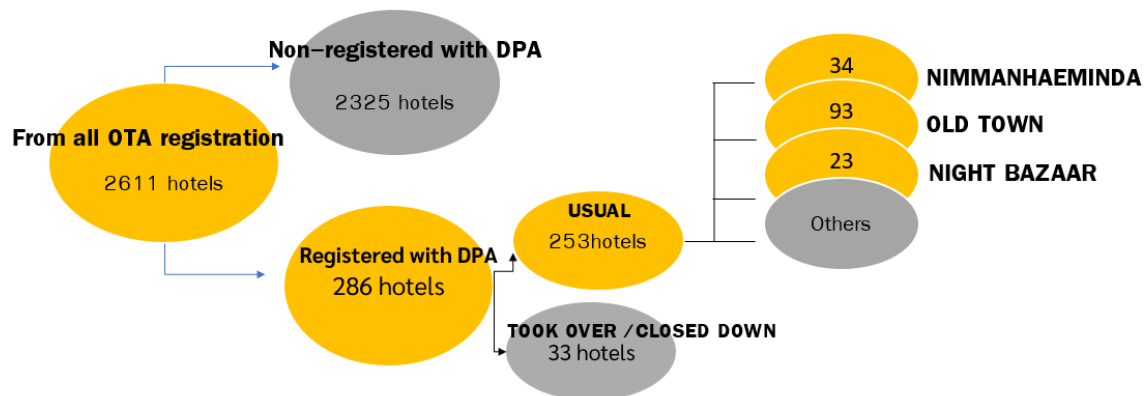

Figure 2: Case study chosen procedure (Source: Researcher)

6.2 Data Collection Method – There are two data collections method which are field survey and week-by-week data collection. First, field survey is primary data collection and observatory technique to better monitoring and evaluate the impact of field experiment. Second, data collection for this paper is collected from secondary data method based on Online Travel Agency website (OTA) of 154 hotels in 3 locations including Nimmanahaeminda, Old Town, and Night Bazaar.

6.3 Data Analysis Methods

1) Collecting data from online travel agency week-by-week for acknowledging the pattern of opening and closure and adapting strategy opening and price

2) Analyzing from field survey in order to learn about adapting strategy and the difference of situation between before COVID-19 situation and during COVID-19 situation

3) Concluding similarity and differences between two dimensions of the data which are hotel type and location in order to create contingency plan for future pandemic time.

Table 2: Week-by-week data collecting from OTA between 1 February – 31 December 2020 by researcher

HOTEL NAME	TYPE	open	ROOM	STAR	Type	AREA	MARCH	APR I	APR II	APR III	APR IV	MAY I	MAY II	MAY III	MAY IV	JUNE I	JUNE II	JUNE III	JUNE IV	JULY I	JULY II	JULY III	JULY IV	AUG I
กรินพาเลช	ประเภท 2		102	2.5	Hotel	Nimman	420	505	505	505	497	502	502	502	502	497	505	502	502	486	499	487	505	535
โคโคเทล เชียงใหม่	ประเภท 2	2018 may	79	4	Hotel	Nimman	1800-2800										1049			2790	779	787	1121	733
เชียงใหม่แกรนด์วิวโ	ประเภท 2		63	4	Hotel	Nimman	3000-3000		1323	1325												973	934	902
ชิมอร์ (CMOR HO	ประเภท 2		60	4	Hotel	Nimman	1600	1215	1024	1024	1024	970	917	917	970	970	882	992	992	999	929	1005	989	942
เฌอล็อค โฮเทล (C	ประเภท 2	2018	12	3	Hostel	Nimman	2200-3800	2652	2652	2652	1856					2650	2650			2121	2121	1921	2037	2081
ดิ อินเตอร์เนชั่นแนล	ประเภท 2		18	3	Hotel	Nimman	935													680	680	680	680	680
ดิเชม โฮเทล	ประเภท 2			4	Hotel	Nimman	1100-2000													1081	1000	1000	1000	1190
BURISIRI HOTEL	ประเภท 2		73	4	Boutique Hotel	Nimman	1800-2600	ปิด	1880	1896	closed forever		1544	1545	1598	1524	1099	1102		1525	1225	1047	1346	1167

7.Results of study

Covid-19 pandemic has confronted hospitality business all over the world. For opening and closing status of hotels in Chiang Mai, adapting strategies to flatten COVID-19 curve such as community lockdowns, social distancing, work from home, and travel restriction have an effect in temporary closure of many hospitality business. This significantly decreased demand for business that were allowed to continue to operate (Bartik et al., 2020). For example, most of restaurants were limited their operations to only take-outs. On the other hands, the reopening process has slowly begun and authorities easing restrictions could led more domestic and international traveling demand.

1. **Characteristic of hotels in three locations**

   1.1 Characteristic of three tourism locations in Chiangmai

There are differences between 3 main areas of Chiang Mai as a travel destination for both national and international demand including Nimmanahaeminda, Old Town and Night Bazaar. For each location, their target group and characteristics will lead to segmentation which hotel entrepreneur precisely designed for staying demand (Table 3).

Firstly, Old town is the place which tourist attractions are a little thin on the ground around here, there are many boutiques, galleries and great dining choices; it is often described as the 'the center of arty Chiang Mai'. Furthermore, it is highly well-known for historic scene named Thapae gate. The nearby Huay Kaew Road has a night market that is often packed full of students and teenagers shopping for the latest fashions at reduced prices.

Secondly, Nimmanahaeminda is well-known for a special interest in picking up unique handicrafts, antiques, clothes or accessories. Everything about this area is made of quality. Nimman road situated east of the mountains and west of the moat, this byway is a busy city center. This street has a lot of noodle shops and humble homes. It is also known as "Cafe Street." It is the trendiest part of Chiang Mai, a buzzing dining and nightlife scene with casual northern Thai eateries alongside hip cafes and live-music lounges.
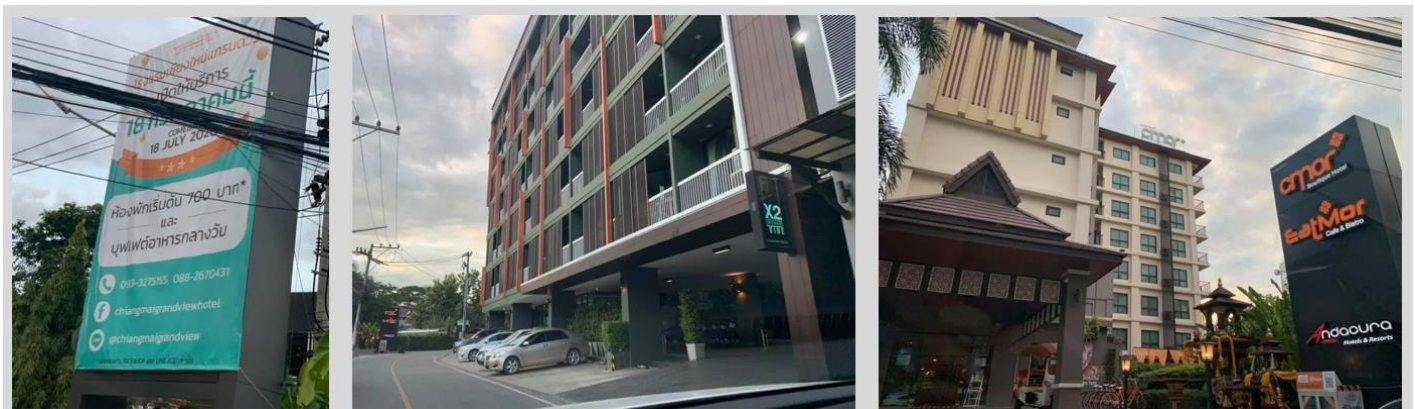

Figure 3: Hotels in Nimmanahaeminda area (Note: This picture has been taken by researcher on 18th July 2020)

Thirdly, the main venue for shopping in Chiang Mai, the night bazaar is a can't-miss part of the Chiang Mai experience. This nightly commercial zone is located at the intersection of Chang Khlan Road and Loi Khro Road but the whole thing spreads out for two blocks in either direction. The opening hour is from around 6 p.m. and shopping goes on unabated until about 22:00.

Figure 4: Hotels in Night Bazaar Road (Note: This picture has been taken by researcher on 18th July 2020)

2. comparison of three locations

For comparison, this paper used the number of days closed and pricing changes as adapting indicators because overall property's efficiency comes from the total of the various departmental incomes deducted by undistributed operating expenses. Moreover, the best measurement of success is based on capital cost as well. Capital costs include expense such as the management fee, property taxes, and other municipal and insurance charges. A direct function of the cost of the building and its furnishing (Barrons, Powers, & Reynolds, 2011).

2.1 Day closed

For similarity and difference, most of hotels are type 2 in 3 locations. On the other hand, other factors are different depends on its location. Both hotel type 4 in Night Bazaar and Nimmanahaeminda are the most expensive compared to the other types; however, hotel type 2 in Old Town is the most expensive compared to other types in the same area. This is because land in Old Town is small and there is a restriction about legal of building height. Thus, there is a smaller number of hotel type 3 and 4 which included seminar and ball room. Even though hotel type 2 in three locations is accounted for a large number in three famous locations of Chiang Mai, they are the least in closing down during COVID-19 period.

Table 3: Percentage of hotel closed and average of days closed of 4 hotels type in 3 areas (Source: Researcher)

Hotel TYPE		Nimman	Old Town	Night Bazaar
TYPE 1	Total number of hotels: 26 hotels	3	21	2
	% of Hotels which have been closed during Feb-Dec 2020	100%	61.9%	100%
	Average day closed	35 days	50 days	90 days
Type 2	Total number of hotels: 105 hotels	24	68	13
	Hotel has been closed during Feb-Dec 2020	75%	78%	92%
	Average day closed	41 days	49 days	86 days
Type 3	Total number of hotels: 3 hotels	1	2	0
	Hotel has been closed during Feb-Dec 2020	100%	2	none
	Average day closed	35 days	50 days	none
Type 4	Total number of hotels: 18 hotels	6	4	8
	Hotel has been closed during Feb-Dec 2020	83%	100%	100%
	Average day closed	51 days	63 days	95 days

2.2 Price changed

There are many Thai people who visit this area on their vacation. Hotel type 2 ranked first among other hotel types which accounted for 24 hotels. It takes approximately 3 months for this hotel type to recover in Nimmanahaeminda as well as hotel type 4.
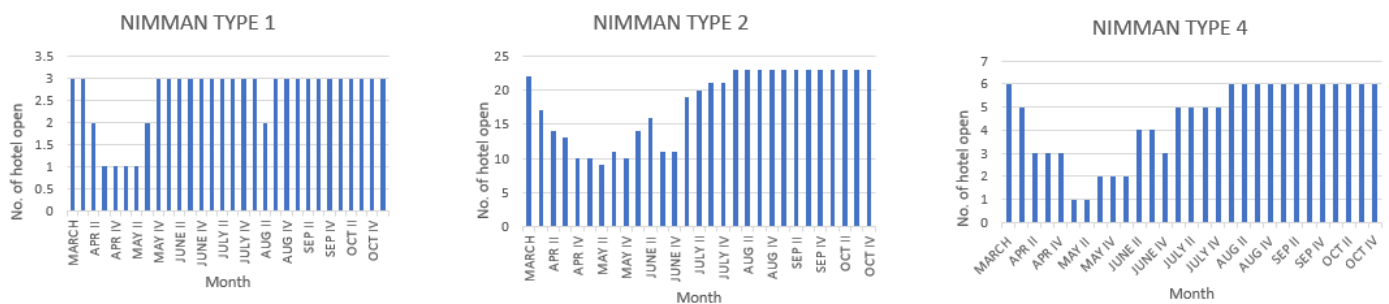

Figure 5: Hotels in Nimmanahaeminda area opening-closure during 1st of march-31 December 2020

In Old Town area, during COVID-19 situation, both hotel type 1 and type 2 took around 4 months to recover.
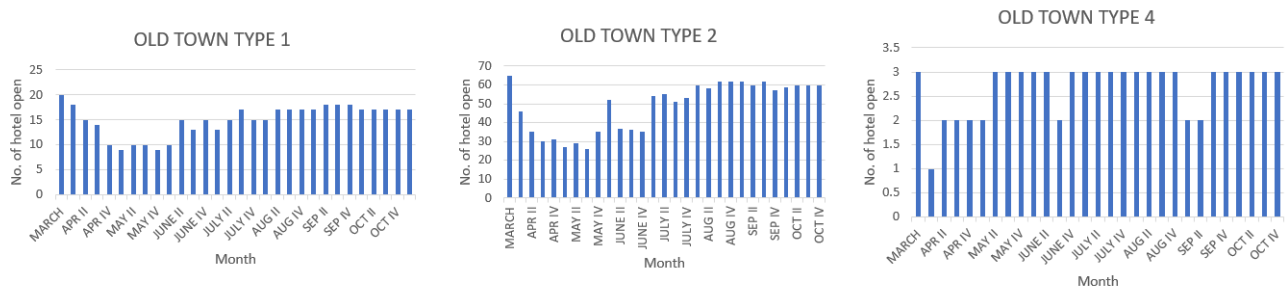

Figure 6: Hotels in Old Town area opening-closure during 1st of March-31 December 2020

Night Bazaar spent the longest time among 3 locations to be return to operation. Furthermore, the amount of hotel close accounted for 2 hotel type 1. For hotel type 2, hotel closure accounted for 13 hotels between April to September 2020 in Night Bazaar.
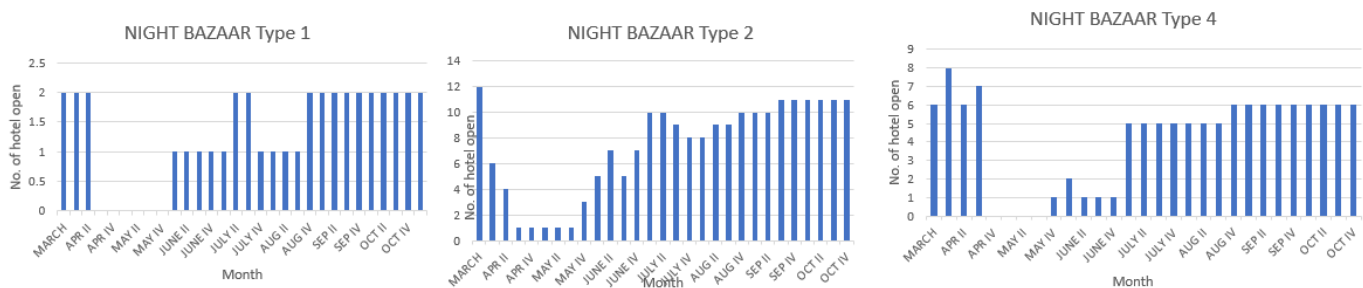

Figure 7: Hotels in Night Bazaar area opening-closure during 1st of march-31 December 2020

From data collecting by the researcher, it was found that hotel type 2, it is the most popular among hotel type in Chiang Mai. As can be seen, in Night Bazaar area, hotels have decreased more than other locations because this area completely based on foreigners. There are 105 Type2 hotels which located in 3 main scope areas. There are 24 hotels located in Nimman road. One out of three remain open between February and December. In Old Town area, there are 68 hotels but there are only 14 hotels which remained open all the time. Lastly, Night Bazaar has only one hotel which remain open. Thus, Nimmanahaeminda Road has the most hotel which remain operated. Furthermore, these hotels have more than 70 rooms.

In conclusion, it was found that type 1 hotel in 3 different locations, Old town is the only area which has some hotels remained open. This is because type 1 hotel is the hotel that fit with guests who has no

vehicle and it is accessible by feet. Type 2 has the most amount in hotel total. For type 2 hotel, it is for guests who came by car and need parking lot as a facility. Unsurprisingly, only Nimmanahaeminda area which available during February-December. There are only 3 hotels which is Type 3. For Type 4 hotel, it has most effect because dining room, ball room and ball room. Lastly, there is only one out of 4 hotels open located in Old town.

3. Lesson learned

The number of days closed and pricing changes as adapting strategy indicator because overall property's efficiency come from the total of the various departmental income reduced by undistributed operating expense (Barrons & Powers, 2009). Collecting price and opening-closure patterns of 154 hotels in three main locations of Chiang Mai led to 3 main points.

First, the correlation of average price change between 1st of March to 31st December 2020 illustrate that different location meant to different adaptation strategies because each hotel in 3 locations has their own characteristics depend on hotel design, location, and target group. Second, adapting strategies mechanism help to reduce the time help to spend on the more reduced depth of services offer (Foster, 2005). Each hotel has different strategy which related with location, hotel type, facility, and reviews. Moreover, promotion and price are important adaptation strategy factors. Nimmanahaeminda area has higher average price (Bredvold & Skålén, 2016). Hotel Type 2 in all locations has a positive price trend. Third, during pandemic time, there will be no international traveling demand. The reduction of occupancy in long run may relied on people unpleasant memories about virus, suffering, and death. Thus, in short-run, it is important for entrepreneur to adapt themselves in order to survive. National demand for traveling required to be cheaper price due to economics and incomes.

This research serves a stepping-stone for future research to make a research about post-COVID-19 impact since the future COVID-19 situation is unpredictable. For future research, the limitations of this study mainly lied in the unpredictability of the pandemic, it is crucial to study trend that influences technology adoption on customers' experience, engagement, satisfaction, loyalty, and the hotel brands and properties' performances during the post-pandemic period in order to gain return guest and better hotel's review

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